

Clover-Bowler deal 'makes sense' say analysts

By [Nick Hedley](#)

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A takeover of Bowler Metcalf's beverages business by Clover Industries would make strategic sense for the companies, analysts say.



Anthony Clark of Vuvani says that a deal between Clover and Bowler Metcalf would make strategic sense. Image: Twitter

Both companies have issued cautionary announcements of negotiations - though neither has revealed what these negotiations are.

Bowler's Quality Beverages business produces the Jive and Vimto ranges of soft drinks. Together with its plastics division, the group's market capitalisation is about R690m.

Clover - which has a range of beverages, none of which are carbonated soft drinks - is valued at just more than R3bn.

It is buying DairyBelle's yoghurt and ultra-high-temperature milk manufacturing, and marketing and distribution businesses for R125m and R30m respectively.

Clover has been looking to move into more innovative and high-margin product lines such as yoghurt and custard, though it could do so only after it ended its agreements with Danone.

In March, Clover announced a 50:50 joint venture with specialist food company Futurelife to launch new product ranges.

Cautionary confusion and speculation

Vunani Securities Analyst Anthony Clark has speculated that Clover's latest cautionary could relate to a possible buyout of Quality Beverages. "It could also indicate joint ventures with Nestlé, or even a takeover of Clover by Nestlé," he said.

"However, Clover could easily afford a buyout of Quality Beverages and it would be a relatively easy transaction to implement," he added.

"While Quality Beverages was weighed down by the under-performance of its Gauteng operations, Jive in the Western Cape, is a great brand that was in demand from retailers," Clark said.

But Quality Beverages' state-of-the art logistics and distribution plant in Johannesburg "is running significantly below capacity and needs major investment", he said.

The deal could make strategic sense"for Clover and Bowler.

Clark believes Clover would gain access to carbonated soft drinks and could expand the Jive range while Bowler could use the proceeds to become, once again, the best speciality packaging company in SA.

He said Clover could make a success of Quality Beverages' Gauteng expansion under Bowler's ownership, but would take longer and losses may continue to mount in the short-term.

Source: Business Day via I-Net Bridge

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