

Tiger Brands hungry for Nigeria market share

By [Gareth Vorster](#)

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South African consumer goods group Tiger Brands said on Wednesday (24 November 2010) that its acquisition of a 100% interest in Deli Foods Nigeria, a manufacturer and marketer of biscuits, represents the first phase of the group's entry into Nigeria.

Speaking at the group's results presentation, CEO Peter Matlare said Tiger's entry into Nigeria was done with great deliberation after considering various entry strategies.

"We continue to look for further meaningful opportunities in Nigeria," he said.

The group will also acquire a 51% interest in the Ethiopian branded HPC and processed food business, which is currently housed within the East Africa Holdings Group (EAG).

The relevant operations of three companies will be transferred as going concerns to a "NewCo" in which Tiger will hold a 51% equity stake.

Tiger will acquire its 51% equity shareholding by way of a subscription for shares in "NewCo".

Collectively, Tiger Brands said it aims to generate a combined annual turnover of some 500 million rand in the first year from both operations.

"Our expansion north is beginning to gain traction," said Matlare.

"Nigeria is a key market for us and we will drive this asset over the next few years and open up new opportunities in that area."

On the group's Ethiopian acquisition, Matlare said: "This transaction will expose Tiger Brands to Ethiopia which is fast becoming the economic powerhouse in East Africa.

"Ethiopia's population of 85 million provides significant potential for a FMCG consumer company.

The Group has also agreed to a 49% equity stake in a strategic joint venture alliance with UAC of Nigeria in its food, dairy and water operations.

UAC will hold 51% stake and the two companies will exercise joint management control.

The JV will consist of UAC's food and dairy operations as well as the Swan water business.

These operations are custodians to Nigerian heritage brands such as Gala (sausage rolls), Supreme (ice-cream) and Swan (bottled water).

These businesses generated a combined turnover of Naira 9.8 billion in the financial year ended December 2009, which equates to approximately R477 million at the current exchange rate.

"Whilst the Deli transaction will result in Tiger Brands acquiring full ownership with no local shareholding, the UAC deal provides Tiger Brands with a highly respected local partner, which is an absolute imperative, especially when competing with well established local companies with strong stakeholder relationships," commented Matlare.

This JV provides Tiger Brands with the necessary business platform for expansion into FMCG product categories in which it already has expertise and that are relevant to the Nigerian market.

All three transactions in Africa which are expected to increase annual turnover by between 4% and 5%, Tiger Brands said.

"Progress has also been made on identifying other acquisition opportunities that will deepen Tiger's footprint across the continent as well as provided relevant product for the lower LSM's that dominate consumer spending on the continent," Matlare said.

"We continue to seize the opportunities that are presenting themselves in Africa and we remain confident in our strategy to deliver long-term, sustainable growth for our shareholders," he concluded.

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