

Few cheers from the market for Clover's new structure

Food producer Clover's share price fell 4% to R16.30 on Thursday morning after it announced it had completed moving control of its milk trading arm to dairy farmers.

By [Robert Laing](#) 7 Jul 2017



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Clover announced in December it intended to create a separate company, Dairy Farmers of SA (DFSA), to address unhappiness among milk producers over how prices were set.

Clover said on Thursday that milk producers had been issued with B shares in DFSA, representing 74% of voting rights. It retained 26% of the voting rights via A shares it would retain.



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Explaining the rationale for the separation in January, Clover said: "There is a misconception by capital market investors and other market participants that Clover, in setting the price for raw milk, may favour producers at the expense of profitability. There is likewise a misconception by producers that Clover, in setting the price for raw milk, is improving profitability at the expense of producers."

Making DFSA an independent company "will result in the raw milk price being determined by a party other than Clover".

Source: *BDpro*