

## Country Bird plans further African forays

Acquisitive poultry group Country Bird on Monday, 20 October 2009, said it planned to expand into other parts of southern Africa and wanted to increase its domestic market share through a possible acquisition as it moves to within spitting distance of larger competitors Rainbow and Astral Foods.

By [Sure Kumhlanga](#) 23 Oct 2009

The firm, SA's third-largest poultry company, has already snapped up a 22.8% stake in Sovereign Foods and has in the past not ruled out making an outright offer for the junior foods company.

Sovereign yesterday launched a rights issue to raise R144,5m to pay debts and strengthen its balance sheet.

Country Bird has a market share of about 10%, which financial director Robbie Taylor said could rise to 18 if the company succeeded in acquiring Sovereign Foods.

Rainbow and Astral are each estimated to hold 26%-28% of the market.

Taylor was bullish about the company's march towards market dominance in the region, saying the potential to earn money for shareholders was high, given the untapped demand for poultry products.

In addition to the existing market, there were people in the region who had never considered poultry as an alternative source of protein, mainly due to affordability, but this was changing, opening doors for the company to exploit.

"The next big step for us is to continue (expanding) into Africa," Taylor said, conceding that it was not easy operating in some African markets but that the potential rewards far outweighed the risks.

Country Bird was already firmly established in Botswana and Zambia, and had a one-year operation supplying frozen chicken products to Namibia, where it might eventually establish a fully integrated poultry business.

Other markets on the radar screen were Mozambique, Tanzania and Zimbabwe, a country Taylor said held the greatest potential once the political and economic climate had stabilised.

Last week, Shoprite ditched plans to acquire Zimbabwe's largest supermarket chain, citing uncertainty about the country's future.

"Zimbabwe is a place we are keen on if the political and economic environment becomes more attractive," Taylor said.

Namibia was equally promising, he said, because its poultry sector was relatively underdeveloped. Country Bird had been impressed with the performance of its retail operation there so far.

"There is a big market there, but for now we have been supplying from our local operation, Supreme. But once we are assured of a steady supply of maize, we will consider an integrated operation in that country,"

Taylor said.

The company has been busy in SA, spending R124m in the financial year just ended to acquire the 50% it did not own in feeds supply firm Nutri Feeds, and also building its stake in Sovereign Foods.

It had also established a red-meat processing plant in Klerksdorp, which Taylor said was part of a strategy replicate model US poultry firms.

These integrated poultry and red meat operations to take advantage of cost savings and synergies from sharing distribution channels.

*Source: Business Day*

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