

San Miguel bolsters South African operation

Deal to acquire farms in Western Cape opens up new export opportunities to US

San Miguel has acquired two new farms in South Africa's Western Cape through its subsidiary San Miguel Fruits South Africa. The US\$5.6m investment will significantly increase the Buenos Aires-based citrus specialist's orange and soft citrus output and boost its offer for the US market.

The two farms total 1,424 ha, of which 242 are currently planted with citrus and 269 ha have water rights. At present they produce around 350,000 cartons of citrus a year, with the potential to increase this volume to 470,000 cartons.

Initially, Navel oranges will make up 54 per cent of output from Western Cape, with Valencia accounting for a further 27 per cent, mandarins for 18 per cent and lemons the remaining 1 per cent.

The deal, which brings San Miguel's total acreage in South Africa to 1,061 ha, marks the latest stage of the company's expansion in Africa. In July 2015 it bought four new farms in the Sundays River Valley in the Eastern Cape.

Due to its proximity to Asian and Middle Eastern markets, the country is a key plank of its strategy to become the leading supplier of Southern Hemisphere citrus.

Unlike the Eastern Cape, however, citrus from the Western Cape is cleared for export to the US, creating an exciting opportunity for the company to expand its role in this fast growing market.

"This deal will increase the company's prestige and enable us to extend our South African marketing season, complementing our production in the Eastern Cape," country manager Alejandro Lucas said.

The company first entered South Africa in 2008 with the acquisition of a 400ha farm in the Sundays River Valley, together with a sales office in Port Elizabeth.

In 2015, San Miguel exported 37,382 tonnes of citrus from South Africa, worth an estimated US\$30m. This accounts for approximately 40 per cent of the company's total citrus output.

"Our expertise, integrated development, commercial strength and productive experience permits us to expand into new regions with relative ease," San Miguel's CEO Romain Corneille said.

Founded in 1954, San Miguel has grown to become the Southern Hemisphere's leading grower and distributor of fresh and processed citrus with production in Argentina, Uruguay and South Africa. It exports to more than 50 countries.

