

## Afgri's focus on grain value chain should bring in good financial harvest

South African agricultural services group Afgri said its focus on operations related to the grain value chain will soon lead to lucrative rewards.

Recently Afgri announced that it had entered into an agreement with Pride Milling Company to buy the latter's entire yellow-maize milling business.

Afgri CEO Chris Venter said, "The acquisition will enable instant production capacity and market

penetration and, in addition, the Pride mills are located in Ermelo, Kinross and Bethal, which correspond with Afgri geographic areas." Afgri's financial results for the six months ending 31 December 2010 reveal strong growth in the animal feeds and poultry divisions, with volumes for both growing by over 5% on the previous year.

Venter said this was partly due to Afgri's commissioning of a new feed mill in

Pietermaritzburg in KZN, together with greater capacity at the Daybreak Farms poultry business.

He added that Afgri's acquisition of Rossgro Chickens, effective from 1 February 2011, would further increase volumes for Afgri Foods.

Alistair Lea of Coronation Fund Managers said it seems that Afgri is keen to get more into the poultry sector.

"If they think this will add a bit more stability to their

financials, they're probably going to end up quite dismayed," Lea told *Farmer's Weekly*.

The poultry industry is very cyclical and dependent on factors such as the maize price and the whole supply/demand balance, he explained.

"There's already very aggressive price competition in the market and, on top of this, the industry has to compete against cheap poultry imports."

- Lloyd Phillips