

JBS catches new meat market

BY ANDREW MARSHALL

AFTER a month of speculation Australia's second biggest salmon farming business is set to be netted by global meat giant JBS, for about \$540 million.

It is the first time the multinational beef, pork, sheepmeat, chicken and "fake meat" protein conglomerate has targeted growth ambitions in the seafood market.

The Huon deal already has approval from the Foreign Investment Review Board, but will need to get the nod from its shareholders, who include Andrew Forrest's growing food and agribusiness investment group, Tattarang.

The JBS buyout offer of \$3.85 a share does have support from Huon founders and majority shareholders, Peter and Frances Bender, who started the Tasmanian business in 1987 and later opened up a significant export trade to Japan.

Huon processes about 35,000 tonnes of salmon annually from 13 production "farms" around the Tasmanian coast, but posted a \$95m



GONE FISHING: JBS Australia is set to add salmon farming and processing to its huge beef, lamb and smallgoods portfolio after a \$3.85 a share bid for Huon Aquaculture.

loss in the half-year to December 31.

It has three processing sites preparing fillet products and salmon ova for retail, and exports about 15 per cent of its production.

Brazilian-based JBS expects to take over by Christmas.

"This is a strategic acquisition," said JBS global chief executive officer, Gilberto Tomazoni.

"Aquaculture will be our new growth platform.

"We will repeat what we did previously with poultry, pork and value-added products, making our portfolio even more complete."

JBS's Australian CEO Brent Eastwood said Huon Aquaculture's operations were "hugely complementary" with his company's other Australian meat processing and production businesses, particularly with regard to customer relationships, distribution and marketing.

JBS already operates in Tasmania, with a beef processing unit at Longford.

Mr Eastwood said the company's Seara Foods business in Brazil began distributing products in the fish and seafood segment in March and the Australian acquisition would give JBS its own production base for growth.

Huon managing director Mr Bender said the sale would be an excellent outcome for shareholders, partners and staff and he did not anticipate any disruption to business operations.

"This is a testament to the strong position Huon holds in the Australian salmon market," he said.

JBS has noted the United Nations' Food and Agriculture Organisation's prediction that in this decade global per capita consumption of

fish was likely to grow by 5pc, with growth in the surrounding Oceania region growing at 7pc and at 15pc in China.

By 2023 consumption of aquaculture for human consumption would exceed what was caught at sea or in rivers around the globe and global per-capita fish consumption already exceeded poultry, pork or beef.

Speculation about a possible change in direction for Huon Aquaculture has been mooted for some weeks, with mining and beef cattle magnate Dr Forrest being touted as looking to take a controlling shareholding after spending about \$20 million for a 7.5pc stake.

Huon has spent \$350m in five years upgrading infrastructure and salmon production, but has also been carrying considerable debt.

Operating losses were also blamed on COVID-19's restaurant trade restrictions.

JBS has had a busy few months in Australia, winning the tender to buy the giant Rivalea piggery and processing operation in May, although competition authority approval is still pending.

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