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A Weekly Review of Business Opportunities

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## SADIA IN TALKS WITH PERDIGÃO

With a debt of nearly 2 billion reais due in the third quarter of 2009, Sadia moves towards partnership with its main competitor, Perdigão. Perdigão, which last week denied being in talks with its competitor to become partners, said, through its advisory body, that it will not comment on this matter. On Friday, Sadia reported losses of 2.5 billion reais in 2008, but yesterday its shares rose by 1.66% at the São Paulo Stock Exchange (3.06 reais, PN), while Ibovespa fell by almost 3% (2.99%). Perdigão's securities recorded a steeper fall than Ibovespa (4.89%). There are still no details on how the merger between the two companies (which together had a gross turnover of 25 billion reais in 2008) is being considered. Source: *Gazeta Mercantil*.

## GUARANI TO DOUBLE CULTIVATED AREA IN AFRICA

Açúcar Guarani, controlled by French group Tereos, will double its sugarcane cultivated area in Mozambique (Africa) this year. The company's cultivated area is 15,000 hectares and will reach 30,000 hectares. The volume is likely to bring about a production increase within three years, when the company expects to crush 2 million tons of sugarcane and produce 220,000 tons of sugar. The company now processes 700,000 tons of sugarcane and produces 75,000 tons of sugar in Mozambique. Besides Brazil, Mozambique is the only country where Tereos invests in sugar production from sugarcane. Source: *Gazeta Mercantil*.

## BERTIN RE-ARRANGES MEAT AND DAIRY PORTFOLIO

Bertin wants to become a meat brand, as well as a yoghurt, dessert, cheese and ready-made food brand. One of Brazil's largest meatpackers, with a turnover of 7.6 billion in 2008, Bertin will quadruple its marketing expenses this year, with an investment estimated at 40 million reais. The other news is the service segment "star", the "itinerant buffet" *Espaço Grill Bertin*, and the direct sale of the product in big events, like *Espetaria Bertin*. These initiatives are part of a plan to boost sales in the domestic market at a time when the global crisis and restrictions on Brazilian meat abroad discourage exports. Source: *Valor Econômico*.

## DEDINI TO EXPAND

Dedini Indústrias de Base, Piracicaba (São Paulo state) based, will expand its business activities. In Brazil, the company will raise its bet on equipment for the energy, mining and steel sectors to reduce problems in the sugar and ethanol area. As for its foreign operations, it intends to decide, by the end of this half, on the opening of a subsidiary in Africa and another in India. With a turnover of 2.2 billion reais last year and fully controlled by the family, the company has also started to develop a capital restructuring process, which may result in the entry of a new investor or even in a BNDES investment, through BNDESPar (the equity arm of BNDES). The group is in talks to partner up with equipment companies in India, where it will open a subsidiary, and is likely to do the same in an African country. Central America is also part of Dedini's plans, but there are no talks going on. Source: *Valor Econômico*.

## COMPANIES LOSE BILLIONS IN 2008

Balance sheet reporting has shown the effects of the worst crops in the last ten years. Seven companies (Aracruz, Braskem, Sadia, Cesp, Gol, TAM and VCP) lost billions. In 2007, none of the firms lost more than one billion reais. "More than half of the losses recorded by publicly traded companies was due to exchange rate fluctuations. If the dollar goes up (last year it did by 32%), companies with debts in dollars suddenly owe more", says Fernando Exel, Economática's President. "Revenue, which measures contraction or acceleration, continued growing." Another factor that raised losses was the entry into force of Brazil's new accounting standards. These huge losses are striking because they come from historically sound companies. Only Cesp, among the ten companies with the biggest losses of the year, had been in this situation before in the past ten years. In 2007, all of them had positive sheets. Sadia, for example, recorded its first loss in 64 years of history. This was the result of losses with foreign exchange derivatives transactions. Source: *Folha de São Paulo*.