

Year 4 No. 30

July 27-31, 2009

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A Weekly Review of Business Opportunities

BERTIN IN SUGAR

The Vitória plant, located in Palmares, 100 km from Recife, was leased to Bertin group, said Renato Cunha, president of the Pernambuco Sugar and Ethanol Industry Union (Sindaçúcar). The mill, which has a crushing capacity of 300,000-400,000 tons per crop, has a strategic appeal, as it has retail distribution points. When sought for comment, Vitória and Bertin shareholders could not be found to confirm this information. *Source: Valor Econômico.*

BRASIL FOODS PROVIDES 950 MILLION REAIS FOR SADIA "FINANCIAL RECONSTITUTION"

Sadia yesterday announced it has received an 950 million-real advance from its controller Brasil Foods (BRF). According to the release, these funds are an advance "for future capital increase", for use "in the company financial reconstitution process". BRF is considered Brazil's largest meat processor. Although the Council for Economic Defense (CADE) has maintained the prohibition on the merger of the two companies' operations, it allowed Perdigão –in an unprecedented agreement in early July– to finance Sadia's debts, which amount to nearly seven billion reais, and capitalize it. The deal resulting in the creation of BRF is still being reviewed by Cade, with which Perdigão has signed an agreement ensuring the reversibility of the Sadia acquisition. *Source: O Globo.*

TO RESIST, MARGEN PROPOSES NEW COMPANY

Margen group will present a proposed amendment to its judicial recovery plan. Margen proposes the creation of a new company, NewM S.A., to be viable again, as well as the family's disconnection from everyday company activities. In this scenario, creditors, mostly financial institutions, would become partners of the new company. Attorney Murillo Lôbo, Margen recovery project coordinator, said the scarcity of funds for working capital and the still tight slaughter cattle supply in Brazil have led to company losses in the first half of this year. He says the company has been operating thanks to resources provided by the partners themselves and has obtained loans only from "small banks". The new plan aims to create an integral subsidiary, NewM S.A., with 90% of Margen Ltda, estimated at 230 million reais. The control of this new company would be divided among the creditors. The plan also provides that the "old" Margen Ltda meat packer will suspend beef operations and will now focus its business on pork. *Source: Valor Econômico.*

SANTELISA AND DREYFUS CLOSER TO AGREEMENT

French multinational Louis Dreyfus Commodities (LDC) and Santelisa Vale, Brazil's second largest sugar and alcohol producer, say they have reached an agreement on the terms of the partnership. They have also completed a memorandum of understanding on the debt restructuring with the main creditors of Santelisa. In a press release, the companies stated, however, that the final agreement has not been signed yet. Santelisa's debt restructuring with the main creditors involves a grace period of up to three years to begin repayment, with a twelve year term for the settlement, as well as the conversion of some debts into an equity stake. Sources close to the talks say the agreement also provides for an initial public offering (IPO) of the company that will result from the LDC-Santelisa merger, as part of the debt restructuring. With these operations, LDC and Santelisa would be restructuring 60% of the debt (estimated at more than three billion reais by the market) to four major banks. *Source: O Estado de S. Paulo.*

MARFRIG WANTS TO SLAUGHTER MORE POULTRY

Marfrig Alimentos has signed an agreement with Banco do Brasil that will help the company expand its chicken slaughter operations in Brazil. The deal (BB Convir) provides for the granting of credit lines for a total of 50 million reais to company *integrados* (contract farmers) in Rio Grande do Sul, Santa Catarina, Paraná, São Paulo and Minas Gerais states. With this financing, the farmers will be able to invest in existing facilities and in new ones –it will build 744 batteries by 2011, according to Marfrig. This amount may go up to 250 million reais in the future as a result of the potential demand for loans, said the company. Marfrig has seven chicken slaughter plants in Caxias do Sul (Rio Grande do Sul), Ipumirim (Santa Catarina), Lapa (Paraná), Jaguariúna (São Paulo), Amparo (São Paulo), Uberaba (Minas Gerais) and Passos (Minas Gerais). Last month, the company started turkey slaughter activities with the acquisition of Doux Frangosul's assets. *Source: Valor Econômico.*