

Year 4 No. 31  
August 3-7, 2009

A Weekly Review of Business Opportunities

For further information, contact  
Coordinator: [marco.ortega@iica.int](mailto:marco.ortega@iica.int)

## MEAT PACKERS READY TO GROW AGAIN

The global financial crisis had devastating effects on Brazilian meat packers. Large groups, like Independência, Arantes, Margem and Quatro Marcos, were shaken by market turbulence and had to file for judicial recovery, closing facilities and laying off thousands of workers. However, some companies have managed to weather the crisis and are now preparing for a resumption of world meat consumption, forecast for the end of this year by analysts. The stronger groups, which were able to clear their debts and keep their funding lines open, are starting to increase investment, as is the case with Marfrig and JBS Friboi, which have recently announced investments in facility construction and plant leasing, even in areas formerly used by rivals in difficulties. Some companies are pulling out of the market, which is reducing competition and industry idleness. This situation and the performance of publicly traded companies on the São Paulo Stock Exchange (Bovespa) are positive signs for this growth. *Source: O Estado de S. Paulo.*

## SPERAFICO SELLS PLANT TO GLENCORE AND MAKES ADJUSTMENTS IN COMEBACK ATTEMPT

Sperafico Agroindustrial has completed the sale of its soybean crushing facility in Ponta Porã (Mato Grosso do Sul state) to Swiss multinational Glencore. The deal is part of an attempt of Sperafico to recover from the crisis that raised its debt and reduced its working capital capacity. The value of the transaction has not been disclosed, but the deal involved debt settlement. The Glencore package also includes the leasing of four Sperafico storage units in Mato Grosso do Sul. The Managing Director has not commented on the course of the negotiations to restructure the company's debt, but he said that part of it, which reached nearly 200 million reais, according to him, has been renegotiated. *Source: Valor Econômico.*

## INDIAN GROUP EXAMINES BRAZILIAN SUGAR SECTOR OUTLOOK

Shree Renuka Sugars, one of India's largest sugar refineries, wants to invest in Brazil's mills and is seeking partnerships to purchase sugar in this country. The company has about \$100 million ready to spend in Brazilian assets and to finance long-term sugar purchasing deals. Two weeks ago, Narendra Murkumbi, vice president of the group, met with Brazil's biggest sugar and ethanol companies, including Copersucar, Cosan, Moema and Açúcar Guarani, controlled by French group Tereos, as well as trading companies. The group wants to take Brazilian sugar to India, where production has slumped. The company intends to sign long-term sugar purchase agreements in Brazil. *Source: Valor Econômico.*

## SADIA MERGER COSTS 67 MILLION REAIS

The Sadia Perdigão share merger resulting in the consolidation of Brasil Foods will cost little less than 70 million reais. The transaction will be completed after approval by both companies' shareholders assembly, due to take place on August 18. Brasil Foods' cost will be 35 million reais, and Sadia's, 32 million reais. This includes expenses associated with all the necessary services for the process, such as auditors, assessors, lawyers, investment banks and legal publications. The values are significant considering the companies' quarterly results. In the first quarter, Perdigão EBITDA (earnings before interest, taxes, depreciation, and amortization) was 118 million reais, i.e. a margin of 4.5%. Sadia's EBITDA was 62.5 million reais, an operating margin of 2.5%. *Source: Valor Econômico.*

## EQUIPAV TO SELL TWO MILLS

Equipav yesterday confirmed it is negotiating the sale of its two sugar and ethanol plants, Equipav, in Promissão (São Paulo state), and Biopav, in Brejo Alegre (São Paulo), and other related assets. The company's press department said that the firm has delegated the sale operation to Santander bank and is holding talks with several interested groups, including multinational Bunge, but disclosed no other names. With a current crushing capacity of around 10 million tons of sugarcane and in spite of having two of the most modern sugar and ethanol mills in Brazil, Equipav sugar and ethanol arm was badly hit by the global crisis that started in the second half of last year. The main factor was the large debt taken on to expand the Promissão facility to double its size and to build the Biopav plant, which started operating in late 2008. *Source: Jornal do Commercio – RJ.*