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A Weekly Review of Business Opportunities

Increased concentration in milk sector

The milk sector follows the meatpacker path. There is greater industry consolidation though company concentration. Another step was taken last week, when Rio Grande do Sul state-based Bom Gosto acquired Santa Catarina state-based Laticínios Cedrense. Brazil's fourth leading company, Bom Gosto will industrialize 1.2 billion liters of milk per year, according to the firm, behind Nestlé (2 billion), Perdigão (1.6 billion) and Itambé (1.3 billion). The companies are consolidating for the chain to become stronger, according to Wilson Zanatta, president of the dairy company. **Source:** [Folha de São Paulo \(12/1/2009\)](#)

Marfrig raises 1.5 billion reais in initial public offering

On 4 December, Marfrig Alimentos SA announced it raised 1,5 billion reais with the initial public offering of 79.040 million common shares. The volume considers the 9.120 million shares issued by the company. The biggest buyers were 236 foreign subscribers, with more than 37 million shares (47.83% of the total). The share price was 19 reais. The transaction was managed by Bradesco BBI (leader), BB Banco de Investimento, Credit Suisse, Itaú BBA and Banco Santander Brasil AS. **Source:** [Agência Safras \(12/4/2009\)](#)

Renar Maçãs announces incorporation of neighboring Pomifrai

Renar Maçãs will incorporate Pomifrai Fruticultura, a neighboring company in Fraiburgo (Santa Catarina) that was once part of the group in the past. Together they will have capacity to process and market nearly 100,000 tons of apples per year and will become Brazil's third leading apple selling company, behind Fischer and Schio. The transaction will be made by share exchange and is intended to reduce costs through joint input purchase and to increase visibility in the domestic and foreign markets. Renar produces 30,000 tons of apples per year and, since it buys from third parties, sells 60,000 tons, 15% of which is exported. It owns 2,800 hectares and grows fruit in 900 hectares. Pomifrai produces 40,000 tons and exports 10%, especially to Europe and Asia. Its land area is 3,300 hectares, 1,100 of which are used in apple growing. **Source:** [Valor Econômico \(12/3/2009\)](#)

Vonpar SA acquires Wallerius Doces e Alimentos

On 1 December, Vonpar SA said it has acquired Wallerius Doces e Alimentos. Now the Arroio do Meio (Rio Grande do Sul state)-based company will be part of the group controlled by Vonpar Refrescos (which handles the Coca-Cola franchise and is Femsas's distributor in Rio Grande do Sul and Santa Catarina) and Mu-Mu (*doce de leite*, luxurious smooth toffee caramel; jelly; and milk producer). With 280 employees, Wallerius operates in the sweet/confectionary market. The value of the transaction has not been disclosed given the confidentiality terms of the deal. According to Vonpar, Wallerius has growth potential and only requires investment to enhance production capacity. **Source:** [Canal Rural \(12/2/2009\)](#)

Grupo USJ to invest 250 million reais in 2010 to maintain growth

Grupo Usina São João (USJ), which plans to invest 250 million reais in 2010 and to find new areas for leasing, is using a differentiation strategy to move up the ranking of Brazil's largest sugar and ethanol companies. Unlike most competitors, which seek to increase production through mergers and acquisitions, the group is investing in cluster expansion: a production center with facilities in communication to reach an increasingly wide range of producers and suppliers of goods and services. The strategy is working well. The group expects to increase gross income 505 million reais to 730 million reais from the 2008/2009 crop to 2009/2010. For the 2010/2011 season, it expects to reach 810 million reais. **Source:** [DCI - Diário do Comércio & Indústria \(12/2/2009\)](#)

São Martinho buys stake in Boa Vista mill from Mitsubishi

São Martinho has acquired the 10% stake that Mitsubishi Corporation held in the Boa Vista mill for US\$14.07 million, thus obtaining 100% ownership of the business. In a press release, the sugar and ethanol company said that an ethanol export contract signed with Mitsubishi in March 2007 continues in effect and will be supplied by São Martinho facilities. **Source:** [Valor Econômico \(11/30/2009\)](#)