



Tiger Brands purchases Dangote Flour Mills Plc of Nigeria

As part of Tiger Brands' strategy to extend its footprint in Africa, the company has purchased a 63% stake in Dangote Flour Mills Plc of Nigeria.

25 September 2012

Following approval from the Nigerian Exchange, Tiger Brands has purchased a 63% share in Nigerian Dangote Flour Mills Plc. This is Tiger Brands third and biggest deal in Nigeria, which is Africa's second-largest economy, with 160 million people, and is seen as a growth area for consumer and food products. Dangote Flour Mills manufacturers flour, noodles and pasta and achieved a turnover of R3.2 million in 2011.

"We are especially pleased with the successful conclusion of this transaction. We believe it will present growth opportunities for both organisations and be mutually beneficial. Dangote Flour Mills will add significant scale to Tiger Brands' existing Nigerian businesses," Mr Matlare says. "Dangote Flour Mills was identified as the lead player in the food market in Nigeria, with a product portfolio well aligned to the Tiger Brands portfolio."

He explains that one of the key growth vectors of the Tiger Brands Corporate Strategy is to expand the company's footprint outside of South Africa and increase the contribution turnover from international business to at least 30% of total net sales by 2017.

In recent years, the company has achieved good traction in terms of significantly increased exports to over 25 countries in Africa and expansion through acquisitions and joint ventures in several countries on the continent. These include Chococam in Cameroon, Haco-Tiger Brands in Kenya, EATBI in Ethiopia and Deli Foods and UAC Foods in Nigeria. The acquisition of Davita, an export company based in South Africa, also contributed to increased route to market coverage across the continent.

Thabi Segole has been appointed as CEO of the consolidated company, based in Nigeria, reporting to Peter Matlare. The Dangote Flour Mills transaction will immediately grow the turnover contribution of international operations to 26% of total Tiger business and presents further significant growth opportunities in the region.

"We are delighted with the conclusion of this transaction and thank the whole team who was involved in this project," says Matlare. "There remains a lot of work to be done to implement the business consolidation and enhance the profitability of the business. We wish Thabi and his team all the very best and assure them of our committed support and involvement."