

THAILAND



David Ireland

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Navis takes controlling stake in Grampian Foods Siam

Non-core asset spin-off leads to third poultry-related investment

As industries like oil and gas, the financial sector, and even publishing are spinning out non-core assets, **Navis Capital Partners** has capitalized on an unlikely candidate, the raw and cooked chicken market. The Kuala Lumpur-headquartered private equity firm has taken a controlling stake in Grampian Foods Siam, the Thailand arm of UK-based Grampian Country Food Group, in a deal in the \$50-100 million range.

Dutch meat conglomerate Vion was approved by the European Commission for the purchase of Grampian Country Food Group in July 2008. Since then, Vion has been looking for a seller of the Thai operation, which is itself a \$200 million+ business in production and

distribution of raw and cooked chicken products.

David Ireland, a director at Navis Capital, said that the team was "very pleased" with investment, and that the company was "well-positioned in its niche market for growth."

Ireland explained, "Thailand is globally competitive in this sector and in terms of cooked chicken, [Grampian Foods Siam] is a strong player." The growth of the cooked chicken industry has in part been a result of the 2004 ban on Thai raw chicken exports due to the bird flu scare. "It's still banned in major markets, and so that really forced these businesses to change their business model. They've become good at it by necessity."

Grampian is currently one of a number of domestic raw chicken distributors, while its specialty cooked chicken is exported predominantly to Japan and the UK.

This is one of a handful of poultry-related investments for Navis Capital, which also owns Bangkok Ranch, one of the leading duck producers in the world, and a stake in fast food chain KFC in Hong Kong and Macau. While Ireland says the build-up of related companies was not necessarily intentional, there are some synergistic opportunities to help grow Grampian, including putting KFC and the Thai company in touch.

The management will remain in place – a team Ireland said "really knows

the business. This is definitely not a restructuring. It's a strong team that has been there for a while, but they've never had a chance to be equity players." Executives have invested alongside Navis, which has also established a management incentive plan so that they can "reap the fruits of their labor."

In the next five to six years, Navis will contribute by expanding the company's customer base and helping to grow investment. "Now that they have an owner they know will be with them for the medium term, there will definitely be additional investment in the future," said Ireland. Expansion of distribution networks will likely come in the form of the timely entry into new markets, including "Asian markets where we may be able to help open doors."

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