

San Miguel completed the sale of its operation in South Africa

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The company from Tucumán advances in a new business strategy and concentrates on producing supplies.

The Tucumán citrus company San Miguel, the main producer and exporter of lemons in Argentina, finalized yesterday the sale of its operations in South Africa to the Spanish group Citri&Co, a European giant in the fresh fruit business.

In this way, the Argentine company controlled by the Miguens-Bemberg family accelerates the implementation of its new business strategy that consists of concentrating on the production of lemon derivatives with high added value, with products such as essential oils, juices, and dehydrated peel. These are inputs used by the food, beverage, and perfumery industries.

As part of this conversion, San Miguel ceded last June to Citri&Co the marketing and distribution of the lemons it produces in Argentina and Uruguay. He also sold 100% of the share package of the company set up in Peru, for which it obtained US\$77 million.

San Miguel reported yesterday to the National Securities Commission that it has now closed the sale of its South African subsidiary, for an amount that has not yet been officially revealed. In any case, market analysts estimated that the figure would be quite similar based on the business volumes that San Miguel had been developing in both countries.

For example, Citri&Co highlighted that "the subsidiary in Peru is an agricultural benchmark in the country, producing and marketing more than 50,000 tons of mandarins and other high value-added fruits in its 1,300 hectares of its own. The South African subsidiary, for its part, is one of the main companies in the citrus sector in the region, with more than 80,000 tons of citrus fruit sold per year, more than 1,000 hectares owned and two packing plants."

They also specified that "the exports of both companies exceed 90% of their sales." And clarified: "The Peruvian and South African subsidiaries will continue to operate normally, maintaining their management team and employees, with operations and supply programs following their usual course."

With the global agreement closed with San Miguel, which was completed yesterday with the transfer of the operation in South Africa, the Spanish group controlled by the investment fund Miura Partners expects to reach a turnover this year of around 800 million dollars.

The Tucuman citrus company, in the communication sent to the CNV yesterday, explained: "As reported, this transaction will reconfigure the long-term business strategy, with a deeper focus on the development of industrial projects based on natural ingredients -within South Africa, Argentina and Uruguay- reaffirming the Company's position as a world leader in lemon processing".

The overturn in the commercial strategy of San Miguel aims to reverse the red numbers of the company, which closed the first half of this year with a comprehensive loss of \$8,993 million, according to the balance presented last August 9 before the Securities Commission. In the last five years, the first semester closed with losses in four except in 2020.

The decision of the shareholders (which, in addition to Miguens-Bemberg, is completed by Otero Monsegur and other investors, among which the National Social Security Administration stands out) is to point all the guns at the segment of industrial production based on natural ingredients, which is why it is also that within the sale agreement of the South African subsidiary, they keep this part of the business.

In the review that accompanied its last balance, San Miguel highlighted that "the completion of the harvest of this campaign shows as results in the two origins, Argentina and Uruguay, a production of fruit of very good quality and with greater volumes than those of the last year. The same for grinding lemon, where the results show high yields in the extraction".

In addition, it remarked that "on the side of the open oil market, the level of contracting today is close to 85% of our availability. The shell contracts are fully closed, and progress is being made on the juice contracts."

So far in 2022, the volume of fruit harvested reached 105,358 tons and crushed fruit reached 131,995 tons. Sales of industrial products in the domestic market were equivalent to 9,106 tons and those of fresh fruit to 1,489 tons.

Regarding the external market, a strong prevalence was registered in the sale of industrial products, which amounted to 24,379 tons, against exports of fresh fruit for 392 tons.