

Brazil's Perdigão Nibbles Away at Unilever

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Monday, 25 June 2007

São Paulo-based Perdigão, Brazil's second largest food processor after top company Sadia, is buying from Unilever for US\$ 39.6 million three brands of margarine plus manufacturing equipment. The brands being bought are Claybon, Delicata and Doriana.

Both companies are also starting a joint venture to operate Unilever's Becel margarine brands in Brazil. In a press release about the deal, Unilever and Perdigão stated:

"In light of their complementary characteristics, the two companies will bring together Perdigão's long experience in the manufacture, sale and distribution of food products in Brazil with the advanced technology, marketing and innovation, as well as brand recognition of Unilever both in Brazil and worldwide."

The manufacture of the acquired margarine brands will continue at Unilever's plant in Valinhos, in the interior of Sao Paulo state.

Perdigão is after a bigger share of the Brazilian and overseas market, which is now dominated by Sadia. Just last month Perdigão announced it was investing US\$ 40 million to buy Cebeco's meat- processing unit in the Netherlands.

Last year, the Brazilian margarines market came close to US\$ 800 million. 30% of this money went to Sadia, Unilever got 20%. Perdigão's participation is still minimal.

The agreement between Perdigão and Unilever stipulates that Perdigão has bought only the equipment and that it will be able to use Unilever's installations for 15 years. The Brazilian food company will also use about 300 employees who will continue linked to Unilever, but will be working for Perdigão.

With 12,000 workers, Unilever made US\$ 4.94 billion in 2006 in Brazil, 2,5% of which came from the margarines segment. Perdigão on the other hand made US\$ 3.2 billion. In the last two years, the Brazilian food company has been aggressively investing in strategic areas in order to diversify its business.