

Thomas survives challenge

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RECORD cattle prices and the COVID-19 pandemic have underlined a challenging year for Thomas Foods International (TFI) ahead of construction of a new abattoir in Murray Bridge.

South Australia's second biggest private company turned over \$1.99bn in the 12 months to June, up from \$1.48bn in the previous year.

The increase was a result of the acquisition of the remaining 50 per cent stake in TFI USA, previously owned by business partner Greg Bourke.

TFI took over 100 per cent of its US wholesale meat business in July last year.

Fully-year profit in the year to June came in at \$57.8m, down from \$162.4m in 2019, when the company received the final insurance settlement of \$191.8m following the fire that destroyed the company's Murray Bridge plant in January 2018.

TFI chief executive Darren Thomas said COVID-19 and the breaking of drought conditions at the start of this calendar year were causing "material impacts on our company and the entire industry".

"The breaking of the drought saw reduced availability of livestock for processing, along with historically high prices, while the pandemic had a major disruptive impact on global markets, particularly in relation to reduced demand across the global food service sector," Mr Thomas said.

"Given the breaking of the drought and pandemic-related challenges outside of our control, and the resultant uncertain outlook, we took all prudent measures possible to reduce non-essential spend across each of our businesses.

"This was not focused on any specific area or initiative but a measured and considered process across the group so we maintain a competitive cost base aligned to the reduced levels of activity."

The US is TFI's biggest market and Mr Thomas said completing the purchase of the remaining 50 per cent stake in TFI USA was an important strategic initiative for the group.

"We have made significant investment in this business over recent years and we see opportunity to continue to grow in this key market," Mr Thomas said.

Closer to home, TFI will start work building a new state-of-the-art meat processing facility next month, 10km from the centre of Murray Bridge.

South Australian construction company Badge has been appointed to oversee the first stage of the \$300m project, which will include beef processing and animal handling facilities, a boning room, stockyards, administration facilities and chilled storage areas.

About 500 jobs will be created as part of the first stage of the project, which is expected to be completed over the next two years.

It will replace the company's original facility, which was destroyed by the massive 2018 blaze.

Mr Thomas said while uncertainty surrounding the continuing impact of COVID-19 on global markets made it difficult to forecast for the year ahead, conditions in Australia were improving.

"One of the major factors will be the continued tight supply of livestock as farmers seek to rebuild flocks and herds following strong seasonal conditions," he said.