

Press Release

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SA's New Dairy Powerhouse



Dairy Farmers of South Africa (DFSA) and Coega Dairy have joined forces to create a dynamic and powerful South African dairy brand...

Dairy Group

Dairy Group is a new agri-business that combines the Dairy Farmers of South Africa's (DFSA's) 120 years' experience as a market leader in the procurement of raw milk (and the raw milk supplier of premium brands such as Clover) with Coega Dairy's low-cost efficiency and house-brand knowledge. The result is a powerhouse dairy brand with the potential to significantly strengthen the local dairy sector.

'Fewer and fewer dairy farmers are able to go at it alone, and collective action is often the key to long-term viability,' explains Drikus Lubbe, Dairy Group's CEO. 'The creation of Dairy Group means the industry as a whole has a better, clearer future growth path, which is crucial for all stakeholders.'



Drikus Lubbe, CEO of the newly founded Dairy Group

Local dairy businesses compete against sophisticated international players within a volatile local economy. To stay competitive, dairy brands have to achieve better efficiencies and economies of scale, with capital-intensive process technologies key to transforming high volumes into better margins and sustainable business.

DFSA and Coega Dairy's combined infrastructure and experience rise to these challenges, creating a highly efficient, optimised value chain for members' raw milk produce.

'The new formation immediately positions Dairy Group as the leading Ultra High Temperature (UHT) milk supplier to consumers in South Africa,' says Lubbe. 'It also has the ability to expand its footprint into Africa by facilitating mergers and acquisitions in competitive dairy categories across its infrastructure network.'

Dairy Group's ability to expand into Africa - which features 500 million consumers with low exposure to South African dairy brands - is an important part of the logic behind its creation. Success in African markets will, in turn, strengthen the dairy value chain within South Africa. New business opportunities will be created for hard pressed South African dairy farmers, including emerging black-owned farmers, who are central to Dairy Group's future growth plans.

'We take a broad view of sustainability, which we see as being as much about achieving viable business growth as maintaining excellent environmental standards,' says Lubbe. 'In South Africa, commercial growth has to include a strong focus on black empowerment. This is especially true in the agri-sector, where we need to bring new players in to augment the strength of established entities. Consequently, nurturing new entrants is a central part of Dairy Group's growth strategy. We're looking forward to taking advantage of our new scale and structure to bring that vision to life.'

About Dairy Farmers of South Africa

DFSA is the largest collector of raw milk in South Africa. The company supplied Clover's full raw milk requirements, including its own products which are predominantly UHT under the Clover, retailer-owned brands and Ultra Milk brands. DFSA was initially a full subsidiary of Clover SA. Then it was 74% owned by DFSA's Milk Producers. Clover finally disposed of its investment in DFSA in May 2020 to the Milk Producers Trust.

About Coega Dairy

Situated near Port Elizabeth in the Coega Harbour area, Coega Dairy began life in September 2011, producing UHT and butter products under the Coastal View and Crystal Valley brands, and for private labels. The business was started by 13 Eastern Cape dairy farmers represented by the Coega Dairy Milk Producers Organisation (CDMPO), who established the Coega Empowerment Trust (whose beneficiaries include staff, staff of the CDMPO farmers and black-owned commercial dairy farms).

In September 2019, Dawson Dairy was brought into the Coega Dairy family, and amasi was introduced into Coega Dairy's product line.

Famous Brands Cheese Company (FBCC) will continue to operate as a joint venture between Coega Food Group (CFG) and Famous Brands, with Coega Dairy managing the operations under a service level agreement.

Coega Dairy's plant infrastructure is optimised for processing raw milk to UHT end-product and was expanded in 2012 to include a new butter factory. In 2013, the dairy expanded its UHT capacity, creating more local jobs (it currently has 360 employees) and increasing its capacity to meet high market demand.

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