

# Bangkok Ranch a big player

**The Thailand-based Bangkok Ranch duck company used to be a local player. Following a troublesome period, together with the help of a new financial partner, it has made a new start. Meanwhile, the company expanded its capacity, took over a Dutch company and became a major player in the global duck market.**

By Joyce Rainat, Bangkok

**T**oday, Bangkok Ranch, founded in the early 1980s by the Hsu family, has returned to its original status as one of the key players in Thailand's fast-growing duck industry, processing 17.5 million ducks in 2007 - approx. 50% for export and 50% for the domestic market. On a full year basis the company now has sales of about US\$175 million and reported 25% growth over 2006, partly due to its first strategic overseas acquisition which was made during 2007.

Bangkok Ranch's "first phase" dated from Hsu family start-up days as one of Thailand's first importers of genetic stock from the UK's Cherry Valley, to the 1997-8 Asian financial depression years. The company grew successfully but found itself with an unsustainable financial structure when the Baht devalued and was eventually no longer able to service its debts. Consequently, it was forced into rehabilitation and its shares suspended from the SET. As a result 95% of the company was acquired by Navis Capital partners, a leading



*Duck production at one of the Bangkok Ranch farms.*

Asian Private Equity Firm specialising in Mid-size control buy-outs. Navis restructured the debt and lent a degree of financial sophistication to the company, but left in place the successful operational management team led by Joseph and Rosanna Hsu who have run the company ever since.

## Successful growth

Post-acquisition Bangkok Ranch entered its "second phase" and continued to grow successfully through expansion of its operations and, in particular, the growth of its export business to Europe

and Japan. The business continued to do well until the February 2004, when avian influenza, very much on the horizon in Asia, hit Thailand. Although unaffected by the disease itself, unprocessed Duck exports were banned and various restrictions were imposed by the government on the transportation and placement of ducks.

For Bangkok Ranch, and everyone involved in the duck and poultry business in Thailand, this became a real "testing period", says Chairman Tim McKinlay. The business was significantly affected, but the management took a decision



*New parent stock houses soon to be populated.*



*Expanding the cooking facilities allowed an increase in exports.*

# in the global duck industry!

## The Bangkok Ranch Management



**Tim McKinlay, Director of portfolio Management and Monitoring with Navis Capital Partners and Chairman of Bangkok Ranch**



**Joseph Hsu, CEO of Bangkok Ranch**



**Gertjan Tomassen, Managing Director of Tomassen**

## Bangkok Ranch – Key Milestones

1982	Company Established by Joseph and Rosanna Hsu
1992	Listed on the SET
1999	Financial Difficulties as a result of the Asian Financial Crisis – entered Restructuring, suspended from the SET
2000	Acquired by Navis Capital
2001-2003	Substantial Growth and Expansion
2004	Avian influenza in Thailand results in Export bans on uncooked Poultry from Thailand
2005	Shares resume trading on the SET
2005-2006	Further growth and expansion led by conversion of export to cooked duck
2007	Merger with Duck-To Holding (Tomassen) – The First step in going global

to continue to invest in the business primarily by expanding cooking capacity, which tripled, as well as upstream with additional parent stock farms and a hatchery extension.

The result was a full recovery of the business over 2005 and 2006 and the shares resuming trading on the SET. That has started Bangkok Ranch on the “third phase” of its growth as it has expanded firstly into the Chinese foodservice sector of the cooked food market in Europe and increasingly into value-added ready-to-cook and ready-to-eat meals.

### Duck-To taken over

As a natural extension of this direction, Bangkok Ranch began to talk to Duck-To Holding BV (Tomassen), a medium-sized duck processor in the Netherlands in early

2007. Tomassen is about one third the size of Bangkok Ranch. The companies already had familiarity with each other having had a commercial relationship over several years – in particular Gertjan Tomassen and Joseph and Rosanna Hsu had a comfortable working relationship. The companies have complementary products and Tomassen had a direct distribution network in Europe, which would give Bangkok Ranch a capability it had not previously experienced.

By August 2007, the deal had been finalised and the companies effectively merged with Tomassen becoming a fully-owned subsidiary of Bangkok Ranch, the shareholders of Tomassen becoming shareholders in the company and Gertjan Tomassen becoming a Director of Bangkok Ranch alongside Joseph Hsu. Tomassen has taken over

responsibility for EU distribution (Germany, France, Netherlands, Spain, and various countries in Scandinavia among others). Tomassen is also expected to have the ability provide better market information and enhance relationships with customers.

“The merger represents a major strategic step for Bangkok Ranch which will start to operate in a truly global manner, rather than being a Thai company with significant exports,” says Joseph Hsu, currently the CEO. “The management teams work well together and we have already benefited from sharing our knowledge and experience,” adds Gertjan Tomassen who remains the Managing Director of Tomassen.

Operating conditions for all poultry companies have been difficult in 2007, and Bangkok Ranch is no exception. However, the company has continued to generate profit and has taken an important step in positioning itself for the future under the guidance of the management team who have fared the company well over the years. ■



**Most of the products leave the plant after cooking and successive freezing.**



**Bangkok Ranch has through Tomassen's distribution system access to major EU markets.**