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'Market eager for Fonterra listing'

Farmers may be wary of Fonterra considering a full or partial listing on the stock exchange but financial institutions have welcomed the news.

Frank Aldridge, chief executive of ABN Amro Craigs investment advisers and sharebrokers, said its listing would be a positive move for the investment market.

"Farmers will want to have their say in terms of the future of Fonterra, which will include its capital structure," Mr Aldridge said.

"There's a number of different ways they can do it to cater for farmers' requirements."

Jeff Matthews, senior adviser at Spicers Wealth Management, said a full or partial listing would be a huge boon for New Zealand investors.

"We don't have enough good quality companies in New Zealand for people to invest in. Having a good company (like Fonterra) has to be positive for the New Zealand stock exchange."

Mr Matthews said he would not, however, want to see New Zealand farmers losing control of the dairy giant.

"If I were a farmer I would want to be making sure that only a limited amount were available," he said.

Fonterra could limit the amount of non-farmer shares to 40 per cent to achieve this.

But Waikato Federated Farmers dairy section chairman John Bluett said farmers wanted to retain 100 per cent ownership of the company.

He doubted 75 per cent of farmers would agree to the proposal, as would be required for any changes to be made.

"Fonterra would have to come up with some pretty valid reasons to justify that," Mr Bluett, who farms near Te Awamutu and Matamata, said.

He said Fonterra could float some of the other companies it had bought but farmers would prefer to maintain control of Fonterra's core business.

"We will have to have a really robust discussion on it. The jury is still out," he said.

"Is the need for capital that great that we have exhausted all other options?"

Former dairy farmer John Galvin, who is also the principal of rural sector financial advice firm JGFP Ltd, said the proposal made sense but was long overdue.

"Fonterra is caught between a rock and a hard place," he said.

"You either grow your business with a proper capital structure or you watch it wither and die."

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