Media statement - for immediate release

5 November 2018

Pamu invest in spray drying facility to help grow specialty milk market

Pāmu has taken a 35 percent stake in a specialist spray drying facility to be built at the Innovation Waikato Park, in Hamilton.

The industrial spray drying facility will convert liquid milk into a dried form, and has a 1.2 metric tonne per hour drying capacity. Construction will be led by Tetra Pak and is designed to meet the strictest infant milk formula manufactured standard with customers working across the sheep, goat, cow and specialty ingredients sectors.

Commenting on the investment, Chief Executive Steven Carden said the investment will support Pāmu’s strategy of adding value both within and beyond the farm gate.

“For the last five years Pāmu has been pursuing a strategic approach aimed at future proofing the company by diversifying our earnings potential, and helping mitigate the commodity cycle that holds the company hostage to some extent. This investment fits with this strategy, and we expect it to contribute to the growing earnings and financial resilience of Pāmu in the years ahead.”

Mr Carden said the investment was also positive for New Zealand’s growing and award winning sheep milk industry.

“The facility investment will provide an additional option for drying the milk from our Spring Sheep joint venture, at a time where capacity for such specialist facilities is severely stretched.

“We will also be able to access our share of capacity in the dryer for processing other specialist milks, such as our pure organic milk powder, which we are about to start selling in China.”

Mr Carden said the investment stacked up from both a financial and strategic perspective, but was also a positive step for the entire New Zealand premium milk sector.

“New Zealand has plenty of big dryers for commodity milk. What our country has lacked has been smaller, specialty dryers that can manufacture small scale, novelty milks.

“Pāmu is proud to be part of securing this additional capacity. Having a New Zealand company with a significant interest in a facility like this is good for the New Zealand agriculture sector because it allows further diversification of land use. That means more options about what farmers can do on their land. With environmental restrictions increasing in the Waikato, that’s more important than ever before.”
Mr Carden said that any capacity that Pāmu or its JV partners did not use can be on-sold to other users, providing a world class manufacturing facility to NZ’s growing alternative and specialty milk sectors. “This is really good news for the Waikato region, which is the centre of our sheep milking and organic milk operations. “

Pāmu’s 35 percent stake in Melody Dairies Limited, which will own the dryer, is being financed through existing balance sheet capacity and is valued at $11 million.

Pāmu joins three other partners in the dyer investment - New Zealand Innovation Waikato (10%), Dairy Nutraceutical Limited (20%) and Nu-Mega Ingredients (NZ) Limited (35%). “Pāmu has had a strong working relationship with New Zealand Innovation Waikato over the last few years and we’re excited to begin our partnership with Dairy Nutraceutical Limited and Nu-Mega – two important players in high value dairy manufacturing. We are pleased we can help keep a sizeable piece of this important regional infrastructure in New Zealand ownership.” Mr Carden said.

Chairman of Spring Sheep Michael Ahie welcomed the investment.

“Spring Sheep is growing as we see global customers start to recognise the unique taste and properties of our milk, and the provenance of the product. This investment will help secure the future of Spring Sheep as we add value to our company in the agriculture sector.” Mr Ahie said.

A Director of Innovation Waikato, and former CEO of Dairy Goat Cooperative, Dave Stanley said having Pāmu as a cornerstone shareholder was critical to the success of the dryer.

“As innovators in farming, we value Pāmu as a shareholder. With their investment in Spring Sheep, organic milk and even deer milk – they are committed to driving innovation in agriculture, which is also what the Waikato Innovation hub is all about.

“From a regional perspective, having the commitment of our largest farmer in this dryer and this region is very important,” Stanley said.

Construction of the spray drying facility is expected to start this month, and is due to be on line by November 2019.

ENDS

Editors Notes:
• Pāmu owns a 50% shareholding in Spring Sheep Milk Co (www.springsheep.co.nz)
• Pāmu is marketing organic milk powder in selected New Zealand outlets and will soon be exporting to China (www.pamumilk.com)

About Pāmu

Pāmu is the brand name for Landcorp, a State-owned Enterprise. Pāmu is New Zealand’s largest farming company and is also the name given to the quality products created by the company. Pāmu produces high quality milk, lamb, beef, and venison and wool products from its 125 farms spread throughout the country.
Pāmu is the Māori word ‘to farm’ and reflects the deep connection New Zealanders have with the land, born from respect, and a genuine desire to protect and enhance the environments in which the company works. It’s a proud provenance that stands behind every product bearing the Pāmu name.