

CABB – Cooperativa Agrícola de Beja e Brinches

Type of Client

In one of the most important M&A operations in the history of the Social Sector of Portugal, two Agriculture Cooperatives merged in the Region of Alentejo, namely the Cooperatives of Beja and Brinches. This project resulted in a single entity (CABB) already considered one of the larger producers of olive oil at a national level. The merger favoured a substantial strengthening of its competitive position at an Iberian scale.

Situation

In view of the actual and future challenges concerning the national agricultural sector, the merger operation was considered the best way to obtain scale economies and synergies, due to some complementary activities. The objectives were to increase productivity, competitiveness and a growth strategy, at a national and international level. In order to develop the process of merging the two Alentejo's Cooperatives, they requested MERCAL's services and our experience in the area.

Consulting approach

Mercal proposed to develop a project regarding the needs of the firms. The merger for Beja and Brinches Agricultural Cooperatives and the management support for post-merger integration needed the future organisational model, the business planning activities, the management information systems, and a financial engineering model, with the optimisation of internal and external finance resources.

Results

The merger of the Cooperatives has resulted in significant gains, at all levels, not only for the company, but also for the agricultural sector of Alentejo. For the company, the merger brought opportunities to optimise processes, the organisation structure, develop resources and capabilities, as well as implementing the strategic and operational planning activities, financial budgeting and management information systems. Nowadays CABB has a sustainable growth with a market share in the domestic market of around 35%, and is one of the largest producers of olive oil. CABB integrates about 2,400 cooperating firms and develops major activities within the olive oil and cereal sectors covering a significant part of the region of Alentejo (460.000 hectares of land). It is also developing an international presence in foreign markets.



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