

A new era for Philp Brodie



Tom Howard, general manager, and Jerry O'Sullivan, grain merchant, at the PBG holding silos in Toowoomba.

By KIM WHISSON

THE end of 2011 marks the start of a new era for Toowoomba-based Philp Brodie Grains.

Managing director Peter Brodie will step aside after a 30-year association with the leading grain trading business.

Mr Brodie has been steering the transition of the business since its sale to Emerald Group Australia on October 1 last year, but will soon shift his focus to other business interests.

The sale to Emerald came about through careful succession planning by the establishing partners John and Gwen Philp and Peter and Glennis Brodie.

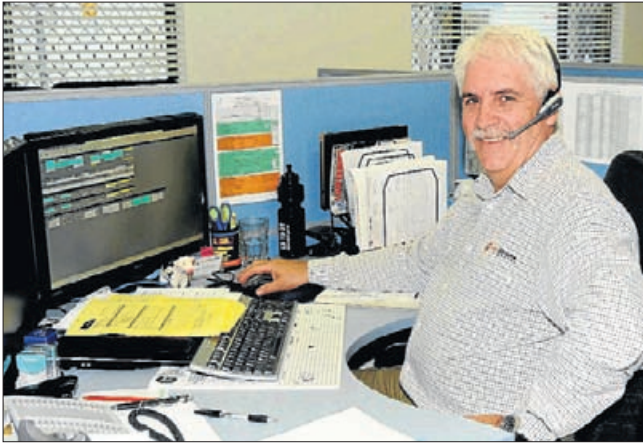
"They started discussions with Emerald Group and it was very much a meeting of the minds," said Philp Brodie general manager Tom Howard.

The Philps and the Brodies had established their business by working extremely closely with growers – a philosophy that struck a chord with the Emerald Group.

"It was a natural extension for the Emerald Group and it was very much a common ethos. So far it has been a very good marriage."

The business predominantly handles coarse grains including wheat, barley and sorghum, trading both in local and export markets.

The Philp Brodie name has long been synonymous with



Craig Dennis, operations manager

service and excellence on the Darling Downs – some grain-growing families can claim third-generation links with the business.

The Philp and Brodie families not only built a business that has survived the market's many highs and lows, but one which forged an industry reputation of strength and stability.

Mr Howard said one of the priorities would be to ensure that the legacy is maintained as the business moves forward in its new form.

"It is a changing time for the business because now, being part of a much larger organisation, the range and the capacity we have for doing business has gone through the roof," Mr Howard said.

"We now have a much bigger presence in Central Queensland and also as far down as Liverpool Plains in New South Wales.

"So the Philp Brodie name has been taken far and wide and as a consequence our volumes this year will grow exponentially."

This potential for expansion of the business was something Peter Brodie was encouraged by when the sale was announced.

At the time of the sale, he said that it was a "great day for Queensland growers as the acquisition provides local Queensland business the opportunity to link up with a strong grain company with global reach".

Mr Howard said that, with this growth, had come many

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positives but also some important challenges.

"There's certainly the worry that the localised level of grower service might be impacted. Does that personalised touch disappear when you become part of a larger organisation?"

"We hope not. I think the first 12 months has been very good and we continue to have strong relationships with our expanding base of growers."

Mr Howard said service "first and foremost" was how the business was built and service would remain the foundation for any expansion.

"Success comes down to relationships. And whether that is with our growers or our domestic and export customers, we try very hard to work on that."

"Peter (Brodie) would quite often quote John Philp in saying that we work to service our growers and that if we do a good job, we will make a bit of money at the end of the day."

Biggest Japanese wheat importer

TO forge ahead and be successful in the deregulated industry environment requires strong links with global markets, says Philp Brodie managing director Tom Howard.

"We have seen a number of the major players across the country form either joint ventures or have equity stakes with much larger international trading houses," Mr Howard said.

"This gives the company access to the international markets and also gives them much more strength and stability."

Philp Brodie has garnered this additional strength via its acquisition by Emerald who, in turn, are 50 percent-owned by the Sumitomo Corporation of Japan.

"With Sumitomo as a major shareholder, our access into Asian markets is key."

"Sumitomo was the biggest wheat importer into Japan last year. So it is a very established pathway that we are supplying into."

It is growth through our existing markets as well as these key emerging markets that has been very positive for PBG and our growers - so we are fortunate."

Emerald Group began

operations in 2004 and now operates nationwide via joint ventures with grower groups across each state as well as through offices in Western Australia and their head office in Melbourne.

They are now one of the leading grain marketing companies and rank as one of the top buyers of grain direct from growers in the country.

Emerald's is a licensed wheat exporter and holder of Wholesale, Retail and Make a Market AFSL Licenses.

It acquired 2.8 million tonnes of grain across five states last year.

"The Emerald Group is going from strength to strength."

This solid business base delivers confidence for customers in a market that has experienced a great deal of volatility – particularly over the past two years.

"And I think that volatility is going to become a feature of life," Mr Howard said.

"But overall, I think the outlook for agriculture is very positive."

"And if we continue to have a good run of seasons, I think there are great opportunities there. As a sector we are in good shape."



Peter Brodie, outgoing manager director and previous owner, with new general manager, Tom Howard (right).

Extended finance facilities to support our grower customers

Philp Brodie Grains with its partner Emerald now has access to extended finance facilities of \$685,000,000. These significant new syndicated facilities are lead by ANZ and NAB as the lead financiers, with Westpac, CBA, HSBC and SMBC as key participant banks.



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