

# Hadco's ice cream now a net forex earner

EximBank has been a game changer:



Creamery Novelties Ltd shareholders and directors Paul Gabriel, left, and John Hadad speak to the Business Guardian during an interview on Tuesday. PHOTO BY ABRAHAM DIAZ



A \$15 million investment in its yogurt line continues to reap healthy rewards for Creamery Novelties Ltd. So much so, that the company is following several lucrative leads for export.

The company's shareholders and directors, Paul Gabriel and John Hadad, spoke to the Business Guardian on Tuesday about this latest venture and plans going forward.

Gabriel explained that the yogurt line was in the works for about three years, sharing that there were a lot of challenges getting the plant up and running.

"It is as with any plant, but yogurt is a bit more technical because we're dealing with biology.

So it took us a while to perfect the systems and the operation of it because with yogurt in particular, the consistency is very hard to get streamlined and to make sure that you have that in place otherwise, the product would never be the same every time it goes to market.

"So we didn't want to launch until all the 'I's' were dotted, the 'T's' were crossed. We were over a year behind on getting the plant up while we streamlined everything and got all the processes in place," he further detailed.

The yogurt line, which comes in a variety of offerings—nine flavours and also an unsweetened range—came out in June last year, and according to Gabriel the response has been fantastic, with part of its marketing strategy being a lot of sampling.

On exporting yogurt, he said the company is in the process of getting certified and has its sights set on Barbados, Jamaica and Cuba.

Once all goes well, it hopes to begin exporting by the first half of this year.

Creamery Novelties was the vision of Gabriel who approached the Hadad brothers with an innovative idea that they could not be refused, making it a reality.

In 2018, the manufacturing of ice cream by Creamery Novelties began, with products entered the local market. Today, the ice cream and frozen novelties are available in Antigua and Barbuda, Barbados, Dominica, Guyana, Grenada, Suriname, St Lucia, St Vincent and the Grenadines and St Kitts and Nevis with a continued goal to strategically expand its footprint, becoming one of the leading brands throughout the Caribbean and Latin America.

The company churns out about 6,000 litres of ice cream and hopes to get into the US market soon, starting with Puerto Rico.

"We have two visits from them and we have another one scheduled in a couple of weeks' time.

We're doing a little bit of product development for them and actually, that's a springboard for us into the US...It works well for us because as a manufacturer, the US market is 330 million people.

"So, there's no way we can supply that out to this plant, right or even remotely. Basically pick your battles and pick your markets.

Even if we get into a major chain, they will box us into one county, maybe in Florida and then you start from there and once you're satisfied, you can grow out," Gabriel said.

Like the yogurt, the ice-cream base is made from milk powder which is imported.

"So flavouring, most of that, if not all of it, comes from abroad and when you have sugar that you're consuming, that comes from abroad. So when you look at the importation of raw material, the use of it, most of it is imported.

"But suffice to say, we concentrate a lot on the fact that there's much that has been said about the

importation of raw materials and why can't we be self-sufficient? The fact of the matter is that it's way better that you import some raw material and have value add and branding and everything to create a final product than it is to import the final product. And while we concentrate on the fact that it would be nice to not have to import the raw material, that's a nice to have. The fact is are we going to be self-sufficient as a country, the size of ours, in terms of being able to source, in our particular case, sugar and milk powder and all of the necessary ingredients that you need to make a final product like this? You have to import those products," Hadad said.

However, a lot of packaging is locally sourced from two or three companies.

"And if you go to those packaging companies, they'll tell you they're making their package out of raw materials coming from abroad because who's making the plastic pellets? Where's the cardboard coming from? Where's the foil paper as an initial product coming from?" Hadad asked.

Over the years, Creamery has continued to be a strong performer, so much so, that it is now a net forex earner, which was also made possibly through the EximBank facility.

"EximBank has been really a game changer...the way it works is that dependent on your exports, you get the money you need for your raw materials. Obviously, there's a calculation, it's not that straightforward but that has helped us when we were a net user of foreign exchange in Creamery.

"That has helped us grow into exporting now. I would say in the last two years, where we are a net owner of forex.

"So our exports are more than we consume in terms of US dollars and we expect that to grow significantly in the next five to 10 years because the gestation period of the first five, six, seven years of really establishing yourself and establishing a brand and gaining confidence in the markets and all of that hard work has been done and continues to be done," Hadad said.

What's next for Hadco?

Hadco continues to grow exports.

"We have grown that quite significantly in the past eight years as a group and we see a huge upside in terms of our US dollar earnings. So our focus is a lot more on hard-currency earning as a percentage of our revenue than it is of just growing the revenue per say because it's unsustainable to continue to use forex and distribute imported products the way we grew our business in the first 25 years.

"Now in the last eight years, it's been quite different in terms of growing that hard currency.

We've done a very good job of that as a group," Hadad said.

Creamery Novelties has offered thus far cherry coconut, cherry vanilla, strawberry ripple, chocolate ripple, chocolate ripple, strawberry cheesecake as well as ponche de crème and sorrel during the Christmas season as its ice cream flavours.

However, more flavours means having less freezer space.

"And you always end up with the top five skews that always sell. So we're in a situation now of looking at both local and export, seeing what cream rises to the top and then channelling our production into that as well and our marketing and advertising towards that," Gabriel said.

He said the company does roughly 6,000 litres of ice cream a day.

Creamery's export manager, Vashish Sieurajsingh, further noted that "on any given month' about 10 to 12 40-foot containers of ice-cream are exported.

Last year, US \$3.95 million worth of ice cream was exported.

This year, projections estimate US \$5.5 million but can climb to US \$6 million once plans are finalised to export to Puerto Rico which can be as early as May, Sieurajsingh added.