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SECTION E

BUSINESS

TUESDAY, DECEMBER 2, 2003

SPORTS - E8
Two Rangers at national tryouts

DOLLAR	GOLD	EURO	TSX	TSX VE	TSX 60	DOW	S&P 500	NASDAQ
76.72 US	$402.70 US	1.5613	7,924.57	1,709.93	442.05	9,899.05	1,070.12	1,989.82
-0.26	+5.90	+0.48	+65.18	+19.48	+3.80	+116.59	+11.92	+29.56

Gencor to buy former MGI packers plant

BY ROSE SIMONE
RECORD STAFF

KITCHENER

A subsidiary of a farmer-owned bovine genetics company, Gencor, has put in a conditional offer to buy the former MGI Packers plant on Albert Street in Kitchener.

In alliance with producers who can purchase an equity stake in the plant, Gencor Foods Inc. plans to re-open the MGI meat-slaughtering plant within a few months after the deal closes in February.

The plant will process the backlog of beef and dairy cull cows needing to be slaughtered in Ontario since the border to the United States was shut down over the mad cow disease scare.

Brad Sayles, marketing director for Gencor, which has 6,000 members and offices in Guelph and Woodstock areas, said the plant could eventually process 1,500 head of cattle per week.

It isn't yet known how many jobs will be created.

MGI Packers once employed 350 people at two plants before it shut down.

The second of the two plants, a cold storage facility on Maple Avenue, was bought by the Carlau Group this year and is not part of the Gencor deal.

Sayles would not say what the deal is worth or divulge details about the two Ontario numbered companies Gencor is buying the Arnold Street plant from. He said more details may be released after the deal closes in February.

News that Gencor is planning to re-open the plant came as a big relief to beef and dairy producers.

"Anything that can help with this backlog of commercial cattle right now is welcome news," said Kelly Daynard, a spokeswoman for the Ontario Cattlemen's Association.

MGI in Kitchener was the second-largest federally-licensed meat-processing facility in Ontario before it closed in 2000.

Ontario cows were mostly being sent to the United States for slaughter, Daynard said.

Last May, the border was suddenly shut down after bovine spongiform encephalopathy (BSE) was found in one Alberta cow.

Prices plunged and the industry was sent into a tailspin.

Troubles in the industry deepened when Aylmer Meat Packers, southeast of London, was raided by police and shut down by agriculture officials in August over allegations that it illegally processed dead cattle and misused federal labelling. The company has denied any wrongdoing.

According to records, the MGI facility on Arnold Street in Kitchener had been purchased by Richard (Butch) Clare, the businessman who subsequently ended up at the centre of the investigation into Aylmer Meat Packers. That created another crisis in the effort to get the Kitchener plant re-opened.

Trying to resolve the crisis, John Walker, another Alymer-area dairy farmer and cattle exporter, applied to the Canadian Food Inspection Agency for a licence to slaughter cattle there.

He has now withdrawn that application and said he is happy to have Gencor take over.

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New software helps Navtech take off

BY ROSE SIMONE
RECORD STAFF

WATERLOO

Navtech Inc. has been flying high in the past two years, after the turbulence that rocked the aviation software company in the 1990s.

"We've now had seven straight quarters of profit, and 14 to 15 per cent revenue growth on an annual basis," says chief executive David Strucke.

Navtech — which trades on the U.S. Over-the-Counter Bulletin Board under the symbol NAVH — has an expanding list of software products and services that are used by 120 mid-sized airlines around the world.

Its customers operate in specific niches, from delivering cargo to flying small groups of people, such as sports teams, to their destinations.

Navtech's dispatch products help airlines reduce fuel costs. Its software can map a flight path that takes advantage of tailwinds, avoids headwinds, and figures out the most fuel-efficient way to distribute cargo on the aircraft.

Navtech has also been developing crew-management software that helps airlines reduce labour costs. This software provides, for example, a "preferential bidding system" so that pilots can input their preferences — which flights they want, who they want to fly with, and the days they want to fly.

There is also a "crew-pairing optimizer" that figures out which crews will fly with a plane, say, from Toronto to Montreal, Ottawa, Detroit and back to Toronto.

The company is also working with the JetsGo airline to develop daily trip-scheduling software.

"It's a win-win situation," Strucke says. "The airline gets flights covered and crews get their preferences taken into account."

Navtech also has a data side to the business, producing flight manuals for airlines and ongoing weather data compiled from major weather services.

Navtech has 89 employees, 67 of whom work in Waterloo.

Most of its customers are in North America, but the company is attracting more mid-sized airlines in Europe and acquiring customers in Asia.

The company got its start in the early 1980s when Ray English, a former Air Canada pilot, and his then-wife, Dorothy, began developing software.

There were some bumpy patches along the way.

In 1993, Navtech acquired New York-based Compuflight Inc. in a reverse takeover that included a listing on the Nasdaq stock exchange. But the merged company, which operated as Compuflight, struggled. Its stock was demoted to the Over-the-Counter Bulletin Board in 1994.

By the end of 1999, there were concerns about whether it would survive.

The company has since come under new management, re-established the Navtech name and returned to its roots. It made changes that included closing its New York office, downsizing its California facility and centralizing its flight planning in Waterloo.

"The operation side of our business has always been quite successful," Strucke says. "We added customer upon customer . . . But on the corporate side, we needed to refocus on our core business."

The company's target market is small to mid-sized airlines with five to 100 aircraft.

"Our customers appreciate that we are focused on the mid-sized market. They know we are not going to be chasing the big airline contracts and suddenly have all of our resources devoted to that one customer," Strucke says.

What distinguishes Navtech from other aviation software companies, he says, is its round-the-clock customer support.

Customers typically buy the software and have their dispatchers develop flight plans. But Navtech can also host the software on its own servers and do the flight planning for airlines.

During the August power blackout, Navtech used its back-up generators to help some customers by doing flight plans for them.

"We really provide a high level of customer support," Strucke says.

"We are known for our support and we are viewed as an entrepreneurial company and so airlines want to partner with us in our product development," Strucke says.

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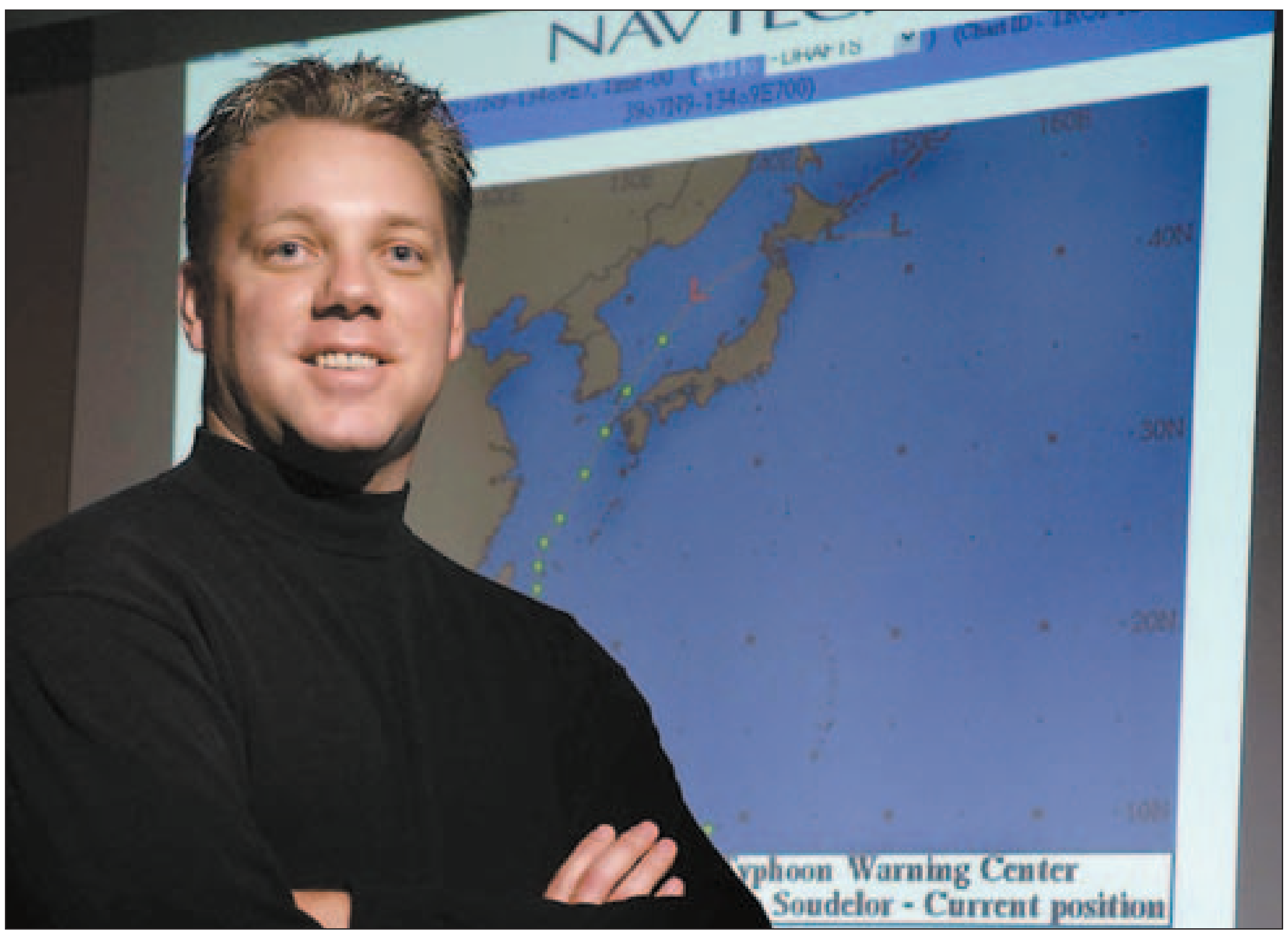

PETER LEE, RECORD STAFF

David Strucke is president and chief executive of Navtech, a Waterloo company that makes software for the aviation industry.

LOCAL TECHNOLOGY

Brick, Big Rock combine forces

WATERLOO

Brick Brewing Co. Ltd. of Waterloo and Big Rock Brewery of Calgary have struck a deal to sell their beer in each other's key markets.

Under the deal, Brick will brew and sell selected Big Rock beers in Ontario, while Big Rock's Alberta sales force will represent selected Brick beers in the western province's marketplace.

Red Cap, a Brick beer sold in a stubby bottle, has become popular in Ontario and will be the first Brick brand promoted and sold by Big Rock in Alberta, the companies said.

"We have had a mutual respect for each other for many years now, and it only seemed natural that we should be doing something together," said Jim Brickman, president and founder of Brick Brewing. "We are excited about the prospects."

Bob King, president of Big Rock, said the venture "helps maximize the synergies and strengths we each have in our respective markets, thus improving our geographical market reach cost effectively."

Shares in Brick (TSX:BRB) rose three cents yesterday to close at 70 cents. Shares in Big Rock (TSX:BR.UN) dropped 10 cents to close at $9.70.

Big Rock, founded in 1985, posted a profit of $2.3 million on sales of $30.5 million in the fiscal year that ended March 31, 2003.

Brick, which was founded in 1984, posted a net loss of $2.3 million on sales of $18.9 million in the fiscal year ended Jan. 31, 2003.

At Brick's annual general meeting in June, Jim Brickman said he would resign if the company didn't turn a profit this year. The company has reported year-to-date earnings of $441,228 in the first six months.

• *Canadian Press and Record staff*

Don't like mutual funds? Buy the fund business

ELLEN ROSEMAN
PERSONAL FINANCE

Mutual funds may be more lucrative for the companies that manage them than for the people who invest in them.

That's the case of CI Fund Management Inc. (TSX:CIX), whose shares have gone up almost 50 per cent in the past seven months.

None of the funds CI manages have such a strong gain, which was fuelled by the company's acquisitions and talk of turning itself into a tax-advantaged income trust.

If you're unhappy with your mutual funds — the mediocre performance and high fees — then you should own the management companies. Why settle for the milk when you can buy the cow instead?

With the consolidation trend under way in the Canadian industry, your company could be bought at a premium by another firm anxious to boost its market share.

So, how do you locate these companies and how do you invest in them?

The Investment Funds Institute of Canada (IFIC) releases monthly statistics on how the fund managers are doing. They're ranked by size, starting with RBC Asset Management Inc. with $39.6 billion in assets (as of Oct. 30).

These statistics are posted online at www.ific.ca. Click on "industry statistics," then "monthly statistics," and then "relative position" to find the list of fund managers and see whether their assets are growing or shrinking.

IFIC represents about 60 major fund managers, but there are another 150 companies that don't report their statistics. You can find them at the Ontario Securities Commission site (www.osc.gov.on.ca) under "market registrants."

Which firms are expanding?

It's always hard to predict, but you can count on more growth from Dynamic Mutual Funds, Canada's 21st-largest fund manager that just hit $10 billion in assets under management.

Dynamic's parent, Dundee Wealth Management Inc. (TSX:DW), is on the acquisition trail. It announced a deal to buy Cartier Partners Financial Group Inc., which has 3,800 financial and insurance advisers.

Dundee Wealth, owned by Dundee Bancorp Inc., is following the banks' example, setting up its own network to sell funds.

"Companies that have been directing resources to expanding and strengthening distribution capabilities are on the right track," says Brad Smith, an analyst with Merrill Lynch Canada Inc., in a research report.

He found banks had increased their share of total equity fund assets to 21 per cent of the market (up from 16 per cent two years ago) by controlling their distribution. Equity funds are the key to profits, since management fees are higher than on bond and money market funds.

And which firms are takeover targets?

AGF Management Inc., Canada's ninth-largest fund manager with $23 billion in assets, has been growing more slowly than others.

SEE ROSEMAN: PAGE E3