

Agri-Vie invests in Cape Olive Holdings

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AGRI-VIE, a private equity fund focused on food and agribusiness investments in sub-Saharan Africa, announced last week it had acquired a 63% stake in Cape Olive Holdings, for an undisclosed amount.

There is growing demand for table olives as the condiments market grows due to an expanding middle class and urbanisation in Africa, coupled with an increasing demand from food manufacturing services, caterers, fast-food outlets and restaurants.

Cape Olive is the largest table olive supplier in SA, packing, among others, the Buffet Olives brand that is stocked in leading retailers. The olive industry in SA is relatively young compared to Mediterranean countries, where olives have been cultivated for centuries. The Western Cape is one of the most popular areas in SA for cultivation of olives, and there are more than 300 olive growers and producers in SA.

Agri-Vie executive director Izak Strauss said Cape Olive had substantial potential to grow its table olive supply to increase its penetration of the food services sector and exports into Africa.

“The emerging economies of sub-Saharan Africa are driving up demand for condiment olives from hotels and restaurants, as well as food services producers and retailers in the region. Agri-Vie as major shareholders will strategically support the company’s expansion in the export market to Africa,” he said.

About 55% of Cape Olive’s produce goes into table olives, with 45% of the raw product being supplied to olive oil producers.

In SA, olive oil production has increased by about 140% since 2004 and most of the olive oil made in SA is exported.

Traditionally, local producers have concentrated on table olive plantings. However, in recent years this has changed, as at present plantings consist of 75%- 80% oil varieties.

Cape Olive Holdings CEO Richard Allen said that over the past three years the company had maintained stable production, converting its harvest into quality table olives.

“Raw olives are also sold to other producers for olive oil production. However, we have identified a market for a different quality and different type of product and with Agri-Vie supporting the growth of the business we can now market a bigger percentage of our harvest into table olive products,” he said.

There are developments under way to expand capability and capacity at the company’s processing facilities and Agri-Vie said it would see growth in value within two to three years.

Olive farming in SA is growing at a rate of at least 20% a year, making it one of the fastest-growing subsectors in agriculture.

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