

PRIVATE EQUITY FUND INVESTS IN HEALTHY EATING HABITS

02 February 2010: With the eating habits of a growing number of South Africans moving towards a combination of health and convenience foods, investors are queuing up to invest in companies operating in the fresh convenience food sector.

One of these is Agri-Vie, the Sub-Saharan private equity fund investing in food and agribusiness that has announced it has acquired a substantial equity stake in Dew Crisp for an undisclosed amount, which has an estimated 28% share of the major supermarket convenience salad market in South Africa.

Avril Stassen, investment adviser at Agri-Vie, says the changes in local eating habits follows similar trends globally, as people move towards eating fresher ingredients and away from processed foods.

He says a burgeoning South African middle to upper class will serve to increase demand for Dew Crisp's products. "Recent studies have shown the number of affluent South Africans is not only far higher but growing faster than previously thought. Coupled with a change in lifestyles that has seen a rise in single-person and double income households and more education about the benefits of healthy eating habits, this indicates huge potential for the convenience salads market."

When Dew Crisp began nearly 30 years ago, convenience salads were not available in South Africa. "Dew Crisp pioneered the convenience salad concept in South Africa and has done exceptionally well in building an enviable reputation among all the major supermarket chains, as well as supplying salad items to fast food chains and the food services market."

These strong relationships have cemented Dew Crisp's presence within the South African market, helping the company to achieve a compound growth rate of 20% over the last five years, despite tough conditions and a flat market since 2008.

"Dew Crisp has significant room for expansion in South Africa given the relative infancy of the concept, so there is fantastic potential to grow the business further as this demand continues to increase," says Stassen.



Bruce Glazer, Joint MD at Dew Crisp, says the company stands out from its competitors as it is vertically integrated, being active in the farming, processing and distribution of its goods. “Most producers are also based either in Gauteng or the Western Cape but as we operate in both provinces, we are able to diversify our operations and improve distribution times.”

One of Agri-Vie’s key mandates is to combine agribusiness investments that have strong growth potential, whilst also making a positive impact on the local communities in which they operate. Dew Crisp fulfils this by playing a major role in job creation, employing 600 direct employees mainly in rural areas, as well as sourcing produce from previously disadvantaged farming groups.

“We farm about 55% of our own produce requirements,” says Michael Kaplan, Joint MD at Dew Crisp. “The remaining 45% is from other farming sources and we aim to procure as much as possible from black farmers and farming groups. We are currently working on a number of joint ventures in order to achieve this aim.”

Dew Crisp is also responsible for running an accredited training scheme for the vegetable farming and convenience salad preparation sub-sector. “We are currently looking to formalise this scheme, which provides invaluable training to workers and we are in talks with a higher education institution to initiate a joint venture in this regard,” says Kaplan.

-Ends-

About Agri-Vie

Agri-Vie is a private equity investment fund focused on agribusiness in Sub-Saharan Africa with a mission to generate an above average investment return, as well as demonstrable socio-economic development impacts through its equity investments. The fund was initiated by SP-aktif and Sanlam Private Equity with the cooperation of South African and international investors as well as the Makotulo BEE Consortium. The fund’s vision is to be a catalyst for sustainable growth through investing in one of the foundation sectors of Africa’s economies. Agri-Vie seeks to realise this vision through deploying development capital and management know-how according to sound investment and business principles. Agri-Vie Investment Advisors is a financial services provider authorized by the Financial Services Board, Registration number 33826. Visit www.agrivie.com for more information.