

Agri-Vie announces R37 million joint venture in coconut oil industry

Agri-Vie, the private equity fund focused on food and agribusiness investments in Sub-Saharan Africa, has announced a \$4 million (approximately R37 million) joint venture with Vida Oils International for processing coconut into specialist oils and fats for the food, pharmaceuticals, cosmetics and chemical sectors in South Africa.

Avril Stassen, Partner at Agri-Vie, said that the transaction comprised the acquisition and merger of three separate South African and Mozambican entities from different vendors. "A new, experienced management team will join and co-invest with Agri-Vie to grow and develop the new vertically integrated business, leading to an attractive return going forward," says Stassen.

Deon Coetzee, CEO of Vida Oils International, explains that coconut competes in the Lauric oil market where it provides a unique cost-benefit in food, pharmaceutical, cosmetic and chemical applications. "There is significant market development potential for coconut oil and there is currently a high degree of interest in the medical and health benefits of the product.

However, he says that its African procurement and processing strategy is focused on providing a route to market for less developed African countries initially using small scale growers in Mozambique, who tend to lose most of their crop to waste, and integrating with Asian supply chains to diversify the supply base.

Stassen says that because the Mozambique coconut plantations are established, these communities will be uplifted by the introduction of market price stability and improved sustainable agricultural practices.

As a result, Stassen says that Vida Oils is set to increase the output of coconut oil by three to four-fold over the next three to five years.