

Agri-Vie says seed firm Hygrotech will grow

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PRIVATE equity fund Agri-Vie has acquired a 37% stake in Hygrotech, a vegetable seed marketing company with markets in SA and elsewhere in the southern African region, for an undisclosed sum.

Agri-Vie executive director Izak Strauss said yesterday the decision to invest in Hygrotech was made considering the company's strong track record and potential for expansion.

"We are very excited about the future growth opportunities offered by Hygrotech," he said.

"The company already has a market-leading position in the core vegetable seed distribution sector and is further expanding its existing product range with specialised and market-related products."

The acquisition follows the successful closing of Agri-Vie's first fund of R770m late last year. The first fund, which invested mainly in the agro-processing sector, was initiated by SP-aktif and Sanlam Private Equity, with the co-operation of local and international investors, as well as the Makotulo BEE Consortium.

Agri-Vie wants to particularly target firms in the food sector, which is expected to benefit from the growing middle-class market in SA and across the rest of Africa.

The minimum investment for

Agri-Vie is between \$3m and \$10m, and the key criteria are that the target company should have a traceable performance record and the potential to grow, according to CEO Herman Marais.

Estimates show that more than 200-million Africans will move to the continent's major cities over the next two decades.

This will create a lucrative market for companies in sectors such as retail, telecommunications and food manufacturing, analysts say.

Mr Strauss said in addition to the compelling investment case, Hygrotech was aligned with Agri-Vie's mandate to promote demonstrable socioeconomic and environmental developmental effects.

"Hygrotech employs people from local communities and is involved with uplifting community projects, including vegetable growing at schools and churches."

Hygrotech CEO Habe Roode said while its traditional target market had been vegetable farmers in SA and the rest of sub-Saharan Africa, the firm was also targeting farmers involved in the production of fruit and grain.

Hygrotech also has markets in Namibia, Mozambique, Zimbabwe, Zambia and Kenya. It exports vegetable seeds and agri-chemicals to Australia.