

SA firms buy into Nigerian food, juice provider

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RMB Corvest, a private equity company, and Zico, a black empowerment group, have bought a 25% stake in Nigerian food company Vital Products for an undisclosed sum.

"This is our first partnership with RMB Corvest going into an African country outside SA and we think Nigeria presents growth opportunities," Zico Capital MD Tshego Sefolo said yesterday.

"However, we think we need to be cautious going into Nigeria and make sure you partner with the right local partners so we would never go as a stand-alone investor."

RMB Corvest, formed in 1989, invests in medium-size companies across growth sectors and is steadily growing its African portfolio. Mike Donaldson, a director, recently said in an interview that RMB Corvest would invest in well-run medium-sized companies in Africa. It has dealt with Zico Capital in the past, when they partnered in 2010 to acquire a 100% interest in Autozone, a local retailer and wholesaler of automotive parts and accessories.

Vital was established in 1999 by Nigerian entrepreneur Sanjeev Kapoor, whose interests include pharmaceuticals, fertilisers, consumer products and lottery businesses. Vital, which is headquartered in Lagos and has regional offices, began as a manufacturer and distributor of fruit drinks and non-alcoholic beverages including energy drinks, and but has since expanded its product portfolio.

Zico Capital said yesterday that the transaction would enable Vital to expand its capacity in the juice, beverage and paste segments in response to rising demand in the Nigerian market.

"They will purchase a new factory building, leading to improved capacity and higher sales volumes. The company will also increase the number of distributors and double the sales force to fully penetrate all 36 states," Zico said.

Mr Sefolo said Africa was a growth market with attractive investment opportunities. Zico was also exploring opportunities in the resource and mining sectors in the Southern African Development Community countries, starting with Botswana, Namibia and Zimbabwe, he said.

"We are a diversified investment holdings company and we tend to like sectors such as infrastructure, consumer goods and obviously financial services," Mr Sefolo said. "We believe that Africa offers huge potential growth."

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