

# Foreign investor buys stake in Mugabe dairy rival

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A foreign investor has snapped up a 27% stake in Zimbabwe's second largest dairy company Dendairy for \$6m, in a development seen by experts as likely to help shore up capacity and capitalisation for the local producer.



MN Capital Africa Advisors brokered the deal, which saw Scandinavian-based private equity investment company Spear Capital gain a presence in Zimbabwe's dairy industry. Dendairy already competes against state-owned Dairibord Holdings and Alpha and Omega Dairy, which is owned by President Robert Mugabe's family.

Spear Capital said it focuses on the sub-Saharan private equity industry and is keen to invest in businesses with growth potential. It has set its sights on more deals in the region's fast moving consumer goods (FMCG), manufacturing and processing and information and communication technology (ICT) platforms.

"The funding will go a long way to assist Dendairy's expansion plans, and we are pleased to have helped to facilitate this growth," said Mansur Nuruddin, managing partner at MN Capital Africa.

Earlier this year, Dendairy said it would increase spending on capacity expansion. It said it would invest an unspecified amount in a new ice-cream line.

In the past two years, Dendairy has invested as much as \$10m into its operations and the new partnership with Spear Capital will put it on a growth path to tap further into the local market.

## SA imports pose threat

However dairy imports, mainly from South African producers, still account for a significant amount of dairy products consumed inside the country. This has forced lobby groups in Zimbabwe and the government to push through an initiative promoting the buying and consumption of local dairy products.

Vandudzai Zirebwa, an economist with the Buy Zimbabwe pressure group, told Fin24 on Wednesday that dairy industry imports are affecting the agriculture sector, leading to loss of employment.

According to Zirebwa, Zimbabwe spent \$9m on imports of milk and milk-related products.

She added that imports also lead to loss of revenue for the economy, while investment into the sector would also be low. Imported dairy products in Zimbabwe are dominated by brands from Parmalat and other products from the Limpopo region in South Africa.

News24 reported this week that selected guests had been given a tour of the Gushungo Holdings farm owned by the Mugabes. A company official said: "The chocolate and ice cream manufacturing plants have already been installed. Within a week we should already have the ice cream on the market."

*Source: Fin24*

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