

# Sea Harvest diversifies with R527m Ladismith Cheese acquisition

Fishing and food business Sea Harvest Group has announced that its wholly-owned subsidiary, Cape Harvest, has concluded a share purchase agreement of R527 million to acquire Ladismith Cheese based in the Western Cape. The acquisition marks the first venture into dairy for Sea Harvest, which is best known for its frozen hake products.



"In support of our acquisitive goals the Group's strategy is to invest in fishing and complementary sectors of the South African food and agricultural industry which exhibit strong fundamentals, growth and where the Group is able to leverage its core competencies and strengths," said Sea Harvest Group CEO, Felix Ratheb.

He continued that the recent completion of the [Viking Fishing and Aquaculture](#) transaction and now the acquisition of Ladismith Cheese is in line with the company's strategic objectives, with both these transactions meeting its investment criteria.

## Growing demand for natural fat products

Founded in 1999, Ladismith Cheese produces and distributes cheese, butter and milk powders to the South African retail, wholesale and food service markets.

“Ladismith Cheese exhibits strong fundamentals. It is a profitable, branded fast moving consumer goods food manufacturer of significant scale in the food and agricultural sector. It has a long track record, strong national brand and a proven management team. In our opinion the dairy sector is expected to experience continued growing demand for cheese and butter in response to consumer dietary changes towards natural fat products,” said Ratheb.

Fred Robertson, chairperson of the Group’s majority shareholder, Brimstone, stated that, “The acquisition of Ladismith Cheese will provide Sea Harvest, through its wholly-owned subsidiary company, Cape Harvest, with an ideal platform from which to build on in the dairy sector through the development and acquisition of additional dairy and allied beverage products.”

## **Interim results**

In its interim results, Sea Harvest Group reported revenue of R1.004bn, down 5% from the corresponding period in 2017 impacted by the reduction in the total allowable catch (TAC) in South Africa, and the delayed start to the prawn fishing season in Australia. Gross profit increased by 4% to R367.7m for the period and the gross profit margin improved by 3% to 36.6%, benefitting from further efficiency gains across both the fleet and factory operations and an increase in higher margin export sales volumes.

Ratheb said the group’s key focus for the 6-month period in review was continuing to drive its strategic deliverables of organic and acquisitive growth.

He stated that the group retains a positive outlook as global demand for high-value, sustainable certified wild-caught seafood remains high and this will continue to drive higher margin export growth. “We expect to see significant benefit from the complementary nature of the Viking fishing business and our diversification into aquaculture and complementary sectors of the South African food and agricultural sectors.”

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