

YOU reap WHAT YOU SOW

The **Afrifresh Group** is a leading global exporter of fresh fruit, food products and wine from South Africa. Roy Fine, new development director, talks to South Africa Magazine.

By Ian Armitage



The Afrifresh Group is a leading global exporter of fresh fruit, food products and wine from South Africa.

The group, which was founded in South Africa in 1992 as an import business to supply retailers with "out of season" fruit, has acquired extensive farmland throughout the country giving it direct influence over quality and consistent control of supply.

This dynamic group continues to expand and the current CEO, Chris Conradie, is one of the original founders.

"Following the deregulation of the fruit export industry in 1997, we saw an opportunity to start exporting South African fruit all over the world; the government had deregulated the industry and dismantled many fruit trading boards, leaving global customers with direct access to export quality fruit," explains new development director, Roy Fine, taking up the story. He says that, prior to deregulation, there were many control boards including the likes of the Deciduous Fruit Board, through which every producer had to work and each board would determine which distributors could be supplied.

"It was a single-channel market, which restricted activity and made it difficult to trade in. Deregulation meant that it was possible to deal with individual companies directly. We took advantage of that opportunity to start exporting and in 1997 I started Sunpride (Cape) Pty Ltd with my family, which was one of the first new export fruit companies; The Fine Family has been in the produce industry in South Africa since 1908, and my late uncle Leo Fine, was Chairman of Unifruco and later Capespan for many years."

The family has origins in farming that date back to the 1940s and strong roots in the Elgin Valley, Fine says.

"In 1999, in one of the first mergers in the fruit export sector, I merged Sunpride with another new and emerging exporter, Afrifresh. With the benefits of economies of scale and added expertise, the enlarged Afrifresh Group quickly became one of the top five South African fruit exporters," he adds.

Initially the group exported all fruit lines, but found it was better to specialise, and later focussed on grapes and citrus, as they were both large volume lines and were counter-seasonal, allowing the management and team to operate productively, 12 months of the year.

"We also supply local supermarket chains such as Woolworths with part of their programmes and plan to grow this local business, but at least 70 percent of our fruit is currently exported," says Fine. "The Afrifresh Group is not only involved with farming and export fruit, but has also established a successful wine business called African Pride Wines (Pty) Ltd and a food business called Berfin (Pty) Ltd; we also have a raisin factory and business called Fruits du Sud. These businesses strengthen our relationships with the major international supermarkets, as they see us as not



just as fruit suppliers, but rather as trading partners.”

The Afrifresh Group’s philosophy has always been to control “the chain”, and as a result, over the years, it has integrated backwards into primary production, as well as forwards into pack-houses, logistics and distribution.

According to Fine, the Group currently has 22 farms and numerous pack-houses, with a total farming area of over 30,000 hectares, and support the farms with a top technical and management team.

“The Group marketing department is responsible for marketing our fruit all over the world and there is virtually no country

we don’t export to. While our volumes continue to grow, so have our markets expanded,” Fine says. “The EU represents approx 40 percent of total volume, Asia comes next, but we also directly supply India, Japan, Malaysia, Indonesia, China and Russia, with the latter being probably our fourth largest market.

“As we specialise in grapes and citrus specifically, which are counter-seasonal, we export grapes from mid-November to May, and citrus from April to October.”

Fine’s challenge is to look at new opportunities, while Chris Conradie looks after the daily operations of the business.

“What does my role essentially boil down to? Well, I will look at new projects, new farming opportunities, new supermarket clients, and maybe entering new markets; I also look at business development in the sector as well as growth funding and investors.”

Earlier this year, Standard Chartered Private Equity bought 30 percent of the Afrifresh Group for US\$20 million.

According to Fine, the new funding will support the company’s plans to expand its global footprint as a producer and exporter of citrus and table grapes.

“We are working on increasing our local production and export potential, which includes increasing exports to Asia. We are also looking at the opportunities in Sub-Saharan Africa and how we can use our IP to get involved and add value. Over the last few years Afrifresh has grown mainly through farm acquisitions, which has helped us create an integrated, profitable and sustainable business.”

Further expansion is on the cards. “Chris, myself and our senior team, believe that the bigger picture is that the world population is growing at an alarming rate (just passed the seven billion mark) and against this, that arable land is diminishing – so, we are essentially heading for a “train smash” in so far as more and more people are seeing higher food inflation and less and less available product. We see this problem also as an opportunity to grow the farming side both in SA and eventually outside SA as well, and with our committed, passionate and qualified team, I believe we can take up the challenges.

“Currently we don’t have any farms out of SA but we are looking at farming opportunities in Mozambique, Angola and Zambia. Down the line, when things improve in Zimbabwe, we would certainly look there too.”



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Roy Fine, Development Director



The Afrifresh Group FEATURE



Afrifresh aims to expand to meet future demand. "We see the agricultural sector as dynamic and exciting and want to expand and we are continually looking for ways to increase our farming operations and hectareage. The market and demand is certainly growing. South Africa is a very good source of top quality produce with a good location, with world-class infrastructure and logistics. We are certainly very bullish about the future."

Fine says Afrifresh is always looking for more "partnerships" and "investors" with which the company can work and use their expertise and huge knowledge to take the business into the future.

"I believe South Africa and Southern Africa can play a very important role in addressing the world's food security problems. The world's population continues to grow, and resources are diminishing. We have to do something now to ensure food is available in the future. We are looking to increase the yield of crops per hectare, and maximise our land use, but we also

want to grow by developing more good arable land. I can see a lot of investment coming into Southern Africa and am having discussions with a number of potential investors from the UK, China, Europe and the Middle East to achieve that. There are great opportunities for agriculture."

From humble beginnings in 1997, employing a few people, the Afrifresh Group has created many new jobs and opportunities, trained and assisted numerous people and has today a highly efficient team in excess of 80 people, and a farm workforce of more than 3000, with turnover in excess of R1 billion.

Most importantly, everyone in the Group is passionate about the business and embraces the challenges ahead.

"The prospects are good," concludes Fine. "We see a bright future for agriculture. We have the legacy, people, passion, expertise and vision to build on our past successes." **END**



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