

# SEA HARVEST, USING ITS GROWTH STRATEGY TO PROMOTE FISHING'S TRANSFORMATION AGENDA

*Growth, transformation and sustainable jobs – these are key drivers behind the Sea Harvest Group's investment strategy that has already radically changed the face of the fishing industry in South Africa.*



Sea Harvest's new vessel purchased at the end of 2017: the Harvest Mzansi factory freezer trawler.

A recent take-over deal has placed the previously majority white-owned Viking Fishing Group and a majority share of its aquaculture operation in the hands of a broad-based black economic empowerment (B-BBEE) consortium led by the group, which is certified as a Level 1 B-BBEE contributor. The other participants of the deal are the 88% black-owned Vuna Fishing and two new, 100% black-owned entrants in the industry: Nalitha Investments and South African Fishing Empowerment Corporation (SAFEC). The assets being acquired as part of the transaction are situated across various locations in South Africa, Namibia and Mozambique and comprises fishing rights, vessels, fish processing facilities, aquaculture farms (including the biological assets) and working capital.

Both the Department of Agriculture, Forestry and Fisheries (DAFF) and the Competition Tribunal gave the deal a thumbs-up in terms of the Marine Living Resources Act No. 18 of 1998 and the Competition Act No. 89 of 1998, respectively. The approval was largely based on the fact that the new ownership structure would consolidate Viking's 34 fishing rights, previously held by 18 smaller companies within its group, among the four majority black-owned entities, while also protecting jobs. Aside from retaining jobs, the transaction presents a huge windfall for Viking's staff who owned 20% of the company (through the

Viking Staff Share Trust). A portion of the pay-out for their shareholding will be reinvested into a Sea Harvest Group shareholding so that they can continue to benefit from future wealth creation.

Sea Harvest Group CEO Felix Ratheb said driving transformation is a key consideration in almost every decision-making process. "We deliberately constructed this deal with the aim of promoting black ownership within the industry. Vuna Fishing stems from an enterprise development initiative, which Sea Harvest supported from back in 1996. Nalitha, on the other hand, is owned by a seasoned industry managing director, Bonga Mavume, who has extensive experience in the food and fishing industry. He raised the funding to participate in the deal and took a big risk in doing so, but he's somebody who knows the industry and is clearly confident about getting the desired return on his investment. SAFEC, the fourth member of the consortium, is led by Cape West Coast community leader, Maxwell Moss, and consists of three community-based trusts from the Western Cape, Eastern Cape and Kwa-Zulu Natal, as well as a charity," explained Ratheb.

The opportunity to be involved in such a transaction will allow for the growth of black entrepreneurs in the fishing

industry and will continue to turn the tide towards a more transformed fishing sector. SAFEC was invited to be a part of the deal by the Sea Harvest Group's majority shareholder, Brimstone Investment Corporation Limited, which also facilitated its involvement in the consortium. The group understands that corporate South Africa has to support B-BBEE if we are to succeed, as a nation, in realising the change that is needed.

Brimstone and Sea Harvest Board Chairman Fred Robertson, who is one of the founding members of Brimstone, is well-known for his commitment to empowering previously disadvantaged communities. "Through our shareholding in Sea Harvest we want to promote small, medium and micro-enterprises (SMMEs) and the establishment of new entrants into the fishing sector and will assist them with funding, vessels, skills and access to markets to ensure they are successful. The consortium's purchase of Viking Fishing and 51% ownership of Viking Aquaculture will not only significantly increase black participation and ownership in the fishing industry, it will very importantly protect jobs and stimulate local area development, particularly in the areas of Saldanha Bay, Mossel Bay, Cape Town and within the rural communities of Kleinsee and Gansbaai."

Brimstone and Sea Harvest have, meanwhile, also partnered with Old Mutual's Masisizane Fund to accelerate the development of SMMEs within the fishing industry through the establishment of a R100 million SA Fisheries SMME Development Fund. The Masisizane Fund will provide proven entrepreneurship and small-business support and mentoring, while Sea Harvest will contribute industry knowledge, value chain assistance and access to markets as well as operating assets. DAFF has committed to providing regulatory body support and guidance to all intended beneficiaries, including SMMEs, small-scale fishers and their communities in South Africa's four coastal provinces. The SA Fisheries SMME Development Fund's priorities will be to develop a programme to achieve efficiency in both wild and captive harvesting practices, as well as programmes that foster poverty reduction in fishing communities; to support alternative livelihoods projects, such as aquaculture and maritime tourism; and to introduce interventions that ensure economic growth for small-scale fishers through value chain optimisation strategies.

Sea Harvest, certainly, has not only mapped but is following a clear course to ensure that the execution of its stated investment strategy, which includes organic growth and acquisitive growth, is achieved in a way that meets the expectations of government, industry and all South Africans in a meaningful and transformative way.



Representatives of the Sea Harvest-led black consortium and Fisheries Fund together with the Director-General, Deputy Minister and Minister of the Department of Agriculture, Forestry and Fisheries at the launch of the Fund.



Crew members on one of the vessels, the Sveinne Jonsson, acquired when Sea Harvest-led black consortium purchased 100% of Viking Fishing at the end of June 2018.



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