

Capespan moves afoot

A cautionary announcement from Bellville-based fruit marketing company Capespan Group has set tongues wagging in agribusiness circles.



The wording of the cautionary seems to suggest there are numerous permutations possible at Capespan, now under the leadership of former Senwes executive Johan Dique.

The company advised shareholders that "Capespan is considering transactions and/or is in discussions with various parties

The "transaction" portion of the cautionary notice is open to wide interpretation since Capespan has expressed a willingness to extend its core fruit marketing functions as well as bolster its fledgling fruit farming and logistics services. At an AGM earlier this year, Dique hinted that Capespan, which already sources almost 40% of its fruit outside SA, was keen to increase its own farming operations outside SA.

A shift into African production would certainly suit its majority shareholder, Zeder Investments, which recently signalled a strong intention to move into African markets itself.

There also seems a good chance Capespan could be looking to bolster its fruit marketing function. Most sources are pondering whether the company might expand its existing Chinese footprint.

The chances of an acquisition on the logistics side seem fairly remote since Capespan's SA terminal operations have lately been running well below optimal capacity (with some as low as 30% of capacity).

Some sources, though, believe the "discussions with various parties" part of the cautionary might relate to a possible deal or strategic arrangement with industrial conglomerate Bidvest.

Bidvest owns extensive logistics interests and has sizeable operations in shipping terminals.

Bidvest also made a late bid for influence at Capespan last year when it snapped up 7.8% of the company by buying shares on the over-the-counter (OTC) market. Bidvest still has a standing bid for 23m Capespan shares on the OTC market.

There is speculation that merging certain of Bidvest's logistics operations into Capespan could increase operational efficiencies and diversify the terminals business away from its reliance on fruit. Capespan was recently granted authority from the Transnet Port Authority to handle general cargo.

Dique has also previously indicated to the FM that Capespan's logistics division was looking at partnerships at various levels to boost capacity.

If such a deal is indeed being contemplated the big question will be whether deliberations might result in a significant portion of Capespan equity being issued to Bidvest.

This would need the support of Capespan's two big shareholders - PSG-controlled Zeder (with a 36.8% stake) and Irish fruit marketing group Total Produce Plc (18.3%).

Source: *Financial Mail*

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