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EXEO CAPITAL'S AGRI-VIE FUND II INJECTS USD 10 MILLION INTO UGANDAN DAIRY PRODUCTION FIRM

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The African continent is becoming a net exporter of food and now, propelled by the African Continental Free Trade Area (AfCFTA), the agricultural sector could provide the impetus needed to boost Africa's domestic processing capacity and reap far-reaching economic rewards. These favourable prospects bode well for food processing businesses like Amos Dairies Limited – the most recent investment by EXEO Capital's Agri-Vie Fund II.



Agri-Vie Fund II is a USD 150 million food and agri-business investment fund managed by EXEO Capital. The geographical scope for the Fund is sub-Saharan Africa and its investments span the entire food and agribusiness value chain.

Commenting on these developments is Paul Nguru, partner at EXEO Capital. As he explains, Agri-Vie Fund II will deploy USD 10 million towards Amos Dairies' next strategic growth step as it concretises its market capacity as one of the largest milk processors in Uganda and the only processor of casein in sub-Saharan Africa.

“Amos Dairies has succeeded in gaining a competitive edge in the market and demonstrated its value as a major player in the value-added African dairy sector. We have, through both the Agri-Vie funds, invested successfully in other dairy processors, including Fairfield Dairies and Fairview Cheese in South Africa and Dairyland in Kenya. We therefore see this recent investment as a decision that will allow us to build on prior investment experience and expand the Fund's footprint into Uganda and beyond, given Amos Dairies' growing export capabilities,” he adds.

An African success story with vast potential

Amos Dairies Limited currently manufactures nine products: ghee, butter, casein, skimmed milk powder, whole milk powder, whey permeates, whey concentrate, instant milk powder, and extended shelf-life milk. Its diversified product base was one of the major factors that contributed to its business case for investment.

Furthermore, its production of casein gives Amos Dairies a significant competitive advantage. Casein is a milk protein that is used in making cheese and many other dairy products. The consumption of casein offers several advantages to the human body, such as repairing muscles, boosting energy, and losing weight. In 2020, the value of the global casein market

stood at USD 2,70 billion. The market is further expected to grow in the forecast period of 2022–2027 at a compound annual growth rate of 5,7%, to reach a value of USD 4,02 billion by 2026.

Currently, around 90% of Amos Dairies’ revenue is derived from exports to markets in Egypt, Kenya, India and America. Seven of the nine products that they currently produce are positioned for the export market, while the other two retail products serve both the export and local markets. This allows Amos Dairies access to dollar revenue, providing a natural hedge to foreign exchange risks both to them and EXEO’s portfolio.

One of Amos Dairies’ most prominent features and a major point of attraction for Agri-Vie’s investment is the positive impact it currently has on 1 600 smallholder farmers. Over the next five years, they expect to grow their workforce by 80%, creating 140 new jobs above and beyond the current team of 180 workers. Furthermore, by doubling milk volumes over the next five years, the investment in Amos Dairies will directly benefit approximately 3 200 smallholder famers.

Talking to the centrality of impact as an investment factor, Nguru says, “Investing in African food and agribusiness companies is not just about sowing seeds; it is about nurturing the roots of prosperity and harvesting a better

future for communities across the continent. These enterprises represent windows of opportunity and are fertile grounds for empowerment and transformation. While the economic viability of this investment is, of course, paramount, we have a deep appreciation for what these kinds of investments can do in terms of fostering sustainable development on the continent and beyond.”

Through its representation on the board of Amos Dairies, EXEO Capital will provide governance support. As part of EXEO’s portfolio, Amos Dairies will gain access to new markets and customer bases through the firm’s extensive networks. Also on the agenda for the next five years is consideration of potential partnerships with EXEO’s existing dairy portfolio companies and the prospect of developing new, value-added products.

EXEO Capital will provide Amos Dairies’ existing management structure with guidance in strategic development, enhancing its corporate governance and strengthening its current leadership team. Furthermore, EXEO will look to assist Amos Dairies in optimising its operations to allow for greater efficiency and to strengthen the brand’s environmental and social governance practices.

Commenting on the tangible impact this investment will make is Mal Beniston, chair of the board at Amos Dairies Limited, who says, “We believe that agricultural and agribusiness development is not only crucial for our company’s growth but also essential for the continent’s progress. We are proud to play our part in uplifting communities and fostering economic resilience across the continent. EXEO’s trust in our vision drives us to keep pushing the boundaries of what is possible in dairy production, all while making a positive impact on Africa’s agricultural landscape. We look forward to working with the team at EXEO Capital and learning as we grow the company, extend our reach, and move towards our vision for the future.”

About EXEO Capital:

EXEO has invested across eight countries, 15 sectors and completed 27 transactions since 2008.



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