

Oceana sells CCS business to focus on core fishing operations

The Oceana Group is selling its Commercial Cold Storage (CCS) business for R760m. The transaction will enable the fishing group to invest in and expand its core fishing business.

The CCS business is being bought by a consortium comprising African Infrastructure Investment Managers (AIIM), a subsidiary of Old Mutual Alternative Investments dedicated to infrastructure investment in Africa; Bauta Logistics, a specialist food logistics company in mid- and East Africa and Mokobela Shakati, a strategic investment and empowerment partner.



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"This deal is a win-win. The transaction offers good value for Oceana. It strengthens our balance sheet allowing us to focus on leveraging the scale and capabilities of our fishing and fish-processing operations. It also gives CCS the access to capital it needs to remain competitive and grow," says Neville Brink, Oceana CEO.

He says the transaction will come as no surprise to anyone who knows Oceana. CCS has been considered non-core for some time and has not been prioritised in terms of expansive capital allocation.

Regional expansion, strategic customer relationships

AIIM Investment director, Damilola Agbaje says: "The cold chain logistical infrastructure sector is underdeveloped, and in places non-existent, across sub-Saharan Africa and this investment diversifies AIIM's current portfolio into high growth and high impact area. CCS's technical expertise and operational track record provides a crucial platform for regional expansion and securing strategic customer relationships."

CCS has six cold stores, five in South Africa and one in Namibia, of which three are owned and three are long-term leases. The total storage capacity is some 100,000 pallet spaces. Oceana, mainly its Lucky Star fish imports, represents between 15% to 20% of CCS' revenue, with the bulk of its business coming from third-party manufacturers, importers and exporters.

Brink says that Oceana will retain its relationship with CCS as long as service levels are maintained, and rates remain market-related. As part of the transaction, Oceana has entered into a three-year contract with CCS from the date of implementation, with an option to renew. Oceana will continue to provide transitional services to CCS for a year following implementation.

The parties aim to conclude the transaction by 28 February 2023, subject to regulatory approval. These include approval from the competition authorities in South Africa and Namibia and the exemption or transfer of fish processing establishment rights in terms of the Marine Living Resources Act.

Webber Wentzel acted as legal advisor and Investec as financial advisor to Oceana on the transaction.

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