

Abalone farmer gets cash boost to increase exports

Article as appeared on 10 March 2011, Business Day.

By Sue Blaine

Inspired Evolution puts R52,5m into Western Cape abalone farm.

SOUTH African private equity firm Inspired Evolution had put R52,5m into a Western Cape abalone farm, it was announced yesterday.

The investment, jointly made with the Industrial Development Corporation, was through a 25% black economic empowerment stake in Hermanus-based Abagold .

Last year SA removed its endemic abalone from the Convention on International Trade in Endangered Species (CITES), allowing the shellfish — a sought-after delicacy in the East — to be harvested again. Abalone fetches between R200/kg and R300/kg.

The cash injection would allow Abagold to expand its abalone production export capacity, the company said. Abagold exports about 210 tons of its annual 220-ton production. The investment would also allow the abalone farmer to double its workforce to 400.



Photo: Sunday Times

SA exported an estimated 1279 tons of legal and confiscated illegal abalone in 2008, when 1338 tons were estimated to have been poached, according to wildlife monitoring network Traffic.

Demand for abalone, mostly from the East and particularly China, has been heated up by China's decade-long economic growth.

Inspired Evolution, specialising in clean technology investments, had R750m in its kitty and was looking to invest in tranches of R50m- R100m, CEO Michael Brooks said. “We identified Abagold as a leading player in sustainable agriculture.... They have existed for a while and this is expansion capital,” he said. Abagold MD Christo du Plessis said Inspired Evolution would add value through its knowledge of sustainable investments and renewable energy technology.

The expansion would include the building of a turbine to recover 8% of Abagold’s electricity use and a project to help the local municipality provide desalinated water to the community.