

# CAPE Business News

Where our news means business

## Premfish baits investors

- Friday, 20 January 2017 12:34
- Written by CBN



*Cape Town, Premier Fishing, JSE, profit, PremFish, fishing, Oceana, Sea Harvest, I&J,*

Cape Town-based Premier Fishing has confirmed its listing on the JSE this year, and with that development the company has offered some interesting insights into future profit projections.

While PremFish is the smallest of the big four local fishing companies – which include the massive Oceana as well as Sea Harvest and I&J – there appear to be plans to dramatically boost the size of the profit catch.

According to an investor document published by parent company African Empowerment Equity Investments (AEEI), PremFish could land post profit after tax of R77m and R117m in the years to end February 2017 and 2018.

Premfish also aims to raise some R635m in fresh capital from investors when it lists. This will give the company a considerable war chest with which to pursue selected acquisitions in the fishing sector and the complete expansion of certain key initiatives.

There are increasingly audible rumours that PremFish is looking to take over the Saldanha Group – although any number of family owned fishing enterprises could be up for sale in the run-up to the 2020 fishing rights allocations. But the fresh capital will also come in handy for funding the production expansion at PremFish's promising abalone farm and accelerate initiatives in the fishmeal and pilchard canning segment.

As things stand, PremFish revolves mainly around its south coast and west coast lobster catches – which earn the company a slab of hard currency.

But PremFish – unlike Oceana (Lucky Star), Sea Harvest and I&J – does not own household seafood brands...yet.

The farmed abalone – branded Atlantic abalone – as well as allocations in the hake, pelagic and squid sectors could offer some value adding brand building opportunities.

Should the envisaged listing plans materialise then PremFish could hold a market value of between R1bn to R1,5bn – depending on the appetite of the investment market. That's not a bad number for a company that only ten years ago looked a leaky business at risk of sinking.

What might also buoy investor confidence in PremFish's listing is that the much larger Oceana Group finished 2016 with a stunning set of financial results. Revenue grew 34% to R8.2bn in the year to end September with operating profit surging 69% to R1.73bn. Most impressive was that Oceana's gross margin was a fat 39% and its operating margin 21%.

Although the numbers were helped enormously by the recently acquired Daybrook fish meal and fish oil business in Louisiana, the core Luck Star canned pilchards business put in a robust performance.

Oceana CEO Francois Kuttel said Lucky Star sales volumes in South Africa grew by 15% driven by competitive pricing and continuity of supply.