

## PRESS ANNOUNCEMENT

### PHATISA-LED CONSORTIUM EXITS MERIDIAN TO MA'ADEN

23 April 2019

Phatisa, a leading African development and private equity fund manager, has reached an agreement with Ma'aden on the sale of its controlling shareholding in Meridian Group (Meridian).

Meridian is a prominent African agricultural inputs business, distributing approximately half a million tonnes of fertiliser across four countries; generating revenues in excess of US\$ 300 million. Meridian's flagship fertiliser brand, Superfert, is available throughout Malawi, Mozambique, Zimbabwe and Zambia, and has earned a loyal customer base due to its superior quality and bespoke blends, proven to stimulate agricultural productivity.

The Meridian executive team will remain with the business, partnering with Ma'aden, a diversified resources company, listed on the Saudi Arabian stock exchange. This partnership will further strengthen Meridian's market position, leveraging Ma'aden's global presence and integrated supply chain, allowing the company to better service the growing demand for fertiliser across the region.

**Chris Giannakis, Meridian co-Chief Executive Officer said:** 'Through the combined ability and vision of management and Phatisa, Meridian has developed its business to become the regional fertiliser market leader. We are excited to embark on our next chapter with Ma'aden, which will bring a global scale and strategic aspect to Meridian's entrepreneurial culture.'

**Rinolan Moodley, Deal Partner at Phatisa commented:** 'Meridian exemplifies Phatisa's ethos of development equity, demonstrating how private equity investments can deliver a tangible and sustainable impact on food security within the continent, as well as driving superior returns for our investors. Our capital and insight were instrumental in developing Meridian's distribution networks, providing smallholders with access to customised fertiliser blends that continually drove volume growth and resulted in EBITDA tripling over our investment period. Importantly, during this growth trajectory, we positively impacted over 13,000 smallholders – 69% of which were women – with our training programmes and technical assistance facility.'

Through its African Agriculture Fund (AAF), Phatisa initially invested expansion capital into Meridian in 2014, enabling the business to accelerate growth, becoming an integral part of the agricultural value chain for smallholder and commercial farmers across the region. In October 2018, Phatisa announced the successful first close of Phatisa Food Fund 2 (PFF 2), the successor fund to AAF. The first close achieved a capital commitment of US\$ 121.5 million; the fund is targeting US\$ 300 million.

Rothschild acted as transaction adviser and DLA Piper as legal adviser to Phatisa and Meridian.

The transaction is subject to conditions precedent, including regulatory approvals.

**Ends.**

#### About Phatisa

Phatisa is a sector-specific African private equity fund manager located in and operating across sub-Saharan Africa. The firm currently has three funds under management, totalling more than US\$ 400 million, focused on food and affordable housing. Phatisa comprises a team of over 37 dedicated staff and a solid track record of managing private equity funds and commercial businesses throughout the continent. We speak 29 languages and represent 12 nationalities. Phatisa's vision is to be the leading sector-focused development equity (DevEq) fund manager in Africa. This philosophy finds expression in the unique formula of DevEq = PAT\*  $x + i^{2}$ ™; a balanced blend of private equity and development finance, striving to build sustainable assets and communities, while ensuring the best possible returns for investors. [www.phatisa.com](http://www.phatisa.com)

With US\$ 246 million in capital commitments, AAF was the continent's first private equity fund focused solely on the agriculture and food value chain and commenced operations in 2011. It is now fully invested. The portfolio consists of eight companies and one subsidiary fund investment, amounting to a footprint of 22 countries. Phatisa's impact objectives for AAF are directly aligned with eight SDGs, highlights to the end of 2018 include:

- **SDG 1: No poverty** – raised and invested US\$ 246 million in Africa.
- **SDG 2: Zero hunger** – produced > 2.8 million tonnes of food and food-related products in Africa.
- **SDG 5: Gender inequality** – impacted > 17,500 female employees and beneficiaries directly.
- **SDG 8: Decent work and economic growth** – impacted > 109,500 smallholder farmers and micro, small and medium enterprises linked to Phatisa food and food-related investment portfolio and associated technical assistance projects.
- **SDG 12: Sustainable development** – 100% of portfolio companies have environmental and waste management policies and 63% have implemented recycling initiatives.

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## **About Meridian**

The Mauritius-based Meridian Group operates across Malawi, Mozambique, Zambia and Zimbabwe. The original companies making up the group trace their origins back more than 25 years, and today the group employs over 3,000 people across the region.

Meridian locally manufactures, distributes and trades in agricultural commodities, allowing the group to partner with local farmers and provide them with best-value, tailor-made solutions. Meridian offers an unparalleled route to market and distribution network across its four countries of operation. The group realised the importance of reliable transport corridors early on, setting up solid road and rail links between the Mozambican ports and key countries of operation.

Meridian's core focus is on the importation, blending and distribution of high-quality fertilisers. The group's flagship product, Superfert Fertiliser, is produced at Meridian-owned plants in Malawi, Mozambique and Zimbabwe, and is available throughout the region. Meridian sources its raw materials from producers round the globe, importing them into the two main Mozambican ports of Beira and Nacala. Apart from the fertiliser unit, the business extends into three key areas; retail, commodities and value-added production.

The Meridian retail arm is made up of three Malawi-based chains: Farmers World (FW), FW Savemart and Agora. Today the group has more than 110 retail stores across the country. The main product line remains fertiliser but the range has expanded to include groceries, hardware, agricultural inputs and Malawi's main form of transport: the bicycle.

Meridian has three commodity trading companies: Grain Securities (Malawi); Ferts, Seed & Grain (Zimbabwe); and MozGrain (Mozambique). All three entities trade through international, regional and local markets, predominantly in soya beans, maize, wheat, groundnuts and sesame seed as well as exportable commodities such as paprika.

[www.meridian.africa](http://www.meridian.africa)

## **About Ma'aden**

Ma'aden is a leading mining and metals company based in Saudi Arabia, operating a diverse portfolio of mineral assets including phosphate, aluminium, gold and copper.

Ma'aden's phosphate assets consist of majority ownership of Ma'aden Phosphate Company and the recently completed Ma'aden Waad Al Shamal Phosphate Company, with a combined production capacity of 6.15 million metric tonnes of phosphate fertilisers. The company has initiated a third large-scale phosphate fertiliser project, which would add three million metric tonnes of capacity, positioning it among the top three producers and exporters in the world.

Ma'aden's phosphate products are known for their high purity and low heavy metals which improves fertility, protects the environment and health, and delivers better crop yields.

[www.maaden.com.sa](http://www.maaden.com.sa)