



Company: Grassroots Group Holdings (Pty) Ltd
Investor: Acorn Agri (Pty) Ltd
Year of investment: March 2011 (Acorn General Fund One); September 2015 (Acorn Agri)
Year of exit: 2015 (Sold to Acorn Agri)
Investor shareholding: 59.3%
Sector: Agriculture and Food
Type of investment: Expansion
Turnover: R281.3 million
Turnover growth: 44% CAGR (2010 – 2016)
EBITDA growth: 64% CAGR (2010 – 2016)
Employees: 730 (2016)
Employee growth: 5x (2011-2016)



INVESTMENT IMPACT HIGHLIGHTS

- New international standard compliant production facility, with another plant planned for Namibia
- Fivefold increase in employees since 2011
- Successful international expansion to markets such as Europe, Iceland, US, Saudi Arabia, United Arab Emirates (UAE) and Japan

COMPANY DESCRIPTION

Grassroots Group, founded in 1992 and situated on a farm near Gouda in the Western Cape, specialises in the production of niche natural health and lifestyle products, with a focus on three distinct categories: health snacks; medicinal and aromatic products; and decorative fruit.

Health snacks is by far the biggest part of the business, and comprises sugar- and preservative-free, oven-dried fruit and vegetable snacks. The vast majority of the products are exported.

Grassroots has developed its own proprietary production processes and technology to provide exclusive and innovative products for its clients. For example, the health snack category includes a range that comes in playful shapes aimed at children. This range has been very successful with customers and retailers.

THE COMPANY AS AN INVESTMENT OPPORTUNITY

Acorn first acquired a stake in Grassroots in March 2011, through the Acorn General Fund One. This fund was finally wound up in September 2015 with the sale of Grassroots to Acorn's second fund and investment holding company, Acorn Agri.

Acorn was attracted to Grassroots' strong management team; the health-focused nature of the business; and its sustainable competitive advantages, especially in terms of innovation and production capabilities. The company has attractive growth prospects in developed markets, where changing consumer behaviour is driving rapid growth in the health-snack market.

THE IMPACT OF THE PRIVATE EQUITY PARTNERSHIP

Job creation and social upliftment

Since 2011, Grassroots' number of employees has grown fivefold, with women accounting for 85% of the labour force. The company is having a significant economic impact in the Gouda region, with each worker supporting an average of nine dependents. Senior management has also been empowered through share options, creating new business owners in the process.

supplies Grassroots products to the European Union, as well as Japan, the UAE, Saudi Arabia, Iceland and the US. The company has been especially successful in capturing the youth market, using playful delivery methods and clever branding strategies.

New, fully compliant production facilities

With Acorn's support, Grassroots has built new production facilities that comply with the British Retail Consortium (BRC) Global Standards. This leading safety and quality certification gives the company improved access to foreign markets. Attaining this certification has also shortened the value chain, by allowing for final, packed products to be shipped directly to retailers abroad.

Since Acorn's initial investment, Grassroots' production capacity has increased fourfold. Current capacity is 2 500 tonnes per annum, and growing. The business is also diversifying geographically by developing a second facility in Namibia, taking advantage of the neighbouring country's attractive investment environment and offsetting risk in the South African economy. [🌐](#)

“Our equity partner put robust structures and systems in place. Their financial backing allowed us to grow without having to go through the lengthy process of applying for bank financing. Acorn's input has also meant that Grassroots could pursue the right expansion opportunities at the right time. Acorn did not interfere with the DNA of the business, allowing management to operate in a structured but still very entrepreneurial environment.” – Rikus Muller, CEO: Grassroots Group

True to its name, Grassroots is actively involved in the social upliftment of the community, especially in terms of youth development. It supports the Path out of Poverty (POP) programme (an initiative by the Goedgedacht Trust), which offers opportunities for disadvantaged rural children. POP addresses issues such as illiteracy, unemployment, overcrowded living conditions, foetal alcohol spectrum disorder, and family violence to ensure a generational impact as part of its 20-year commitment to a community. Grassroots also supports crèches for employees' children, and assists families in buying and building their own homes.

Minimising water usage

Large volumes of grey water are generated as a result of Grassroots' production processes and sizeable workforce. Acorn's investment made it possible to build a cost-efficient waste-water treatment facility, which allows for water to be re-used for irrigation purposes. This is having a positive impact on both the environment and the company's bottom line.

International growth

Under Acorn's strategic direction, Grassroots has built a significant international footprint, with 95% of products currently exported. A leading health-snack branded marketer

