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Ariston starts enjoying fruits of recapitalisation

Business



Ariston is beginning to reap the rewards of its successful recapitalisation exercise after turnover increased by 10 million in the four months to January, group chief executive Paul Spear said.

The agricultural producer raised US\$8 million, which saw South African company, Afrifresh, getting a 40% stake in the group. At an annual general meeting last week the group had spent around US\$3 million on capital restructuring and was adequately funded from April onwards.

Production budgets of 3 000 tonnes, but Spear was quick to point that they had already produced 1 000 tonnes of apples, more than they achieved for the whole of last year.

Ariston is experiencing good prices on tea exports as the investment that was made in the factories enabled them to harvest more correctly while the investment into harvesting equipment helped with good quality leaf.

The tea business had performed below expectations. The exclusive arrangement with OK Zimbabwe came to an end due to a few internal control issues, he said.

The decision to do business with OK took place, Spear said his company had already made the decision the business needed to diversify and reduce reliance on one company.

The new business model was now more balanced.

Ariston was facing pressure like most businesses, including what he termed “unrealistic wage demands” by unions and local councils.

The company had finished in a loss-making position, but was optimistic last year was the end of the loss-making period.

The company has had a very strange start to the season as the rains started very late, then it went extremely dry. “So far, we are about average year-to-date, but the distribution has not been very kind.”

Although the firm was just about double what they did last year, they were unable to keep up with the market so they had got a bit of an upside still to come.

Approximately 15% harvesting had been achieved so far and “a much higher quality crop is expected thanks to the investment.”

Ariston stated that for the apple crop, they had started harvesting four weeks earlier than they had expected.

Regarding the poultry, the firm had invested some money in upgrading the poultry facilities to the point that they were now up to full capacity with projection to operate at full capacity from 2014.



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