

## *Media Article...*

**Source : Business Report – Tom Robbins**

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### **“MUSHROOM EXPORTER GOES TO MARKET**

Cape Town - Fresh porcini mushroom exporter Country Foods, which lists on the JSE's AltX board today, will use the bulk of R30 million raised in a private placement to fund distribution networks. Chief executive Roberto Casaletti said yesterday that the firm had "a quasi-monopoly" of US and EU markets during the northern winter for its top end wild mushrooms, including the chanterelle variety.

This position enabled Country Foods to be a price maker in the niche market, giving it healthy margins. It was particularly true in the US, where the company had its own distribution business.

East African countries such as Kenya pioneered the just-in-time export of counterseasonal fresh vegetables to retailers in the northern hemisphere, but South African growers have generally lagged.

Casaletti said Country Foods was getting fresh mushrooms to Europe 36 hours after picking them. They were air-freighted out of Johannesburg on passenger planes with refrigerated cargo holds.

The firm would consider using the new airport being built north of Durban, which would be ideal for the mushrooms it grew in the southern Drakensberg. Mlibo Bantwini, the agrizone project co-ordinator for the Dube Tradeport, said: "We are pursuing a wide range of intercontinental air services to operate from the site."

Bantwini added that by the time the facility opened in 2010, a full range of services for the export of fresh produce would be available. Casaletti said his firm's wild mushroom unit, Edulis, earned 93 percent of its revenue from exports. It also supplied Woolworths locally.

While Country Foods was still able to meet local demand, this could come under pressure. "The food industry did not grasp the level of growth that would happen and capital expenditure has lagged. "The Country Mushroom unit had a 12 percent share of the mainstream local mushroom market. At least 35 percent of group revenue was generated from exports, which included cryogenically frozen mushrooms exported by sea.

In the six months to March, Country Foods reported turnover of R89.7 million and a net profit of R5.6 million. It has forecast full-year turnover of R182 million and profit of R11.2 million. Casaletti said the firm would invest more in its southern African distribution chain than overseas.

The "bulk of management" had held onto their shares, he added."

