



Private Equity Bet on Cambodia Shrimp

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A private equity fund is investing in Cambodia's largest seafood company to target the Asian, U.S. and European markets and push growth of shrimp aquaculture in the country.

Investment firm Leopard Capital acquired a 31.5 percent equity stake in Nautisco Seafood in May.

Now the group is taking "an active role" in opening up new markets for Nautisco and boosting production capacity, as well as stimulating the development of aquaculture in Cambodia, said CEO Douglas Clayton, who founded Leopard in 2007.

Initially, Nautisco will process wild-caught pink shrimp for export to sushi markets in Japan and South Korea. But the next phase of development as volumes increase is to target Europe and North America, Clayton told IntraFish.

"We're planning to target North American markets in the second quarter of 2011 and the European Union in 2012," Sam Peou, CEO of Nautisco, told IntraFish.

In terms of access to more shrimp raw material, there is scope for buying much more from the local fishermen, said Clayton. However, there are some constraints on pink shrimp, he said, adding it is likely Nautisco will absorb local volumes and still have excess capacity.

"We hope that other investors will set up shrimp farms, so we can add that to our products," said Clayton.

This is a project Peou is working toward.

"I'm working with other investors to initiate the first multimillion dollar, super-intensive, shrimp farming in Cambodia to sustain raw materials in the future," said Peou.

Nautisco's growth plan removes one of the main barriers to the start of the aquaculture industry, by creating a buyer, said Clayton.

"In the past, the constraint was not having a processor. We have removed some of the barriers, as we are a natural buyer."

“Cambodia has cheap land that is suitable for shrimp farms and cheap labor. Eventually, someone will set up to manufacture feed. One by one, the necessary components will come into place.”

“I think it is a matter of time before shrimp farming gets off the ground.”

‘Ramping up’

The current Nautisco plant has capacity to process up to 30 metric tons a day, or just under 8,000 metric tons per year, said Scott Lewis, one of the managing partners at Leopard. This translates into 5,600 metric tons of finished product.

“Some additional equipment and cold storage capacity would be needed to reach full capacity,” he told **IntraFish**.

The company is in process of upping volumes. It sold 26 metric tons in July and plans to be selling 100 metric tons per month by the end of the year, said Lewis. The company aims to sell well over 1,000 metric tons of products in 2011 and aims to get to at least 60 percent to 70 percent of full capacity within four to five years.

The company is taking on more staff. “Currently, we have approximately 350 employees, and we’re in the process of going up to 500-750 employees by the end of this year or early 2011,” Peou said.

Clayton said he is confident the venture can work, for the benefits of Cambodia and the investors alike.

“This is an industry that has been very successful in Thailand and Vietnam, on either side of Cambodia,” said Clayton. “I don’t see any reason we can’t develop this industry in Cambodia where the labour is cheaper and there is some raw material supply.”

In terms of an exit from Nautisco, Clayton said five years is the plan for selling on, either with an initial public offering (IPO) or a trade sale.