



Pearl Capital Partners



PRESS RELEASE

Yield Uganda Investment Fund invests in Newman Foods Ltd, a consumer foods processing (snacks) company.

Tuesday, 17th November 2022.

The Yield Uganda Investment Fund (Yield Fund) is pleased to announce an investment in Newman Foods Ltd, in a blend of equity and quasi-equity. This marks the Fund's 14th investment into the Ugandan agricultural sector.

Newman Foods Ltd is a Kampala-based agro-processing company whose primary business is the production and marketing of branded consumer foods sold through retail stores in the local and the regional market, as well as aggregation and export of fresh fruits and vegetables (FFV) to the European market. The company was incorporated in 2013, initially focusing on procuring, packaging, and exporting fresh fruits and vegetables, and later diversified its strategy in 2017 through the introduction of the consumer foods/snacks product category. Newman's integrated business model, combined with high-quality products, has allowed them to grow their income and increase market share over the years, even during COVID-19 disruptions.

Yield Fund's investment into Newman Foods Ltd is fully positioned to support the scaling of the consumer foods/snacks segment which has a clear scaling opportunity, high margins, and income generation. The investment will be used to fund the construction of a new processing facility and the acquisition of a larger modern equipment to improve the production throughput, support the company to improve packaging, branding and increased marketing of Newman products, as well as to augment its supply network for the consumer foods segment. Yield Fund invested in the company for its strong social impact proposition, which is demonstrated by strong backward linkages with smallholder farmers and ambitions to develop a sustainable supply chain largely made up of local youth and women farmers.

Along with the Yield Fund's investment, Newman Foods Ltd was successful in obtaining a Business Development Support (BDS) matching grant facility (USD 157,750) from the European Union, which is managed by the International Fund for Agricultural Development (IFAD). The BDS support will be anchored to enhance the technical aspects of the business with a key focus on implementation of a robust commercial strategy, the inclusion of additional smallholder farmers to its supply chain and strengthening the governance structures to support sustainable strategic growth.

Mr. Nasser Segujja – Managing Director, Newman Foods Ltd said that *“Newman Foods is a vibrant growing company with significant growth potential, thanks to its strong brand and market visibility. However, our growth has been stifled by a lack of patient capital to scale our production capacity and implement production efficiencies to unlock the commercial facets. The Yield Fund investment could not have come at a better time, as we now have a great opportunity to implement a sustainable growth strategy in our value addition category. This investment has given the company the confidence to engage many of our smallholder farmers, who are pivotal to our business, and to develop a sustainable integrated supply chain.*



We also thank the Investor for the BDS support, which will assist us in building robust linkages within our company.”

European Union (EU) Ambassador to Uganda, H.E Jan Sadek said *“We welcome Yield Fund’s investment in Newman Foods, a local food processing company. The investment will boost the company’s processing capacity, which in turn will lead to increased volumes procured from smallholder farmers, with a direct impact on their livelihoods. At the same time, the investment will help the company tap into an unmet demand for snacks on the local and regional market, by improving the quality of their products”.*

Lakshmi Moola, the IFAD Country Director for Uganda added, *“This investment in Newman Foods, presents an exciting opportunity to partner and support an established local Ugandan enterprise. Newman’s will streamline its business processes, improve its production capacity and most importantly link rural farming communities, across Uganda to the consumer foods value chains.”*

Mr. Richard Byarugaba, the Managing Director for NSSF said *“Newman Foods Ltd is a good example of a business that is well-positioned to scale with the right investor. We believe the Yield Fund investment will push the company to consolidate further in the consumer goods segment”*

Wanjohi Ndagu – The Co-Managing Partner at Pearl Capital Partners said: *“This investment in the snacks value chain makes available much needed resources to the sector especially when funding enterprises for growth has been constrained by a slowed down economy owing to the high inflation rate and effects of the Covid-19 pandemic. The investment will go towards construction of a new processing facility and acquisition of larger modern equipment to serve a growing demand for consumer foods in Uganda and East Africa markets”.*

About Yield Uganda Investment Fund (www.pearlcapital.net)

Yield Fund is an agri-business impact fund, set up in January 2017 by the European Union (EU), through the International Fund for Agricultural Development (IFAD) and the National Social Security Fund (NSSF), with follow-on investments from the Open Society Foundation (OSF) and FCA Investments in June 2019.

The Fund offers innovative financial products such as equity, semi-equity, and debt funding to small- and medium-sized enterprises (SMEs) having the potential to generate both strong financial returns and significant social impact. The Fund also has a Business Development Support (BDS) matching grant facility provided by the EU and managed by IFAD to support the investee company’s operations and technical needs. For further information on Pearl Capital Partners and Yield Fund Uganda, visit: www.pearlcapital.net

For further information on this investment, please contact Mr. Wanjohi Ndagu, Partner; Tel: +254 727 405 984, +256 393 264 983/4. Email: info@pearlcapital.net

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