

Fox Paine, Romo buys into Seminis

by John Nagel in Mexico City

After taking leading seed producer **Seminis Inc.** private, Mexican billionaire Alfonso Romo Garza and San Francisco-based private equity firm **Fox Paine & Co.** will seek to grow Seminis organically and through new acquisitions, Fox Paine said.

Mexican seed producer **Savia SA de CV**, in which Romo holds a controlling stake, and Fox Paine said in a Securities and Exchange Commission filing Dec. 13 that they have signed a letter of intent to acquire the assets of Oxnard, Calif.-based Seminis, which trades on the Nasdaq, in a complex transaction.

Fox Paine is investing \$222 million in the transaction, which has an enterprise value of more than \$650 million. The final capital structure of Seminis after the takeover has still not been determined.

"It's a relatively complex transaction involving what we believe is an undervalued business which is out of favor," said Dexter Paine, president of Fox Paine.

"We think that people are not going to stop buying vegetables, and this is a company with a No. 1 market share worldwide, and a strong management team."

Fox Paine manages investment funds in excess of \$1.5 billion that provide equity capital for management buy-outs, going private transactions, and company expansion and growth programs.

Seminis, the world's largest producer and marketer of fruit and vegetable seeds, is currently a subsidiary of

Savia, with Romo controlling 75% of Seminis shares and 85% of the company's voting rights. Shares of Seminis were up 50 cents in afternoon trading Monday, up 20% from Friday's close.

Savia, which trades on the New York Stock Exchange and the Mexican stock exchange, went on an acquisition binge throughout the mid-1990s as Romo tried to implement his vision of being the world's leading seed producer.

The company, however, found itself saddled with debt and has had to sell down its assets, including its share in insurance company Seguros Comercial America to the **ING Groep**. Savia's portfolio includes **Desarrollo Inmobiliario Omega**, a company that develops real estate projects in northern Mexico.

"Romo made a series of lot of very fast acquisitions through Savia, but the market has never believed in the company's project," Ismael Capistran, research director with **Valmex**, a Mexico City brokerage firm. "With the sale of Seminis, Savia will have almost nothing left."

The ongoing shareholders in Seminis will be Romo and his affiliates and Fox Paine, with both parties having management control of the business, and Romo and his management team running the business on a day-to-day basis.

Wachtell, Lipton, Rosen & Katz is providing counsel for Fox Paine, as is **Milbank, Tweed, Hadley & McCloy LLP** for Savia.