

# FOX PAINE QUADRUPLES ITS MONEY WITH FINAL EXIT FROM SEED COMPANY

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REPRINT FROM FEBRUARY 17, 2006 PP. 2

Private Equity **Fox Paine & Co. LLC** cashed out of **Advanta Netherlands Holdings BV**, a seed producer it bought 17 months ago, with a substantial gain on its \$75 million equity investment, said Kevin Schwartz, a Fox Paine managing director.

Schwartz, who led the investment, said Foster City, Calif.-based Fox Paine sold the business to a subsidiary of **United Phosphorus Ltd.**, a Mumbai-based agricultural business, for about €100 million (\$118 million). The sale closed Feb. 14.

Earlier sales of other portions of Advanta had produced \$230 million in distributions for Fox Paine investors. This week's sale boosted the firm's total haul

to roughly \$310 million, or 4.1 times its investment, Schwartz said.

The key to the outsized profit was selling at much richer multiples than it paid. Fox Paine snared the Cayman Islands-based company in 2004 for €151 million—merely 4 times cash flow—because **Syngenta AG**, a Swiss agricultural company, needed to divest the seed crop businesses to win clearance from European competition regulators for its takeover of the parent, Advanta BV.

Fox Paine sold the Advanta seed assets in pieces for an average of 17 times Ebitda, Schwartz said. But the sellathon was not the product of a 1980s-like buy-and-bust-up strategy, Schwartz said.

“We had a two-pronged strategy, part of which was to divest noncore businesses, or business that did not have high return on capital or good growth,” he said. Accordingly, by June 2005 Advanta had sold Advanta's North American canola seed unit to **Monsanto Co.**, its collection of European seed operations to France's **Limagrain** and its sugar beet business to France's **Flo-rimond Desprez**.

Schwartz said Fox Paine had planned to “grow the core, growing part of the business, primarily in Asia, South America and some emerging markets,” whose top line was rising about 20% a year. But United Phosphorus made an offer Fox Paine couldn't refuse. ■

AS FEATURED IN

**The Daily Deal**

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