



US private equity execs travel to Chile with \$100m for salmon deals

August 30, 2013, 4:43 pm

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Executives from US private equity AGR Partners are travelling down to Chile next week, with plans to invest in the country's struggling salmon sector.

The California-based investment firm, backed by a US pension fund, has between \$20 million to \$100m to spend on the right opportunity, Ejnar Knudsen, its managing member and a former Rabobank executive, told *Undercurrent News*.

In July, AGR took a 19% stake in Ridley Corp., the largest animal feed company in Australia, which sells some feed to the Australian salmon farming sector.

Knudsen and his fellow AGR executives, several of who are also ex-Rabobank, are now eyeing a move further up the value chain.

"The industry in Chile is in weak hands. We want to be a catalyst of consolidation in Chile and provide cash so companies can make business decisions and not just cash flow decisions," Knudsen told *Undercurrent*.

The fund has a long investment strategy, of as much as ten years.

AGR "believes the industry is currently at a structural disadvantage, given the high bank debt and low financial liquidity levels of the industry players," said Knudsen. "Companies

have less ability to make the biological assets to the best ability, and are weak sellers that the buyers can more easily pick-off.”

Knudsen and AGR feel the price spread between Norwegian and Chilean prices will narrow, with “visibility good for the next 18-30 months, with limited supply growth supporting firm prices”, he said.

Ronald Blok, a Rabobank veteran who has recently joined the advisory board of AGR Partners, will accompany Knudsen on his third recent trip to Chile.

Blok, the former CEO of Rabobank NA, the bank’s North American retail division, was responsible for setting up Rabobank’s Chile operations in the 1990s.

During Blok’s tenure as general manager in Chile he was on the board of salmon farmer Pesquera Eicosal, which was sold to Stolt Sea Farm in 2002.

M&A in season

Most recently, Canadian firm Cooke Aquaculture’s [failure to reach a deal to acquire Invermar](#) and the sale of Pescanova’s salmon companies, Acuinova and Nova Austral, are the main points on M&A.

Cooke, as well as [Marine Harvest](#) and Aquachile, [are being touted as bidders for Acuinova and Nova Austral](#).

Aquachile, Friosur and [Cermaq-owned Mainstream](#) are also thought to be in the mix for Acuinova and Nova Austral.

To name a few others, [Ventisqueros acquired Congelados Pacifico in April](#), Friosur purchased Pesquera Landes for \$36m last September, Mainstream bought Cultivos Marinos Chiloe a year ago and Mitsubishi bought Salmones Humboldt in November of 2011.

Salmones Pacific Star and Trusal are also in the process of closing a merger, creating a company with production of close to 60,000t, putting the new company behind Aquachile, Multiexport, Invermar and Camanchaca in the Chilean production ranks.

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