



## Private equity fund sees all the right drivers in seafood

With first acquisition, group gets serious about the sector.

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California-based private equity fund AGR Partners has been eyeing the seafood sector closely, but with its first acquisition, the company is now demonstrating it is willing to invest.

Last month, AGR purchased a 19.5 percent stake in Australian dairy, chicken and aquaculture feed group Ridley Corp., giving it a small but symbolic foothold in the aquaculture sector.

Ridley Corp., with sales of around AUD\$700 million (\$626.9 million/€468.4 million), is the largest animal feed and rendering company in the country, and while its aquaculture exposure is small (it sells small fish feed volumes to Tasmania), it demonstrates the group has moved from a research phase to an acquisition one.

AGR Managing Member Ejnar Knudsen told **IntraFish** the group plans on pursuing more deals, with a target of \$20 million - \$100 million (€14.9 million - €74.7 million) invested in the sector over the next 10 years. Currently the fund has around \$200 million (€149.5 million) to invest on behalf of one pension.

AGR's strategy is to seek minority positions, with a target investment of \$25 million-\$75 million (€18.7 million - €56 million) per investment.

"We're different from other private equity funds," Knudsen said. "We don't seek control, and we are much longer-term due to our evergreen structure with no liquidation date."

That means AGR's investments have much less to do with restructuring, and a lot more to do with management capacity and strong underlying drivers. Knudsen said the fund sees both in several segments of the seafood sector: from aquaculture to wild fish to feed.

"All of them can look attractive if we are backing the right management team," Knudsen said.

"If it's a good investment and it makes sense, we're happy to be in the back seat. We have mandates, but we're in the backseat."

But the prerequisites are clear: companies with EBITDA of over \$20 million (€14.9 million), no start ups, and a mature, established track record.

While Ridley is the firm's first holding in agriculture, AGR is made up of a team with extensive experience in agricultural sectors. Three of its advisers have held top management positions at Rabobank, including a former chief executive officer of Rabobank Australia.

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Knudsen was previously part of the management team at Western Milling, a California-based diversified feed company. His interest in the seafood sector reaches back to around a year and half ago. The more he researched the industry, the more he was convinced AGR needed to be in the space with the industry's key drivers.

"I looked at it and said, 'I want to invest more in these animal proteins that have this high growth rate and upside 'Superfood' optionality,'" he said.

Knudsen also sees the increasing trend toward government backing of the sector. He cites the seismic shift that the US school lunch program had on the dairy industry when it came out in support of drinking milk.

"The USDA (US Department of Agriculture) has said it has a goal to see fish consumption double in the US. That's the kind of wind at your back that you want," he said.

In another demonstration of its interest in seafood, AGR recently brought on former Paine and Partners executive Justin Birch.

Knudsen himself has been to several of the sector "hot spots" and says he's seen opportunities in all, though the group is not currently engaged in any negotiations. Seafood as an investment is becoming more of an open secret in the investment community, so AGR intends on capitalizing on opportunities early.

"The awareness of seafood is definitely there among investors, but I agree it's under-covered," he said.

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