

Sumitomo Readies \$802M Buyout Of Irish Banana Co. Fyffes

By **Chelsea Naso**

Law360, New York (December 9, 2016, 1:45 PM EST) -- Sumitomo Corp. on Friday inked a €751.4 million (\$802 million) buyout of Ireland-based Fyffes PLC, allowing the Japanese company to grow its produce operations with the acquisition of Europe's largest banana importer.

The deal stands to give Sumitomo, which is currently among Asia's largest banana importers, a greater geographic footprint in several produce areas, the company said. Aside from Fyffes' leadership in European banana imports, Fyffes also ranks as the No. 1 melon importer in the U.S. Fyffes also delivers pineapples and mushrooms to the European and North American markets, according to a statement.

"We have significant experience in the produce sector and look forward to working with Fyffes' executive directors, senior management and employees, customers and other stakeholders to strengthen Fyffes' already impressive market position through continued investment. We look forward to working with the Fyffes team to further develop the business over the longer term and to expanding into new markets to better serve customers," Hirohiko Imura, managing executive officer of Sumitomo, said in a statement.

Under the terms of the deal, each Fyffes share will be swapped for €2.23 in cash, marking a 49 percent premium to the company's unaffected stock price at the closing bell on Thursday and a 37 percent premium to the company's all-time high share price, which Fyffes recorded in April, according to a statement.

Fyffes investors will also be paid a final dividend of €0.02 per share in cash, according to a statement.

Fyffes lauded the acquisition as an opportunity for growth as a part of a larger group that plans to focus on the company's expansion into new products and territories, according to a statement.

"We believe this transaction represents a compelling proposition for our shareholders and crystallizes the substantial value created in recent years through the various strategic developments and the strong operating performance of our group. Our employees, customers, suppliers and joint venture partners will benefit from Fyffes being part of an enlarged group with greater scale, reach and resources to broaden and accelerate delivery of Fyffes' strategic objectives," David McCann, Fyffes chairman, said in a statement.

For Fyffes, the deal also comes roughly two years after the company saw its hopes to acquire fellow banana company Chiquita Brands International Inc. dashed. In October 2014, Fyffes was beaten in its pursuit of Chiquita by a pair of Brazilian suitors, juice company Cutrale Group and agribusiness investor Safra Group. Although Chiquita's top brass initially supported Fyffes' bid, its shareholders voted down the transaction in favor of a higher offer from Cutrale and Safra.

Sumitomo's acquisition of Fyffes is subject to approval by Fyffes' shareholders as well as approval from regulators. Roughly 27 percent of Fyffes' shareholders have already pledged to back the deal, according to a statement.

Fyffes is being advised by Arthur Cox. Lazard and Davy Corporate Finance are acting as financial advisers.

Sumitomo is being advised by Morgan Lewis & Bockius LLP and A&L Goodbody. The Morgan Lewis team is led by partners Bradley Edmister, Alan Neuwirth, Bruce Johnston, Humberto Gonzalez Padilla and Harry Robins.

--Editing by Stephen Berg.