



By Carl Collen

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Merrill Dibble on Sun World deal

CEO says that the move to sell its farming operations represents a good business opportunity at a "difficult time for agriculture"



Merrill Dibble, CEO of Sun World International

Following the news that Sun World International had agreed to sell its leased and owned California farming property to an investor group, in turn shifting its focus to Sun World Innovations - the company's technology, breeding and licensing business - chief executive Merrill Dibble released an in-house interview (conducted on 29 April) as a supplement to the company's announcement:

Why did you decide to sell this land?

Merrill Dibble: Probably most importantly, our understanding that the prospective owner plans to farm the land was absolutely critical to us in terms of our colleagues' continued employment.

It was also a good business opportunity and we were encouraged by the potential owners' very successful track record in the region as a farming company.

Additionally, there was growing interest within the company in investing more heavily in the breeding and licensing part of our business at Sun World

Innovations. Stepping away from farming allows us to focus on Innovations.

Another reason Sun World is making this move is to shift its exposure from farming, which we believe would benefit from the singular attention of an owner devoted solely to farming. The pressures on farming, both historic and recent, require total focus. We've decided to concentrate our energies and resources on the breeding and licensing side of the business.

Over time, all the pieces came together for this transaction.

How did this sale come about?

MD: We were first approached by an investor group about the possibility of their acquiring Sun World's farmland. At that point in time the land was not for sale, nor had we made any moves in that direction.

However, starting with RRG's (Renewable Resources Group) 2013 acquisition of Sun World, the company's been significantly enhanced and

restructured for long-term success. So the fact this property had become an increasingly attractive acquisition wasn't a complete surprise. We'd been approached before.

Will there be layoffs?

MD: I can't speculate about the new owner's staffing needs, but we're committed to being available to our employees as a plan is finalised. We've heard many positions will be retained and some may possibly be eliminated. The reality is whoever farms these vineyards and sells this fruit will need experienced and dedicated people to do it. We will assist affected employees as follows:

- We'll offer a severance package;
- We'll provide impacted employees with the services of a professional outplacement firm to help with resume development, interviewing skills and career coaching and
- Our senior management team will provide support in terms of contacts and counsel when an employee feels that would add value.

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Bottom line - we're not walking away as a company but as of this moment, I don't know exactly how many employees and exactly which employees, will be affected.

Were there financial issues at Sun World that forced a sale?

MD: I'm not exactly sharing state secrets when I say this is a difficult time for agriculture. Issues largely out of the industry's control - like competing supply regions, fewer people available to harvest our crops, tariffs, regulation - are enormous market stressors. But we continued to farm and plant for the next harvest and it was fully our intent to do so.

What will remain of Sun World after the sale?

MD: The new company will be made up of Sun World Innovations; the Sun World brand; the global fruit and intellectual property licensing business; and the company's longstanding table grape and stonefruit variety development (breeding) operations. All continue to be owned by RRG.

How will this sale affect Sun World's existing relationships with licensees?

MD: We'll be deploying even more resources to the growers and marketers we work with around the world, so we anticipate that our service and product offerings will only be enhanced.

Can you clarify naming?

MD: The Sun World International businesses that remain after the sale will all be operated as Sun World Innovations. To reiterate, they are the Sun World brand; the global fruit and intellectual property licensing business; and the company's longstanding table grape and stonefruit variety development (breeding) operations.

The new owners have indicated they plan to name the newly acquired farmland, Famous Vineyards.

What's happening to the Sun World International management team? Will they stay with the new owner?

MD: I'll be continuing on the

in the near-term to work with all parties to facilitate a smooth transition. It's also my understanding that the bulk of our core leadership team will stay on which I believe will both be helpful in terms of effective continuity, and managing the future business to excellence.

What can you tell me about investment in the Innovations' side of the business?

MD: It's about acceleration. There's been growing enthusiasm about the work being done at Sun World Innovations and optimism around what new investment could accomplish. The company plans to expand breeding and technology investments and also to apply the intellectual capital we've achieved in table grapes in other ways. We're convinced an accelerated Sun World Innovations will make a meaningful contribution to the global produce industry.