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By Mike Knowles

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Univeg spins off production units

Alara Kerim Taner takes charge of new company The Fruit Farm Group comprising six major production units



One of The Fruit Farm Group's prized production sites is the Verlorenvlei topfruit orchards, situated around 200km north of Cape Town

Univeg Group, the Belgium-based fresh fruit and vegetable supplier, has demerged six of its major production and export divisions in order to form a new, separate company called The Fruit Farm Group (TFFG).

Announcing the deal at its Sint-Katelijne-Waver headquarters in Belgium, the company's chief executive Francis Kint said the decision to separate operations at source from service provision in the market had been taken in order to establish different financing structures for what were two distinct areas of the fresh produce business.

"The main advantage is to have tailored debt instruments for activities that are complementary but inherently different, namely trade and distribution versus farming," he told *Eurofruit*.

"In this new construction, the shareholders of Univeg and TFFG are the same and the debtholders are different,

each with their respective financing bias."

The aim for the units involved – Alara in Turkey, Univeg South Africa, Univeg Costa Rica, Expofrut Brazil, Univeg Uruguay and FAI in Suriname – is that they will thrive as a separate company, running at their own pace and under their own financial steam.

Other units such as Seald Sweet in the US and Univeg's joint venture with Mahindra in India are not directly affected by the move.

TFFG itself will be based at Univeg's Sint-Katelijne-Waver offices, with Alara chief executive Kerim Taner taking charge.

As a result of the demerger, Kint indicated that Univeg's annual turnover would decrease by around €60m. Although he was unable to confirm the group's existing sales, that figure is reckoned to be somewhere in the region of €2.8bn for fresh fruit and vegetables.

TFFG's turnover, meanwhile, is set to be approximately €120m in its first year.

New entity

In order to effect the spin-off, Univeg's shareholders have put a total of €35m into TFFG, a new legal entity that has purchased the farming and export units.

Their investment is backed by a new capital expenditure line from Belgian bank KBC and the issuing of €60m senior secured notes at 5.75 per cent, due in 2019.

The notes have been listed on the Luxembourg Stock Exchange and will be traded on the Euro MTF.

In a statement, Univeg described the demerger as "a win-win transaction for Univeg and TFFG as it increases Univeg's equity and reduces its debt, and at the same time provides growth opportunities for TFFG to unlock its full potential".

It also suggested the financing model

and new-to-the-world financing

"We are convinced that this success may set

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employed in forming TFFG could be used as a model for similar deals in future.

“This issuance is a unique

instrument,” it said. “Investors have been convinced by the value of the assets, the power of the ‘Direct connection between farming and markets’ and the group’s commitment towards sustainable agriculture and high social standards.

a trend in the financing of horticultural and farming assets.”

More on this story: [Univeg-TFFG deal 'mutually beneficial', says Univeg chief executive](#)

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