

\$363M citrus biz purchase for Fort Myers' Alico Inc.

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Fort Myers-based Alico Inc. is acquiring three Florida citrus operations — deals that the company says will result in it becoming the biggest citrus producer in the country.

The transactions, totaling about \$363 million, involve nearly 28,000 acres of land, and come at a crucial time for the citrus industry in Florida, the top supplier of U.S. oranges and orange juice.

A bacterial disease called citrus greening has slashed productivity and driven up prices of oranges, hurting demand for juice. Domestic sales for orange juice fell to the lowest level in at least 16 years in the season that ended in September, according to Nielsen data.

Investors loved the acquisition, pushing the stock price up 14 percent.

The acquisitions mean "Alico believes in the future of the citrus industry," said Chet Townsend, a small-scale commercial citrus grower near LaBelle who publishes the Citrus News electronic newsletter distributed to subscribers in the United States and 12 other countries.

"The properties Alico is acquiring are very well-managed properties, doing all they can to fight greening," said Ron Hamel. He's vice president/general manager for Gulf Citrus Growers Association, a trade organization of citrus producers in Charlotte, Collier, Glades, Hendry and Lee counties.

Alico is a longtime association member, with an officer sitting on its board of directors. "It's a very positive transaction for the region and for the association," Hamel said.

According to company press releases:

Alico Inc. operations include citrus, cattle and land management. Before the acquisitions, the company owned about 122,000 acres of land in Lee, Collier, Glades, Hendry, Polk and Alachua counties.

The acquisitions will boost the company's production to 10 million boxes of oranges a year, close to 10 percent of Florida's annual output.

The three acquisitions are Orange-Co LP; 734 Citrus Holdings LLC, also known as Silver Nip Citrus; and Gator Grove.

The largest acquisition is of Orange-Co LP, which includes 20,263 acres.

The Wall Street Journal reported Alico will pay \$274 million for the company, financing the deal with debt and a \$97 million sale of its sugar-cane assets.

"These transactions are transformative for our citrus business and represent a major step forward in our strategy to become a leading agriculture and natural resources company by identifying and executing on accretive growth opportunities," said Clay Wilson, Alico CEO.

The company has gotten more aggressive in its pursuit of growth following November 2013, when 734 Investors LLC acquired a controlling 51 percent stake.

Alico stock trades as ALCO on the Nasdaq exchange. The stock finished at \$40.90 per share, up \$5.06.