

GROWERTALKS

GT in Brief

3/26/2013

Agribio, Dümmer merge

Chris Beytes

Yet another industry rumor comes to fruition: Agribio, which in recent years has acquired Fides/Oro, Ecke and several cut flower breeders, will be merging with Dümmer, the German breeder of poinsettias and bedding plants. The combined company will be a big one: 6,000 employees in more than 56 countries and annual sales of \$235 million. The deal was announced in a press release Thursday, February 21.

One thing to note: This is a true merger, not an acquisition as were Agribio's other deals. The Dümmer family and management, as well as Agribio's current shareholder, will be shareholders, along with Agribio's parent company, H2 Equity Partners. (H2 remains the majority shareholder.)

More proof it's a merger

They reference "the new company" in the press release, stating that this new company will have two independent divisions: the Agribio division will cover cut flowers and potted plants, while the Dümmer division will be responsible for bedding plants and poinsettias.

Harry Kloppenburg, current CEO of Agribio Group, will head up the Agribio division. Perry Wismans and Tobias Dümmer, current board members of Dümmer, will head up the Dümmer side of the business. The North American operations of Agribio Group (including Oro Farms and Ecke) will be brought under the leadership of the Dümmer division.

Conveniently, Harry and Perry happened to be meeting with Ball Horticultural Company management recently, and seeing how the *GrowerTalks* office is in the building, we grabbed 10 minutes with them for more details. The first question, as usual: "Why?"

Perry answered that Dümmer has experienced "substantial" sales growth in recent years, and yet they had the same small management team.

"Now that we're at this level, we had to add high-level management in our organization," Perry says. "At the size Dümmer is now, we are competing with very professional breeding companies." Perry says they could have hired management, but the Agribio opportunity seemed a much better solution. "They brought a lot of those things we were missing—very good financial reporting, access to the latest breeding technologies ... things Dümmer doesn't have."

Those “latest breeding technologies” include part ownership in a Dutch company called Genetwister that does “genomic breeding” and other high-tech biotechnology.

From Agribio’s perspective, Harry said, “It’s people. The knowledge of Perry and Tobias, and also their strengths, and their interest in continuing for the long term.”

He added that Dümme’s genetics, especially in bedding plants, compliments the Agribio genetics portfolio. “And they have a very good supply chain system—to be honest, better than we have,” he said. “Plus, they have strong distribution into the European market.”

pictured: Harry Klopp



enburg (left), current CEO of Agribio Group, and Perry Wismans (right), current board member for Dümme, stop to pose for a photo while speaking to GrowerTalks about the new merger

What changes will take place?

We asked if they envisioned changes to any of the recently acquired Agribio companies, such as Ecke and Oro.

“Yes,” Perry answered after a long pause. “Yes, we do envision that, of course. As Harry says, Dümme has a unique and professional supply chain. We can produce a very good cutting and get it to the customer in a very good quality. We have a trustworthy relationship with our customers because of that. They know when they order something from Dümme, they get it. We want to make sure that’s going to be true for all those other companies, also. Not saying they haven’t done a good job in the past, but I think there’s room for improvement. That’s where our customers will benefit.”

That means a focus on Dümme’s Las Mercedes cutting production farm in El Salvador and Oro Farms in Guatemala, he says. “Those are the farms we’re going to expand.” They’ve closed part of Ecke Guatemala, but only because they don’t need as much space for poinsettias, since they’re very seasonal, and they can produce Ecke’s Oglevee geraniums at another farm. “So there will be an optimization of production capacity.”

Brand strategies

The Fides name will remain on cut flowers and potted plants. Red Fox will cover spring annuals and poinsettias. Ecke will also remain a poinsettia brand, as it’s “an icon of the industry.” Oglevee, which Ecke acquired in 2006, will remain active as a second geranium brand along with Dümme’s Red Fox geraniums, with Fides’ geraniums most likely falling under the Oglevee brand.

And interestingly, Oro Farms, which had been rolled into Fides/Oro, will go back to Oro Farms. That will be their “grower brand” for third-party genetics such as Sakata, Danziger, Westhoff and others.

“We call that our grower brand, because we want to fill up that farm based on the input from our customers,” Perry says. “Good quality from third parties where we currently don’t have offerings ourselves. If our customers say we need to have something, we have Oro Farms to fill those needs.”

As for Spring Trials, expect crossover promotions at both Fides in Santa Paula and Dümme at Edna Valley Vineyard, plus the presentation of their staff and commercial team.

Dümme is based in Rheinberg, Germany, and has production in Italy, El Salvador, Ethiopia and Costa Rica (which they’re in the process of closing).

Agribio, based in De Lier, the Netherlands, owns Fides, Ecke, Japan Agribio, Barbaret & Blanc, Bartels Stek and Lex+, plus a share of Genetwister.

H2 has offices in Amsterdam, London and Munich, and invests in a wide range of industries. Agribio is just one of their 20-plus holdings, which includes children’s clothing line Oilily and a Belgian restaurant chain called Lunch Garden. **GT**