

New Jersey Firm to Buy Bumble Bee Seafoods

by Diane Lindquist
STAFF WRITER

San Diego's Bumble Bee Seafoods, Inc. agreed to be acquired by International Home Foods, Inc. of New Jersey yesterday morning and in the afternoon entered bankruptcy for authorization of the sale.

The move is expected to rid Bumble Bee of its debt and give it a better shot at the domestic and international canned seafood market.

International Home Foods plans to pay \$163 million in cash and assume about \$40 million in liabilities, bringing the deal's total value to approximately \$200 million once the Chapter 11 case in San Diego's U.S. Bankruptcy Court is completed, said Lloyd Greif, chief executive of Greif & Co., an investment banking firm representing Bumble Bee. He expects it will be completed by the end of June.

International Home Foods is a New Jersey food company best known for its Chef Boyardee canned pasta and Pam cooking spray.

Bumble Bee's purchases of fish and processing supplies, as well as day-to-day operations, are expected to continue as usual.

To ensure that customer and creditor relationships remain intact, it has commitments for \$83.5 million in debtor-in-possession financing from Heller Financial, its primary lender.

"The Bumble Bee brand has been the mark of premium-quality seafood products in the U.S. for 100 years, and we intend for it to continue to be so for many years to come," said John Batt, Bumble Bee's president and chief executive.

The San Diego-based company is one of the world's largest distributors of canned tuna and salmon and the No. 2 tuna producer in the United States.

Its share of the total canned tuna market is 23 percent, compared with 45 percent for Star-Kist Foods and 14 percent for Chicken of the Sea. In premium white meat tuna, however, Bumble Bee ranks No. 1, with 39 percent of the market.

It is the No. 1 producer of canned salmon.

April 15, San Diego's other heavily indebted seafood company, Van Camp—which sells the Chicken of the Sea brand—filed for bankruptcy protection as part of a move to sell its assets to Tri-Union Seafoods LLC for \$92 million. That procedure is expected to be completed later this month.

Yesterday's actions should rid Bumble Bee of the heavy debt it has carried since its 1989 purchase by Unicord Plc., a Bangkok-based seafood processor, and help it compete for the best tuna catches from international fishing fleets.

International Home Foods' position as a leading North American manufacturer and marketer of shelf-stable food products also should better position Bumble Bee's canned tuna and salmon in American supermarkets, as well as in warehouse clubs and institutional foodservice distribution operations where the product has not had previous access, investment banker Greif said.

Moreover, he said, Bumble Bee products will no longer be restricted from the international markets where Unicord preferred to sell tuna processed by its Asian private label operations.

"International Home Foods has indicated its present intention is to maintain the operation in San Diego," Greif said.

Besides the headquarters here, Bumble Bee has processing plants in Santa Fe Springs near Los Angeles; Mayaguez, Puerto Rico; and Manta, Ecuador. It has procurement offices in Edmonds, Wash. and Tokyo. It has about 3,000 employees.

Bumble Bee's Ecuador affiliate, Seafman, was not included in the bankruptcy filing.

The Bumble Bee transaction is International Home Foods' first expansion since the New Jersey company was acquired from American Home Products Corp. by the Dallas private investment firm, Hicks, Muse, Tate & Furst, for \$1.3 billion in November 1996.

Among International Home Foods' other brand-name products are Polaner fruit spreads, Gulden's mustard, Jiffy Pop popcorn, Rank Style beans, Luck's beans, Dennison's chili, Crunch 'n Munch glazed popcorn and Campfire marshmallows and marshmallow crisp rice bars.