

Olympus Capital invests in Arysta

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In one of the largest private equity transactions in Japan this year, **Olympus Capital Holdings Asia**, an Asian private equity firm that manages a Cayman Islands-based limited partnership, is investing ¥9.4 billion (\$76.7 million) in the Japanese agrochemicals maker **Arysta LifeScience Corp.**

The financing, the first of several tranches to fund Arysta's aggressive acquisitions program over the next three to four years, will pay for licensing rights for a wheat herbicide from Monheim, Germany-based Bayer CropScience, a unit of **Bayer AG**.

Olympus plans to lead private equity consortia in raising up to \$220 million of additional equity as the opportunities to purchase other licenses arise from divestments by multinationals under antitrust regulatory requirements.

With about \$3 billion to \$4 billion worth of licenses expected to come to market within the next two to three years, Arysta is among a handful of companies positioned to buy, said Lawrence Miao, Olympus' founding managing director. Privately held Arysta is among the world's top 10 agrochemicals companies, with about \$800 million in revenue, he said.

Future acquisitions will be done through syndicates that Olympus plans to lead. But "the key issue is finding attractive acquisitions," said Daniel Mintz, founding managing director of Olympus.

He said Arysta, whose main businesses are global trading and product manufacturing, does not have research and development in house and has been purchasing its licensing rights from Bayer and others.

Under the agreement, Olympus is buying Arysta's ordinary shares valued at ¥8.4 billion, and is also purchasing \$10 million in convertible notes with share acquisition rights.

This gives Olympus an 8.7% stake, with substantial additional equity likely from subsequent tranches. With the first tranche, Arysta will be majority held by **Tomen Corp.**, with 51.9%, and the shareholders **Nichimen Corp.**, 36.5%, **Toyota Tsusho**, 1.8%, and **UFJ Bank**, 0.9%.

In addition to the roughly \$300 million in new capital to be pegged at prearranged valuations, Olympus is expected to recruit key managers for Arysta as well as refinance up to \$300 million worth of shareholder loans. Arysta — formed in April 2001 as a spinoff when Tomen and Nichimen merged their life science businesses — has primarily relied on loans from its parent companies.

For Olympus, which manages about \$700 million of committed capital from U.S., Asian and European investors, this is its fourth and largest deal in Japan. So far it has invested about \$200 million in Japan out of \$500 million total investments since inception in March 1997.

Mintz said Asia "has been a tough market, but we have been pleased with the fund's performance so far."