



Icicle Seafoods nets Smoki

By Demetri Diakantonis

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Seattle's Icicle Seafoods Inc., a portfolio company of Paine & Partners LLC, announced Thursday, April 24, that it had acquired salmon distributor Smoki Foods Inc. and two of its subsidiaries. Terms of the transaction were not disclosed.

Icicle will take over Smoki subsidiaries American Gold Seafoods LLC, a salmon farming company, and Cypress Island Seafoods LLC, a processing plant in Blaine, Wash. Paine & Partners, then part of Fox Paine & Co. LLC, acquired Icicle from management last August.

The deal comes at a time when other food auctions appear to have stalled. Bedford, Nova Scotia's Clearwater Seafoods Income Fund announced a strategic review last November and hired BMO Nesbitt Burns Inc. as its financial adviser, but has attracted little interest. Carolyn Dennis, an analyst for National Bank Financial Inc., wrote in a recent note that "the strategic review is ongoing and we continue to believe it will be difficult to secure financing for a private transaction in the current environment."

Diamond Foods Inc. went on the block last October but has not been heard from since. One source said the auction is either delayed or canceled due to lack of interest. Other food auctions, including Michael Foods Inc. and Chiquita Brands International Inc.'s Atlanta AG division, have also stayed very quiet about their review processes.

Icicle CEO Don Giles and Smoki CEO Rodger May shrugged off these concerns. "The combination of these businesses will provide both Smoki Foods and Icicle Seafoods substantially expanded access to seafood resources, and will enable them to provide broader and deeper product mix to their customers," Giles said in a statement.

"Icicle's strong operational history and longstanding reputation as a high-quality leader in the seafood industry make it the perfect partner for Smoki," added May.

Icicle was founded as Petersburg Fisheries Inc. in 1965. Calls to Icicle and Smoki were not immediately returned.

Paine & Partners was spun out of Fox Paine & Co. in January after a bitter breakup of longtime partners Saul A. Fox and W. Dexter Paine III, who had co-founded the Foster City, Calif., leveraged buyout firm in 1997.

Paine & Partners' first deal was an acquisition in a hedge fund affiliate of Capital Z Investment Partners LLC. In February the fund bought Stabilus GmbH, a German supplier of gas springs and dampers for cars, chairs and industrial machinery, from London buyout shop Montagu Private Equity LLP. That same month it sold Byram Healthcare Centers Inc. to Dutch drug and medical supplies retailer OPG Groep NV for \$132 million in cash. The successor firm is stocked with most of Fox Paine's senior talent, including all three of Fox Paine's former managing directors: Mitchell S. Presser, Kevin M. Schwartz and Troy W. Thacker.