

KEYNOTE INTERVIEW

More produce, less waste

Reducing waste for post-harvest produce presents a big opportunity for sustainability-focused investors, says Paine Schwartz's CEO Kevin Schwartz

Q What makes investing in sustainable food and agribusiness attractive?

We have been investing in sustainable food and agribusiness for 20-plus years. Our two core investment themes – productivity and sustainability and health and wellness – offer attractive investment opportunities with not only compelling size, growth and resiliency trends, but also synergistic alignment with key sustainability objectives.

In September 2023, we held our final close for Fund VI at \$1.7 billion, above target and within one year of our first close. This demonstrates the continued resonance of our strategy with a broad range of private equity, real assets and impact-oriented investors.

Q Why is food waste so important?

Food waste is a massive problem globally. One-third of all food produced (and almost half of all fruit and vegetables) is wasted. Post-harvest waste reduction represents a multi-billion-dollar opportunity and a transformative global sustainability driver. As a provider of mission critical preservation solutions that enhance and extend the shelf life of fresh produce, AgroFresh, one of the first investments for Fund VI, is well-positioned to capture this opportunity.



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Q How did you source the AgroFresh investment and how did that result in the 2023 take-private?

We originally invested in AgroFresh through Fund V in July 2020 after tracking the company for several years. During our roughly three-year hold, we built increasing conviction in the upside opportunity accessible through the private markets. AgroFresh's capital structure hindered the company's ability to invest in organic and inorganic growth and, in our view, created a dislocated valuation. We unlocked this opportunity through a take-private transaction via Fund VI, which closed in March 2023. This transaction was done at an attractive entry multiple, generated a significant amount of co-investment and provided liquidity for Fund V investors.

Q What were the key accomplishments during your first year of ownership?

Over the last year, we have made significant progress on both organic value creation and transformative M&A, including the successful completion of two material add-on acquisitions. In September 2023, we acquired Tessara, an industry-leading provider of intelligent packaging solutions specializing in SO₂ generating sheets for preserving fresh produce. In March 2024, we acquired Pace International, which provides fungicides, pre- and post-harvest coatings, cleaners, sanitizers and sustainable storage treatments.

Q How can further value be created at AgroFresh?

With AgroFresh's expanded capabilities, we have a diverse and innovative portfolio of solutions that can help transform global supply chains, improve produce freshness and quality, minimize food loss and maximize sustainability. With the senior talent and resources we brought together, the company is investing behind key value creation levers including R&D, innovation, talent and commercial growth to expand AgroFresh's position as the industry-leading solutions provider from harvest to home. ■