

## Nu-Gro Corp. to acquire Scotts Pro Turf in Canada

By ANDREW OVERBECK

BRANTFORD, Ontario — While Scotts is selling its U.S. professional turf business to Maumee, Ohio-based The Andersons Inc., fertilizer manufacturer The Nu-Gro Corp. has signed a letter of intent to acquire Scott's Canadian Professional Turf business.

"We think we have a strong professional fertilizer line in Canada and Scotts has been a respected competitor for a while," said Greg Flanagan, chief financial officer of Nu-Gro. "Putting the two product lines together will be good for our business."

The task of integrating the two

product lines will not be nearly as involved as it will be for Andersons.

"The size of the Canadian market is about 10 percent of the size of the U.S. market, so it is a small part of the total deal," said Flanagan.

Nu-Gro, which has 250 employees and grossed \$130 mil-

lion Canadian in 1999 sales, will be taking on three Scotts salesmen and may build additional storage facilities, said Flanagan.

"This will add about 30 percent to our professional business," Flanagan said. "But we will be dealing with the same customers, so it will just mean adding a product line to the same distribution network that we've already got."

The Scotts acquisition will add an N-P-K line to Nu-Gro's product mix. "That will be a new addition," said Flanagan. "There may be some decisions that have to be made on products that overlap. We will talk to customers and see how things play out."

The boards of both companies must approve the acquisition, but Flanagan expects finalize the transaction in May.

## Consolidation hits fertilizer industry

By ANDREW OVERBECK

With The Andersons' acquisition of The Scott's Co. Professional Turf Business well underway, consolidation will be the watchword in the fertilizer industry in the months to come.

"I believe this will be the catalyst for consolidation in the industry," said Scott Todd, senior vice president for Scotts Professional Business Group. "It will allow for greater efficiencies, courses will buy from fewer vendors, the industry dynamic will be healthier and there will be a more stable supplier — which is ultimately better for the end user."

According to Richard Anderson, president of Andersons Processing Group, industry consolidation is not only inevitable, but overdue.

"The fertilizer business is behind the eight ball compared to other industries," he said. "The forces behind consolidation are supply-chain management, critical mass, volume, economies of scale and logistics."

J.R. Simplot's impending agreements with Eco Soil and Pursell Technologies are further examples of this first wave of consolidation that is destined to change the structure of the fertilizer business.

"With Scotts abandoning the professional turf market, there is a foray of different companies trying to scramble around to see who is going to be the next national leader," said David Pursell, president and chief executive officer of Pursell Technologies, Inc.

Distribution changes and challenges are also to be expected.

"As time marches on, what is going to happen in this industry? There is going to be more and more consolidation and fewer and fewer truly independent distribution organizations and dedicated sales forces," said Eco Soil President William Adams. "When that happens, you don't have to sell everybody's product and you can narrow down to a few players in each category, allowing for more effi-

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