

Cargill Looks to Offload Deicing Salt Businesses



Snow plowing a winter road. Krasula/Shutterstock

Teasers have been distributed for a selection of assets that generate about \$375 million of revenue, The Deal has learned.



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ate agricultural and chemical products giant **Cargill Inc.** is looking to sell a selection of U.S. deicing salt businesses, The Deal has learned.

The company is working with advisers on a sale process for a selection of assets within its deicing technologies segment that generate roughly \$40 million of Ebitda on about \$375 million in revenue, according to people who have viewed marketing materials for the business.

Deutsche Bank AG, which has recent experience selling deicing salt businesses, has been tapped for the Cargill process.

The assets on the block consist of two backwards-integrated facilities, which mine, process and transport bulk deicing salts to municipalities, government agencies and private commercial businesses across the U.S. for use on roadways during winter storms. Cargill is selling its Cayuga Salt Mine in Lansing, N.Y., as well as its Cleveland salt operations. The bulk of the assets' profits are generated from the New York mine, one of the sources said.

The sale would effectively represent an exit from the salt mining business for Cargill, given it closed its third mine in Avery Island, La., in 2022.

It couldn't immediately be learned, however, if Cargill will seek long-term supply contracts with the future owners of the mines or otherwise remain involved in the deicing salt supply chain more broadly.

Minneapolis-based Cargill, which primarily supplies sodium chloride rock salt, has boasted of strides in the deicing salt industry in recent years by marketing a less corrosive and more environmentally friendly pre-wet sodium chloride product that uses a liquid magnesium chloride, along with corrosion inhibitors, coloring agents and leaching inhibitors.

Cargill's deicing technologies business also supplies anti-icing brines, or liquid salt solutions made up of calcium chloride, sodium chloride and magnesium chloride, as well as brine making equipment.

Nevertheless, Cargill's sale effort continues the recent theme of large chemicals companies cleaning up their images by exiting decades-old chemistries viewed as less environmentally friendly, and in part hoping that private equity firms with a sweet

tooth for attractive cash flows will be able to pass the investments off to their increasingly ESG-conscious limited partners.

The auction also comes just as an adjacent deicing salt miner and supplier has hit the block.

As The Deal reported in June, Canadian private equity firm **Parallel49 Equity** has tapped **RBC Capital Markets** to run an auction for its Calgary, Alberta-based deicing salt platform **Tiger Calcium Services Inc.**

The \$10 million to \$15 million-in-Ebitda business focuses on a slightly different deicing chemistry than Cargill, calcium chloride, and also sells specialty formulations intended to improve oil and gas well efficiency, including calcium bromide, calcium chloride, calcium nitrate and zinc bromide.

Still, some of the largest competitors in the space produce and distribute both technologies, and large private equity firms could see value in creating a new diversified North American platform in the space by exploring both deals, sources argued.

Kissner Milling Co. Ltd. parent Kissner Group Holdings LP, a portfolio of Los Angeles-based industrial holding company **Stone Canyon Industries LLC**, makes and supplies calcium chloride and sodium chloride ice melt products and a variety of other salt products and has been tipped as a potential acquirer in the space by sources.

Stone Canyon bought Kissner in April 2020 for \$2 billion and then agreed to purchase the **Morton Salt** unit from German potash company **K+S AG** in October 2020 for \$3.2 billion. Deutsche Bank and RBC sold the **Morton Salt** business for K+S.

For the smaller Tiger Calcium business, oilfield services and chemicals company **Tetra Technologies Inc.** (TTI), which sells calcium chloride products for use in road treatments and oilfield wells, has been tipped as another potential acquirer.

On the larger side of the industry, **Occidental Petroleum Corp.** (OXY) subsidiary **Occidental Chemical Corp.** is the self-described largest calcium chloride producer in

the world, and as such might face regulatory pushback with any splashy deal in the space.

Belgian chemicals giant **Solvay SA** makes and sells calcium chloride products under its Caso brand globally, though its production is entirely in Italy.

Cargill and Deutsche Bank officials did not respond to requests for comment.

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COMPANIES MENTIONED

Cargill Inc. Deutsche Bank AG K+S AG Kissner Milling Co. Ltd. Morton Salt

Occidental Chemical Corp. Occidental Petroleum Corp. Parallel49 Equity

RBC Capital Markets Solvay SA Stone Canyon Industries LLC Tetra Technologies Inc.

Tiger Calcium Services Inc.

DEALS MENTIONED

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