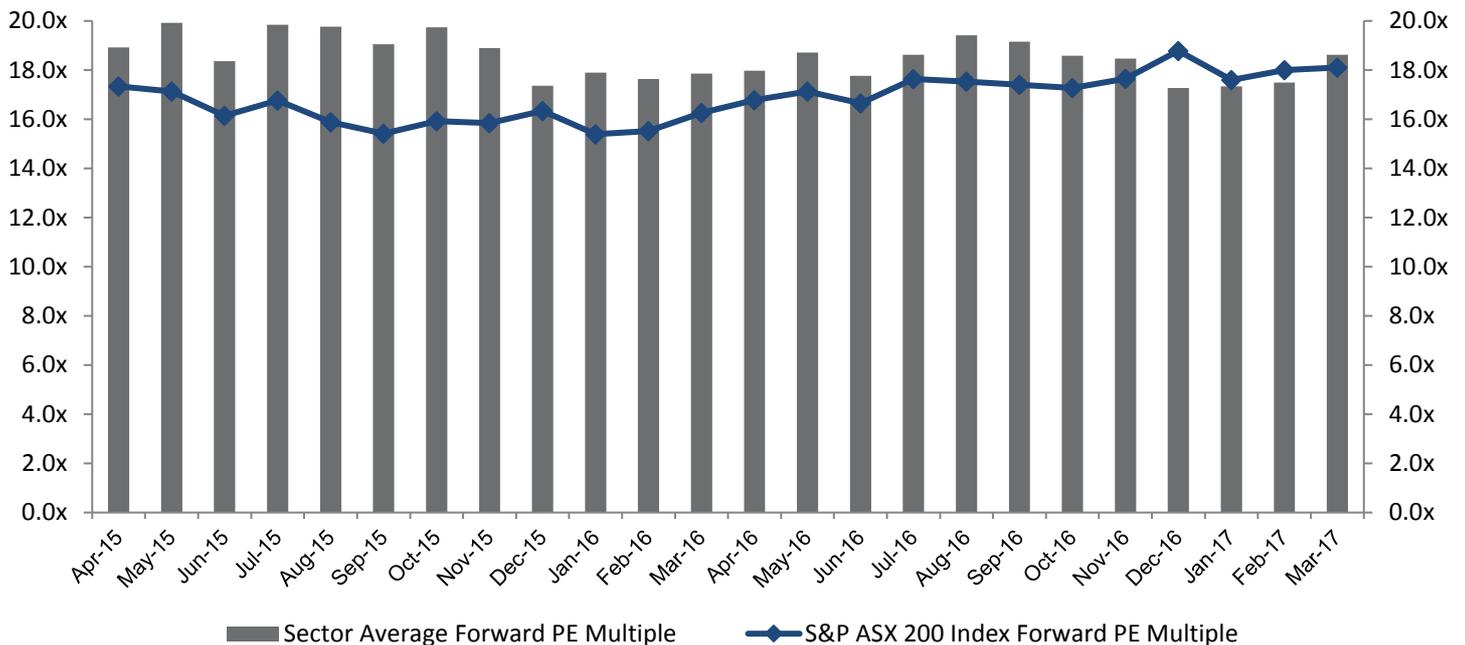


Food & Agribusiness

Pricing Multiples

Forward Price Earnings Multiples (monthly to 31.03.17)¹ Source: S&P Capital IQ

Multiples in the Food & Agribusiness (F&A) sector increased over the period. At the end of February, the F&A sector traded on a forward PE of 19.1x, above the ASX200 on 18.1x.



Average Values and Trading Multiples (as at 26.04.17) Source: S&P Capital IQ

Subsector	Enterprise Value	EV/EBITDA FY2017	EV/EBIT FY2017	Price / Earnings FY2017
Food Processing	11,211	14.2x	15.6x	18.6x
Distillers and Vintners	9,366	11.9x	16.6x	23.8x
Agricultural Products	7,246	11.0x	15.0x	18.9x
Food Wholesale/Retail	101,323	11.4x	14.5x	15.5x

Note: Multiples are based on the forward year of the unreported period. This is currently FY2017 for the majority of companies.

¹ The InterFinancial F&A Index set is an unweighted index comprising F&A related companies trading on the Australian Securities Exchange (ASX). Estimates are sourced from S&P Capital IQ.

Merger & Acquisition News...

- **United Petroleum** has acquired **Pie Face** to pursue a diversified growth strategy. United will leverage its scale and nearly 40 years of retail experience, with the company's founders having been involved in fuel retailing since the 1980s, to help grow the food chain and protect the inherent value of the **Pie Face** brand.
- **Beston Global Food Company (BFC)** has relinquished its convertible notes in **Paris Creek** and agreed to sell the Wellington dairy farm owned by **BFC** to **Paris Creek**. The transactions will provide proceeds to **BFC** of \$7m.

Chewing the Fat...

- **Dongfang Modern Agriculture**, an Australia-based citrus producer, aims to file an IPO application as early as May for a listing on KOSDAQ during November-December 2017. The Australia-listed Chinese company, which has a \$342m market cap, plans to go public in South Korea to expand into the domestic market. **Dongfang** is also interested in acquiring South Korea-based cosmetic companies that could use its camellia oil extraction for cosmetic products, and partnering with South Korean companies.
- **The Hydroponics Company**, an Australian cannabis-focused business providing hydroponics equipment, greenhouse design, and development of medicinal cannabis, will look at acquisitions after its ASX listing and welcomes pitches from advisors regarding specific targets. The company has \$1m set aside for potential acquisitions. Shares in ASX-listed medicinal cannabis-related companies have soared more than 130% this year, triggered by the Australian government easing restrictions on medicinal cannabis.
- **Bellamy's** is mulling the purchase of the **Blend and Pack** infant formula canning facility in Melbourne. **Bellamy's** is likely interested in the asset due to its infant formula approval licence, which is issued by Chinese regulators to plants in Australia.
- **Wellard** announced a fundraising initiative to raise approximately \$52m. The fundraising will be comprised of a placement of 25 million new shares to sophisticated and institutional investors, a fully underwritten non-renounceable pro rata entitlement offer on a 1-for-4 basis and the issue of USD 20m in convertible notes.
- **Pacific Equity Partners** is believed to be among a number of parties involved in second stage due diligence to buy **Mainland Poultry**, the New Zealand-based egg producer. **Mainland** could be valued at up to USD 154m.
- **Harry & Larry's**, a privately held Australian ice-cream maker, is targeting expansion into Southeast Asia and could consider bringing a strategic partner to this end, said co-owner and director Lawrence Harris. It would welcome approaches from strategics with regional expertise in frozen foods distribution.
- **Maltra Foods**, a private Australian-owned food manufacturer, could consider acquisitions to increase capabilities or product categories, General Manager Henri Kalisse said. The Victoria-based company could look at acquiring Australian companies, particularly those which could help to expand its capabilities in packaging, blending or sourcing, he said.
- Four bidders are competing for **Freshmax**, the Australia and New Zealand-based vegetable and fruit supplier, with all four suitors based out of Asia. **Freshmax** is anticipated to sell for USD 239m. **Fosun** and **Joyvio** have been mentioned as potential buyers.
- **Suntory Beverage & Food**, a Japan-based drink group, has confirmed it is selling its food and instant coffee **Cerebos** unit in Australia and New Zealand as well as the Singapore-based **Asian Home Gourmet** business. **Cerebos** reported \$20m in annual profit and roughly \$300m in sales in its Australia and New Zealand unit.
- **The Pure Food Co**, the privately held food care nutrition company based in Auckland, New Zealand, is considering bringing in strategic investors that could help it expand its business overseas, Director Sam Bridgewater said. The company has previously been approached by potential strategic and financial investors from Australia and Asia.
- **Bubs Australia**, an Australian infant formula and organic baby food maker, is currently assessing market entries to China and Singapore as it progresses its international expansion strategy, Commercial Director Nicholas Simms said. **Bubs** reported \$2m in half-yearly revenue and \$6.1m in cash equivalents for the 6 months ending December 2016.

If you are interested in specific information regarding mergers and acquisitions in the Food & Agribusiness sector, please contact Paul Keehan, David Hassum or Mark Steinhardt.

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This information has been sourced from the ASX, Mergermarket.com and various other public information sources. Forecasts are consensus forecasts sourced from S&P Capital IQ.

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