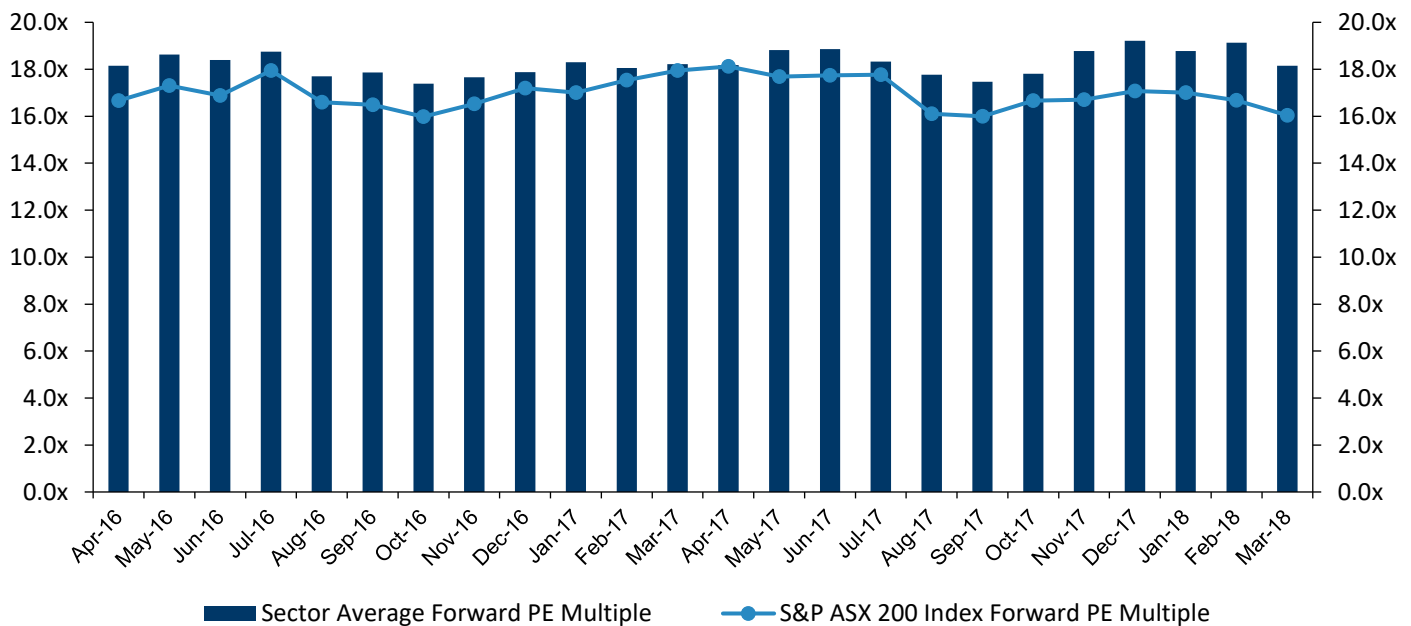


Food & Agribusiness

Pricing Multiples

Forward Price Earnings Multiples (monthly to 31.03.18)¹ Source: FactSet Research Systems Inc.

Multiples in the Food & Agribusiness (F&A) sector decreased over the period. At the end of March, the F&A sector traded on a forward PE of 18.2x, above the ASX200 on 16.0x.



Average Values and Trading Multiples (as at 16.04.18) Source: FactSet Research Systems Inc.

Subsector	Enterprise Value	EV/EBITDA FY2018	EV/EBIT FY2018	Price / Earnings FY2018
Beverages	21,668	15.2x	19.2x	16.5x
Food Producers	15,049	10.7x	14.9x	21.6x
Agricultural Commodities/Milling	7,440	11.3x	13.7x	18.3x
Chemicals	22,653	9.5x	12.7x	18.5x
Food Retail	86,087	9.4x	12.8x	19.0x
Food Distributors	6,115	8.2x	14.5x	11.6x

Note: Multiples are based on the forward year of the unreported period. This is currently FY2018 for the majority of companies. The constituents have been refreshed this month to ensure the sector groups and companies included are current.

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 FactSet Research Systems Inc.

Merger & Acquisition News...



Value: Not disclosed

Buderim Group has completed the acquisition of the **Royal Hawaiian Orchards** macadamia nut snacks company and merged it with its retail macadamia nut brand **Macfarms**. The merger poises **Buderim** to become the largest marketer of macadamia nuts in the continental US. Currently, **Royal Hawaiian Orchards** and **Buderim** are Hawaii's largest and second largest macadamia nut orchard owners, respectively, and are responsible for more than 65 percent of macadamia nut production in the US combined.



Value: Not disclosed

ASX-listed **Elders**, through its wholly owned subsidiary **Elders Rural Services Australia**, is acquiring **Titan Ag**. **Titan** is an Australian based producer and supplier of crop protection and animal health chemicals and fertiliser. Since starting its business in 2006, **Titan** has sold these products in Australia under the **Titan** brand exclusively through **Elders**. Based on the historical performance of **Titan**, **Elders** expects **Titan** to generate annualised additional Earnings Before Interest and Tax (EBIT) between \$6.5m and \$7.5m in its first full year of **Elders'** ownership.



Value: \$63.0m (rumoured)

Blue Sky Private Equity, the Australia-based private equity firm, has acquired **Birch and Waite Foods**, an Australia-based company engaged in manufacturing premium sauces and dressings, for a rumoured consideration of \$63m. Rumours have suggested an EV/EBITDA multiple for FY18 in the range of 7.8x-8.7x.



Value: \$20.0m

Roc Partners has invested \$20m into **Australia's Oyster Coast**, the Australia-based oyster supplier, in return for a majority stake. **Oyster Coast** is anticipated to use the money to buy farming assets and invest in processing capacity and marketing. The company's existing shareholders have already approved the transaction. **Oyster Coast** was created in 2015 to bring together several New South Wales' oyster growers.



Value: Not disclosed

Qantas Airways has signed an agreement for the sale of its catering businesses to **dnata**, an aviation services unit of the **Emirates Group**. The sale value was not disclosed. The transaction is subject to approval from ACCC. Approximately 1,200 employees of **Qantas' catering businesses** will become part of the **dnata** operation following completion of the sale. The catering businesses include wholly-owned subsidiaries **Q Catering** and **Snap Fresh**. **Q Catering** has centres in four Australian ports – Sydney, Melbourne, Brisbane and Perth. **Snap Fresh** is a state-of-the-art meal production plant in Queensland, specialising in Australian-made frozen meals for a number of airlines as well as customers in the healthcare and food retail industries.

Chewing the Fat...

- Australian nutritional milk powder specialist **ViPlus Dairy** expects international interest from China and Hong Kong, the US, and Europe. **ViPlus** is one of a limited number of Australian infant formula manufacturers that has a CNCA (Certification and Accreditation Administration of the People's Republic of China) accreditation and thus is permitted to export infant formula into China. Buyers could be companies in dairy, pharmaceuticals, fast moving consumer goods and baby products.
- ASX-listed **Elders** is actively seeking bolt-ons to strengthen its business. The \$807.8m market capitalisation company could spend around \$50m on bolt-on acquisitions. **Elders** has multiple opportunities in its pipeline that range from an EBIT of \$.5m up to EBIT of \$7m and would likely pay between 3.5x to 5x EBIT.
- **Yinmore Group** (Ying Mao Ji Tuan), a China-based privately held group active in biotechnology, agriculture, automotive dealership, healthcare and real estate spaces, is looking to acquire a wine producer in Australia to expand its wine business. The company is willing to talk with a wine producer which runs its own vineyard and plans to enter the Chinese market in the future.
- **Paine and Partners, Ruralco and Elders** are thought to be among suitors targeting New Zealand-based **PGG Wrightson**. China-based **Agria Corporation's** desire to exit **PGG** may be the reason it is available for sale. **PGG** has a market capitalisation of NZD 452m.
- ASX-listed **Tassal**, the Australia-based salmon producer, is set to announce an acquisition in North Queensland. The \$40m transaction will see **Tassal** enter the prawn market. The name of the target has not yet been disclosed. There are 15 major prawn fisheries in Australia and the industry is thought to be primed for consolidation. **Tassal** has a current market capitalisation of \$640m.
- Andre Felicio, majority owner of **Braza Churrascaria**, a Sydney, Australia-based Brazilian restaurant chain, is considering a sale of the company to focus on his new processed meat business. Felicio welcomes approaches from potential buyers for **Braza Churrascaria**, which generates around \$15m in annual revenue and is profitable.
- ASX-listed **Australian Agricultural Company (AACo)** is undertaking a strategic review process for **Livingstone Beef**. While this Strategic Review is underway, management will continue to focus on the controllable aspects of the production process, including further improving the operational efficiency of the plant.
- **Nectar Farms**, a Sydney, Australia-based protected-cropping horticulture company, is in talks with investors regarding future plans. The company's business plan for the coming few years, building 80-100 hectares of crop-producing glasshouses, requires \$300m of funding. However, stage one will see the establishment of 10 hectares at Stawell, Victoria, at a cost of around \$70m, which the company has several parties interested.
- An auction process is being run on **Maxwell Foods**, the Australia-based healthy snack company. An information flyer has been sent to potential suitors indicating that **Maxwell** expects to achieve \$100m in sales during the 2018 calendar year. China's **Bright Food**, domestic almond company **Select Harvests** and domestic family-owned **Scalzo Foods** are likely to consider offers for **Maxwell**. The company, which sells dried fruit, nuts, and confectionery could be valued at up to \$100m.
- **Blue Sky Alternative Investments** is examining options on **Wild Breads**, a loss-making bakery, initially invested in by **Blue Sky** in 2014. The specialty wholesale bakery had a loss of \$2.7m on a revenue of \$33.6m in FY17, compared to a \$0.365m net profit a year earlier. **Wild Breads** did not meet all of its banking covenants, and its lenders hold the rights to take necessary actions regarding the covenants breaches.

If you are interested in specific information regarding mergers and acquisitions in the Food & Agribusiness sector, please contact 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 FactSet Research Systems Inc.

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