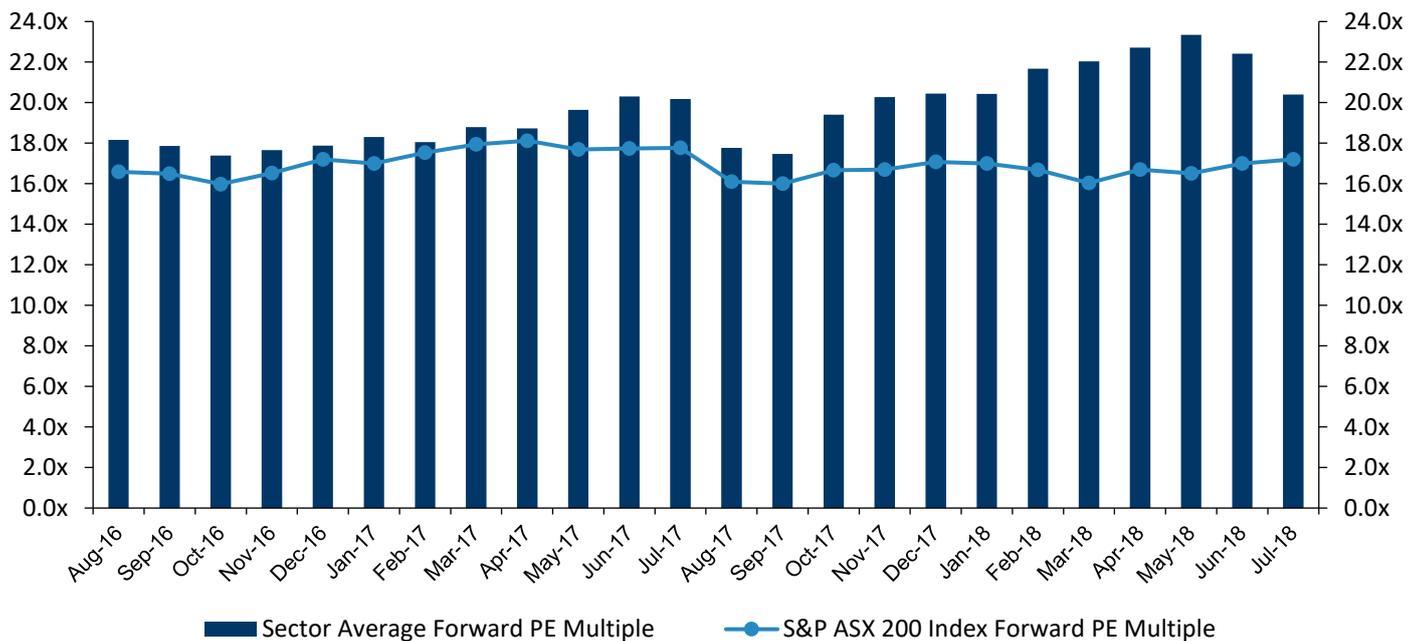


Food & Agribusiness

Pricing Multiples

Forward Price Earnings Multiples (monthly to 31.07.18)¹ Source: FactSet Research Systems Inc.

Multiples in the Food & Agribusiness (F&A) sector decreased over the period. At the end of July, the F&A sector traded on a forward PE of 20.4x, above the ASX200 on 17.2x.



Average Values and Trading Multiples (as at 20.08.18) Source: FactSet Research Systems Inc.

Subsector	Enterprise Value	EV/EBITDA FY2019	EV/EBIT FY2019	Price / Earnings FY2019
Beverages	22,917	13.8x	17.2x	23.4x
Food Producers	12,663	10.9x	13.5x	17.6x
Agricultural Commodities/Milling	8,174	12.4x	15.2x	18.2x
Chemicals	22,955	8.8x	11.8x	16.2x
Food Retail	102,626	10.4x	14.0x	20.2x
Food Distributors	6,172	8.5x	14.5x	17.3x

Note: Multiples are based on the forward year of the unreported period. This is currently FY2019 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: \$382m

PGG Wrightson is selling its Seed and Grain business to **DLF Seeds** for \$382m. **PGW** received expressions of interest from multiple parties internationally wanting to pursue a transaction involving the Seed and Grain business. The agreement provides for an ongoing close working relationship between **PGW** and **PGW Seeds**. **PGW Seeds** is seen as the leading temperate forage seed player in the Southern Hemisphere, while **DLF Seeds** occupies a similar position in the Northern Hemisphere. The remainder of **PGG Wrightson** is still for sale.



Value: \$7.3m

Romeciti has paid \$7.3m for **Kevin Sobels Winery**, the Australia-based family-run winery. **Romeciti**, the Sydney-based developer, will commit \$15m to upgrade the winery, with plans to turn the operation into a luxury travel destination.



Profarmer
AUSTRALIA

Australian
Crop Forecasters

Value: Not disclosed

The New Zealand Exchange has sold **Australian Crop Forecasters** and **Profarmer Australia**, the company's Australian grain data business, to **Rural Bank**. The Australian grain data business was identified as non-core during the exchange's strategic review last year. The Melbourne based agribusiness assets, **Australian Crop Forecasters** and **Profarmer Australia** have been sold to **Rural Bank**, Australia's only owned and operated dedicated agribusiness bank. All six Melbourne based staff will transition with the sale, effective 31 August 2018.



Value: Not disclosed

Hellers, the New Zealand-based processed meats business, is acquiring Australia-based poultry group **Moira Mac Poultry**. **Moira Mac** is a leading Australian manufacturer of chilled, ready-to-eat poultry. It was established in regional Victoria in 1983 and has grown to become a significant player in Australia's poultry industry with over \$40m in annual sales. It supplies major retailers, foodservice and convenience food manufacturers across Australia. **Moira Mac** is a key part of **Hellers'** Australian growth strategy, providing a platform to build on.



Value: \$20m

Sunland Fresh Fruit, the privately owned Australian fruit grower, has been acquired by Nigel Sharp and Harry Youngman's **Orana Agriculture**. **Orana Agriculture** paid around \$20m for **Sunland's** assets. Property records indicate that **Orana Agriculture** paid \$9.6m to buy **Sunland's** Barooga orchards near Cobram, \$4m to buy **Sunland's** 44-hectare packing shed on the Murray Valley Highway, and another \$5.13m for the Densen, Okane, and Pullars farming parcels. **Orana Agriculture** spent an additional \$1m to buy a power station on a separate title. **Sunland's** entire business was put up for sale last with a price of \$25m.



Value: Not disclosed

New World Foods, the Australia-based beef jerky maker of **Mariani Beef Jerky** and **Local Legends Beef Jerky**, has been acquired by entrepreneur Tony Quinn. **New World Foods** is thought to have annual sales of around \$30m and 100 employees split between its two locations in Australia and the UK. The company's products are sold in Australia, Japan, and the UK.

Chewing the Fat...

- **Guzman y Gomez**, the Australia-based Mexican restaurant chain, has received a \$44m investment from **TDM Growth Partners**. **TDM** will secure a significant minority stake, and capital will be used to fund further expansion.
- **Capilano Honey**, the Australian honey marketer, has entered into a scheme implementation agreement to be acquired by **Bravo HoldCo**. If the Scheme is implemented, **Capilano** shareholders will be entitled to \$20.06 per share cash, which represents a premium of 28.2% to the last close price and implies an FY18 P/E multiple of 19.3x and an EV / FY18 EBITDA multiple of 12.5x.
- **Retail Food Group** is hoping to locate a buyer for its **Pizza Capers and Donut King businesses**. **RFG's Crust Gourmet** business could also be available for sale. The private equity group **Allegro Funds**, owner of Eagle Boys and Pizza Hut, is considered the most likely buyer for the assets.
- **Moxey Farms** and **Leppington Pastoral Company** are said to be interested in **Coomboona Holdings**, the failed Australian dairy operation. **Harvey Norman** paid \$34m for a 49.9% stake in **Coomboona** in September 2015. The operation produces over 30m litres of milk per year from around 2,500 cows.
- **Arnott's**, the Australian biscuits maker owned by US-based **Campbell Soup Company**, would attract both private equity and strategic buyers with abundant firepower should it be put up for sale. Industry players and bankers are expecting Arnott's to be on the block as **Campbell Soup** is currently undertaking a strategic review and has already been sounding out interest in Europe for its meal business. **Arnott's** could be valued at more than \$1bn.
- **Longtable Group**, the Australia-based foods business, is seeking acquisitions. **Longtable** announced on 21 June that it would pay \$15m for **St David's Dairy**, which would join **Bd. Farm Paris Creek**, which was purchased in 2017 for \$34m, in the company's portfolio.
- **Tribe Breweries**, a private equity-backed Australian craft beer brewer, could make domestic acquisitions and aims to create more joint ventures in Asia. Sydney-based **Tribe** earlier this year received an undisclosed investment from Melbourne-based private equity firm **Advent Partners**, needed among other things to finance a new \$35m brewing facility in Goulburn, New South Wales. The company started to look for a partner last year.
- **CHAMP Private Equity** will acquire a range of upmarket crackers and biscuit manufacturers and will roll them into one umbrella firm. The brands to be acquired by the private equity firm includes **Olina's Bakehouse**, a maker of specialty crackers, and **OB Finest Specialty Crackers**, a manufacturer of crackers under the name of **Cranberry & Pumpkin Seed**. **Gullon**, which makes sugar-free biscuits, is also one of the companies to be acquired, and **Ocean Blue**, a distributor of seafood products such as salmon, blue swimmer crabs, and smoked salmon, will receive an investment from the private equity firm. Those companies will be rolled into **Gourmet Foods Group**, the umbrella firm whose controlling stake has been grabbed by **CHAMP**, according to the report. **Gourmet Foods Group** is to start business with an annual revenue of about \$150m.
- **AgriDigital**, an Australian provider of cloud-based commodity management software for the agriculture industry, plans a Series B capital raise for 1Q19. The company's cloud-based software helps grain growers, buyers, exporters, traders, and processors manage all interactions in the supply chain. In the past year, revenues have grown by 400%.

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

Contact Details

Name	Position	Phone	Email
Sharon Doyle	Managing Director	(07) 3218 9122	sdoyle@interfinancial.com.au
Chris Munday	Partner	(07) 3218 9100	cmunday@interfinancial.com.au
Mark Steinhardt	Director	(07) 3218 9105	msteinhardt@interfinancial.com.au
Cathy Montesin	Director	(07) 3218 9100	cmontesin@interfinancial.com.au
David Hassum	Director	(07) 3218 9108	dhassum@interfinancial.com.au
Andrew Wheeler	Director	(07) 3218 9107	awheeler@interfinancial.com.au
Simon Douglas	Director	(07) 3218 9100	sdouglas@interfinancial.com.au
Anthony Vago	Associate Director	(07) 3218 9100	avago@interfinancial.com.au
Jake Moyle	Associate	(07) 3218 9113	jmoyle@interfinancial.com.au
Michael Kakanis	Analyst	(07) 3218 9106	mkakanis@interfinancial.com.au

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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