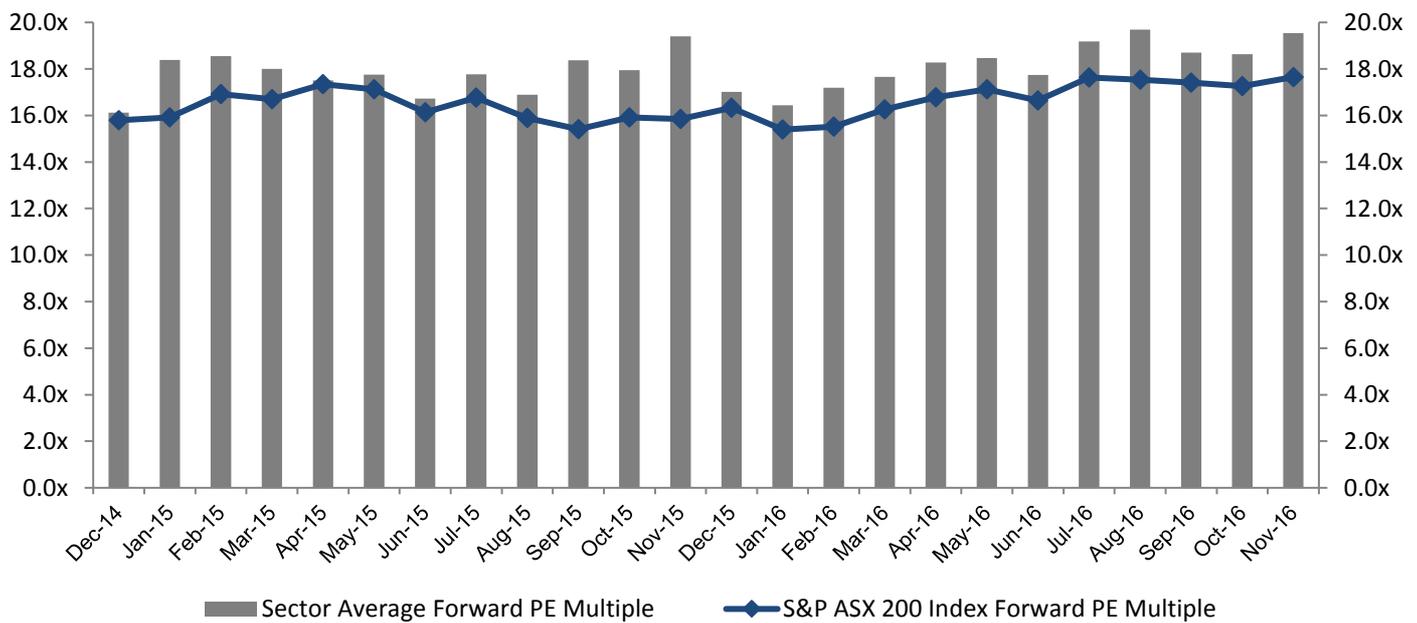


## Food & Agribusiness

### Pricing Multiples

#### Forward Price Earnings Multiples (monthly to 30.11.16)<sup>1</sup> Source: S&P Capital IQ

Multiples in the Food & Agribusiness (F&A) sector have increased over the period. At the end of November, the F&A sector traded on a forward PE of 19.5x, ahead of the ASX200 on 17.6x.



#### Average Values and Trading Multiples (as at 19.12.16) Source: S&P Capital IQ

Subsector	Enterprise Value	EV/EBITDA FY2017	EV/EBIT FY2017	Price / Earnings FY2017
Food Processing	11,929	13.0x	13.0x	18.3x
Distillers and Vintners	8,315	11.5x	16.2x	24.0x
Agricultural Products	7,735	10.2x	13.7x	18.6x
Food Wholesale/Retail	97,494	11.7x	14.6x	16.0x

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

<sup>1</sup> 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...

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- **Temptation Bakeries**, the Australian-based foods business, has been sold to a private investor. **Bakery Investment Group**, which is owned by Christopher Leach, is rumoured to be the new owner.
- **Unisuper**, the Australian superannuation fund, has invested \$150m to build a 25% stake in **Taumata Plantations**, the New-Zealand timberland business.
- **Food Revolution Group**, an Australian listed consumer foods group, has entered into agreements to acquire fast growing health food business **Healthy Warrior** and **Future Generation Foods** for approximately \$48m.
- **Leader Foods**, the New Zealand-based frozen foods business, has been acquired by **Patties Foods**. The sale value was not disclosed. **Leader Foods** has annual revenue of more than \$60m.
- **S. Kidman & Co's** sale has been approved by the Australian government. The sale represents a significant increase in overall Australian ownership in **S. Kidman** from 66.1% to 74.7%. Any future changes in ownership, including any increase in interest by **Shanghai CRED**, will require subsequent FIRB and Treasurer approval. The remainder of the **S. Kidman** business will be acquired by **Australian Outback Beef**, which is majority owned 67% by **Hancock Beef** with a minority interest of 33% by **Shanghai CRED**.
- **Raphael Geminder** has acquired **CVC Limited's** stake in **Green's Foods**, the Australian biscuit business. **Green's** considered a \$90m to \$120m IPO in 2014. It is unclear how much **Geminder** paid **CVC** for its stake.
- **InterGrain** has received an acquisition proposal from **Australian Grain Technologies**. The deal would bring together two local plant breeding companies focused on the development and adoption of improved varieties to meet the unique needs of Australian grain growers.
- **Freedom Foods Group**, an Australian food company, will acquire **Australian Consolidated Milk's** 50% stake in **Pactum Dairy Group** for \$50m. The company will also raise \$75m via a 2-for-25 pro rata accelerated non-renounceable entitlement offer and via an institutional placement of new shares.
- Bill McDonald, the Australian mining magnate, has sold his entire investment in **Camperdown Dairy International**. McDonald held 80% of **Camperdown**.
- **Dongfang Modern Agriculture**, an Australia-based citrus business operating in China, has sold a total of 80m shares, or a 20.3% stake, to three new investors; **Pan Cheung**, **Wing Nam Florence Fung** and **Sui Lun Franco Tong**.

## Chewing the Fat...

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- **Jiajafu Modern Agriculture**, an Australia-based vegetable grower with its main business in China, is seeking to raise \$5.1m in an IPO in Australia. The company is offering 17m ordinary shares at \$0.3 each, and another \$3.9m may be raised via oversubscription. The indicative market capitalisation at the offer price will be \$29.4m at the maximum subscription.
- **Pie Face**, the Australian fast food chain, is available for sale. **Pie Face** has fallen into receivership for the second time in the last two years.
- **Murray River Organics Group**, an Australia-based producer of dried vine fruit, is seeking to raise \$35m in an IPO in Australia. The company is offering 26.9m ordinary shares at \$1.3- each. The indicative market capitalisation at the offering price will be \$113.2m with a total of 87.1m shares on issue.
- **Archer Capital** has appointed a financial advisor to consider exit options for **Brownes Foods**, the Australian dairy business. Potential buyers may include **Freedom Foods**, US-based **Dean Foods**, Canada's **Saputo**, and New Zealand-based **a2 Milk**. **Brownes** has an EBITDA of around \$15m.
- **Harris Farm**, the Australian-based grocery business, could consider a partial sale to private equity or an IPO. **Harris** has been courting potential bidders over the last two years but has not had its price expectations met.
- **Archer Daniels Midland** received pitches from brokers seeking to sell its 19.9% stake in **Graincorp**. **Graincorp's** shares are currently trading at \$8.86 a piece, which is 2.3% higher than their July price of \$8.50.
- **Wild Breads**, the Australia-based bakery business, could be available for sale by FY18. **Wild Breads'** owner, **Blue Sky**, is considering the sale of its two-thirds stake in the business. The company could be valued at around \$80m.
- **Woolworths** could reach a deal under which **BP Group** takes control of its fuel retailing operations while it retains its convenience business. **Woolworths'** chief executive, Gordon Cairns, said recently that the business wants to exit petrol, but remain involved in convenience retailing.

- **E Agri**, a privately held Australia-founded hydroponic technology company, is raising capital to invest in the installation of two hydroponic facilities in Australia and China that will enable it to demonstrate its technology. The Singapore-headquartered company is seeking \$3m in exchange for a 10% stake.
- **Caramelicious**, a privately held Melbourne-based artisan caramel producer, is looking to sell a 30% to 50% stake to potential investors to raise over \$2m. The company is seeking a capital raise to grow locally, as well as to increase exports to Asia and the Middle East.
- **Bondi Beverages**, a privately held Sydney, Australia-based beverage producer, is seeking a strategic investor in the beverage or food space to accelerate growth. It could sell up to an 85% stake and is forecasting a turnover of \$2.2m.
- **Accolade Wine's** private equity owner, **Champ Private Equity**, expected to decide on IPO by end of January. **Champ** is expected to raise \$600m should it proceed with the float.

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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