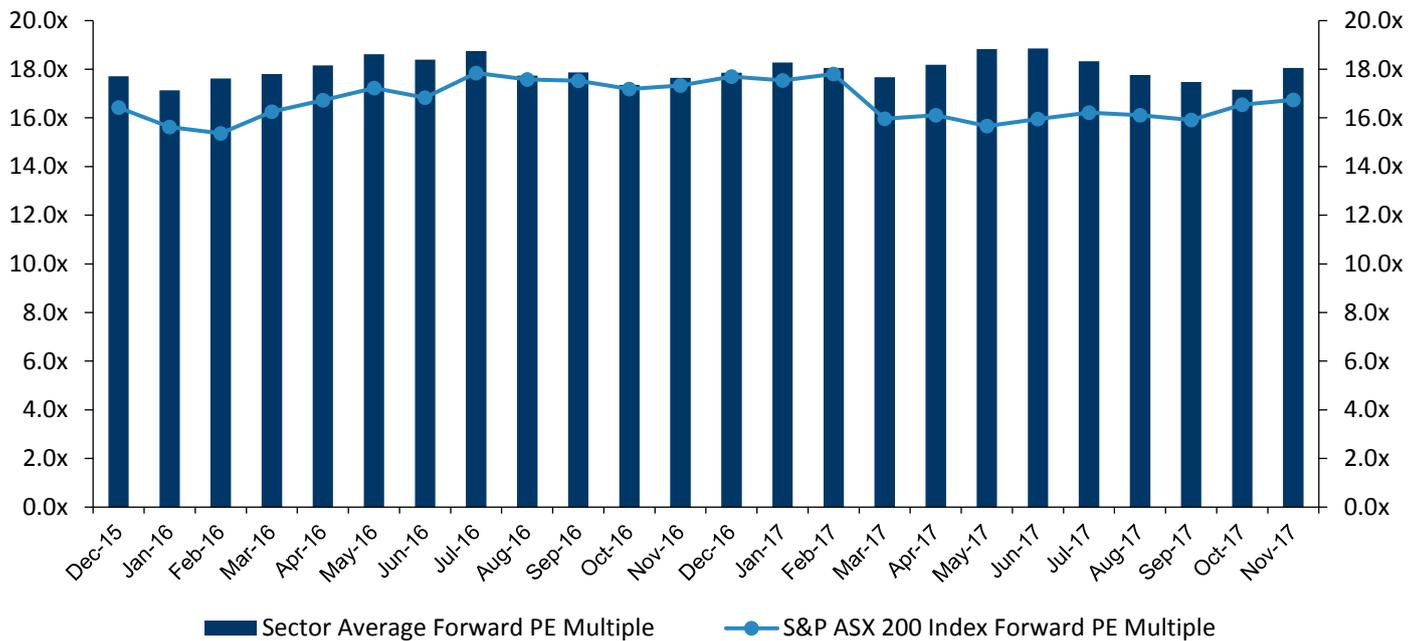


Food & Agribusiness

Pricing Multiples

Forward Price Earnings Multiples (monthly to 30.11.17)¹ Source: FactSet Research Systems Inc.

Multiples in the Food & Agribusiness (F&A) sector increased over the period. At the end of November, the F&A sector traded on a forward PE of 18.1x, above the ASX200 on 16.7x.



Average Values and Trading Multiples (as at 18.12.17) Source: FactSet Research Systems Inc.

Subsector	Enterprise Value	EV/EBITDA FY2018	EV/EBIT FY2018	Price / Earnings FY2018
Beverages	20,386	14.0x	18.0x	16.3x
Food Producers	9,131	12.7x	15.6x	21.1x
Agricultural Commodities/Milling	6,978	11.0x	13.6x	17.9x
Chemicals	22,880	9.5x	12.6x	17.9x
Food Retail	91,842	9.9x	13.5x	19.4x
Food Distributors	5,959	7.4x	11.0x	14.6x

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: \$~100m (rumoured)

V&V Walsh, the family-owned Australia-based food producer, has been acquired by the **Craig Mostyn Group (CMG)**. The deal is rumoured to be worth \$100m. **V&V Walsh** would maintain its current management and report to a new joint board of directors over the next five years. Furthermore, the businesses have many synergies that would allow CMG to grow in Western Australia, while adding to its capacity to develop new products, and expand into new markets. The two businesses together employ over 1,400 workers.



Value: \$12m - \$19m (estimated)

Murray Goulburn Co-operative Co. has sold its **Edith Creek facility** in Tasmania, to **Dutch Mill** group of Thailand, a privately held processor and marketer of milk and milk products throughout Asia. The sale value was not disclosed, however it's rumoured the company received rival offers ranging from \$12m to \$19m. The transaction includes the **Edith Creek** land and all assets associated with the site.



Value: Unknown

Pirate Life, the Australia-based brewer, has been acquired by **AB InBev**. The acquisition will enable further innovation for the brewers through a capital investment of \$10m in a new brewery, with **Pirate Life's** current brewery in Hindmarsh becoming a site dedicated to creating new beers, including sours, seasonal and barrel-aged products. The value of the transaction is unknown.



Value: Unknown

Nelson Forests, the New Zealand-based forestry business, has entered an agreement to be acquired by **OneFortyOne Plantations (OFO)**, the Australia-based forestry group. The acquisition reflects **OFO's** intention to grow its business through investment in well managed forestry operations which have a focus on sustainable domestic processing and strong community partnerships. **Nelson Forests** is currently 100% owned by investment funds advised by **Global Forest Partners**, a US-based timberland investment management organisation. The value of the transaction is unknown.



Value: \$20.6m

Yantai Changyu Pioneer Wine, a Chinese brewery, has agreed to buy an 80% stake in **Kilikanoon Estate** from 11 vendors for \$20.6m. **Kilikanoon Estate** is an Australia-based holding company which owns 100% of **Kilikanoon Wines**, a winery. **Kilikanoon Estate** is owned by a group of individual investors directly or indirectly.

Chewing the Fat...

- **Chocolate Graphics**, a Brisbane, Australia-based chocolate manufacturer, would like to hear from potential investors. **Chocolate Graphics** generates annual revenues of \$20m plus undisclosed revenues from licensing fees worldwide.
- **Harvey Norman** is open to offers for **Coomboona Holsteins**, the Australian dairy farming business. Plans to expand the farming business have been put on hold to focus on improving the operation. **Harvey Norman** paid approximately \$34m for 49.9% of **Coomboona** in 2015.
- ASX-listed **Elders** is selling its Indonesian beef export operations. **Austrex**, **The Great Giant Livestock Company**, and **Consolidated Pastoral** are believed to be interested in the operations. The asset could sell for around \$10m. **Elders'** Indonesian business was formed in 2000 to import and sell beef cattle and sell chilled and frozen beef.
- **Krinklewood Biodynamic Vineyard**, the Australia-based vineyard operation, has been put up for sale. The vineyard, owned by the Windrim family, could sell for over \$10m.
- **Dimbulah Coffee**, an Australia-style coffee chain based in Singapore, is on the lookout for a new investor to facilitate its growth. The coffee chain has been in the market since early 2017. **Dimbulah Coffee** has an EBITDA of around \$1m, and the vendor has a price expectation of 10x-12x EBITDA.

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 9109	cmontesin@interfinancial.com.au
David Hassum	Director	(07) 3218 9108	dhassum@interfinancial.com.au
Andrew Wheeler	Director	(07) 3218 9107	awheeler@interfinancial.com.au
John Crossland	Director	(07) 3218 9116	jcrossland@interfinancial.com.au
Kalan Douglas	Director	(07) 3218 9100	kdouglas@interfinancial.com.au
Simon Douglas	Director	(07) 3218 9111	sdouglas@interfinancial.com.au
Simon Campbell	Associate Director	(07) 3218 9100	scampbell@interfinancial.com.au
Craig Turner	Associate Director	(07) 3218 9112	cturner@interfinancial.com.au
Jake Moyle	Associate	(07) 3218 9113	jmoyle@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.

Important Disclaimer – This may affect your legal rights: Because this document has been prepared without consideration of any specific persons financial situation, particular needs and investment objectives, a financial services licensee or investment adviser should be consulted before any investment decision is made. While this document is based on information from sources which are considered reliable, InterFinancial, its directors, employees and consultants do not represent, warrant or guarantee, expressly or impliedly, that the information contained in this document is complete or accurate. Nor does InterFinancial accept any responsibility to inform you of any matter that subsequently comes to notice, which may affect any of the information contained in this document. This document is a private communication to clients and is not intended for public circulation or for the use of any third party, without the prior approval of InterFinancial. This report does not constitute advice to any person.

Disclosure. InterFinancial has no interest in any of the securities mentioned in this publication. However, its directors, executives or consultants may have an interest in some of the securities, directly or indirectly, which are mentioned.