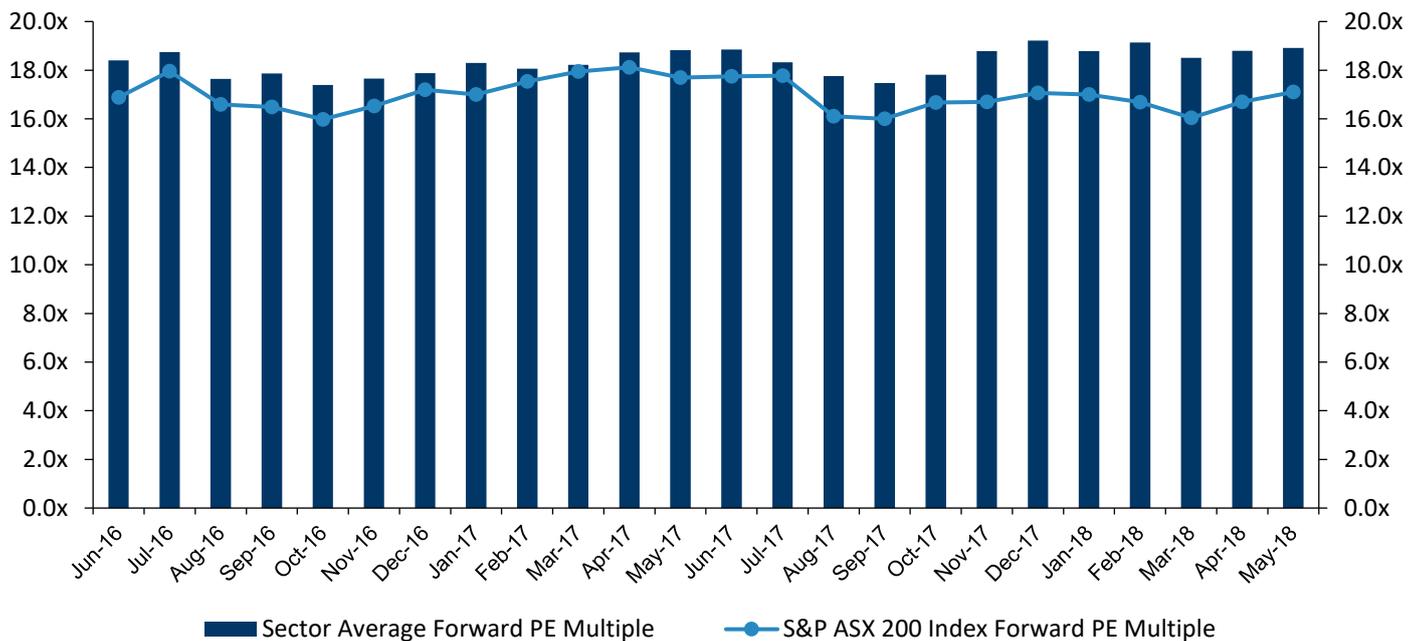


Food & Agribusiness

Pricing Multiples

Forward Price Earnings Multiples (monthly to 31.05.18)¹ Source: FactSet Research Systems Inc.

Multiples in the Food & Agribusiness (F&A) sector increased over the period. At the end of May, the F&A sector traded on a forward PE of 18.9x, above the ASX200 on 17.1x.



Average Values and Trading Multiples (as at 26.06.18) Source: FactSet Research Systems Inc.

Subsector	Enterprise Value	EV/EBITDA FY2018	EV/EBIT FY2018	Price / Earnings FY2018
Beverages	21,978	15.4x	19.5x	16.9x
Food Producers	14,265	13.6x	19.1x	24.6x
Agricultural Commodities/Milling	8,639	14.4x	17.9x	18.0x
Chemicals	23,339	10.1x	13.6x	19.6x
Food Retail	99,283	10.8x	14.7x	21.6x
Food Distributors	6,518	9.5x	9.9x	13.1x

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...



LONGTABLE
GROUP

Value: \$15.25m

ASX-listed **Longtable Group** has signed an agreement to purchase 100% of **St David Dairy**, the Melbourne-based inner-city dairy business, for \$ 15.25m. Established in 2013 and based in Fitzroy, **St David's** is a premium brand servicing Melbourne's leading cafés, restaurants and retailers with a range of locally sourced milk, butter, cream and yogurt. The dairy is a one-stop production, bottling and delivery shop. It employs 20 people and sources its milk from a farm located within 100 kilometres of Fitzroy, delivering its premium finished products to approximately 400 stockists.



Value: ~\$6m plus potential earnout (51% stake)

ASX-listed **Jatenergy (JAT)** has agreed to purchase a controlling 51% stake in **Sunnya**, an Australian exporter with a portfolio of milk powders and health products currently selling in China. The consideration will be \$3m in cash, 35 million fully paid ordinary shares in **JAT** plus two potential earnout payments. **Sunnya** reported revenue of \$1.9m and \$3.5m in FY16 and FY17.



Value: \$22.3m

Ausnutria Dairy Corporation, a Chinese dairy product company, announced that its British Virgin Islands-registered subsidiary **Spring Choice** will buy the remaining 50% stake in **Ozfarm Royal**. **Ausnutria Dairy** will issue 12.98m shares at a price of HKD 10 each to the sellers to pay the initial consideration. The deal value will be HKD 129.8m (\$22.3m). **Ozfarm Royal** is an Australia-based company engaged in the infant formula and nutrition business.



Value: \$25m (15% stake)

Nippon Suisan Kaisha (Nissui), the Japanese seafood giant has agreed to pay \$25m for a 14.99% interest in ASX-listed **Seafarms Group**. **Nissui** will become one of **SFG's** largest shareholders and will assist in the development of the company's **Project Sea Dragon**, a proposed, large-scale, integrated, land-based prawn aquaculture project being developed in northern Australia.

Chewing the Fat...

- Canada's **Mercer International** and **Folium Capital** are competing to buy **KKR's** sandalwood company **Santanol Group**, a deal could be finalised within the next month.
- **Conroy's Smallgoods**, a 116-year-old family owned South Australian smallgoods company, is considering a trade sale. **Conroy's** generated revenue of \$31m in 2017.
- ASX-listed woodfibre exporter **Midway** is positioning itself to seize potential acquisition opportunities in plantation management, forestry logistics as well as processing businesses both domestically and overseas. The Victoria-based company, with a market capitalization of \$192m, is working to assess opportunities and is receptive to approaches from potential targets or their representatives.
- **Ridley Corporation**, the Australia-based animal nutrition producer, is monitoring "two or three" potential acquisition targets and has not itself been approached by rumoured suitor **GrainCorp**. Contrary to media speculation, the company is not engaged in any talks with **GrainCorp**.
- Meal delivery business **HelloFresh Australia** has entered exclusive talks to buy **BeCool Refrigerated Couriers**, the Australia-based refrigerated transport business. A non-binding term sheet between the parties will allow **HelloFresh** to exclusively consider buying **BeCool's** assets and associated operations.
- **Allied Pinnacle** owner **Pacific Equity Partners** is believed to be close to commencing the sale process for the planned \$1bn-plus sale of the Australia-based baking products business. Potential buyers of the company, which has more than 4,000 customers and 21 manufacturing facilities, are likely to be Asian strategic buyers as well as global buyout firms.
- **SunRice**, the Australia-based rice grower, has announced a new proposal to list on the ASX to improve access to capital and support growth initiatives. If the ASX Proposal is successful, **SunRice** plans to conduct a small capital raising, which is anticipated to be in the order of \$20m to \$30m.

- ASX-listed **Elders** is expected to offer NZD 600m to buy NZE-listed **PGG Wrightson**. **Elders** is understood to have submitted an offer at a 20% premium to **PGG's** last closing price of NZD 67c per share.
- **Minerva Foods**, the Brazil-based beef business, may be considering an offer for **Australian Agricultural Company (AACo)**. **Australian Country Choice**, the Australian beef producer, could also be a potential suitor.
- **Sundrop Farms**, an Australian greenhouse operator majority owned by **KKR**, is seeking extra capital from outside investors to finance a business expansion plan. **Sundrop Farms** has a 10-year contract with **Coles** supermarkets to supply tomatoes produced at a production facility located near Port Augusta with a space of 20 hectares, where the company makes 17,000 tonnes of the product per year.
- **Marine Produce Australia (MPA)**, the Australian fish farming business, may be acquired by Singapore's **Barramundi Asia**. **MPA** has entered a Bid Implementation Agreement for a proposed off-market cash takeover offer by **Barramundi Asia** to acquire at least 70% and up to 100% of the issued shares of **MPA** for \$0.50 cash per **MPA** share. The proposed offer values the share capital of **MPA** at approximately \$18.5m.
- **Marley Spoon** will be seeking to raise about \$70m in an initial public offering in Australia in a deal that would value the Germany-based meal delivery kit business at about \$200m. **Marley Spoon** has a 2018 revenue forecast of \$146m, or a 75% YoY rise.

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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