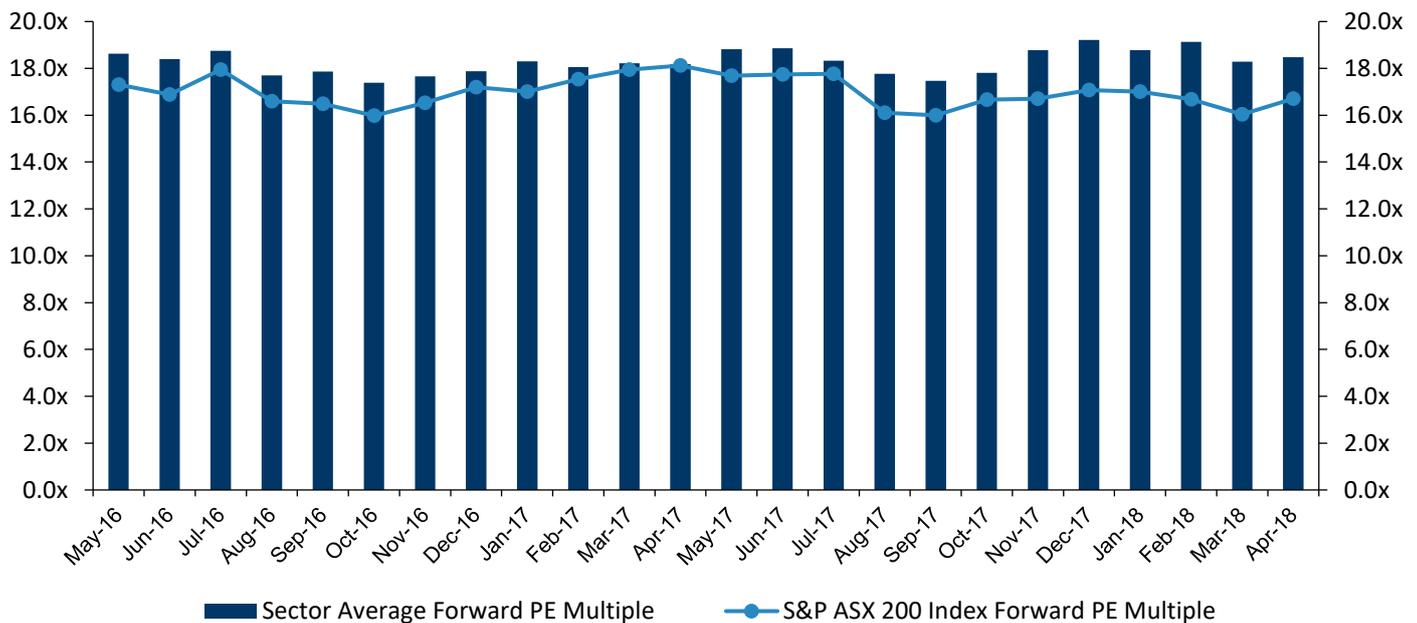


Food & Agribusiness

Pricing Multiples

Forward Price Earnings Multiples (monthly to 30.04.18)¹ Source: FactSet Research Systems Inc.

Multiples in the Food & Agribusiness (F&A) sector increased slightly over the period. At the end of April, the F&A sector traded on a forward PE of 18.5x, above the ASX200 on 16.7x.



Average Values and Trading Multiples (as at 21.05.18) Source: FactSet Research Systems Inc.

Subsector	Enterprise Value	EV/EBITDA FY2018	EV/EBIT FY2018	Price / Earnings FY2018
Beverages	20,917	14.5x	18.4x	16.5x
Food Producers	13,681	15.2x	18.4x	18.4x
Agricultural Commodities/Milling	7,975	12.5x	15.1x	18.5x
Chemicals	23,623	10.1x	13.6x	19.8x
Food Retail	93,596	10.2x	13.9x	20.4x
Food Distributors	6,990	9.6x	10.3x	13.7x

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

Pana Chocolate, an Australia-based vegan and organic chocolate company, has merged with Melbourne-based vegan and organic ice cream producer **Zebra Dream**. **Pana Chocolate**, which generates more than \$10m in annual revenue, declined to elaborate on the value of the transaction. The founder of **Zebra Dream**, Zak Bennett, will be incorporated as a shareholder and director in **Pana Chocolate**, and the merged entity will continue to trade under the **Pana Chocolate** name. **Zebra Dream** generates under \$5m in annual sales.



Value: Not disclosed

Amber Beverage Group, a Luxembourg-based alcohol spirits distributor and retailer, is acquiring a majority share in **Think Spirits**, an Australian spirits distributor. The deal, expected to be completed in May, expands **Amber's** global presence. **Think Spirits**, founded in 2004, is an independent distributor of premium spirit brands. **Amber Beverage Group** operates through its production and distribution companies in Russia, Mexico, the UK and the Baltics. The value of the deal was not disclosed.



Joint Venture

Tassal Group Limited is entering a joint venture with **Petuna**, through its wholly owned subsidiary, **Tassal Operations**, to co-operatively manage marine farms in Macquarie Harbour. Under the joint venture, each company will continue to own its own leases and its own fish and fish infrastructure, whilst a joint operational management committee will oversee the strategic management of the leases, with strong expectations of delivering better biosecurity and environmental outcomes among other benefits.

Chewing the Fat...

- **Loving Earth**, an Australia-based organic and fairly traded raw chocolate manufacturer, is focusing on organic growth despite investment interest from both local and international private equity firms. The Melbourne-based company, which generated \$12m in revenue in FY17, has received several approaches from private equity firms from Australia, the US and China in the past year.
- **Consolidated Pastoral Company (CPC)**, the Australia-based cattle business, has attracted farmers, local and overseas financial investors, superannuation funds, and strategic buyers. The potential buyers are rumoured to be inside **CPC's** dataroom and considering whether to lodge a first-round offer. Some suitors are believed to be considering offers for the entire business, which includes 20 cattle stations and over 400,000 heads of cattle, while others are only interested in parts of the company.
- A consortium of international institutional investors is selling a portfolio of eight almond orchards in Australia's Sunraysia region. The eight orchards cover 20,000 hectares and include 12,000 hectares of planted almonds. The portfolio, which is owned by **Schroder AdvEq**, **Danica Pesion**, and the **Municipal Employees' Retirement System of Michigan**, could sell for over \$300m. The consortium bought the portfolio in 2014 from Singapore's **Olam** for \$200m in a sale-and-leaseback transaction.
- NZE and ASX-listed **Tegel Group**, the New Zealand-based poultry business, has received a takeover offer from **Bounty Fresh Food** at a price per ordinary share of NZD 1.23, representing a market cap of NZD 437.8m. Prior to the offer, the company was trading at NZD 0.82, with the offer price representing a 50% premium.
- **Garlo's Pies**, a privately-held Australia-based meat pie maker and supplier, is looking at three potential acquisition targets, as well as continuing discussions with private equity firms. The company, which has annual revenue of \$20m, is in discussions with three local companies that it could acquire. **Garlo's Pies** has been looking for local targets in the baked goods space, with annual revenue of \$2.5m to \$20m.
- It is rumoured that **Pacific Equity Partners (PEP)** could soon launch a sale process for **Allied Pinnacle**, the Australia-based baking products business. **PEP** initially invested three years ago in what it is now **Allied Pinnacle**.
- ASX-listed **Costa Group** is targeting acquisitions in the citrus space and could look at avocado, and possibly tomato assets. Analysts anticipate that Costa will also seek acquisitions in the greenhouse segment, due to a large number of assets on the market.
- **Saputo** has launched a sale process for **Murray Goulburn's Koroit dairy plant**. **Saputo** was required to divest **Koroit** by the Australian Competition and Consumer Commission (ACCC) to gain approval to buy **Murray Goulburn** and will need to sell the asset quickly. The ACCC's required timeline has not been made public. **Koroit** is likely to sell for between \$200m and \$250m.

- **Santanol**, the Australia-based sandalwood business, has been put up for sale by **KKR**. **KKR** became the majority owner of **Santanol** after it financed the \$70m purchase of plantations owned by **Elders** and added them to those held by **Santanol's** founders.
- **Elders** is reviewing a number of potential acquisition opportunities, including New Zealand's **PGG Wrightson**, which could sell for \$600m.
- **Ausnutria Dairy Corporation**, a Chinese dairy product company, will slow down its merger and acquisition (M&A) activities after completing a string of acquisitions. However, the company will still be interested in small acquisitions that provide access to new markets or work to complement **Ausnutria's** value chain.

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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