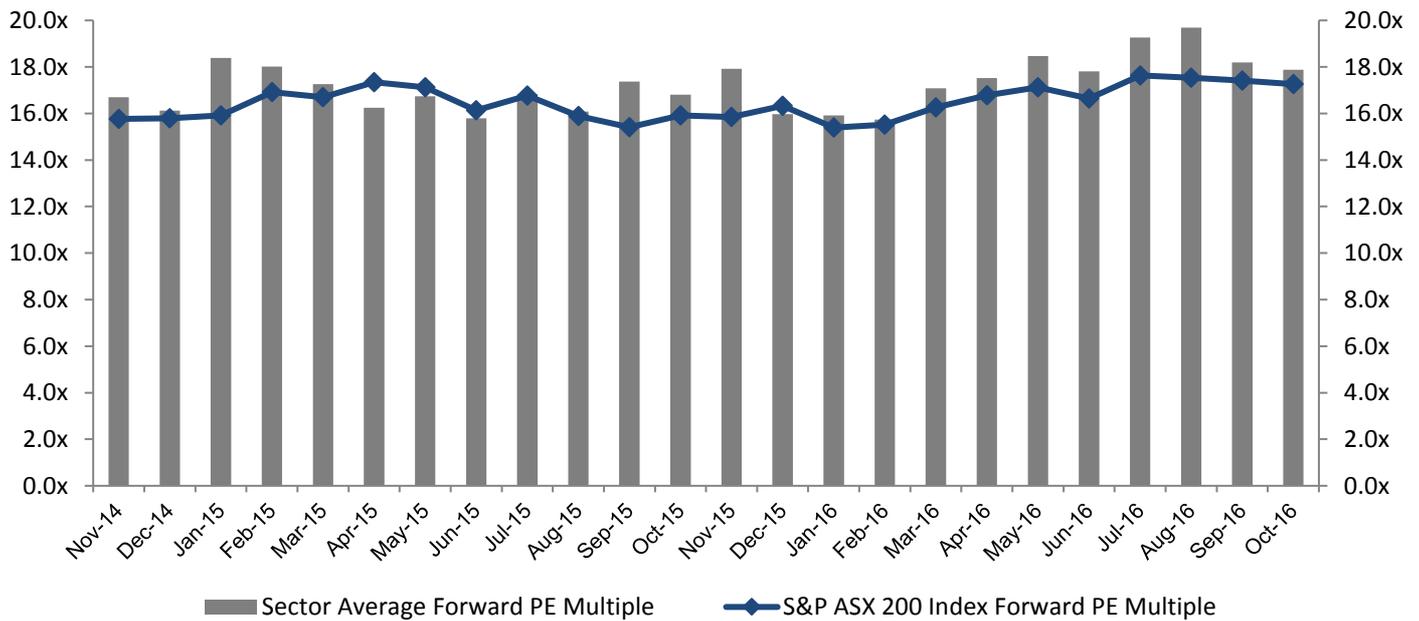


Food & Agribusiness

Pricing Multiples

Forward Price Earnings Multiples (monthly to 30.11.16)¹ Source: S&P Capital IQ

Multiples in the Food & Agribusiness (F&A) sector have slightly decreased over the period. At the end of October, the F&A sector traded on a forward PE of 17.9x, ahead of the ASX200 on 17.3x.



Average Values and Trading Multiples (as at 22.11.16) Source: S&P Capital IQ

Subsector	Enterprise Value	EV/EBITDA FY2017	EV/EBIT FY2017	Price / Earnings FY2017
Food Processing	12,151	12.8x	12.9x	17.8x
Distillers and Vintners	8,389	11.0x	14.6x	19.8x
Agricultural Products	7,360	9.7x	13.2x	17.5x
Food Wholesale/Retail	97,167	11.7x	11.0x	14.9x

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

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 S&P Capital IQ.

Merger & Acquisition News...

- **BBHO**, a consortium of Australian grazer families, has withdrawn its \$386m offer for **S. Kidman**, the Australia-based cattle business. The decision came after the Board of **S. Kidman** unanimously recommended that its shareholders accept an increased offer of \$386.5m from **Hancock Prospecting** and **Shanghai CRED** for a 100% stake in the Australian cattle empire.
- **Urban Purveyor Group**, the Australia-based restaurant business, has agreed to merge with **Rockpool Group**, the Australia-based food entity. The deal was valued at \$100m and the new entity will be known as **Rockpool Dining Group**.
- **Sealanes**, the Australia-based food distribution business, has been acquired by **Superior Food Services**, the Australian wholesale food business majority owned by **Quadrant Private Equity**.
- **Wesfarmers** (ASX:WES) announced that its subsidiary **Coles** will conclude a ten-year agreement with **Citi** for the distribution of **Coles** branded credit cards. Following a specified migration period, **Citi** will be the credit card issuer, manage the operations of the credit card portfolio and fund the receivables. The portfolio had gross receivables of approximately \$880m.
- **Pizza Hut** has acquired **Eagle Boys** and is now in the process of converting more than 50 **Eagle Boys** stores to **Pizza Hut** outlets. **Eagle Boys** holds less than 10% market share of the \$3.7bn Australian pizza market with 114 stores, while **Pizza Hut** holds as much as 25% market share. **Pizza Hut Australia** will now have more than 320 total number of stores.

Chewing the Fat...

- **CropLogic**, a privately-held New Zealand-based agriculture technology business, is planning a listing on the ASX in early 2017. The company is expected to be valued at between NZD 10.2m and NZD 30.7m
- **Ocean Grown Abalone**, the Australia-based aquaculture business, is targeting May through June 2017 for its IPO. The IPO could raise \$12m to \$15m.
- **Baiada Poultry**, the Australia-based poultry business, could be considering an IPO. **Baiada Poultry** may be larger than **Inghams**, which is now set to list for between \$1.3bn and \$1.5bn.
- **Woolworths** (ASX:WOW) may consider selling its liquor assets, which includes a 75% holdings in **ALH Group**, which controls and runs 330 licenced hotels, and **Endeavour Drinks**, which owns the retailers Dan Murphy's, BWS, Cellarmasters, and others. In addition, **Big W's** chief executive, Sally Macdonald, has left her role, fuelling speculation that **Woolworths** could sell the business.
- **ALOHA**, a New York City-based retailer of snacks, teas, vitamins and supplements that are vegan, non-GMO and soy-free, is preparing to raise its next round of growth capital. **ALOHA** does not currently distribute beyond the US, but will begin assessing overseas markets for entry in 2017.
- **365Greenboom Agricultural Technology**, a China-based privately held agribusiness, is seeking to buy an orchard or a vegetable farm target in Australia. The company is hoping to acquire a controlling interest in the target and has a war chest of up to USD 7.4m.
- **Noosa Chocolate Factory**, the Queensland-based family owned producer, plans to enter Japan in 2017 ahead of a possible US entry. The company, which operates a chocolate factory in Noosa and four stores in Brisbane, plans to open its first store in Tokyo in April next year.
- **Jamie Oliver Group** has been named by **Keystone Group's** receiver as the preferred bidder for the **Jamie's Italian** restaurant franchise chain in Australia.
- **Accolade Wines**, the Australia-based wine business owned by **CHAMP Private Equity**, is in the final stage of talks to acquire the Australian wine portfolio of **Lion**. **Accolade**, the second biggest wine company in Australia, is ready to spend as much as \$100m for the acquisition of the wine unit, which includes inventories and brands of wine.
- **Brandhouse**, a private New Zealand liquor and wine supplier, is keen to enter new markets or expand in existing ones through joint ventures. The Christchurch-based company would entertain talks with interested partners, especially offshore distributors.
- **Manuka Health New Zealand**, a private equity-owned Manuka honey company, could acquire a beekeeping business in New Zealand over the next 12 months for the purpose of growing its supply of honey.
- **Manildra Group**, the Australia-based food processor, could be available for sale. The company includes a flour mill, sugar refinery, meat processing operations, and canola and sugar operations.

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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