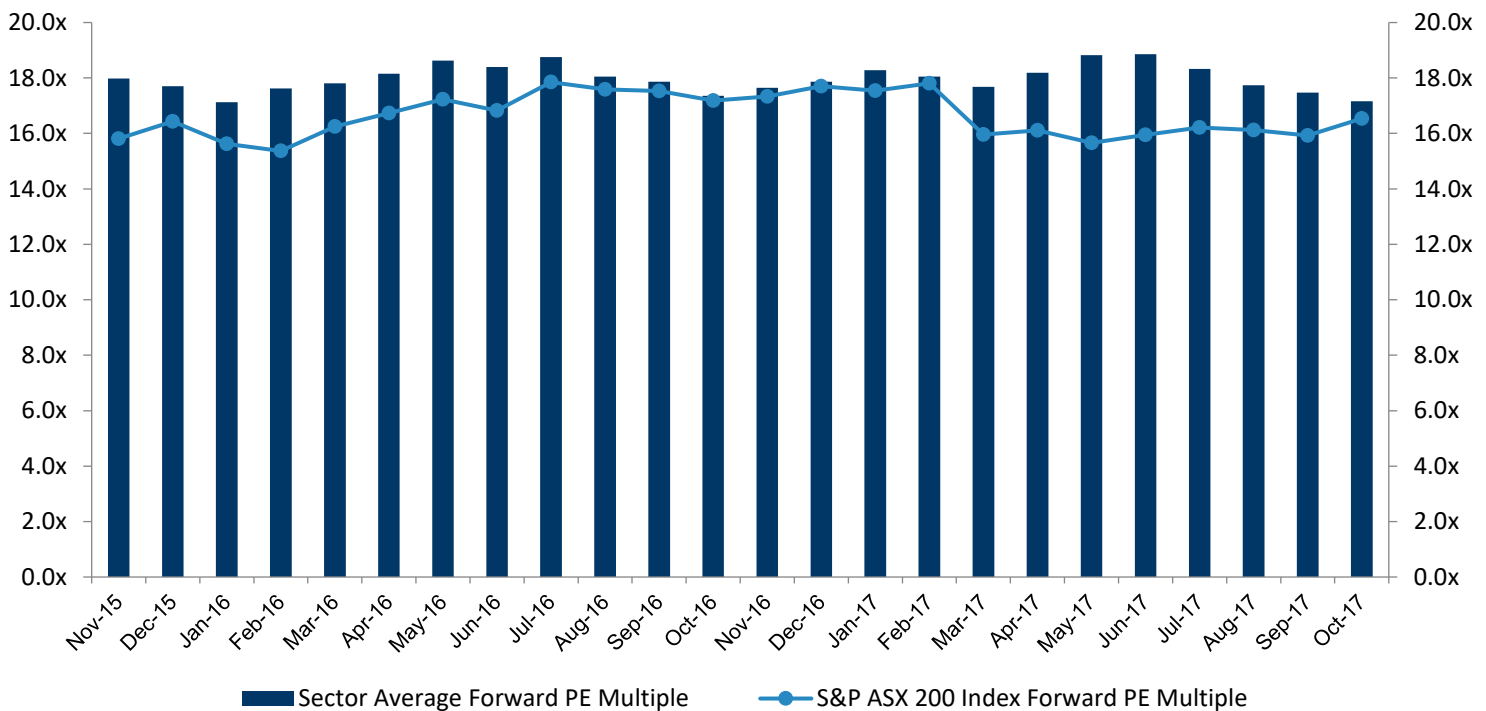


Food & Agribusiness

Pricing Multiples

Forward Price Earnings Multiples (monthly to 31.10.17)¹ Source: FactSet Research Systems Inc.

Multiples in the Food & Agribusiness (F&A) sector increased over the period. At the end of October, the F&A sector traded on a forward PE of 17.2x, above the ASX200 on 16.5x.



Average Values and Trading Multiples (as at 23.11.17) Source: FactSet Research Systems Inc.

Subsector	Enterprise Value	EV/EBITDA FY2018	EV/EBIT FY2018	Price / Earnings FY2018
Beverages	19,768	13.6x	17.3x	14.6x
Food Producers	9,623	12.1x	14.7x	18.8x
Agricultural Commodities/Milling	6,983	10.1x	12.5x	16.6x
Chemicals	23,346	9.7x	12.9x	18.4x
Food Retail	87,829	9.6x	13.1x	18.6x
Food Distributors	5,794	7.4x	11.0x	14.9x

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: \$111m

Nufarm has entered into a binding agreement to acquire a European cereal broadleaf herbicide portfolio from **FMC Corp** for \$111m. The completion of the acquisition is subject to European regulatory approval, which is expected to be received within the next few months. The two largest markets for current sales of the **FMC** portfolio are France and Germany, two of **Nufarm's** key European strategic hubs. The herbicide portfolio offers a strong near-term growth profile and is expected to contribute \$15m in EBITDA in FY2019.



Value: ~\$640m

Additionally, **Adama Agricultural Solutions** and **Syngenta** have entered into a binding agreement with Nufarm to sell a portfolio of crop protection products for USD 490m. The combined portfolio of products includes off-patent crop protection formulations in the herbicides, fungicides, insecticides and other categories. No physical assets (apart from inventory) or personnel will be transferred as part of the transaction.



Value: \$1.31bn

After a drawn out sale process, Canada-based manufacturer of dairy and grocery products, **Saputo** has agreed to acquire **Murray Goulburn Co-operative Co**. The deal was valued at 0.5x Murray Goulburn's FY17 revenue. The company reported an EBITDA loss of \$336.3m in FY17. The **Murray Goulburn** board rejected at least five higher-priced offers when voting to sell the business to **Saputo**. It is thought China's **Mengniu-Cofco** offered to pay \$1.5bn for **Murray Goulburn's** processing plants and committed to spending \$300m to \$400m in the next five years to expand the business. **Saputo** has announced that it may consider other acquisitions in the Australian dairy space.



Value: \$271m

Malaysia-headquartered **Navis Capital Partners** has completed a majority stake acquisition of New Zealand-based egg producer and distributor **Mainland Poultry** from existing shareholders. **Navis** will bring in capital to allow **Mainland Poultry** to convert more farms into barns and free-range spaces. **Navis** will look to increase exports and processing capabilities and may conduct some roll-up acquisitions in Australia and Asia. **Mainland** is New Zealand's largest egg producer and more than 90% of the company's revenue comes from the local market, leaving **Navis** amply opportunity to explore the export market.



Value: ~\$68m

Costa Group, Australia's leading horticultural company, has agreed to acquire an additional 41% of the shares in **African Blue**, a joint venture that cultivates blueberries in Morocco. The transaction is worth a minimum of \$68m and takes **Costa Group's** stake in **African Blue** to 90%. The principal market for **African Blue** blueberries is the UK and Europe.



Value: \$81m

Tianma Bearing Group, a Chinese bearing maker, signed an agreement to sell a 100% stake in its Australia-based wholly owned agriculture subsidiary **TBG Agri Holdings** to **Zhejiang Tianma Elevator Co**. for approximately \$81m. **TBG Agri Holdings** posted revenue of ~\$11.5m in FY17.



Value: \$25m

Bubs Australia reached an agreement to acquire 100% of **NuLac Foods**, an Australian major producer of goat milk for a cash consideration of \$25m. The deal allows **Bubs** to become Australia's only vertically integrated producer of goat infant formula and gives them ownership of goat milk powder market leader **CapriLac**. **Bubs** also successfully completed a \$15m institutional share placement.



Value: ~\$50m

Hewitt Cattle Australia has purchased a 15% stake in **Arcadian Organic & Natural Meat**. The deal includes two of **Arcadian's** farms and is valued at around \$50m. It is thought there is significant room for growth in the organic foods market.

KraftHeinz

Cerebos
A SUNTORY GROUP COMPANY

Value: ~\$290m

Cerebos Pacific, an Australian subsidiary of Japan's **Suntory Beverage and Food**, will sell its food and instant coffee businesses to **The Kraft Heinz Company** for approximately \$290m. The transactions are expected to complete in the first quarter of 2018. The sale agreement does not include the **Cerebos Fresh Coffee** business in Australia/New Zealand, which **Suntory Beverage and Food** will retain and will form part of a new business unit focused on capturing a larger share of the rapidly growing global fresh coffee market.



Value: ~\$48m

Hallo Pizza, a private German pizza delivery service, has been acquired by **Domino's Pizza Deutschland**, a majority-owned joint venture of ASX-listed **Domino's Pizza Enterprises**. **Hallo Pizza** has a chain of 170 stores in Germany. This strengthens **Domino's** leading market position in Germany, increasing store count from 209 to approximately 300-340 following brand conversions. An additional EUR 20m – EUR 30m will be spent on integration, re-branding, store conversion and transaction costs over the next 24-36 months.

Value: \$42m

Additionally, **Domino's Pizza Enterprises** will acquire **Bain Capital's** stake (25%) in **Domino's Pizza Japan** for \$42m.



Value: Unknown

Family Foods WA, the privately-owned Australian foods group which bakes bread under the **Bovell's**, **Regal**, and **De Campo** brands, has acquired **Mias Bakery**, the West Australian bakery business. **Family Foods** bought **Mias** out of administration and plans to continue the production of its brand. The company plans to consolidate the expanded operations. **Mias** went into administration in July 2017, and employs over 90 staff.



Value: \$1bn

The Real Pet Food Company owner **Quadrant Private Equity** has sold the pet food business, formerly known as **VIP Pet Foods**, for \$1bn, two years after purchasing the company. The acquirer is an Asian consortium of **Hosen**, **Temasek** and **New Hope**, and is expected to cooperate with existing shareholders and the company management to promote global business expansion strategy. The pet food company has an annual revenue of about \$500m, up from \$300m two years ago.

Brownes

Value: Unknown

Brownes Food Operations owner **Archer Capital** has sold the Western Australian dairy business to a Chinese group led by **Shanghai Ground Food Tech Co.** The consortium is called **Australia Zhiran Co.**, and consists of the Shanghai-based company and other Chinese investors including **Changchun Lianxin Investment Consulting**, a private investment firm. The value of the transaction was not disclosed.



Value: ~\$150m

Adamantem Capital has acquired a controlling stake in **Hygain**, the horse feed business. The deal, signed this week, valued the target at nearly \$150m. Hygain founder and Managing Director Greg Manley will remain invested in the group.

PRIMARY OPINION
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Value: \$34m

Australian organic dairy business **B-d Farm Paris** has entered into a binding agreement to be acquired by ASX-listed **Primary Opinion**. The sale price is reported as \$34m. Furthermore, the company is seeking to raise \$43m via an institutional placement, to finance the acquisition.

Chewing the Fat...

- **Nuchev**, the Australia-based infant formula business, is considering several options to fuel its next phase of growth, including an IPO on the ASX. Revenue figures for the business are unknown, but it is believed the group is budgeting for strong growth and has the capacity to quickly increase supply. **Nuchev** produces a goat's milk infant formula brand called **Oli6** and has a large presence on pharmacy shelves in chains such as **Chemist Warehouse**, **Terry White**, **Chemmart**, and others.
- **Bounce Foods**, the UK-based healthy snacks manufacturer, is seeking an external investor for the business. **Bounce** generates up to GBP 20m in annual sales and currently breaks even.
- **Mackay Sugar**, the Australian sugar milling company, is in talks with potential investors regarding a cornerstone investment of at least \$150m. It is understood that a full sale has not been ruled out. The capital injection of \$150m at minimum will be used to pay down debt and to undertake capital investment in the sugar mills.
- **Rebello Wines**, the South Australia-based family owned fruit wine and cider company, is seeking a financial investor or trade player to inject capital to grow locally and internationally. The company is ready to take on an equity investor that can bring scale, expertise and the ability to expand the distribution footprint nationally and internationally.
- **Darrell Lea**, the confectionary business, has launched a revived sale process with updated financial numbers. Final offers for **Darrell Lea** are due early next month, with **CHAMP Private Equity** believed to be involved in the process.
- **Rivalea**, an Australian-based pork producer owned by Singapore-based **QAF**, has called off plans to list on the ASX. The company was being prepared to list next month and was expected to raise up to \$100m. The IPO was reportedly called off because fund managers' and the market's price expectations did not meet those of the vendor.
- **Saputo** and **Murray Goulburn** are looking at divesting some of **Murray Goulburn's** businesses to satisfy the ACCC, after **Saputo's** \$1.31bn offer to buy the Australian dairy producer. **Bega Cheese**, **Parmalat** and **Lion** are listed among the potential companies keen on acquiring a slice of **Murray Goulburn**.
- ASX-listed **Elders** is seeking acquisitions in Australia's "blue-chip" agricultural space to fill gaps in its portfolio. **Elders** is set to pay its first dividend since 2008 on 15 December after reporting a net profit of \$116m. **Elders** has a market capitalization of \$637m.
- **Guzman Y Gomez (GYG)**, the Australia-based Mexican fast food chain, is seeking a partner to inject equity into the business. The company has held talks with private equity firms and family offices and is looking to raise around \$25m. **GYG** is seeking funds to speed up its Australian expansion, invest in technology, and move into the US market. The new investor would be asked to stay with the business for three years before an exit option, such as a trade sale or IPO, is considered.
- **Duxton Broadacre Farms**, an Australian company engaged in the acquisition and aggregation of land suitable for agricultural businesses, is seeking to raise as much as \$22m in an initial public offering. The indicative market capitalization, upon the completion of the offer, will be \$66.2m at the maximum subscription.
- **Noisette**, the bread maker, is in exclusive talks to be acquired by **Next Capital**. **Noisette** co-owner David Menard has been seeking a partner to help grow the business, which could have an enterprise value of \$100m. **Next Capital** typically buys controlling stakes in businesses and then works in partnership with owners and founders.

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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