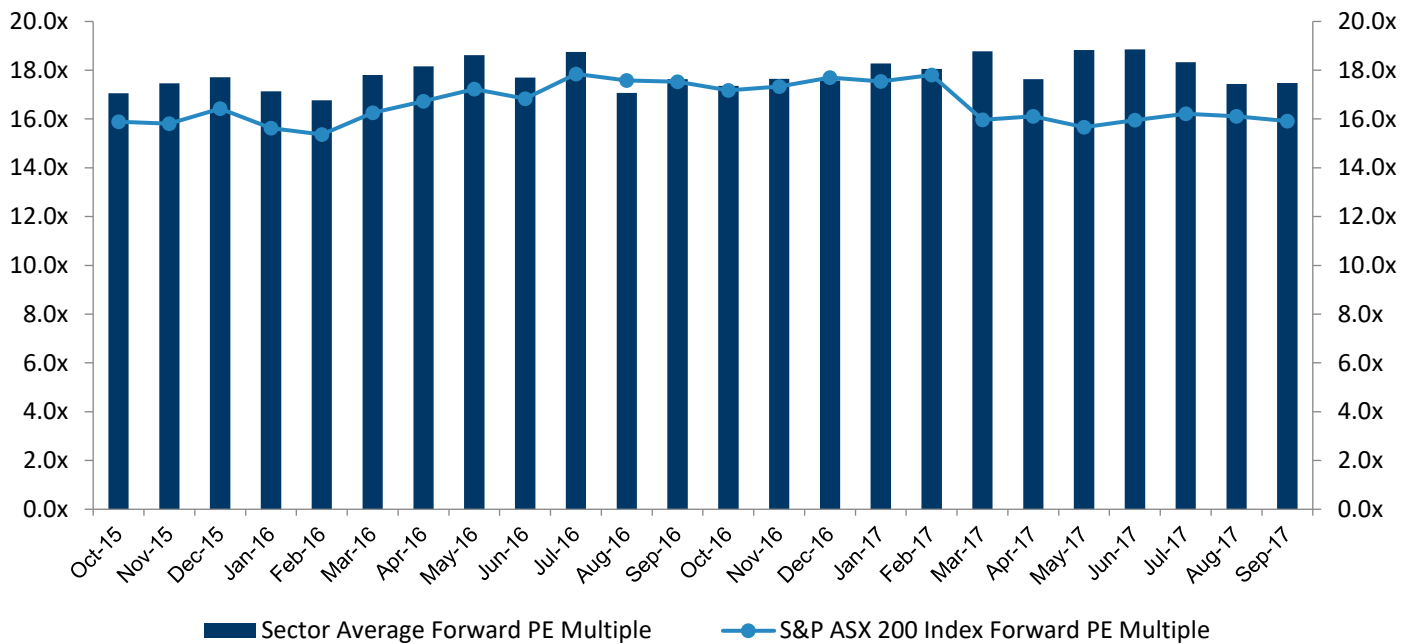


Food & Agribusiness

Pricing Multiples

Forward Price Earnings Multiples (monthly to 30.09.17)¹ Source: FactSet Research Systems Inc.

Multiples in the Food & Agribusiness (F&A) sector increased over the period. At the end of September, the F&A sector traded on a forward PE of 17.5x, above the ASX200 on 15.9x.



Average Values and Trading Multiples (as at 24.10.17) Source: FactSet Research Systems Inc.

Subsector	Enterprise Value	EV/EBITDA FY2018	EV/EBIT FY2018	Price / Earnings FY2018
Beverages	19,315	13.2x	16.8x	14.6x
Food Producers	9,530	12.7x	15.4x	19.2x
Agricultural Commodities/Milling	6,747	10.1x	12.3x	16.7x
Chemicals	24,431	9.9x	13.1x	17.8x
Food Retail	88,305	9.6x	13.1x	18.6x
Food Distributors	6,312	7.8x	11.7x	14.2x

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...

ABInBev



Value: Unknown

NYSE-listed **Anheuser-Busch InBev**, the Belgian beverage and brewing company, has acquired **4 Pines**, the Australian brewer. The purchase price for the deal was not disclosed. **4 Pines** has a 6m litre current beer production capacity based out of Sydney.

**IRON
GATE
ESTATE**

Value: ~\$7m

Iron Gate Estate, the Australia-based vineyard, has been acquired by **Kuokai Investments**, a Taiwanese investor group, for approximately \$7m. **Iron Gate** produces both red and white wines on site. The new owners plan to operate the vineyard and winery.



Value: \$14m

Japanese dairy company **Megmilk Snow Brand** has acquired a 90% stake in **Udder Delights Australia**, the Australian producer and distributor of cheese from **Udder Delights Group** for \$14m via an Australian subsidiary. **Megmilk Snow Brand** acquired a 45% stake for \$7m, while an Australian subsidiary purchased another 45% stake for the same amount. The remaining 10% stake is owned by **Sullivan Enterprises**. **Udder Delights Australia** had an annual revenue of \$6.6m in FY16.



Value: Unknown

NZ Super Fund has acquired a stake in **Palgrove**, the Australia-based farm business. The deal value has not been disclosed. The purchase was the fund's first overseas investment under its rural land strategy. **Palgrove** runs 5000 Angus cattle across properties in Queensland and New South Wales. The partnership gives the business the capacity to grow its cattle numbers to meet increasing demand from its clients, to accelerate genetic development, and expand R & D across the enterprise.



Value: ~\$30m

Everest Foods, the Australia-based ice cream maker and distributor, has been acquired by private equity firm **Allegro**. The deal is believed to have valued **Everest** at up to \$30m. **Everest's** product stable includes the premium **NorgenVaaz** and **Gelateria** brands and the **Everest** gelato brand.



Value: ~\$7m

Farm Pride Foods (FPF), an ASX listed egg produce company, has entered into an agreement with **Clearmedal** and **RL Adams** to acquire the business and associated assets of **Darling Downs Fresh Eggs**, an egg business operating in Kincora, Queensland. The acquisition will be funded from a mix of cash and existing debt facilities. The acquisition is expected to be earnings accretive in FY19 and is consistent with FPF's strategy of investment in new farms and growth opportunities.



Value: Unknown

Trisco Foods, an Australian foods business, has acquired **Enprocal**, the Australia-based dietary supplements business, for an undisclosed amount. **Trisco** Chief Executive Mike Tristram said the **Enprocal** purchase would provide significant synergies and offer **Trisco** a range of products in the aged care area.

Chewing the Fat...

- **BKM Management** is acquiring **Zenith Agro Group**, an agricultural company focused on Agarwood tree plantation production and technology, with assets based in South East Asia. The purchase is being funded by the issue of new **BKM** shares. **Zenith's** market cap is currently \$4m.
- ASX-listed **Treasury Wine Estates** is seeking acquisition opportunities in the United States. Any acquisition must include significant high-end grape supply. The company announced that with the Australian dollar and **Treasury's** share price at recent highs, it may be a good time to initiate a transaction. **Treasury's** chief executive, Mike Clarke, has been based in California since early 2017 to help revive the **Diageo Wines** business, which **Treasury** bought in 2015 for \$754m.
- **Ocean Grown Abalone**, the Australia-based abalone business, plans to list on the ASX to raise \$10m. **Ocean Grown Abalone** lodged a prospectus with the ASIC to raise \$10m at \$0.25 per share. The offer is anticipated to close on 26 October.
- **ABC Sales and Marketing**, a privately held Australia-based food distributor and manufacturer, is considering forming joint ventures to enter new markets. The South Australia-based company, which has an annual turnover of under \$20m, would be interested in hearing from potential distribution or joint venture partners to grow its **The Good Crisp** brand.
- **Select Harvests**, an ASX listed Australia-based almond grower, has rejected a \$409m takeover offer from the **Abu Dhabi Investment Authority**. **Select Harvests** Managing Director Paul Thompson stated that the offer was rejected by the company's board as it was too low and highly conditional. **Select Harvests** has also concluded a \$45m capital raising on Friday the 6th of October.
- **Bindaree Beef**, the Australian meat processor, aims to grow partly via upstream and downstream acquisitions in Australia and Asia under its new ownership. The company announced on 1 September that Hong Kong billionaire Hui Wing Mau and **Archstone Investment** had bought a 51% stake. The transaction value was in the range of \$100m-150m
- **Buderim Group**, the ASX listed ginger-based confectionary manufacturing and distribution company, is seeking expressions of interest in the sale of the macadamia processing business operated by its subsidiary, **Agrimac Macadamias**, with a campaign to commence Monday 16 October 2017. **Buderim Group's** focus remains on its Ginger, Hawaiian macadamia and Tourism businesses and continuing to develop strategic initiatives to improve the use of capital employed in the **Group**.

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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