



FOOD & BEVERAGE INDUSTRY

2019 REVIEW OF CORPORATE ACTIVITY

2019 has been a dynamic year for mergers and acquisitions in the food and beverage industry. Comet Line Consulting's review of transactions in the food and beverage industry and key trends are summarised below.

Increase in large transactions

In 2019, seven transactions with values in excess of \$400 million were announced compared to two transactions in 2018 and three transactions in 2017. The large transactions in 2019 include the acquisitions of Carlton & United Breweries (\$16 billion), Campbell Asia Pacific (\$3.2 billion), Bellamy's Organic (\$1.5 billion), Allied Pinnacle (\$950 million), Lion Dairy & Drinks (\$600 million), 50% of DFE Pharma (NZ\$633 million), Westland Milk Products (NZ\$588 million) and the Tip Top business (\$380 million). The total number of transactions also increased to 59 transactions which is up from 50 transactions in 2018 and 44 transactions in 2017.

Reduction in financial investor participation in transactions

2019 witnessed decreased participation in transactions by financial investors (private equity and family office investors) in the food and beverage industry. 14 of the 59 transactions announced in 2019 (24%) involved financial investors. This compares to 36% of transactions in 2018 and 30% of transactions in 2017.

IPO volumes remain low

There were 5 IPOs in the food and beverage industry in 2019 compared to 3 IPOs in 2018 and 8 IPOs in 2017. In 2019 \$90 million was raised by companies listing on the ASX, compared to \$93 million that was raised in 2018 (\$80 million in 2017). The capital raised through IPOs over the past 3 years is significantly less than 2016, when \$1 billion was raised by food and beverage companies that listed on the ASX.

Sectors with no deal activity

Two sectors in the food and beverage industry had no transactions in 2019. These include, pet food & accessories and supplements & nutraceuticals.

For the purposes of the review we classify businesses operating in the food and beverage industry across three segments: **Primary Production**, **Processed / Packaged Foods** or **Other**.

We hope that you get value from reflecting on these transactions and if you have any specific questions, please don't hesitate to contact us at www.cometlineconsulting.com.au.



DAIRY and VALUE-ADDED DAIRY

Acquisitions announced

DATE	TARGET NAME	ACQUIRER
19 Mar 19	Westland Milk Products	Hongkong Jiang Trade Holdings
1 Apr 19	Australia Deloraine Dairy	Bubs Australia
26 Apr 19	Lion Dairy: Cheese Business	Saputo
13 May 19	Betta Milk	TasFoods
13 May 19	Tip Top ice cream	Froneri
17 June 19	Omniblend	Keytone Dairy
1 Aug 19	Talbot Forest Cheese	Synlait Milk
7 Aug 19	Made by Cow (27%)	Light Warrior
8 Aug 19	Australian Natural Milk Assoc. (70%)	Jatenergy
16 Sept 19	Bellamy's Organic	Mengniu Dairy Company
30 Oct 19	Dairyworks	Synlait Milk
25 Nov 19	Lion Dairy and Drinks	Mengniu Dairy Company
5 Dec 19	Bubs Australia (\$35m capital raise)	Shareholders

The dairy and value-added dairy sectors were active with 13 transactions announced in the year. This is a material uplift from the 6 transactions in the dairy sector in 2018 and more than the 12 transactions reported in 2017.

The standout transaction was the \$1.5 billion acquisition of Bellamy's Organic by Mengniu Dairy Company. The acquisition was made via a takeover offer that was priced at a 59% premium to Bellamy's trading price before the offer was announced. The transaction was priced at a 30x multiple of Bellamy's FY19 normalised EBITDA.

The dairy sector also had four substantial transactions, exceeding \$250 million in 2019. Hongkong Jiang Trade Holdings acquired New Zealand dairy company Westland Milk Products, for NZ\$588 million.

Froneri bought the Tip Top ice cream business for \$380 million from Fonterra. Froneri will retain the Tip Top brand name and the Tip Top operations including the Auckland factory site.

Lion Dairy & Drinks sold their specialty cheese business to Saputo for \$280 million. The sale included several specialty cheese brands such as King Island Dairy and South Cape, cheese manufacturing assets and two Lion-owned farms on King Island.

Kirin Group sold the remainder of the Lion Dairy and Drinks business to Mengniu Dairy Company for \$600 million. The acquisition of Lion Dairy will make Mengniu Dairy one of the largest processors of fresh milk in Australia. Mengniu Dairy also owns milk processor Burra Foods which it acquired in 2016.

ASX-listed Keytone Dairy acquired Omniblend for a consideration of \$22.6 million settled through the issue of Keytone shares and a cash consideration. Omniblend is a leading Australian product developer and contract manufacturer of health and wellness powdered and UHT drinks products.

Synlait Milk acquired Dairyworks for NZ\$112 million. Dairyworks is a New Zealand-based manufacturer of cheese, butter, milk powder and ice cream.

Listings on the ASX

DATE	ENTITY NAME	CAPITAL RAISED	ISSUE PRICE	31 DEC 19 PRICE
9 Dec 19	Nuchev	\$49 million	\$2.60	\$3.60

Nuchev, a company that distributes goat milk infant formula, listed on the ASX on 9 December 2019. Nuchev raised \$48.7 million from investors through the IPO.





MEAT PROCESSING and SMALLGOODS

Transaction announced

DATE	TARGET NAME	ACQUIRER
2 Sept 2019	Tradition Smallgoods	Undisclosed buyer

FFI Holdings sold the Tradition Smallgoods business for a consideration of \$2 million.

POULTRY

Transaction announced

DATE	TARGET NAME	ACQUIRER
28 Oct 19	Rural Funds Management's poultry business	ProTen

The poultry sector had a quiet year with only one transaction announced compared to five transactions in 2018. ProTen acquired Rural Funds Management's poultry business for \$72 million. ProTen is Australia's largest chicken farmer and was acquired by First State Super in August 2018.





SEAFOOD

Transactions announced

DATE	TARGET NAME	ACQUIRER
5 Feb 19	Mareterram	Sea Harvest Group
20 Aug 19	Exmoor Station	Tassal Group
7 Nov 19	Simplot/I&J Seafood JV (40%)	Simplot

South Africa-based fishing group, Sea Harvest, acquired the remaining 44% of Mareterram through a takeover offer and delisted the company. The takeover offer valued the issued equity of Mareterram at \$39 million and was priced at a 10.8x EV/EBITDA multiple of future maintainable earnings.

Tassal Group acquired the Exmoor Station property in Queensland for \$25 million. Tassal intends to convert the Exmoor property into a prawn production facility over a 3-year period.

Simplot has acquired 40% of a seafood joint venture with South African-based AVI, for \$62 million. AVI will continue to supply seafood product to Simplot under an existing supply arrangement.



SNACKING and CONFECTIONERY

Transactions announced

DATE	TARGET NAME	ACQUIRER
Jan 19	HealthLab (investment)	M.H. Carnegie & Co
29 Mar 19	Well Naturally and Power Super Foods	Darrell Lea Confectionery
9 Apr 19	Meatsnacks Group	New World Foods
8 July 19	Universal Robina Oceania (40%)	Intersnack

Vitality Brands Worldwide sold the Well Naturally and Power Super Foods brands to Darrell Lea. Well Naturally is the leading sugar-free chocolate brand in Australia with distribution through the corporate and independent retail channels. Comet Line Consulting advised Vitality Brands on the sale of the Well Naturally and Power Super Foods brands to Darrell Lea.

New World Foods acquired the Meatsnacks Group. Meatsnacks is a leading UK-based jerky and biltong manufacturer and brand owner.

German-based Intersnack acquired a 40% shareholding in Universal Robina's Oceania business. Universal Robina Oceania's product portfolio includes Snack Brands Australia (Australia's second largest player in salty snacks) and Griffin's Food Company (New Zealand biscuit producer). Intersnack will merge Yarra Valley Snack Foods with Universal Robina Oceania as part of the transaction.

Listings on the ASX

DATE	ENTITY NAME	CAPITAL RAISED	ISSUE PRICE	31 DEC 19 PRICE
19 Feb 19	Candy Club	\$5 million	\$0.20	\$0.069

Confectionery distributor, Candy Club, listed on the ASX and raised \$5 million in the process.

BAKED GOODS and PREPARED MEALS

Transactions announced

DATE	TARGET NAME	ACQUIRER
27 Feb 19	Allied Pinnacle	Nisshin Foods
13 Aug 19	Schwob's Swiss Bakery	Jurgens Swiss Bread
22 Oct 19	The Old Colonial Cookie Co	Rinoldi Pasta

Japan's Nisshin Foods acquired Allied Pinnacle from Pacific Equity Partners for \$950 million (enterprise value). Pacific Equity Partners acquired Pinnacle Bakery & Integrated Solutions from Kerry Group in 2015 for approximately \$200 million. The Pinnacle Bakery business was merged with Allied Mills in 2017 to form Allied Pinnacle. Nisshin Foods forms part of the Nisshin Seifun Group, a producer of pasta products and noodles.



PACKAGED FOODS

Transactions announced

DATE	TARGET NAME	ACQUIRER
1 Mar 19	Maggie Beer Products (52%)	Longtable Group
11 Mar 19	Goodman Fielder (50%)	Wilmar International
21 Jun 19	Ready Meals	Lamb Weston Holdings
24 Jul 19	Campbell Asia Pacific business	KKR & Co
18 Dec 19	Denpack t/a Tasty Spices	Atlantic Growth Capital

The \$3.2 billion acquisition of the Asia Pacific business of Campbell Soup Company by KKR is the largest deal concluded in the food industry in 2019. Campbell's Asia Pacific business comprises the regional portfolio of Campbell brands spanning soup, stock, juice and ready meals. Most sales are generated by the Arnott's business, which includes well-known biscuit brands Tim Tam and Shapes. The transaction valued Campbell's Asia Pacific business on a 13.5x forecast 2019 EBITDA multiple.

First Pacific sold its 50% shareholding in Goodman Fielder and associated shareholders loan to Wilmar International for US\$300 million. Wilmar became the sole shareholder of Goodman Fielder through the transaction.

Maggie Beer and her husband Colin sold the remaining 52% of Maggie Beer Products to Longtable Group in a deal worth \$10 million. Longtable Group is now the sole shareholder of Maggie Beer Products.

US-based food processing company, Lamb Weston Holdings, acquired Ready Meals, a potato chip processor based in Hallam, Victoria. Ready Meals distributes product under the Harvest Choice brand in the foodservice channel. The acquisition expands Lamb Weston's footprint in Australia following the acquisition of Marvel Packers in December 2018.

Listings on the ASX

DATE	ENTITY NAME	CAPITAL RAISED	ISSUE PRICE	31 DEC 19 PRICE
8 April 19	Ricegrowers (SunRice)	Nil	n/a	\$4.26

SunRice listed on the ASX on 8 April 2019 after transitioning from the smaller National Stock Exchange.



HEALTHY and NATURAL

Transactions announced

DATE	TARGET NAME	ACQUIRER
15 May 19	Australian Rainforest Honey	Webster
13 June 19	180 Nutrition	Bega Cheese
11 Sept 19	Hummingbird Superfoods	Bega Cheese
18 Sept 19	Super Cubes	Keytone Dairy
1 Oct 19	The Beauty Chef (minority stake)	Point King Capital
26 Nov 19	v2food (\$35m capital raise)	Investment funds
23 Dec 19	Soulfresh (\$50m investment)	True

ASX listed agriculture company Webster acquired Australian Rainforest Honey, a bee apiary business for \$5.2 million.

Bega Cheese invested in two businesses to boost its online retailing presence. Bega Cheese acquired 180 Nutrition, an online retailer of health and protein supplements. Bega Cheese also acquired a minority stake in online breakfast subscription company, Hummingbird Superfoods.

Investment fund, Point King Capital, invested \$10 million in The Beauty Chef for a significant minority interest. The Beauty Chef is a beauty brand that focuses on cultivating good gut health for healthy skin and sells a range of whole-food and nutrition beauty products.

v2foods, a plant-based meat business that was spun out of CSIRO, raised \$35 million in a series A funding round. The funding raised will be used to progress research and development and to expand distribution of v2food's plant-based burger patties in Asia.

Melbourne-based Soulfresh received a £26 million (A\$50 million) investment from True. True is a UK-based retail and consumer sector investment specialist with funds under management of £200m.



INDUSTRIAL SUPPLY and INGREDIENTS

Transaction announced

DATE	TARGET NAME	ACQUIRER
15 May 19	Ingredient Resources	Connell Brothers

Connell Brothers, a subsidiary of US-based Wilbur Ellis Group acquired Ingredient Resources, a supplier of value-added functional ingredients to food manufacturers in Australia and New Zealand. Comet Line Consulting advised Ingredient Resources on the sale of the business to Connell Bros.

NON-ALCOHOLIC BEVERAGES

Transactions announced

DATE	TARGET NAME	ACQUIRER
15 May 19	Nexba (series A capital raise)	Several investors
3 Sept 19	Original Juice Co label	Food Revolution Group

Sugar free beverage company Nexba, raised \$6 million from investors through a capital raise.

ASX-listed Food Revolution Group acquired the Original Juice Co Black Label from Golden Circle for \$1.25 million.

ROAST and GROUND COFFEE

Transactions announced

DATE	TARGET NAME	ACQUIRER
24 July 19	Sacred Grounds	Thirty Second Bean Co

Thirty Second Bean Company, the holding company of Campos Coffee, acquired Marrickville-based organic coffee roaster Sacred Grounds.



ALCOHOLIC BEVERAGES – BEER and SPIRITS

Transactions announced

DATE	TARGET NAME	ACQUIRER
22 Mar 19	Four Pillars Gin (50%)	Kirin Australia (Lion)
19 July 19	Carlton & United Breweries	Asahi
21 Aug 19	Green Beacon	Asahi
4 Dec 19	Balter Brewing Company	Carlton & United Breweries

Asahi acquired Carlton & United Breweries from Anheuser-Busch for a consideration of \$16 billion. The transaction valued the CUB business at a 14.9x multiple of December 2018 EBITDA and was the largest transaction in the food and beverage industry in 2019.

Asahi also acquired Brisbane-based crafter brewer Green Beacon.

Kirin Australia's beer business, Lion, acquired a 50% interest in Four Pillars Gin. Four Pillars will use the investment from Lion to expand distribution of its product to global markets.

Carlton & United Breweries acquired craft brewer Balter Brewing Company. The shareholders of Balter Brewing Company included professional surfers Mick Fanning and Joel Parkinson.

Listings on the ASX

DATE	ENTITY NAME	CAPITAL RAISED	ISSUE PRICE	31 DEC 19 PRICE
18 Dec 19	Founders First	\$16 million	\$0.50	\$0.50



FOODSERVICE / GROCERY WHOLESALE and DISTRIBUTION

Transactions announced

DATE	TARGET NAME	ACQUIRER
14 May 19	Ozone Organics	Aaron's Organics
31 May 19	Marlin Fine Foods	Satisfine Foods
21 Oct 19	G&K Fine Foods	Royal Foods

FRUIT & VEG PROVIDORS

Transactions announced

DATE	TARGET NAME	ACQUIRER
Sept 19	Bidfood's fruit and vegetable distribution business	In2Food Group

In2Food Group acquired Bidfood Australia's fruit and vegetable foodservice distribution business.



OTHER

Transactions announced

DATE	TARGET NAME	ACQUIRER	SECTOR
15 May 19	Chefgood (capital raise)	Family office investor	Meal delivery
4 June 19	SPC Ardmona	Shepparton Partners	Processed fruit and vegetables
8 June 19	Marley Spoon (9.1%)	Woolworths	Meal kits
21 June 19	Extrusion assets of FeedRite	SunRice	Animal feeds
1 July 19	LJM (NSW) - merger	Multipack	Contract packing
28 Aug 19	Celebrity Slim	Global Brands Australia	Nutrition & wellness
18 Sept 19	Berry Yummy Marketing	Perfection Fresh	Fresh produce marketing
25 Sept 19	DFE Pharma (50%)	CVC Capital Partners	Manufacturing
7 Nov 19	OBJ	Nutrition Systems	Nutrition & wellness
18 Dec 19	Crossmark	DKSH/Smollan	Field marketing services

Coca-Cola Amatil sold fruit and vegetable processor SPC Ardmona for \$40 million to Shepparton Partners Collective.

ASX listed SunRice acquired the extrusion assets of FeedRite, a leading manufacturer of extruded rice bran based equine feed.

Sydney-based contract packing businesses, Multipack and LJM (NSW) announced the merger of their respective operations. The combined Multipack and LJM business will be a significant participant in the Sydney contract packing and repacking market. Comet Line Consulting advised on the merger of Multipack and LJM (NSW).

Perfection Fresh acquired Berry Yummy Marketing, one of Australia's foremost strawberry marketing businesses. The acquisition increased Perfection Fresh's market share to 10% of the Australian strawberry market.

Fonterra sold its 50% stake in DFE Pharma for NZ\$633 million to CVC Capital Partners. DFE Pharma is a joint venture with Royal FrieslandCampina. DFE Pharma is a pharmaceutical manufacturer that partners with pharmaceutical firms to develop pulmonary drugs.

ASX-listed OBJ acquired Nutrition Systems for a consideration of \$85 million. Nutrition Systems distributes leading nutritional brands across supermarkets, pharmacies and supplement stores in Australia and New Zealand.

Listings on the ASX

DATE	ENTITY NAME	CAPITAL RAISED	ISSUE PRICE	31 DEC 19 PRICE
29 Mar 19	Ecofibre	\$20 million	\$1.00	\$2.66

Comet Line Consulting is a strategic advisory business that specialises in acquisitions and divestments within the Australian and New Zealand food & beverage industry. Deep industry knowledge and strong relationships with business owners, trade investors and financial investors are defining features of the Comet Line Consulting business.



David Baveystock has worked in the Australian food and beverage industry for over 25 years including senior roles with Nestle Australia and Manassen Foods. David is recognized as a leading executive in the food and beverage industry and consults to senior management and business executives.







Ben van der Westhuizen has 25 years corporate advisory experience and has advised on a variety of transactions with a collective value in excess of \$2 billion. Ben has advised on acquisitions, disposals and capital raisings in both Australia and South Africa. Ben has held senior corporate advisory roles with KPMG Corporate Finance, Challenger and PSG Group where he advised on several high-profile transactions.



Lindsay Cunningham has worked in the Australian and international food industry for over 35 years, with executive roles at Givaudan, Arnott's, Uni Chef and I&J Foods. After a corporate career, Lindsay has directly provided strategic consulting services to a range of clients including Allied Mills, Arnott's, Nestle, Fonterra, Goodman Fielder International, Lindt and the Sydney Fish Market.

CONTACT DETAILS:

David Baveystock	 +61 400 217 471	 david@cometlineconsulting.com.au
Ben van der Westhuizen	 +61 405 512 119	 ben@cometlineconsulting.com.au

For more information please visit www.cometlineconsulting.com.au

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