



FOOD & BEVERAGE INDUSTRY

REVIEW OF CORPORATE ACTIVITY

Mergers & Acquisitions Q1 2021

Welcome to the Comet Line quarterly newsletter, where we review corporate activity in the first quarter of 2021.

Following a stronger than expected finish to 2020, corporate activity in the food and beverage industry remained buoyant in the first quarter of 2021. Investment confidence has increased significantly over the last 12 months with historically low interest rates, government economic stimulus payments and minimal COVID-19 transmissions within the community playing a key role.

Twelve transactions were announced in the quarter. The first of two standout transactions of the quarter were Arnott's Group acquiring a 75% shareholding in Diver Foods, a cereal and snacking manufacturer. Diver Foods will become part of the new cereals and snack division at Arnott's which will include the Freedom Foods cereal and snacking assets acquired by Arnott's Group in December 2020. Comet Line Consulting advised the shareholder of Diver Foods on the disposal to Arnott's Group.

The second transaction was Mondelez International's acquisition of Gourmet Food Holdings, a leading manufacturer of premium crackers and biscuits with brands including OB finest, Olina's Bakehouse and Crispbic. Gourmet Food Holdings reportedly had revenue of \$200 million and EBITDA of \$40 million, with Mondelez acquiring the business for \$400 million.

The outlook for the food and beverage industry is positive with trade players and financial investors attracted to businesses which have performed strongly through 2020 and are positioned for growth as consumer behaviour and purchasing habits continue to evolve.



Acquisitions announced

Date	Target Name	Acquirer	Sector
18 Dec 2020	Corio Bay Dairy Group	Maeil Dairies	Dairy
6 Jan 2021	Vow Foods (\$6m capital raise)	Various investors	Cultured meat
11 Jan 2021	Two Birds Brewing	Fermentum	Craft brewery
15 Jan 2021	EVR Foods Inc (25% interest)	Health Plant Protein Group	Plant based foods
10 Feb 2021	Diver Foods	Arnott's Group	Breakfast and snacking
12 Feb 2021	Lauds Plant Based Foods	Pure Foods Tasmania	Plant based foods
4 Mar 2021	KB Food Co's foodservice distribution	Superior Food Services	Foodservice distribution
9 Mar 2021	Gourmet Food Holdings	Mondelez International	Snacking
10 Mar 2021	Murphy Fresh & Tatura Fresh (merger)	Flavorite	Fresh produce
16 Mar 2021	Veritas Winery	Accolade Wines	Alcoholic beverages
22 Mar 2021	Fitness Outcomes	Patties Foods	Prepared meals
30 Mar 2021	Hampers & Gifts Australia	Maggie Beer Holdings	eCommerce gifting

The assets of Corio Bay Dairy Group were sold to Korean dairy company Maeil Dairies for \$13.5 million. Coria Bay Dairy Group was a joint venture company between Wattle Health Australia and Organic Dairy Farmers of Australia. The joint venture was adversely impacted after Organic Dairy Farmers of Australia was placed into receivership in May 2020.

Sydney-based cultured meat startup, Vow Foods, raised US\$6 million in seed capital to expand its portfolio of cultured meats. Vow Foods began producing lab-grown meat from pork and kangaroo cells in 2019. It has since expanded to producing meat from 11 different animals.

Brewery investor, Fermentum, acquired Melbourne-based craft brewer Two Birds Brewing. Following the acquisition, Two Birds product will be brewed at a Fermentum-owned brewery located in Spotswood, Melbourne. Fermentum's other brewery assets include Stone & Wood, Fixation Brewing Co, Forest for the Trees, Granite Belt Cider, Sunrise Drinks and Square Keg.

ASX listed Health Plant Protein Group (formerly Buderim Group) acquired a 24% interest in EVR Foods Inc. for an investment of US\$5 million. US-based EVR Foods Inc. is the owner of the LAVVA brand, a plant-based clean yoghurt and milk brand.

Arnott's Group acquired a 75% shareholding in Diver Foods, a cereal and snacking manufacturer based in Scoresby, Victoria. Chris Diver, the managing director of Diver Foods, will continue to own 25% of the Diver Foods business following the transaction. Diver Foods will become part of the new cereals and snack division at Arnott's which will include the Freedom Foods cereal and snacking assets acquired by Arnott's Group in December 2020. Comet Line Consulting advised the shareholder of Diver Foods on the disposal to Arnott's Group.

Pure Foods Tasmania acquired Lauds Plant Based Foods for \$350,000.

Superior Food Services acquired KB Food Company's foodservice distribution business in Western Australia. KB Food Company is Australia's largest seafood company and the divestment allows the business to focus on the sourcing, processing and wholesaling of fresh and frozen seafood. The acquisition by Superior Food Services strengthens the distributor's presence in Western Australia and expands the national distribution footprint.



Mondelez International announced the acquisition of Gourmet Food Holdings, a leading manufacturer of premium crackers and biscuits, with brands including OB finest, Olina's Bakehouse and Crispbic. Gourmet Food Holdings reportedly had revenue of \$200 million and EBITDA of \$40 million, with Mondelez acquiring the business for \$400 million. The transaction implied a 10x EBITDA multiple for the Gourmet Food Holdings business. The acquisition of Gourmet Food Holdings is in line with Mondelez's strategy to accelerate the groups leadership position in the snacking category across Australia and New Zealand.

Flavorite, a portfolio company of ROC Partners since July 2020 and the largest hydroponic grower of tomatoes in Victoria, merged with Murphy Fresh and Tatura Fresh. Murphy Fresh and Tatura Fresh is a leading tomato grower which operates a 15 hectare state-of-the-art hydroponic farm in Mansfield, Victoria. The merger positions Flavorite Group as the largest owner and operator of glasshouses in Australia.

Accolade Wines Australia acquired Veritas Winery, the Barossa Valley-based winery producing Rolf Binder Wines for \$20 million. The transaction is in line with Accolade Wines' growth strategy and will allow it to expand its Barossa and South Australian wine region portfolio.

Fitness Outcomes, a ready-to-eat meal manufacturer which operates a direct to consumer delivery service was acquired by Patties Foods. Fitness Outcomes product is also ranged in Coles, Woolworths and independent retail and broadens Patties Foods' portfolio of prepared meal brands.

ASX listed Maggie Beer Holdings acquired The Hamper Emporium and Gifts Australia businesses through the acquisition of Hampers & Gifts Australia. Hampers & Gifts is a leading eCommerce gourmet hamper and gift business with forecasted revenue of \$36.4 million and EBITDA of \$9 million in FY21. Maggie Beer acquired the business for \$40 million settled through the issue of shares in Maggie Beer Holdings and a cash consideration. An additional earn-out incentive of up to \$15 million is in place, based on the future performance of the business.

Listings on the ASX

There were no listings of food and beverages companies on the ASX during the first quarter of 2021.

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

Comet Line Consulting Pty Ltd (ACN 605 419 270) is Corporate Authorised Representative No. 1255870 of AFSL 344203.

This information has been sourced from the ASX and various other information sources.

Important Disclaimer – This may affect your legal rights: Because this document has been prepared without consideration of any specific person's financial situation, particular needs and investment objectives, a financial services licensee or investment adviser should be consulted before any investment decision is made. While this document is based on information from sources which are considered reliable, Comet Line Consulting Pty Limited, its directors, employees and consultants do not represent, warrant or guarantee, expressly or impliedly, that the information contained in this document is complete or accurate. Nor does Comet Line Consulting Pty Limited accept any responsibility to inform you of any matter that subsequently comes to notice, which may affect any of the information contained in this document. This document is a private communication to clients and is not intended for public circulation or for the use of any third party, without the prior approval of Comet Line Consulting. This report does not constitute advice to any person.