



FOOD & BEVERAGE INDUSTRY

REVIEW OF CORPORATE ACTIVITY

Mergers & Acquisitions Q2 2021

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

Following a strong start to the year, corporate activity in the food and beverage industry accelerated during the second quarter of 2021. Investment confidence remains high driven by low interest rates and the Australian GDP back at pre-pandemic levels.

Twenty-six transactions were announced in the quarter. The standout categories in the quarter were: speciality coffee and premium pet food which attracted strong investment interest with two transactions completed in both categories. Within the speciality coffee category, Asahi Beverages acquired Australia / New Zealand-based coffee business, Allpress Espresso. This transaction was followed by JDE Peet's acquisition of Campos Coffee.

The premium pet food category attracted investment interest from financial investors. Quadrant Growth Fund acquired a controlling stake in Prime 100, a premium pet food manufacturer which specialises in single protein products. KKR & Co also announced the acquisition of Natural Pet Food Group, a New Zealand-based premium pet food company, with brands including K9 Natural, Feline Natural and Meat Mates.

The second quarter of 2021 was a busy quarter for Comet Line Consulting. Comet Line Consulting provided sell-side advice to the owners of two businesses that sold during the quarter:

- Krio Krush Basic foods, a manufacturer of seasonings, herbs and spices, that was sold to Atlantic Growth Capital; and
- Select Fresh, a Perth-based wholesale distributor of fresh produce, that was sold to Costa Group.

Comet Line also assisted JDE Peet's on its acquisition of specialty coffee roaster, Campos Coffee.

The outlook for the food and beverage industry is positive with trade players and financial investors attracted to the industry fundamentals and demonstrated resilience through the course of the COVID 19 pandemic.



Acquisitions announced

Date	Target Name	Acquirer	Sector
1 Mar 2021	Foundation Foods	GreenMount Foods	Culinary
26 Mar 2021	Plantagenet Wines	Wisdom Family	Alcoholic beverages
31 Mar 2021	The Cashew Creamery	Pure Foods Tasmania	Ice cream
6 Apr 2021	McWilliam's Wines (2 transactions)	Calabria Wines / Medich Family Office	Alcoholic beverages
12 Apr 2021	Voost	Procter & Gamble	Vitamins
14 Apr 2021	Australian Plant Proteins (minority stake)	Bunge	Plant based foods
21 Apr 2021	Made Group (controlling stake)	TPG Capital	Beverages
27 Apr 2021	Elite Food Co	New West Foods	Foodservice distribution
30 Apr 2021	Allpress Espresso	Asahi Beverages	Coffee
30 Apr 2021	Annex Foods	Five V Capital	Breakfast and snacking
30 Apr 2021	Table of Plenty	Five V Capital	Breakfast and snacking
2 May 2021	Prime 100 (controlling stake)	Quadrant Growth Fund	Pet food
2 May 2021	Natural Pet Food Group	KKR & Co	Pet food
7 May 2021	180 degrees	Arnott's	Biscuits
10 May 2021	Pacific Coast Produce Marketing	Perfection Fresh	Fresh produce
11 May 2021	True Protein	F45 Training	Sports nutrition
12 May 2021	five:am yoghurt	Barambah Organics	Dairy
31 May 2021	Van Dairy Group	Prime Value Asset Management	Dairy
1 June 2021	Krio Krush Basic Foods	Atlantic Growth Capital	Seasonings and spices
9 June 2021	Rivalea Australia	JBS Australia	Meat processing
10 June 2021	Adelaide Hills Group	Might Craft	Alcoholic beverages
10 June 2021	East 33 (\$32 million capital raise)	Various investors	Seafood
15 June 2021	Campos Coffee	JDE Peat's	Coffee
17 June 2021	Huon Aquaculture (7.33%)	Tattarang Agrifood	Seafood
23 June 2021	2PH Farms	Costa Group	Fresh produce
23 June 2021	Select Fresh	Costa Group	Fruit & veg providore

GreenMount Foods acquired Foundation Foods, a New-Zealand based manufacturer of high-quality culinary stocks and glazes. Following the acquisition, the manufacturing of Foundation Foods product will be shifted to the GreenMount Foods facility in Tauranga.

Pure Foods Tasmania acquired plant-based ice cream business, The Cashew Creamery for \$420,000.



Procter & Gamble acquired Voost, the marketer of effervescent vitamins, sports hydration and electrolyte tablets. The acquisition of Voost is in line with Procter & Gamble's strategy to strengthen its presence in the vitamin, mineral and supplements category.

Bunge, an international grain trader and agri-food company, paid \$45.7 million for a minority stake in Australian Plant Proteins (APP). APP manufactures high protein plant-based powders from Australian grown legumes. The investment from Bunge will accelerate the expansion of their plant protein isolate fractionation facility.

TPG Capital acquired a 45% shareholding in Made Group from The Coca-Cola Company and Coca-Cola Amatil. TPG also acquired a shareholding from the company's founders resulting in TPG owning a 60% stake in Made Group.

Perth-based foodservice distributor, New West Foods, announced the acquisition of Elite Food Co. The acquisition positions New West Foods as the largest independent foodservice distributor in Perth.

Asahi Beverages acquired Australia / New Zealand-based coffee business, Allpress Espresso. The acquisition expands Asahi Beverages non-alcoholic portfolio range and provides a broader product offering to customers in the café, restaurant, pub and supermarket channel.

Private equity firm Five V Capital acquired two breakfast and snack food manufacturers during the quarter, Annex Foods and Table of Plenty. It is anticipated the private equity firm will seek additional bolt-on acquisition opportunities within the 'better for you' food and beverage categories.

Quadrant Growth Fund acquired a controlling stake in Prime 100, a premium pet food manufacturer. Prime 100 specialises in single protein products designed to assist dogs and cats with food sensitivities. Prime 100 will seek growth opportunities in export markets and leverage Quadrant's pet food industry experience developed through the ownership of Real Pet Food Company.

KKR & Co announced the acquisition of New Zealand-based premium pet food company, Natural Pet Food Group. Natural Pet Food Group owns multiple pet food brands including K9 Natural, Feline Natural and Meat Mates. KKR will support the international growth plans of Natural Pet Food Group which currently distributes product in New Zealand, Australia, China, Japan, Canada and the United States.

Arnott's acquired 180 degrees, a New Zealand-based cracker and biscuit business. The acquisition strengthens Arnott's position in the premium cracker category with a distribution footprint across Australia and New Zealand. Perfection Fresh acquired sustainable banana business Pacific Coast Produce Marketing. The acquisition includes licensing rights to The Red Tip Ecogonic banana, which complements two other recently licensed banana varieties: Little Gem and Havana Bananas.

Sydney-based nutritional supplements business, True Protein, was acquired by F45 Training. True Protein was established in 2014 and manufactures a range of lean muscle development and weight management products.

Barambah Organics, a portfolio company of Tanarra Capital acquired five:am yoghurt from PZ Cussons. PZ Cussons acquired the five:am yoghurt in 2014. The disposal followed after a strategic review conducted by PZ Cussons found that the yoghurt category did not form part of PZ Cussons' future business plans.

Krio Krush, a leading manufacturer and supplier of value-added premium natural seasonings, herbs and spices to the foodservice and industrial channels was acquired by Atlantic Growth Capital. Krio Krush complements other businesses in the Atlantic Growth Capital portfolio which include Tasty Spices and Mexex. Comet Line Consulting advised the shareholders of Krio Krush on the sale to Atlantic Growth Capital.

JBS Australia acquired Rivalea Australia, the largest pork processor in Australia for \$175 million. Through the acquisition, JBS Australia becomes the largest processor of beef, lamb and pork in Australia. The acquisition of Rivalea Australia is subject to ACCC approval.



ASX listed Mighty Craft acquired Adelaide Hills Group comprising four distinct companies offering craft spirits, craft beer, craft cider and a destination distillery & function centre. Mighty Craft expects the combined group to deliver revenue of \$78.7 million and EBITDA of \$6 million in FY22. Adelaide Hills Group was acquired for \$47 million, settled through a cash consideration of \$27 million and \$20 million in issued shares.

The world's leading pure-play coffee and tea company, JDE Peet's, acquired Campos Coffee. Campos Coffee is a leading specialty coffee roaster available in over 600 cafes and present in multiple channels including direct-to-consumer, retail and its own flagship cafes. Comet Line Consulting assisted JDE Peet's with the transaction.

Costa Group acquired a Central Queensland based citrus grower, 2PH Farms, for an upfront consideration of ~\$200 million. Costa Group will pay an additional \$31 million in July 2023 for the purchase of an additional property where a new citrus crop is currently being planted by 2PH.

Costa Group also acquired Select Fresh, a leading fruit and vegetable wholesale distribution business specialising in the supply of fresh produce to the foodservice and independent retail channel in Western Australia. The acquisition extends Costa Group's supplier grower base and provides a platform to supply national customers in the catering and meal kit segments. Comet Line Consulting advised the shareholder of Select Fresh on the sale to Costa Group.

Listings on the ASX

There were no listings of food and beverages companies on the ASX during the second 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.

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