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FOOD & BEVERAGE INDUSTRY

REVIEW OF CORPORATE ACTIVITY

Mergers & Acquisitions Q1 2022

Welcome to the Comet Line quarterly newsletter, where we review corporate activity in the first quarter of 2022.

Following a strong finish to 2021, corporate activity in the food and beverage industry remained buoyant in the first quarter of 2022.

Twenty transactions were announced in the first quarter of 2022 compared to twelve transactions over the same period in 2021. In the first of two standout transactions in the quarter, UCC Holdings acquired the Oceania fresh coffee business of Suntory Beverage & Food for ¥18.5bn (~A\$225 million).

The second standout transaction was Pacific Equity Partners' acquisition of a controlling stake in Cranky Health, the business that owns The Man Shake weight loss product. The Cranky Health product portfolio includes shake powders, snack bars and bottled drinks and are sold via supermarkets, chemists and direct to consumers via an e-commerce channel.

The outlook for corporate activity remains positive with several sale processes in the pipeline. The fundamentals that underlie industry growth in recent years will continue to attract investors to the food and beverage industry.



Acquisitions announced

Date	Target Name	Acquirer	Sector
10 January 22	Easi	HungryPanda	Meal delivery
11 January 22	MG Kailis Holdings	Sea Harvest Australia	Seafood
12 January 22	Precision Coffee Roasters	Timely Coffees	Coffee
18 January 22	Fei Fah Media Balm (HK) Co nutrition	Nature One Dairy	Value-added dairy
25 January 22	Australian Beer Co (50%)	Casella Family Brands	Beer
28 January 22	SPC Global (\$111 million capital raise)	Shahin Family and AMIST Super	Packaged Foods
28 January 22	Nutra Organics	Fortitude Investment Partners	Health and nutrition
30 January 22	The Man Shake (controlling stake)	Pacific Equity Partners	Weight loss
1 February 22	Black Hops Brewery (\$2.2 million)	Crowdfunding investors	Craft beer
6 February 22	The Cheesecake Shop	River Capital	Hospitality
9 February 22	Fen Food (\$3 million capital raise)	Bombora Investment Mgm	Plant-based foods
10 February 22	Suntory Fresh Coffee business	UCC Holdings	Coffee
11 February 22	All G Foods (capital raise)	Investors including Woolworths	Plant-based foods
11 February 22	Angel Seafood Holdings	Laguna Bay Group	Seafood
14 February 22	The Healthy Mummy	Halo Foods	Health and nutrition
23 February 22	Pet Chemist	Mad Paws	Pet food
8 March 2022	Bucket Boys	Batch Brewing Co	Craft beer
9 March 2022	Jalna Dairy Foods	Lactalis	Value-added dairy
15 March 2022	Perfection Fresh	Consortium of investors	Fresh Produce
16 March 2022	Cordina Chickens (controlling stake)	PAG	Poultry

UK-based HungryPanda acquired Melbourne-based food delivery business, Easi for a cash consideration of approximately \$50 million. HungryPanda plans to expand into grocery deliveries and Groupon-style lifestyle vouchers in Australia.

Perth-based Timely Coffees announced the acquisition of Precision Coffee Roasters. The acquisition allows Timely Coffees to expand its footprint across Western Australia and it marks the second acquisition in the past two years for the business.

Sea Harvest Australia acquired MG Kailis Holdings for a consideration of \$70 million. The acquisition includes vessels, licenses, and fishing rights for prawns in the Exmouth region and trawled fish in the Pilbara region. The transaction valued MG Kailis Holdings on an 11.2x price earnings ratio.

Nature One Dairy acquired Fei Fah Medi Balm (HK) Co's adult dairy nutrition business in a script-based transaction, valued at approximately \$30 million.



Coca-Cola Europacific Partners Australia sold its interest in the Australian Beer Co joint venture to Casella Family Brands. The disposal follows Coca-Cola's announcement of its exit from the Australian beer market and the proposed sale of Feral Breweries.

Pacific Equity Partners acquired a controlling stake in the business that owns the popular The Man Shake weight loss product. PEP will invest in Cranky Health alongside the founder, Adam MacDougall, and the capital injection is expected to be used to fund growth initiatives.

SPC Global raised \$111 million in capital from the Shahin family and AMIST Super to fund expansion into Europe.

Fortitude Investment Partners announced an investment into health and wellness functional foods business, Nutra Organics. Nutra Organics is expected to use the proceeds to accelerate its product, sales, and marketing strategies to meet the growing consumer demand in the industry.

PAG Asia Capital sold The Cheesecake Shop to River Capital for an undisclosed consideration. River Capital is a boutique fund manager based in Melbourne.

Suntory Beverage & Food sold its Oceania fresh coffee business to UCC Holdings for ¥18.5bn (~A\$225 million). The Oceania fresh coffee business is the largest coffee roaster in ANZ and includes coffee brands: Toby's Estate, Atomic, L'affare, Robert Harris and Mocopan.

ASX-listed oyster producer, Angel Seafood Holdings, entered into a scheme implementation deed with Laguna Bay Group, whereby Laguna will acquire the remaining shares of Angel Seafood Holdings. Laguna Bay Group has offered a cash consideration of \$0.20 per Angel Seafood share. The offer is subject to shareholder and court approval. Laguna Bay is a Brisbane-based specialist food and agricultural investment firm.

ASX-listed Halo Foods (formerly Keytone Dairy) acquired global online health and fitness platform, The Healthy Mummy for an upfront consideration of \$17 million plus a A\$5 million earnout, subject to revenue and EBITDA performance milestones. The upfront consideration implied a valuation of 4.1x FY21 EBITDA.

ASX-listed Mad Paws acquired Pet Chemist Online, a leading online supplier of pet medication and premium pet healthcare products for \$25 million. The purchase consideration will be settled through a combination of cash and script, with the valuation of the upfront consideration based on 2.5x annualised 1H FY22 operating revenue.

Well-known yoghurt brand, Jalna Dairy Foods, was acquired by French multinational dairy producer, Lactalis. Jalna is one of Australia's best-known Greek yoghurt brands with distribution through Woolworths and Coles. It was reported that the transaction was priced at more than \$200 million excluding the property assets.

A consortium of investors acquired a partial interest in Perfection Fresh. The consortium of investors includes Equilibrium Capital, Temasek and the Public Sector Pension Investment Board. The capital raised from the new investors will be used to expand Perfection Fresh's reach into Asia and other international markets.

The Cordina family has sold a controlling stake in the Cordina Chickens business to private equity investor, PAG. PAG will invest alongside the Cordina family, with Louise Cordina continuing to operate as chief executive officer of the business.

Listings on the ASX

Two companies listed on the ASX in the first quarter of 2022.

- My Foodie Box, a food and logistics technology business that provides meal kits to WA households, listed on the ASX on 7 January 2022 after raising \$6 million through a public offer.
- Catalano Seafood, a seller of fresh and frozen seafood products, listed on the ASX on 11 March 2022 following a \$5 million capital raise.

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.

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