

HD Takeovers 70½ is 'final offer'

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Suitors up bid for Goodman

TD

Sue Mitchell Michael Smith A 5½ rise looks mouth watering to major shareholders. Photo: Viki Lascaris

Singapore oils trader Wilmar International and **Hong Kong** investment **company** First Pacific have offered to lift their 65½-a-share takeover offer for Goodman Fielder to 70½ a share as long as major shareholders and the Goodman **board** pledge their support. The revised proposal, which values the maker of Wonder White **bread**, White Wings flour and Meadow Lea margarine at \$1.37 **billion**, or \$1.9 **billion** including debt, is lower than Goodman's major shareholders would have liked. However, it is believed to have the backing of Ellerston Capital, which holds 13 per cent, and Perpetual Investments, which holds 12.2 per cent. It is believed that Ellerston and Perpetual have each agreed to sell 5per cent of their respective stakes. This would enable Wilmar and First Pacific to lift their combined holding from 10.1 per cent to 20.1 per cent - above the 19.9 per cent takeover threshold - reducing the likelihood of a counter offer. Perpetual and Ellerston have previously said they would not accept an offer below 70½ a share and analysts believe Wilmar and First Pacific could afford to pay between 75½ and 80½ a share. Goodman's major shareholders have become frustrated with the **board's** refusal to engage with Wilmar and First Pacific and are believed to be willing to cash in their investment at the revised offer price. It is believed Wilmar and First Pacific have told the **board** and the major shareholders that the revised offer is their absolutely final bid and that they will walk away if the conditions are not met. Goodman Fielder representatives and their advisers were unavailable for comment. The **company** requested a trading halt ahead of an announcement regarding a potential change-of-control transaction. Goodman shares were trading at 67.5½ ahead of the trading halt, slightly above the original offer price. !There has been speculation for more than a week that Wilmar and First Pacific would have to lift their offer to win the support of the **board** and major shareholders. Goodman Fielder chief executive Chris Delaney and chairman Steven Gregg initially denounced

the 65½-a-share offer as "opportunistic", saying it materially undervalued the **company** at a low point in its earnings cycle. Goodman shares were trading at 68½ in February and 64½ in March, before the **company** unveiled a 15 per cent profit downgrade and flagged further asset write-downs. However, the **board** said it was willing to discuss any proposal that maximised value for its shareholders. Last week, Wilmar and First Pacific threatened to withdraw their offer if Goodman proceeded with plans to sell its New Zealand **dairy business**. The offer is conditional on Goodman not making any material asset sales. Goodman announced a strategic review of the NZ **dairy business** in February after receiving unsolicited expressions of interest and accelerated the **dairy sale** process last week. The NZ **dairy business** could be worth more than \$600 **million**, compared with its current \$450 **million** book value

and market valuations around \$460 **million**. However, Wilmar and First Pacific said any potential **sale** of the **dairy business** needed to be weighed against the risk it posed to the certainty of a full cash offer for the entire **business**. The new offer is conditional on Wilmar and First Pacific securing approval to lift their **stake** above 15 per cent. Wilmar has been sitting on a 10.1 per cent blocking **stake** since February 2012.

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