

FINANCIAL REVIEW

SE Market Wrap - Street Talk
HD **PEP ponders entry into Goodman Fielder battle**
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It is highly unusual for a private **equity firm** to enter a takeover battle for a listed **company**. But last week ended with plenty of speculation Singaporean agribusiness Wilmar International could face competition in its \$1.3 **billion** bid for Goodman Fielder.

Wilmar already owns 10.1 per cent of Goodman and launched a 65¢ a share bid – along with **Hong Kong** investment manager First Pacific – last Monday. Goodman described the offer as "undervalued" and "opportunistic", but indicated it would be willing to negotiate and appointed investment bank Credit Suisse as an adviser.

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However, it is understood that private **equity firm** PEP is weighing up its options. PEP is familiar with the maker of Wonder White **bread** and Meadowlea margarine having made an unsuccessful \$3.6 **billion** bid with Bain Capital in 2005 back when Goodman was owned by Burns Philp.

Market sources said PEP had sounded out advisers for a potential tilt. With UBS working for Wilmar, Citigroup is seen as the most logical candidate. For their part, sources close to PEP claim it is more a case of investment banks pitching a rival bid to them.

Whatever the case, it is no surprise PEP is interested. The **firm** has raised \$1.1 **billion** for a fifth fund and is on the hunt for new investments as it sells out of assets such as industrial services **group** Spotless and cinema operator Hoyts.

Whether or not PEP's interest turns into a concrete offer remains to be seen. Not only are private **equity** firms reluctant to get into listed takeover wars, but PEP also faces the issue of Wilmar owning that 10.1 per cent **stake**. Wilmar secured the shareholding more than two years ago, giving it the ability to block any rival bid for full control. The main game, of course, remains the bid that is actually on the table. The Wilmar/First Pacific team are, by all accounts, getting increasingly frustrated about what they describe as a lack of engagement by the Goodman side.

The offer was well timed given Goodman announced yet another earnings downgrade – the fourth in the past three years – on April 2.

Elsewhere, ASX-listed junior platinum explorer Nkwe Platinum has finalised \$20 **million** funding with **Chinese** investor, Jin Jiang Mining.

Jin Jiang has purchased \$20 **million** of three-year convertible bonds, which will be immediately converted to 202.6 **million** Nkwe shares to improve the **company's** balance sheet.

Nkwe will use the funds to develop its South African Garatu mining project. An announcement is expected as early as Monday.

CO fdgl : Goodman Fielder Ltd | rkgrp : Rank Group Ltd

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