

FINANCIAL REVIEW

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HD **Goodman sold to consortium for \$1.4 billion**
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Goodman Fielder has accepted a revised \$1.37 **billion** takeover bid for the iconic food **group** after the **board** bowed to pressure from key shareholders who agreed to sell stakes in the **company** to the **group's** Asian suitors.

The Goodman Fielder **board** agreed late on Friday to recommend shareholders accept a revised 70¢ a share offer from Singapore oils trader Wilmar International and **Hong Kong** investment **company** First Pacific.

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The revised proposal values the maker of Wonder White **bread**, White Wings flour and Meadow Lea margarine at \$1.37 **billion**, or \$1.9 **billion** including debt. Shareholders will receive an additional 1¢ in the form of a final dividend to be paid this year. "We believe this revised proposal also demonstrates the strength of our underlying **business** and brands but also the opportunity to leverage these assets to grow the **business** across the Asian region," chairman Steve Gregg said.

The **company's** blessing was conditional on the bidding consortium entering into a scheme implementation agreement and that no superior proposal emerges during a period of non-exclusive due diligence.

Wilmar and First Pacific were threatening to walk away if the **company** did not accept the revised offer by 8pm on Friday. While Ellerston and Perpetual backed the revised bid, it is understood major shareholder Harris Associates was not supportive.

Analysts said the **board** had little choice but to accept the new offer. Wilmar and First Pacific raised their takeover offer for Goodman Fielder from 65¢ to 70¢ a share on Thursday, confirming an exclusive report in The Australian Financial Review.

The revised offer was not as high as investors or the **board** wanted but the **company** was left with little choice after a series of earnings downgrades left it vulnerable to a takeover.

The bidders earlier secured conditional agreements to purchase part of the stakes of Goodman Fielder's two largest shareholders, Ellerston Capital and Perpetual Investments.

The **sale** process for its New Zealand **dairy business** has been put on hold, pending the outcome of due diligence.

Goodman Fielder has disappointed investors with a series of earnings downgrades in recent years, further complicating matters for the **board** who were initially reluctant about accepting the revised offer.

One fund manager said: "If management had been executing, shareholders would be more likely to back them. The fact that the shareholders [Ellerston and Perpetual] are tipping in at this price puts a lot of pressure on them."

Goodman shares traded at 67.5¢ ahead of the trading halt this week, slightly above the original offer price.

Wilmar is controlled by a Malaysian **billionaire** whose nephew, Kuok Khoon Hong, has been a key player. First Pacific is headed by Indonesian tycoon Anthony Salim. The share purchase agreements with Ellertson and Perpetual, which would result in the **sale** of a 4.8 per cent **stake** to Wilmar and First Pacific, plus the rights to a further 5 per cent, were conditional on the **board** agreeing to the deal. This would allow Wilmar and First Pacific to lift their combined holding from 10.1 per cent to 19.9 per cent.

Key points **Board** agrees to recommend shareholders accept 70¢ a share offer. Wilmar and First Pacific had threatened to walk away from deal by 8pm Friday.

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