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HD **Baking firm offer needs 'sweetening'**  
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ICONIC brands White Wings, Wonder White and MeadowLea could become consumer staples in Asia if Goodman Fielder and its shareholders convince the \$18-**billion** Singapore-based oils trader Wilmar International and **Hong Kong** investor First Pacific to sweeten a \$1.8-**billion** takeover proposal.

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Goodman Fielder has denounced as "opportunistic" an initial 65 cents a share offer from Wilmar, which owns CSR's former sugar assets, and First Pacific, which controls 50 per cent of Indonesia's largest food **group**, IndoFoods.

But Australia's largest baker, which has seen underlying earnings halve in the past six years, says it is willing to discuss any proposal that maximises value for shareholders.

"The **board** of Goodman Fielder remains focused on maximising shareholder value, and will be constrictive in relation to proposals that are consistent with this objective," Goodman Fielder said, after meeting with First Pacific and Wilmar principals over the weekend.

Many of Goodman's shareholders paid \$2 a share in its \$2.1b initial public offer in 2005 and have become frustrated with the **company** after years of restructuring, asset write-downs and profit downgrades.

The latest downgrade on April 2 wiped more than 20pc off the shares and appears to have been the trigger for the offer.

Analysts believe Wilmar and First Pacific could afford to pay as much as 75c or 80c a share, based on multiples paid in recent consumer food transactions such as Manassen Foods and Warrnambool **Cheese** and **Butter**, and taking into account estimated synergies between \$10 **million** and \$20m.

Goodman's future now lies with Perpetual Investments, which owns 12.23pc, and Ellerston Capital, which paid about 65c for much of its 13pc **stake**.

Together, the two are in prime position to negotiate a higher offer with Wilmar and First Pacific, and force the Goodman Fielder **board** to engage.

Wilmar and First Pacific would prefer a friendly deal through a **board**-backed scheme of arrangement but analysts said they may have to go hostile at some stage.

Goodman, which makes Wonder White and Helga's **bread**, Meadow Lea margarine and Praise salad dressings, said the highly conditional offer "materially undervalues" the **company**.

"The proposal represents a unique and compelling opportunity for Goodman Fielder to maximise value for its shareholders and create a leading Asia-Pacific agricultural and consumer staples joint venture with strong financial resources and Asian understanding," Wilmar and First Capital said in a joint statement.

Wilmar and First Pacific plan to take Goodman's market-leading consumer brands and intellectual property into Asia, taking advantage of Wilmar's upstream sourcing and procurement capabilities and First Pacific's downstream distribution capabilities through IndoFoods.

Analysts said First Pacific was also keen to take advantage of Goodman's NZ **dairy business** by exporting **milk** to Indonesia and Malaysia. Goodman received offers for the **dairy business**, and this may have been another trigger for the bid.

**CO** fdgl : Goodman Fielder Ltd  
**IN** i41 : Food/Beverages/Tobacco | icnp : Consumer Goods  
**RE** saustr : South Australia | apacz : Asia Pacific | ausnz : Australia/Oceania | austr : Australia  
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