

# FINANCIAL REVIEW

News

## Swisse seals \$1.67b payday

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Vitamins **group** Swisse Wellness has been **sold** for a whopping \$1.67 **billion** to **Hong Kong**-listed **company** Biostime, which outbid several rivals including **Chinese** private **equity firm** Hony Capital and **Chinese** drug manufacturer Shanghai Pharma.

The **sale** price represents an extraordinary turnaround in the fortunes of the **business** that has a heavy marketing budget with a cavalcade of high-profile sports stars, actors and chefs fronting its ads including Nicole Kidman, former Australian Test cricket captain Ricky Ponting, fast bowler Mitchell Johnson, tennis player Lleyton Hewitt and Master Chef co-host George Calombaris.

The **sale** also delivers a substantial pay day for the founding Ring family and chief executive Radek Sali and his management team. Mr Sali and his management team, along with the Ring family will retain about 15 per cent to 20 per cent of the **company** after the transaction. The buyer was revealed first by The Australian Financial Review's Street Talk column on Thursday afternoon. The Ring family was the major shareholder.

...specialist in infant formula and nutritional products for babies and wants to expand its reach into vitamins. It was founded in 1999 and has more than 200 sales offices across **China**.

The Swisse **sale** process has occurred at a time when demand for vitamins from **China** has been booming.

... price in just 13 months and hit a new record on Thursday on the ASX of \$136.80, up 5 per cent on the day. Vitamins and sports nutrition **firm** Vitaco made its debut on the ASX on Wednesday and has gained 17 per cent in two days after a \$232 **million** capital raising at an issue price of \$2.10.

The Australian firms have ridden a wave of demand from **Chinese** consumers who have been buying up the trusted Australian brands for their "clean and green" image after a series of health scares in **China** involving locally-manufactured products including baby formula, berries and **milk** powder.

The **buy**-up of Australian vitamins has come from both online shoppers in **China** through web sites such as Tmall and Alibaba, along with brisk trade from **Chinese** tourists and entrepreneurs in Australian chemist warehouses and supermarkets which have often left shelves sporting "out of stock" signs because of the unprecedented demand.

Swisse, which is chaired by former Foster's **Group** chief executive Trevor O'Hoy, has been investing heavily in **brand**-building and marketing but hit some strife in 2012 and 2013 after an aggressive foray into the United States which didn't deliver the expected investment returns and drained its...

The Goldman Sachs Special Situations fund came in to bolster the Swisse balance sheet in August, 2013 with a \$70 **million** injection and will also be a big beneficiary of the booming **sale** price.

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