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HD **Wilmar, First Pacific Vow to Hunt Down Australia's Goodman Fielder; Food Manufacturer's Shares Rise as Investors Expect a Higher Bid**
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SYDNEY—Goodman Fielder Ltd. rejected a 1.27 **billion** Australian dollar (US\$1.18 **billion**) foreign takeover offer that some of its shareholders believe has every chance of nudging higher.

Singapore's Wilmar International Ltd. and **Hong Kong's** First Pacific Co. pledged to continue pursuing the Australian breads-and-spreads maker—which Monday dismissed their joint proposal saying it sought to exploit a period of short-term financial instability.

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Goodman Fielder manufactures some of Australia's most recognizable food brands including Meadow Lea margarine, Praise mayonnaise and Wonder White **bread**. Wilmar has been touted as a potential buyer ever since it took a 10% **stake** in Goodman Fielder two years ago.

Wilmar and First Pacific conditionally offered A\$0.65 a share to **acquire** the Sydney-based food manufacturer, which ended trading on Thursday before a public holiday at A\$0.55. Earlier this month, Goodman Fielder issued a stern profit warning amid growing competition from supermarket own-brands and a rise in wholesale New Zealand **milk** prices.

"The Wilmar bid appears opportunistic given the recent profit downgrades have largely been driven by one-off factors we think will reverse," said Paul Skamvougeras, a Sydney-based portfolio manager at Perpetual Ltd., which owns 12% of Goodman Fielder. "We're encouraging the **company** to continue a dialogue."

Goodman Fielder's shares leapt as much as 19% in Sydney trading to A\$0.655 a share, as investors bet that a higher bid was likely. Despite Monday's jump, the stock remains about 15% lower than where it traded a year ago.

Goodman Fielder recently warned of worsening trading conditions in both Australia and New Zealand. In its profit warning, the **company** said earnings before interest and tax in the year through June would likely be 10%-15% below an analyst consensus of A\$180 **million**. Earlier, it had estimated earnings would be broadly in line with the A\$185.6 **million** year-earlier figure.

Goodman Fielder's revenue in Australia has been squeezed by the major supermarket chains—Woolworths Ltd. and Wesfarmers Ltd.-owned Coles—becoming more aggressive on pricing with their own-label **bread** and other staples. In response, Goodman Fielder has had to spend more on promoting its own brands.

Wilmar and First Pacific described their proposal as "compelling," citing the 27% premium on the volume-weighted average of its shares since the profit warning. It also "compares favorably with recent relevant comparable transactions," the companies said in a joint statement.

First Pacific and Wilmar said they would look to hold further talks with the **board** aimed at conducting due diligence and working up a binding proposal for shareholders. Goodman Fielder said its **board** would be constructive in considering any further proposal.

Australian investment bank Macquarie **Group** estimated a final offer of between A\$0.65 a share and A\$0.75, but raised concern over Wilmar's wherewithal to lift the bid substantially from the current offer.

Goodman Fielder has **sold** several businesses considered noncore over the past year and a half as it seeks to strengthen its finances by paying down debt. It recently **sold** its New Zealand meats-and-pizza businesses to Mommas Frozen Products Ltd., and its biscuits division to Green's Food Holdings. It has also looked to shave costs by closing down one of its meat-processing facilities.

Goodman Fielder said on Monday it was planning to save an extra A\$25 **million** largely through job cuts to be made in the three months through June, while also reviewing its New Zealand **dairy business**.

CO ezyhsi : Wilmar International Limited | fdgl : Goodman Fielder Ltd | wilho : Wilmar Holdings Pte Ltd

IN ifood : Food Products | i41 : Food/Beverages/Tobacco | icnp : Consumer Goods | i0 : Agriculture | i01001 : Farming

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