

SE **Business**

HD **Goodman in trading halt as Asian bidders push for lower takeover price**

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SINGAPOREAN agribusiness giant Wilmar and bid partner First Pacific are expected to lower their \$1.4 **billion** takeover offer for food manufacturer Goodman Fielder after spending the past four weeks poring over the target **company**'s accounts.

Goodman, the **company** behind consumer staples including Wonder White **bread** and Meadow Lea margarine, yesterday put its shares in a trading halt pending an announcement on the takeover deal, in which the Wilmar consortium has made an indicative offer of 71c per share for the entire **company**.

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It is understood the bidders do not intend to walk away from the deal altogether, but are arguing for a slight reduction in the purchase price.

The move comes as a blow to Goodman, which in April knocked back the consortium's initial 65c-per-share offer as both undervalued and opportunistic, coming just weeks after the **company** had announced its fourth profit downgrade in three years amid increasing input costs and a series of factory breakdowns.

However, Goodman signalled it was willing to entertain higher offers, and was understood to be holding out for at least 70c per share in return for granting a potential buyer access to its accounts for due diligence studies.

That deal was finally forthcoming on May 16, when Goodman announced it had received a "non-binding, conditional proposal" from Wilmar and First Pacific at 71c per share, including a 1c-per-share dividend to be paid by Goodman.

The target **company** agreed to recommend the deal to shareholders in the absence of a higher offer, and granted the prospective buyers four weeks' access to its books.

After more than \$700 **million** worth of restructuring costs and asset writedowns over the past three years, analysts including Deutsche Bank's Michael Simotas had raised concerns about further one-off costs.

However, while it is understood the due diligence process did not unearth any major negatives, the bidders have enough concerns to warrant a renegotiation.

Goodman will have little choice but to engage, with major institutional shareholders expected to press for the deal to proceed, and no rival bidder having emerged despite a number of investment banks canvassing potential investors.

Wilmar and First Pacific, which had already acquired a 10 per cent **stake** in Goodman prior to the bid, made a deal with Goodman's two largest shareholders, Perpetual and Ellerston, to **acquire** a further 4.8 per cent of the **company** in May, with an additional 5 per cent **stake** to change hands subject to approval from the Foreign Investment Review **Board**.

Continued on Page 27 Continued from Page 19 The Asian bidders are the latest in a stream of foreign buyers for Australian food assets, including Canadian **dairy** giant Saputo's \$400m-plus takeover of Warrnambool **Cheese** and **Butter** this year and Wilmar's own \$1.75bn purchase of sugar refiner Sucrogen (formerly known as CSR) in 2011.

China's Bright Food **Group** in January signed a deal to **buy** privately held WA **cheese** and yoghurt producer Mundella following its 2011 purchase of Manassen Foods, and has been mooted as a potential bidder for winemaking giant Treasury **Wine** Estates, which in May knocked back a \$3.05bn takeover offer from US private **equity** giant KKR.

Wilmar and First Pacific plan to invest in plant upgrades at Goodman — which blamed reliability issues in its baking **business** for its most recent downgrade — before ramping up its export **business** through Wilmar's distribution networks in **China** and Malaysia, and First Pacific's businesses in the Philippines and Indonesia.

Goodman shares are scheduled to begin trading again tomorrow morning, with the **company** expected to make an announcement prior to the market opening. The stock last traded at 68c on Friday.

CO fdgl : Goodman Fielder Ltd

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