

**HD** **FED:Goodman Fielder loss 'won't hurt takeover'**

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GOODMAN By Belinda Merhab

SYDNEY, Aug 13 AAP - Australia's biggest food maker insists a disappointing profit result and expectations of another difficult year ahead will not derail a \$1.3 **billion** takeover offer for the **company**.

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Goodman Fielder, whose brands include Meadow Lea and Vogel's **bread**, suffered a net loss of \$405.1 **million** in 2013/14 on the back of rising costs and price competition from its rivals.

The result was dragged down by a larger-than-expected \$468.2 **million** in costs associated with the ongoing restructure of its **business**, non-cash impairment charges, and losses on the **sale** of its biscuits, meat and pizza divisions.

Stripping out those charges, Goodman's underlying net profit for its continuing operations fell to \$63.1 **million**, from \$75.7 **million**.

Chief executive Chris Delaney said the result was disappointing, with the new financial year also shaping up to be difficult.

But when asked during the **company**'s results briefing whether he was concerned the loss could derail a \$1.34 **billion** takeover bid from an Asian consortium he said: "No, I'm not".

"Obviously the bidders, as part of the due diligence process, had access to a significant amount of information about the **company**," he said.

"They were aware of what we had guided the market and what our expectations were just as much as any other shareholder was."

**Hong Kong**-based investment **firm** First Pacific and Singapore agribusiness Wilmar International originally offered \$1.37 **billion** for the troubled food maker in May but lowered their bid to \$1.34 **billion** in July after examining Goodman's books.

Goodman Fielder's **board** have recommended shareholders accept the offer, with a vote expected in November.

OptionsXpress market analyst Ben Le Brun said the bidders were likely already aware of Goodman Fielder's troubles but there was still a chance they could further lower their offer.

"They've done it before so we couldn't rule out the possibility that they're going to do it again, especially if Goodman Fielder keep reporting numbers like this," he said.

Mr Delaney said Goodman was making progress on its strategy to return to profit but its efforts were hampered by a record rise in farmgate **milk** prices in New Zealand and higher wheat prices in Australia.

It has struggled to recover those extra costs because of price wars with its rivals, with loaves of **bread** and a litre of **milk** priced at just \$1.

Goodman was also hurt by the disappointing performance of its Australian spreads **business**, reliability issues at manufacturing facilities and the costs of delivering fresh **bread** in Australia.

But earnings were expected to improve thanks to a reduction in farmgate **milk** prices, moderating wheat prices, success with its dressings and fresh **bread** businesses and new plans for tackling delivery costs.

Goodman Fielder shares were 1.5 cents lower at 62.5 cents at 1507 AEST.

#### GOODMAN TIPPING ANOTHER TOUGH YEAR AHEAD

\* Net loss of \$405.1m, from a \$102.5m net profit in 2012/13

\* Revenue of \$2.19b, down 0.45 pct from \$2.2b

\* Fully franked final dividend of one cent a share, down from three cents

AAP bm/bt/

**CO** fdgl : Goodman Fielder Ltd

**IN** i41 : Food/Beverages/Tobacco | icnp : Consumer Goods

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