

HD Goodman Fielder yields to raiders

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GOODMAN Fielder's **board** has backed a \$1.39 **billion** offer from Singapore's Wilmar International and **Hong Kong**'s First Pacific.

After an all-day **board** meeting, news that the Goodman directors had recommended the proposed scheme of arrangement emerged about three hours ahead of an 8pm deadline set by the bidders.

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Sources said that Wilmar and First Pacific representatives had booked flights, packed their bags and were ready to leave the country if the deadline passed without a recommendation.

The successful offer includes a 1c-a-share dividend for the June year, and is sweetened from the bidders' 65c-a-share opening gambit on April 28.

Goodman chairman Steve Gregg said the improved terms maximised value for shareholders.

"In the absence of a superior proposal and subject to various other conditions, we believe this revised proposal is consistent with that objective (of maximising value)," Mr Gregg said.

"We believe this revised proposal also demonstrates the strength of our underlying **business** and brands, but also the opportunity to leverage these assets to grow the **business** across the Asian region."

The likely fall of Goodman comes amid a spate of industry takeovers, as global food groups seek scale to feed the emerging Asian middle class.

The most recent example was Canadian **dairy** giant Saputo's \$500 **million**-plus takeover of Warrnambool **Cheese & Butter**.

Goodman's vulnerability was heightened by an April 2 earnings downgrade, its fourth since 2011, with the **company** flagging further possible asset writedowns after \$700m worth over the past three years.

Wilmar and First Pacific cranked up the pressure on Thursday, lifting their offer to 71c, including the 1c dividend, and demanding unanimous **board** support by 8pm yesterday.

This was conditional on the parties entering into a scheme implementation agreement, receipt of a supportive independent expert's report, and no other suitor emerging.

The improved terms equate to a 33 per cent premium to Goodman's closing price of 52.5c on April 23.

The bidders revealed that they had entered into agreements with Goodman's two largest shareholders, Perpetual and Ellerston Capital, to **acquire** a 4.8 per cent **stake**, taking their combined holding to 14.9 per cent.

The agreements also enabled the bidders to purchase an additional 5 per cent of Goodman from the same shareholders, subject to Foreign Investment Review **Board** approval. The bidders said they needed to conduct four weeks of due diligence in order to progress to a binding offer. If the deal gets through foreign investment approval in Australia and New Zealand, the scheme meeting is likely to take place in three to four months.

The required 75 per cent vote of support from shareholders is considered likely, given the **board**'s unanimous support.

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