

# FINANCIAL REVIEW

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HD **Joint bid pays for First Pacific**  
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**Hong Kong** investment management **company** First Pacific considered bidding for Goodman Fielder under its own steam before agreeing to team up with Singapore-based oils trader Wilmar International last month, it can be revealed.

First Pacific and its advisers first approached Wilmar in late March or early April and asked if it would be interested in selling its 10.1 per cent **stake**. The Australian Financial Review has learned.

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Wilmar had been sitting on the **stake** since February 2012 and had shown no signs of lifting its holding or making an offer. In fact, Wilmar had indicated it would consider selling the shares at the right price.

First Pacific and Wilmar then decided to pursue a joint offer rather than entering into a bidding duel.

Their decision to team up rather than battle each other for control of Australia's largest listed consumer foods **company** effectively deprived Goodman shareholders of an opportunity to achieve a higher price through an auction, which could have generated price tension.

The Goodman **board** was forced to recommend the takeover bid on Friday night after Wilmar and First Pacific lifted their offer price from 65¢ to 70¢ a share, deemed the price final, and secured the support of key shareholders Perpetual Investments and Ellerston Capital.

That First Pacific was considering a bid before approaching Wilmar contradicts the widely held view that Wilmar brought First Pacific into the deal because it would have struggled to fund the \$1.8 **billion** acquisition on its own. Wilmar highly geared

While Wilmar has a market capitalisation of \$US18 **billion** (\$19.3 **billion**), compared with First Pacific's market value of \$US5 **billion**, the edible oils **company** is highly geared. Wilmar is sitting on about \$US2.2 **billion** of cash, but its gearing is currently 83 per cent and a full takeover of Goodman would have increased its gearing to 90 per cent, according to JPMorgan.

The short-term nature of the relationship between First Pacific and Wilmar has also raised questions about their future intentions if Goodman shareholders approve the takeover.

However, the pair have denied they plan to break up the **company** and say they are more interested in taking Goodman's packaged food and **dairy** brands into Asia. Goodman has put on hold the proposed **sale** of the NZ **dairy business**, as the offer is conditional on no major asset sales.

Wilmar and First Pacific increased their combined **stake** in Goodman Fielder to 19.9 per cent on Monday after completing the acquisition of 93.8 **million** shares from Perpetual and Ellerston, equivalent to an 4.8 per cent **stake**, at the revised offer price.

Under a share-purchase agreement signed late last week, Ellerston and Perpetual also agreed to sell another 5 per cent of the **company** at 70¢ a share, conditional on Wilmar and First Pacific obtaining

Foreign Investment Review **Board** approval to go above 15 per cent. As a result of these agreements the combined voting power of the pair is deemed to be 19.9 per cent.

**CO** fdgl : Goodman Fielder Ltd

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