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HD **Goodman mulls sweetener**

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THE joint Asian bid for Goodman Fielder is moving closer to resolution, with the company's shares placed in a trading halt yesterday as the board considered a sweetened, 70c-a-share offer that two major shareholders are understood to have accepted for part of their holdings.

Singapore oils trader Wilmar International and Hong Kong investment group First Pacific lifted their bid by 5c a share, valuing Goodman at almost $1.4 billion — enough to extract acceptances for 5 per cent holdings from Perpetual and Ellerston Capital, which respectively own 12.2 per cent and 13 per cent of the target.

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Wilmar already owns 10.1 per cent of Goodman, enabling the bidders to lift their combined stake to 20 per cent.

The bid, however, remains conditional on the approval of the Goodman board, as well as the Foreign Investment Review Board's backing for Wilmar and First Pacific to lift their holding above 15 per cent.

Reports yesterday said it was also conditional on the sale by Perpetual and Ellerston of about half their stakes.

Goodman asked for the trading halt pending an announcement about a potential change of control.

Trading is scheduled to resume by Monday at the latest, with the stock last fetching 67.5c.

Last month, Goodman became the latest food industry takeover target, with Wilmar and First Pacific lodging a non-binding, conditional proposal at 65c a share, capitalising the company at $1.27bn.

The move came soon after a veiled warning by Goodman chief Chris Delany at The Australian's Global Food Forum, when he noted that "more and more and more of the ownership of the food manufacturing assets have moved into multinational hands''.

He said that while he had spent a good part of his career at multinationals "so I don't think that's a bad thing'', he noted one of the outcomes was "more and more ... research and development and technical functions have moved offshore''.

The Goodman board has previously opposed the overtures, saying the suitors were being "opportunistic" and undervaluing the company.

However, it signalled its willingness to negotiate by appointing Credit Suisse as its adviser, with UBS and Bank of America Merrill Lynch acting for the bidders.

The April 28 proposal came only weeks after Goodman's fourth earnings downgrade since 2011.

After $700 **million** in write-offs over the past three years, the **company** flagged further possible writedowns, sending Goodman’s shares plummeting as much as 20 per cent to a 19-month low of 47.5c.

Goodman has long been seen as a likely takeover target, more so now given the strategic value of Australian food businesses as the Asian middle class continues to grow.

The $500m-plus takeover of Warrnambool **Cheese** & **Butter** by Canadian **dairy** giant Saputo was the most recent example.

Wilmar and First Pacific have been turning up the pressure on Continued on Page 24 Continued from Page 23 the Goodman **board** by threatening to walk away if the target proceeds with its plan to sell all or part of its New Zealand **dairy business**.

The bidders said their proposal specified there were to be no material asset sales.This followed Goodman’s announcement of a strategic review of the NZ **dairy business** in February, after expressions of interest.

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