

SE **Business**
HD **Bankers stir Goodman interest**
BY BRIDGET CARTER, BLAIR SPEEDY, Takeovers
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INVESTMENT banks are canvassing private **equity** investors for interest in making a rival bid for food manufacturer Goodman Fielder, amid signs any offer will need to top \$2 **billion** in order to succeed.

Singapore-based Wilmar International, the world's largest palm-**oil** producer and owner of a 10.1 per cent **stake** in Goodman, teamed up with **Hong Kong**-based investment manager First Pacific to make a full takeover bid at 65c per share last weekend, valuing the target **company**'s stock at \$1.27bn.

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The Goodman **board** has described the offer, which comes just weeks after the **company**'s fourth profit downgrade in less than three years knocked its shares to a 19-month low of 47.5c, as opportunistic and undervalued, but has indicated it is open to negotiations.

Market expectation of a higher bid emerging increased yesterday, with Goodman shares closing up 3.5c at 67c. However, it is believed investors are holding out for an offer of between 70c and 80c per share, which would boost the total price as high as \$2.1bn, including Goodman's existing debt of \$500 **million**.

It is also understood Goodman, which owns grocery staples such as Meadow Lea margarine and Buttercup **bread**, would allow due diligence scrutiny of its accounts to any bidder whose offer tops 70c per share.

CIMB analysts Alexander Beer and Daniel Broeren said they believed the **company** was worth 75c a share based on the average earnings multiple in similar deals, but JPMorgan analyst Stuart Jackson said he believed 65c was fair, and warned that Wilmar and First Pacific could drop their price if they disliked the look of the accounts.

A number of dealmakers have shopped Goodman Fielder around to private **equity** investors over the past year as a potential takeover target, but sources said no buyer had seriously pursued what is widely perceived as a challenged **business**.

Among the investors familiar with the Goodman Fielder is Pacific **Equity** Partners, which launched an unsuccessful \$3.55bn takeover for the **group** with Bain Capital in 2005 when it was owned by Burns Philp.

Paul Skamvougeras, deputy head of equities at 12 per cent shareholder Perpetual, urged Goodman's **board** to negotiate with the suitors.

Meanwhile, it is understood Goodman Fielder and advisers Credit Suisse are preparing information memorandum documents for the **sale** or partial **sale** of Goodman Fielder's \$500m-plus **dairy business**, likely to be completed in about a month. First Pacific owns Indofood, the largest **dairy company** in Indonesia, and it is understood the **company**'s interest in Goodman Fielder is driven mainly by the presence of its **dairy** assets, while Wilmar, owner of Australian sugar processor Sucrogen, is keen on other parts of the **business**.

CO fdgl : Goodman Fielder Ltd

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