



Agribusiness



Food &
Beverage



Financial
Advisory



Mergers &
Acquisitions

Agribusiness, Food & Beverage Dealtracker

October 2020





2022 Global M&A deals in the reporting period (1 January 2018 to 30 June 2020), with an increase of median transaction multiple from **10.1x to 11.3x** from the previous 7 year period.



Australia ranks **5th** in the world during the period for deal activity with continued popularity in Australia's Agricultural Products.



Trading multiples at the end of 2020 financial year were affected by **softer macro-economic conditions** as a result of COVID-19 and increasing trade tensions.



73% of Australian assets sold were acquired by domestic buyers during the period, with the balance coming from the Asia Pacific, Northern America and Europe regions.



Global deal volumes in the 1st half of calendar year 2020 **remained steady** with only a slight decline despite the current COVID-19 pandemic.



Transactions from international investors and acquirers were expected to be stemmed by the more stringent Foreign Investment Review Board (**FIRB**) temporary thresholds during the calendar year 2020, however this has not yet been reflected in actual transaction numbers.



54 IPOs recorded globally during the reporting period.



96% of the global IPOs were conducted in the Asia Pacific Region.

The numbers





“From an investment standpoint, we have witnessed a shift from interest in high-end discretionary food & beverage items, to a focus on food security, investing in commodity based staple items and businesses that support primary producers. This theme is certainly already in play with a number of Private Equity investors taking a keen interest in businesses that have weathered the harsh economic impacts of COVID-19 thus far, and in the AgF&B sector the opportunities are aplenty.”

Introduction

2020

Welcome to the third edition of Grant Thornton's Agribusiness, Food & Beverage (AgF&B) Dealtracker, which focuses on merger and acquisition (M&A) and equity market activity in the AgF&B sector during the 2 and a half year period from 1 January 2018 to 30 June 2020 (the Current Period). Our previous AgF&B Dealtracker (the Historical Period) covered the 7 year period to 31 December 2017.

The data in this report was compiled from several sources including S&P Capital IQ, the Australian Securities Exchange, Mergermarket, IBISWorld, company announcements and other publicly available information. We consider this consolidated multi-source analysis – supplemented with our own proprietary sources – to provide a comprehensive insight into recent AgF&B deal activity.

We have considered transactions where the target company's primary sub-sector was classified as one of the following as per S&P Capital IQ:



Packaged food and meats

Producers of packaged foods including dairy products, fruit juices, meats, poultry, fish and pet foods.



Brewers

Producers of beer and malt liquors. Includes breweries not classified in the Restaurants sub-sector.



Agricultural products

Producers of agricultural products. Includes crop growers, owners of plantations and companies that produce and process foods. Excludes companies classified in the Forest Products sub-sector and those that package and market the food products classified in the Packaged Foods & Meats sub-sector.



Distillers & Vintners

Distillers, vintners and producers of alcoholic beverages not classified in the Brewers sub-sector.



Soft drinks

Producers of non-alcoholic beverages including mineral waters. Excludes producers of milk classified in the Packaged Foods sub-sector.



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Agribusiness, Food & Beverage investment themes

The AgF&B sector is living, breathing proof that life, business and transactions do go on. Through generational droughts, floods, trade wars and global pandemics, the global AgF&B sector has survived and in many cases thrived.

From an investment standpoint, we have witnessed a shift from traditional Investment Manager interest in high-end discretionary food & beverage items, to a focus on food security, investing in commodity based staple items and businesses that support primary producers. This theme is certainly already in play with a number of Private Equity investors taking a keen interest in businesses that have weathered the harsh economic impacts of COVID-19 thus far, and in the AgF&B sector the opportunities are aplenty.

There is no doubt that Australian Agriculture has shown its resilience, stability and its counter cyclical tendencies in a time where many other industries have flat lined. Throughout 2020 it was expected that the more stringent Foreign Investment Review Board (FIRB) regulations would have materially impacted the inbound investment that our Value Chain requires to ensure that the industry reaches its collective goal of being a \$100 billion industry. However, this is yet to be reflected in the data to 30 June 2020, the impact on H2 2020 and beyond remains to be seen.

Investment themes:



- Provenance / supply chain integrity
- High margin branded Food & Beverage products
- Healthy Foods and Food Alternatives
- Protected cropping
- Vertical integration
- Inputs to primary production (i.e. stock feed, irrigation, agronomy)
- Export ready / capable
- Gin / Whiskey
- Craft Breweries

New and resurgent investment themes during the COVID-19 pandemic:

- Food security
- Supply chain security
- In-house / domestic manufacturing
- Staple foods and products
- Counter cyclical assets (i.e. primary production)
- Domestic focused consumption



Where to next?

Further investment themes we expect to see gain further traction in the "new normal" economy:

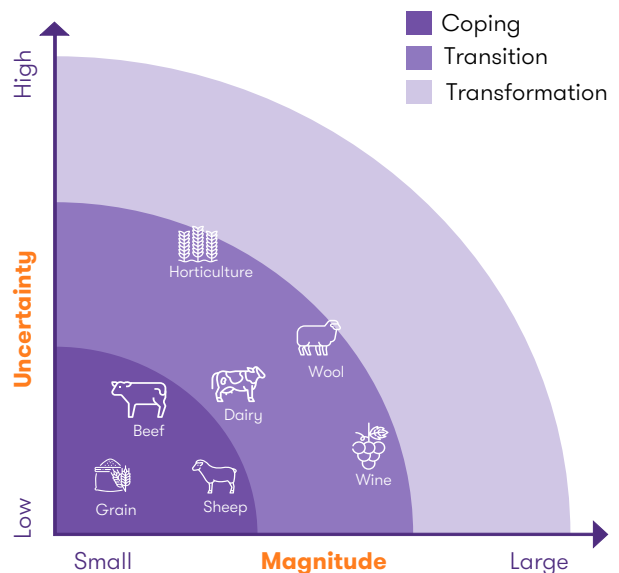
- Primary production alternatives (i.e. lab manufactured meats & milks)
- Agritech
- Foodtech
- Watertech

Turn the page for our summary of the COVID-19 impact

Impact of COVID-19

Supply chain impact

- **Panic buying** caused a short-term shift in the timing of purchasing.
- **Lockdowns** significantly affected businesses supplying to or operating in the food services industries. Consumers shifted their buying habits to lower value staples.
- The meat processing and live animal export industries have experienced **outbreaks**, which have caused significant impact to the demand and price of commodity meats.
- The most affected industries include seafood, wine, horticulture, wool and some meat and dairy products.
- Global lockdowns halted clothing sales which resulted in a **plummeting of demand** for Australia's wool clip.
- **Pivots in end-market strategies** have occurred across the board, with the producers of high-value boosting their online pathways for delivery directly to households products.



Source: <https://www.agriculture.gov.au/abares/research-topics/agricultural-outlook/agriculture-overview>

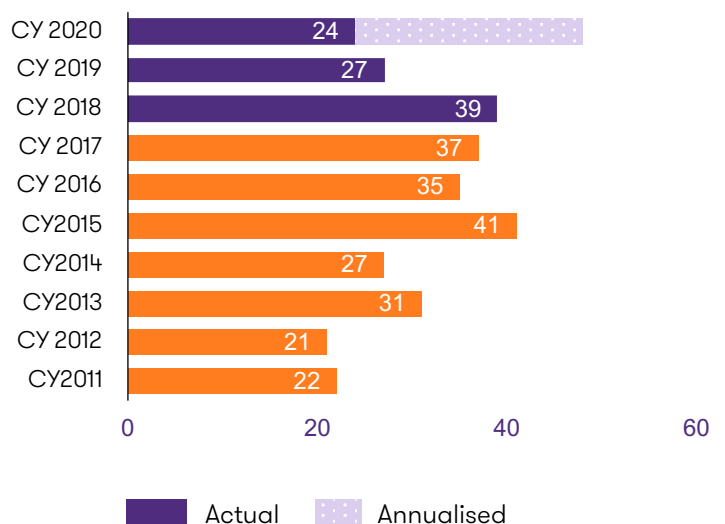
Transactions impact

We are yet to see the impact, be that for better or worse, in our data in the H1 2020 to 30 June. Transaction numbers remain strong and on track to exceed our record CY 2015 as we wait with baited breath for the true impact of the COVID-19 to unfold.

Many parts of the sector have performed well above industry averages, however we may see a reduction in deal volumes in the H2 2020. Whilst during this pandemic, the combination of JobKeeper, banks deferring principal and interest payments, and temporary changes to insolvency laws, have given those businesses that are struggling a lifeline, it may just delayed the inevitable for others.

It is clear that there are willing, cashed up and active domestic and international investors prepared to be aggressive when opportunities present themselves.

Australia M&A Deal Volumes



FIRB, tech & transactions



Foreign Investment Review Board (FIRB) impact

As a result of increasing concern of international investment in Australian's food bowl, and the impending global pandemic, FIRB released new Temporary Thresholds on the 29th of March 2020.

These revised thresholds reduced the monetary screening to \$0 for all investments by foreign entities or persons under the Foreign Acquisitions and Takeovers Act (FATA).

In addition to this, expected approvals on FIRB applications were extended from 30 days to 6 months.

It was highlighted in these changes that investments that supported Australian business and jobs would be given priority.

An example of these new more stringent thresholds being enacted is the blocking of the proposed sale of Lion Dairy and Drinks Pty Ltd to China Mengniu Dairy Company Limited. The reason provided was that this transaction was not in Australia's "national interest".

On 5 June 2020 it was announced that FIRB would enact permanent changes to its regime to:

- Address national security risks; and
- Ensure greater compliance with FIRB approval conditions.

These changes, proposed to come into effect on 1st January 2021, will put in place a permanent \$0 threshold for all foreign investments in sensitive "national security businesses". All other foreign investments will revert to the pre 29 March 2020 hurdles.

How "national security businesses" are defined and interpreted by FIRB remains to be seen, however given the finding on the Lion Dairy and Drinks transaction, it is hard to believe that the AgF&B industry will be unaffected.

Agritech and Foodtech

Provenance of fresh produce and fibres is more important for consumers than ever and the AgF&B sector is evolving with the use of technology. Internet-connected devices and processes can now be used to ensure efficient use of water and predict weather patterns, monitor and treat pests and track the food and fibre journey from 'paddock to plate', providing consumers and businesses with a raft of Ecological, Social and Governance (ESG), financial and marketing benefits.

Whilst technological innovation has been a significant area of investment and interest in the Global AgF&B sector, these transactions rarely show up in reported transactions due to the fact that the majority of these transactions are minority holding capital raises in early and maturing ventures which are conducted off market.

As these businesses mature, we expect to see a significant increase in transactions due to the necessity of consolidation, Investment Manager interest and up-stream or down-stream investment (i.e. from global AgF&B businesses such as John Deere and Nutrien).

Agritech and Foodtech are garnering interest from those investors that typically steered clear of this sector due to the associated commodity risk. They are now scouring the plethora of commercialised tech based businesses for a ideal candidate that has:

- Significant barriers to entry;
- Protected points of differentiation;
- National and global scalability; and
- A logical next owner.

Transactions post 30 June 2020

There have been a spattering of deals announced post 30 June which (similar to transactions completed during H1 FY2020) would have commenced their processes prior to the global economic down turn, including:

- ROC Partners investment in Flavourite Group, a Gippsland based hydroponic tomato grower;
- Tanarra Capital's acquisition of a significant stake in Barambah Organics, an organic vertically integrated dairy business;
- Beston Food Group exited it's dairy farms in Mount Gambier (SA) to Aurora Dairies (a Warakirri Asset Management asset);
- Enco Refresh [ASX:ERG] acquired JB's Purified Drinking Water, a B2B and B2C water procurement and delivery business; and
- Buderim Ginger sold a combination of assets to the Himstedt family.

During the months of April, May and June, we witnessed an economy-wide slow down on the commencement of new transaction processes and hence we expect to see a reduction in the number of transactions in the 2nd half of CY2020, this impact will likely impact the 1st half of the CY2021.

Despite this, the sector has bounced back and we expect to see a number of deals complete in the coming months, including:

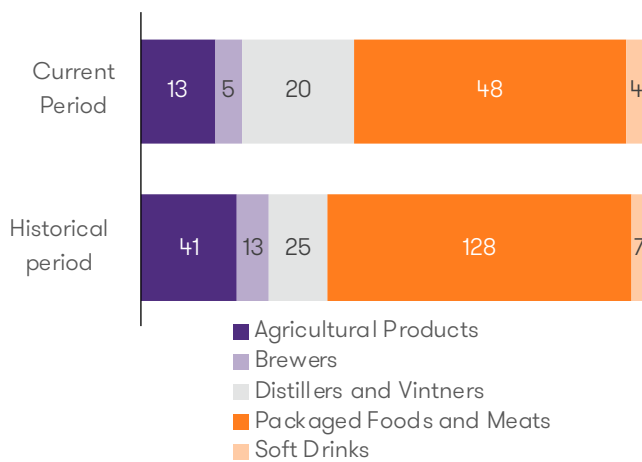
- FC Capital is considering the sale of the citrus division of its portfolio company Nutrano Produce, a Richmond, Victoria-based producer of fruits and vegetables;
- There are numerous funds and private equity firms that have shown significant interest in acquiring Auscott, a New South Wales-based cotton grower from JG Boswell;
- Jubilee Downs a Western Australian cattle station is believed to attracting numbers of bidders;
- Next Capital has reignited its plans to exit its investment in the Lynch Group, a New South Wales-based flower grower; and
- There are a number of Australian companies which are eyeing acquisitions in the sector including Ridley Corporation [ASX:RIC], Sunny Queen Farms and Farm Pride Foods [ASX:FRM].



Sub-sector composition

Australian M&A – sub-sector

Australian transaction volumes

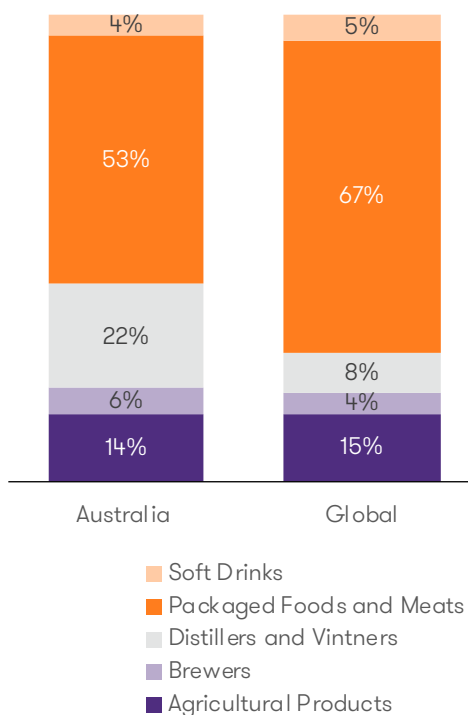


Australia’s AgF&B assets continue to draw strong attention from both domestic and international acquirers due to our clean, green reputation and quality. The sector is ripe for growth from Agricultural Products through to branded consumer Food & Beverage due to its proximity to Asia and unlocked production capacity.

Packaged Foods and Meats

Packaged Foods and Meats continues to be the dominant sub-sector in relation to Australian deal activity, representing c.53% of the total sector in the current period (48 transactions). This composition is slightly lower when compared to the global deal sub-sector composition of c.67% in the current period, with the difference attributable to Australia’s strong Distillers and Vintners sub-sector in the current period.

Current Period Transaction volume split



Noteworthy deals in the Packaged Foods and Meats sub-sector in 2018 included the acquisition of Murray Goulburn Co-Op, Australia’s largest milk processor, by Saputo Dairy Australia (whose parent entity is publically listed in Canada) for \$1.782 billion. This transaction was subject to review by ACCC and Foreign Investment Review Board (FIRB), with approval granted subject to undertakings including the divestiture of the Murray Goulburn’s Koroit plant.

It also included the acquisition of frozen French fries and potato products manufacturer, Marvel Packers by US-based Lamb Weston (US) for \$90 million. Prior to the sale to Lamb Weston, the Marvel Packers business was acquired 14 months prior by investment managers Silverfern Group and Direct Capital in 2017 for an undisclosed amount.

Other key deals in 2019 in this sub-sector included the well publicised acquisition of Bellamy’s Australia by China Mengniu for \$1.3 billion and the sale of Allied Pinnacle to Japan’s Nisshin Seifun for \$950 million.

Australian M&A Deals – sub-sectors

Brewers

Per the Capital IQ data over the current period, the volume of recorded transactions in the breweries sub-sector have remained limited, recording only 5 deals over the 2.5 year period. These included acquisition of CUB by Japanese based, Asahi Australia for \$16 billion. This transaction was subject to FIRB approval, which was received in May 2020, as well as close ACCC scrutiny as a result of Asahi's existing Australia market share. The ACCC approved the transaction, subject to Asahi divesting two of its beer brands and three of its cider brands in order to address competition concerns.

Other Australian deals in this sector included:

- Gold Coast based Balter Brewing (founded by Mick Fanning and Joel Parkinson) by CUB Pty Ltd for an undisclosed amount;
- Advent Partners investment in Tribe Breweries in March 2018 and Tribe's subsequent acquisition of Mornington Peninsula Brewery; and
- The acquisition of Mats'o's Boome Brewery by Gage Roads Brewing Company for \$16.45 million.

Analysis of this sector is limited to the data recorded. This is because craft brewery transactions are relatively small in size and have strict confidentiality clauses.

Anecdotally we understand that these transactions may be undertaken with significant earn out components. There has however been an increase in consumer preference and demand for smaller craft breweries in recent periods, as consumers seek out unique flavours produced by independent labels, which may not be captured in the Capital IQ Data. Other deals in this sub-sector not recorded in Capital IQ include the acquisition of Sydney based, The Australia Hotel and Brewery by ASX listed pub and hotel operator, The Redcape Hotel Group, for a reported \$50 million in 2018. This acquisition follows the Redcape Hotel Group's pursuit of investment in the craft and localised beer market.

The increasing activity within the brewery sub-sector also saw the recent IPO of Founders First Limited on the ASX, a company focused on investing in select craft beverage business to achieve accelerated growth.

Distillers and Vintners

Strong activity in Distillers and Vintners category has been observed in Australia in the current period, recording 30 completed transactions over the 2.5 years to June 2020, compared to 25 over 7 year historical period.

Increased activity in this sub-sector is partly attributable to the growth in Australia's wine exports led by demand from China, Australia's largest wine export market. Australia has benefited from the US-China Trade war over the current period as China has ramped up import duties to be imposed on US Wine. As of 1 January 2019, the import tariff rate on Australian wines by China was eliminated completely under the China-Australia Free Trade Agreement (ChAFTA). Pre COVID-19, it was anticipated that this move will see Australia surpass France as the number one exporter of wines to China.

Continued growth in Australia's wine industry has spurred Australia's Agritech industry to increase investment in innovation and technology, aimed to protect vineyards from adverse weather patterns, maximise yield and secure the future viability of the industry.

In the current period, the largest deal in this sub-sector was the acquisition of Accolade Wines Australia by US based investment firm Carlyle Group, from CHAMP Private Equity, for a value of \$1 billion.

The Gin and Whisky consumption both locally and globally has also continued to grow, with local craft gin and whisky producers garnering increased consumer attention as they seek out unique flavours. In 2019, Lion acquired a 50% stake in Four Pillars Gin for an undisclosed amount. Four Pillars, which was founded in 2013 in Healesville Victoria, is now focused on international expansion, with an initial focus on the neighbouring Asia Pacific region.

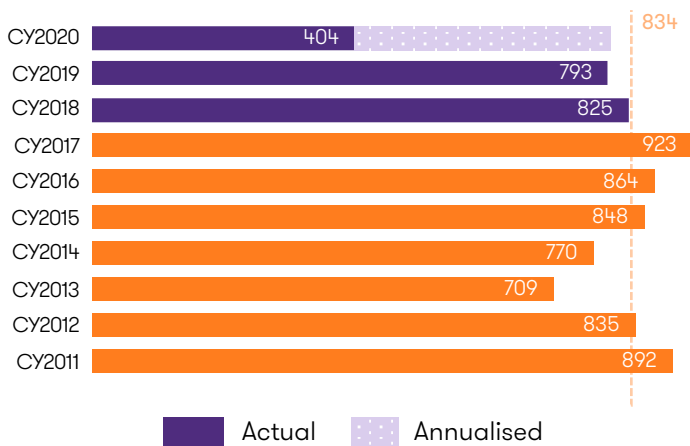


M&A transactions

Global M&A Activity

Following a surge in M&A deals in this sector up to 2017, a slight decrease in reported deal volumes has been observed throughout the current period.

Global M&A Deals – Calendar Year (CY) Trends



Global M&A Deals – Half Year (HY) trends



2022 deals were reported in the current period, at a yearly average of 809, indicating a slight decline trend in the global M&A annual deal volumes in this sector compared to the peak in 2017 (923 deals). This is reflected in the slight decline in the annual average M&A volume by 3% from 834 over the historical annual average. Whilst this trend may in part be attributable to delayed reporting of closed deals in the Capital IQ at the time of this report, it is evident that there has been a slowdown in global M&A deal volumes over this period.

Factors impacting this slowdown have included the US-China Trade War, uncertainties surrounding the BREXIT timetable and regulation, potential global economic slowdown concerns, as well as more recently a global pandemic. These factors have contributed to the market uncertainties in a number of sectors, including the AgF&B, with the deal-making industry closely observing the markets.

When comparing HYs it is clear that the sector has not been as dramatically impacted by the COVID-19 pandemic in 2020 as you may expect, with volumes sitting consistent at 404 vs a HY Average over the CY2018 and CY2019 of 405.

Whilst there is a possibility that opportunistic transactions are inflating the 2020 data (even though we have not seen this trend hit Australia yet) and the vast majority of these processes would have commenced prior to the COVID-19 pandemic, it is clear that the AgF&B industry has held up globally.

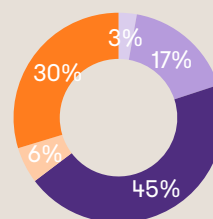
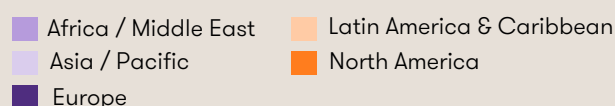
We do however, expect to see a correction in H2 as there was an economy wide slow down on new transaction processes from March through June 2020.

Global M&A Activity (cont.)

Global M&A Deals – by Country

Country	Current Period	Current Period Ranking	% of Deals	Historical Period	Historical Period Ranking	% of Deals
United States	538	1	26.6%	1,226	1	21.0%
United Kingdom	153	2	7.6%	422	3	7.2%
France	127	3	6.3%	432	2	7.4%
Canada	94	4	4.6%	169	9	2.9%
Australia	90	5	4.5%	214	6	3.7%
Spain	79	6	3.9%	257	5	4.4%
Netherlands	66	7	3.3%	130	12	2.2%
Italy	65	8	3.2%	150	10	2.6%
Germany	62	9	3.1%	184	8	3.2%
China	54	10	2.7%	196	7	3.4%
Top 10	1,328		65.7%	3,380		57.9%
Other Countries	694		34.3%	2,461		42.1%
Total	2,022		100.0%	5,841		100.0%
Average Annual	809			834		

Global M&A Deals – by Region



Volume declines have most notably been observed in the US, France and Brazil over the current period, when compared to the preceding two calendar years (2017 and 2018).

US M&A volumes declined from a peak of 226 recorded deals in 2017 to 206 deals in 2018 and 201 deals in 2019. The decline in the volume of M&A activity involving US assets can be partly attributable to trade uncertainties introduced by many of President Trump's trade policies, which were reciprocated by mutually adverse trade policies by China.

The **European** region continues to account for the vast majority of international transactions, with European assets contributing 45% of the current period M&A volume. This is followed by United States and Canada at 30% and then Asia Pacific region at 17%. A decline in the volume of M&A deals was observed across all three regions, as the above mentioned factors impacted all regions.

Whilst **France** continued to be a key participant in the European region, M&A volume in France declined from 62 average transactions over the historical period to 51 the current period. This trend is likely due to key economic reforms introduced by President Emmanuel Macron, following the elections in 2017, as the Country and its markets navigate through the changes. France's GDP growth rate peaked at 2.3% in 2017, decreasing to 1.7% in 2018 and 1.3% in 2019.

In contrast, the **UK** continued the trends observed in 2017, recording strong M&A volumes over the current period, despite concerns regarding BREXIT.

Canada has seen a marked improvement in its positioning in the top 10 list, coming in at 4th position in the current period with 94 deals recorded over the current period, compared to its ranking as number 9 over the historical period. This improvement has been partly supported by an increase in the volume of transactions of cannabis and hemp related assets following the legalisation of cannabis in Canada in October 2018, as well as an increase in the volume Canadian Pension Fund investments.

Australia continues to represent the largest country within the Asia Pacific region in terms of deal volumes, representing 26% of the deals in the current period and 4% of the total global deals. This is followed by China, representing 17% of the deals in this region and 3% globally.

Netherlands was the only new entrant in the top 10 list over the current period – placing 7th, ahead of both Germany and China, as the country maintained the deal momentum for its assets gathered in the preceding years.

The overall volume in **China** remained consistent with the historical period, however they have drifted down the list which may be due to sector uncertainties driven by its role in the US-China Trade war.

Top 10 Global Deals

From a sub-sector perspective, the top 10 global deals in the current period (by deal value) were **largely represented by 7 Packaged Foods and Meats deals**, followed by 2 Soft Drinks deals and 1 Brewers deal. Further, the top 10 deals were dominated by US-based assets, representing 7 of the top 10 global deals. US-based companies were also the most active acquirer of 'big-ticket' assets, being the acquirer of 6 of the top 10 companies sold.

The largest deal recorded was the sale of iconic local beer company **CUB Pty Ltd to Asahi Holdings Pty Ltd for a purchase price of \$16 billion** at an implied EBITDA multiple of 14.9 times.




The acquisition was subject to FIRB and ACCC review, with the ACCC subsequently agreeing not to oppose the deal provided Asahi divested two of its beer brands and three cider brands

The sale of **Pinnacle Foods to Conagra Brands for \$14.79 billion** represented a **strategic acquisition** by Congara to expand its portfolio with iconic brands, and to capitalise on the frozen foods consumer trend. A second major acquisition in the frozen foods sector was also recorded in the top 10 global deals with the acquisition of US based Schwan's Company by CJ Foods America Corp, whose parent is based in South Korea.

Growth in the Pet Foods industry saw food manufacturer, General Mills enter into the pet food sector through its acquisition of the IM backed Blue Buffalo Pet Products. The leading pet food business was acquired for \$10,283 million at a significant EBITDA multiple of 25.64x. While not in the top 10, another large acquisition in the pet foods sector saw Ainsworth Pet Nutrition (a leading manufacturer, producer and marketer of premium pet food) acquired by NU Pet Company (subsidiary of NYSE listed the J.M Sucker Company) for \$2,467 million. The acquisition was in a bid to add Ainsworth's high performing brands to its existing pet food portfolio. This follows the growth in the broader pet industry, as millennials are not only increasingly willing to spend more on their pets, but spend on premium branded products and services.

Also of note is the acquisition of the iconic Arnott's Biscuits Holdings by the American global investment firm, KKR & Co. The bid for the acquisition of Arnott's was initially also pursued by Pacific Equity Partners before KKR closed the deal at a purchase price of \$3,236 million.

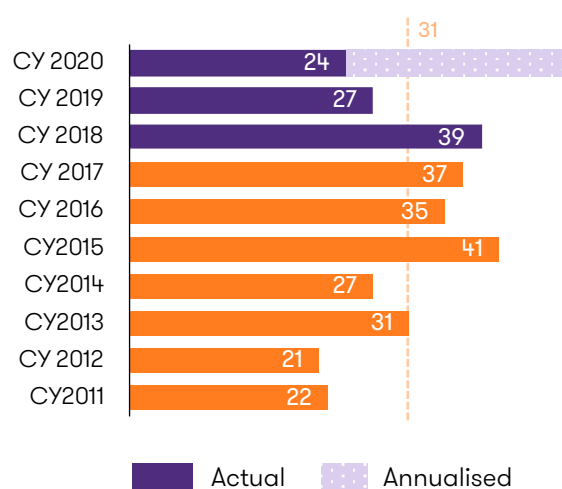
These large transactions have attracted significant EV/EBTIDA multiples with 5 of the 7 disclosed valuations recording over 10x multiples and in 2 cases (Snyer's-Lance Inc. and Blue Buffalo Pet Products Inc.) over 20x multiples.

 1	Target: CUB Pty Ltd Target Industry: Brewers Target Country: Australia Acquirer: Asahi Holdings (Australia) Pty Ltd Acquirer Country: Australia Deal Value (A\$m): 16,000 Closed Date: 06/01/2020 EV/EBITDA: 14.88x	 6 	Target: Rockstar, Inc. Target Industry: Soft Drinks Target Country: United States Acquirer: PepsiCo, Inc. Acquirer Country: United States Deal Value (A\$m): 7,211 Closed Date: 24/04/2020 EV/EBITDA: Undisclosed
 2 	Target: Pinnacle Foods Inc. Target Industry: Packaged Foods and Meats Target Country: United States Acquirer: Conagra Brands Inc (NYSE:CAG) Acquirer Country: United States Deal Value (A\$m): 14,791 Closed Date: 26/10/2018 EV/EBITDA: 16.53x	 7	Target: U.S Ice Cream Business of Nestle Target Industry: Packaged Foods and Meats Target Country: United States Acquirer: Froneri International Limited Acquirer Country: UK Deal Value (A\$m): 5,826 Closed Date: 31/01/2020 EV/EBITDA: Undisclosed
 3	Target: Henan Luohe Shuanghui Industry Group Limited Liability Company Target Industry: Packaged Foods and Meats Target Country: China Acquirer: Henan Shuanghui Investment & Development Co.,Ltd. (SZSE:000895) Acquirer Country: China Deal Value (A\$m): 11,707 Closed Date: 12/09/2019 EV/EBITDA: 7.96x	 8  	Target: Refresco Group N.V. (nka:Refresco Group B.V.) Target Industry: Soft Drinks Target Country: Netherlands Acquirer: PAI Partners Acquirer Country: France Deal Value (A\$m): 3,415 Closed Date: 30/04/2018 EV/EBITDA: 10.98x
 4 	Target: Blue Buffalo Pet Products, Inc. Target Industry: Packaged Foods and Meats Target Country: United States Acquirer: General Mills, Inc. (NYSE:GIS) Acquirer Country: United States Deal Value (A\$m): 10,283 Closed Date: 24/04/2018 EV/EBITDA: 25.64x	 9	Target: Arnott's Biscuits Holdings, Campbell Hong Kong and Related Business of Campbell Soup Company Target Industry: Packaged Foods and Meats Target Country: United States Acquirer: KKR & Co. Inc. (NYSE:KKR) Acquirer Country: United States Deal Value (A\$m): 3,237 Closed Date: 23/12/2019 EV/EBITDA: 6.5x
 5	Target: Snyder's-Lance, Inc. Target Industry: Packaged Foods and Meats Target Country: United States Acquirer: Campbell Soup Company (NYSE:CPB) Acquirer Country: United States Deal Value (A\$m): 7,970 Closed Date: 26/03/2018 EV/EBITDA: 21.71x	 10	Target: Schwan's Company Target Industry: Packaged Foods and Meats Target Country: United States Acquirer: CJ Foods America Corp. Acquirer Country: United States Deal Value (A\$m): 3,040 Closed Date: 25/02/2019 EV/EBITDA: Undisclosed



Australian Deal Activity

Australia M&A Deal Volumes



Australia continues to remain a prominent player in the context of global M&A deals in the AgF&B sector. In the current period, Australia placed 5th globally in terms of deal volume, ahead of its 6th position over the 7 years to 2017.

In the context of the Asia Pacific Region, Australia continues to stand out, accounting for the largest proportion (26%) of deal volumes in this region in the current period. China comes second in the current period at 16%, Japan at 11% and India and New Zealand at 8%, consistent with the prior period performance.

In comparison to the historical average annual of 31 deals over 2011 to 2017, Australia recorded a strong volume of deal activity in 2018 with 39 deals recorded, exceeding the historical average. The volume of closed deals for Australian assets recorded in 2019 totalled 27 and 24 deals over the 6 months to June 2020.

Of the 90 deals recorded in the current period, only half of the recorded deals disclosed Transaction Values (TV's). Nonetheless, of the disclosed TV's, small to medium sized businesses with transaction values of up to \$100 million remained the predominant acquisition targets, accounting for 74% of Australian Deals (with disclosed TV's).

Interestingly, this compares to 75% over the historical period. This decrease in the current period is likely due to an increase in the deal size with respect to disclosed deals, noting disclosed deals with deal sizes greater than \$100 million, represented 26% of disclosed deals in the current period compared to 25% in the historical period. This growth in deal size in the current period for Australian assets can be attributed to overseas acquiring companies seeking obtain platform assets, to leverage premium Australian brands, and pursue international expansion to the neighbouring Asia Pacific region, and other regions globally.

Four 'mega deals' with TV's in excess of \$1 billion were recorded in the current period, being the acquisition of CUB by Asahi for \$16 billion, Accolade Wines by Carlyle Group (an IM) for \$1 billion, acquisition of Murray Goulburn by Saputo Dairy Australia for \$1.7 billion; and acquisition of Bellamy's by China Mengniu for \$1.3 billion. This compares to 4 recorded transactions (over \$1 billion) of Australian assets in this sector over the 7 years to 2017, which included the acquisition of Fosters Group by UK based SABMiller in 2011 for \$12.3 billion.

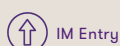
Transaction Value Range	Current Period	Historical period	Current Period %	Historical period %
Small to Mid Size Business Deals (< \$100 million)				
Less than \$20 million	21	47	46%	43%
Between \$20 million to \$50 million	7	19	15%	17%
Between \$50 million to \$100 million	6	16	13%	15%
Total Small to Mid Size Business Deals	34	82	74%	75%
Mid to Large Business Deals (> \$100 million)				
Between \$100 million to \$200 million	2	9	4%	8%
Between \$200 million to \$500 million	4	11	9%	10%
Between \$500 million to \$1 billion	2	3	4%	3%
Over \$1 billion	4	4	9%	4%
Total Mid to Large Business Deals	12	27	26%	25%
Total Disclosed Deals	46	109	100%	100%
Undisclosed	44	105		

Top 10 Australia Deals

The top 10 Australian deals were dominated by acquisitions of our iconic brand assets in the packaged foods and meats industry.

Demand for our larger assets from international acquirers remained strong, with 5 of our top 10 deals involving an international acquirer. This compares to only 23% of total Australian deals being purchased by inbound equity.

1	<p>Target: CUB Pty Ltd Target Industry: Brewers Target Country: Australia Acquirer: Asahi Holdings (Australia) Pty Ltd Acquirer Country: Australia Deal Value (A\$m): 16,000 Closed Date: 06/01/2020 EV/EBITDA: 14.88x</p>	<p>Asahi acquires CUB Pty Ltd: Iconic local beer company Carton and United Breweries was sold to Asahi Group Holdings for a purchase price of \$16 billion at an implied EBITDA multiple of 14.9 times.</p> <p>The acquisition was subject to FIRB and ACCC review, with the ACCC subsequently agreeing not to oppose the deal provided Asahi divested two of its beer brands and three cider brands.</p>	6	<p>Target: Webster Limited Target Industry: Agricultural Products Target Country: Australia Acquirer: Public Sector Pension Investment Board Acquirer Country: Canada Deal Value (A\$m): 716 Closed Date: 18/03/2020 EV/EBITDA: 104.27x</p>	<p>PSP acquires Webster Limited: Canada's Public Sector Pension Investment Board (PSP Investments) has deepened its presence in Australian agriculture, agreeing to have its wholly owned subsidiary PSP BidCo acquire all shares not already owned in Australian agribusiness Webster Limited through a deal valuing the company at \$854 million (\$716m).</p> <p>The EV/EBITDA multiple of 104.27x is impacted by Webster's significant holding of valuable land and water rights.</p>
2	<p>Target: Murray Goulburn Co-operative Limited Target Industry: Packaged Foods and Meats Acquirer: Saputo Dairy Australia Pty Ltd Acquirer Country: Australia Deal Value (A\$m): 1,783 Closed Date: 23/04/2018 EV/EBITDA: Undisclosed</p>	<p>Murray Goulburn Co-op sold to Saputo: Murray Goulburn Co Op, Australia's largest processor of milk was acquired by Saputo for a purchase price of \$1,793 million.</p> <p>Saputo Dairy Australia's Canadian parent entity Saputo Inc. is one of the largest dairy processors globally, and also the owner of Warrnambool Cheese and Butter. The acquisition was subject to FIRB and ACCC review with the ACCC mandating a court enforceable undertakings from Saputo including the divestiture of Murray Goulburn's Koroit plant which was acquired by Bega Cheese.</p>	7	<p>Target: Goodman Fielder Pty Ltd Target Industry: Packaged Foods and Meats Acquirer: Wilmar International Limited (SGX:F34) Acquirer Country: Singapore Deal Value (A\$m): \$461 Closed Date: 16/12/2019 EV/EBITDA: Undisclosed</p>	<p>Joint Venture arrangement exit: Goodman Fielder is a leading regional foods company across Australia, New Zealand and Asia Pacific which manufactures, packages, distributes and markets a wide range of food products including brands Helga's and Wonder White bread.</p> <p>The company was previously acquired under a joint venture between Wilmar International and Hong Kong company First Pacific Company Limited (SEHK:142) in 2015 for \$1.7 billion at an 9.1x EBITDA multiple, significant majority stake.</p> <p>First Pacific subsequently sold its 50% stake to Wilmar International in 2019 for \$461 million at an undisclosed multiple.</p>
3	<p>Target: Bellamy's Australia Limited (ASX:BAL) Target Industry: Packaged Foods and Meats Acquirer: China Mengniu Dairy Company Limited Acquirer Country: Hong Kong Deal Value (A\$m): 1,313 Closed Date: 23/12/2018 EV/EBITDA: 39.93x</p>	<p>China Mengniu acquires Bellamy's: The Chinese dairy giant acquired the remaining 97.1% stake in Bellamy's for a significant 39.93x EBITDA Multiple at a purchase price of \$1.313 billion. Bellamy's is Australia's leading producer and distributor of Australian made organic baby food products.</p> <p>The acquisition was subject to FIRB and ACCC review and subject to the undertaking of a number of conditions including keeping the headquarters in Australia for at least 10 years and requirement to spend at least \$12 million in establishing or improving infant milk formula processing facilities in Victoria.</p>	8	<p>Target: ProTen Limited Target Industry: Packaged Foods and Meats Acquirer: FSS Agriculture 2 Pty Ltd Acquirer Country: Australia Deal Value (A\$m): 334 Closed Date: 26/11/2018 EV/EBITDA: 13.66x</p>	<p>Superannuation firm purchases ProTen: ProTen Limited is Australia's largest independent chicken farmer, which develops and operates broiler farms throughout Australia.</p> <p>The company was acquired by FSS Agriculture, an entity owned by First State Super and managed by ROC Partners, for \$334 million.</p>
4	<p>Target: Accolade Wines Australia Limited Target Industry: Distillers and Vintners Acquirer: The Carlyle Group Inc.(NASDAQGS:CG) Acquirer Country: United States Deal Value (A\$m): 1,000 Closed Date: 01/06/2018 EV/EBITDA: Undisclosed</p>	<p>Private Equity Entry and Exit: Australian based Accolade Wines is one of the worlds largest wine companies comprising a portfolio of reputable leading brands. Accolade Wines came to be, following CHAMP Private Equity's acquisition in 2011, of two separate divisions from Constellation for \$290 million.</p> <p>Accolade Wines was acquired by US based global investment manager, The Carlyle Group for \$ 1 billion, as the US IM looks to leverage Accolade's reputable brands through growth opportunities in the Asian markets.</p>	9	<p>Target: J&F Australia Pty Ltd Target Industry: Packaged Foods and Meats Acquirer: Rural Funds Management Limited Acquirer Country: Australia Deal Value (A\$m): 240 Closed Date: 23/08/2018 EV/EBITDA: Undisclosed</p>	<p>Rural Funds acquires J&A Australia: Rural Funds Management Limited signed an agreement to acquire J&A Australia Pty Ltd from J&A Oklahoma Holdings for \$240 million. In a related deal, Rural Funds Group (ASX:RFF) entered into an agreement to acquire five Australian feedlots and associated cropping land from JBS Australia Pty Limited for \$52.8 million.</p> <p>J&F Australia Pty Ltd will operate as a subsidiary of Rural Funds Management Limited.</p>
5	<p>Target: Allied Pinnacle Pty Limited Target Industry: Packaged Foods and Meats Acquirer: Nissin Seifun Group Inc. Acquirer Country: Japan Deal Value (A\$m): 950 Closed Date: 16/12/2019 EV/EBITDA: Undisclosed</p>	<p>Private Equity Exit success: Pacific Equity Partners (PEP) first acquired Allied Mills for \$260 million in 2017. This business was later integrated into PEP's Pinnacle Bakery Business to create Australia's largest end-to-end manufacturer and distributor of bakery products.</p> <p>This acquisition by Japan's, Nissin Seifun is a strategic move in pursuit of international expansion.</p>	10	<p>Target: Capilano Honey Limited Target Industry: Packaged Foods and Meats Acquirer: ROC Capital & Wattle Hill Private Equity Acquirer Country: Australia Deal Value (A\$m): 210 Closed Date: 5/12/2018 EV/EBITDA: 12.99x</p>	<p>Iconic Honey producer sold to private equity: Capilano started in 1953 by brothers Tim and Bert Smith. Now, the company is Australia's largest honey producer and an iconic Australia brand.</p> <p>A consortium of ROC Capital Pty Ltd and Wattle Hill Capital (specialising in China focused agricultural exports) entered into a scheme of implementation to acquire the Company from Wroxby Pty Ltd (operated by billionaire Andrew Forest and Kerry Stokes), and others including Bega Cheese Limited. The strategic acquisition will see the expansion of the household Australian brand expand into China.</p> <p>Capitano first listed on the ASX in 2012, and delisted in December 2018.</p>



IM Entry



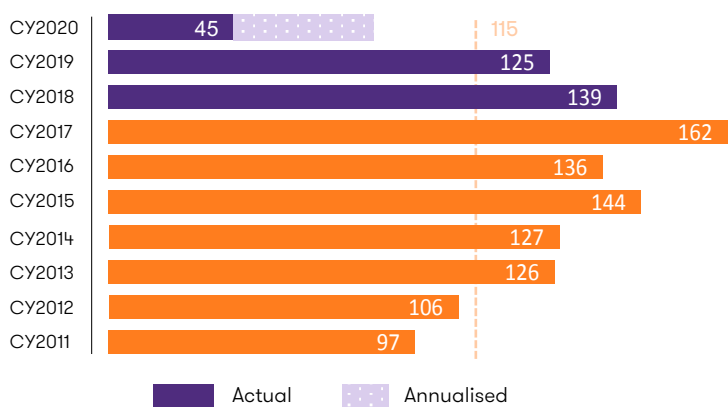
IM Exit

Investor and buyer demographics



Global Investment Manager Activity

Global annual IM activity



Investment Manager (IM) activity represents transactions undertaken by financial buyers and sellers, and typically comprise Private Equity, Venture Capital, Family Offices, Agriculture Investors and Hedge Funds.

Recorded volume of global IM activity in the current period totalled 310 deals over the 2.5 years at an annual average of 124, well above the annual average over the historical period of 115. This is represented by 195 IM entries and 153 IM exits of which 38 transactions involved both an IM buyer and seller.

Europe remains the most active region in regards to IM deal activity, accounting for almost half (165 deals) of all global IM deals in the current period. This was represented by 90 IM entries and 75 IM exits of which 20 deals involving the transaction an IM buyer and seller (secondary).

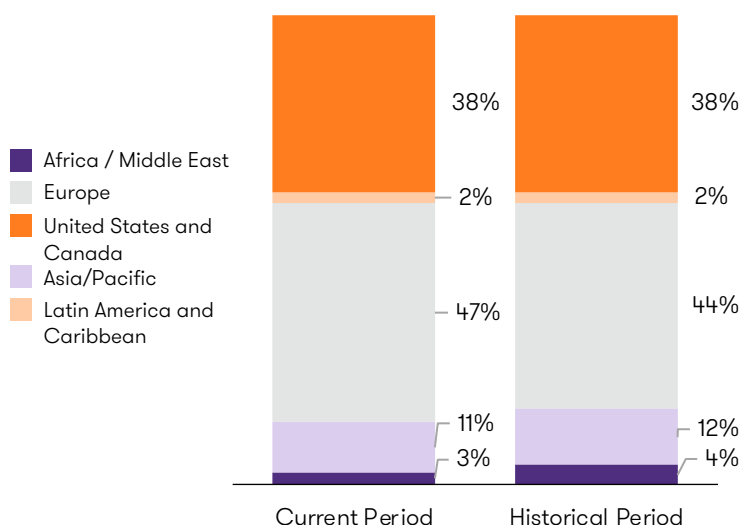
The US and Canada region represented 38% of the IM deal activity (117 deals) followed by Asia Pacific representing 11% of IM deal activity, with 33 deals.

IM deals continue to be largely focused on the packaged foods and meats sub sector, representing 76% of the global IM backed deals in the current period. IM's typically look for investment opportunities that have a solid growth path over a medium term of 3 - 5 years, with the objective of exiting their investment at the completion of that time. Opportunities in this sector therefore continue to be attractive, as IM's look to leverage premium brands and distribution channels into new markets.

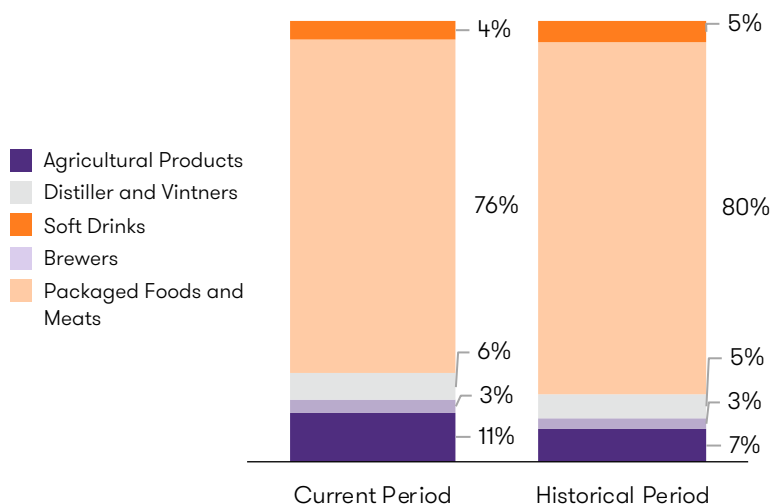
An increase in the volume of IM backed deals in the Agribusiness sub-sector has been observed in the current period, with many funds taking a longer term view to investing in this sector.

There has been limited disclosure of multiples achieved through IM transactions, with only 22 transaction multiples disclosed across the 310 IM closed deals recorded over the current period. This is common practice by IM's due to the private nature of their investments.

Global IM activity by region



Global IM activity by sub-sector



Australian Investment Manager Activity



IM firms continue to target mid-sized Australian business, as they look to leverage premium brands and opportunities for expansion into international markets cross Asia Pacific and other global markets.

Australia continues to lead IM deals activity in the Asia Pacific region, representing 33% of IM deals in the region, over the current period.

19 deals were attributable to Australian assets represented by 14 IM entries and 5 IM exits, of which one transaction involved an IM buyer and seller.

During the current period, there has also been limited disclosure of deal multiples, with only 1 out of the 19 Australian IM deals disclosing the deal multiple. This limits the ability to compare IM deal multiples against the valuation multiples previously discussed.

Nonetheless, IM backed acquisitions of Australian assets in the current period have been driven by IM's strategy of international expansion of Australian's branded and premium products, especially into the Asia Pacific market. This is represented in Japan's Nisshin Seifun's acquisition of Allied Pinnacle, The Carlyle Groups acquisition of Accolade Wines and ROC Capital and Wattle Hill Capital's acquisition of Capilano Honey.

Other noteworthy Australian IM deals include:

- The sale of the majority share of Sushi Sushi Group to Odyssey Private Equity for \$60 million as Odyssey looks to capitalise on consumer demand for healthy, convenient meals;
- Odyssey Private Equity's minority investment in Delta Agribusiness and Delta's subsequent acquisition of North West Ag Services and AGRVision consultants (NWA-AVC);
- Advent Partners investment in Tribe Breweries in March 2018 and Tribe's subsequent acquisition of Mornington Peninsula Brewery;
- The acquisition of M&J Chickens by the Growth Fund from the founding Souris family for an undisclosed amount; and
- The sale of the Mitavite horse feed business by Inghams Group to Adamantem Capital for \$60 million as a bolt-on acquisition for the horse feed producer, Hygain Holdings.

While IM entries appear to have declined in the current period, we are aware of a number of investments made that have not been made public. The actual volume of IM deals in this sector is therefore likely to be higher than that represented in the Capital IQ data base. Continued demand from the West and the East for our fresh produce and premium branded products has resulted in continued interest from cross border IM's.

The Buyers of Australian assets

Current Period: cross border versus domestic acquirers

Deals by buyer region (Current Period)					
Buyer Region	No. of Deals	% of Deals	No. of Transaction Values disclosed	Average Deal Value (A\$m)	Deal value range (\$m)
Africa / Middle East	-	0%	-	N/A	N/A
Asia / Pacific	9	10%	(19)	561	4 - 1,313
Europe	5	6%	25	24	24
Latin America and Caribbean	-	0%	-	N/A	N/A
United States and Canada	7	8%	-	388	19 - 1,000
Total (Excl. Australia)	21	23%	6	324	
Australia	66	73%	19	578	1 - 16,000
Undisclosed Buyer Regions	3	3%	(21)	N/A	N/A
Total deals	90	100%	4	292	

Cross border acquirers

Interest in Australia's assets by international acquirers has continued over the current period, representing 21 of the 90 deals (with disclosed buyer information). Acquisitions undertaken by our Asia Pacific region neighbours in the current period were dominated by the packaged foods and meats sub-sector.

This trend is evidenced by a number of prominent deals in the current period, being the acquisition of the leading producer and distributor of organic baby food products, Bellamy's and the acquisition of leading bakery ingredient supplier, Allied Pinnacle.

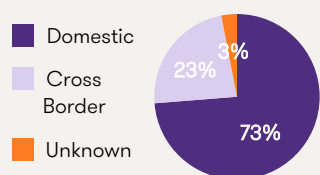
The current period saw 7 inbound acquisitions from the US region, with the buyers comprising large IM and large branded corporates. As detailed previously, this included the sale of Accolade Wines to US based global investment firm The Carlyle Group for \$1 billion, and the sale of Marvel Packers and Ready Meals to US publically listed company Lamb Weston. It also included the sale of Australian Kombucha beverage maker Organic & Raw Trading Co to global beverage giant The Coca Cola Company. This acquisition saw Coca Cola introduce its first line of Kombucha. The terms of this acquisition were not disclosed.

Further, European investment firm True Capital invested \$49m in Soulfresh Group, a food and beverage group providing a range of produce with a health and sustainability focus including fermented beverages and plant-based food and drinks.

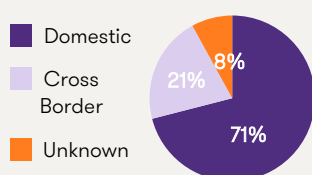
Of the 90 Australian deals recorded over the current period, only 8 cross-border inbound deals and 33 domestic deals disclosed deal value and therefore limited the extent to which meaningful analysis can be performed. Nonetheless, the cross border inbound average deal value totalled \$598 million in the current period across 8 disclosed deal values. The high average is attributable to 3 considerably large deals comprising acquisitions of Accolade Wines (\$1bn), Bellamy's (\$1.3bn) and Allied Pinnacle (\$950m).

On the domestic acquisition front over the same period, the average deal value (over 33 disclosed TVs) totalled \$187 million (excluding the \$16 billion acquisition of CUB). Of note however is that this average is skewed at the higher end as a result of the \$1.8 bn acquisition of Murray Goulburn in 2018 by Saputo Dairy Australia (who are ultimately owned by their Canadian parent entity Saputo Inc.)

Current Period



Historical Period



Domestic Acquirers

Domestic buyers have historically represented the majority of the buyers purchasing Australian assets. This trend has continued over the current period with domestic buyers representing 73% (66 deals) of Australian deals. Acquisitive domestic businesses such as CUB Pty Ltd, Lion Pty Ltd and Bega Cheese Ltd contribute to this volume.

Large primary production operations acquired by domestic buyers have further contributed to these numbers including the sale of Murrarji Station to Buderra Cattle Co, Pingetta Farm to Primewest Group Limited and Ucharonidge Station to Cleveland Agriculture.



Transaction & trading multiples

Valuation Multiples

by size

The businesses in the AgF&B industry are often valued based on a multiple of earnings before interest, tax, depreciation and amortisation (EBITDA). When valuing a business, EBITDA is typically used as a measure of sustainable earnings as it reflects the financial performance of the business, before taking into account how it is funded. A market multiple when applied to the EBITDA provides the Enterprise Value (EV), which is the value of the business before accounting for surplus cash or net debt.

Of the 2,022 recorded M&A transactions globally in this sector over the current period, only 73 (3.6%) transactions disclosed EBITDA multiples for analysis. Further, of the disclosed transactions in the current period, 54 were in relation to transactions in the Packaged Foods and Meats sub-sector. The limited volume of deals with deal multiples disclosed therefore limits the extent of our analysis. We highlight further that it is likely that the Capital IQ database excludes smaller deals that have been completed over the current period. As such, the actual volume of transactions in the AgF&B sector is likely to be far greater.

Notwithstanding the above, an increase in the overall median transaction multiple to 11.3x is noted when compared to the historical average of 10.1x. Further, there are consistent increases across all Revenue Ranges due to strong strategic interest in businesses of all sizes. This improvement is representative of the performance of the packaged foods and meats sub-sector.

Key factors contributing to this growth continue to include the brand strength and growth prospects of the target as well as access to new geographical markets.

In line with our second edition, larger businesses also typically attract larger transaction valuation multiples than smaller businesses, as larger business typically have greater stability and consistency in their earnings based as compared to smaller sizes. However, we continue to see in the AgF&B industry strengthening of the SME's for quality food products in particular, which has resulted in stronger multiples in the SME category when compared to the historical periods.

It is worth noting that EBITDA multiples of over 100x are often impacted by significant holding of valuable land and water rights.

There were also 804 public companies whose shares were listed on a major securities exchange and reported a positive EBITDA. This is increase from the 778 identified in the previous Dealtracker.

Its interesting (and unusual) to note that current transaction multiples are higher than trading multiples following a softening of the equity markets over the current period through to 30 June 2020. Due to the current COVID-19 pandemic's effect on the global economy, there was a decrease in the median trading multiples achieved since the peak observed at 31 December 2017.

Transaction Multiples by Revenue Size

Current Period					Historical Period					
Revenue Range	No. of deals	Deals with multiples disclosed	Revenue Range deal composition %	Median EBITDA multiple	Range	No. of deals	Deals with multiples disclosed	Revenue Range deal composition %	Median EBITDA multiple	Range
Less than \$20 million	130	5	6%	11.4x	3.0x - 38.1x	524	24	9%	8.0x	0.3x - 128.8x
Between \$20 million and \$50 million	75	8	4%	11.7x	0.0x - 18.2x	310	24	5%	8.7x	2.7x - 104.8x
Between \$50 million and \$200 million	113	17	6%	10.9x	6.9x - 104.3x	462	73	8%	9.5x	0.02x - 99x
Between \$200 million and \$500 million	43	20	2%	11.5x	0.0x - 142.0x	169	52	3%	10.1x	0.1x - 66.4x
Over \$500 million	44	18	2%	14.0x	4.4x - 26.9x	145	74	2%	11.1x	2x - 33.3x
Undisclosed	1,617	5	80%	N/A	N/A	4,231	12	72%	N/A	
Median (overall)				11.3x					10.1x	
Total	2,022	73	100%			5,841	259	100%		

Trading Multiples (listed entities) by Revenue Size

Revenue range	No. of companies	Median revenue 30 Jun 2020 (A\$million)	Median EV/EBITDA multiples				
			30/06/2020	31/12/2019	31/12/2018	31/12/2017	31/12/2016
Less than \$20 million	79	5	10.6x	12.1x	13.0x	18.4x	18.0x
Between \$20 million and \$50 million	50	35	7.6x	9.8x	11.5x	12.5x	13.1x
Between \$50 million and \$200 million	139	113	10.3x	11.6x	12.5x	13.9x	11.9x
Between \$200 million and \$500 million	145	327	13.8x	15.1x	12.5x	15.7x	13.0x
Over \$500 million	378	2,049	10.8x	11.9x	11.2x	12.8x	11.6x
Undisclosed	13						
Median (overall)		440	10.8x	12.0x	11.8x	13.5x	12.1x
Total	804						

Note: Median EV/EBITDA multiples exclude negative trading multiple data; public company screening performed on 13th August 2020

Valuation Multiples

by target sub-sector

Of the 2,022 closed recorded transactions, 73 disclosed transaction multiples with the median over the current period increasing to 11.3x compared to 10.1x historically. This has largely been driven by the continued growth in the Packaged Foods and Meats sub-sector with the median increasing from 10.0x over the historical period to 11.4x in the current period. This marked growth in the median transaction multiple in this sub-sector reflects strong appetite for growth through acquisition of strong brands, international expansion prospects and the pursuit of capitalising on growing consumer food trends.

The sector also saw growth in the median transaction multiple achieved in the Agricultural Products and Soft Drinks sub-sectors. However, it is important to note that only 8 of the 297 Agricultural Product transactions and 5 of the 108 deals in the Soft Drinks sub-sector disclosed their transaction multiples.

Similarly, of the 91 closed deals in the Brewers sub-sector, only 4 disclosed transaction multiples resulting in a marked decrease in the median transaction multiple.

Limited disclosure of transaction multiples is not surprising in the breweries sub-sector as participants tend to be sensitive to the disclosure of transaction multiples and often earn-outs are tied to confidentiality clauses to some extent.

Due to only a limited number of transactions in these sectors overall, limited analysis is performed on their performance. The single reported transaction multiple of 61.10x in the Distillers and Vintners sub-sector relates to the acquisition of the US based beverage company, Castle Brands, a developer and seller of premium alcohol brands. The business was acquired by a subsidiary of the French based beverage company Pernod Ricard (owns Chivas Regal and Absolut Vodka), for \$410 million, driven by its pursuit of adding the popular Jefferson's bourbon whisky brand to its portfolio.

Trading multiples declined overall across most sub-sectors when compared to prior years following a softening of the equity markets globally and more recently, the uncertainty associated with the COVID-19 pandemic.

Transaction Multiples by sub-sector

Sub-sector	Current Period				Historical Period					
	No. of deals	Deals with multiples disclosed	Sub-sector deal composition %	Median EBITDA multiple	Range	No. of deals	Deals with multiples disclosed	Sub-sector deal composition %	Median EBITDA multiple	Range
Packaged Foods and Meats	1,343	55	66%	11.4x	0.0x - 142.0x	3,964	185	68%	10.0x	0.02x - 128.8x
Agricultural Products	297	8	15%	11.6x	3.5x - 11.6x	767	30	13%	9.6x	0.30x - 88.1x
Soft Drinks	108	5	5%	11.0x	8.0x - 11.0x	277	20	5%	8.5x	0.9x - 27.1x
Brewers	91	4	5%	10.9x	6.9x - 10.9x	234	15	4%	12.4x	5.6x - 33.3x
Distillers and Vintners	183	1	9%	61.1x	61.1x	599	9	10%	14.5x	8.7x - 21.1x
Median (overall)				11.3x					10x	
Total	2,022	73	100%			5,841	259	100%		

Trading Multiples by sub-sector

Sub-sector	No. of companies	Median revenue 30 Jun 2020 (A\$million)	30/06/2020	Median EV/EBITDA multiples			
				31/12/2019	31/12/2018	31/12/2017	31/12/2016
Packaged Foods and Meats	571	466	10.1x	11.2x	11.2x	12.5x	11.3x
Agricultural Products	108	215	12.6x	13.0x	13.5x	16.5x	13.5x
Distillers and Vintners	68	2,756	11.1x	11.3x	12.8x	13.1x	11.7x
Brewers	30	1,543	13.4x	14.1x	12.3x	15.3x	13.5x
Soft Drinks	27	378	19.5x	17.2x	14.0x	19.6x	16.7x
Median (overall)		440	10.8x	12.0x	11.8x	13.5x	12.1x
Total	804						

Note: Median EV/EBITDA multiples exclude negative trading multiple data; public company screening performed on 13th August 2020

Valuation Multiples

by Region

Profitable listed companies in the Asia Pacific region accounted for 78% of the 804 listed companies globally in this sector, with the region's volume being led by India, China and Japan. Of these, 22 of the companies were listed on the Australian Stock Exchange, and achieved a median trading multiple of 12.9x as at 30 June 2020, above overall global median trading multiple of 12.0x and the Asia Pacific region.

During 2020, the year median trading multiples decreased across all regions as at 30 June 2020, with the overall median declining from 12.0x at 31 December 2019 to 10.8x at 30 June 2020, this is however still trading at a higher level than the average over the historical period (10.1x).

Transaction Multiples by Region

Current Period					Historical Period					
Region	No. of deals	Revenue Range deal composition %	Deals with multiples disclosed	Median EBITDA multiple	Range	No. of deals	Revenue Range deal composition %	Deals with multiples disclosed	Median EBITDA multiple	Range
Asia / Pacific	347	17%	23	11.5x	3.0x - 104.3x	1,139	20%	76	9.6x	0.02x - 128.8x
Europe	878	43%	23	11.0x	4.9x - 38.1x	2,672	46%	86	9.2x	0.1x - 106.7x
United States and Canada	632	31%	19	15.6x	4.4x - 61.1x	1,395	24%	68	11.3x	4.1x - 82.9x
Latin America and Caribbean	111	5%	4	10.9x	7.1x - 24.6x	380	7%	16	10.4x	0.3x - 31x
Africa / Middle East	54	3%	4	8.7x	0.0x - 141.2x	255	4%	13	8.1x	2.7x - 99x
Median (overall)				11.3x					10.1x	
Total	2,022	100%	73			5,841	100%	259		

Trading Multiples by Region

Region	No. of companies	Median revenue 30 Jun	30/06/2020	Median 31/12/2019	EV/E BITDA 31/12/2018	Multiples 31/12/2017	31/12/2016
Asia / Pacific	627	340	10.8x	11.5x	11.8x	13.9x	12.2x
Europe	90	905	10.7x	12.1x	11.4x	12.6x	10.2x
United States and Canada	72	2,829	13.1x	16.1x	13.4x	13.9x	13.8x
Latin America and Caribbean	14	1,924	7.5x	7.6x	7.8x	8.4x	9.3x
Africa / Middle East	1	264	22.0x	24.2x	5.0x	4.6x	5.1x
Median (overall)		440	10.8x	12.0x	11.8x	13.5x	12.1x
Total	804						

Note: Median EV/EBITDA multiples exclude negative trading multiple data; public company screening performed on 13th August 2020



Initial public offerings

Initial public offering activity

Asia Pacific was the strongest performing region globally, in terms of IPO activity, achieving 48 out of the 54 global IPOs in this sector.

Global IPO Activity

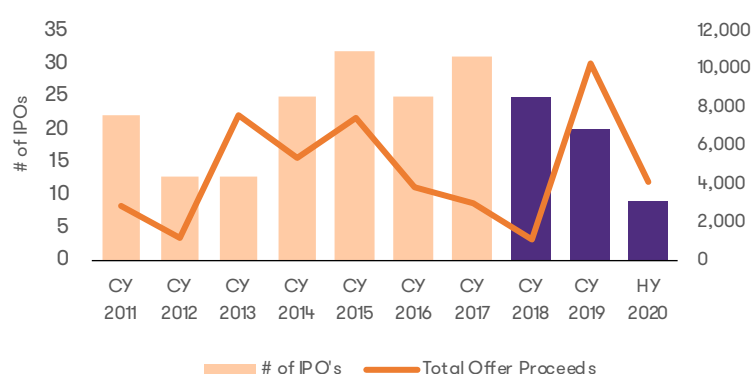
During the current period, a total of 54 Initial Public Offerings (IPOs) were recorded globally in this sector, the majority of which occurred in the Asia Pacific region. The vast majority of these IPO's had offer sizes below \$50 million, with the exception of a few stand out offerings, which predominately took place in the packaged foods and meats sub-sector.

From an annual IPO volume trend perspective, a decline in IPO volumes was observed in current period compared to the historical period. This trend is consistent with deal trends discussed previously as a number of factors contributed to uncertainty around the global economic growth outlook.

Despite this, and of note, is a number of large IPOs in 2019 contributed to the **global offer proceeds of \$10.3 billion for that year**. Based on total offer proceeds raised, this makes 2019 the highest performing year in the context of IPO proceeds raised since we have been producing Dealtracker reports. The 2019 performance was dominated by the successful IPO of Budweiser Brewing Company APAC on the Hong Kong Stock Exchange, raising \$7.4 billion in September 2019. As at 31 December 2019 however, the shares were trading at a 5% discount to the IPO offer price, following lower than anticipated beer volume sold in China in the fourth quarter of 2019.

A noteworthy IPO listing in the packaged foods and meats sub-sector, was that of **Beyond Meat**. This plant-based meat alternative protein food company was listed on the NASDAQ (US) in May 2019, raising total gross proceeds of \$342 million. This listing follows a rapidly growing consumer trend towards increased consumption of plant based alternatives. Beyond Meat achieved a premium in the trading price of its shares of 446% as at 30 June 2020, when compared to the IPO offer price.

Global IPOs and Offer Proceeds



Current Period IPOs by Region				
Region	No. of IPOs	Offer amount (A\$million)	Offer amount as a % of total	Average price movements %
Asia / Pacific	48	11,360	73%	33%
Europe	4	3,786	24%	-28%
United States and Canada	2	351	2%	228%
Total	54	15,496	100%	

Current Period IPOs by sub-sector				
Sub-sector	No. of IPOs	Offer amount (A\$million)	Offer amount as a % of total	Average price movements %
Agricultural Products	9	40	0%	-10%
Brewers	2	7,399	48%	-33%
Distillers and Vintners	1	12	0%	-40%
Packaged Foods and Meats	40	8,043	52%	53%
Soft Drinks	2	2	0%	-7%
Total	54	15,496	100%	

Note: Average Price Movement have been calculated based on the price movements between issue date and 30 June 2020

IPO Activity

Global IPO Activity (cont.)

Within the Asia Pacific region, **India has been the leading country** from a volume perspective, with a total of 22 IPO's within the packaged foods and meats and the agricultural products sub-sectors. This mainly follows an overall surge in the volume of IPO's observed in India in 2018. The average offer amount raised by these companies has been \$3.6m, with an aggregate offer amount of \$79m. An overall decrease of 17% in the average trading price was observed at 30 June 2020, when compared to listing offer price.

China ranked second in the Asia Pacific region based on volumes, contributing 33% of the global IPO Proceeds. It achieved 7 out of the top 10 IPO's by offer size, dominated by the packaged foods and meats sub-sector, and also achieved an average trading price increase of 76%. Interestingly, despite the US-China trade war, China was one of the world's best performing major stock markets in 2019.

Australian IPO Activity

Australia recorded 5 public offerings in the current period, raising total proceeds of \$99 million, however was not represented in the top 10 global IPO's.

From both a volume and total offer proceeds perspective, Australia placed third in the Asia Pacific Region, behind China and India. The IPO offerings comprised of companies focused on key sector growth areas including dairy, sustainable food production and farming, craft beverages and health foods. A summary of the Australian IPO's is detailed in the following pages.

Overall, a decline in the average share trading price at 30 June 2020 was observed across the Agricultural Products and Brewers industries for Australian IPO's when compared to offer price, whilst Packaged Foods and Meats performed strongly.

Current Period IPOs by Asia Pacific Region

Country	No. of IPOs	Offer amount (A\$million)	Offer amount as a % of total	Average price movements %
India	22	79	1%	-17%
China	15	3,727	33%	142%
Australia	5	99	1%	-4%
Hong Kong	2	7,395	65%	-28%
Singapore	2	33	0%	-60%
New Zealand	2	28	0%	10%
Total	48	11,360	100%	

Note: Average Price Movement have been calculated based on the price movements between issue date and 30 June 2020

Current Period IPOs by Offer Size Range

Offer Range	No. of IPOs	Offer amount (A\$million)	Offer amount as a % of total	Average price movements %
Less than \$10 million	26	90	1%	-25%
Between \$10 million to \$50 million	12	204	1%	-14%
Between \$50 million to \$100 million	2	177	1%	334%
Between \$100 million to \$200 million	7	925	6%	223%
Between \$200 million to \$500 million	3	851	5%	155%
Over \$500 million	4	13,250	86%	7%
Total	54	15,496	100%	

Current Period Australia IPOs by sub sector

Sub sector	No. of IPOs	Offer amount (A\$million)	Offer amount as a % of total	Average price movements %
Agricultural Products	2	26	26%	-28%
Brewers	1	16	16%	-4%
Packaged Foods and Meats	2	57	57%	18%
Total	5	99	100%	

Top 10 Global IPOs

1	<p>Issuer: Budweiser Brewing Company APAC Limited Country: Hong Kong (SEHK:1876) Industry: Brewers Offer Date: 27/9/2019 Offer Size (\$m): A\$7,383 million IPO Price: A\$5.09 Price at 30 June 2020: A\$4.21 Price change: - 17% Description: produces, imports, markets, distributes, and sells beer primarily in China, Australia, South Korea, India, and Vietnam.</p>	6	<p>Issuer: CSPC Innovation Pharmaceutical Co Ltd Country: China (SZSE:300765) Industry: Packaged Foods and Meats Offer Date: 21/03/2019 Offer Size (\$m): A\$258 million IPO Price: A\$5.15 Price at 30 June 2020 : A\$4.62 Price change: - 10% Description: manufactures and sells caffeine, and vitamin C health supplement and beverage products.</p>
2	<p>Issuer: JDE Peet's N.V Country: Netherlands (ENXTAM:JDEP) Industry: Packaged Foods and Meats Offer Date: 29/05/2020 Offer Size (A\$m): 3,767.6 IPO Price: A\$52.75 Price at 30 June 2020: A\$58.81 Price change: +11% Description: Provides various coffee and tea products to serve consumer needs in the Netherlands and Internationally</p>	7	<p>Issuer: Jiangsu Lihua Animal Husbandary Co Ltd Country: China (SZSE: 300761) Industry: Packaged Foods and Meats Offer Date: 15/02/2019 Offer Size (\$m): A\$251 million IPO Price: A\$6.09 Price at 30 June 2020: A\$7.90 Price change: +30% Description: engages in the grass chicken farming in China.</p>
3	<p>Issuer: China Feihe Limited Country: China (SEHK:6186) Industry: Packaged Foods and Meats Offer Date: 12/11/2019 Offer Size (\$m): A\$1,252 million IPO Price: A\$1.40 Price at 30 June 2020: A\$2.90 Price change: + 107% Description: manufactures and distributes infant milk formula products in the People's Republic of China, Hong Kong, the United States, and Canada.</p>	8	<p>Issuer: Hunan Xiangjia Animal Husbandry Co Ltd Country: China (SZSE:002982) Industry: Packaged Foods and Meats Offer Date: 21/04/2020 Offer Size (A\$m): 170.6 IPO Price: A\$6.66 Price at 30 June 2020: A\$21.14 Price change: +218% Description: Offers poultry breeding, slaughtering and processing services. The company also offers cold meat products</p>
4	<p>Issuer: Hebei Yangyuan ZhiHui Beverage Co Ltd Country: China (SHSE:603156) Industry: Packaged Foods and Meats Offer Date: 02/02/2018 Offer Size (\$m): A\$848 million IPO Price: A\$15.76 Price at 30 June 2020: A\$4.41 Price change: - 72% Description: engages in the research and development, processing, production, and distribution of vegetable protein food and beverages.</p>	9	<p>Issuer: Guilin Seamild Foods Co Ltd Country: China (SZSE:002956) Industry: Packaged Foods and Meats Offer Date: 18/06/2019 Offer Size (\$m): A\$154 million IPO Price: A\$7.72 Price at 30 June 2020: A\$11.18 Price change: + 45% Description: a health food company, engages in the research, development, production, and management of oat products.</p>
5	<p>Issuer: Beyond Meat Inc Country: United States (NasdaqGS:BYND) Industry: Packaged Foods and Meats Offer Date: 01/05/2019 Offer Size (\$m): A\$342 million IPO Price: A\$35.52 Price at 30 June 2020: A\$194.06 Price change: + 446% Description: a food company, provides plant-based meats</p>	10	<p>Issuer: YouYou Foods Co Ltd Country: China (SHSE:603697) Industry: Packaged Foods and Meats Offer Date: 25/04/2019 Offer Size (\$m): A\$132 million IPO Price: A\$1.67 Price at 30 June 2020: A\$4.14 Price change: + 149% Description: engages in the research, development, production, and sale of meat and vegetables.</p>

Australian IPOs

1	<p>Issuer: Nuchev Limited (ASX:NUC) Industry: Packaged Foods and Meats Offer Date: 09/12/2019 Offer Size (\$m): A\$48.65 million IPO Price: A\$2.6 Price at 30 June 2020: A\$2.29 Price change: -12% Description: A health and nutrition solutions company, produces, markets, and sells goat milk based formula and nutritional products to consumers in Australasia.</p>
2	<p>Issuer: Duxton Broadacre Farms Limited (ASX:DBF) Industry: Agricultural Products Offer Date: 07/02/2018 Offer Size (\$m): A\$21.11 million IPO Price: A\$1.5 Price at 30 June 2020: A\$1.05 Price change: - 30% Description: Agricultural products investment company that provides investors with exposure to a diversified portfolio of high quality, efficient Australia farms.</p>
3	<p>Issuer: Founders First Limited (ASX:FFL) Industry: Brewers Offer Date: 13/12/2019 Offer Size (\$m): A\$15.78 million IPO Price: A\$0.50 Price at 31 Dec 2019: A\$0.26 Price change: - 49% Description: The company invests in select craft beverages businesses alongside their founders and accelerates their growth through the provision of capital, sales and marketing, supply chain and management expertise and the operation of venues.</p>
4	<p>Issuer: Angel Seafood Holdings Limited (ASX:AS1) Industry: Packaged Foods and Meats Offer Date: 19/02/2018 Offer Size (\$m): A\$8 million IPO Price: A\$0.20 Price at 31 Dec 2019: A\$0.14 Price change: - 30% Description: A South Australian based aquaculture company currently operating out of Coffin Bay. The company is organically certified and produces, manufactures, markets, and sells organic and sustainable oysters.</p>
5	<p>Issuer: Wide Open Agriculture Limited (ASX:WOA) Industry: Agricultural Products Offer Date: 04/07/2018 Offer Size (\$m): A\$5 million IPO Price: A\$0.20 Price at 31 Dec 2019: A\$0.40 Price change: +100% Description: operates as a regenerative food and farming company in Australia</p>

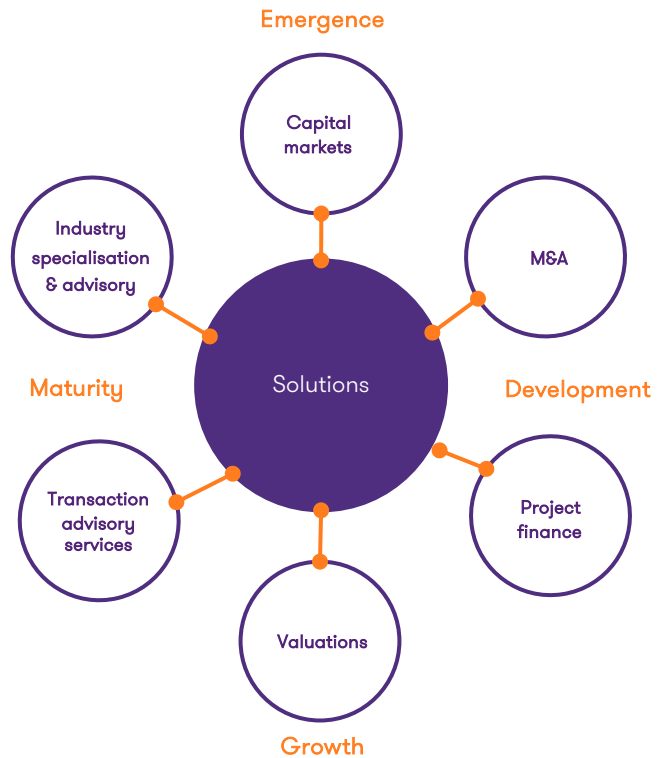


About Grant Thornton

Supporting clients through all stages of business growth

With an abundance of land, natural resources, and a reputation for quality products, the Australian AgF&B is in a strong position for continued growth and investment.

Grant Thornton advises at all stages of the food and beverage lifecycle – from inputs, production and transport through to processing, manufacturing and distributing – and understand the pressures of running your business and the steps to reaching your strategic goals. This helps position your business to capitalise on the latest industry trends and innovations and provide expert advice on exports, international trade, merger and acquisitions, supply chain management, financing, tax, audit, and more.



Working with clients and investors across the entire supply chain



Our experts



Cameron Bacon
Partner – Corporate Finance

Cameron provides services to a range of private and public companies and Private Equity funds. He is the Victorian Head of Grant Thornton’s Agribusiness, Food & Beverage Industry team with extensive experience in M&A, divestment, capital raising and cross border transactions. Cameron grew up in regional Victoria and still has strong ties to the West Gippsland area.



Pete Burgess
Senior Manager – Corporate Finance

Pete specialises in M&A, growth capital advisory, AgF&B advisory, commercial due diligence and strategic planning. Growing up and working on a 5th generation property producing fine wool and prime lambs in the Western Districts of Victoria, has fostered Pete’s love of the land and passion for agriculture and agribusiness.

About us

We are Grant Thornton

Grant Thornton Australia is a leading business advisor that helps dynamic organisations to unlock their potential for growth. Our brand is respected globally, as one of the major global accounting organisations recognised by capital markets, regulators and international standards setting bodies.

We are constantly evolving and developing alongside our clients.

Grant Thornton Australia has more than 1,300 people working in offices in Adelaide, Brisbane, Cairns, Melbourne, Perth and Sydney. We combine service breadth, depth of expertise and industry insight with an approachable “client first” mindset and a broad commercial perspective.

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Snapshot



Industry specialisation



Our services

Audit & Assurance

Private Advisory

- Private wealth
- Family office services
- Superannuation
- Business advisory services

Tax

Financial Advisory

- Forensic consulting
- Corporate finance
- Restructuring advisory

Consulting

- Management consulting
- Risk consulting
- Technology consulting

National Specialist Tax

- Indirect tax
- Transfer pricing
- Remuneration taxes

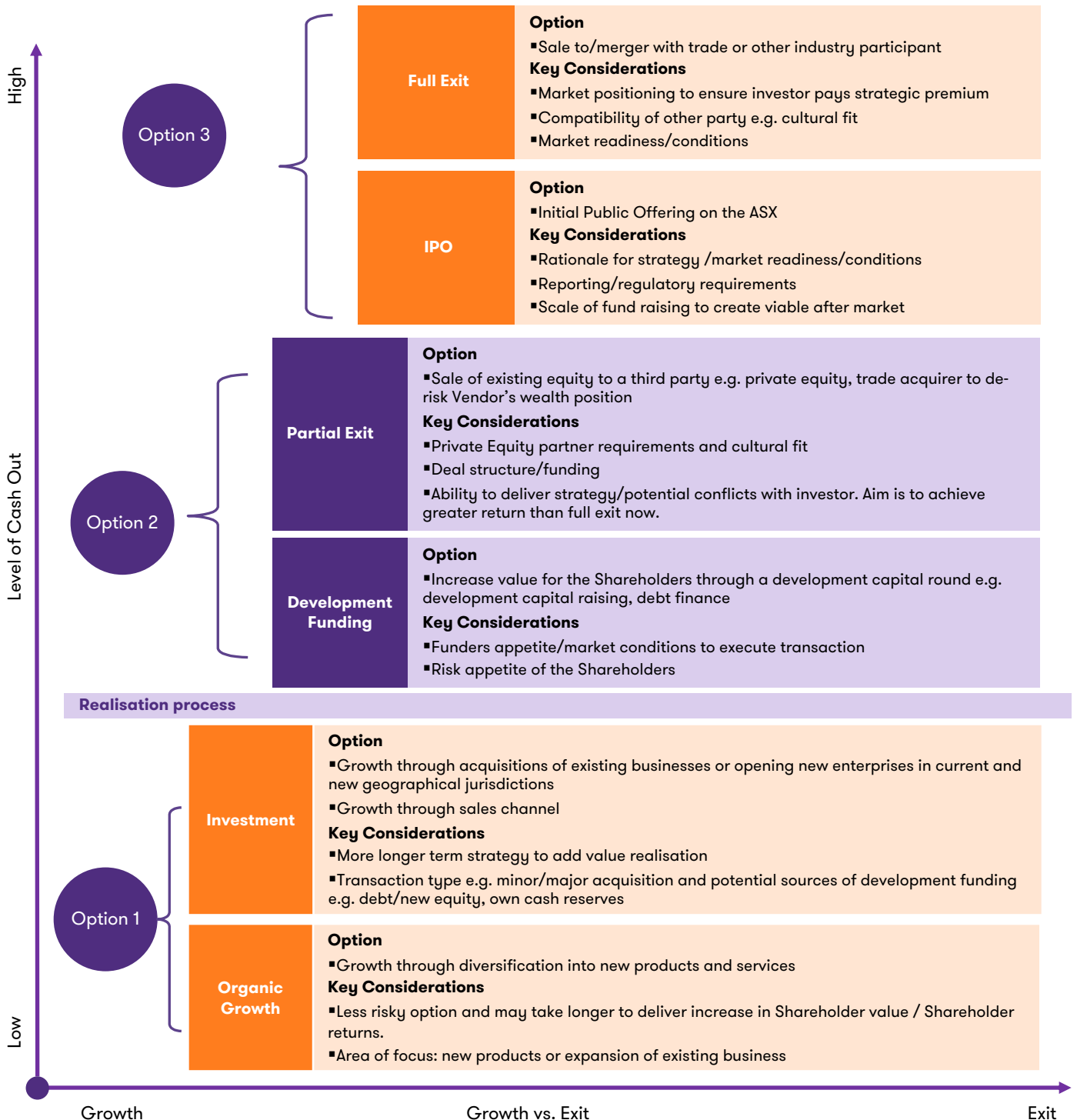
Public Sector Advisory



Appendix: for business owners

What are your options?

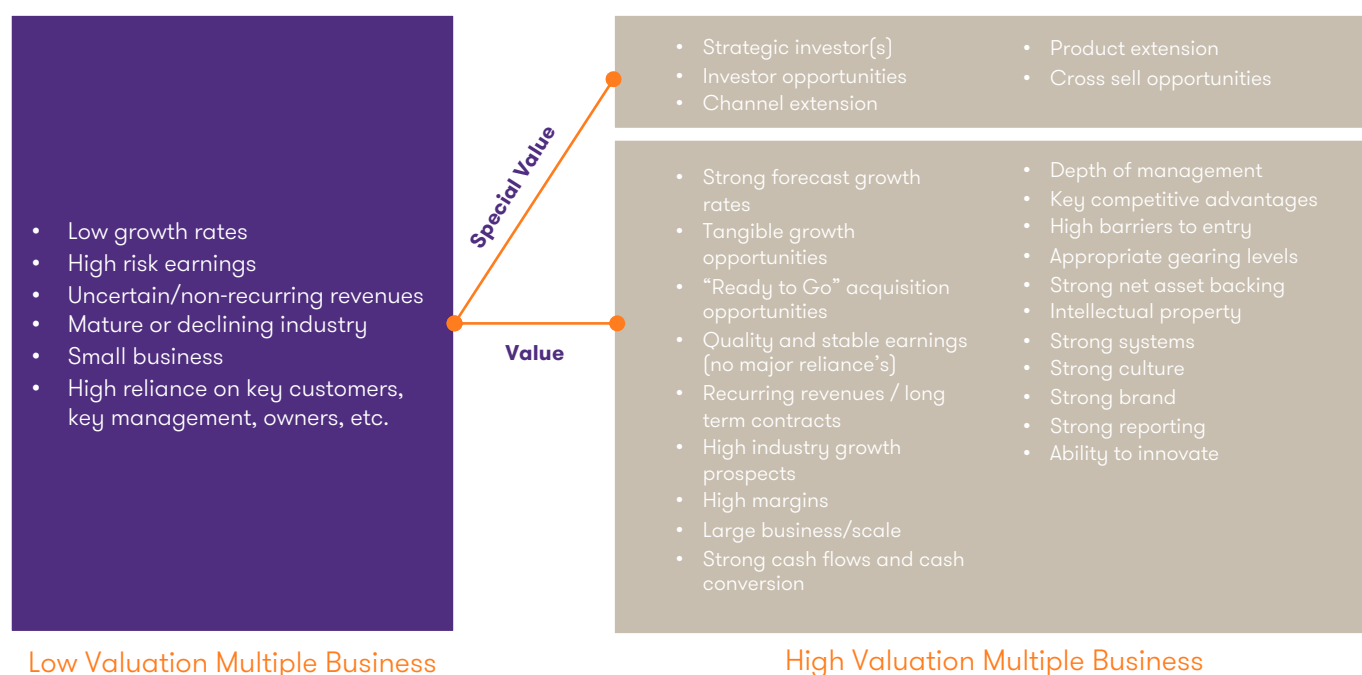
A comprehensive summary of the options available to business owners.



Will you get maximum value for your business?

		Yes	Maybe	No
1	Are you pursuing a growth strategy?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2	Is your business scaleable?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3	Have you considered whether you could gain significant competitive advantages from an acquisition?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4	Do you have the funding in place to enable you to pursue your strategic plans?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
5	Do you have quality financial and management reporting systems that enable timely and reliable management decisions and meet the due diligence requirements of a sophisticated buyer or investor?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
6	Do you prepare reliable profit and cash flow forecasts?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
7	Are you optimising your working capital management?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
8	Do you have a strong management team?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
9	Does your business plan include a succession plan or exit strategy?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
10	Are you already building relationships with the natural buyers of your business?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

What drives the valuation multiple?



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