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# *Global Agribusiness* Deal Activity

*April 2016*



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# *Agribusiness news & multiples*



# Dairy Red meat Pork

## Dairy

### M&A News

**UAE:** Almarai is in talks to acquire National Food Products Company (NFPC). Almarai is reportedly looking to invest US\$5.6bn to expand its business over 2016 to 2020.

**US:** Halydean Corp, a privately held dairy and beef investment group, has entered into agreements to acquire a number of private dairy farms, totalling US\$75m. Halydean has an additional US\$200m of acquisitions in its pipeline.

### Management News

**Australia:** Murray Gouldburn's CEO, Gary Helou and CFO, Brad Hingle have both resigned following a significant profit downgrade.

**France:** Danone announced the appointment of Bridgette Heller to Executive Vice President.

## Red meat

### M&A News

**Australia:** The sale of S. Kidman & Co, the worlds largest cattle station, to Shanghai Pengxin has been blocked by the Australian government. Pengxin has subsequently withdrawn its AU\$370m bid.

Xinyangfeng Fertilizer Company, one of China's largest fertiliser producers, has acquired a 5,700 acre livestock and crop farm, in its first of several planned investments in New South Wales and Queensland.

### Management News

**Australia:** Livestock Exporters' Council CEO, Alison Penfold, has announced she will step down in July.

Wellard appointed Brendan Wade to COO.

**US:** Tyson Foods promoted Jason Nichol to SVP.

## Pork

### M&A News

No relevant news.

### Management News

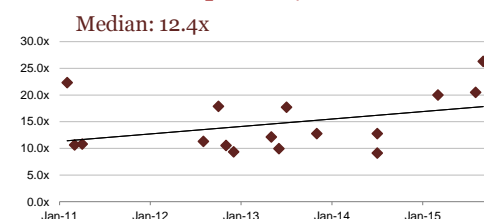
No relevant news.

Sources: S&P Capital IQ, Factiva, PwC research

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### Transaction multiples (EV/EBITDA)



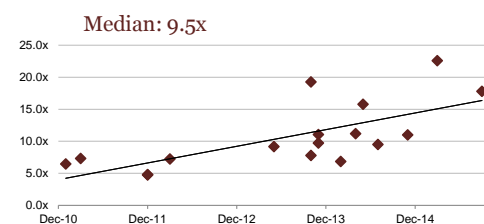
Bidder/Target 1: Pershing Square Capital/Mondelez, 2: Groupe Lactalis/Lactalis Puleva, 3: Pepsi-Cola/Wimm-Bill-Dann Food, 4: Bank Hapoalim/Parmalat, 5: Société pour le Financement de l'Industrie Laitière/Parmalat, 6: Suntory/Cerebos Pacific, 7: Savola Group/Almarai, 8: Trian Fund Management/ Danone, 9: Saputo Cheese Morningstar Foods, 10: Prominent Achiever / China Mengniu Dairy Co., 11: China Mengniu Dairy Co./Yashili International, 12: FB Participações/Vigor Alimentos, 13: Qurain Petrochemical Industries/Saudia Dairy & Foodstuff, 14: First Pacific & Wilmar International /Goodman Fielder, 15: Qurain Petrochemical Industries/Saudia Dairy & Foodstuff.16: Qurain Petrochemical Industries/Saudia Dairy & Foodstuff.17: First Pacific Company / Gooftan Fielder Ltd. 18: Warrnambool Cheese and Butter / Lion Dairy & Drinks, Everyday cheese business, 19: Management / China Huishan Dairy, 20: Centre Laboratories / Ausnutria Dairy.

### Trading multiples (EV/EBITDA)

	2015A	NTM
Nestlé S.A.	13.9x	13.6x
Unilever PLC	15.7x	12.7x
Unilever N.V.	14.3x	12.6x
Mondelez International, Inc.	18.0x	16.7x
Danone	12.1x	11.7x
Fonterra Co-Operative Group Ltd.	10.4x	n.a.
General Mills, Inc.	13.2x	13.6x
Mead Johnson Nutrition Company	15.8x	15.8x
Dean Foods Company	6.0x	5.7x
Want Want China Holdings Ltd.	11.3x	11.0x
<b>Median</b>	<b>13.6x</b>	<b>12.7x</b>
<b>Average</b>	<b>13.1x</b>	<b>12.6x</b>



### Transaction multiples (EV/EBITDA)

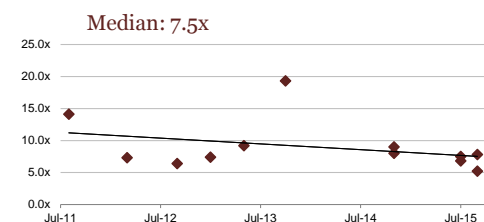


Bidder/Target 1: West Face Capital/Maple Leaf Foods, 2: Boparan Holdings/Northern Foods, 3: NA/Astarta Holding, 4: Leucadia/National Beef Packing, 5: TMK Holding/National Beef Packing, 6: NA/Zhongpin, 7: Henan Shineaway/Smithfield Foods, 8: Darling Ingredients/VION Ingredients, 9: NA/People's Food Holdings, 10: Sigma Alimentos/Campofrio Food Group, 11: L Sigma Alimentos/Campofrio Food Group, 12: JBS S.A., 13: Condorcet Opportunity / Campofrio Food Group, 14: Tyson Foods / The Hillshire Brands, 15: Nutresa / Aldage, 16: ITOCHU Corporation / C. P. Pokphand Co. 17: H. J Heinz Holding Corp / Kraft Foods Group, 18: Bright Foods / Silver Fern Farms.

### Trading multiples (EV/EBITDA)

	2015A	NTM
Associated British Foods plc	17.1x	15.3x
The Kraft Heinz Company	26.0x	n.a.
BRF S.A.	9.1x	8.3x
Tyson Foods, Inc.	9.4x	9.5x
Henan Shuanghui Investment &	11.4x	10.0x
Kerry Group plc	18.5x	17.3x
Hormel Foods Corporation	15.8x	14.1x
JBS S.A.	5.8x	4.6x
Uni-President Enterprises Corporation	11.0x	10.1x
Universal Robina Corporation	19.8x	17.7x
<b>Median</b>	<b>13.6x</b>	<b>10.1x</b>
<b>Average</b>	<b>14.4x</b>	<b>11.9x</b>

### Transaction multiples (EV/EBITDA)



Bidder/Target 1:Talleys Group/ AFCCO Holdings, 2: Premium Brings Holdings / Pillar Sausages & Delicatessens, 3: Harim Holdings/ Sunjin Holdings Co. 4: LBO / Zhongpin Inc. 5: Mitsubishi Corp / Yonekyo Corp. 6: Henan Shineaway Industry Group / Smithfield Foods Inc. 7: LBO / People's Food Holdings Ltd. 8: Sigma Alimentos / Campofrio Food Group, SA. 9: JBS Australia Pty / P&M Smallgoods Pty. 10: Swift Pork (JBS) / Cargill Pork. 11: Cedrob SA / Polski Koncern, 12: JBS S.A. / Moy Park Ltd., 13: Itoham Foods / Yonekyo Corp.

### Trading multiples (EV/EBITDA)

	2015A	NTM
Seaboard Corp.	12.9x	n.a.
BRF S.A.	9.1x	8.3x
Marudai Food Co., Ltd.	7.1x	n.a.
The Kraft Heinz Company	26.0x	n.a.
Shandong Longda Meat Foodstuff Co.,	32.9x	n.a.
Shandong Delisi Food Co., Ltd.	59.4x	n.a.
SunJin Co., Ltd.	11.1x	n.a.
JBS S.A.	5.8x	4.6x
WH Group Limited	7.9x	7.0x
<b>Median</b>	<b>11.1x</b>	<b>7.0x</b>
<b>Average</b>	<b>19.1x</b>	<b>6.6x</b>

# Poultry

## Forestry

### Fruit, vegetables & nuts



#### Poultry

##### M&A News

**UK:** Cranswick has acquired Crown Chicken, a poultry processor, for US\$57m.

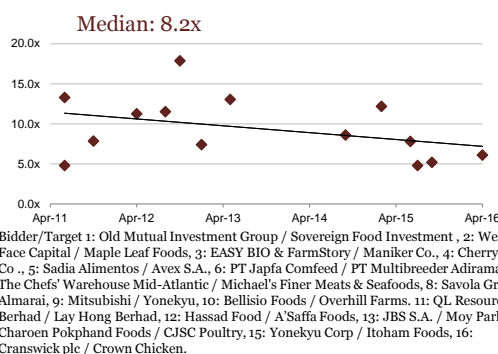
Stonegate, UK's second largest egg packer, has sold its free range and organic operations.

**Ireland:** OKB Holdings are to sell Grove Turkeys to a private investor.

##### Management News

No relevant news.

#### Transaction multiples (EV/EBITDA)



#### Trading multiples (EV/EBITDA)

	2015A	NTM
BRF S.A.	9.1x	8.3x
Tyson Foods, Inc.	9.4x	9.5x
Campbell Soup Company	14.0x	12.6x
Almarai - Joint Stock Company	16.5x	14.4x
JBS S.A.	5.8x	4.6x
Uni-President Enterprises Corporation	11.0x	10.1x
Universal Robina Corporation	19.8x	17.7x
Pilgrim's Pride Corporation	6.1x	6.7x
Charoen Pokphand Foods Public Co. Ltd.	15.0x	13.2x
PPB Group Berhad	5.8x	4.8x
<b>Median</b>	<b>10.2x</b>	<b>9.8x</b>
<b>Average</b>	<b>11.3x</b>	<b>10.2x</b>

#### Forestry

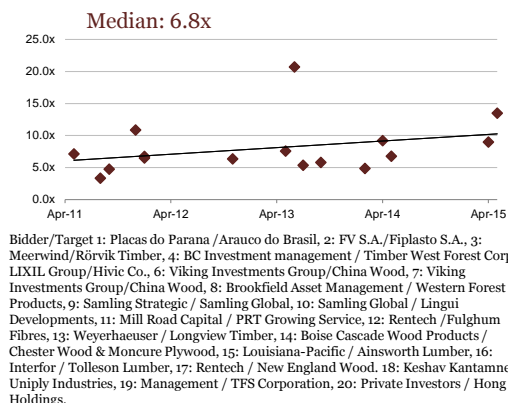
##### M&A News

No relevant news.

##### Management News

No relevant news.

#### Transaction multiples (EV/EBITDA)



#### Trading multiples (EV/EBITDA)

	2015A	NTM
West Fraser Timber Co. Ltd.	9.1x	6.1x
Canfor Corp.	7.2x	5.1x
Duralex SA	9.3x	7.8x
Deltic Timber Corporation	32.9x	n.a.
Sonae Indústria, S.G.P.S., S.A.	6.2x	n.a.
Stella-Jones Inc.	16.1x	12.9x
Interfor Corporation	13.4x	6.5x
Boise Cascade Company	7.8x	7.1x
Norbord, Inc.	22.3x	7.2x
Suzano Papel e Celulose S.A.	5.7x	5.1x
<b>Median</b>	<b>9.2x</b>	<b>6.8x</b>
<b>Average</b>	<b>13.0x</b>	<b>7.2x</b>

#### Fruit, vegetables & nuts

##### M&A News

**Canada:** Fyffes has acquired mushroom producer Highline Produce for US\$114m.

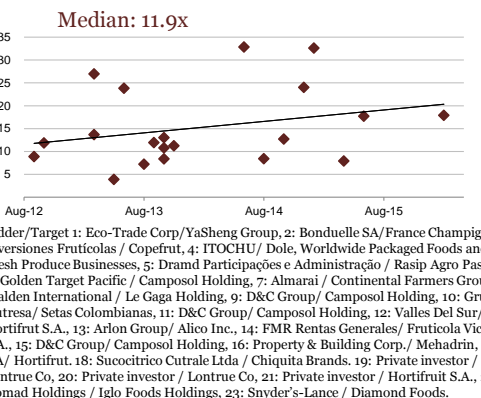
**US:** Hortifruit is to acquire Munger Brothers. The merged US entity will be named Munger-Hortifruit North America Inc, and will operate as a subsidiary of Hortifruit S.A.

**Saudi Arabia:** Arasco and Cargill have entered into an agreement to set up a 80-20 JV to produce starch products and sweeteners in Saudi Arabia and market to countries in the Middle East.

**Peru:** Vanguard is to acquire Agricola Challapampa from Asiafruit. Challapampa is one of Peru's leading producers of grapes, citrus and pomegranates.

**Mexico:** Wonderful Citrus announced its acquisitions of Mexican lime distributor, Kunik Company and Persian lime producer, B&S Grupo Exportador.

#### Transaction multiples (EV/EBITDA)



#### Trading multiples (EV/EBITDA)

	2015A	NTM
Felda Global Ventures Holdings Berhad	17.6x	14.5x
PT Astra Agro Lestari Tbk	11.7x	9.0x
KWS Saat SE	14.0x	12.8x
Gansu Yasheng Industrial (Group) Co.,	28.6x	n.a.
United Plantations Bhd	11.9x	n.a.
Fresh Del Monte Produce Inc.	11.7x	10.3x
Kulim (Malaysia) Berhad	18.5x	8.5x
Select Harvests Limited	3.9x	7.4x
Sarawak Oil Palms Bhd	9.7x	8.3x
Kaveri Seed Company Limited	12.7x	9.9x
<b>Median</b>	<b>12.3x</b>	<b>9.4x</b>
<b>Average</b>	<b>14.0x</b>	<b>10.1x</b>

# Grains & beans Fertiliser & agricultural chemicals



## Grains & beans

### M&A News

**Switzerland:** Canada's largest pension fund, Canada pension Plan Investment Board, is to acquire a 40% stake in Glencore's Agricultural Products Company for US\$2.5bn.

**South Africa:** Associated British Foods (ABF) is to acquire the remaining 49% stake in Illovo Sugar in a deal worth US\$375m.

**Singapore:** Olam International has secured a US\$175m loan to finance increased processing capability in Nigeria and India.

**Australia:** A survey commissioned by CBH has found that CBH had strong support from its grower-owners for rejecting a takeover offer from AGC and backed by GrainCorp. Of the 1000 grower members surveyed, 78% supported dismissing the offer, and 11% were not sure.

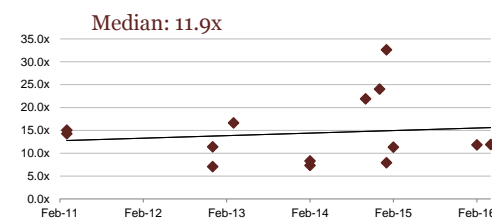
**Ecuador:** Mars has completed its acquisition of Hacienda La Chola cocoa farm from Naturisa. Hacienda has 485 hectares of cocoa crop.

### Management News

**US:** Harris Seeds appointed Ken Wasnock to CEO.



### Transaction multiples (EV/EBITDA)



Bidder/Target 1: GrainCorp. / GrainCorp Malt, 2: Tradewinds Malaysia / Padiberas Nasional Bhd, 3: Felda Global Ventures / Tradewinds Malaysia, 4: NA/ Kernel Holding, 5: PT Salim Ivomas Pratama / PT Perusahaan Perkebunan London Sumatra, 6: PT Bakrie Sumatera Plantations / Agri International Resources, 7: Vertical Capacity / IOI Corp., 8: Seaport Terminal (Johor), Acara Kreatif Sdn, Kelana Ventures/Padiberas Nasional, 9: Seaport Terminal (Johor), Acara Kreatif Sdn, Kelana Ventures / Tradewinds Malaysia, 10: Bollore/ Plantations Des Terres Rouges, 11: Seaport Terminal (Johor), Acara Kreatif Sdn, Kelana Ventures / Padiberas Nasional Bhd, 12: PT Krishna Kapital/ PT Dharma Satya Nusantara, 13: SPC Kappa Co / Kappa Create Holdings Co, 14: Private investor / Longtrue Co, 15: Post Holdings / MOM Brands Company, 16: Private investor / Longtrue Co, 17: Sime Darby Plantation Sdn / New Britain Palm Oil Ltd, 18: Associated British Foods / Illovo Sugar, 19: Canada Pension Plan Investment Board / Glencore, Agricultural Products.

### Trading multiples (EV/EBITDA)

	2015A	NTM
Archer-Daniels-Midland Company	9.7x	9.3x
Wilmar International Limited	12.9x	12.6x
Bunge Limited	7.5x	7.1x
IOI Corp.Bhd	19.5x	17.2x
Knala Lumpur Kepong Berhad	12.5x	14.0x
Golden Agri-Resources Ltd	13.6x	10.7x
PT Astra Agro Lestari Tbk	11.7x	9.0x
First Resources Limited	11.6x	9.0x
Genting Plantations Berhad	26.8x	17.2x
KWS Saat SE	14.0x	12.8x
<b>Median</b>	<b>12.7x</b>	<b>11.7x</b>
<b>Average</b>	<b>14.0x</b>	<b>11.9x</b>

## Fertiliser & agricultural chemicals

### M&A News

**Switzerland:** ChemChina has successfully raised US\$20.2bn in a bridge loan through a syndicate in London to finance its \$44.9bn acquisition of Syngenta. A further US\$30bn is being underwritten by China Citic Bank.

**UK:** Headland Amenity, supplier of turf enhancement products, has been acquired by turf supplier Origin Amenity. The deal is expected to close in June 2016, subject to clearance by the Competition and Markets Authority.

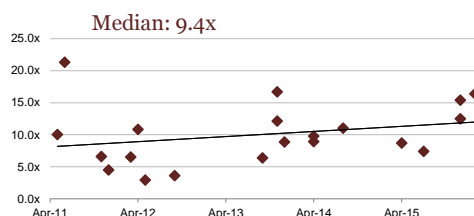
**Canada:** Belchim Crop Protection is to acquire a minority stake in Engage Agro Corp. The deal is due to close in May.

### Management News

No relevant news.



### Transaction multiples (EV/EBITDA)



Bidder/Target 1: Koor Industries/ADAMA, 2: CF Industries/Terra Industries, 3: China National Chemical / ADAMA, 4: Uralkali/Silvinit, 5: Sumitomo Chemical / Nufarm, 6: Mineracao Naque/ Vale Fertilizantes, 7: Menoza Trading / OJSC PhosAgro, 8: CJSC Holding / SBU Azot, 8: EuroChem/K+S Aktiengesellschaft, 10: Youngor Investment/Kingenta Ecologic Engineering, 11: Norica / Grupa Azoty, 12: Grupa Azoty Spółka Akcyjna/Zakłady Azotowe Pulawy Spółka Akcyjna, 13: ADAMA / Hubei Sanonda Co., 14: Jiang Yin Hanying/Jiangsu ChengXing Phosph-Chemicals, 15: Yara International/OFD Holding, 16: EDAILY Co./ KG Chemical, 17: Adorabella/OJSC PhosAgro, 18: Platform Specialty Products/ Chemtura AgroSolutions, 19: Yara International/Galvani Indústria, Comércio E Serviços, 20: Boulevard Acquisiton / AgroFresh, 21: CF Industries / GrowHow UK, 22: Dow Chemical / DuPont, 23: Compass Minerals / Produquímica.

### Trading multiples (EV/EBITDA)

	2015A	NTM
Monsanto Company	11.0x	10.9x
Syngenta AG	14.3x	14.3x
Potash Corp. of Saskatchewan, Inc.	7.9x	10.3x
The Mosaic Company	6.0x	7.9x
Saudi Arabian Fertilizer Company	10.3x	12.1x
CF Industries Holdings, Inc.	7.3x	n.a.
Agrium Inc.	8.5x	8.8x
Yara International ASA	5.7x	5.5x
Israel Chemicals Ltd.	7.4x	7.5x
Public Joint Stock Company Uralkali	8.5x	8.0x
<b>Median</b>	<b>8.2x</b>	<b>8.8x</b>
<b>Average</b>	<b>8.7x</b>	<b>9.5x</b>

# Viticulture Agricultural products & machinery Fishery



## Viticulture

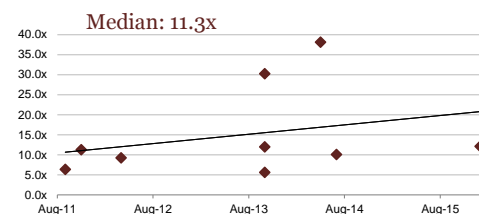
### M&A News

No relevant news.

### Management News

**US:** New York Wine & Grape Foundation appointed Samuel Filler to CEO.

### Transaction multiples (EV/EBITDA)



Bidder/Target 1: Advini/Laroche, 2: Nikora/JSC Teliani Valley, 3: Remgro and Zeder Investment /Capevin Holdings, 4: Kirin/Mercian, 5: SVL/Abrau-Durso, 6: Majority shareholders/Magnotta Winery, 7: Sogrape Vinho/Bodegas Lan, 8: Tempo Beverages/Barkan Wine Cellars, 9: FMR Rentas Generales/Viñedos Emiliana, 10: FMR Rentas Generales/Treasury Wine Estates, 11: Kohlberg Kravis Roberts & Co / Treasury Wine Estates, 12: Private investor/Schlumberger, 13: Private investor/ Pincon Spirit Ltd.

### Trading multiples (EV/EBITDA)

	2015A	NTM
Diageo plc	17.8x	16.1x
Pernod-Ricard SA	13.5x	13.3x
Brown-Forman Corporation	18.9x	19.1x
Constellation Brands Inc.	19.8x	16.3x
Jiangsu Yanghe Brewery Joint-Stock	14.3x	11.9x
Davide Campari - Milano SpA	14.9x	14.3x
LT Group, Inc.	8.0x	10.1x
Treasury Wine Estates Limited	26.4x	13.9x
Distell Group Limited	14.0x	13.6x
Yantai Changyu Pioneer Wine	13.8x	12.0x
<b>Median</b>	<b>14.6x</b>	<b>13.7x</b>
<b>Average</b>	<b>16.1x</b>	<b>14.0x</b>

## Agricultural products & machinery

### M&A News

**Egypt:** ADM and Medsofts Group have completed their 50-50 JV to offer commodity merchandising, transportation and delivery services in Egypt.

**UK:** Agricultural engineering firms Twose and McConnell have merged. The deal will involve the creation of a specialist grassland and arable machinery division.

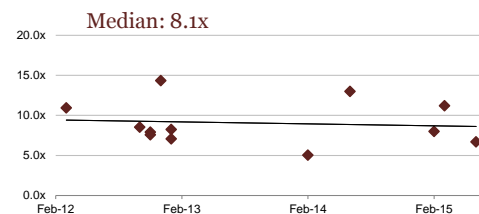
**US:** John Deere is to acquire a majority stake of Hagie Manufacturing, a producer of high-clearance sprayers.

**Ireland:** Alltech has acquired distressed farm machinery manufacturer Keenan. This is the 14<sup>th</sup> acquisition for Alltech globally since 2011.

**US:** The Chairman of NYSE-listed agricultural products company Agria has withdrawn his non-binding bid to take the company private.

**Japan:** Olam International and Mitsubishi Corp are to partner in the supply of agricultural products to Japan.

### Transaction multiples (EV/EBITDA)



Bidder/Target 1: Woodstream/Zareba Systems, 2: Ag Growth International/Mepu Oy, 3: Converted Organics/TerraSphere Systems, 4: Blount/SpecCo, 5: Kubota/Kvermeland ASA, 6: Paine & Partners/Eurodrip SA, 7: Seoul Moongo Co. / Daedong Industrial Co., 8: Danfoss/Sauer-Danfoss Inc., 9: NA/ China Farm Equipment, 10: Silverfleet Capital / Cimbria, 11: P&P Water Holding / Eurodrip SA, 12: MHR Fund Management / Titan International, 13: Private investors / Xinjiang Machinery Research, 14: Bain Capital / Yukiguni Maitake Co. 15: SHV Holdings / Nutreco NV, 16: Paine & Partners / Spearhead International.

### Trading multiples (EV/EBITDA)

	2015A	NTM
Deere & Company	15.6x	20.5x
Kubota Corporation	10.0x	9.8x
CNH Industrial N.V.	13.4x	15.1x
AGCO Corporation	8.8x	10.4x
The Toro Company	13.6x	12.8x
Türk Traktor ve Ziraat Makineleri	11.0x	9.4x
Daedong Industrial Co., Ltd.	12.8x	n.a.
Lindsay Corporation	11.6x	12.1x
Titan International Inc.	16.0x	14.1x
Jain Irrigation Systems Limited	8.1x	7.2x
<b>Median</b>	<b>12.2x</b>	<b>12.1x</b>
<b>Average</b>	<b>12.1x</b>	<b>12.4x</b>

## Fishery

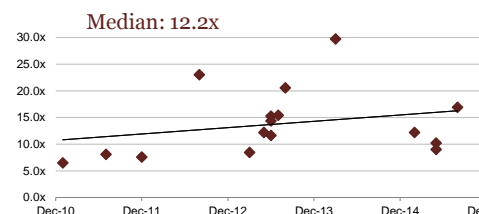
### M&A News

**Brasil:** Aquagen, a Norwegian salmon genetics company, has acquired a majority stake in Aquabel, a breeding company based in Brasil.

### Management News

No relevant news.

### Transaction multiples (EV/EBITDA)



Bidder/Target 1: Thai Union Frozen Products/MW Brands, 2: Boparan Holdings/Northern Foods, 3: Corporacion Economica Damm / Pescanova, 4: Luxempart / Pescanova, 5: Orkla Brands / Rieber & Son, 6: Tiger Brands / Oceana Group, 7: Gevevan Trading Co. / Marine Harvest ASA, 8: Profound Holding / Marine Harvest, 9: China Fishery Group / Copeinca, 10: Gevevan Trading Co. / Marine Harvest, 11: RCL Foods / Foodcorp, 12: China Fishery Group/Copeinca, 13: CPG Investment / Copeinca, 14: Hassad Food / A'Saffa Foods, 15: Marine Harvest / Havfisk ASA, 16: Oceana Group / Daybrook Fisheries, 17: Private investors / Sajo Industries.

### Trading multiples (EV/EBITDA)

	2015A	NTM
Charoen Pokphand Foods Public Co.	15.0x	13.2x
Marine Harvest ASA	15.7x	9.5x
PT Indofood CBP Sukses Makmur Tbk	18.2x	16.1x
NH Foods Limited	9.3x	9.0x
CALBEE, Inc.	15.5x	13.1x
Toyoko Suisan Kaisha Ltd.	7.7x	7.6x
Thai Union Frozen Products Public	14.1x	11.4x
Saifmar ASA	14.3x	9.6x
Lerøy Seafood Group Asa	12.7x	8.0x
Guangdong Haid Group Co., Limited	18.6x	13.1x
<b>Median</b>	<b>14.6x</b>	<b>10.5x</b>
<b>Average</b>	<b>14.1x</b>	<b>11.1x</b>

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# *Food trust*





## Food trust



### Competing on food quality

Complex supply chains and increasing consumer expectations make it more important for food companies to have solid and effective quality and safety processes. Of course, all companies have quality programmes in place, but the challenge is prioritising, integrating and leveraging these programmes successfully. Quality failures are costing companies money and missed opportunities.

One recent example is a company that had to recall all its product due to bacterial contamination and eliminate the contaminant from their plants. The company had food quality programmes in place, with senior executives believing the issue would be corrected quickly – but after several months the company was still not producing product. The company's expectations were misplaced and getting back to business proved much harder and more costly than expected. The long-term reputational impact and ongoing brand damage was colossal, with the ability to continue as a viable company with no revenue unclear.

Food companies, like the example above, take safety and quality issues very seriously, but succeeding in today's market requires more to win consumers' trust and maintain a leading reputation. Selling on quality is something that is disrupting the food market rapidly. In this competitive consumer-driven environment people want their food to be as safe and healthy as it is tasty.

Quality is king for today's demanding consumer – who will usually pay more for quality food.



### Taking quality to the top

Consumer loyalty is an essential enabler for growth. At the heart of consumer loyalty lies brand trust, with quality being central to building a trusting consumer relationship. Quality management is therefore foundational for companies to deliver the brand experience consumers want and expect.

Companies hit by recalls know the safety and quality issues they need to deal with well, and in most cases, try to implement solutions to improve their processes. Yet these solutions often fall victim to organisational resistance, lack of resources, poor supplier relationships or an insufficient understanding of the business benefit of establishing a 'quality first' culture.

The hardest hurdle to pass is often the perception that 'quality first' means 'more cost for little benefit'. Food quality today is not just a compliance issue, it is a brand differentiator with broad positive and negative consequences of failure.

So how can companies jump this hurdle? Simply put, tone at the top makes the biggest difference. If company leaders are engaged with quality management they will be more likely to ensure the company and its people adopt processes that will guarantee the quality of its products. Good leadership inspires confidence and motivates organisations in a common goal. It means quality goes up and risks go down.

Yet if management does not emphasise a quality culture, it is more likely the company will suffer adverse impacts. This is especially the case in the highly competitive food industry where price and cost efficiency is seen as the main business rationale – driving many food companies to fight for margin at the cost of quality in the 'red ocean'.

But with higher quality or niche products, companies can choose to swim in the 'blue ocean' with its more generous margins. Consumers will pay more for well-established brands that are synonymous with quality. They means moving even commodity products from obscurity to meaningful products with identifiable farmers and processors further up the supply chain to win consumer loyalty.

To realise such a goal, executive management must assume more supervisory responsibilities and be fully engaged with quality issues. This means shifting quality management from a pigeonholed process, to a system of continuous improvement that adds real organisational value and quality incentives.



# Food trust



## Four areas of quality improvement

The end goal is quality management and business performance being one and the same – inextricably linked to a corporate culture that puts quality first to win customer trust.

Organisations should focus on four areas to achieve quality improvements.

### 1. Strategy and governance

By embedding quality within a company's strategy and governance framework it elevates the quality focus and translates it into a language that management can apply and monitor. When a company is struggling with quality management, this link is typically found to be lacking. Through strategy and governance, management can articulate its objectives, metrics and enforcement across processes. It provides a platform for management to set the tone for the entire organisation's attitude toward quality.

The opportunity for improvement is to shift away from strict process control and focus on actual results (such as KPI reporting). Putting more emphasis on testing the results (such as in financial results testing) and linking these with other (financial) performance areas supports the development of a business case for quality and food safety. It would demonstrate the cost of quality failures; such as spoilage, customer complaints, and the opportunity for cost savings in the areas of wastage and recall prevention.

### 2. Organisational culture

One of the main factors resulting in poor quality control is an over-emphasis on business performance, without the counter-balance of stressing quality. For example, management may communicate and reward the achievement of quarterly financial numbers and yet be silent on matters of quality (including negative quality performance).

Employees may interpret that silence as justification to cut corners on quality. Instead, management must regularly demonstrate its willingness to make difficult decisions to ensure a positive quality culture by prioritising quality over financial performance.

Sometimes, an organisation's culture relies on misplaced incentives that lead to a 'check-the-box' mentality, rather than investigating the root cause of quality issues. Companies often fail to assess their true culture and act on their desired culture.

This is a well-known fact addressed in behavioural science. There is no company – especially not in the food industry – that will state it will compromise on quality (desired culture), yet numerous incidents have shown compromises exist and are often a result of commercial pressure or ill executed procedures (true culture). Company leaders must build a balanced set of measures and associated incentives and assess its quality culture regularly to create and sustain a positive culture. Being transparent on quality results, both internally as well as to the public, will help create an incentive to stress the importance of quality and food safety to encourage robust testing.

### 3. Processes and procedures

Traditionally, companies have focused on standard operating procedures (SOPs) to anchor their quality initiatives. Instead, the focus should be on end-to-end processes to allow processes that can be analysed for critical control points to drive measurable improvements in both quality and operational performance.

A focus on end-to-end processes allows companies to establish business process owners who can drive continuous improvement across a company's various functions and divisions. With solid processes in place, companies can reduce and simplify the number of SOPs, while improving quality.

Many organisations have created a morass of SOPs that are in reality a combination of regulatory requirements, work instructions, leading practices, how-to guides and training guides. It is often the case that organisations with many SOPs are the most likely to be non-compliant. It behoves organisations to take a critical look at their document structure and streamline it, focusing on pictorial work instructions and the use of guidelines.

The most effective, efficient and compliant companies take a holistic perspective, integrating suppliers and customers in the quest to deliver quality products.

### 4. Tools and infrastructure

It is at this foundational element that all of an organisation's actual work is conducted. The facilities, equipment and IT systems that make up a company's tools and infrastructure work together to design, manufacture, test, document and evaluate the output of work processes.

In the process employees collect, approve, store and manage information. While good documentation practices are well known, implementation varies widely within and across individual companies. The infrastructure necessary to execute and manage processes and their associated data is typically the largest investment a company makes. The validation of those processes and data is expensive and time consuming.

No company has the perfect set of tools and infrastructure and this is often a challenge in itself. Tools are a core requirement but need to be driven by process needs, not the other way around. Using new techniques on process mapping and data mining, companies can assess whether or not IT tools support their output driven examples and support state of the art quality management. In the future, traditional quality controls will be replaced by more accurate data analysis on output.

Sampling will be replaced by full checks and supplier cooperation will allow for lifting traditional controls to be replaced by key data exchange and independent analysis. Using smart data analysis, similar levels of comfort on product safety and quality may be obtained, while reducing the cost of testing products when risks haven't changed.

**Sally Bernstein**

**Craig Armitage**

# *Markets update*



# Macroeconomic & foreign exchange data



## Macroeconomic indicators

Indicator	Australia	Brazil	China	Germany	India	Japan	U.K.	U.S.
Real GDP Growth (YoY)	2.7%	-6.0%	6.8%	1.3%	7.5%	0.8%	2.1%	2.0%
CPI Inflation (YoY)	1.7%	10.4%	1.5%	0.2%	5.4%	0.3%	0.4%	0.4%
Unemployment rate	5.8%	9.0%	n/a	4.4%	n/a	3.3%	5.1%	5.0%
Industrial Production Index (YoY)	1.9%	-12.0%	5.9%	0.1%	1.6%	-0.5%	0.8%	-0.8%
Producer Price Index (YoY)	-0.5%	-7.1%	n/a	-2.3%	-2.3%	-3.6%	-1.0%	-1.2%
Exports (\$US bn)	46.4	46.6	613.0	341.5	63.1	176.4	106.4	364.7
Trade Balance (\$US bn)	-5.6	9.4	174.9	69.3	31.4	1.4	51.1	183.2

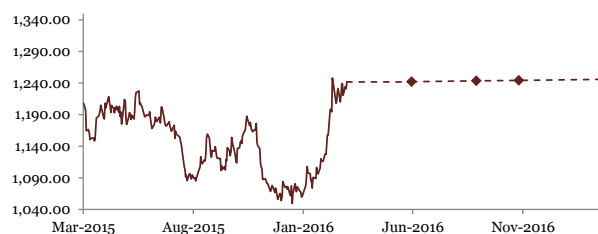
Notes: Figures are the most recently reported quarterly data, as reported by the Economist Intelligence Unit by 27 April 2016 • Current data is for 2015Q4 • Real GDP growth is calculated as % change year on year • CPI Inflation is calculated as % change year on year • Unemployment rate represents the actual unemployment as a percentage of the labour force • Industrial Production Index is calculated as % change year on year for the index • Producer Price Index is calculated as the % change year on year for the index of prices faced by firms, with the exception of Brazil whose index is based on a general prices • Exports fob in \$US bn • Trade balance is calculated as Exports fob less imports cif in \$US bn • Reported currencies for Exports and Trade Balances converted to \$US at most recent conversion rates at time of writing •

### Crude Oil - Brent (\$ per Bbl. – ICE: ^B)



Development - Crude Oil			
Latest price	36.81	Week-to-date	4.28%
52-week low	28.55	Month-to-date	7.78%
52-week high	68.47	Year-to-date	-2.92%

### Gold (\$ per troy oz. – COMEX: ^GC)



Development - Gold			
Latest price	1,230.80	Week-to-date	-0.38%
52-week low	1,049.60	Month-to-date	10.57%
52-week high	1,247.80	Year-to-date	16.43%

Note: Straight line shows historical spot prices, dotted marked line shows futures prices. Price development table is based on most actively traded futures contract.

### FX – Spot rates

	EUR	USD	BRL	CNY	INR
1 EUR	-	1.1499	4.0784	7.4714	76.5193
1 USD	0.8697	-	3.5468	6.4975	66.5450
1 BRL	0.2452	0.2819	-	1.8319	18.7620
1 CNY	0.1338	0.1539	0.5459	-	10.2416
1 INR	0.0131	0.0150	0.0533	0.0976	-

### FX – Week-to-date % change

	EUR	USD	BRL	CNY	INR
1 EUR	-	1.60%	3.34%	1.94%	1.63%
1 USD	-1.57%	-	1.71%	0.33%	0.03%
1 BRL	-3.23%	-1.68%	-	-1.36%	-1.65%
1 CNY	-1.90%	-0.33%	1.37%	-	-0.30%
1 INR	-1.60%	-0.03%	1.68%	0.30%	-

### FX – Month-to-date % change

	EUR	USD	BRL	CNY	INR
1 EUR	-	0.40%	2.86%	0.65%	0.64%
1 USD	-0.40%	-	2.45%	0.25%	0.24%
1 BRL	-2.78%	-2.39%	-	-2.15%	-2.16%
1 CNY	-0.65%	-0.25%	2.20%	-	-0.01%
1 INR	-0.64%	-0.24%	2.21%	0.01%	-

### FX – Year-to-date % change

	EUR	USD	BRL	CNY	INR
1 EUR	-	5.88%	-5.20%	5.96%	6.40%
1 USD	-5.55%	-	-10.46%	0.08%	0.49%
1 BRL	5.49%	11.69%	-	11.77%	12.23%
1 CNY	-5.62%	-0.08%	-10.53%	-	0.41%
1 INR	-6.01%	-0.49%	-10.90%	-0.41%	-

Source: S&P Capital IQ

# Commodities (1/2)



## Corn (\$ per bu. – CBOT: ^C)



Development - Corn			
Latest price	3.55	Week-to-date	-4.06%
52-week low	3.49	Month-to-date	-3.28%
52-week high	4.41	Year-to-date	-0.38%

## Wheat (\$ per bu. – CBOT: ^W)



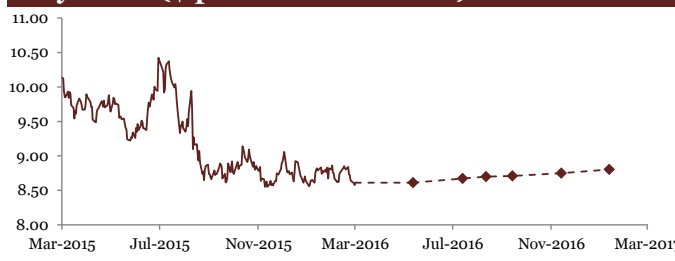
Development - Wheat			
Latest price	4.46	Week-to-date	0.44%
52-week low	4.46	Month-to-date	-4.86%
52-week high	6.15	Year-to-date	-3.59%

## Oats (\$ per bu. – CBOT: ^O)



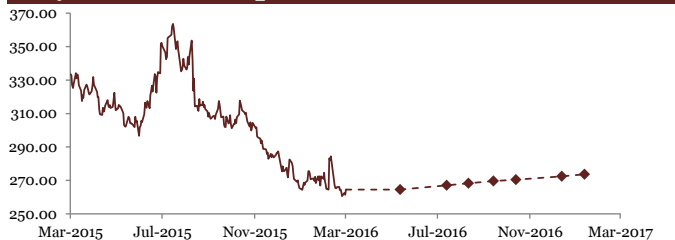
Development - Oats			
Latest price	1.78	Week-to-date	-4.52%
52-week low	1.78	Month-to-date	-9.27%
52-week high	2.86	Year-to-date	-16.00%

## Soybeans (\$ per bu. – CBOT: ^S)



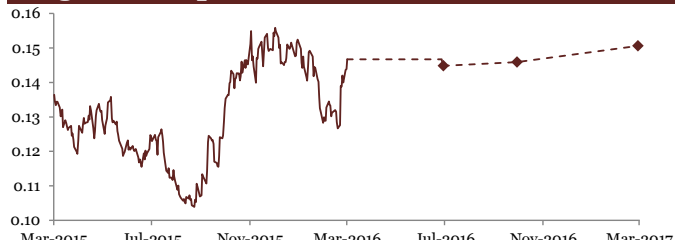
Development - Soybean			
Latest price	8.58	Week-to-date	-2.42%
52-week low	8.55	Month-to-date	-2.19%
52-week high	10.42	Year-to-date	-0.36%

## Soybean Meal (\$ per T – CBOT: ^SM)



Development - Soybean			
Latest price	261.50	Week-to-date	-0.68%
52-week low	260.60	Month-to-date	-3.67%
52-week high	363.60	Year-to-date	-1.13%

## Sugar #11 (\$ per lb – ICE: ^SB)



Development - Sugar			
Latest price	0.14	Week-to-date	12.54%
52-week low	0.10	Month-to-date	5.74%
52-week high	0.16	Year-to-date	-5.77%

Note: Straight line shows historical spot prices, dotted marked line shows futures prices. Price development table is based on most actively traded futures contract.

Source: S&P Capital IQ

# Commodities (2/2)



**Cocoa (\$ per MT – ICE: ^CC)**



Development - Cocoa			
Latest price	2,974.00	Week-to-date	0.24%
52-week low	2,699.00	Month-to-date	2.84%
52-week high	3,417.00	Year-to-date	-7.51%

**Coffee – Columbian (\$ per lb – ICE: ^KC)**



Development - Coffee			
Latest price	1.27	Week-to-date	-5.35%
52-week low	1.12	Month-to-date	10.63%
52-week high	1.46	Year-to-date	0.59%

**Rice – Rough #2 (\$ per cwt. – CBOT: ^RR)**



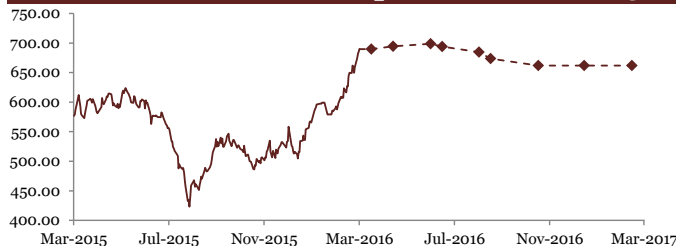
Development - Rough Rice			
Latest price	9.69	Week-to-date	-6.60%
52-week low	9.42	Month-to-date	-9.27%
52-week high	13.40	Year-to-date	-18.12%

**Milk – Nonfat Dry (\$ per lb – CME: ^DN)**



Development - Milk			
Latest price	0.76	Week-to-date	-1.65%
52-week low	0.74	Month-to-date	-0.39%
52-week high	1.01	Year-to-date	-3.66%

**Crude Palm Kernel Oil (\$ per MT – KLSE: ^QF)**



Development - Palm Oil			
Latest price	689.50	Week-to-date	4.63%
52-week low	423.25	Month-to-date	16.27%
52-week high	689.50	Year-to-date	23.46%

**Milk – Class III (\$ per lb – CME: ^DA)**



Development - Milk			
Latest price	0.14	Week-to-date	0.22%
52-week low	0.13	Month-to-date	1.02%
52-week high	0.17	Year-to-date	0.36%

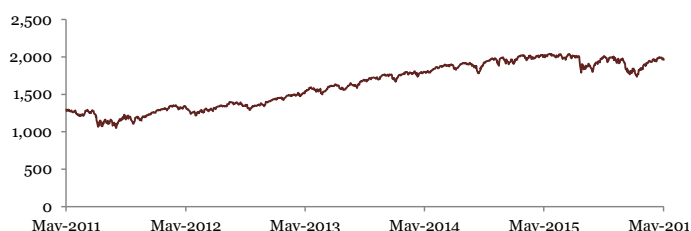
Note: Straight line shows historical spot prices, dotted marked line shows futures prices. Price development table is based on most actively traded futures contract.

Source: S&P Capital IQ

# Equity indices

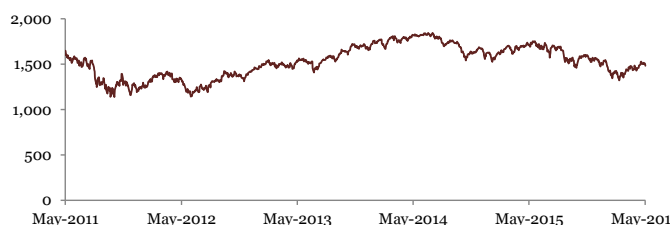


## MSCI USA



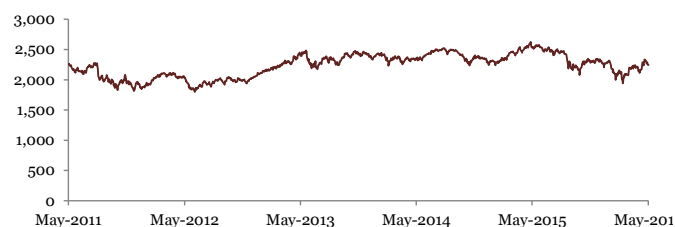
Development - MSCI USA		
Latest value	1,962.28	Week-to-date -1.39%
52-week low	1,734.24	Month-to-date -0.12%
52-week high	2,041.73	Year-to-date 0.65%

## MSCI Europe



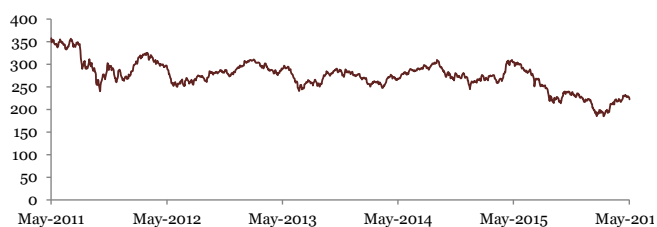
Development - MSCI Europe		
Latest value	1,483.14	Week-to-date -1.67%
52-week low	1,321.56	Month-to-date -1.23%
52-week high	1,753.39	Year-to-date -2.59%

## MSCI Pacific



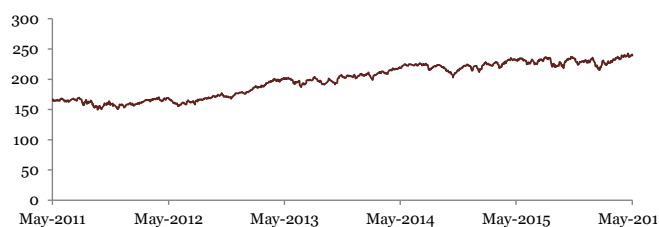
Development - MSCI Pacific		
Latest value	2,246.70	Week-to-date -2.40%
52-week low	1,942.54	Month-to-date -1.82%
52-week high	2,576.69	Year-to-date -2.93%

## MSCI BRIC



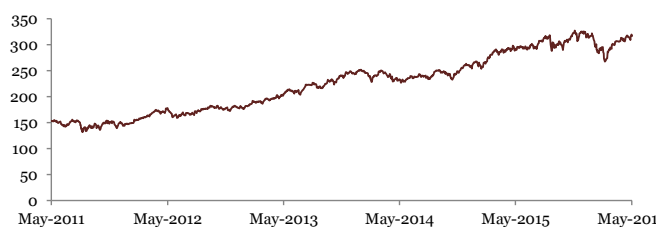
Development - MSCI BRIC		
Latest value	222.39	Week-to-date -2.79%
52-week low	185.14	Month-to-date -2.67%
52-week high	304.26	Year-to-date 0.63%

## MSCI World/Food Products (Industry Index)



Development - MSCI World/Food Products (Industry Index)		
Latest value	239.17	Week-to-date 0.59%
52-week low	215.16	Month-to-date 0.10%
52-week high	242.78	Year-to-date 2.94%

## MSCI World/Retailing (Industry Group Index)


































Development - MSCI World/Retailing (Industry Group Index)		
Latest value	316.47	Week-to-date 0.86%
52-week low	267.39	Month-to-date 0.49%
52-week high	327.48	Year-to-date -0.14%

Source: S&P Capital IQ

# Credentials

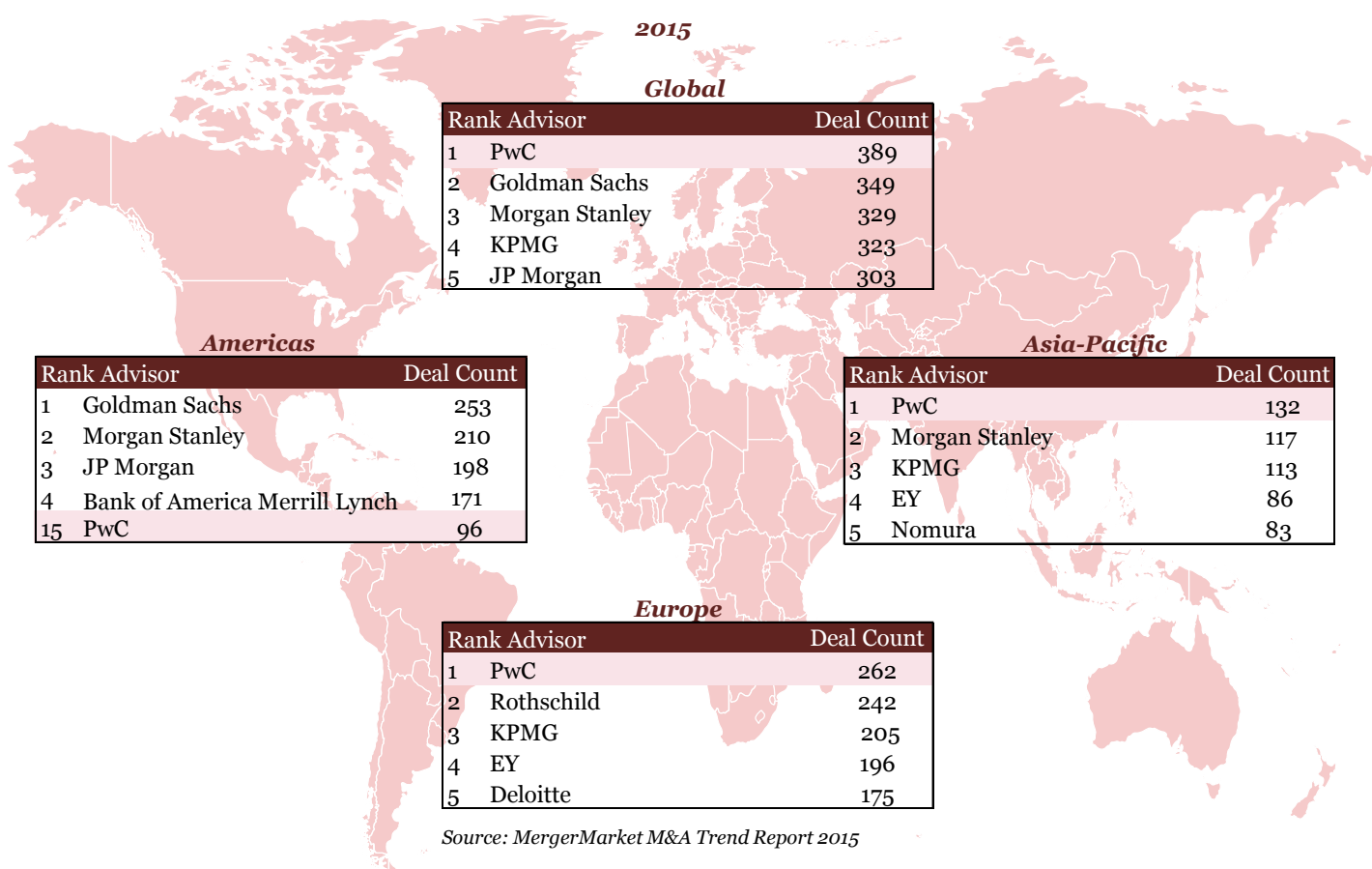


 <p>Vendor due diligence for GKN identifying key drivers of investment in agriculture tractors and machinery in Europe, the US, Brazil, Russia and China</p> 	 <p>Conducted a strategic review for Silver Fern Farms</p> <p>Provided buy-side assistance to Shanghai Maling for their 50% stake in SFF</p> 	 <p>Financial advisor to Oji Holdings and Innovation Network on their US\$890m acquisition of Carter Holt Harvey</p> <p><b>Buy-side advisory</b></p> 	 <p>Advisor on acquisition of <b>Coop Farms</b> estate for £249m in one of the largest land sales in Britain</p> <p><b>Buy-side advisory</b></p> 	 <p>Financial due diligence for GrainCorp for their acquisition of Allied Mills</p> <p><b>Financial Advisory</b></p> 
 <p>Sale of 100% of equity in Manuka Health NZ to Pacific Equity Partners for NZ\$110m.</p> <p><b>Sell-side advisory</b></p> 	 <p>Bright Sugar Co. Ltd. Acquisition of 60% stake in Yunnan Yin More Sugar Co. Ltd</p> <p><b>Buy-side advisory</b></p> 	 <p>Assisted KS Oils raise second round US\$110m of Private Equity funds</p> <p><b>Financial advisory</b></p> 	 <p>Lead advisory for Marlborough Lines in their acquisition of 80% of Yealands Estate</p> <p><b>Buy-side advisory</b></p> 	 <p>Advised DLG on acquisition of 43% stake in Team</p> <p><b>Buy-side advisory</b></p> 
 <p>Advisor to management on the sale of Provimi to Cargill</p>  <p><b>Sell-side advisory</b></p> 	 <p>Advisor to management of Heiploeg on its capital structure Total debt 130m</p> <p><b>Financial advisory</b></p> 	 <p>Commercial due diligence of Cimbria, manufacturer of grain handling and seed processing equipment on behalf of Silverfleet Capital</p> 	 <p>Commercial due diligence of Haarslev, one of the leading global meat rendering machinery suppliers</p> 	 <p>Financial and due diligence services on a transaction for Syngenta</p> <p><b>Financial Advisory</b></p> 



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- Global buyouts 1<sup>st</sup>
- Europe: 1<sup>st</sup>
- European buyouts: 1<sup>st</sup>
- Iberia: 1st
- Nordics: 1st
- Asia-Pacific (excl. Japan): 1st
- South Korea: 1st



## Agribusiness network

Global Agribusiness Deals report

Elisha Nuttall

E: elisha.j.nuttall@nz.pwc.com



### Global CF leader

#### Stuart Mckee

T: +44 20 7213 4321

E: stuart.mckee@uk.pwc.com

### Argentina

#### Mariano Tomatis

T: +54 11 4850 4757

E: mariano.c.tomatis@ar.pwc.com

### Australia

#### Craig Heraghty

T: +61 282 661 458

E: craig.heraghty@au.pwc.com

#### Ryan Jordan

T: +61 732 575 641

E: ryan.jordan@au.pwc.com

### Brazil

#### Ana Malvestio

T: +55 16 2133 6624

E: ana.malvestio@br.pwc.com

#### Jose Rezende

T: +55 11 3674 2279

E: jose.rezende@br.pwc.com

#### Daniela Coco

T: +55 19 3794 5400

E: daniela.coco@br.pwc.com

### Canada

#### Clinton L. Roberts

T: +1 403 509 7307

E: clinton.l.roberts@ca.pwc.com

### CEE

#### Stephen Oldfield

T: +44 (0) 771 038 8792

E: stephen.m.oldfield@uk.pwc.com

### China

#### Frank Lyn

T: +86 10 6533 2388

E: frank.lyn@cn.pwc.com

#### Gabriel Wong

T: +86 21 2323 2609

E: gabriel.wong@cn.pwc.com

### Denmark

#### Thomas Krantz

T: +45 3 945 3140

E: thomas.krantz@dk.pwc.com

### France

#### Yves Pelle

T: +33 (0) 299 231 705

E: yves.pelle@fr.pwc.com

### Germany

#### Norbert Niedenhof

T: +49 (0) 541 330 4330

E: n.niedenhof@de.pwc.com

### India

#### Ajay Kakra

T: +91 124 330 6029

E: ajay.kakra@in.pwc.com

#### Sunjay VS

T: +91 124 330 6171

E: sunjay.vs@in.pwc.com

### Indonesia

#### Rizal Satar

T: +62 21 5289 0350

E: rizal.satar@id.pwc.com

### Ireland

#### Jimmy Maher

T: +353 (0) 1 792 6326

E: james.maher@ie.pwc.com

### Japan

#### Matthew J Wyborn

T: +81 (3) 3546 8570

E: matthew.j.wyborn@jp.pwc.com

#### Taizo Iwashima

T: +81 (3) 6266 5572

E: taizo.iwashima@jp.pwc.com

### MENA

#### Mark Webster

T: +966 (11) 211 0400 (Ext. 1555)

E: mark.a.webster@sa.pwc.com

### Netherland

#### Ruud Kok

T: +31 (0) 88792 6382

E: ruud.kok@nl.pwc.com

#### Guido Emanuels

T: +31 (6) 2042 0533

E: guido.emanuels@nl.pwc.com

### New Zealand

#### Craig Armitage

T: +64 (3) 374 3052

E: craig.armitage@nz.pwc.com

### Justin Liddell

T: +64 (9) 355 8330

E: justin.g.liddell@nz.pwc.com

### Romania

#### Anca Scurtescu

T: +40 21 22 53 871

E: anca.scurtescu@ro.pwc.com

### Singapore

#### Richard Skinner

T: +65 9823 3771

E: richard.skinner@sg.pwc.com

### South Africa

#### Frans Weilbach

T: +27 (21) 815 3204

E: frans.weilbach@za.pwc.com

### Switzerland

#### Dr. Martin Frey

T: +41 58 792 15 37

E: martin.frey@ch.pwc.com

### Ukraine

#### Olena Volkova

T: +38 (0) 56 733 5010

E: olena.volkova@ua.pwc.com

### UK

#### Mark James

T: +44 (0) 7803 858721

E: mark.d.james@uk.pwc.com

#### Thomas Sengbusch

T: +44 (0) 7725 069448

E: thomas.sengbusch@uk.pwc.com

### USA

#### Thomas Johnson

T: +1 612 596 4846

E: thomas.r.johnson@us.pwc.com

#### Christopher Nolan

T: +1 646 4717387

E: christopher.w.nolan@us.pwc.com

#### Sean Gaffney

T: +1 216 875 3275

E: sean.gaffney@us.pwc.com

## Food Supply & Integrity Services team



### Global Leader

**Craig Armitage**

E: craig.armitage@nz.pwc.com

### Australia

**Clare Power**

E: clare.power@au.pwc.com

**Andrew Wilson**

E: a.wilson@au.pwc.com

**Christopher Daniell**

E: christopher.daniell@au.pwc.com

**Rick Crethar**

E: rick.crethar@au.pwc.com

### Belgium

**Marc Daelman**

E: marc.daelman@be.pwc.com

**Yogesh Nayak**

E: yogesh.nayak@be.pwc.com

### Brazil

**Ana Malvestio**

E: ana.malvestio@br.pwc.com

**Daniela Coco**

E: daniela.coco@br.pwc.com

### China

**Shirley Xie**

E: shirley.xie@hk.pwc.com

**Janice Lee**

E: janice.lee@cn.pwc.com

**Catherine Barie**

E: janice.lee@cn.pwc.com

**Michelle Meng**

E: michelle.meng.@cn.pwc.com

### France

**Baptisete Bannier**

E: baptiste.bannier@fr.pwc.com

**Kader Garnier**

E: kader.garnier-aw@fr.pwc.com

**Sabine Durand-Hayes**

E: sabine.durand@fr.pwc.com

### Germany

**Hendrik Fink**

E: hendrik.fink@de.pwc.com

**Barbara Johanna Wieler**

E: barbara.johanna.wieler@de.pwc.com

**Gerd Bovensiepen**

E: g.bovensiepen@de.pwc.com

**Marcus Messerschmidt**

E: marcus.messerschmidt@de.pwc.com

### India

**Ashok Varma**

E: ashok.varma@in.pwc.com

**Ajay Kakra**

E: ajay.kakra@in.pwc.com

### Italy

**Gianluca Sacchi**

E: gianluca.x.sacchi@it.pwc.com

### Japan

**Kazu Miyamura**

E: kazu.miyamura@jp.pwc.com

**Yukinori Morishita**

E: yukinori.morishita@jp.pwc.com

**Yoshiaki Yoneyama**

E: yoshiaki.yoneyama@jp.pwc.com

### Malaysia

**Josephine Phan**

E: josephine.phan@my.pwc.com

**Khoon Yean Soo Hoo**

E: khoon.yean.soo.hoo@my.pwc.com

### Netherlands

**Hans Schoolderman**

E: hans.schoolderman@nl.pwc.com

**Onno Nillesen**

E: onno.nillesen@nl.pwc.com

**Tom Berendsen**

E: tom.berendsen@nl.pwc.com

### New Zealand

**Bruce Baillie**

E: bruce.baillie@nz.pwc.com

**Mark Bramley**

E: mark.a.bramley@nz.pwc.com

**Scott Mitchell**

E: scott.c.mitchell@nz.pwc.com

**Richard Polson**

E: richard.t.polson@nz.pwc.com

### Norway

**Per Røhnebæk**

E: per.rohnebak@no.pwc.com

### Qatar

**Michael Ferguson**

E: michael.ferguson@qu.pwc.com

### Russia

**Tim Clough**

E: tim.clough@ru.pwc.com

### Singapore

**Julia Leong**

E: julia.sw.leong@sg.pwc.com

**Desiree Beeren**

E: desiree.beeren@sg.pwc.com

**Richard Skinner**

E: richard.skinner@sg.pwc.com

### Switzerland

**Michael Ruble**

E: michael.ruble@ch.pwc.com

### Turkey

**Tumin Gultekin**

E: tumin.gultekin@tr.pwc.com

### Taiwan

**Paul Liu**

E: paul.c.lin@tw.pwc.com

**Garry King**

E: garry.king@tw.pwc.com

### United Kingdom

**Marco Amitrano**

E: marco.amitrano@uk.pwc.com

**Fran Marwood**

E: fran.marwood@uk.pwc.com

**Madeleine Thompson**

E: madeleine.thompson@uk.pwc.com

### United States

**Sally Bernstein**

E: sally.bernstein@us.pwc.com

**Kelvin Harris**

E: kelvin.harris@us.pwc.com

**Thomas Johnson**

E: thomas.johnson@us.pwc.com

**Don Reed**

E: Donald.j.read@us.pwc.com

### Vietnam

**Xavier Potier**

E: xavier.potier@vn.pwc.com