
— Street Talk

Hudson Pacific considers \$250m ASX listing

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Less than a year after Quadrant Private Equity launched its bid to enter Australia's \$10 billion food services sector, Melbourne-based family business Hudson Pacific has become hot property, with trade buyers and private equity firms stalking the group and an initial public offering under consideration, as revealed by Street Talk on Tuesday night.

Hudson Pacific, based in the Melbourne suburb of Tullamarine, was established by Ken Skoullis in 1985 and is understood to have earnings before interest, tax, depreciation and amortisation of \$35 million. That could value the business at \$250 million to \$300 million, based on multiples paid in recent transactions.

It's understood Archer Capital and Quadrant have examined the business as part of a roll-up play but a float as soon as June is the preferred option [unless a knock-out offer emerges]. A non deal roadshow is underway.



Jim Rice

RBC Capital Markets and Bell Potter are working on the deal.

Hudson Pacific is the largest member of the Country Wide network of food service businesses, which includes roughly 100 distributors around the country.

Former David Holdings director Jeff David, founder of Petbarn, is on the board.

Hudson also produces its own cheese, biscuits, bread, pizzas and pizza bases and has worked with industry heavyweights including Coles, IGA Group, Aldi and RFG Group.

The food services sector is relatively mature but it is also extraordinarily fragmented, with three large companies at the top of the tree - Metcash, PFD Foodservices, owned by BRW Rich 200 member Richard Smith, and South African giant Bidvest – as well as hundreds of small players.

The opportunity for consolidation is what spurred recent merger and acquisition activity and has attracted the interest of private equity groups.

In August last year, Quadrant merged the operations [<http://www.afr.com/street-talk/quadrant-wants-bigger-bite-of-foodservice-sector-20150812-gixogs>] of the Melbourne-based Superior Food Services and Sydney-headquartered NFD Food Services to create a national group which services several thousand customers across the hospitality, aged care and health sectors.

Quadrant said at the time that it would hunt for other family-owned groups.

Pacific Equity Partners also acquired Pinnacle, the local food manufacturing business of global food giant Kerry, in February 2015. [<http://www.afr.com/street-talk/pacific-equity-partners-in-talks-to-acquire-kerry-pinnacle-20150221-13ld9d>]

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