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PEP's Pinnacle acquires Allied Mills from GrainCorp and Cargill

Funds advised by Pacific Equity Partners ("PEP") today announced they had reached an agreement with GrainCorp and Cargill to acquire their Allied Mills joint venture, which will be integrated with PEP's Pinnacle Bakery and Integrated Ingredients ("Pinnacle") business.

Allied Mills is Australia's leading manufacturer of flour, bakery premixes and specialty frozen par-baked bread products. With over a century of flour milling and food ingredient manufacturing experience, Allied Mills annually buys and processes around 800,000 tonnes of wheat and specialty grains including maize, rye, triticale, organic hard, soft and noodle wheats.

Pinnacle has a leading position in the sweet bakery products and bakery ingredients market, manufacturing and distributing finished and unbaked goods such as cakes, pastries, cookies, muffins and donuts, as well as bakery ingredients such as fillings and fondants. Both businesses service major supermarkets, food manufacturers and foodservice operators.

Allied Mills Managing Director Joseph Di Leo said: "Allied Mills has built a deserved reputation for innovative food solutions tailored to the changing needs of our customers. Our combination with Pinnacle will offer customers a one-stop-shop across bread and sweet bakery products. It's an exciting time for the sector and with PEP committed to investing in the combined company's strategic assets, there is very solid growth potential."

Pinnacle CEO, Mr James Ajaka said: "Since acquiring Pinnacle, PEP has substantially increased investment in both R&D and manufacturing capability and demonstrated an unwavering focus on delivering great results for our customers. The combination of Pinnacle and Allied Mills offers a unique opportunity to generate value through category-leading innovation and technology solutions while embedding a world-class supply chain which can service more customers, more often."

PEP Managing Director, Mr Tony Duthie said: "This is rare combination of complementary businesses operating in truly adjacent categories. PEP has a proven track record of investing in consumer product businesses and we intend to invest significantly to grow and support the integrated business."

The combined group will become the leading player in frozen specialty baking, in-store baking and bakery ingredients with a compelling product range and service offering for all customers.

The transaction is expected to close within two to three months. PEP was advised by Allens and EY, while GrainCorp and Cargill were advised by Credit Suisse, Herbert Smith Freehills, Glibert + Tobin and KPMG.

About Pinnacle

Pinnacle is Australia's leading manufacturer of sweet bakery products, supplying all major retailers and 3,500 independent bakeries across Australia. Pinnacle employs 1,200 people, operating across five manufacturing facilities and nine distribution centres.

Pinnacle's major manufactured product segments include cakes, cheesecake, cookies, pastries, croissants, muffins, donuts, scrolls, scones, bagels and eclairs. Its wet bakery ingredients business creates the fillings, caramels, jams and fondants that help bring some of Australia's most iconic treats to life. Pinnacle also distributes third party manufactured ingredients to its customers. Pinnacle was purchased by PEP in June 2015 from the Kerry Group of Ireland.



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About Allied Mills

Allied Mills is a joint venture between Cargill and GrainCorp with a unique flour milling, pre-mix manufacturing and food ingredient footprint. It enjoys leadership positions in its key product segments of flour, bakery mixes and frozen par bake breads. Allied Mills employs approximately 850 people, operating in all mainland states and New Zealand across 15 manufacturing sites and distribution centres.

About Pacific Equity Partners

Pacific Equity Partners is the largest PE fund in Australia and New Zealand. PEP Fund V has more than A\$2 billion equity funds under management. The team provides strategic management experience and capital resources to generate sustainable value within the PEP Funds' operating companies through a focus on supporting management to drive operational improvement and realise additional growth opportunities. PEP has significant experience in consumer foods in both Australia and New Zealand, having owned and expanded businesses including Peter's Ice Cream, Tegel, Griffins Foods, Manuka Health and Frucor Beverages. These businesses have experienced significant growth under PEP ownership and benefited from material investment in new product development, plant and equipment, export opportunities and acquisitions. Further information on PEP and its operating companies can be found at pep.com.au

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