

Consolidation continues to drive growth in floriculture sector

M&A DEVELOPMENTS | FLORICULTURE | H2 2019

WHAT'S BEEN HAPPENING AND WHAT COMES NEXT

Oaklins identified 32 M&A transactions in the floriculture sector during the second half year of 2019. Deal activity was strong over the entire value chain.

Compared to the first half year of 2019, transactions where private equity (backed) firms were involved, increased from three to seven transactions.

Based on the characteristics and trends of the sector, we expect the consolidation to continue.

We have grouped the transactions into six segments

1. BREEDING

- In October 2019, **Fransen Orchids**, a Netherlands-based cultivator of orchids merged with **Suphachadiwong Orchids**, a Thailand-based breeder of orchids. The merger will strengthen the market position and enlarge the product portfolio
- In September 2019, **Smile Invest**, a Belgium-based private equity firm, acquired a minority stake in **Microflor**, a Belgium-based breeder and propagator of tropical plants, for an undisclosed consideration. The acquisition will enable Microflor to accelerate growth
- In October 2019, **Yellow Holdings**, a United Kingdom-based investment holding company, acquired **Greenyard Flowers**, a United Kingdom-based supplier of daffodil flowers and bulbs, for an undisclosed consideration. The transaction ensures the further development and continuation of Greenyard Flowers UK as the world's leading daffodil grower
- In September 2019, **Kaluga Flower Holding**, a Russia-based greenhouse and engineering facility for flower growing, acquired the greenhouse complex owned by **Rozoviy Sad**, a Russia-based owner of a flower retail chain, for EUR 8m. The acquisition will strengthen Kaluga's market position

2. GROWING

- In November 2019, **Dave Wilson Nursery**, a United States-based fruit, nut and shade trees nursery, acquired **Fredriks Nursery**, a United States-based producer and distributor of quality plants, for an undisclosed consideration. The acquisition will significantly grow the Dave Wilson Nursery's potted tree division
- In October 2019, **Leo Ammerlaan, Van der Lugt** and **Grow Group**, three Netherlands-based plant nurseries, merged. The merger will generate significant synergies for the combined company

- In July 2019, Sundial Growers, a Canada-based licensed cannabis producer, acquired Bridge Farm, a United Kingdom-based producer of ornamental plants, flowers and herbs, for an undisclosed consideration. The acquisition will enable Sundial to establish its presence in Europe

3. WHOLESALE

- In October 2019, **Fleurametz**, a Netherlands-based wholesaler of flowers, acquired a majority stake in **De Gooijer International**, a Netherlands-based producer and supplier of flowers and plants, for an undisclosed consideration. The acquisition will generate significant synergies for Fleurametz
- In July 2019, **Mayesh Wholesale**, a United States-based distributor in the wholesale flower industry, acquired **Brannan Street Wholesale**, a United States-based supplier of high-quality flowers to florists, for an undisclosed consideration. The acquisition will strengthen Mayesh Wholesale's product portfolio
- In November 2019, **Dutch Flower Group**, a Netherlands-based wholesaler and importer of flowers and plants, acquired **P. van Dam & Zn.**, a Netherlands-based supplier of fresh cut flowers to wholesalers, for an undisclosed consideration. The acquisition will strengthen Dutch Flower Group's distribution power and market position
- In October 2019, **Bay State Farm Direct Flowers**, a United States-based flower distributor merged with **Bill Doran Company**, a United States-based flower distributor. The merger will generate synergies and enhance the market position of the combined firm
- In September 2019, **Groenland**, a Netherlands-based importer and exporter of flowers and plants, acquired **Spira Blommor**, a Sweden-based supplier of flowers and plants to grocery retailers in Sweden, for an undisclosed consideration. The acquisition will strengthen Groenland's product portfolio

- In September 2019, **Delaware Valley Floral Group (DVFG)**, a United States-based distributor of floral products, acquired certain assets of **C.P. Flowers Direct**, a United States-based provider of cut flowers to flower shops, for an undisclosed consideration. The acquisition will strengthen DVFG's position in the mid-Atlantic market

4. RETAIL

- In November 2019, **Ode a la Rose**, a United States-based flower bouquet company, acquired **Bastille Flowers and Events**, a United States-based floral and event design studio, for an undisclosed consideration. The acquisition will provide Ode a la Rose with Bastille's expertise in managing large-scale high-end events and their unique design creativity
- In October 2019, **Kester Capital**, a United Kingdom-based private equity firm, acquired **YouGarden**, a United Kingdom-based seller of horticultural products, for an undisclosed consideration. The acquisition will help YouGarden to increase market share and accelerate growth
- In October 2019, **Truffaut**, a France-based retailer of garden products and flowers, acquired **Les Jardins de Provence** and **Jardineries Petruccioli**, two France-based retailers of gardening products, for an undisclosed consideration. The acquisition will enable Truffaut to expand and to strengthen its business in France
- In October 2019, **Winston Flowers**, a United States-based luxury florist, acquired **L'Olivier Floral Atelier**, a United States-based luxury florist, for an undisclosed consideration. The acquisition will generate synergies and strengthen Winston Flowers' market position

HIGHLIGHTED ACTIVITY

Cannabis players are increasingly looking at acquiring companies in Europe, to either obtain know-how or to secure a position in the high potential growth market

5. EQUIPMENT & ENGINEERING

- In November 2019, **PB Tec**, a Netherlands-based technical service provider for the horticulture industry, acquired **Powerplants Australia**, an Australia-based provider of horticultural technology products and services, for a consideration of EUR 6m. The acquisition will strengthen PB Tec's market position in the region and enhance their technical knowledge
- In September 2019, **Boal Group**, a Netherlands-based designer and engineer of construction systems for the horticultural industry, acquired **Holland Group**, a Netherlands-based designer and manufacturer of greenhouse applications, for an undisclosed consideration. The acquisition will strengthen Boal Group's product portfolio and market position
- In September 2019, **Huafa Group**, a China-based provider of real estate services, acquired a 25 percent stake in **Megaphoton**, a Netherlands-based manufacturer of assimilation lighting systems for greenhouses, for an undisclosed consideration. The acquisition will enable Huafa Group to enter the floriculture market
- In August 2019, **One of a Kind Technologies**, a Netherlands-based developer of scale-up technologies in the agriculture, food and pharma markets, acquired **KOAT**, a Netherlands-based supplier of internal transport and material handling systems for greenhouses, for an undisclosed consideration. The acquisition will enhance One of a Kind Technologies' product portfolio
- In July 2019, **Van der Hoeven**, a Netherlands-based horticultural project management company, acquired **Patron Agri Systems** and **Enthoven Techniek**, two Netherlands-based developers of horticulture installations, for an undisclosed consideration. The acquisitions will strengthen Van der Hoeven's product portfolio
- In July 2019, **De Groot Installatiegroep**, a Netherlands-based provider of maintenance and service solutions regarding electrical, mechanical and fire protection, acquired **Elektravon**, a Netherlands-based provider of electric engineering services and solutions, for an undisclosed consideration. The acquisition will strengthen De Groot Installatiegroep's market position

HIGHLIGHTED ACTIVITY

We are noticing an increased interest from companies outside the floriculture space, who are looking to benefit from the floricultural growth trends and diversify activities



6. CONSUMABLES

- In December 2019, **Mitsui & Co**, a Japan-based conglomerate, acquired a 62 percent stake in **Belchim Crop Protection**, a Belgium-based provider of crop protection products, for an undisclosed consideration. The acquisition will further strengthen Mitsui's distribution platforms for agrochemicals
- In November 2019, **Wilbur-Ellis Holdings**, a United States-based marketer and distributor of agricultural products, acquired **Nachurs Alpine Solutions**, a United States-based manufacturer of specialty liquid fertilizers and liquid industrial products, for an undisclosed consideration. The acquisition will strengthen Wilbur-Ellis' agribusiness division
- In October 2019, **Andermatt Biocontrol**, a Switzerland-based developer and producer of biological plant protection products and bio-fertilizers, acquired a 78 percent stake in **ABiTEP**, a Germany-based producer of microbial products, for an undisclosed consideration. The acquisition will further strengthen collaboration and drive the development of new microbial products for the global market
- In October 2019, **Nutrien**, a Canada-based provider of crop inputs and services, acquired **Ruralco**, an Australia-based provider of products to rural and related industries, for a consideration of EUR 366m. The acquisition will enhance Nutrien's distribution network
- In October 2019, **Sumitomo Chemical Company**, a Japan-based chemical company, acquired **Nufarm South America**, a number of Brazil, Argentina, Colombia and Chile-based crop protection and seed treatment operations, for EUR 1,040m. The acquisition will enhance Sumitomo's crop protection sales network in South America
- In September 2019, **Royal Agrifirm**, a Netherlands-based supplier of flower bulbs, acquired **GMN**, a Netherlands-based supplier of flower bulbs, for an undisclosed consideration. The acquisition will generate synergies and contribute to innovation in the bulb sector
- In September 2019, **Bunge**, a United States-based agribusiness, fertilizer and food company, acquired a 30 percent stake in **Agrofel Graos e Insumos**, a Brazil-based provider of seeds, fertilizers, plant nutrition and pesticides, for an undisclosed consideration. The acquisition will strengthen Bunge's position in Brazil
- In July 2019, **Shift Invest**, a Netherlands-based private equity firm, and **Future Food Fund**, a Netherlands-based specialist venture capital fund, acquired an undisclosed stake in **Foamplant**, a Netherlands-based developer of a sustainable foam alternative to technical foam materials, for a consideration of EUR 2m. The acquisition will be used to launch the product Growfoam, a biodegradable foam, on which growers can cultivate their plants
- In July 2019, **Braveheart**, a United Kingdom-based private equity firm, acquired a 33 percent stake in **Pharm2Farm**, a United Kingdom-based developer of technology to increase bioavailability of trace minerals in plant feeds, for an undisclosed consideration. The acquisition will enable Braveheart to benefit from the substantial market opportunity of this technology

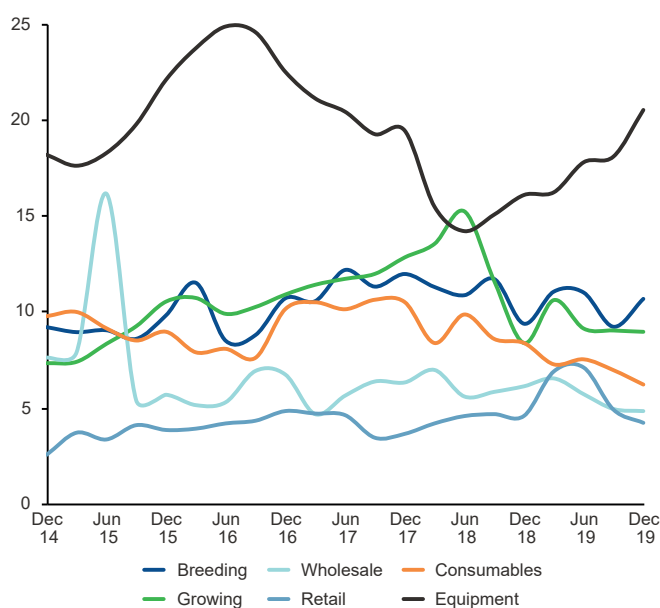


Market multiples and valuation trends

CURRENT TRADING MULTIPLES (AMOUNTS IN EURM) – H2 2019

Company	Segment	Capital structure			EV/Turnover			EV/EBITDA			EV/EBIT		
		Market Cap	Net Debt	Enterpr Value	2018A	2019E	2020E	2018A	2019E	2020E	2018A	2019E	2020E
KWS SAAT SE	Breeding	1,914	620	2,415	2.4x	2.0x	1.9x	14.6x	10.6x	10.1x	20.0x	14.6x	13.9x
Sakata Seed Corp.	Breeding	1,406	-112	1,289	2.1x	2.3x	2.2x	13.7x	13.6x	12.4x	15.9x	17.3x	15.6x
Vilmorin & Cie SA	Breeding	1,122	911	2,121	1.6x	1.4x	1.3x	6.3x	5.8x	5.3x	15.5x	16.0x	15.6x
Median breeding					2.1x	2.0x	1.9x	13.7x	10.6x	10.1x	15.9x	16.0x	15.6x
Costa Group Holdings Ltd.	Growing	609	373	772	5.4x	1.4x	1.3x	75.6x	11.6x	9.2x	254.0x	19.5x	14.7x
Total Produce Plc	Growing	544	402	850	0.2x	0.2x	0.2x	9.7x	11.5x	11.5x	17.0x	11.8x	11.7x
Village Farms International Inc.	Growing	290	32	314	1.2x	1.4x	1.0x	69.0x	6.2x	3.6x	N.M	12.1x	7.6x
Median growing					1.2x	1.4x	1.0x	69.0x	11.5x	9.2x	135.5x	12.1x	11.7x
Greenyard Foods	Wholesale	201	720	657	0.2x	0.2x	0.2x	31.0x	8.3x	7.3x	N.M	22.0x	19.0x
Orsero Group	Wholesale	103	134	138	0.2x	0.2x	0.2x	5.8x	6.2x	5.8x	11.8x	10.3x	9.3x
Ota Floriculture Auction Co., Ltd.	Wholesale	32	2	32	0.2x	N.A.	N.A.	11.9x	N.A.	N.A.	144.5x	N.A.	N.A.
Median wholesale					0.2x	0.2x	0.2x	11.9x	7.2x	6.6x	78.2x	16.1x	14.1x
1-800-FLOWERS.COM Inc.	Retail	441	128	373	0.5x	0.4x	N.A.	8.0x	6.3x	N.A.	13.1x	10.3x	N.A.
Calloway's Nursery Inc.	Retail	38	13	38	1.1x	N.A.	N.A.	8.6x	N.A.	N.A.	10.0x	N.A.	N.A.
Hortico SA	Retail	3	4	8	0.4x	N.A.	N.A.	7.0x	N.A.	N.A.	12.0x	N.A.	N.A.
Median retail					0.5x	0.4x	N.A.	8.0x	6.3x	N.A.	12.0x	10.3x	N.A.
Origin Enterprises Plc	Consumables	478	76	553	0.5x	0.3x	0.3x	8.4x	6.4x	6.0x	10.8x	7.5x	7.1x
The Scotts Miracle-Gro Company	Consumables	5,186	1,498	6,655	2.4x	2.2x	2.2x	15.1x	12.6x	11.9x	31.1x	16.3x	15.1x
Yara International ASA	Consumables	9,855	3,631	13,490	N.A.	1.1x	1.0x	N.A.	6.5x	6.0x	N.A.	10.7x	9.6x
Median consumables					1.4x	1.1x	1.0x	11.7x	6.5x	6.0x	20.9x	10.7x	9.6x
Deere & Company	Equipment	48,850	36,673	85,573	2.2x	3.0x	2.8x	13.3x	21.4x	17.9x	17.2x	28.9x	24.2x
EPC Industrie Limited	Equipment	34	3	34	1.2x	N.A.	N.A.	14.9x	N.A.	N.A.	17.4x	N.A.	N.A.
Jain Irrigation Systems Limited	Equipment	49	770	712	1.0x	N.A.	N.A.	6.8x	N.A.	N.A.	9.2x	N.A.	N.A.
Median equipment					1.2x	3.0x	2.8x	13.3x	21.4x	17.9x	17.2x	28.9x	24.2x
Median all					1.1x	1.4x	1.2x	11.9x	8.3x	8.3x	15.9x	14.6x	14.3x
Average all					1.3x	1.2x	1.2x	18.8x	9.8x	8.9x	40.0x	15.2x	13.6x


HISTORICAL VALUATIONS MULTIPLES PER SEGMENT



HISTORICAL STOCK PERFORMANCE PEER GROUP



Decades of experience behind the success of these deals

GREENYARD 
Flowers UK
has been acquired by

Yellow Holdings


M&A SELL-SIDE
Agriculture

 **Microflor**
Fascinated by strong plants
has expanded its
shareholder base with


M&A SELL-SIDE
Agriculture/Private Equity


 **floranova**
creative plant breeding
has been acquired by



M&A SELL-SIDE
Agriculture


 **BOAL GROUP**
has been acquired by


EQUISTONE

MANAGEMENT ADVICE
Agriculture/Private Equity

 **lij rozen**
has been acquired by


DUMMEN ORANGE
for you
M&A SELL-SIDE
Agriculture/Private Equity

 **ADOMEX**
has sold a minority stake to


M&A SELL-SIDE
Agriculture/Private Equity

R12 Kapital AB
has sold


to


M&A SELL-SIDE
Agriculture/Private Equity

LESCO[®]
has been acquired by


JOHN DEERE
M&A SELL-SIDE
Agriculture

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