

22 May 2014

Comvita to acquire New Zealand Honey Limited

Global natural health products company Comvita (NZX: CVT) has signed a sale and purchase agreement to acquire all the shares of New Zealand Honey Limited from New Zealand Honey Producers Co-Operative Limited. This is conditional only on the approval by special resolution of the shareholders of New Zealand Honey Producers Co-Operative Limited. The acquisition of New Zealand Honey Limited comprises all of the assets of the Company including land and honey processing assets in Timaru, honey inventory at settlement and a long term honey supply agreement with New Zealand Honey Producers Co-Operative Limited.

New Zealand Honey Limited produces and sells products under the well recognised brands, Hollands Honey, 3 Bees and Sweet Meadow. It also is one of the largest exporters of New Zealand honey products. Total sales in 2013 were \$27.3 million.

The New Zealand Honey Producers Co-Operative, based in Timaru, was established in 1981 and has grown to become one of the leading suppliers of honey products in New Zealand. The Co-Operative is owned by 70 beekeeper shareholders with the majority located in the South Island of New Zealand.

Comvita's CEO, Brett Hewlett said, "This acquisition goes a long way to address the supply constraints that have been challenging Comvita in recent years. We also gain valuable production capacity and additional company exposure in the South Island. Historically, Comvita has sourced honey predominantly from the North Island."

"By purchasing New Zealand Honey Limited and partnering with New Zealand Honey Producers Co-Operative, we are able to combine export initiatives and leverage Comvita's international distribution and premium brand image. This acquisition is going to create lasting value for the shareholders of both Companies."

New Zealand Honey Producers Co-Operative's Chairman Barney Sundstrum said, "Like Comvita, we have long held the view that there was merit in consolidating manufacturing and marketing functions in the honey industry to achieve economies of scale."

"The proposed transaction with Comvita ticks all the relevant boxes, giving existing and future Co-Operative members greater exposure to the benefits of premium markets and is unanimously endorsed by the Board ahead of the forthcoming Special Meeting."

The purchase price is \$12.3 million, subject to a working capital adjustment. The purchase price shall be payable with \$7.3 million in cash and \$5 million in Comvita shares issued at \$3.50 per share. The Comvita shares are to be held in Escrow and released to New Zealand Honey Producers Co-Operative annually, over a six year period.

The acquisition is expected to be earnings accretive per share for Comvita's shareholders and is anticipated to be completed mid-June, 2014.

Ends

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