

REPORT
—Freshmax



Maui opens opportunities for Freshmax

AUCKLAND—Maui Capital's purchase of Wolseley Private Equity's 60 per cent share in Australasian trader Freshmax is opening doors to future investments.

by Tom Bicknell



he expansion of produce trader Freshmax over the past six years has been significant, and the company is now the third or fourth largest in the business on both sides of the Tasman Sea.

With the acquisition of a 60 per cent share in the company by pri-

ivate equity group Maui Capital in December, the pace of that expansion is only likely to go up, if Freshmax's plans for the coming year are anything to go by.

Maui Capital bought the 60 per cent holding in Freshmax in late December from Australian investor

Wolseley Private Equity, whose pre-established term of investment in the company was coming to an end.

With Wolseley scheduled to move on, Freshmax's management – which owns the remaining 40 per cent of the company – approached Maui Capital to help with its aim of



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expanding the business, Freshmax's CEO Tony Mahoney tells ASIAFRUIT. "The board of directors at Freshmax didn't go to the market; it wasn't announced publicly that we were looking for someone to buy the shares," he explains.

"The board was actively and quietly looking at investment companies that had a very good track record of investment and growth that supported an executive and a board of directors. It was more a matter of Freshmax selecting who they'd like to be a partner with."

Freshmax's strong strategic roadmap was one of the most attractive elements of the investment for Maui, according to Mahoney.

Since Wolseley bought into the company in 2006, Freshmax's business has roughly tripled with the acquisition of Australian fresh produce companies John Holman & Co, Panda Ranch, OzTaste, Grewal and De Luca Banana Marketing, and a joint venture with grower-marketer the Crasborn Group in New Zealand. The company's gross annual sales now stand at more than A\$365m (US\$375m).

The strategy which saw that growth will continue on under the new majority shareholder, Mahoney says, with the added weight of the funds Maui is able to bring to the table.

"We've got a couple of projects in the pipeline that we already had in our strategic plan. We've got Australian and New Zealand strategies in place that will go ahead this year," he states, adding the biggest advantage of Maui's involvement is the financial ability to take advantage of future opportunities as they arise, feeding into the long-term scale of Freshmax's plans.

"We're placing a lot of emphasis on how our company wants to look when it gets out of bed in the morning in five years' time, rather than how it looks when it gets out of bed tomorrow."

ABOVE—David Smith has been promoted to chairman of Freshmax
OPPOSITE—Freshmax is among the top four produce traders in Australasia

TIMELINE

1995
Freshmax is established by former pipfruit single-desk marketer and horticulture giant Enza.

1997
Freshmax is split off in a management buy-out and combined with Frucor Produce.

2006
Sixty per cent of the company is bought by Australian investor Wolseley Private Equity.

2007
Freshmax buys Australian produce distributor-marketers John Holman & Company, OzTaste and Panda Ranch.

2010
The company consolidates its branding in Australia as Holman Fresh, and Applemax and Intermax go under the Freshmax umbrella in New Zealand.

2011
Freshmax and De Luca Banana Marketing merge. Maui Capital buys Wolseley's 60 per cent share in Freshmax.

Since Maui Capital came on board in December, Freshmax has begun establishing a new office in the US. The Kingsburgh office will act as a Northern Hemisphere trading company, allowing Freshmax to locally run US import/export operations and ensuring quality control. It will also manage the company's growing intellectual property (IP) portfolio in North America.

Freshmax is also investing heavily in production and post-harvest partners, as well as prioritising the development of Australian distribution networks, which Mahoney says are currently "a major challenge".

Maui's potential capacity to support Freshmax's future projects is substantial, according to the investor's managing director Paul Chrystall. "Our current Indigo fund is a NZ\$250m [US\$205m] fund, and I think we have NZ\$75m [US\$61m] still left to invest," he tells local media.

"We have access to large offshore specialist investors and we're also likely to be raising a new fund next year, so capital resources are not something we're particularly worried about."

Changes to management personnel have been minimal: Tony Mahoney has stayed on as Freshmax Group CEO, Helen Waterworth as group financial officer, John Scott as New Zealand CEO, David Holman as Holman Fresh CEO, and Tony DeLuca and Alan Engemann as directors of De Luca Bananas. David Smith has been promoted to chairman.

With the new support of the expansion-focused Maui Capital, Mahoney is optimistic about Freshmax's prospects. "We're pretty excited about the future." **A**