

# Freshmax makes Valleyfresh investment

The Australasian produce group has bought a majority shareholding in Melbourne-based import and pre-packing company Valleyfresh.

**John Hey**  
john@fruitnet.com

**Freshmax Group has acquired a 51 per cent shareholding in Valleyfresh, one of Australia's leading fresh produce importers and pre-pack operations, for an undisclosed sum.**

The deal, which was signed on 30 April, significantly strengthens Freshmax's position in the Australian market, where it already owns Holman Fresh, while giving Valleyfresh access to capital to further expand its business.

Freshmax cites the import experience and value-added services of Valleyfresh as key reasons for its strategic investment in the company, which is funded by its private equity partner Maui Capital.

"Our group is looking to develop a number of services in this sector, and we recognise the expertise and experience within the Valleyfresh network," says Freshmax Group chairman David Smith. "This business has developed excellent supply partnerships and brands from its North American office."

Smith describes the investment as "a soft entry"

into operations in which Freshmax has less experience and expertise. It also enables Freshmax to use the strengths and personnel within Valleyfresh to further develop its New Zealand pre-pack, ripening, import and value-added services, he adds.

Valleyfresh chairman Garth Lockyer says he is pleased to be expanding the business he personally founded with Jamie Craig 20 years ago. The company has grown from a 'one-man band' to now employ more than 80 staff across its domestic and offshore operations.

As well as its headquarters in Melbourne, which is currently undergoing expansion, Valleyfresh has opened operations in Sydney and Brisbane over the past 12 months. Its US subsidiary Valleyfresh North America has been enjoying rapid growth and Valleyfresh New Zealand, a new import-export arm, was formed last year. More recently, Valleyfresh appointed a representative in Peru.

"The Freshmax investment



**(picture 01)** Freshmax Group chairman David Smith wants to leverage on Valleyfresh expertise

will allow the Valleyfresh business to grow to a new level – both in governance and the extended ability to expedite opportunities in the marketplace – domestically and globally," says Lockyer.

### McCallum to move into CEO role

Lockyer will remain chairman of Valleyfresh, with Murray McCallum transitioning into the CEO role over the next 12 months, backed by a number of key staff members who will expand their shareholding as part of the transaction.

"There are number of things we're looking to

“THE FRESHMAX INVESTMENT WILL ALLOW THE VALLEYFRESH BUSINESS TO GROW TO A NEW LEVEL



**01**

do and Freshmax gives us an opportunity to pursue them," McCallum tells Produce Plus. "We're looking at M&A activity with a focus on securing production, while stopping short of becoming growers."

"We see opportunities to further expand in categories where we're already strong as well as growing our position in those where we're not strong currently," adds Lockyer. "Grapes and blueberries are just a couple of categories where we see real impetus for growth in the future."

### "Skin in the game"

Under the terms of the deal, Lockyer, who previously owned around 60 per cent of Valleyfresh, retains a near 20 per cent shareholding. Partner Jamie Craig has sold his remaining 10 per cent shareholding in the business to focus on his own kiwifruit and Nashi pear company AustFresh. The other primary shareholders in Valleyfresh – Murray McCallum, Anton Masutti and Mano Babiolakis – each have shareholdings of around 10 per cent.

Smith says the two companies have similar staff investment schemes, with Freshmax management owning 40 per cent of the group, and Valleyfresh management



**02**

continuing to own 49 per cent of the company.

"Both companies see having good people with skin in the game as an important driver of the business," echoes Lockyer. "At Valleyfresh, we've never carried any debt, and we always said if we were to bring in another party to grow the business, we'd do it with produce people, and that's exactly what Freshmax are."

### A "passive investment"

Freshmax CEO Ross Kane tells Produce Plus the two companies will continue to be run autonomously with separate boards and executive teams, adding the investment is very much a "passive one".

"Valleyfresh has done a fantastic job and they should be proud of their efforts – they want to grow further, and they saw us as vehicle to do that," says Kane. "We're delighted to have people with their strengths on board."

The Freshmax and Valleyfresh operations in Australia are fairly complimentary, with Valleyfresh specialising in imports and third-party services such as pre-packing, and Freshmax/Holman Fresh having fairly deep roots in sourcing from Australian producers for the domestic retail chains and wholesale trade.

“

**(picture 01)** Valleyfresh co-founder and chairman Garth Lockyer sees new opportunities for growth  
**(picture 02)** Murray McCallum is to transition into the CEO role at Valleyfresh over the next 12 months  
**(picture 03)** Lockyer says blueberries and grapes are two of the categories in which it is eyeing expansion

Opportunities exist for consolidation in certain areas. Both companies have import and export divisions, for instance, while they both run North American offices. "Where there are synergies we will look to capitalise on those, but we haven't had a board meeting yet, and we don't expect any short-term changes," says Kane in late April. "It'll be very much a case of business as usual."

The new board of Valleyfresh includes three executives from each company – David Smith, Ross Kane and Alan Engeman from Freshmax, and Garth Lockyer, Murray McCallum and Mano Babiolakis from Valleyfresh.

“WE'RE LOOKING AT M&A ACTIVITY WITH A FOCUS ON SECURING PRODUCTION

”



**03**