

# Mergers & Acquisitions Report

Covering M&A, distressed situations and other corporate restructurings

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## INSIDE THIS ISSUE

### INDUSTRY TRENDS

Kosher M&A: Getting Saltier? .....3

## Whitney Wants Herbalife Private—Again

Majority Private Equity Owner Strikes Shortly after Bad Mexico News

Herbalife Ltd. is again the object of a takeover plan and again it is from Whitney & Co. LLC. The Street and sell-side analysts, though, think that this time,

stock for \$38 per share. The following trading day, Los Angeles-based Herbalife's stock shot up to \$40.42 a share from its \$33.43 high on Feb. 2. At press time, the

## INDUSTRY TRENDS

### Kosher M&A: Getting Saltier?

Israeli kosher food importer and distributor G. Willi-Food International Ltd. (GWF), having recently acquired a foothold in the U.S. market, plans to buy more, sources said.

On Jan. 29, \$50 million market cap GWF purchased Brooklyn, N.Y.-based Laish Israeli Food Products Ltd. for \$3.7 million in cash. Privately held Laish, which generates \$7.5 million in annual sales, imports kosher products and distributes them to supermarket chains and grocery stores in New York, New Jersey and Connecticut. GWF Chief Financial Officer Chen Shlein told *Mergers & Acquisitions Report* that only \$1 million of the Laish purchase price was for the company's operations, while the remaining \$2.7 million covered products and inventory.

"I don't think Willi is looking to make really big acquisitions—just a few small businesses at a bargain to introduce the Willi brand to the U.S.," said Amit Chokshi, who runs Stamford,

Conn.-based hedge fund Kinnaras Capital Management LLC. "I've had conference calls with Willi and [President and Chief Operating Officer] Zvi Williger has said they're better off buying things at a discount. They only paid half of the sales for Laish."

Shlein said Yavne, Israel-based GWF "definitely" plans to make more acquisitions in the U.S., primarily distributors. "This acquisition makes us a player in the States and once you're there, you have more opportunities," he said. When asked about specific targets, Shlein responded, "We are looking, but there's nothing I can talk about right now." When asked what multiples GWF might pay, Shlein said, "It truly depends on a lot of factors. This is only our first acquisition in the States."

Shlein said neither GWF nor Laish retained an investment bank for the deal, but GWF might consider hiring one in the future.

Chokshi said GWF is Kinnaras's

largest holding and he plans to stay in the stock for the next three to five years. The hedge fund has a less-than-1% stake and Chokshi said he plans to acquire more shares in the future.

The Laish acquisition news lifted GWF's shares, which trade on NASDAQ and the Tel Aviv Stock Exchange, 6% to \$5.85 each. At press time, the stock traded at \$6.41 per share.

Menachem Lubinsky, president of Lubicom LLC, a Brooklyn-based marketing firm that focuses on kosher clientele, and editor-in-chief of *KosherToday.com*, said the Laish acquisition was not a surprise. GWF, he said, "always stood out as the only distributor in Israel that wanted a foothold in the U.S. They're larger than most distributors in Israel and their design was not only to try to move products out of their warehouses, but also to gain a foothold in the international markets."

GWF tried to enter the U.S. market

(Continued on next page)

## MERGERS & ACQUISITIONS REPORT

### KOSHER M&A

continued from page 3

before. In September 2005, the company terminated an agreement to acquire Chicago-based Vita Food Products Inc. The price and multiple involved were

not disclosed, but an external GWF spokesman said the company backed out when \$9 million market cap Vita was not forthcoming with certain liabilities during due diligence.

In a recent kosher deal, R.A.B. Holdings Inc. acquired Rokeach Food Corp.

on May 22 for an undisclosed price. Jeremy Fingerman, chief executive officer of R.A.B.'s food business, R.A.B. Food Group LLC, could not be reached by press time. Secaucus, N.J.-based R.A.B.'s brand portfolio includes Manischewitz and Goodman's.—J.H.

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