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Welcome to the latest edition of the Tylee+Co newsletter.

We outline:

- Recent **corporate finance assignments** we have undertaken;
- A case study on a **capital raising** we advised on;
- **New appointments.**

We also overview:

- The premium **NZ coffee roasting industry**;
- An **investment opportunity** you may be interested in;
- A **business wanted.**

## Recent Assignments

### Corporate Finance Transactions



#### Henergy Eggs

Tylee+Co advised the founding shareholders of Henergy Eggs on a successful **capital raising**.



#### Windsor Engineering Group

Tylee+Co advised Windsor Engineering Group on an **acquisition**.

### Strategic & Financial Advisory Services



#### Speirs Nutritionals Ltd

Tylee+Co provided a **valuation** for capital raising purposes.

In addition, Tylee+Co provided **litigation support services** to a law firm. This included advising on valuation and financial matters arising out of a franchise dispute.

## Case Study – Henergy Eggs

Tylee+Co advised the founding shareholders of Henergy Eggs on a successful capital raising.

Henergy Eggs is an established barn egg production, processing, marketing and distribution company. It specialises in producing barn eggs (or cage-free eggs).

Henergy Eggs pioneered and introduced the barn egg system to New Zealand in 1995, which allows hens to roam free within a large barn, rather than be contained within battery cages.

Based near Masterton in the Wairarapa, Henergy Eggs is a family owned and operated business.



### Strategic Options

Tylee+Co initially assisted in determining a strategic direction for the business. This involved assessing the strategic options available against business, shareholder and personal objectives, and the current position and capabilities of the business. Capital raising was the preferred option, as it best met the objectives set, and provided an opportunity to secure further business capability.

### Capital Raising

Tylee+Co then assisted Henergy Eggs get investment ready and raise the capital. This involved:

- Identifying and appointing independent directors to strengthen governance;
- Identifying and liaising with potential investors;
- Developing a comprehensive financial model to determine capital requirements;
- Preparing investor documentation (including a comprehensive Information Memorandum);
- Liaising with bank debt providers over future banking facilities;
- Assisting with due diligence;
- Providing valuation advice;
- Assisting negotiate a non-binding term sheet and final binding agreements.



### Client Feedback

*“Dougal ran a very well thought through process. He pulled the investment proposition together very professionally and presented it well to prospects.*

*He provided practical and timely advice and kept the capital raising process moving forward. I enjoyed working with Dougal and most importantly he got the result we were seeking.”*

**Graeme Napier, Founding Shareholder and Director**

**Henergy Eggs Ltd**

## Recent Appointments

Dougal Tylee, principal of Tylee+Co, was appointed as an Independent Director of **Allied Kiwi Ltd**

([hyperlink](#)). Allied Kiwi was formed as a result of a merger between two of New Zealand’s largest Mortgage and Insurance service providers, Allied Mortgage Brokers and Kiwi Mortgage & Insurance Market. Tylee+Co advised Allied Mortgage Brokers on this merger.

Dougal also recently became a Member of the Institute of Directors in New Zealand Inc.

## The NZ Premium Coffee Roasting Industry



Tylee+Co periodically undertake business development projects with alliance partner Shoreline Partners. The aim of our joint projects is to research industries which may benefit from consolidation through merger and acquisition activity. Most recently we looked at the New Zealand premium coffee roasting industry. We carried out some high level desk top analysis, and met with a number of the key players in the industry.

A high level summary of the industry is as follows:

<b>Market size and growth</b>	There are an estimated 140 companies currently operating in the NZ coffee roasting sector. Together they roast approximately 150 tonnes of green coffee beans per week. The industry has grown strongly - 15 years ago there were just 11 coffee roasters.
<b>Industry structure</b>	The industry is fragmented. We estimate the seven largest companies have around a 40% market share, with the next 12 having a 15% share and the remaining 121 companies a 45% share.
<b>Company size and spread</b>	The industry is dominated by small privately owned companies with low numbers of FTEs. Most companies are located in the larger centers and regionally based. A few operate nationally and offshore.
<b>Channels to market</b>	Companies wholesale their coffee to the café market. Some also target supermarkets. The café segment represents approximately 70% of the market, and supermarkets 30%. Other channels include selling on-line and via coffee carts.
<b>Business activities</b>	Business activities include importing coffee beans, roasting the beans using imported equipment, and packaging, branding, marketing and distributing the end product. Quality control is very important when sourcing beans and making coffee. A number of companies train café staff and baristas and supply and service café equipment.

## Investment Opportunity

An opportunity exists to invest in a private investment fund (the Fund). The Fund targets businesses with an enterprise value of \$10 to \$50 million that are capital constrained, have strong growth prospects, require restructuring and/or could act as the vehicle for industry consolidation. The Fund will be managed by a reputable investment banking firm and has strong governance.

This opportunity would suit passive investors seeking exposure to a portfolio of medium sized New Zealand businesses and the prospect of higher long-term private equity returns. This opportunity is only available to eligible investors - a minimum investment of \$250,000 is required with 10% paid up front. To discuss this opportunity further and/or to request an Information Memorandum please contact me ([hyperlink 'contact me' to Dougal@tylee.co.nz](#)).

## Business Wanted

An established and profitable business is looking to acquire a controlling stake, or invest, in an established business that manufactures/distributes meat related products for human or pet consumption.

Businesses with an enterprise value of around NZ\$2 to \$4m will be considered. This opportunity may

suit owners looking to sell down over time as part of succession planning. A directorship(s) will be sought and it is envisaged existing management will remain with the business. To discuss this opportunity further please contact me ([hyperlink 'contact me'](#)).

## **Best Wishes**

Tylee+Co wishes you all the best for the remainder of 2009. We look forward to hearing from you with your corporate finance queries.

**Dougal Tylee**  
Director