

Quadrant hungers for food service

Exclusive

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Private equity firm Quadrant is hunting a slice of Australia's \$16 billion wholesale food service sector after acquiring majority shareholdings in two of the country's leading distributors.

Quadrant will merge the operations of the Melbourne-based Superior Food Services and Sydney-headquartered NFD Food Services to create a national group that will service several thousand customers across the hospitality, aged care and health sectors.

Superior founders Craig Phillips and Michael Jeffs, who started the business 25 years ago selling food out of a single truck, will remain with their business, as will NFD founder, Jonathan Hasson.

The merging of the two businesses will give Quadrant a platform from which it can tender for larger national contracts such as quick-service restaurant chains. These are currently dominated by the industry's biggest players, including PFD Foodservices, owned by BRW Rich 200 member Richard Smith, and South African giant Bidvest.

Quadrant will also look to acquire other family and privately-owned businesses in the fragmented sector.

"The food service sector is a large and growing market that has historically been highly defensive supported by population growth and a growing trend of out of home eating," Quadrant managing director Chris Hadley said.

"The sector remains highly fragmented and the combination of Superior and NFD provides a high-quality national platform to drive further consolidation."

The terms of the deal have not been disclosed.

"Over the past two decades we have invested heavily and consistently in our infrastructure and network to enable us to meet the growing complexities and needs of our customers and suppliers," Mr Phillips said.

"With the merger of the Superior and NFD businesses we will now be able to provide an even greater level of service and reach for our customers and suppliers nationally, providing a clear alternative to the market.

"The opportunity for the combined business to partner with Quadrant to support our continued growth is very exciting," said Mr Hasson, who is also chief executive

of NFD, which has operations across regional New South Wales and facilities in Melbourne and Perth.

Quadrant investment director Alex Eady said: "We have been thoroughly impressed with the businesses Craig, Michael and Jonathan have built and their combined vision for the future."

Superior has significant chilled, frozen and ambient facilities in most major capital cities as well as a strong regional presence.

Quadrant was advised by KPMG and law firm Gilbert & Tobin.

Superior and NFD were advised by the Gary Berger-run boutique Novo Capital and law firm Norton Rose Fulbright.

The deal is the second big splash for Quadrant in the last few months. In June, it paid just over \$400 million for chilled pet food business VIP Petfoods from Gold Coast entrepreneurs Tony and Christina Quinn.

In September 2014, the firm invested in Canberra Data Centres, the largest provider of outsourced data centre co-location services to the Australian Federal Government. Other big deals in the last few years include investments in boiling water tap group Zip Industries and the \$400 million float of media monitoring group iSentia.