

Premier Foods activist Oasis urges Nissin to not support CEO at AGM

24 June 2018 | 14:44 CST

Activist investor **Oasis Management** is urging **Nissin Foods Holdings** [TYO: 2897] to not help re-elect **Premier Foods'** [LON: PFD] chief executive at the latter's upcoming AGM because Nissin is not free of conflict of interest, Oasis's Chief Operating Officer Phillip Meyer told this news service.

Premier Foods, known for its **Mr Kipling** cake brand, has underperformed because of management's poor leadership, Meyer said, also emphasizing that Chief Executive Gavin Darby is a key culprit. Premier spurned a 65p/share offer from **McCormick & Company** [NYSE:MKC] in 2016 and instead brought on Nissin as a 20% shareholder and strategic partner as a white knight; it now trades at 38p/share.

Hong Kong-based Oasis, the company's second-largest shareholder with a stake of about 10%, believes that Nissin should abstain from voting or else vote against Darby's re-election at the AGM on 18 July, Meyer said.

Because of its large stake in Premier, its valuable commercial relationship with the company, and because it has a representative on the board, Nissin is a de facto poison pill for any management change, Meyer said.

Meyer also charged that Nissin's support for Darby would represent a conflict of interest due to the history between Premier Foods and Nissin in connection with the 2016 approach by McCormick during which Nissin was recruited to be a strategic "white knight" investor with board representation, and the substantial commercial arrangements that exist between them. He said that it was also his understanding from press reports that Nissin and Premier Foods had recent deal negotiations for a potential strategic transaction between Premier and Nissin.

Oasis's timing is strange, a person familiar with Premier said, as the British food manufacturer is showing signs of improvement, with – at last – sales growing and net debt falling. Further, Oasis had previously sought and won a seat on Premier's board, which it then surrendered last March, the person familiar noted.

Meyer explained that Oasis's non-executive director stepped down in March because Oasis was unhappy with the way Premier was being managed and the decision that were made.

Minority shareholders

Regional Head Offices

EMEA: 10 Queen Street Place, London, EC4R 1BE, United Kingdom Tel: +44 (0)20 3741 1000

Americas: 330 Hudson Street, 4th Floor, New York, NY 10013 USA Tel: +1 212 686 5606

APAC: 16/F, Grand Millennium Plaza, 181 Queen's Road Central, Hong Kong Tel: +852 2158 9790

Oasis has spoken to many shareholders and they have been supportive of its campaign, Meyer said. Many minority shareholders of Premier will vote against the re-election of Darby at the AGM on 18 July, according to Meyer.

Premier is likewise reaching out to its shareholders to drum up support for Darby, the person familiar said. It is too early to say whether it has the support of most minority shareholders, the person said.

"If Nissin abstains, it is almost certain that Gavin Darby will not be re-elected," said Meyer. Oasis has already written a letter to Nissin outlining its concerns and encouraging the shareholder to vote against the CEO or at least abstain from voting at the upcoming AGM, he explained.

"Even if Nissin votes in favour of Gavin Darby, we think that a final result will reveal there is a high number of minority shareholders who are very unhappy with Gavin Darby," he said.

A proxy voting report from Glass Lewis, issued 12 June, and a note from Jefferies, published on 22 June, have recommended that shareholders support Premier's board.

Oasis supports strategic transactions

Meyer said that Oasis has been supportive of any strategic transactions involving Premier, which could include Nissin raising its stake or taking it private, or the disposal by Premier of brands or business lines.

If McCormick returns with a fair bid for Premier, Oasis will likely support it, said Meyer. He also believes that many other minority shareholders feel that Premier should have entertained McCormick's approach.

If a new CEO is appointed, and with new Chairman Keith Hamill at the helm, Premier will be better positioned to consider strategic transactions or other changes to its business plan that will increase value for all shareholders, said Meyer.

Alex Whitehouse, Premier's managing director, could serve as its interim chief executive while an external search takes place, Meyer added.

Premier and Nissin declined to comment.

by Norie Hata in Tokyo and Deane McRobie in London

PROPRIETARY

Regional Head Offices

EMEA: 10 Queen Street Place, London, EC4R 1BE, United Kingdom Tel: +44 (0)20 3741 1000

Americas: 330 Hudson Street, 4th Floor, New York, NY 10013 USA Tel: +1 212 686 5606

APAC: Suite 1602-06, Grand Millennium Plaza, 181 Queen's Road, Central, Hong Kong Tel: +852 2158 9790

Grade: Strong evidence
Value (USD m): 427.3642
market cap of Premier Foods
TARGETS
Premier Foods Plc
BIDDERS
Nissin Foods Holdings Co., Ltd.
OTHERS
Paulson & Co. Inc.
Oasis Management Holdings LLC
Oasis Management Company Ltd.
Cape Wrath Capital
More

To be used for the internal business of the assigned users only. Sharing, distributing or forwarding the entirety or any part of this article in any form to anyone that does not have access under your agreement is strictly prohibited and doing so violates your contract and is considered a breach of copyright. Any unauthorised recipient or distributor of this article is liable to Dealreporter for unauthorised use and copyright breach.

Regional Head Offices

EMEA: 10 Queen Street Place, London, EC4R 1BE, United Kingdom Tel: +44 (0)20 3741 1000

Americas: 330 Hudson Street, 4th Floor, New York, NY 10013 USA Tel: +1 212 686 5606

APAC: Suite 1602-06, Grand Millennium Plaza, 181 Queen's Road, Central, Hong Kong Tel: +852 2158 9790