

BDO's quarterly Retail M&A Highlights provides a snapshot of mergers and acquisitions activity in Australasia for the quarter.

## M&A TRANSACTIONS

### Deal activity

There were 11 announced deals in Q3 2018, with disclosed deal value growing 19.6% from Q3 2017. Larger sized transactions were closed with deal volumes declining by 15.4% resulting in a significant 41.4% increase in average deal size. Market valuation multiples have remained stable at 9.6x compared to 9.7x in Q3 2017.

Foreign demand for Australian assets remains high with 4 of the top 5 transactions for Q3 2018 being cross-border deals, 3 of which were US buyers. There is a continued trend towards retail consolidation, demonstrated in 3 deals in the Apparel sector which are detailed below.

### Largest deal announcement

Life-Space Group, an Australian-based company which sells probiotic health supplements, was acquired by By-health Co., a SZSE-listed company based in China, for \$690m.

Life-Space Group sells probiotics into China via e-commerce platforms such as Alibaba, forming the growing list of Australian exporters selling healthcare products into China despite regulatory hurdles. The acquisition is in line with By-health Co.'s strategy to enter Probiotics markets in Australia.

### Disclosed deal value

**\$2.2b**

across Australasia

**19.6%**

Value vs. Q3 2017

### Deal volume

**-15.4%**

Volume vs. Q3 2017

**11 DEALS**

announced in Q3 2018

### Average deal size

**\$202m**

for disclosed transactions

**41.4%**

Average deal size vs. Q3 2017

### Median EV/EBITDA multiple for listed retailers

**9.6x**

Q3 2018 multiple

**STABLE**

in line with 9.7x in Q3 2017

## TOP 5 SECTORS BASED ON DISCLOSED DEAL VALUE

Disclosed deal value ranged across Apparel and Health and Lifestyle sectors which recorded a total of 4 disclosed deals representing c.\$1.6bn in value. Notable undisclosed deals, not included in the below, are the acquisition of New Zealand-based Snowberry by Procter & Gamble, and the acquisition of 22 shoe stores from Betts Group by Munroe Footwear Group for undisclosed amounts.

3 deals

Avg. deal size: \$317.3m



Apparel

**\$952m**

1 deal

Avg. deal size: \$690m



Health & Lifestyle

**\$690m**

2 deals

Avg. deal size: \$131.5m



FMCG – Food & Dairy

**\$263m**

2 deals

Avg. deal size: \$125m



Restaurants

**\$250m**

1 deal

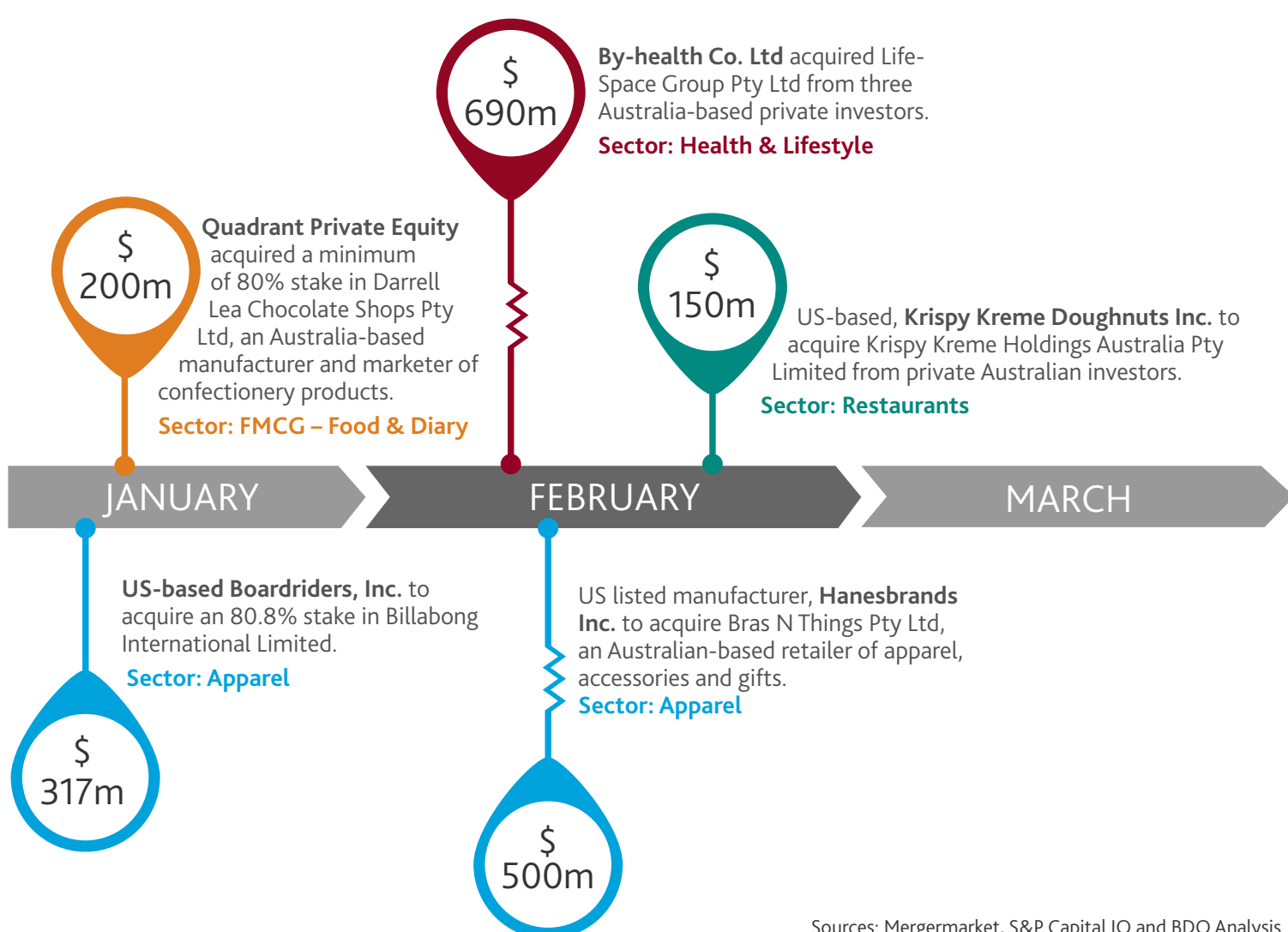
Avg. deal size: \$40m



FMCG Beverage

**\$40m**

## TOP 5 DEAL ANNOUNCEMENTS



Sources: Mergermarket, S&P Capital IQ and BDO Analysis



For more information on our retail expertise and insights click here.

For more information about how our Corporate Finance and Retail teams can assist, please contact your local BDO office.