

BDO's quarterly Retail M&A Highlights provides a snapshot of mergers and acquisitions in Australasia, with a specific focus on Australia.

M&A TRANSACTIONS

Deal activity

There were 13 announced deals in Q4 2018, with disclosed deal value growing 38.8% from Q4 2017. Larger sized transactions were announced with deal volumes declining by 13.3%. Market valuation multiples have remained stable at 13.0x compared to 12.9x in Q4 2017.

The average deal size increased from \$135m to \$216m as the market shifted towards larger transactions. This is in line with global trends - although buyers remain cautious, capital remains available to be deployed, notably within private equity. Foreign demand for Australasian assets remains high with 4 of the top 5 transactions for Q4 2018 being cross-border deals.

Largest deal announcement

Accolade Wines Australia Limited, an Australian-based company engaged in the production and sale of wines and drinks was acquired by The Carlyle Group, a NASDAQ-listed private equity company based in the US, for \$1.0bn.

Accolade has a footprint in Australia and the UK, as well as wine-producing regions around the world. The acquisition is expected to accelerate Accolade's Asia strategy, particularly focusing on growing the business in China.

Disclosed deal value

\$2.8b

across Australasia

38.8%

Value vs. Q4 2017

Deal volume

13 DEALS

announced in Q4 2018

13.3%

Volume vs. Q4 2017

Average deal size

\$216m

for disclosed transactions

60.2%

Average deal size vs. Q4 2017

Median EV/EBITDA multiple for listed retailers

13.0x

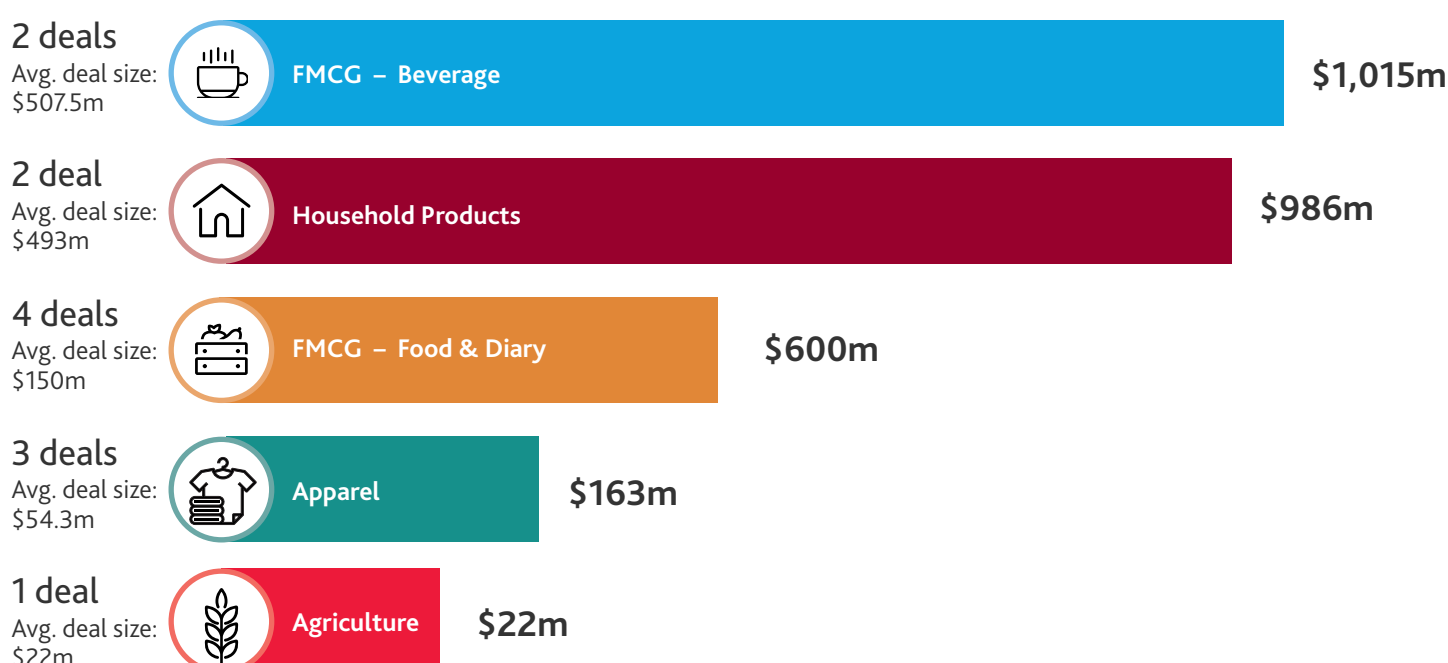
Q4 2018 multiple

STABLE

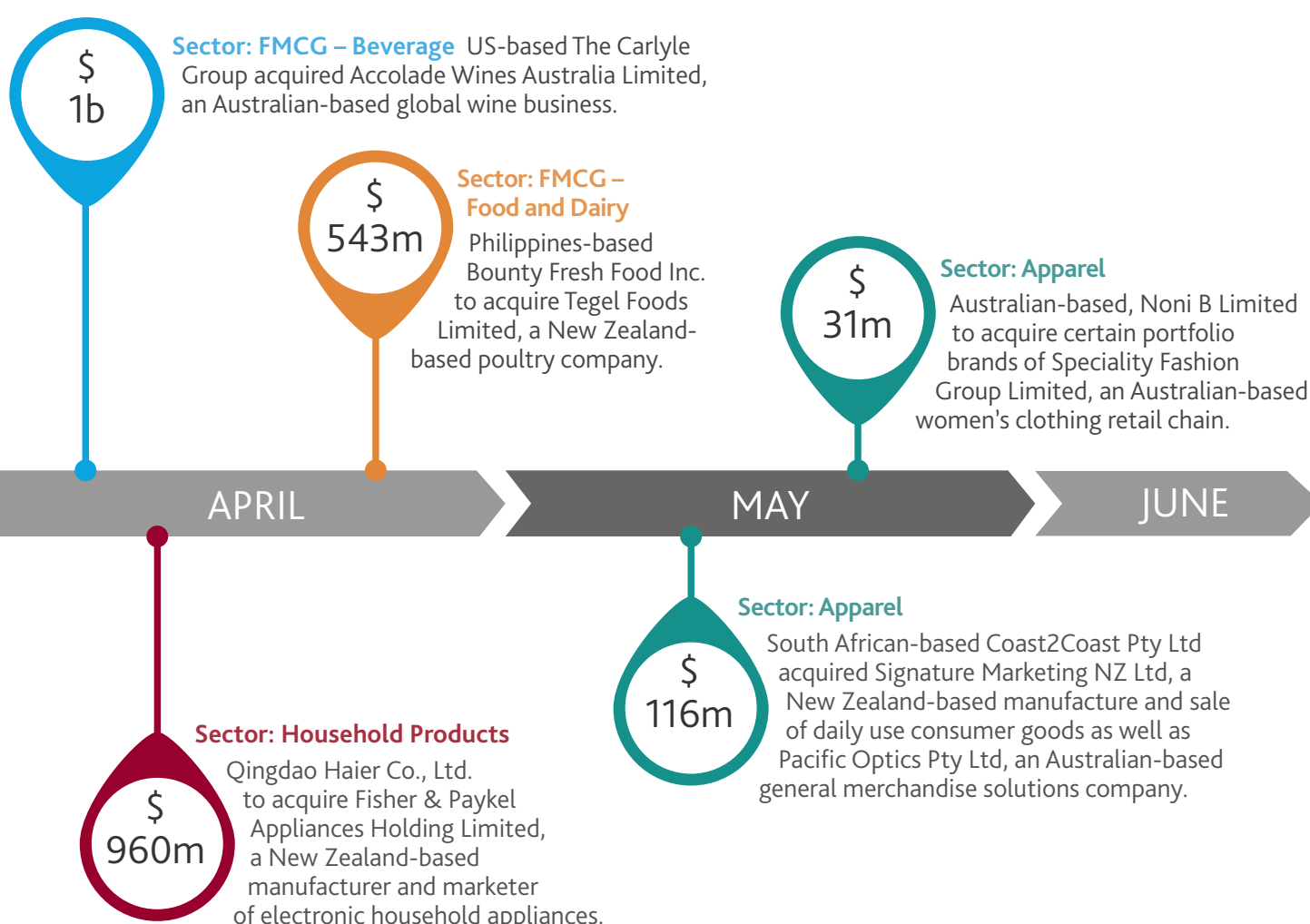
in line with 12.9x in Q4 2017

TOP 5 SECTORS BASED ON DISCLOSED DEAL VALUE

Disclosed deal value range from the *FMCG – Beverage* as well as the *Household Products* sectors which together recorded a total of four disclosed deals representing c.\$2.0bn in value. Notable undisclosed deals, not included below, are the acquisition of Australian-based Natures Care via a consortium consisting of CITIC Limited, China Jianyin Investment Limited and Da Chong Hong Holdings Limited as well as the acquisition of New Zealand-based Bevie Group, by US-based Brewers Supply Group.



TOP 5 DEAL ANNOUNCEMENTS



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



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