

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

33 deals were announced in Q1 2019 (up 38% on Q1 2018) with disclosed deal values increasing 355% to \$1.9bn. The increase is due to a number of deals above \$200m during the quarter, increasing the average deal size four times to \$138m.

In line with the increased activity in the sector, the market valuation multiples also increased slightly to 10.7x compared to 10.5x in Q1 2018.

Activity within the FMCG - Food and Dairy sector has increased substantially, with four of the top five announced transactions for Q1 2019 within this sector.

Largest deal announcement

Manuka Health New Zealand Limited, which is engaged in developing natural health, wellbeing and wound care products is to be acquired by Hong Leong Financial Group Berhad, an investment company based in Malaysia, for \$368m (subject to overseas investment office approval).

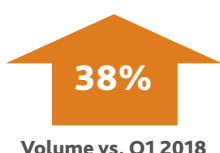
Manuka Health exports honey products to more than 45 countries and 11,000 retail stores. The acquisition will enable Hong Leong to diversify into healthcare products sector and support expansion in Manuka Health's supply platform to countries such as Germany, Japan and China.

Disclosed deal value

\$1.9bn
across Australasia



Deal volume



33 DEALS
announced in Q1 2019

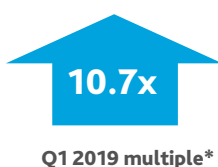
Average deal size

\$138m

for disclosed transactions



Median EV/EBITDA multiple for listed retailers



INCREASED
from 10.5x in Q1 2018

TOP 5 SECTORS BASED ON DISCLOSED DEAL VALUE

Disclosed deal value concentrated on the *FMCG – Food & Dairy* and *Health and Lifestyle* sectors which recorded a total of 8 disclosed deals representing c.\$1.6bn in value. Notable undisclosed deals, not included in the below, are the acquisition of New Zealand-based Davis Foods Limited by Wilson Foods Limited, and the acquisition of Industrial Food Services (Pty) Ltd by a Japanese listed entity Fuji Oil Holdings Inc.(TYO:2607).

7 deals

Avg. deal size: \$176m



1 deal

Avg. deal size: \$368m



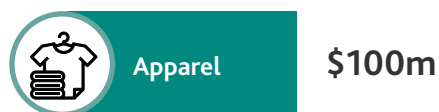
2 deals

Avg. deal size: \$99m



1 deal

Avg. deal size: \$100m



2 deals

Avg. deal size: \$10.5m

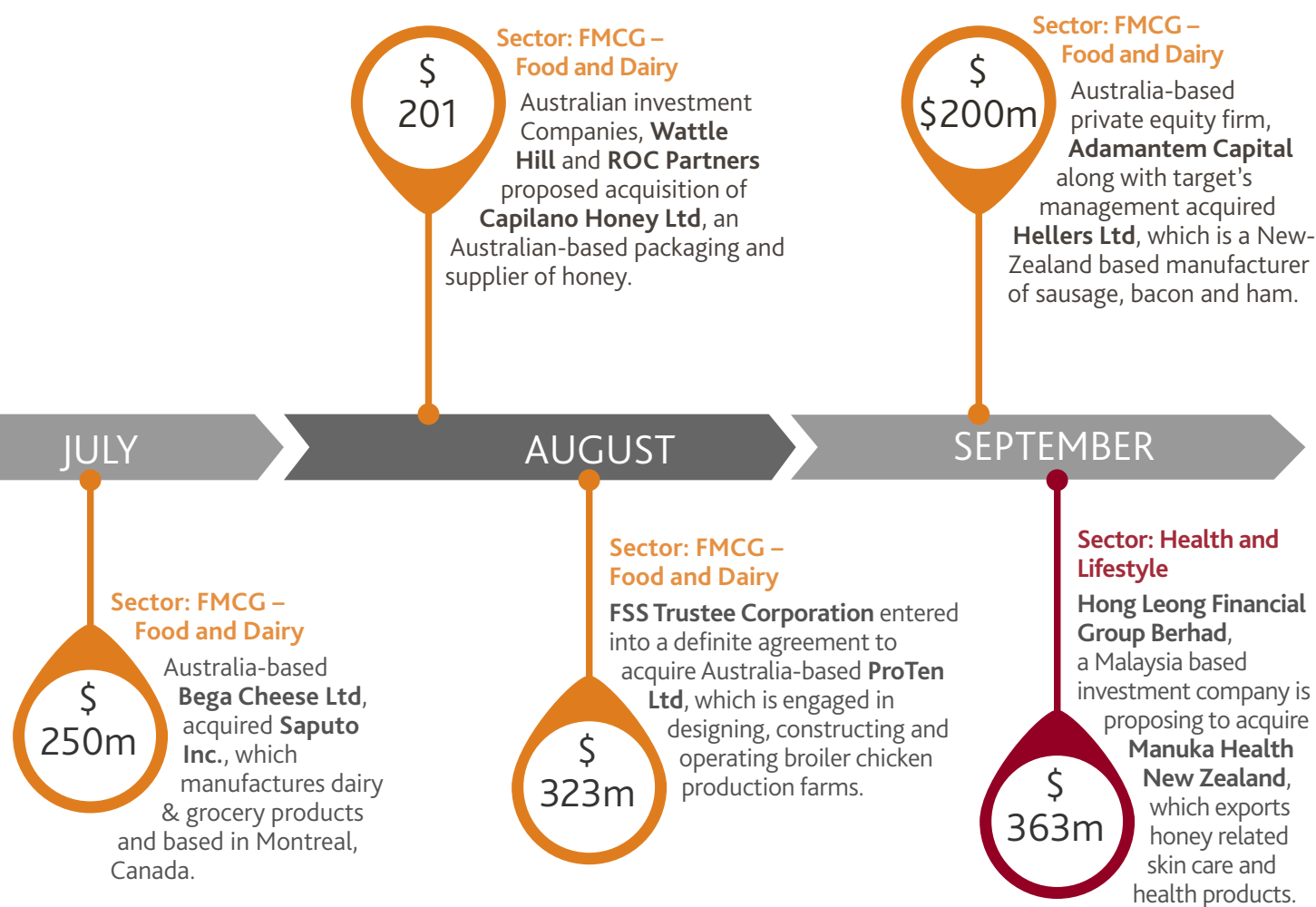


1 deal

Avg. deal size: \$7m



TOP 5 DEAL ANNOUNCEMENTS



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

*Note: Companies without comparable multiple data have been excluded (e.g. those with negative earnings in one quarter)



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