

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 20 announced deals in Q3 2019, with disclosed deal value growing 80.9% from Q3 2018. Activity within the FMCG – Food and Dairy sector has increased substantially from Q3 2018, with a total of 7 disclosed deals and average deal value growing from \$132m to \$482m in the quarter.

Foreign demand for Australasian assets remains high with the top 5 transactions for Q3 2019 being cross-border deals. North American and European buyers have previously dominated inbound deals, however bidders of the top 4 transactions in Q3 2019 were from Asia. This trend could continue as the US-China trade war unfolds and Chinese investors look to the Australian market.

Largest deal announcement

MBK Partners Inc, a South Korea-based private equity firm, has agreed to acquire select assets of Godiva Belgium BVBA for \$1.4b. MBK Partners will purchase Tokyo-based Godiva Japan and its operations in South Korea, Australia and New Zealand. MBK will also acquire the Brussels production facility supplying these regions.

This transaction is expected to provide the financial flexibility for Godiva to grow the business five-fold. Godiva's growth plan involves expanding into new product areas and opening more than 2000 cafes globally.

Disclosed deal value

\$4.0bn

across Australasia

80.9%

Value vs. Q3 2018

Deal volume

25.0%

Volume vs. Q3 2018

20 DEALS

announced in Q3 2019

Average deal size

\$267m

for disclosed transactions

32.6%

Average deal size vs. Q3 2018

Median EV/EBITDA multiple for listed retailers

10.5x

Q3 2019 multiple*

INCREASED

from 10.0x in Q3 2018

TOP 5 SECTORS BASED ON DISCLOSED DEAL VALUE

Disclosed deal value ranged across FMCG - Food and Dairy as well as Other sectors which recorded a total of 10 disclosed deals representing \$3.6b in value. Notable undisclosed deals, not included below, are the acquisition of Australia-based sports goods and apparel company, Kookaburra Sport Pty as well as a 30% stake in Brisbane BMW for undisclosed amounts.

7 deals

Avg. deal size: \$482.4m



FMCG – Food & Dairy
\$3,377m

3 deals

Avg. deal size: \$79.3m



Other
\$238m

1 deal

Avg. deal size: \$183m



Apparel
\$183m

2 deals

Avg. deal size: \$51.5m



FMCG - Beverages
\$103m

1 deal

Avg. deal size: \$94m



Household Products
\$94m

TOP 5 DEAL ANNOUNCEMENTS

Sector: FMCG – Food & Dairy

MBK Partners, a South Korea-based private equity firm, to acquire selected retail and distribution operations across Asia-Pacific from Godiva Belgium BVBA.

\$ 1.4bn

Sector: FMCG – Food & Dairy

Wilmar International Limited, a Singapore-based group company engaged in agribusiness, to acquire a 50% stake in Goodman Fielder Limited from First Pacific Company Limited.

\$ 461m

JANUARY

Sector: FMCG – Food & Dairy

Nordzucker AG, a Germany-based sugar producer, to acquire a 70% stake in Mackay Sugar Limited, an Australia-based sugar producer, refiner and marketer.

\$ 211m

FEBRUARY

Sector: FMCG – Food & Dairy

Nisshin Seifun Group Inc, a Japan-based company engaged in the manufacture and sale of wheat flour, processed foods and pharmaceuticals, to acquire Allied Pinnacle Pty Limited, the Australia-based company engaged in production of flour, ingredients and bakery products.

\$ 574m

MARCH

Sector: FMCG – Food & Dairy

Inner Mongolia Yili Industrial Group Co Ltd, a China-based company engaged in processing and sales of dairy products, to acquire Westland Co-operative Dairy Company Limited, a New-Zealand based company that produces and distributes dairy products.

\$ 567m

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)



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.