

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

M&A TRANSACTIONS

Deal activity

Q1 2018 saw 24 announced deals, representing a 20% decline on Q1 2017. Disclosed deal value was significantly lower than Q1 2017, declining from \$2.4bn to \$423m. Q1 2017 included a number of big-ticket deals not observed in the current quarter, such as the c.\$900m acquisition of the Good Guys by JB Hi-Fi.

The average deal size dropped from \$145m to \$28m. This is in line with market sentiment as we see deal makers trading cautiously within the Australian retail environment amid the imminent entry of global players such as Amazon and Kaufland. Notably, of the top 5 transactions for Q1 2018, 4 of these are cross-border, continuing the theme of foreign demand for Australian assets remaining high.

Largest acquisition

The \$120m acquisition of a 51% stake in Bindaree Beef Pty Limited by the Hui Family and Archstone Investment was the largest deal.

Bindaree Beef is the fifth largest meat processor in Australia and operates a vertically integrated business (processing, distribution and retail). The deal will provide growth capital to expand Bindaree's supply of premium beef to global markets such as China.

Disclosed deal value

\$423m

across Australasia

-83%

Value vs. Q1 2017

Deal volume

-20%

Volume vs. Q1 2017

24 DEALS

a relative flat market in line with the global trend

Average disclosed deal size

\$28m

for disclosed transactions

-81%

Average deal size vs. Q1 2017

Average EV/EBITDA multiple listed retailers

13.4x

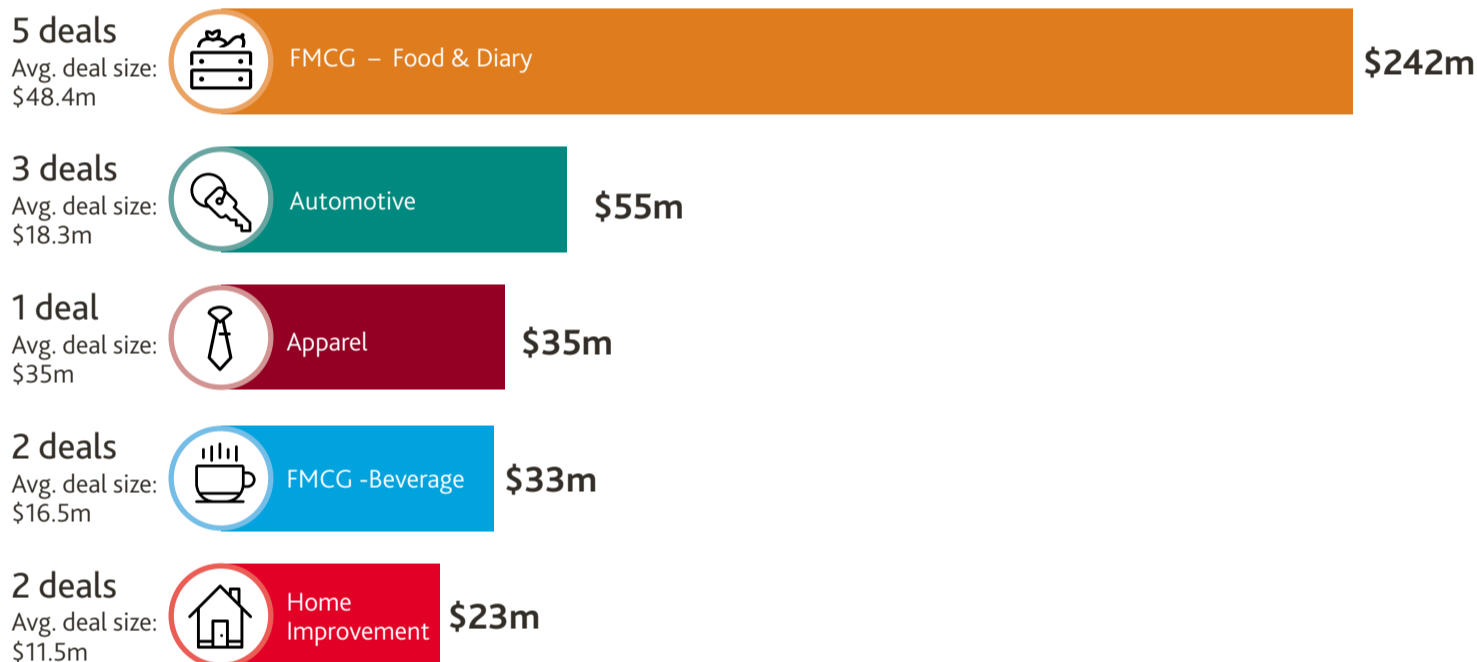
Q1 2018 multiple

DECREASE

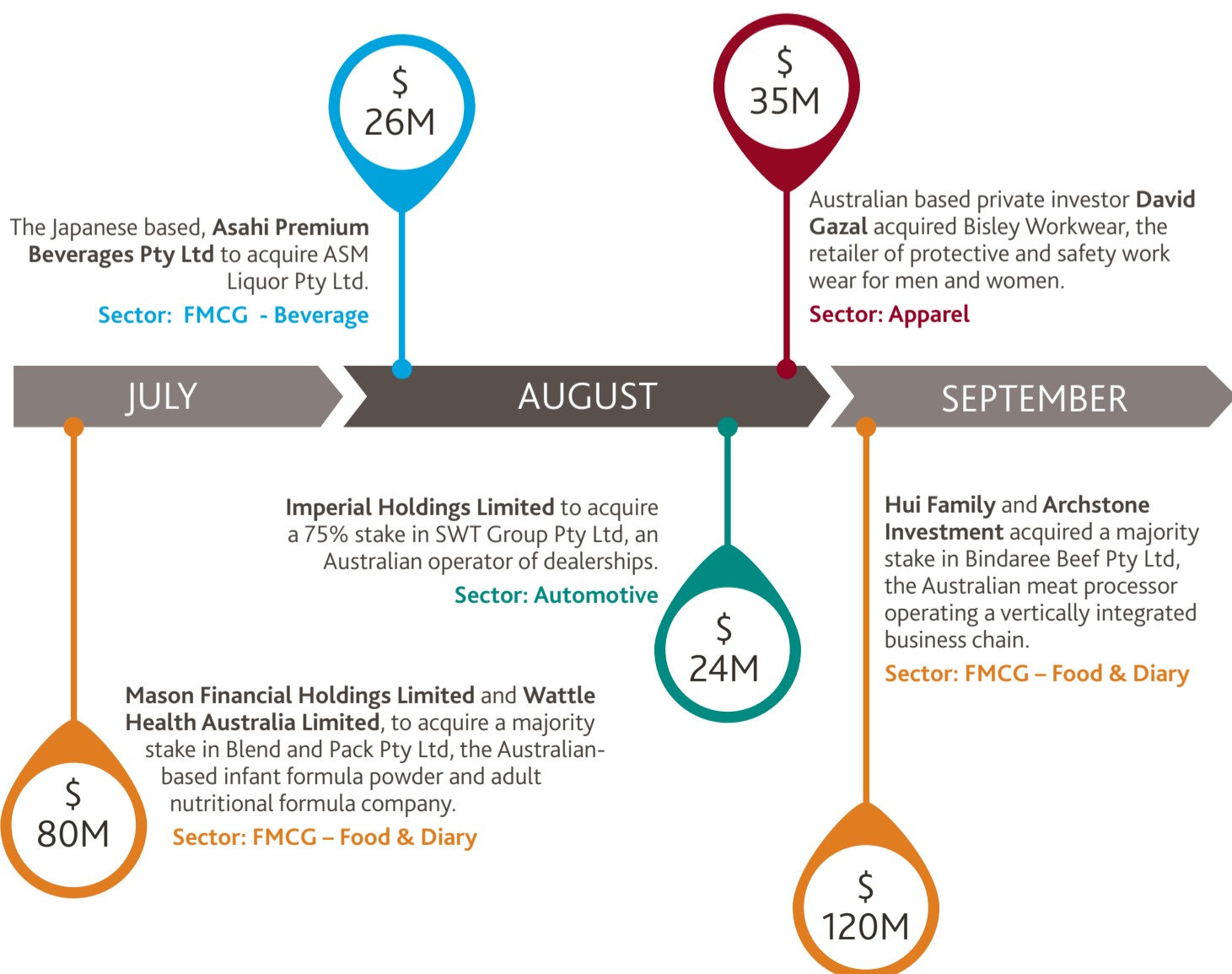
In line with the global market trend

TOP FIVE SECTORS BASED ON DISCLOSED DEAL VALUE

Disclosed deal value was concentrated in the FMCG food and automotive sector which recorded a total of 8 disclosed deals representing c.\$297 million in value. Notable deals, not included in the values below, are the acquisition of the 4 Pines Brewing Company by AB InBev NV and the proposed acquisition of Weis Frozen Foods by Unilever Plc for undisclosed amounts.



RECENT TRANSACTIONS



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.