

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

M&A TRANSACTIONS

Q2 FY17 saw a total of 22 M&A transactions across Australasia totalling c.\$2.0 billion. Australia dominated the deal activity at 17 transactions, with New Zealand accounting for the rest.

Deal activity

Activity in Q2 2017 remained relatively flat compared to Q2 2016 with a slight decline compared to activity in Q1 2017. This is in line with the global trends seeing dealmakers treading cautiously and being more selective, resulting in an increase in larger ticket deals.

The average trading multiple of ASX listed retailers as at 30 June 2017 averaged 12.7x compared to 13.0x a year ago. This indicates that, despite the volatility in global markets, the Australian market continues to price the retail sector as relatively stable.

Largest acquisition

International interest remains with Asian investors continuing to buy prime brands. The largest acquisition in the quarter involved the sale of Ansell sexual wellness business for \$815 million, representing a bullish EV/EBITDA multiple of 14.6x, to CITIC Capital Partners and Humanwell Healthcare.

Ansell's divestment is in line with its strategy to focus on its medical and industrial businesses. The acquisition is a move for Humanwell to expand internationally and become second largest condom producer globally.

Disclosed deal value

\$2.0bn

across Australasia

0.3%

Value vs. Q2 2016

Deal volume

4.3%

Volume vs. Q2 2016

22 DEALS

a relative flat market in line with the global trend

Average disclosed deal size

\$135m

for disclosed transactions

7.0%

Average deal size vs. Q2 2016

Average EV/EBITDA multiple listed retailers

12.7x

Q2 2017 multiple

STABLE

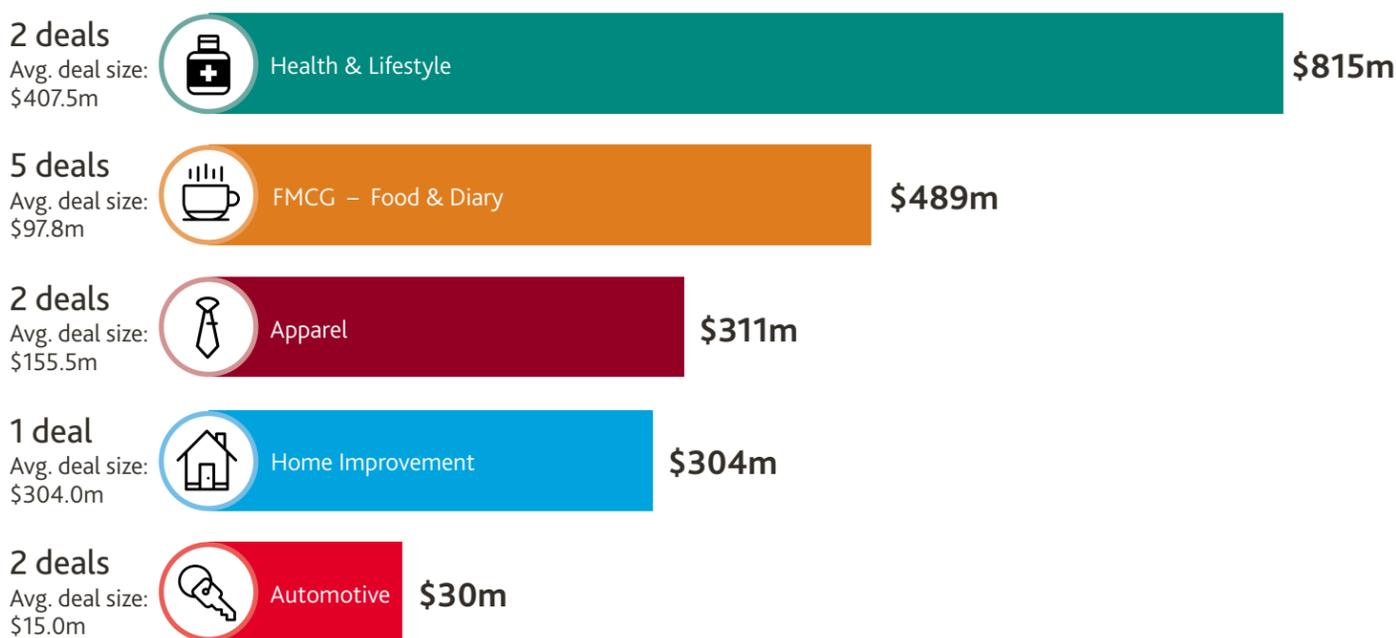
despite volatility in the global market

TOP FIVE SECTORS BASED ON DISCLOSED DEAL VALUE

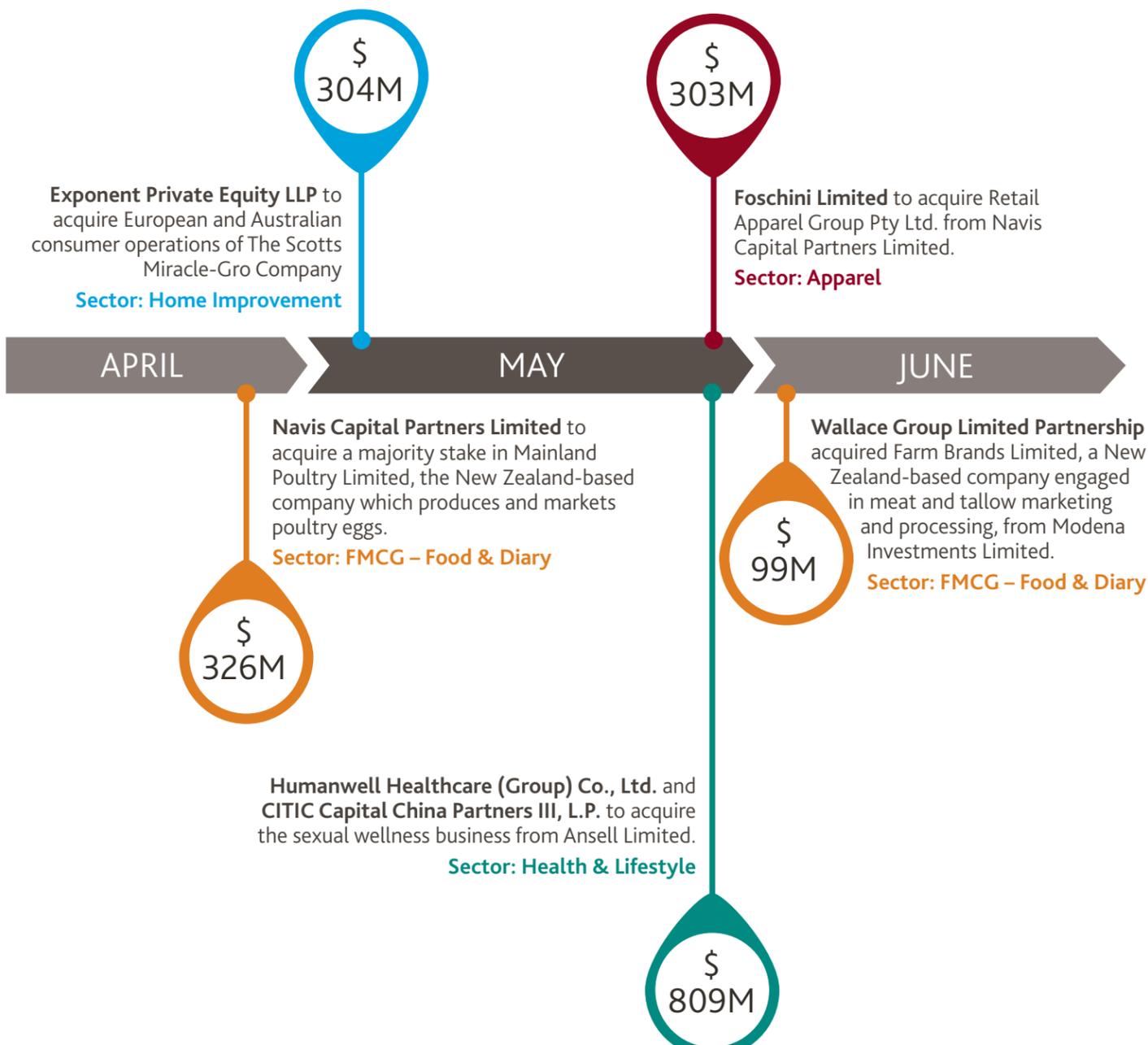
M&A transactions were concentrated in the health and lifestyle and FMCG sectors which recorded a total of 7 disclosed deals representing c.\$1.3 billion in value.

Other sectors outside the top five include Restaurants, Department Stores and Beverage.

The most notable of these is the acquisition of Max Brenner by two Israel-based private individuals from the Strauss Group for a consideration of \$7 million.



RECENT TRANSACTIONS



For more insights on consumer retail, read the BDO Spend Trend Report

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