

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

## M&A TRANSACTIONS

### Deal activity

Q2 2018 saw 26 deals announced during the quarter. Disclosed deal value was 6.4% lower than Q2 2017. Despite the decrease in deal volume, market valuation multiples have remained stable at 10.4x compared to 10.3x in Q2 2017.

The average deal size dropped from \$221m to \$142m, as market activity shifts towards smaller deals. Our analysis indicates that activity is expected to increase in 2018 due to a combination of low interest rates and a significant amount of capital looking to be deployed. Notably, of the top 5 transactions for Q2 2018, 3 of these are cross-border, indicating that foreign demand for Australian assets remains high.

### Largest deal announcement

The \$1.3b proposed acquisition of Murray Goulburn Co-operative Co Limited by Saputo Inc. was the largest deal. Murray Goulburn is an Australian-based company engaged in the production, processing and sale of dairy products and their notable brands include Devondale, Liddells and MG Trading stores. The deal will complement the activities of Saputo's Dairy Division in Australia, enabling it to strengthen its presence in the Australian market.

Disclosed deal value

**\$2.3b**

across Australasia

**-6.4%**

Value vs. Q2 2017

Deal volume

**-10.3%**

Volume vs. Q2 2017

**26 DEALS**

announced in Q2 2018

Average deal size

**\$142m**

for disclosed transactions

**-35.6%**

Average deal size vs. Q2 2017

Median EV/EBITDA multiple for listed retailers

**10.4x**

Q2 2018 multiple

**STABLE**

in line with 10.3x in Q2 2017

## TOP 5 SECTORS BASED ON DISCLOSED DEAL VALUE

Disclosed deal value was concentrated in the FMCG food and restaurants sector which recorded a total of 8 disclosed deals representing c.\$1.8b in value. Notable deals, not included in the values below, are the acquisition of Mias Bakery by Family Foods WA and the acquisition of Marvel Packers by Direct Capital Private Equity and the Silverfern Group for undisclosed amounts.

7 deals

Avg. deal size: \$214m



FMCG – Food & Dairy

**\$1.495b**

1 deal

Avg. deal size: \$293m



Restaurants

**\$293m**

2 deals

Avg. deal size: \$141m



Health & Lifestyle

**\$281m**

2 deals

Avg. deal size: \$54m



Household Products

**\$108m**

1 deal

Avg. deal size: \$91m



FMCG Beverage

**\$91m**

## TOP 5 DEAL ANNOUNCEMENTS

**\$1.3b**

Saputo Inc. to acquire Murray Goulburn Co-operative Co Limited, an Australian based producer and supplier of dairy products.

Sector: FMCG – Food & Dairy

CITIC Capital Partners Limited to acquire Trilogy International Limited via a Scheme Implementation Agreement.

Sector: Health & Lifestyle

**\$226m**

**\$80m**

Freudenberg Household Products Pty Ltd to acquire E.D. Oates Pty Ltd, an Australia-based company that manufactures and supplies household cleaning products.

Sector: Household Products

OCTOBER

NOVEMBER

DECEMBER

Kraft Heinz to acquire Cerebos (Australia) Limited, Cerebos Gregg's Limited and Asian Home Gourmet (CPL) Pte Ltd.

Sector: Restaurants

**\$293m**

Craig Mostyn & Co. Pty Ltd to acquire V&V Walsh, an Australia-based meat processor and exporter, for an estimated consideration of AUD 100m.

Sector: FMCG – Food & Dairy

**\$100m**

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



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.