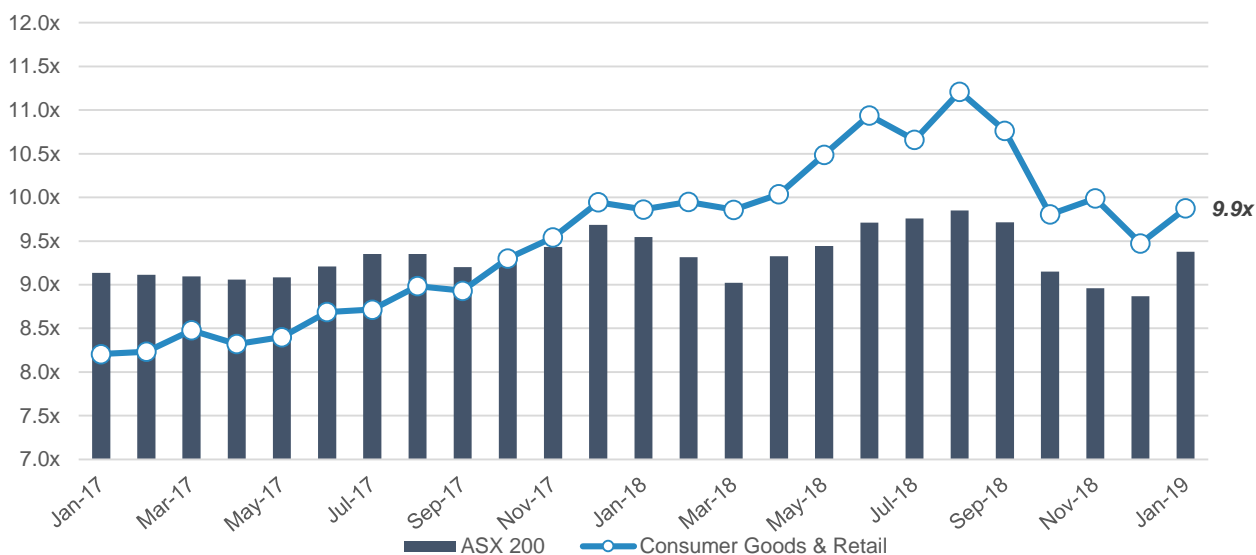


### VALUATION MULTIPLES

**Forward EV / EBITDA Multiples (monthly to 31/01/2019)** Source: FactSet Research Systems Inc.

Multiples in the Consumer Goods & Retail sector have increased over the period. At the end of January, the sector traded on a forward EV / EBITDA multiple of 9.9x, compared to the ASX200 on 9.4x.



**Average Values and Trading Multiples (values as at 21/02/2019)** Source: FactSet Research Systems Inc.

Subsector	Enterprise Value (\$ m)	EV/EBITDA FY2019	EV/EBIT FY2019	Price / Earnings FY2019
Consumer	10,680	10.2x	12.8x	16.7x
Food & Agribusiness	30,455	11.9x	16.8x	25.6x
Luxury Goods & Services	659	11.3x	12.8x	7.1x
Online Commerce	1,902	13.1x	15.9x	22.6x
Personal and Household Goods	1,813	9.4x	10.4x	14.5x
Retail	103,402	7.9x	10.2x	14.2x
Travel & Leisure	53,951	11.1x	14.1x	19.6x
<b>Consumer Goods &amp; Retail</b>	<b>202,861</b>	<b>10.2x</b>	<b>13.3x</b>	<b>18.6x</b>

Note: Multiples are based on the forward year of the unreported period, which for the majority of companies in the sector is FY2019. Difference in forward EV/EBITDA multiples between Figure and Table are representative of the timing difference between month-end result and current day result.

<sup>1</sup> The InterFinancial Consumer Goods & Retail Index set is an unweighted index comprising Consumer Goods & Retail sector related companies trading on the Australian Securities Exchange (ASX). Estimates are sourced from FactSet Research Systems Inc.

### MERGER & ACQUISITION NEWS...



**Value: Not disclosed**

**Stone Axe Pastoral**, an Australian beef company, has reached an agreement to buy **Margaret River Premium Meat Exports (MRPME)**, an Australia-based wagyu beef producer. The deal is said to be structured as a merger. **MRPME** owns around 18,000 cattle on properties in WA.



**Value: Not disclosed**

**GradConnection**, an Australia-based graduate job marketplace, has been acquired by **SEEK**, an Australian online job classifieds business. **SEEK** hopes that the **GradConnection** purchase will bring job candidates to the company earlier and serve them throughout their careers. **GradConnection** said that **SEEK's** investment and expertise will help the group expand its digital offering to employers in Australia.



**Value: Not disclosed**

**Kookaburra Sports** and **Burley-Sekem**, two Australian sporting goods and apparel companies, will be consolidated in a merger. **Kookaburra** has historically been involved hockey and cricket, whereas **Burley-Sekem's** involvement has been in Australian rules football. The merger will see the creation of new a company spanning these sports codes.



**Value: \$10m**

**Star Combo Pharma** has entered into an agreement to acquire the businesses of **Koala Mall** and **Austoyou Group** for \$10m. This purchase price of \$10m represents a 10x multiple on FY18 Net Profit After Tax of \$1.0m. **Austoyou** is a fast-growing Australian based E-commerce platform with over 5,000 high demand product lines selling direct to Chinese consumers .



Savour the sea



Mareterram

**Value: \$16.9m**

**Mareterram** announced it has entered into an agreement with its majority shareholder **Sea Harvest**. Subject to the terms of the agreement, **Sea Harvest** proposes to acquire all of the fully paid ordinary shares in **Mareterram** not currently owned or controlled by **Sea Harvest** by way of an off market takeover offer at \$0.25 per share. The cash offer values the entire issued capital of **Mareterram** at about \$38.6m and the acquisition price for the offer at \$16.9m.



**Value: \$25m**

**Allied Timber Products'** softwood sawmill and business, in Australia, has reportedly been acquired by **AAM Investment Group** for around \$25m. According to the report, **AAM** is planning to develop a portfolio of up to \$500m agribusiness assets over five years.



**Value: Not Disclosed**

**Mackay Sugar** announced that it has executed a share subscription agreement with **Nordzucker AG** under which **Nordzucker AG** has agreed to subscribe for a 70% controlling interest in the share capital of **Mackay Sugar**. The deal was subject to the approval of **Mackay Sugar** shareholders and a number of other conditions. **Nordzucker** is one of the leading sugar manufacturers in Europe and is headquartered in Braunschweig, Germany.

## RETAIL RUMOURS...

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- Potential buyers are believed to be circling **Australian Agricultural Company (AACo)**, an Australia-based pastoral company. **AACo's** share price fell 12% following news that floods have impacted its Queensland properties. Overseas parties are thought to have engaged with **AACo's** largest investor Joe Lewis to see whether he may be open to a deal. Lewis owns a 45% stake in **AACo**. **AACo** has a market value of \$560m, with net debt at \$332m.
- **GrainCorp** is thought to be close to reaching a deal to sell its portfolio of bulk liquid storage terminals to an infrastructure investor. **GrainCorp** and its advisor have presented the terminals to a number of infrastructure investors and at least one is believed to have taken an interest in the portfolio. The terminals, which are spread around Australia and hold edible oils, fats, chemicals, and other liquids, bring in EBITDA of \$20m to \$30m per year.
- **Muzz Buzz**, the Perth, Australia-based drive-through coffee chain, is seeking potential acquirers. The company has already received interest from various parties, including smaller local private equity firms.
- **Next Capital** is considering exit options for its stake in **Funlab**, an Australia-based entertainment business. **Funlab's** sales have tripled over the last two and a half years to \$100m.
- Up to three parties are believed to have lodged indicative offers for **Sussan**, an Australia-based fashion retailer. South Africa's **Foschini Group**, which owns **Retail Apparel Group** in Australia, is thought to be the most likely suitor. The deal is thought to have a potential value of between \$250m and \$350m.
- Australian cosmetics retailer **Napoleon Perdis'** administrators are seeking expressions of interest for the business. **Procter & Gamble**, **L'Oreal**, **Estee Lauder**, **Johnson & Johnson**, Japan's **Shiseido**, **COTY** and Korean beauty businesses are likely to be targeted as potential saviors for the ailed cosmetics business.
- **Greenlit Brands**, an Australia-based furniture retailer, is reportedly considering the sale of non-core assets to reduce debt. **Greenlit**, formerly **Steinhoff Asia Pacific**, is also looking at options to split from its parent **Steinhoff International**.
- **Shandong Delisi Food**, a Chinese food company, has terminated its proposed acquisition of a 45% stake in **Yolarno**, an Australia-based beef producer, for \$140m.
- **Quadrant Private Equity** is believed to have considered an offer for **Right2Drive**, a vehicle rental business.
- **Fitness and Lifestyle Group**, an Australia-based gyms business, has potential buy-side interest from **Roark Capital**, Hong Kong-based fitness business **Pure Group**, **Bain Capital**, **TPG Capital**, and **KKR**.
- **Mondelez International** is considered the frontrunner to buy **Arnott's Biscuits** from New Jersey-based **Campbell Soup**. Other potential suitors include **KKR**, **Bain Capital**, and Italy-based **Ferrero**. **Kraft Heinz** has withdrawn from the sale process.
- **Carsales** and **Domain**, Australian online classifieds businesses, could be potential takeover candidates. This is due to **Carsales** losing \$1bn in market capitalisation and **TPG Capital** being a potential suitor for **Domain**. **Nine** is, however, an unlikely seller of **Domain** due to the fact that it diversifies its more traditional media assets.
- **Landmark**, an Australian agribusiness, has decided against buying **MG Trading**, an Australian farm equipment business, according to recent reports.
- **Costa Group**, an Australia-based fruit grower, could interest private equity buyers. **Costa** is considered a quality business with a number of growth possibilities, both in Australia and overseas, that could be re-listed or sold as a larger operation in a few years.
- **Active Apparel Group**, an Australian apparel manufacturer, is preparing the business for sale.
- **Coca Cola Amatil's** foods business **SPC Ardmona** is said to interest around a dozen potential buyers. There is speculation that buyer interest has been stronger than was initially expected. **Simplot** is known to be among potential buyers for **SPC**.
- **L. Catterton Asia** is believed to be interested in **Lorna Jane**, an Australia-based retailer. The private equity group **L. Catterton** has a presence in the Australian retail space with **R.M. Williams** and **Seafolly**. Canada's **Lululemon** and Australia's **Premier Investments** were previously reported to be eyeing **Lorna Jane**.
- Australian agribusiness suppliers **Elders**, **Ruralco** and **Landmark** could become involved in M&A activity. Drought conditions and their impact on agricultural businesses earnings and share prices could spark M&A activity in the space.
- **Yumbah Aquaculture**, an Australian abalone farming business, could list on the ASX. Demand from Asia is driving the growth of farmed abalone, which now represents Australia's second largest seafood export. **Yumbah** has been valued at \$30m.

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