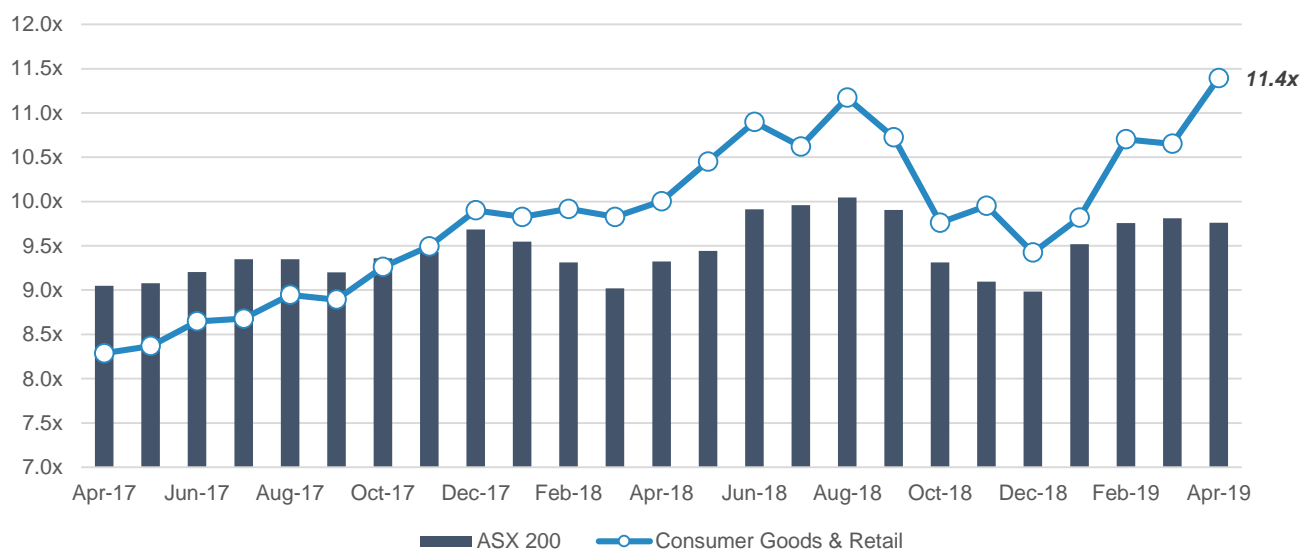


VALUATION MULTIPLES

Forward EV / EBITDA Multiples (monthly to 30/04/2019) Source: FactSet Research Systems Inc.

Multiples in the Consumer Goods & Retail sector have increased over the period. At the end of April, the sector traded on a forward EV / EBITDA multiple of 11.4x, compared to the ASX200 on 9.8x.



Average Values and Trading Multiples (values as at 16/05/2019) Source: FactSet Research Systems Inc.

Subsector	Enterprise Value (\$ m)	EV/EBITDA FY2019	EV/EBIT FY2019	Price / Earnings FY2019
Consumer	13,300	11.1x	13.7x	18.2x
Food & Agribusiness	35,702	13.2x	5.1x	23.5x
Luxury Goods & Services	702	12.8x	14.9x	10.3x
Online Commerce	2,686	17.0x	20.8x	28.3x
Personal and Household Goods	3,530	10.1x	12.1x	16.5x
Retail	114,288	8.5x	10.9x	14.7x
Travel & Leisure	54,992	11.6x	15.5x	21.6x
Consumer Goods & Retail	225,200	11.0x	11.0x	19.1x

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.

¹ 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: \$14.2m

AuMake has acquired **Broadway**, a Chinese tourist retail network in Australia and New Zealand, for \$14.2m. The Company has completed a heavily oversubscribed placement to institutional investors to raise \$7m to fund the acquisition and provide additional working capital. **Broadway** primarily focuses on the sale and distribution of products similar to **AuMake**, including health supplements, infant formula, wool, and other consumables.



Value: \$200m (Price of Darrel Lea)

Quadrant Private Equity has agreed to acquire eight snack food brands to form **RiteBite**, a snack foods business that will hold the Australian chocolate company **Darrell Lea**. **ThinkFood Munch, Well Naturally, Smooze, CrispyFruits, Power Superfoods, Planet Food** and **Systemax** are among the snack brands that will make up **RiteBite**. **RiteBite** is anticipated to generate revenue of more than \$200m in 2020, and plans to bring consolidation in the highly fragmented sector. **RiteBite** is expected to pursue additional acquisitions to add to its portfolio with help from **Quadrant**.



Value: 1.8bn

Following its initial proposal, **AP Eagers** has officially opened its all-scrip \$1.8bn takeover offer for **Automotive Holdings Group**. The target's shareholders will receive 0.26 **APE** shares for each share held if successful. The offer will stay open until the ACCC concludes its review in approximately 90 days time. The merger proposal could unlock costs savings of up to \$300m over the long term



Value: Not Disclosed

Kirin Holdings, a Japanese brewer and soft drink manufacturer, has decided to sell the cheese business of its **Lion Dairy and Drinks** to **Saputo** for \$280m. The Japanese company was initially aiming to sell the entire Australian subsidiary in one deal, but failed to reach an agreement with interested parties. In order to sell the remaining operations after the sale of **Lion**, the company has now wrote down their value by \$530m. The remaining operations now fall in the \$500m to \$600m range.



Value: Not Disclosed

Marlin Management, an Australia-based homewares brands business, has been acquired by **Alceon Group** and **Oaktree Capital Management**. **Marlin Management** was put on the market last September by its owner **Coast2Coast Capital** after plans to list the business were abandoned. While **Alceon** and **Oaktree** did not reveal the purchase price, it was noted that an information memorandum sent out last year valued the group at between \$300m and \$400m.



Value: Not Disclosed

Odyssey Private Equity has purchased a 20% stake in **Delta Agribusiness**, an Australia-based agricultural retailer. The firm decided to invest in **Delta Agribusiness** due its robust growth opportunities and potential to expand by acquiring similar, smaller operations in regional Australia.



Value: Not Disclosed

BRP has entered into a definitive agreement to acquire a 80% stake in **Telwater**, an Australian manufacturer of aluminum boats and trailers. **Telwater's** current owner and Managing Director will continue to play an important role in the operations of the business and will hold 20% of the company's outstanding shares.

RETAIL RUMOURS...

- **Fonterra** may be considering the sale of its Australian business. There is speculation that **Fonterra's** Australian business, which could be valued at \$1bn, is available for sale. **Fonterra's** Australian ingredients business is struggling due to drought conditions and its milk operations are facing aggressive pricing competition.
- **Ceres Agricultural Company**, an Australia-based agribusiness, has entered voluntary administration.
- **Viva Leisure**, an Australia-based gym business, is preparing to meet with investors as part of its latest effort to list on the ASX. **Viva** made preliminary efforts to list last year, but the process was cancelled. The group is looking to raise \$20m at \$1 per share. The company is anticipated to be valued at \$55m once the listing is complete.
- **Consolidated Pastoral Company (CPC)** is believed to have sold the **Comley Station** in central Queensland to Sterling Buntine, an Australia based rural real estate owner. Buntine's company **Baldy Bay** is believed to have paid \$50m for the asset.
- **Rubicon**, an Australian irrigation technology business, is planning to list on the ASX later this year. **Rubicon** is planning to raise \$30m to expand its water saving irrigation technology around the world. **Rubicon** could be valued at over \$200m.
- **Pacific Equity Partners** could be interested in buying **ABC Tissue**, an Australia-based personal hygiene products business. **PEP** could be a favourite to buy **ABC** among private equity players waiting for the company's auction to get underway. **ABC** could sell for several hundred million to close to a billion dollars. Meanwhile, **PEP** is also preparing to bid for Australian-based bowling alley and mini-golf business **Funlab**.
- **Joyce Corp**, an Australian retail-focused investment group, is looking to acquire a target operating in a fast-growing sector in line with its goal to become an \$100m market cap company within five years. The Perth-headquartered \$42m market cap company, which has interests in kitchen, bedding and online auction businesses, would consider investing in a cash-generating business in an adjacent sector.
- **Jewel Fine Foods**, an Australia-based chilled foods company, has entered voluntary administration and is now seeking expression of interests to be acquired.
- **Laserforce**, an Australian provider of turnkey laser tag systems, is seeking buyers as part of the owner's succession planning. The business that has about \$2.5m in normalized EBITDA for FY18.
- **Restaurant Brands** may be eyeing assets owned by **Retail Food Group** and **Craveable Brands**. **Restaurant Brands**, which owns brands such as KFC, Taco Bell and Pizza Hut, is also interested in **Craveable Brands'** sites that could be converted to KFC stores, but it is not interested in the entire business. It is noted that **RFG** is under pressure to divest assets to reduce debt. **Restaurant Brands'** Chief Executive Officer has told investors that the group is seeking global acquisitions valued at between USD 100m and USD 500m.
- **Keybridge Capital** has decided not to proceed with the already announced off-market takeover bid for all of the fully paid ordinary shares of **Yowie Group**, as **Yowie's** March quarter financial results failed to meet the conditions set for the deal.
- **2nds World**, a Sydney, Australia, appliances retailer specialising in factory seconds, has been acquired out of administration by Gerry Harvey. The **2nds World's** five stores would be rebranded **Harvey Norman 2nds World**.
- **GrainCorp** advises that it has been informed by **Long-Term Asset Partners** that **LTAP** is unable to proceed with its proposal to acquire 100% of the shares in **GrainCorp** for cash consideration of \$10.42 per share. This follows an extensive period of due diligence. Meanwhile **ANZ Terminals** is said to have offered to divest the **Osborne terminal** at the Port of Adelaide in an effort to secure ACCC clearance to buy **Graincorp's** bulk liquid terminals business in a \$350m bid.
- Private equity players are believed to have looked at buying **Huon Aquaculture**, an Australia-based salmon farmer. Buyout groups, including **TPG Capital**, are believed to have spent time looking at the possibility of a deal but subsequently walked away. **Huon** has a market capitalisation of \$407m.
- Despite speculation, **Chemist Warehouse**, an Australia-based pharmacy business, does not have any immediate plans to list on the ASX. An IPO could value **Chemist Warehouse** at over \$8bn.
- **Eagle Health Holdings**, a nutritional products business, is seeking to aggressively implement the acquisition component of its growth model through accretive opportunities.
- Private equity group **L Catterton** is considering an offer for **Fitness and Lifestyle Group**, an Australian gyms business owned by **Quadrant Private Equity**. Other potential bidders include **Bain Capital**, **Pacific Equity Partners**, and **BGH Capital**. **Fitness and Lifestyle** is said to have an EBITDA of around \$200m and could sell for as much as \$1.5bn.

CONTACT DETAILS

If you are interested in specific information regarding mergers and acquisitions in the Consumer Goods & Retail Industry, please contact David Hassum.

Name	Position	Phone	Email
Sharon Doyle	Managing Director	(07) 3218 9122	sdoyle@interfinancial.com.au
Paul Keehan	Chairman	(07) 3218 9100	pkeehan@interfinancial.com.au
Mark Steinhardt	Head of M&A	(07) 3218 9105	msteinhardt@interfinancial.com.au
David Hassum	Director	(07) 3218 9108	dhassum@interfinancial.com.au
Andrew Wheeler	Director	(07) 3218 9107	awheeler@interfinancial.com.au
Anna Green	Director	(07) 3218 9100	agreen@interfinancial.com.au
Ted Marchant	Director	(07) 3218 9100	tmarchant@interfinancial.com.au
Yvonne Macleod	Director	(07) 3218 9100	ymacleod@interfinancial.com.au
Brad Shaw	Director	(07) 3218 9100	bshaw@interfinancial.com.au
Sally McMillan	Associate Director	(07) 3218 9100	smcmillan@interfinancial.com.au
Tom Benham	Associate Director	(07) 3218 9113	tbenham@interfinancial.com.au
Michael Kakanis	Associate	(07) 3218 9106	mkakanis@interfinancial.com.au

DISCLAIMER

This information has been sourced from the ASX, Mergermarket.com and various other public information sources. Forecasts are consensus forecasts sourced from FactSet Research Systems Inc.

Important Disclaimer – This may affect your legal rights: Because this document has been prepared without consideration of any specific person's financial situation, particular needs and investment objectives, a financial services licensee or investment adviser should be consulted before any investment decision is made. While this document is based on information from sources which are considered reliable, InterFinancial, its directors, employees and consultants do not represent, warrant or guarantee, expressly or impliedly, that the information contained in this document is complete or accurate. Nor does InterFinancial accept any responsibility to inform you of any matter that subsequently comes to notice, which may affect any of the information contained in this document. This document is a private communication to clients and is not intended for public circulation or for the use of any third party, without the prior approval of InterFinancial. This report does not constitute advice to any person.

Disclosure. InterFinancial has no interest in any of the securities mentioned in this publication. However, its directors, executives or consultants may have an interest in some of the securities, directly or indirectly, which are mentioned.

InterFinancial is a member of Clairfield International, an international corporate finance firm that provides advisory services in crossborder mergers and acquisitions. Clairfield is represented by over 400 people across 22 countries, closing over 100 transactions each year.

InterFinancial
Corporate Finance Limited
ABN: 49 136 962 966
AFSL: 341675
Level 2, 201 Charlotte Street
GPO Box 975
Brisbane Queensland 4001
(07) 3218 9100
admin@interfinancial.com.au
www.interfinancial.com.au

