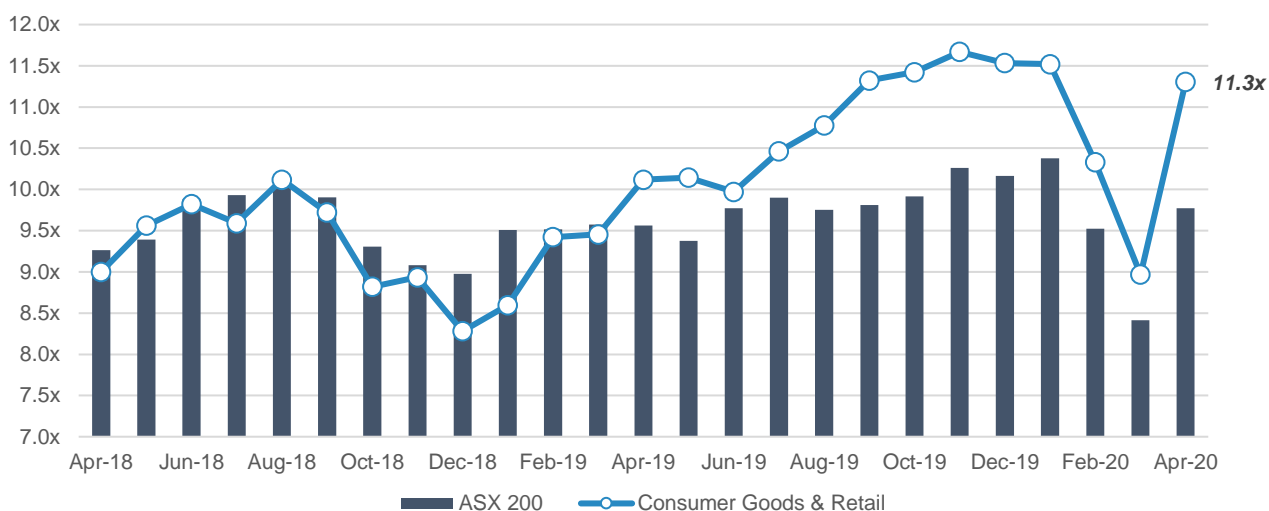


VALUATION MULTIPLES

Forward EV / EBITDA Multiples (monthly to 30/4/2020) 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 11.3x, compared to the ASX200 on 9.8x.



Average Values and Trading Multiples (values as at 20/05/2020) Source: FactSet Research Systems Inc.

Subsector	Enterprise Value (\$ m)	EV/EBITDA FY2020	EV/EBIT FY2020	Price / Earnings FY2020
Consumer	19,219	12.9x	23.4x	24.9x
Food & Agribusiness	31,438	13.7x	20.2x	26.5x
Online Commerce	806	19.8x	24.2x	35.6x
Personal and Household Goods	6,620	13.4x	16.1x	23.9x
Retail	153,969	9.3x	15.8x	19.5x
Travel	16,487	11.4x	19.9x	39.6x
Leisure	29,671	14.6x	19.5x	27.1x
Consumer Goods & Retail	258,211	11.9x	19.0x	25.5x

Note: Multiples are based on the forward year of the unreported period, which for the majority of companies in the sector is FY2020. Difference in forward EV/EBITDA multiples between Figure and Table are representative of the timing difference between month-end result, and current day result. Composition of companies in Sector Dashboards are updated every 6 months. Most recent update: February 2020.

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: AUD 26.5m

Seeka [NZX:SEK] has entered into a conditional sale and lease back of three of its Australian owned kiwifruit orchards – Austral, Lakes and Hayward. The orchards with a total land area of approximately 199 hectares has sold for AUD 26.5m subject to the approval of the Foreign Investment Review Board and will be leased back for up to 30 years. The sale price is for the orchards with a separate additional component to fund and lease water shares.



Value: Undisclosed

Amorepacific [KRX:090430], a South Korea-based beauty business, has purchased a 49% stake in **Rationale**, an Australian luxury skincare business. The group, which has 14 flagship stores in Australia, had been approached by private equity players and venture capital, but ultimately determined that it needed an industry partner to help fuel growth.



Value: AUD 10m (rumored)

Point King Capital has agreed to acquire a stake in **Makeup Cartel**, an Australia-based skincare products business. Point King Capital is thought to be investing AUD 10m for a significant minority stake in the business. Makeup Cartel is expected to use the investment to grow its existing business and consider international expansion.

RETAIL RUMOURS...

- **Breville Group** [ASX:BRG], an Australian appliance maker, is preparing to launch an AUD 100m equity raising.
- **New Zealand Dairy Products (NZDP)**, an Australia-based goat and sheep milk products maker, is seeking a capital raising to fund product commercialization.
- **Naked Brand Group** [NASDAQ:NAKD], the Australia-based swimwear and lingerie maker, is seeking to raise additional capital. The group's ability to operate as a going concern is dependent upon raising additional capital and profitable trading.
- Australian egg producer **Farm Pride Foods** [ASX:FRM] is eyeing strategic partnerships, including potential joint ventures (JV) to develop its egg ingredient business. The Greendale, NSW-based company, which has a market cap of AUD 16.3m, is looking to partner with players that have production capabilities as it seeks to double the size of its ingredient business over the next two to three years.
- **Ecosa**, a privately held Australian bedding products retailer, is making plans to enter Japan, the UK and China once the coronavirus pandemic subsides. The Melbourne-based company, which sells mattresses, pillows, bed bases, mattress toppers and sheets via its online platform, currently operates in Australia, the US, New Zealand, Canada and Hong Kong.
- **PERKii**, a privately held Queensland, Australia-based probiotic drinks manufacturer, is interested in trade sale approaches from global consumer good companies, while it is now focusing on organic expansion. The St Lucia-based company differentiates itself from its peers by using a microencapsulation technology called Progel that allows for the creation of a coating for probiotics to survive in someone's stomach and easily reach the gut.
- **Blackmores** [ASX:BKL] is believed to be progressing plans to sell non-core assets including its powdered supplements and infant formula business. The assets are thought to have garnered a high level of interest from potential suitors, but market analysts believe they are likely to sell for a nominal amount. Blackmores is planning to focus on its hard and soft vitamin tablets business.

RETAIL RUMOURS...

- **Crema Joe**, a privately held Australian reusable coffee pod company, will consider approaches from potential investors that can assist with its domestic growth plans once coronavirus passes. The Victoria-based firm, which sells reusable coffee pods via its online store and around 100 stockists in Australia, Singapore, and Vanuatu, will consider potential investor approaches to assist with scaling up its local operations.
- **Crown Resorts'** [ASX:CWN] new 9.99% owner **Blackstone** is expected to engineer a spin-off of the group's real estate portfolio. Crown's real estate could be valued at AUD 5.6bn and has a current enterprise value of AUD 6.6bn.
- **Ingenia Communities** [ASX:INA], an Australia-based developer of retirement living accommodations and holiday parks, plans to use its strong balance sheet to pursue acquisitions that emerge due to COVID-19 outbreak, particularly in the Australian tourism space. Ingenia announced plans to raise AUD 150m via an institutional placement and AUD 25m through a Share Purchase Plan.
- **BGH Capital** is working on a revised offer for **Village Roadshow** [ASX:VRL]. Village Roadshow has entered into a transaction process deed with BGH Capital after receiving a revised, non-binding up to AUD 2.40 per share offer from the private equity firm. The offer is subject to confirmatory due diligence and BGH Capital has four weeks to submit a binding proposal.
- **Elders** [ASX:ELD], an Australian rural services business, is actively assessing distressed assets and opportunities emerging from the COVID-19 economic fallout. The group is well positioned, despite some uncertainty in certain parts of the company such as reduced rural property sales and a lower demand for wool.
- **SoundBay**, an Australian retailer of DJ and music production equipment, is believed to be seeking a strategic investor. An information memorandum was sent to interested parties in April and first round offers are due late May. SoundBay's revenue is said to be growing by 25% per year and is expected to exceed AUD 70m in FY20.
- **National Roads and Motorists Association (NRMA)** is in talks to buy the tourism business **Journey Beyond**, owned by **Quadrant Private Equity**. However, discussions have been paused as Journey Beyond is not currently generating revenue due to COVID-19 restrictions.
- **Kraft Heinz** [NASDAQ: KHC] is thought to be mulling the sale of its Australian and New Zealand business. The assets could be worth around AUD 1bn. Market observers believe the divestment is a matter of when and not if, however Kraft Heinz is likely to wait for market conditions to improve and for travel bans, which have frustrated global deal making, to lift. Kraft Heinz's **Watties** business in New Zealand may be its most attractive asset, while **Golden Circle** in Australia is thought to be underperforming.
- **G-Star Australia**, an Australian fashion retailer, has entered administration. G-Star has 57 stores throughout Australia and over 200 employees. So far administrators have not identified any major debt.
- **Bondi Sands**, an Australia-based self tan, skincare and suncare business, is preparing to test buyer interest as part of a strategic review. Bondi Sands could consider selling all or part of its business, offshore partnership agreements, or other funding structures as part of the review. The group will be pitched to private equity players and international consumer goods businesses. Bondi Sands generated revenue of nearly AUD 50m and AUD 6.2m in profit in FY19.
- **Asahi** [ASX:TYO: 2502] is preparing to sell its Australian cider brands and two beer brands to secure regulatory clearance to buy **Carlton and United Breweries (CUB)**. The Australian Competition and Consumer Commission (ACCC) said in April that Asahi would need to divest the **Stella** and **Becks** beer brands, and the **Strongbow**, **Bonamy's** and **Little Green** cider brands.
- **PAS Group** [ASX:PGR], an Australian fashion retailer, could be fully acquired by its largest shareholder **Coliseum Capital**. Canceled orders from department stores such as **David Jones** due to COVID-19 are believed to have hit PAS Group, which also operates concessions in Myer stores that will be closed until next month. If Coliseum Capital, which owns 65% of PAS Group, does not move to buy the remainder, then the company could enter administration.

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