# Retail & Consumer Deals Digest

March 2017

### pwc

**Retail & Consumer Deals** 

relevant news headlines in the

consolidated view of sector

trends, deal activity and

retail & consumer sector.

Digest provides a

# Unusually high volatility in consumer confidence

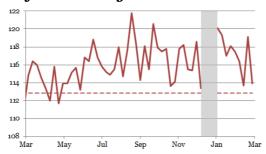
Consumer confidence fell this week to 113.9, down 4.4% and almost entirely reversing the previous week's gain, although it remains above its long run average of 112.9.

According to ANZ Head of Australian Economics David Plank, despite the solid Q4 GDP reading last week, confidence has failed to hold onto the previous week's gains.

The decline appears to reflect the ongoing weakness in wage growth which has likely weighed on consumers' perception of their finances.

Looking forward, however, ANZ believe that consumer confidence is likely to remain resilient, supported by solid economic fundamentals and an accommodative monetary policy stance.

### ANZ / Roy Morgan weekly consumer confidence rating



Source: ANZ / Roy Morgan Weekly Consumer Confidence Index

## Latest Australian ABS trade results

The latest Australian Bureau of Statistics (ABS) Retail Trade figures show that Australian retail turnover rose 0.4% in January 2017 (seasonally adjusted), following a fall of 0.1% in December 2016 and a rise of 0.1% in November 2016.

The sectors rising in trend terms in the month of January 2017 were: clothing, footwear and personal accessory retailing (0.6%), Food retailing (0.3%), Household goods retailing (0.2%), Cafes, restaurants and takeaway food services (0.1%), Department stores (0.2%) and Other retailing (0.1%).

On a state level, retail sales rose in trend terms in Victoria (0.4%), the Northern Territory (0.3%), Tasmania (0.3%), South Australia (0.3%), New South Wales (0.2%), Queensland (0.1%), the Australian Capital Territory (0.1%) and Western Australia (0.1%) in January 2017.

Sources: Australian Bureau of Statistics data, Reserve Bank of Australia





#### Announced deals in FY2017 YTD and LTM

According to Mergermarket, announced retail deal activity in FY2017 has increased, on both value and volume basis, comparing to the prior comparable period. In FY2017 year to date, 77 deals have been announced for a total value of c.\$7,259m, excluding transactions with undisclosed deal value.

Across the last twelve months, deal volume and values have increased compared to the prior comparable period from 82 (\$5.8m) to 103 announced deals (\$9.7m).

# Australia & New Zealand Announced R&C Deals FY2017TD and LTM vs. Prior Year Comparable Period

FY2017T		17TD	P	CP	Li	гм	PCP			
Deal value (in A\$m)	# of deals	Deal value								
\$0 to \$5M	0	0	0	0	0	0	0	0		
\$6 to \$10M	6	52	4	37	6	52	6	51		
\$11 to \$20M	8	121	11	190	11	160	15	256		
\$21 to \$30M	2	49	3	76	6	145	4	97		
\$31 to \$50M	3	132	5	192	5	198	5	192		
\$51 to \$100M	6	503	7	543	7	580	11	830		
\$101 to \$300M	7	1,157	6	954	9	1,544	8	1,428		
\$301 to \$500M	5	1,990	1	340	7	2,668	2	750		
>\$500M	3	3,255	1	1,386	4	4,313	2	2,239		
Subtotal	40	7,259	38	3,718	55	9,660	53	5,843		
Undisclosed	37	n/a	20	n/a	48	n/a	29	n/a		
Total Announced	77	7,259	58	3,718	103	9,660	82	5,843		
Total Completed	45	1,377	53	3,007	68	3,077	77	5,132		

Source: Mergermarket; based on announced and completed transactions as at 13 March 2017

Notes: 1) FY2017TD refers to the period 1 July 2016 to 13 March 2017, reflecting the latest available Mergermarket data as at 6 March 2017

2) PCP refers to prior year comparable period

#### Recently completed / announced deals

- **28 February 2017** Advent Private Capital Pty Ltd, the Australia-based private equity firm along with the management of Frosty Boy Australia Pty Ltd, the Australia-based manufacturer and distributor of soft serve and frozen yogurt products, have acquired the company, in a management buyout transaction, for an undisclosed consideration. The transaction will enable Advent Private to enhance its operations in Asia. Post acquisition, Mr. Dirk Pretorius, CEO of Frosty Boy, will remain with the company.
- 28 February 2017 Freedom Foods Group Limited (ASX: FNP) has agreed to acquire Power Foods International Pty Ltd for a consideration of approximately \$20m. Freedom Foods Group Limited, a listed Australia-based company headquartered in Sydney, is engaged in manufacturing, distribution and marketing of allergen free cereals, nutritional snacks, biscuits, and long life beverages. Power Foods International Pty Ltd., is an Australia-based manufacturer and brand owner in the sports and adult nutrition category, headquartered in Sydney. The acquisition will enable Freedom Foods to expand its brand and category segment offering into the sports and adult nutrition market in Australia/New Zealand, China and South East Asia, leveraging existing retail customer and distribution capabilities. It will provide a unique vertical integration to Freedom Foods expanding dairy nutritional capabilities. It provides an opportunity for Freedom Foods to expand distribution of its product range into this growing channel. Power Foods blending and packing capability will be utilized by Freedom Foods to service a broader category including retailers and other brand owners. The transaction will benefit Power Foods from product development opportunities sourced from the Freedom Foods capabilities in snack food and beverage manufacturing. The acquisition is expected to be accretive to earnings in its first full year of operation. It is expected to provide additional sales and operational efficiencies to Freedom Foods.
- 27 February 2017 Mead Johnson & Company (NYSE: MJN), the listed US-based company engaged in manufacturing infant formula, flavoured milk, vitamins and supplements for pregnant women, babies and toddlers, has agreed to acquire spray drying and finishing capabilities of Bega Cheese Limited, the listed Australia-based company that process, manufacture and distributes dairy products, for a consideration of \$200m.

Each member firm is a separate legal entity. Please see www.pwc.com/structure for further details.

#### Recently completed / announced deals (cont'd)

- 23 February 2017 Crescent Capital Partners Management Pty Ltd, an Australia-based private equity firm, has agreed to acquire Tigerlily Swimwear Pty Ltd, an Australia-based company engaged in swimwear and girls apparel business, from Billabong International Limited (ASX: BBG), the listed Australia-based company engaged in marketing, distribution, wholesaling and retailing of apparel, accessories, eyewear, wetsuits and hard goods, for a consideration of \$60m. The sale is in line with Billabong's strategy to simplify its brand portfolio. The proceeds from the sale will be used by Billabong to pay off its debt. Billabong is continuing to consider refinancing options for its \$270m debt load. For the year ended 31 December 2016, Tigerlily has reported revenues of \$30m and is expected to contribute between \$7m and \$8m in EBITDA to Billabong for the 2017 financial year. Billabong had also showed its intention to sell VonZipper and Xcel at its annual general meeting last month. In December 2007, Billabong acquired Tigerlily for \$5.8m. The transaction is subject to conditions precedent, with completion expected before the end of the year 2017.
- **16 February 2017** Allegro Funds Pty Ltd, an Australia-based private equity firm, has acquired an undisclosed controlling stake in Healthy Life Group Pty Ltd, an Australia-based retailer and wholesale distributor of speciality health food products, from Eu Yan Sang International Limited, a Singapore-based investment holding company engaged in manufacture, processing, distribution and retail of medicine, for an undisclosed consideration.
- 10 February 2017 An undisclosed bidder has acquired an undisclosed majority stake in Howards Storage World Pty Ltd (HSW), an Australia-based household goods retailer, for an undisclosed consideration. Howards Storage World had filed for insolvency in 2016 due to competition from established players in the retail sector and deteriorating sales and margins in the online sector. On 9, December 2016 an administrator was appointed and the company managed to save 80% of the store network and retained around 160 jobs. Post transaction, 46 of the 58-store network will continue to operate under the terms of the sale. Howards Storage operated 58 stores in Australia.

#### Also recently in the news

- Big box retailer, **Costco**, has continued its slow but steady expansion strategy across Australia, after announcing plans for a new Costco in Victoria. Pacific Epping is the fourth Victorian site chosen by Costco in nine years, with a 13,788 sqm store set to facilitate a catchment of one million people. It will be the second Costco in Victoria with a fuel station and will create over 250 full-time and part-time jobs.
- Fast food operator, **Restaurant Brands**, has closed its full year sales up 28 per cent to \$500m, boosted by its acquisition of 42 KFC outlets in Australia. New Zealand operations generated sales of \$400m, up 3.2 per cent, with an additional \$97.2m generated by the Aussie KFC outlets that were acquired in April 2016. The 42 acquired stores contributed \$92.5m (NZD\$97.2m) in total sales in the ten months since acquisition. Total sales of \$25.8m (NZD\$27.1m) were made during the fourth quarter, which is an increase of 8 per cent on a same store basis over the equivalent period last year. Store numbers remained steady at 42 during the quarter.
- The Byron Bay-based e-retailer, **Rue Stiic**, has just secured a major deal with **Anthropologie**, an American clothing retailer that currently operates over 200 stores worldwide featuring a curated assortment of women's apparel and accessories, home furnishings, décor, gifts and found objects, which sees the Byron Bay-based e-retailer now stocked in the lucrative US market. The deal represents a milestone for the brand, which was conceived in 2013 starting with a line of six garments all in one size that were initially stocked in shops around Western Australia. Based in Byron Bay and handmade in Bali, Rue Stiic incorporates elements of the coastal Californian Australian lifestyle.
- Marcs and David Lawrence fashion stores in New
  Zealand will close and 44 staff will lose their jobs while
  administrators are still trying to find a buyer for the
  retailer's remaining Australian stores. The high street
  fashion retailer has already closed 13 stores in Australia after
  going into voluntary administration on 1 February.
- Mexican fast-food chain Guzman y Gomez (GYG) is set to venture into the drive-thru space, announcing plans to open 38 new restaurants over the next 18 months. GYG said 24 of the new stores will include drive-thru functionality, and an additional four stores will be opened in partnership with Caltex petrol stations in NSW and Victoria. As many as 17 stores will be opened in 2017, across WA, Queensland, NSW and Victoria. Five of the 11 drive-thrus set to open this year will be based in Queensland.



Source: Inside Retail

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#### Also recently in the news (cont'd)

- Shopping complex owner Vicinity Centres has been trialling a robot to clean its floors but it says there are no plans to replace, but rather complement, its human contract cleaners. An autonomous cleaning machine called the Cleanfix RA 660 Navi has been scrubbing and vacuuming the floors of Vicinity's DFO Homebush centre in Sydney in the past six weeks.
- James Packer's private investment company, **Consolidated Press Holdings**, has sold its stake in fashion retailer, **Noni B**. CPH made the announcement, asserting the divestment comes following the successful integration of the Pretty Girl and Noni B businesses and a strategic refocus. The stake has been acquired by a number of institutions, including companies who bought shares in the capital raising associated with the Pretty Girl acquisition.
- British sports fashion retailer, JD Sports, has confirmed it will open doors this April at GPT's Melbourne Central. The 540sqm store will offer a range of leading global brands including Nike, Adidas, Lacoste, Reebok, Ellesse, The North Face and Puma, servicing men, women and children through a wide range of footwear and apparel. JD said it will bring a cross category product offering, from performance to lifestyle, presented in a highly immersive, multi-channel, retail environment, "which has never been seen before on the Australian high street".
- Jewellery retailer, Michael Hill has appointed its long-serving chief financial officer, Phil Taylor, as its CEO. Taylor has been with the company since 1987 and was appointed CFO in 2003. In this time frame, the company has grown from 10 stores in New Zealand to 328 stores across two brands and four countries, with annual revenues increasing from \$8m to \$551m. Taylor had been serving as interim chief executive during the company's search for a replacement after Mike Parsell resigned in August last year.
- Supermarket giant Coles has announced it will start paying small suppliers within a shorter time frame just weeks before an ombudsman's report into big corporations pay terms. Instead of an average of 30 days, small suppliers will be paid within 14 days from July, Coles announced on 3 March. Coles managing director John Durkan said more than 1,000 suppliers that provide up to \$1m worth of merchandise a year to Coles will have the time they wait for payment shortened.
- Fast food businesses such as McDonalds and KFC will no longer be able to sponsor foreign workers on temporary visas unless they can prove a specific need, the federal government has announced. As Immigration Minister Peter Dutton announced that Australian workers, particularly young Australians, must be given priority. Dutton has ended the Fast Food Industry Labour Agreement, introduced by the Gillard government in 2012, which allowed hundreds of foreign workers to take jobs at fast food outlets across Australia. However individual businesses will still be able to make requests under normal labour agreement arrangements to ensure that exceptional circumstances can be considered.



- International off-price retailer, TK Maxx has confirmed it is coming to Australia in April this year. TK Maxx will convert all 35 existing Trade Secret stores to TK Maxx from April 2017, with a handful of new locations also planned for opening throughout the year. Both TK Maxx, TJ Maxx and Trade Secret are operated by The TJX Companies, Inc., which is a leading off-price retailer of apparel and home fashion in the U.S. and worldwide, headquartered in the U.S. and operating over 3,800 stores around the world.
- Emma Mulligan, head of marketing Oceania for Puma says customisation represents a prime opportunity to build relationships with customers that helps clinch sales in sports retailing. The sports chain has recently embarked on a campaign that allows customers to customise Puma football boots with instore artist Adrian Doyle at select Rebel Sport locations. Doyle has exhibited extensively around Australia, has painted many collaborative murals around Melbourne with the 'Blender Crew', runs many art related projects from his home base the 'Blender Studios' off Franklin Street in Melbourne, and set up the Napier Crew a Street art production house focused on youth.
- Department store giant, **David Jones**, has unveiled its 'new look' store in a south western Sydney's Macarthur Square Shopping Centre. The store opens as part of the centre's multi-million dollar refurbishment and features DJs internationally awarded contemporary design 'with a refreshed approach to visual merchandising and premium fixtures and finishes'.

Source: Inside Retail

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#### Retail sector multiples

Restaurants / Fast Food  Domino's Pizza Enterprises Limited Restaurant Brands New Zealand Limited Collins Foods Limited Mean Median FMCG - Beverage Coca-Cola Amatil Limited Treasury Wine Estates Limited Delegat Group Limited Gage Roads Brewing Co Limited	AUD AUD NZD AUD AUD AUD AUD NZD	57.27 5.42 5.44 6.00	cap million 5,090 954 668 575	5,341 1,166 736 704	5% 18% 9% 18%	Yield LTM % 1.5 5.4 4.0 2.7	TSR % Feb-17 -8% -16% -4%	28.8x 10.6x	Forec CY2017	asts CY2018	Growth LTM-17	Actual LTM	Forec CY2017	asts CY2018	Growth LTM-17	Actual LTM	Forec CY2017	asts ¢Y2018
Restaurants / Fast Food  Domino's Pizza Enterprises Limited Restaurant Brands New Zealand Limited Collins Foods Limited Mean Median FMCG - Beverage Coca-Cola Amatil Limited Treasury Wine Estates Limited Delegat Group Limited Gage Roads Brewing Co Limited	AUD AUD NZD AUD AUD	57.27 5.42 5.44 6.00	5,090 954 668	5,341 1,166 736	5% 18% 9%	1.5 5.4 4.0	-8% -16%	28.8x			LTM-17	LTM	CY2017	CY2018	LTM-17	LTM	CY2017	¢Y2018
Domino's Pizza Enterprises Limited Retail Food Group Limited Restaurant Brands New Zealand Limited Collins Foods Limited Mean Median FMCG - Beverage Coca-Cola Amatil Limited Treasury Wine Estates Limited Delegat Group Limited Australian Vintage Ltd Gage Roads Brewing Co Limited	AUD NZD AUD AUD AUD AUD NZD	5.42 5.44 6.00	954 668	1,166 736	18% 9%	5.4 4.0	-16%		19.9x									
Retail Food Group Limited Restaurant Brands New Zealand Limited Collins Foods Limited Mean Median FMCG - Beverage Coca-Cola Amatil Limited Treasury Wine Estates Limited Delegat Group Limited Australian Vintage Ltd Gage Roads Brewing Co Limited	AUD NZD AUD AUD AUD AUD NZD	5.42 5.44 6.00	954 668	1,166 736	18% 9%	5.4 4.0	-16%		19.9x									
Restaurant Brands New Zealand Limited Collins Foods Limited Mean Median FMCG - Beverage Coca-Cola Amatil Limited Treasury Wine Estates Limited Delegat Group Limited Australian Vintage Ltd Gage Roads Brewing Co Limited	AUD AUD AUD AUD AUD NZD	5.44 6.00	668	736	9%	4.0		10.64		16.0x	34.1%	36.0x	24.1x	18.9x	37.9%	n/m	35.9x	28.1x
Collins Foods Limited  Mean  Median  FMCG - Beverage  Coca-Cola Amatil Limited  Treasury Wine Estates Limited  Delegat Group Limited  Australian Vintage Ltd  Gage Roads Brewing Co Limited	AUD AUD AUD NZD	10.35					10/	10.68	8.4x	7.7x	17.0%	11.4x	9.0x	8.3x	16.9%	15.1x	11.3x	10.5x
Mean Median FMCG - Beverage Coca-Cola Amatil Limited Treasury Wine Estates Limited Delegat Group Limited Australian Vintage Ltd Gage Roads Brewing Co Limited	AUD AUD NZD	10.35	575	704	18%	27	-4 /0	12.4x	8.3x	7.4x	29.2%	18.9x	11.8x	10.4x	34.8%	23.7x	16.0x	14.2x
Median FMCG - Beverage Coca-Cola Amatil Limited Treasury Wine Estates Limited Delegat Group Limited Australian Vintage Ltd Gage Roads Brewing Co Limited	AUD NZD					2.1	-4%	9.1x	7.8x	7.3x	11.6%	12.8x	10.9x	10.2x	12.1%	19.3x	14.9x	13.6x
FMCG - Beverage Coca-Cola Amatil Limited Treasury Wine Estates Limited Delegat Group Limited Australian Vintage Ltd Gage Roads Brewing Co Limited	AUD NZD							15.2x	11.1x	9.6x	23.0%	19.7x	14.0x	11.9x	25.4%	19.4x	19.5x	16.6x
Coca-Cola Amatil Limited Treasury Wine Estates Limited Delegat Group Limited Australian Vintage Ltd Gage Roads Brewing Co Limited	AUD NZD							11.5x	8.4x	7.6x	23.1%	15.8x	11.4x	10.3x	25.9%	19.3x	15.5x	13.9x
Treasury Wine Estates Limited Delegat Group Limited Australian Vintage Ltd Gage Roads Brewing Co Limited	AUD NZD																	
Delegar Group Limited Australian Vintage Ltd Gage Roads Brewing Co Limited	NZD		7,903	9,324	12%	4.4	5%	10.1x	9.5x	9.1x	5.2%	13.7x	13.2x	12.8x	3.4%	21.3x	18.0x	17.4x
Australian Vintage Ltd Gage Roads Brewing Co Limited		12.12	8,930	9,230	3%	2.1	3%	17.5x	15.0x	13.3x	14.5%	21.6x	18.6x	16.2x	15.6%	35.7x	28.2x	23.4x
Gage Roads Brewing Co Limited		6.50	657	956	31%	-	6%	9.6x	11.5x	10.6x	-4.6%	10.9x	14.1x	12.8x	-7.6%	13.9x	17.0x	15.0x
	AUD	0.46	110	209	47%	3.3	-12%	19.2x	7.3x	n/m	n/a	27.5x	11.3x	n/m	n/a	51.3x	13.4x	n/m
B4	AUD	0.04	36	35	-3%	-	-12%	9.6x	n/m	n/m	n/a	13.8x	n/m	n/m	n/a	18.2x	n/m	n/m
Mean								13.2x	10.8x	11.0x	5.0%	17.5x	14.3x	13.9x	3.8%	28.1x	19.2x	18.6x
Median								10.1x	10.5x	10.6x	5.2%	13.8x	13.7x	12.8x	3.4%	21.3x	17.5x	17.4x
FMCG - Food & Dairy																		
Fonterra Co-operative Group Limited	NZD	6.29	10,090	16,173	37%	6.4	2%	9.1x	n/m	n/m	n/a	12.3x	n/m	n/m	n/a	19.2x	n/m	n/m
Blackmores Limited	AUD	100.12	1,725	1,809	5%	3.4	-13%	14.3x	13.9x	11.7x	10.3%	15.1x	14.9x	12.3x	10.8%	23.9x	23.2x	17.4x
Bega Cheese Limited	AUD	5.95	908	979	7%	1.7	11%	14.6x	11.7x	9.5x	24.3%	22.9x	17.2x	13.0x	32.4%	34.8x	26.6x	20.6x
Bellamy's Australia Limited	AUD	3.95	382	381	0%	2.0	13%	8.3x	13.8x	13.2x	-20.5%	8.4x	15.3x	13.6x	-21.3%	13.4x	n/m	19.9x
The a2 Milk Company Limited	NZD	2.48	1,802	1,694	-6%	-	8%	16.8x	14.9x	12.5x	16.0%	16.9x	15.3x	12.7x	15.3%	28.2x	31.0x	18.7x
Warrnambool Cheese And Butter Factory Com	AUD	9.01	694	689	-1%	-	27%	21.2x		n/m	n/a	43.8x	n/m	n/m	n/a	40.3x	n/m	n/m
Freedom Foods Group Limited	AUD	3.94	787	811	4%	1.1	5%	33.1x	19.2x	14.0x	53.6%	52.2x	25.9x	18.5x	67.8%	31.0x	37.6x	27.0x
Synlait Milk Limited	NZD	3.26	584	797	27%	-	-	9.6x	8.3x	7.2x	15.3%	12.9x	11.2x	9.5x	16.5%	15.6x	13.1x	10.8x
Comvita Limited	NZD	7.80	328	412	20%	1.8	-2%	15.3x	15.7x	10.1x	23.2%	19.0x	22.8x	12.7x	22.2%	n/m	30.1x	15.4x
Capilano Honey Limited	AUD	14.84	140	153	8%	2.7	-5%	11.0x	8.9x	8.0x	17.1%	12.8x	10.0x	8.9x	19.6%	19.3x	13.1x	12.0x
Mean								15.3x	13.3x	10.8x	17.4%	21.6x	16.6x	12.7x	20.4%	25.1x	25.0x	17.7x
Median								14.4x	13.8x	10.9x	16.6%	16.0x	15.3x	12.7x	18.0%	23.9x	26.6x	18.0x
FMCG - Food (Production)																		
Inghams Group Limited	AUD	3.24	1,232	1,631	24%	0.8	4%	14.8x	8.1x	7.5x	40.8%	22.0x	10.4x	9.6x	51.7%	n/m	12.0x	10.6x
Australian Agricultural Company Limited	AUD	1.47	819	1,226	33%	-	-11%	n/m	29.6x	22.1x	n/a	n/m	n/m	34.5x	n/a	n/m	n/m	n/m
Costa Group Holdings Limited	AUD	4.28	1,367	1,462	6%	2.3	22%	19.7x	13.7x	11.7x	30.1%	29.1x	18.3x	15.2x	38.2%	34.9x	22.5x	19.5x
Select Harvests Limited	AUD	5.83	428	527	19%	6.0	-12%	11.9x	9.0x	7.4x	26.3%	17.2x	12.0x	9.6x	34.1%	26.7x	16.0x	12.1x
Tassal Group Limited	AUD	4.44	745	895	17%	3.4	1%	8.8x	8.9x	7.6x	7.4%	11.2x	11.5x	9.7x	7.0%	14.5x	14.3x	12.3x
Tegel Group Holdings Limited Webster Limited	NZD AUD	1.29 1.49	459 523	603 675	24% 23%	2.7 0.7	-7% 5%	9.2x n/m	7.4x 13.8x	6.9x 11.9x	15.5% n/a	12.6x n/m	9.7x 17.0x	9.0x 14.1x	18.4%	14.8x n/m	11.7x 21.6x	11.7x 17.6x
															n/a			
Sanford Limited	NZD	7.30	682	857	20%	3.2	7%	11.3x	9.7x	8.9x	12.3%	14.1x	12.1x	11.0x	13.4%	20.3x	15.5x	13.6x
Huon Aquaculture Group Limited  Mean	AUD	4.90	428	482	11%		12%	6.3x 11.2x	7.3x 12.4x	6.0x 10.3x	2.8% <b>15.7%</b>	8.9x <b>15.5</b> x	10.6x 13.0x	8.3x 13.9x	3.6% <b>19.1%</b>	13.4x 20.8x	15.4x 16.7x	11.7x 14.1x
Median								10.2x		8.3x			13.0x 12.0x	10.4x	15.1%		15.5x	
FMCG - Other								10.2X	9.3x	8.3X	13.9%	13.4x	12.UX	10.4x	15.9%	17.6x	15.5X	12.3x
Asaleo Care Limited	AUD	1.62	884	1,178	25%	6.2	19%	9.3x	8.7x	8.5x	4.6%	12.0x	11.2x	10.8x	5.6%	16.6x	13.5x	12.9x
BWX Limited	AUD	4.49	414	414	0%	1.6	2%	9.3x 17.9x	13.8x	11.2x	26.5%	12.0x 18.6x	11.2x 14.2x	11.3x	28.1%	31.0x	21.7x	12.9x 17.3x
Trilogy International Limited	NZD	2.36	171	190	10%	2.3	-17%	17.9x 10.5x	13.0x 13.1x	11.2x 11.9x	-6.1%	10.0x 10.9x	14.2x 13.6x	12.4x	-6.3%	17.2x	12.3x	17.3x 11.1x
Shaver Shop Group Limited	AUD	0.58	73	65	-12%	2.3	-32%	5.1x	4.8x	4.0x	12.7%	5.7x	5.4x	4.7x	10.2%	9.2x	9.0x	7.8x
Pental Limited	AUD	0.58	73 80	71	-12%	5.3	-32% 5%	6.7x	5.1x	4.0x 4.4x	23.1%	8.9x	6.8x	6.1x	21.1%	9.2x 15.2x	9.0x 11.0x	9.8x
Mean	, (0)	0.00	00		10/0	5.5	J /0	9.9x	9.1x	8.0x	12.2%	11.2x	10.3x	9.0x	11.7%	17.9x	13.5x	11.8x
Median								9.3x	8.7x	8.5x	12.7%	10.9x	11.2x	10.8x	10.2%	16.6x	12.3x	11.1x
E-commerce																		
SEEK Limited	AUD	15.09	5,232	5,993	5%	2.8	7%	17.9x	15.0x	13.3x	16.3%	19.4x	17.7x	15.5x	12.0%	37.5x	25.6x	21.2x
REA Group Limited	AUD	55.98	7,373	7,701	4%	1.5	5%	22.8x	18.0x	15.7x	20.3%	23.6x	20.2x	17.3x	16.9%	36.6x	26.5x	23.3x
carsales.com Ltd	AUD	11.33	2,735	2,917	6%	3.4	5%	17.4x	15.5x	14.5x	9.6%	17.8x	16.2x	15.1x	8.6%	27.9x	21.0x	19.8x
Trade Me Group Limited	NZD	5.35	2,125	2,224	4%	3.3	4%	16.6x	13.7x	12.6x	14.8%	17.2x	15.8x	14.4x	9.0%	27.4x	21.7x	19.7x
Webjet Limited	AUD	10.96	1,070	1,032	-4%	1.4	1%	27.0x	15.1x	12.5x	47.2%	30.5x	17.6x	14.1x	47.1%	49.2x	23.8x	19.3x
Infomedia Ltd.	AUD	0.77	239	223	-7%	3.5	18%	13.7x	8.4x	7.3x	37.1%	14.4x	13.6x	11.2x	13.6%	27.7x	18.6x	15.9x
Mean				-				19.2x	14.3x	12.6x	24.2%	20.5x	16.9x	14.6x	17.9%	34.4x	22.9x	19.9x
Median								17.7x	15.1x	12.9x	18.3%	18.6x	16.9x	14.8x	12.8%	32.2x	22.8x	19.8x

Source: PwC calculations based on CapitalIQ data and publicly available information; share prices as at 9 March 2017 market close

Notes: 1) Information from CapitalIQ used in calculations has not been verified or adjusted, unless otherwise noted

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#### Retail sector multiples (cont'd)

		Share	e Mkt		Net	Dividend		EV/EBITDA				EV/I	EBIT		PE			
		price	сар	EV	debt /	Yield	TSR %	Actual	Forecasts		Growth	Actual	al Forecasts		Growth	Actual	Foreca	asts
Company	Currency	\$	million	million	EV	LTM %	Feb-17	LTM		CY2018	LTM-17	LTM		CY2018	LTM-17	LTM		CY2018
Household Goods		, i																
Harvey Norman Holdings Limited	AUD	4.91	5.464	6.013	9%	6.3	4%	11.3x	9.0x	8.9x	12.6%	12.8x	10.5x	10.3x	11.5%	17.9x	14.9x	13.9x
JB Hi-Fi Limited	AUD	25.61	2,930	3,229	9%	4.3	-1%	10.5x	8.3x	7.5x	18.2%	12.3x	9.8x	8.9x	17.5%	16.2x	13.3x	12.2x
The Warehouse Group Limited	NZD	2.50	861	1,127	24%	2.0	-5%	7.3x	6.8x	6.4x	6.7%	11.2x		9.9x	6.4%	16.7x	14.3x	12.4x
Breville Group Limited	AUD	9.77	1.271	1.238	-3%	3.0	13%	15.6x	13.4x	12.2x	13.0%	16.3x	15.0x	13.7x	9.2%	27.2x	22.2x	20.4x
GUD Holdings Limited	AUD	10.87	932	1,097	15%	4.0	7%	11.5x	11.5x	10.7x	3.7%	12.2x	12.4x	11.5x	3.3%	19.8x	16.5x	15.1x
Briscoe Group Limited	NZD	4.31	946	932	-1%	3.8	8%	11.9x	10.5x	10.2x	8.1%	12.7x	11.3x	10.9x	7.7%	20.0x	15.6x	15.0x
GWA Group Limited	AUD	2.61	689	777	11%	5.9	3%	9.0x	9.4x	9.6x	-3.4%	9.7x	10.0x	10.3x	-3.2%	14.8x	13.6x	14.0x
Adairs Limited	AUD	1.15	191	223	14%	8.7	-20%	6.0x	6.1x	5.3x	6.2%	6.9x	7.5x	6.5x	3.0%	9.9x	12.8x	8.4x
Michael Hill International Limited	AUD	1.40		37	100%	n/a	3%	7.8x		6.1x	13.7%	10.4x	9.3x	8.4x	11.3%	18.3x	15.6x	14.1x
Beacon Lighting Group Limited	AUD	1.82	391	406	4%	2.6	14%	15.0x	12.4x	11.0x	17.0%	16.7x	13.6x	11.7x	19.3%	26.6x	19.4x	17.1x
Nick Scali Limited	AUD	7.50	608	591	-3%	3.7	12%	12.1x		9.5x	12.7%	13.0x	11.2x	10.1x	13.8%	21.0x	17.0x	15.4x
Thorn Group Limited	AUD	1.60	252	470	46%	7.2	-15%	7.2x	8.1x	7.4x	-1.4%	9.9x	8.8x	7.8x	12.8%	9.9x	8.1x	7.5x
Vita Group Limited	AUD	3.50	532	504	-6%	5.0	-2%	8.7x		6.3x	17.7%	10.9x	8.1x	7.4x	21.3%	14.9x	12.3x	11.4x
Godfreys Group Limited	AUD	0.76	31	49	37%	8.3	-14%	6.0x	3.3x	3.1x	39.6%	12.2x	4.7x	4.3x	68.4%	5.6x	4.4x	3.7x
Kogan.Com Limited	AUD	1.74	162	135	-20%	2.2	8%	n/m	12.0x	8.4x	n/a	n/m	15.2x	9.6x	n/a	n/m	23.8x	15.4x
Shriro Holdings Limited	AUD	1.14	108	114	5%	8.8	0%	4.9x		4.2x	8.4%	5.9x	5.2x	4.9x	9.1%	9.5x	7.5x	7.0x
McPherson's Limited	AUD	1.25	129	171	24%	6.4	25%	8.5x	n/m	n/m	n/a	9.9x	n/m	n/m	n/a	11.6x	n/m	n/m
Cavalier Corporation Limited	NZD	0.57	39	82	52%	-	-25%	12.2x	8.9x	5.8x	45.3%	23.3x	14.6x	7.9x	71.8%	28.8x	13.1x	5.7x
Smiths City Group Limited	NZD	0.70	37	82	55%	5.0	-3%	13.6x	n/m	n/m	n/a	16.9x	n/m	n/m	n/a	14.8x	n/m	n/m
Mean	INZL	0.70	31	02	33 /6	5.0	-3/0	10.0x	8.7x	7.8x	13.6%	12.4x	10.5x	9.1x	17.7%	16.9x	14.4x	12.3x
Median								9.7x	8.9x	7.5x	12.6%	12.4x 12.2x	10.5x	9.6x	11.4%	16.5x	14.4x	12.3x
Diversified Retail								9.7%	0.98	7.3X	12.0%	12.23	10.5X	9.01	11.470	10.5%	14.3X	13.9x
Super Retail Group Limited	AUD	10.53	2,077	2,319	10%	4.1	6%	11.2x	7.8x	7.1x	25.6%	15.2x	10.5x	9.4x	27.1%	24.3x	15.5x	13.1x
EBOS Group Limited	NZD	18.63	2,830	3,143	9%	3.4	10%	11.2x 13.9x		11.8x	8.2%	15.2x 15.5x	10.5x 14.1x	13.2x	8.3%	24.3x 24.1x	19.7x	18.2x
Australian Pharmaceutical Industries Limited	AUD	1.92	2,630 940	3,143 966	3%	3.4	-3%	9.4x	7.9x	7.4x	12.4%	15.5x 11.2x	9.9x	9.3x	9.6%	24.1x 22.2x	19.7x 16.1x	16.2x 14.5x
Sigma Pharmaceuticals Limited	AUD	1.19	1,274	1,331	3% 4%	4.6	-3% -4%	9.4x 13.0x	7.9x 11.0x	10.2x	12.4%	13.8x	9.9x 12.2x	9.3x 11.4x	9.6%	22.2x 20.6x	16.1x 17.2x	14.5x 16.7x
Greencross Limited	AUD	6.96	808	1,053	21%	2.7	-4 % 4%	11.1x		8.3x	15.6%	13.0x	12.2x 11.6x	10.6x	14.6%	24.4x	17.2x 16.7x	15.1x
	AUD	8.09	233	213	-10%	5.3	-13%	4.1x	9.2x 4.2x	3.8x	3.4%		7.1x	6.2x	1.8%			9.8x
The Reject Shop Limited	AUD		233	213 257		5.3 4.4	-13% -7%					6.4x			22.2%	11.5x 27.7x	11.9x	
Baby Bunting Group Limited	AUD	2.07 0.34	165	201	-1% 18%	3.0	-1% -4%	12.5x 4.8x	n/m 4.4x	n/m 3.9x	n/a 10.3%	15.0x 5.8x	12.2x 5.4x	10.1x 4.7x	10.5%	27.7x 11.5x	n/m 8.1x	n/m
Cash Converters International Limited  Mean	AUD	0.34	100	201	10%	3.0	-4%	4.0X 10.0x	8.1x	7.5x	12.6%	12.1x	10.4x	9.4x	13.0%	20.8x	15.0x	n/m <b>14.6x</b>
Median								10.0x	7.9x	7.3x 7.4x	12.4%	13.9x	11.0x	9.4x	10.1%	20.6x 23.2x	16.1x	14.8x
								11.28	7.38	7.48	12.4/0	13.31	11.02	9.01	10.176	23.28	10.12	14.03
Automotive Retail	41.15	0.40	4 700	0.550	000/		00/	440	40.5	40.0	0.00/	45.0		40.7	= 00/	00.0	47.0	40.0
A.P. Eagers Limited	AUD	9.40	1,793	2,553	29%	3.7	-8%	14.6x	13.5x	12.8x	6.8%	15.8x	14.6x	13.7x	7.3%	20.8x	17.0x	16.0x
Automotive Holdings Group Limited	AUD	4.10	1,360	2,421	43%	5.5	0%	11.3x	10.1x	9.5x	8.6%	14.2x	12.5x	11.9x	9.3%	17.4x	13.1x	12.4x
ARB Corporation Limited	AUD	14.55	1,152	1,140	-1%	2.3	-12%	16.0x	13.5x	12.2x	14.5%	18.5x	15.5x	14.0x	14.9%	28.5x	21.4x	19.3x
Bapcor Limited	AUD	5.45	1,514	1,493	-1%	2.1	-	16.5x	10.7x	8.8x	36.6%	18.2x	12.2x	10.1x	34.6%	29.1x	19.5x	16.1x
Turners Limited	NZD	3.80	283	448	37%	3.4	-2%	n/m	n/m	n/m	n/a	n/m	n/m	n/m	n/a	16.8x	16.9x	15.0x
MotorCycle Holdings Limited	AUD	4.42	168	191	12%	1.7	9%	15.4x	11.8x	10.9x	18.8%	16.5x	12.7x	11.7x	18.7%	23.6x	16.5x	15.1x
Mean								14.6x	11.9x	10.8x	16.6%	16.7x	13.7x	12.4x	16.5%	22.5x	17.6x	15.8x
Median								15.3x	12.1x	10.9x	11.5%	17.0x	13.5x	12.8x	12.1%	20.8x	17.0x	16.0x
Other																		
Elders Limited	AUD	4.45	507	595	14%	-	1%	13.6x		8.9x	23.8%	14.8x	9.9x	9.4x	25.5%	23.9x	11.3x	10.3x
Ruralco Holdings Limited	AUD	2.80	252	325	20%	3.6	-8%	11.7x	6.5x	5.9x	40.9%	15.1x	8.3x	7.4x	42.8%	44.7x	13.1x	12.1x
McGrath Limited	AUD	0.67	91	95	4%	6.7	-13%	3.9x	4.9x	4.4x	-5.1%	4.9x	8.0x	6.6x	-13.4%	7.5x	7.9x	13.4x
Mean								9.7x	6.9x	6.4x	19.8%	11.6x	8.7x	7.8x	18.3%	25.4x	10.8x	11.9x
Median								11.7x	6.5x	5.9x	23.8%	14.8x	8.3x	7.4x	25.5%	23.9x	11.3x	12.1x

Source: PwC calculations based on CapitalIQ data and publicly available information; share prices as at 9 March 2017 market close

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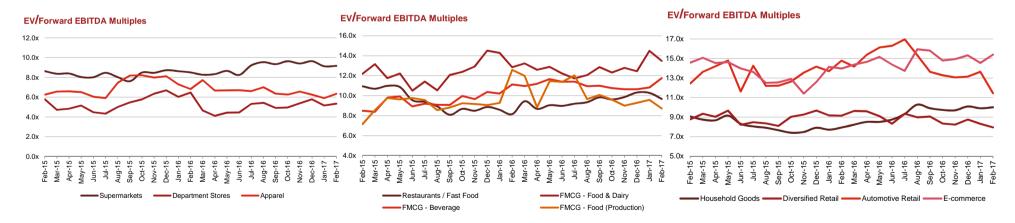
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#### Retail sector multiples (cont'd)

		Share	Mkt		Net	Dividend	TSR %		EV/EB	ITDA			EV/	EBIT		PE		
		price	сар	EV	debt /	Yield		Actual	Forec	asts	Growth	Actual	Fore	casts	Growth	Actual	Forec	asts
Company	Currency	\$	million	million	EV	LTM %	Feb-17	LTM	CY2017	CY2018	LTM-17	LTM	CY2017	CY2018	LTM-17	LTM	CY2017	CY2018
Apparel / Accessories							<u> </u>										<u> </u>	
Premier Investments Limited	AUD	13.38	2,106	1,917	-10%	3.6	1%	12.1x	10.5x	9.4x	13.1%	14.2x	12.7x	11.2x	12.5%	23.4x	17.2x	15.3x
Billabong International Limited	AUD	1.25	247	433	43%	-	-13%	9.7x	7.6x	6.1x	25.9%	24.2x	18.6x	13.8x	32.5%	n/m	n/m	16.3x
RCG Corporation Limited	AUD	1.12	606	660	8%	5.4	-16%	9.1x	6.9x	5.8x	24.8%	12.1x	8.9x	7.4x	28.2%	17.5x	12.7x	10.3x
Lovisa Holdings Limited	AUD	3.60	378	360	-5%	3.3	5%	8.9x	8.1x	7.3x	10.6%	10.4x	9.9x	9.1x	7.0%	17.8x	14.6x	13.5x
Kathmandu Holdings Limited	NZD	1.95	393	430	9%	5.6	5%	7.1x	6.0x	5.7x	11.4%	8.5x	7.7x	7.2x	8.2%	13.3x	10.4x	9.7x
Hallenstein Glasson Holdings Limited	NZD	3.36	199	184	-8%	8.9	2%	7.1x	5.8x	5.8x	10.4%	9.8x	7.6x	7.6x	13.6%	16.8x	11.2x	11.3x
OrotonGroup Limited	AUD	1.51	61	58	-5%	6.0	-11%	5.3x	3.7x	2.8x	37.1%	9.2x	23.6x	n/m	n/a	16.8x	8.4x	7.4x
Specialty Fashion Group Limited	AUD	0.55	105	92	-13%	-	16%	7.5x	n/m	n/m	n/m	n/m	n/m	n/m	n/a	29.7x	11.6x	6.7x
The PAS Group Limited	AUD	0.66	90	77	-16%	7.9	-10%	3.4x	2.9x	n/m	n/a	5.0x	3.9x	n/m	n/a	9.7x	6.7x	n/m
Noni B Limited	AUD	1.67	133	134	1%	-	7%	20.0x	n/m	n/m	n/a	30.8x	n/m	n/m	n/a	33.5x	n/m	n/m
Mean								9.0x	6.4x	6.2x	19.0%	13.8x	11.6x	9.4x	17.0%	19.8x	11.6x	11.3x
Median								8.2x	6.4x	5.8x	13.1%	10.4x	9.4x	8.4x	13.1%	17.5x	11.4x	10.8x
Department Stores																		
Myer Holdings Limited	AUD	1.16	949	1,053	9.9%	4.3	0%	5.9x	4.8x	4.7x	12.1%	9.2x	8.6x	8.1x	6.7%	14.7x	11.6x	10.9x
Supermarkets																		
Wesfarmers Limited	AUD	43.66	49,377	54,713	10%	4.5	6%	11.9x	9.3x	9.0x	14.6%	15.9x	12.1x	11.7x	16.6%	23.2x	17.4x	16.2x
Woolworths Limited	AUD	26.07	33,494	35,533	5%	2.6	2%	10.4x	9.9x	9.3x	5.5%	15.0x	14.0x	13.1x	7.2%	25.1x	21.2x	19.4x
Metcash Limited	AUD	2.18	2,127	2,350	9%	-	-	12.4x	6.4x	6.0x	43.2%	16.3x	7.9x	7.5x	47.6%	15.2x	11.5x	9.9x
Mean								11.5x	8.5x	8.1x	21.1%	15.7x	11.3x	10.7x	23.8%	21.2x	16.7x	15.1x
Median								11.9x	9.3x	9.0x	14.6%	15.9x	12.1x	11.7x	16.6%	23.2x	17.4x	16.2x

#### EV/forward EBITDA multiples (over last 24 months)



Source: PwC calculations based on CapitalIQ data and publicly available information; share prices as at 9 March 2017 market close

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#### Retail sector trends

As reported by the ABS, the trend for Australia retail turnover for January 2017 (compared to January 2016) increased by 3.2%:

- Food retailing: The seasonally adjusted estimate for Food retailing rose 0.2% in January 2017. By industry subgroup, the seasonally adjusted estimate rose for Other specialised food retailing (1.2%) and Supermarket and grocery stores (0.2%) and fell for Liquor retailing (-0.1%).
- Household goods retailing: The seasonally adjusted estimate for household goods retailing rose 1.4% in January 2017. By industry subgroup, the seasonally adjusted estimate rose for Electrical and electronic goods retailing (2.4%), Hardware, building and garden supplies retailing (1.1%), and Furniture, floor coverings, houseware and textile goods retailing (0.5%).
- Clothing, footwear and personal accessory retailing: The seasonally adjusted estimate for Clothing, footwear and personal accessory retailing fell 0.4% in January 2017. By industry subgroup, the seasonally adjusted estimate fell for Clothing retailing (-0.4%) and Footwear and other personal accessory retailing (-0.4%).
- **Department stores:** The seasonally adjusted estimate for department stores rose 0.2% in January 2017.
- Cafes, restaurants and take-away food services: The seasonally adjusted estimate for cafes, restaurants and takeaway food services rose 1.1% in January 2017. By industry subgroup, the seasonally adjusted estimate rose for Takeaway food services (1.6%) and Cafes, restaurants and catering services (0.7%).
- Other retailing: The seasonally adjusted estimate for Other retailing rose 0.1% in January 2017. By industry subgroup, the seasonally adjusted estimate rose for Other retailing n.e.c (1.5%) and Other recreational goods retailing (0.5%), and fell for Pharmaceutical and cosmetic and toiletry goods retailing (-1.4%) and Newspaper and book retailing (-0.5%).

Source: Australian Bureau of Statistics data

### Contact us

If you would like to discuss any of the information in this newsletter, please contact one of our Deals Retail and Consumer specialists:



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