

# Retail & Consumer Deals Digest

November 2017



**Retail & Consumer Deals Digest** provides a consolidated view of sector trends, deal activity and relevant news headlines in the retail & consumer sector.

## Consumer confidence picks up modestly

Negative perceptions of future economic conditions underpin a fall in Consumer Confidence during the end of October and into November. Coming in at 112.6, a touch under the long run average of 112.9.

The index tracking likely consumer behaviour with regard to buying major household items remains below its long term average of 133.8, slipping 0.5% to 132.1.

“It is encouraging to see households’ views towards their current finances remain above the long term average... But, given limited wage gains, slowing house-price growth and an already low savings rate consumers are increasingly less certain about the future” (ANZ Head of Australian Economics, David Plank).

## ANZ / Roy Morgan weekly consumer confidence rating



Source: ANZ / Roy Morgan Weekly Consumer Confidence Index

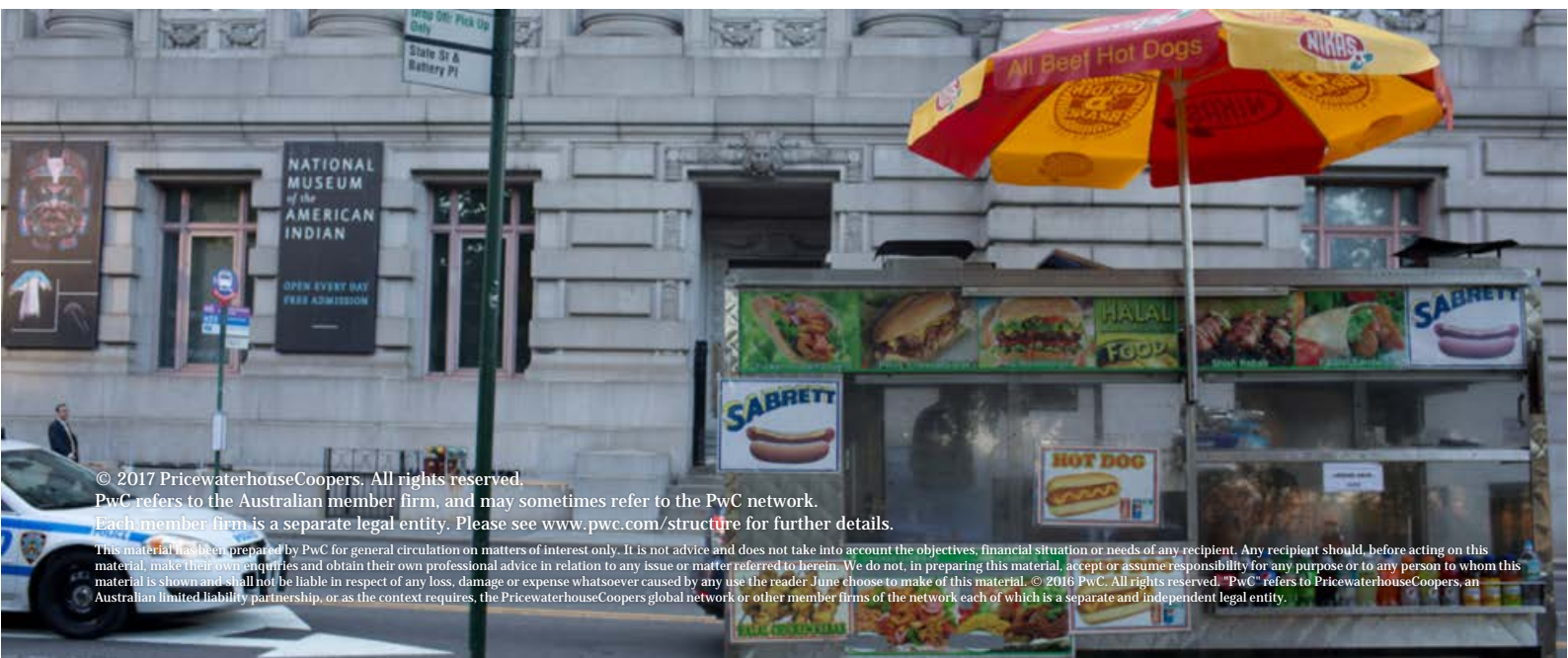
## Latest Australian ABS trade results

The latest Australian Bureau of Statistics (ABS) Retail Trade figures show that Australian retail turnover did not change (0% movement) in September 2017 (seasonally adjusted), which follows a fall of 0.5% in August 2017 and a fall of 0.3% in July 2017.

The following industries fell in trend terms in September 2017: Household goods retailing (-0.5%), Café Restaurants and Takeaway Food Services (-0.1%) and Department Stores (-0.1%). Food Retailing rose 0.1% in trend terms. Other Retailing and Clothing, Footwear and Personal Accessory Retailing were relatively unchanged in trend terms in September 2017.

The following states and territories fell in trend terms in September 2017: Victoria (-0.1%), Western Australia (-0.3%), South Australia (-0.1%), the Australian Capital Territory (-0.2%), the Northern Territory (-0.2%) and Tasmania (-0.1%). New South Wales rose (0.1%) and Queensland was relatively unchanged in trend terms.

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



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## Announced deals in FY2018 YTD and LTM

According to Mergermarket, announced retail deal activity in FY2018 has decreased, on both value and volume basis, comparing to the prior comparable period. 39 deals to the value of \$2.8bn were announced in the FY2018 financial year. In FY2017 year to date, 42 deals had been announced for a total value of \$3.5bn.

Across the last twelve months, deal volume and values have increased compared to the prior comparable period from 95 (\$6.5bn) to 116 announced deals (\$9.4bn).

### Australia & New Zealand Announced R&C Deals FY2018TD and LTM vs. Prior Year Comparable Period

Deal value (in A\$m)	FY2018TD		PCP		LTM		PCP	
	# of deals	Deal value	# of deals	Deal value	# of deals	Deal value	# of deals	Deal value
\$0 to \$5M	0	0	0	0	0	0	0	0
\$6 to \$10M	6	49	6	51	10	82	9	78
\$11 to \$20M	5	69	4	53	17	254	13	191
\$21 to \$30M	4	95	2	47	8	197	8	197
\$31 to \$50M	1	35	0	0	5	212	4	138
\$51 to \$100M	2	138	3	266	8	627	6	487
\$101 to \$300M	2	413	3	507	6	1,063	7	1,179
\$301 to \$500M	0	0	3	1,067	5	1,844	5	1,745
>\$500M	2	1,960	2	1,470	5	5,097	3	2,528
<b>Subtotal</b>	<b>22</b>	<b>2,759</b>	<b>23</b>	<b>3,461</b>	<b>64</b>	<b>9,376</b>	<b>55</b>	<b>6,543</b>
Undisclosed	17	n/a	19	n/a	52	n/a	40	n/a
<b>Total Announced</b>	<b>39</b>	<b>2,759</b>	<b>42</b>	<b>3,461</b>	<b>116</b>	<b>9,376</b>	<b>95</b>	<b>6,543</b>
<b>Total Completed</b>	<b>19</b>	<b>955</b>	<b>41</b>	<b>3,224</b>	<b>80</b>	<b>4,852</b>	<b>91</b>	<b>5,783</b>

Source: Mergermarket; based on announced and completed transactions as at 8 November 2017

Notes: 1) FY2018TD refers to the period 1 July 2017 to 8 November 2017, reflecting the latest available Mergermarket data as at 8 November 2017

2) PCP refers to prior year comparable period

### Recently completed / announced deals

- 3 November 2017** - Bubs Australia Limited has agreed to acquire NuLac Foods Pty Ltd. Bubs Australia Limited, the listed Australia-based company, headquartered in Frenchs Forest, produces packaged baby food products. NuLac Foods Pty Ltd, the Australia-based company, headquartered in Keysborough, produces goat milk products. Bubs will acquire NuLac for a consideration of approximately AUD 58.40m (USD 45.03m)
- 2 November 2017** - VF Corporation (VFC), the listed US-based apparel company specialized in jeanswear, intimate apparel, workwear, knitwear, playwear, daypacks, and swimwear, has agreed to acquire Icebreaker Holdings, Ltd., the New Zealand-based manufacturer of merino wool clothing for outdoor apparel, from Mr. Jeremy Moon, the New Zealand-based private investor, and Pencarrow Private Equity Limited, the New Zealand-based private equity firm, for an undisclosed consideration. The acquisition will enable VFC enhance its operating capabilities, and to create innovative and sustainable natural fiber products.
- 27 October 2017** - Saputo Inc. has agreed to acquire Murray Goulburn Co-operative Co Limited. Saputo Inc. is a listed Canada-based manufacturer of dairy and grocery products, headquartered in Montreal. Murray Goulburn Co-operative Co Limited (MG) is an Australia-based company engaged in the production, processing, and supply of dairy products, headquartered in Southbank. The acquisition of Murray Goulburn will add to and complement the activities of Saputo's Dairy Division, Australia. The transaction reinforces Saputo's commitment to strengthen its presence in the Australian market.
- 24 October 2017** - Beijing Hosen Investment Management, LLP, Temasek Holdings Pte Ltd and New Hope Group Co., Ltd. have agreed to acquire an undisclosed majority stake in The Real Petfood Company from Quadrant Private Equity Pty Limited. Beijing Hosen Investment Management, LLP is a China-based private equity firm, headquartered in Beijing. Temasek Holdings Pte Ltd is a Singapore-based state owned company is engaged in investing transforming economies, growing middle income populations, deepening comparative advantages and emerging champions. New Hope Group Co., Ltd. is a China-based company engaged in operating in areas of industrial operation and making strategic investments, headquartered in Beijing. The Real Petfood Company is an Australia-based producer of chilled petfoods, headquartered in Crows Nest. Quadrant Private Equity Pty Limited an Australia-based private equity firm, headquartered in Sydney. The transaction values Real Petfood at AUD 1bn (USD 781.24m).
- Source: Mergermarket**

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## Also recently in the news

- **Kmart** tops consumer satisfaction survey, beating rival major discount department stores such as Best&Less and Target who saw declining satisfaction in the Roy Morgan survey.
- **The Australian Food and Grocery Council** has cited the huge leap in the cost of gas as one of the key pressures on the food and beverage, grocery and fresh produce industries in Australia. Doubling energy costs plus six years of retail price deflation and rising labour costs are seen as the main risks to jobs and investment in these industries.
- The government has passed legislation aimed at helping combat data breaches. From February 2018, under the **Notifiable Data Breaches Scheme**, retailers with annual turnover in excess of \$3m will be required to notify individuals of any breach of data which is likely to result in serious harm.
- Worsening conditions on the UK high street are highlighted by the expected announcement of further store closures by **Marks & Spencer**. CEO Steve Rowe and the incoming chairman Archie Norman have revised the store rationalisation plan which saw the British department store chain close 30 stores last year. In addition the focus is being shifted to the successful food category, with some apparel stores being converted to food only.
- The continuing weakness in consumer confidence is believed to underpin the nominal sales growth (0.0%) reported by the **Australian Bureau of Statistics** for September. This is being seen as a concerning result on the lead up to Christmas. It is believed that the softness on Sydney house prices are starting to impact consumer spending on household goods in particular hardware & building, electrical goods retailing and furniture. There is positive news for food retailing which was the only category to show an increase in spending (2.85%) but this growth is still considerably behind the increases shown at the start of the year.
- **Starbucks** looks to food and digital innovation to support continued sales growth. Globally comparative store sales are up 3% whilst in China comparative store sales are up 8%, 7% of which relates to these offerings.
- A late 2017 to early 2018 launch is rumoured for **Amazon** in Australia. **Styletread** and **Costumes.com.au** are among the first to confirm publically they will be selling through the **Amazon Marketplace** platform which is believed to have c500 registered sellers at this stage.
- JD Sports, a British sports retail chain, is set to open its 5<sup>th</sup> Australian store in Melbourne this month. The store is set to be home to 50 store exclusive products including sold out and limited edition styles from high profile brands such as Nike, Adidas and Reebok.
- **Freedom** the furniture retailer owned by Stienhoff has implemented an 'Everyday value promise' and permanently lowered prices across their stores to respond to consumer reports of promotional fatigue.
- As part of their Asian expansion plan **2XU** has announced a JV with Chinese fashion retailer **GXG**. Under the plan the performance sports wear brand is looking to open 50 retail stores across mainland China to tap into the burgeoning sportswear market and an estimated 1 billion customer base.
- Sportswear brand **Under Armour** has reported a 12.1% fall in sales in North America and a profit reduction of c60%. Growth in golf, sport style and footwear was more than offset by declines in outdoor, women's and youth. With issues arising in the brands largest market the group has taken the prudent step of reducing their sales and earning outlook for the remainder of the 2017 year.



Source: Inside Retail

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

- Revenue results at **Target** and **Bunnings UK & Ireland (BUKI)** continue to fall whilst **Kmart**, **Officeworks** and **Bunnings Australia** are the star performers for Wesfarmers. Focus for the BUKI team appears to be on stabilising Homebase performance whilst establishing a proof of concept for the Bunnings format in the UK&I market. **Kmart's** strong performance (sales increase of 9.0%) is contrasted by the group's other discount department store chain **Target** which saw sales decrease 6.4%. Target is going through a 'reset' period which is looking to address historical issues of product mix, price and range and also inventory levels.
- Ahead of **Amazon's** launch in Australia **Myer** has announced that it will launch an online market place. It is hoped this will enable the department store to improve its digital credentials and increase its product offering. They have partnered with platform vendor **Marketplacer** who will assist with the creation of the platform which will be launched once **Myer** is satisfied with the range of products on offer.
- **Premier Investments** has ruled out a takeover bid for **Myer** and has announced to the market that it will be monitoring the **Myer** strategy announcements 'very closely' on 1 November 2017. **Premier Investments** who are not only a shareholder but one of **Myer's** largest suppliers have said they will oppose all resolutions proposed in **Myer's** Notice of Meeting, including the appointment of incoming **Myer** Chairman Garry Hounsell.
- **IKEA** has made online shopping services available to Sydney residents following roll-out of the services in Tasmania, ACT and QLD. Customers are able to click and collect at certain stores or organise home delivery. Meanwhile **IKEA** is also looking at upgrading its stores with a multi-million dollar facelift announced for its Richmond store in Melbourne.
- British fashion brands **Topshop** and **Topman** will be added to the **Iconic's** online retail portfolio. Five months ago **Topshop/Topman** in Australia was placed into Administration with poor sales driven attributed to outdated stock being sent from the UK. The **Iconic** is Australia's most downloaded fashion app and has a reputation for its strong delivery offering.
- Regulators at the EU have requested details of Apple's tax structure following last year's order to pay back taxes of EURO 13 billion to the Irish government. The EU wishes to confirm that the tech giant's tax structure is now fully compliant with tax regulations in particular the bloc-rules which do not allow unfair state aid to be provided by any member country.

Source: Inside Retail



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## Retail sector multiples

Company	Currency	Share price \$	Mkt cap million	EV million	Net debt / EV	Dividend Yield LTM %	TSR % Oct-17	EV / EBITDA				EV / EBIT				PE		
								Actual	Forecasts		Growth	Actual	Forecasts		Growth	Actual	Forecasts	
								LTM	CY2017	CY2018	LTM-17	LTM	CY2017	CY2018	LTM-17	LTM	CY2017	CY2018
<b>Restaurants / Fast Food</b>																		
Domino's Pizza Enterprises Limited	AUD	48.10	4,209	4,492	6%	1.9	2%	22.4x	17.8x	15.0x	22.1%	27.5x	22.1x	18.4x	22.3%	n/m	31.5x	26.5x
Retail Food Group Limited	AUD	4.65	850	1,091	22%	6.4	3%	10.9x	8.6x	7.9x	17.3%	12.1x	9.3x	8.7x	17.7%	15.6x	10.7x	10.2x
Restaurant Brands New Zealand Limited	NZD	6.70	823	947	13%	3.5	-1%	11.7x	10.8x	9.1x	13.2%	18.0x	16.4x	13.5x	15.7%	27.1x	20.9x	18.0x
Collins Foods Limited	AUD	5.89	686	768	11%	2.9	-5%	9.4x	9.2x	6.4x	20.9%	13.1x	12.9x	9.1x	19.7%	17.6x	17.9x	13.4x
<b>Mean</b>								<b>13.6x</b>	<b>11.6x</b>	<b>9.6x</b>	<b>18.4%</b>	<b>17.7x</b>	<b>15.2x</b>	<b>12.4x</b>	<b>18.9%</b>	<b>20.1x</b>	<b>20.3x</b>	<b>17.0x</b>
<b>Median</b>								<b>11.3x</b>	<b>10.0x</b>	<b>8.5x</b>	<b>19.1%</b>	<b>15.6x</b>	<b>14.6x</b>	<b>11.3x</b>	<b>18.7%</b>	<b>17.6x</b>	<b>19.4x</b>	<b>15.7x</b>
<b>FMCG - Beverage</b>																		
Coca-Cola Amatil Limited	AUD	8.15	5,904	7,580	18%	5.6	5%	8.4x	8.1x	7.9x	3.1%	11.4x	11.4x	11.2x	0.6%	17.2x	14.9x	14.7x
Treasury Wine Estates Limited	AUD	15.91	11,483	11,843	3%	1.6	14%	21.9x	19.9x	17.3x	12.6%	26.9x	24.4x	20.7x	13.8%	45.5x	36.8x	31.8x
Delegat Group Limited	NZD	7.25	733	1,017	28%	1.8	4%	12.1x	12.2x	11.4x	3.1%	14.5x	14.8x	13.7x	2.8%	20.5x	18.5x	16.9x
Australian Vintage Ltd	AUD	0.45	124	207	40%	2.2	2%	14.9x	10.8x	7.7x	38.8%	29.7x	16.6x	10.7x	66.4%	37.7x	17.6x	10.5x
Gage Roads Brewing Co. Limited	AUD	0.07	59	54	-9%	-	3%	15.1x	n/m	n/m	n/a	22.1x	n/m	n/m	n/a	27.2x	n/m	n/m
<b>Mean</b>								<b>14.5x</b>	<b>12.7x</b>	<b>11.1x</b>	<b>14.4%</b>	<b>20.9x</b>	<b>16.8x</b>	<b>14.1x</b>	<b>20.9%</b>	<b>29.6x</b>	<b>22.0x</b>	<b>18.5x</b>
<b>Median</b>								<b>14.9x</b>	<b>11.5x</b>	<b>9.6x</b>	<b>7.8%</b>	<b>22.1x</b>	<b>15.7x</b>	<b>12.5x</b>	<b>8.3%</b>	<b>27.2x</b>	<b>18.1x</b>	<b>15.8x</b>
<b>FMCG - Food &amp; Dairy</b>																		
Fontterra Co-operative Group Limited	NZD	6.30	10,145	16,134	36%	6.3	5%	10.6x	n/m	n/m	n/a	15.0x	n/m	n/m	n/a	21.8x	n/m	n/m
Blackmores Limited	AUD	168.83	2,908	2,953	2%	-	35%	29.5x	27.4x	22.4x	14.8%	32.2x	29.8x	24.2x	15.4%	52.5x	43.8x	33.3x
Bega Cheese Limited	AUD	7.36	1,362	1,102	-24%	1.4	8%	18.0x	13.4x	9.0x	41.9%	30.3x	20.1x	12.0x	59.1%	51.3x	30.5x	24.2x
Bellamy's Australia Limited	AUD	11.57	1,310	1,318	1%	-	60%	31.0x	26.8x	21.8x	19.3%	31.2x	27.5x	21.3x	21.0%	43.5x	40.0x	32.3x
The a2 Milk Company Limited	NZD	7.49	5,472	5,351	-2%	-	35%	37.5x	32.1x	23.4x	26.7%	37.8x	32.6x	23.6x	26.6%	n/m	44.7x	30.8x
Freedom Foods Group Limited	AUD	4.70	944	1,125	16%	0.9	15%	53.1x	n/m	n/m	n/a	n/m	n/m	n/m	n/a	n/m	n/m	45.5x
Synlait Milk Limited	NZD	6.99	1,253	1,335	6%	-	24%	15.3x	12.7x	10.2x	22.4%	20.3x	16.5x	12.8x	26.0%	35.6x	24.2x	17.9x
Comvita Limited	NZD	8.00	336	398	16%	0.3	13%	n/m	15.4x	11.4x	n/a	n/m	20.1x	14.4x	n/a	n/m	27.1x	19.5x
Capilano Honey Limited	AUD	16.95	160	168	5%	2.4	5%	12.0x	10.0x	9.6x	11.7%	13.6x	11.7x	10.6x	13.1%	21.8x	15.7x	14.7x
<b>Mean</b>								<b>25.9x</b>	<b>19.7x</b>	<b>15.4x</b>	<b>22.8%</b>	<b>25.8x</b>	<b>22.6x</b>	<b>17.0x</b>	<b>26.9%</b>	<b>37.8x</b>	<b>32.3x</b>	<b>27.3x</b>
<b>Median</b>								<b>23.8x</b>	<b>15.4x</b>	<b>11.4x</b>	<b>20.9%</b>	<b>30.3x</b>	<b>20.1x</b>	<b>14.4x</b>	<b>23.5%</b>	<b>39.6x</b>	<b>30.5x</b>	<b>27.5x</b>
<b>FMCG - Food (Production)</b>																		
Inghams Group Limited	AUD	3.68	1,399	1,717	18%	3.3	-5%	11.1x	8.4x	7.8x	19.1%	15.2x	10.7x	10.0x	23.5%	22.8x	13.4x	12.7x
Australian Agricultural Company Limited	AUD	1.60	964	1,295	26%	-	-5%	n/m	23.0x	18.5x	n/a	n/m	34.4x	25.5x	n/a	n/m	n/m	39.5x
Costa Group Holdings Limited	AUD	6.97	2,228	2,318	4%	1.6	11%	22.5x	20.0x	16.2x	17.9%	30.2x	26.8x	20.9x	20.4%	40.8x	33.1x	29.0x
Select Harvests Limited	AUD	4.77	402	548	27%	2.1	22%	17.2x	21.1x	11.5x	22.5%	32.2x	49.4x	17.9x	34.2%	46.8x	30.6x	20.5x
Tassal Group Limited	AUD	4.26	738	805	8%	3.5	9%	6.5x	8.3x	7.2x	-4.8%	8.0x	10.7x	9.3x	-6.9%	11.5x	13.6x	12.9x
Tegel Group Holdings Limited	NZD	1.40	498	605	18%	5.4	6%	8.3x	7.7x	7.3x	6.4%	11.1x	10.2x	9.7x	7.1%	16.4x	13.5x	12.7x
Webster Limited	AUD	1.37	495	599	17%	1.8	2%	n/m	7.3x	9.9x	n/a	n/m	8.6x	12.7x	n/a	n/m	8.4x	16.8x
Sanford Limited	NZD	8.00	748	945	21%	2.9	3%	12.3x	11.1x	9.8x	12.3%	15.7x	14.2x	12.3x	13.2%	22.5x	18.1x	15.1x
Huon Aquaculture Group Limited	AUD	4.91	429	472	9%	1.0	4%	5.7x	6.5x	5.4x	2.6%	7.9x	9.6x	7.9x	-0.6%	12.1x	12.7x	11.4x
<b>Mean</b>								<b>12.1x</b>	<b>13.1x</b>	<b>10.7x</b>	<b>9.5%</b>	<b>17.5x</b>	<b>20.5x</b>	<b>14.5x</b>	<b>11.2%</b>	<b>25.0x</b>	<b>18.6x</b>	<b>19.7x</b>
<b>Median</b>								<b>10.3x</b>	<b>9.7x</b>	<b>9.9x</b>	<b>9.3%</b>	<b>13.4x</b>	<b>12.5x</b>	<b>12.5x</b>	<b>10.2%</b>	<b>19.4x</b>	<b>13.6x</b>	<b>16.0x</b>
<b>FMCG - Other</b>																		
Asaleo Care Limited	AUD	1.52	823	1,093	25%	6.6	-4%	8.4x	8.4x	8.2x	1.1%	10.8x	10.8x	10.6x	1.2%	13.5x	12.8x	12.7x
BWX Limited	AUD	6.85	760	811	6%	1.0	27%	30.8x	25.2x	14.8x	44.2%	31.8x	22.8x	15.4x	43.9%	40.9x	39.0x	23.4x
Trilogy International Limited	NZD	2.40	174	180	3%	1.9	8%	9.0x	n/m	10.5x	-7.5%	9.3x	n/m	10.9x	-7.5%	15.0x	n/m	11.4x
Shaver Shop Group Limited	AUD	0.50	63	72	13%	8.1	23%	4.8x	5.0x	4.9x	-0.1%	5.3x	5.6x	5.6x	-2.1%	7.6x	7.1x	7.2x
Pental Limited	AUD	0.61	82	71	-16%	5.4	-3%	6.3x	n/m	n/m	n/a	8.7x	n/m	n/m	n/a	15.8x	n/m	n/m
<b>Mean</b>								<b>11.9x</b>	<b>12.8x</b>	<b>9.6x</b>	<b>9.4%</b>	<b>13.2x</b>	<b>13.1x</b>	<b>10.6x</b>	<b>8.9%</b>	<b>18.6x</b>	<b>19.6x</b>	<b>13.7x</b>
<b>Median</b>								<b>8.4x</b>	<b>8.4x</b>	<b>9.4x</b>	<b>0.5%</b>	<b>9.3x</b>	<b>10.8x</b>	<b>10.7x</b>	<b>-0.4%</b>	<b>15.0x</b>	<b>12.8x</b>	<b>12.0x</b>

Source: PwC calculations based on CapitalIQ data and publicly available information; share prices as at 8 November 2017 market close

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

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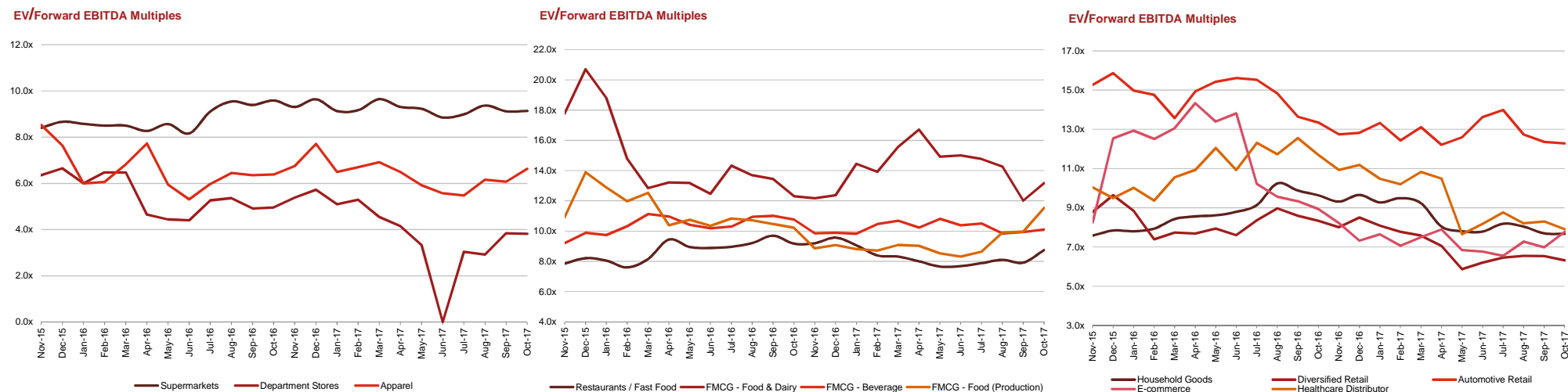
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## Retail sector multiples (cont'd)

Company	Currency	Share price \$	Mkt cap million	EV million	Net debt / EV	Dividend Yield LTM %	TSR % Oct-17	EV / EBITDA				EV / EBIT				PE		
								Actual		Forecasts		Actual		Forecasts		Actual		Forecasts
								LTM	CY2017	CY2018	LTM-17	LTM	CY2017	CY2018	LTM-17	LTM	CY2017	CY2018
<b>Apparel / Accessories</b>																		
Premier Investments Limited	AUD	13.51	2,133	2,124	0%	3.9	4%	13.6x	12.1x	11.0x	11.0%	16.2x	14.4x	13.1x	11.4%	24.3x	18.4x	16.6x
Billabong International Limited	AUD	0.64	127	275	54%	-	23%	5.5x	n/m	n/m	n/a	10.5x	n/m	n/m	n/a	n/m	n/m	18.4x
RCG Corporation Limited	AUD	0.75	407	467	12%	8.0	-2%	6.1x	4.6x	5.3x	7.4%	8.4x	8.5x	7.6x	5.3%	12.4x	10.1x	10.0x
Lovisa Holdings Limited	AUD	5.98	628	615	-2%	2.9	13%	13.1x	12.6x	11.3x	7.5%	14.8x	14.5x	13.2x	6.0%	24.4x	22.4x	19.0x
Kathmandu Holdings Limited	NZD	2.38	481	488	1%	5.5	1%	7.2x	6.8x	6.4x	6.0%	8.6x	8.5x	8.0x	3.5%	14.0x	12.3x	11.6x
Hallenstein Glasson Holdings Limited	NZD	3.35	197	185	-7%	9.4	0%	6.0x	5.7x	5.6x	3.5%	7.8x	7.5x	7.4x	3.1%	13.4x	11.2x	10.9x
Oroton Group Limited	AUD	0.51	21	27	20%	-	-23%	n/m	10.5x	7.1x	n/a	n/m	n/m	n/m	n/a	n/m	n/m	9.5x
Specialty Fashion Group Limited	AUD	0.21	40	49	17%	-	-32%	1.7x	n/m	n/m	n/m	10.5x	n/m	n/m	n/a	n/m	n/m	48.8x
The PAS Group Limited	AUD	0.45	61	56	-9%	9.2	-6%	3.0x	n/m	n/m	n/a	5.1x	n/m	n/m	n/a	9.4x	n/m	n/m
Noni B Limited	AUD	1.95	156	150	-4%	2.1	-3%	8.8x	5.6x	4.5x	40.2%	16.2x	8.4x	6.6x	57.0%	27.2x	14.5x	10.4x
<b>Mean</b>								<b>7.2x</b>	<b>8.3x</b>	<b>7.3x</b>	<b>12.6%</b>	<b>10.9x</b>	<b>10.3x</b>	<b>9.3x</b>	<b>14.4%</b>	<b>17.9x</b>	<b>14.8x</b>	<b>17.2x</b>
<b>Median</b>								<b>6.1x</b>	<b>6.8x</b>	<b>6.4x</b>	<b>7.4%</b>	<b>10.5x</b>	<b>8.5x</b>	<b>7.8x</b>	<b>5.6%</b>	<b>14.0x</b>	<b>13.4x</b>	<b>11.6x</b>
<b>Department Stores</b>																		
Myer Holdings Limited	AUD	0.73	595	709	16.0%	6.9	-1%	4.1x	3.6x	3.7x	5.3%	6.5x	6.9x	7.3x	-5.8%	9.8x	9.0x	9.5x
<b>Supermarkets</b>																		
Wesfarmers Limited	AUD	42.69	48,404	52,804	8%	5.2	1%	10.3x	9.4x	9.2x	5.5%	13.1x	12.1x	12.0x	4.6%	19.0x	16.8x	16.5x
Woolworths Limited	AUD	26.13	33,965	36,436	6%	3.2	3%	10.7x	10.4x	9.7x	5.1%	15.4x	15.1x	13.8x	5.8%	25.9x	22.2x	19.7x
Metcash Limited	AUD	2.70	2,634	2,737	3%	1.7	5%	11.9x	7.4x	7.2x	29.1%	14.9x	8.9x	8.6x	31.4%	15.8x	12.9x	12.3x
<b>Mean</b>								<b>11.0x</b>	<b>9.1x</b>	<b>8.7x</b>	<b>13.2%</b>	<b>14.5x</b>	<b>12.0x</b>	<b>11.5x</b>	<b>13.9%</b>	<b>20.2x</b>	<b>17.3x</b>	<b>16.2x</b>
<b>Median</b>								<b>10.7x</b>	<b>9.4x</b>	<b>9.2x</b>	<b>5.5%</b>	<b>14.9x</b>	<b>12.1x</b>	<b>12.0x</b>	<b>5.8%</b>	<b>19.0x</b>	<b>16.8x</b>	<b>16.5x</b>
<b>Other</b>																		
Elders Limited	AUD	5.17	589	760	22%	-	5%	12.9x	10.9x	10.7x	9.8%	13.8x	11.4x	11.2x	10.9%	20.2x	11.8x	11.5x
Ruralco Holdings Limited	AUD	2.87	298	420	27%	3.8	5%	12.6x	6.5x	5.8x	47.0%	15.5x	7.6x	6.8x	50.4%	39.5x	10.9x	10.3x
McGrath Limited	AUD	0.53	75	73	-3%	3.8	-2%	5.3x	6.5x	5.0x	3.1%	9.1x	14.5x	11.5x	-10.9%	14.2x	25.0x	16.9x
<b>Mean</b>								<b>10.3x</b>	<b>8.0x</b>	<b>7.2x</b>	<b>19.9%</b>	<b>12.8x</b>	<b>11.1x</b>	<b>9.9x</b>	<b>16.8%</b>	<b>24.6x</b>	<b>15.9x</b>	<b>12.9x</b>
<b>Median</b>								<b>12.6x</b>	<b>6.5x</b>	<b>5.8x</b>	<b>9.8%</b>	<b>13.8x</b>	<b>11.4x</b>	<b>11.2x</b>	<b>10.9%</b>	<b>20.2x</b>	<b>11.8x</b>	<b>11.5x</b>

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



Source: PwC calculations based on CapitalIQ data and publicly available information; share prices as at 8 November 2017 market close

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## Retail sector trends – out of ABS report

As reported by the ABS, the trend for Australian retail turnover for September 2017 (compared to September 2016) increased by 2.0%:

- **Food retailing:** The seasonally adjusted estimate for Food retailing rose 0.6% in September 2017. By industry subgroup, the estimate rose for Supermarket and grocery stores (0.4%), Liquor retailing (1.6%), and Other specialised food retailing (1.2%).
- **Household goods retailing:** The seasonally adjusted estimate for household goods retailing fell 0.4% in September 2017. By industry subgroup, the seasonally adjusted estimate fell for Electrical and electronic goods retailing (-0.8%) and Hardware, building and garden supplies (-0.7%), and rose for Furniture, floor coverings, houseware and textile goods retailing (0.3%).
- **Clothing, footwear and personal accessory retailing:** The seasonally adjusted estimate for Clothing, footwear and personal accessory retailing fell 0.7% in September 2017. By industry subgroup, the seasonally adjusted estimate fell for Footwear and other personal accessory retailing (-1.5%) and rose for Clothing retailing (-0.3%).
- **Department stores:** The seasonally adjusted estimate for department stores rose 2.1% in September 2017.
- **Cafes, restaurants and take-away food services:** The seasonally adjusted estimate for cafes, restaurants and takeaway food services rose 0.3% in September 2017. By industry subgroup, the seasonally adjusted estimate rose for Cafes, restaurants and catering services (0.6%) and was relatively unchanged for Takeaway food services (0.0%).
- **Other retailing:** The seasonally adjusted estimate for Other retailing fell 1.7% in September 2017. By industry subgroup, the seasonally adjusted estimate fell for Other retailing n.e.c (-2.2%), Other recreational goods retailing (-3.3%) and Pharmaceutical, cosmetic and toiletry goods retailing (-0.8%). The seasonally adjusted estimate rose for Newspapers and books retailing (0.1%).

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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