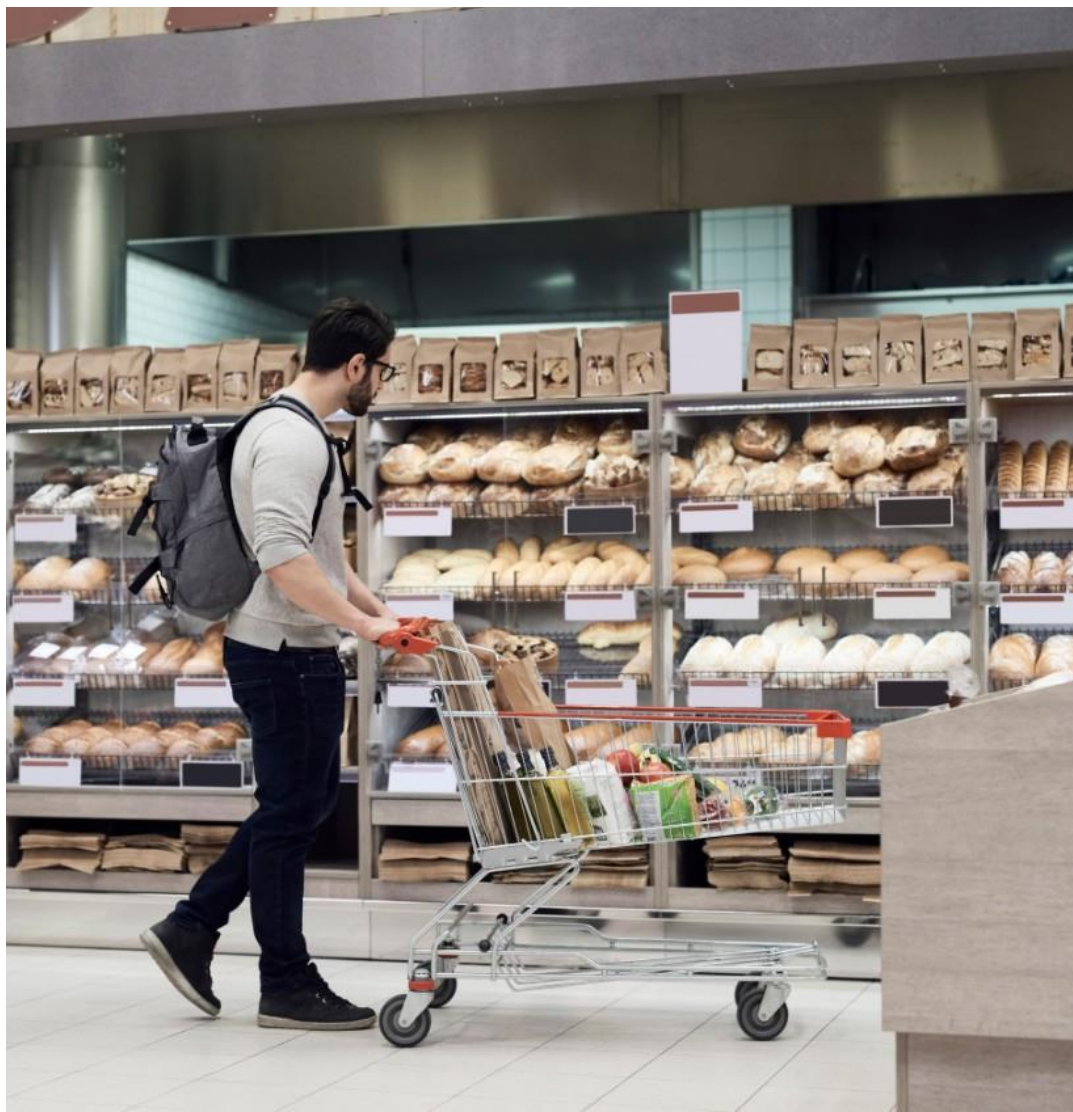


Retail and Consumer Deals Digest

December 2020



Retail and Consumer Deals Digest

Consumer confidence surging back to pre-pandemic levels

Consumer sentiment rose throughout November, from 99.9 in early November (compared to 113.5 at the same time last year) to 107.5 by month end. The relaxation in lockdown restrictions in South Australia drove a bounce in consumer confidence.

In comparison to October figures, economic conditions have improved significantly. In November, consumer sentiment reached a high of 107.5 from 95.5 in early October, primarily driven by overall gains in all the subindices.

"Ahead of the holiday season, the 'time to buy a major household item' subindex surged to its highest level since 1 March. Perceptions of economic conditions, both current and future, are the highest in more than a year. This could bode well for economic activity and spending over the coming weeks." – **David Plank, ANZ Head of Australian Economics, 01 December 2020**

Latest Australian ABS trade results

The latest Australian Bureau of Statistics (ABS) Retail Trade figures show that Australian retail turnover rose by 1.4% in October 2020 (seasonally adjusted), following a fall of 1.1% in September and a fall of 4.0% in August.

The following industries fell in seasonally adjusted terms in October 2020: Household goods retailing (-1.0%), Food retailing (-0.1%) and rose for clothing, footwear and personal accessory retailing (6.8%), Department stores (4.5%), other retailing (2.0%), and Cafes, restaurants and takeaway food services (5.4%).

The following states and territories fell in seasonally adjusted terms in October 2020: Queensland (-0.5%), Tasmania (-1.4%), Northern Territory (-0.6%), ACT (-0.1%) and rose for South Australia (0.6%), Western Australia (1.0%), Victoria (5.1%) and NSW (0.7%) in seasonally adjusted terms.

Sources: ABS data released 04 December 2020. Data refers to the seasonally adjusted estimate increases/decreases by industry/state

ANZ-Roy Morgan Weekly Consumer Confidence Rating



Source: ANZ-Roy Morgan Weekly Consumer Confidence Index



Announced deals

According to Mergermarket, announced retail deal activity for FY2021TD⁽¹⁾ decreased in value compared to the prior comparable period (PCP), with volumes declining significantly. 45 deals totalling AUD\$11.8bn were announced in the FY21TD period, versus 77 in the PCP, valued at AUD\$26.7bn.

In the last twelve months (LTM), deal value compared to the PCP has declined significantly with deal volume also witnessing a fall, from 162 announced deals (AUD\$39.9bn)⁽²⁾ to 109 (AUD\$15.8bn).

Australia and New Zealand Announced Retail and Consumer deals (FY2021TD⁽¹⁾ and LTM vs. PCP)

| Deal value (in A\$m) | FY2021TD ⁽¹⁾ | | PCP ⁽²⁾ | | LTM | | PCP ⁽²⁾ | |
|------------------------|-------------------------|---------------|--------------------|---------------|------------|---------------|--------------------|---------------|
| | # 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 | 1 | 10 | 9 | 85 | 3 | 29 | 15 | 138 |
| \$11 to \$20M | 8 | 129 | 11 | 175 | 18 | 292 | 23 | 349 |
| \$21 to \$30M | 4 | 104 | 4 | 101 | 12 | 318 | 9 | 228 |
| \$31 to \$50M | 7 | 304 | 5 | 215 | 14 | 584 | 13 | 540 |
| \$51 to \$100M | 3 | 246 | 9 | 627 | 14 | 946 | 15 | 1,119 |
| \$101 to \$300M | 2 | 370 | 2 | 217 | 5 | 940 | 11 | 1,934 |
| \$301 to \$500M | 1 | 459 | 3 | 1,228 | 2 | 884 | 5 | 2,049 |
| >\$500M | 4 | 10,181 | 7 | 24,092 | 6 | 11,787 | 13 | 33,572 |
| Subtotal | 30 | 11,803 | 50 | 26,740 | 74 | 15,780 | 104 | 39,929 |
| Undisclosed | 15 | n/a | 27 | n/a | 35 | n/a | 58 | n/a |
| Total Announced | 45 | 11,803 | 77 | 26,740 | 109 | 15,780 | 162 | 39,929 |
| Total Completed | 22 | 632 | 67 | 25,008 | 74 | 2,960 | 149 | 38,007 |

Source: Mergermarket, based on announced and completed transactions as at 30 November 2020

(1) FY2021TD refers to the period 1 July 2020 to 30 November 2020, reflecting the latest available Merger market data. The deal value includes the transaction for Coca-Cola European Partners acquisition of Coca-Cola Amatil in Nov 20 (~A\$9bn)

(2) The deal value for PCP includes the transaction for Asahi Groups acquisition of CUB Pty Ltd from Anheuser-Busch InBev NV in July 19 (~A\$16bn) and Kohlberg Kravis Roberts & Co.'s acquisition of Campbell International from Campbell Soup Company in August 19 (~A\$3bn)

Selected recently completed / announced deals

- **03 December 2020 - Online market place Kogan, has announced the acquisition of New Zealand's largest online retailer, Mighty Ape for A\$122.4 million**, its largest acquisition since listing four years ago. The acquisition is forecast to **boost Kogan's sales by approximately 18 per cent and result in a 17 per cent uplift in earnings** prior to synergies. Acquiring Mighty Ape provides Kogan with immediate scale in New Zealand and therefore accelerate its growth strategy. Moreover, the acquisition will enable both parties to expand their product range and improve the customer experience.
- **03 December 2020 - Shaver Shop Group, the Australian specialty retailer of male and female personal grooming and beauty products**, has entered a definitive agreement to acquire the six remaining franchise stores in NSW for A\$13 million. The transaction is expected to complete by February 2021.
- **02 December 2020 - Milan-based investment fund Style Capital announced the acquisition of a majority stake in Australian luxury brand Zimmermann, for US\$302.8 million. The company acquired a 70% stake in Zimmermann, with the brand's founding family to retain the remaining stake.** The company plans to use the proceeds to focus on European and Asian retail markets, digital growth, increasing its wholesale footprint and expanding into new categories. In order to facilitate the deal, **US-private equity firm General Atlantic divested its minority stake in Zimmermann**, which it acquired in 2016.
- **26 November 2020 - ASX-listed dairy company Bega Cheese, announced the acquisition of Lion Dairy and Drinks from Japan's Kirin for A\$534 million. Management believes the acquisition will bolster its supply chain** via the expansion of its domestic distribution capabilities. Moreover, the acquisition is forecast to **expand Bega's manufacturing footprint and diversify its portfolio to include branded products in new categories, such as milk-based beverages and yoghurts**. Whilst the ACCC has not flagged any definitive issues with the bid, it is carefully reviewing the concerns raised by industry participants, as Bega would control more than 50 per cent of the dairy processing plants in New South Wales if successful.
- **24 November 2020 - Growth PE firm Anacacia Capital announced the acquisition of a controlling stake in haircare products brand owner and online retailer Pump Haircare, for an undisclosed amount. The transaction will enable Pump Haircare to enhance its brand name by offering better hair care solutions.**
- **23 November 2020 - Travel distribution company, Helloworld Travel Limited, announced the acquisition of Cruiseco, an Australia-based cruise package wholesaler, for an undisclosed amount. The acquisition is part of the company's strategy to expand its cruise offerings in Australia and New Zealand, as the combined business will provide a comprehensive range of cruise options for its retail agencies.**

Source: Mergermarket, based on announced and completed transactions within the last month

Also recently in the news...

- UK department store chain, John Lewis, is seeking to reduce costs and halt its international expansion strategy following a particularly difficult year. The company will cease facilitating global online orders and focus only on the local UK market. The department store currently delivers to 30 international markets, including Australia, having opened five concessions in Myer.
- Online bookseller, Booktopia, completed its ASX-listing on 3 December 2020 with shares opening at A\$2.86 and closing at A\$2.72, a 18.3% premium on the issue price of A\$2.30. The Company raised A\$43.1 million through the issuance of 10.9 million new shares. Of the capital raised, A\$25.1 million will be used to fund growth through further investment in its Sydney distribution facility, increasing stock and working capital, listing costs, employee shares and paying down debt, with almost \$18 million to be paid to existing shareholders.
- Greenlit Brands has withdrawn the Fantastic Furniture ASX-listing following a decline in the share price of listed comparable companies, such as Harvey Norman and Adairs. According to market analysts, the potential for a COVID-19 vaccine to emerge in the near-term will result in consumers shifting their expenditure from homewares to travel. Greenlit hopes to proceed with the float in 2021 subject to the improvement of the broader retail environment and market dynamics.
- American multinational coffeehouses and roastery reserves chain, Starbucks, partnered with New York-based fashion house Kate Spade, to launch a merchandise collection for a limited time at select stores across Asia, including Australia, New Zealand, Vietnam, Hong Kong, Indonesia, India and Japan.
- Toy wholesaler Funtastic announced the completion of its acquisition of Hobby Warehouse (HWG), which includes Toys 'R' Us, Babies 'R' Us and Mittoni. The deal is expected to provide Funtastic with access to HWG's logistics and distribution channels, including an e-commerce platform which has one of the largest ranges of baby, toy and hobby products in Australia.
- Supermarket chain, Foodland, is seeking to invest A\$300 million across a five year period to enhance its South Australian business. The company plans to use the proceeds to establish an additional 25 stores, bringing the business' total store network to 120.
- Luxury fashion brand, Alice McCall, entered voluntary administration due to the impact of COVID-19. SVP Partners has been appointed as administrators and is seeking to reduce the store portfolio and offer some staff redundancies in order to provide the company with the best chance of survival.
- Dymocks Group, announced the divestiture of its confectionery manufacturing business, Patons Macadamia to the business' Managing Director. The divestment is part of the group's strategy to focus on its retail, property, farming and education businesses.
- Samsung Electronics announced a new retail operations partnership with Retail Prodigy Group in Australia. The partnership was driven by Samsung's desire to evolve its customer experience within its physical retail environment and enhance performance.
- Australian beauty retailer, Lovisa, announced the temporary shutdown of its 64 outlets across the US and France, until they are permitted to re-open. The decision is primarily driven by the worsening COVID-19 situation in both geographies.
- Woolworths Group's supply chain arm, Primary Connect, announced it would establish a new Melbourne Fresh Distribution Centre in Truganina. The new facility will store fresh fruits, vegetables, meat and chilled products as well as serve over 230 Victorian supermarkets.

Source: Inside Retail, AFR, the Australian



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

- **Change Foods, a US and Australian-based developer of bioengineered animal-free cheese and dairy products, is planning to launch a US\$5 million Series A round in Q2 CY21.** The firm will use the funds for further R&D, expanding its US team and product development.
- **Latitude 34 Wine Company's receivers and managers are seeking urgent expressions of interest for the wine business.** The winery assets include the Optimus, St Johns Brook, and The Blackwoods brands, as well as a processing plant, equipment and stock on hand.
- **Melbourne-based supermarket chain, Ritchies Stores, is seeking to acquire peers to accelerate its growth,** as stated by CEO Fred Harrison. The company would **prefer to acquire stores that sell liquor, as it is an important part of the business.**
- **PAS Group, an Australian-based apparel retailer, is seeking acquisitions.** The company's CEO stated that it is **targeting distressed retailers and brands requiring capital** to add to its retail and wholesale portfolio.
- **SPC, an Australian fruit and vegetable processor, is seeking acquisitions in Australia and offshore** ahead of a listing on the ASX in the next 18-30 months. SPC is assessing acquisition opportunities in Australia as well as Europe, and is focused on a broad range of deals in terms of ticket size. It will target small and large businesses that are growing, mature or even require turnaround.

Source: Mergermarket

Highlight on Black Friday and Cyber Monday 2020

- Originating from an American tradition, which coincides with Thanksgiving in the US, Black Friday signifies the start of the Christmas shopping season and is rapidly becoming the most popular shopping event of the year.
- Westpac merchant facilities directly processed 68 million transactions across the Black Friday and Cyber Monday weekend this year, representing 5.7% growth on the previous year and establishing a new record.
- The popularity of the weekend has resulted in a major shift in retail events displacing Boxing Day as the premier event of the holiday period, with 13 million transactions having been processed on Black Friday 2020 in comparison to 8 million on Boxing Day 2019.
- Moreover, the international sales event has also boosted the performance of buy now, pay later platforms, with Afterpay processing US\$900m of Australian sales in November, representing 50% year-on-year growth.
- The surge in consumer spending was primarily driven by the significant uplift in consumer sentiment stemming from "the dramatic rise in social assistance payments, the projected elimination of COVID-19 in Victoria and a positive outlook for COVID-19 vaccinations", as stated by IBISWorld Senior Industry Analyst Arthur Kyriakopoulos
- Retailers are however wary of a downturn in consumer expenditure in 2021, as throughout 2020 consumers have had additional capacity to spend on retail goods due to the COVID-related restrictions imposed on service-based industries, such as hospitality and travel.
- Despite the uplift in sales, Australian retailers have also identified discounting as a thematic and significant challenge, placing pressure on margins in addition to the typical discounts applied during Christmas.
- These challenges are exacerbated for smaller retailers with consumers expecting bigger and better sales each year.
- In light of these challenges, Black Friday risks pulling forward the anticipated uplift in Christmas sales from December to November, as opposed to truly increasing annual sales volumes for retailers.

Source: ABC News, Inside Retail, Dynamic Business

30 June reporting season illustrates an intangible value “reset” for the R&C sector

As social restrictions lift across states in time for the festive shopping season, there is much cause for optimism that consumer confidence will start to return to pre-COVID levels. However, with the dust settled on the 30 June financial reporting season, we can observe the impact that COVID-19 has had on the R&C sector by analysing the impact to intangible value for the ASX-listed companies.

Understanding intangible value within a business remains paramount for investors in order to assess a business’ ability to compete and thrive. Intangible value can be commonly categorised with regards to separable assets (such as brands, software and customer relationships) or more loosely, with regards to the ‘blue sky’ potential of a business (i.e. goodwill).

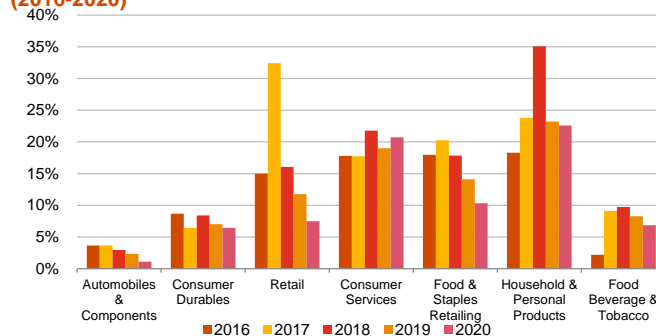
Being “intangible”, the most common way we can observe this value being crystallised is through the reporting of intangible assets and goodwill acquired as part of business combinations. Prior to COVID-19, we can generally observe a steady accumulation of intangible assets and goodwill being recognised across all R&C sectors driven by deal volumes (see chart 1).

As expected, the 30 June reporting season revealed a number of R&C ASX clients announcing impairment charges to goodwill driven by the impact on trade of COVID-19. Put simply, impairments were being made because the value of future cash flows attached to an asset / business were insufficient to support the amounts historically recorded on their balance sheets. Although not exclusive to the R&C sector – with COVID creating an environment where more listed companies have taken the opportunity to reset their balance sheets – the number of R&C companies taking impairments increased from 7 in 2019 to 13 in 2020 (see chart 2). The Consumer Services sector can be seen as the most affected R&C sector with 7 companies recording impairments to goodwill totalling A\$1.3bn in FY20 (see chart 3).

With intangible values being “reset” in terms of balance sheet reporting, we can look to the gap between the enterprise value (EV) of a company and its net tangible assets (NTA) in order to identify which sectors and companies embed the most intangible value. Similarly to reported intangible values, the excess value above NTA can also be seen to steadily increase prior to FY20 where COVID-induced drop-offs occur (see chart 4). Based on FY20 levels, Consumer Durables stands out as the sector with the largest embedded intangible value, likely a result of the inclusion of more technology-focused retail companies (e.g. consumer electronics). At the lower end of the spectrum, the Food, Beverage & Tobacco sector consists of more traditional asset-intensive (e.g. high inventory, manufacturing) companies.

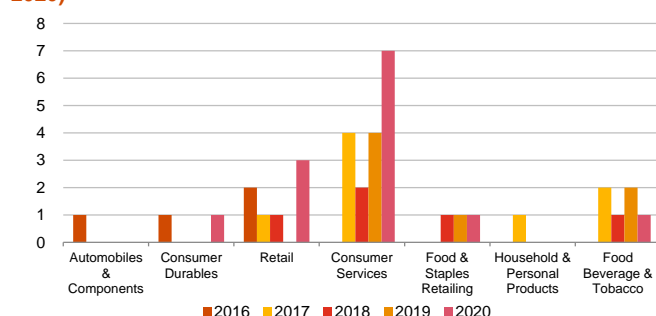
The aftermath of the COVID-19 impacted reporting season for the ASX R&C sector may have resulted in less visibility of intangible value, but as investor appetite resumes, we expect to start to see prices being paid in the market which reflect the importance of intangible value to a business.

R&C sector median goodwill & intangibles % of EV (2016-2020)



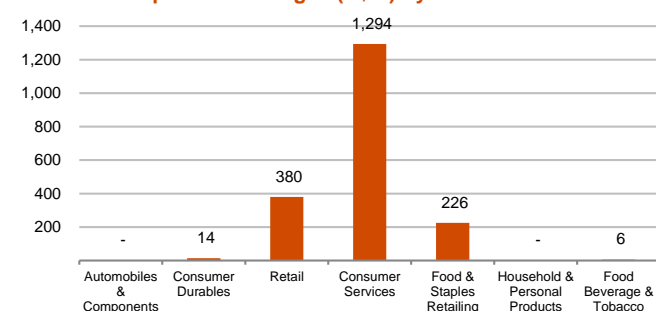
Source: S&P Capital IQ, PwC analysis. EV as at 30 November 2020 (excludes control premium)

Number of company goodwill impairments (2016 - 2020)



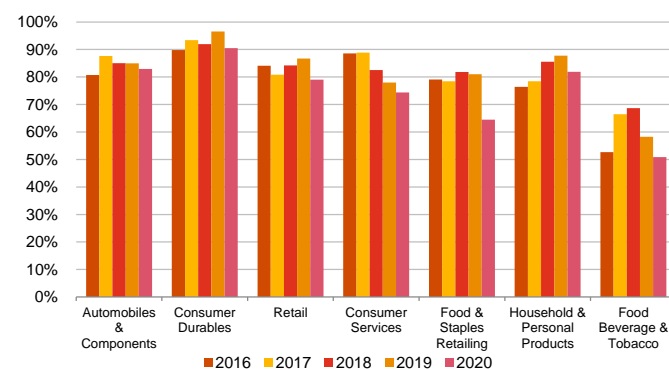
Source: S&P Capital IQ, PwC analysis

Total FY20 impairment charges (A\$m) by R&C sector



Source: S&P Capital IQ, PwC analysis.

R&C sector implied intangibles as % of EV



Source: S&P Capital IQ, PwC analysis. EV as at 30 November 2020 (excludes control premium). Implied intangible assets based on EV minus net debt minus net tangible assets

| | | Share price | Mkt cap | EV | Net debt / EV | Dividend Yield | TSR | EV / EBITDA | | | EV / EBIT | | | PE | | |
|---|----------|-------------|---------|---------|---------------|----------------|--------|-------------|-----------|--------|-----------|-----------|--------|--------|-----------|--------|
| | | | | | | | | Actual | Forecasts | | Actual | Forecasts | | Actual | Forecasts | |
| Company | Currency | \$ | million | million | | LTM | Nov-20 | LTM | CY2020 | CY2021 | LTM | CY2020 | CY2021 | LTM | CY2020 | CY2021 |
| Restaurants / Fast Food | | | | | | | | | | | | | | | | |
| Domino's Pizza Enterprises Limited | AUD | 84.09 | 7,276 | 8,507 | 14% | 1.4% | -12.6% | 27.4x | 21.9x | 18.7x | 41.2x | 33.8x | 29.0x | n/m | 45.1x | 38.4x |
| Retail Food Group Limited | AUD | 0.10 | 204 | 343 | 41% | 0.0% | 13.8% | 21.8x | n/m | n/m | n/m | n/m | n/m | n/m | n/m | n/m |
| Restaurant Brands New Zealand Limited | NZD | 11.90 | 1,485 | 2,034 | 27% | 0.0% | 3.2% | 14.6x | 16.3x | 14.0x | 25.5x | 23.9x | 23.5x | 43.0x | 29.6x | 23.9x |
| Collins Foods Limited | AUD | 10.18 | 1,187 | 1,742 | 32% | 2.1% | -3.2% | 10.7x | 14.2x | 10.8x | 20.6x | 21.3x | 16.9x | 35.3x | 23.9x | 21.4x |
| Mean | | | | | | | | 18.6x | 17.5x | 14.5x | 29.1x | 26.3x | 23.2x | 39.1x | 32.9x | 27.9x |
| Median | | | | | | | | 18.2x | 16.3x | 14.0x | 25.5x | 23.9x | 23.5x | 39.1x | 29.6x | 23.9x |
| FMCG - Beverage | | | | | | | | | | | | | | | | |
| Coca-Cola Amatil Limited | AUD | 12.76 | 9,238 | 11,447 | 16% | 2.7% | 1.8% | 13.3x | 13.5x | 12.1x | 21.4x | 22.5x | 18.9x | 28.1x | 29.8x | 24.5x |
| Treasury Wine Estates Limited | AUD | 9.20 | 6,636 | 8,117 | 18% | 3.0% | -6.3% | 12.3x | 12.2x | 12.3x | 15.8x | 18.7x | 18.0x | 24.6x | 22.4x | 22.3x |
| Delegat Group Limited | NZD | 15.75 | 1,593 | 1,927 | 17% | 1.1% | 6.1% | 16.4x | 16.4x | 15.5x | 20.1x | 19.8x | 18.4x | 30.0x | 25.5x | 23.4x |
| Australian Vintage Ltd | AUD | 0.63 | 175 | 301 | 42% | 4.3% | 33.3% | 9.0x | 8.4x | 7.3x | 15.8x | 13.3x | 11.8x | 16.8x | 11.4x | 10.1x |
| Good Drinks Australia Ltd | AUD | 0.07 | 85 | 103 | 18% | 0.0% | 29.1% | n/m | 41.1x | n/m | n/m | n/m | n/m | n/m | n/m | n/m |
| Mean | | | | | | | | 12.7x | 18.3x | 11.8x | 18.3x | 18.6x | 16.8x | 24.9x | 22.3x | 20.1x |
| Median | | | | | | | | 12.8x | 13.5x | 12.2x | 17.9x | 19.2x | 18.2x | 26.4x | 23.9x | 22.8x |
| FMCG - Food & Dairy | | | | | | | | | | | | | | | | |
| Fonterra Co-operative Group Limited | NZD | 4.39 | 7,083 | 12,221 | 42% | 1.1% | -4.3% | 8.7x | n/m | n/m | 14.0x | n/m | n/m | 19.0x | n/m | n/m |
| Bega Cheese Limited | AUD | 5.30 | 1,349 | 1,585 | 15% | 1.9% | 11.2% | 20.9x | 13.4x | 10.2x | 41.6x | 23.8x | 16.7x | n/m | 34.4x | 22.9x |
| The a2 Milk Company Limited | NZD | 14.06 | 10,441 | 9,604 | -9% | 0.0% | 0.8% | 17.1x | 18.5x | 15.5x | 17.2x | 18.7x | 15.7x | 29.9x | 28.6x | 25.8x |
| Freedom Foods Group Limited | AUD | 3.01 | 834 | 1,152 | 41% | 0.0% | - | n/m | n/m | 10.6x | n/m | n/m | 23.6x | n/m | n/m | 24.2x |
| Synlait Milk Limited | NZD | 5.46 | 1,193 | 1,736 | 31% | 0.0% | 1.9% | 10.3x | 9.9x | 9.0x | 14.1x | 14.0x | 12.6x | 14.9x | 16.2x | 14.2x |
| Mean | | | | | | | | 14.2x | 13.9x | 11.3x | 21.7x | 18.8x | 17.2x | 21.3x | 26.4x | 21.8x |
| Median | | | | | | | | 13.7x | 13.4x | 10.4x | 15.7x | 18.7x | 16.2x | 19.0x | 28.6x | 23.5x |
| FMCG - Food (Production) | | | | | | | | | | | | | | | | |
| Inghams Group Limited | AUD | 3.08 | 1,145 | 3,061 | 63% | 4.5% | 7.0% | 7.9x | 7.3x | 6.9x | 24.8x | 20.8x | 16.9x | 32.9x | 14.6x | 13.3x |
| Australian Agricultural Company Limited | AUD | 1.07 | 642 | 1,027 | 37% | 0.0% | -3.6% | n/m | n/m | 34.1x | n/m | n/m | n/m | n/m | n/m | n/m |
| Costa Group Holdings Limited | AUD | 3.99 | 1,599 | 2,141 | 24% | 1.5% | 13.2% | 15.0x | 12.8x | 10.3x | 47.5x | 25.5x | 18.3x | n/m | 34.5x | 23.3x |
| Select Harvests Limited | AUD | 5.31 | 636 | 958 | 34% | 2.4% | -3.8% | 11.8x | 16.5x | 14.0x | 24.8x | 25.0x | 20.6x | 22.5x | 25.9x | 21.0x |
| Tassal Group Limited | AUD | 3.53 | 746 | 1,161 | 36% | 5.1% | 2.5% | 6.7x | 8.0x | 7.3x | 10.6x | 11.2x | 10.2x | 11.6x | 11.4x | 10.4x |
| Sanford Limited | NZD | 5.10 | 477 | 702 | 32% | 1.0% | -8.1% | 10.3x | 10.5x | 9.4x | 20.7x | 17.8x | 14.9x | 30.1x | 19.4x | 16.9x |
| Huon Aquaculture Group Limited | AUD | 2.73 | 300 | 639 | 53% | 0.0% | 5.3% | 10.4x | 13.1x | 10.0x | n/m | n/m | 29.4x | n/m | n/m | 30.2x |
| Mean | | | | | | | | 10.4x | 11.4x | 13.2x | 25.7x | 20.1x | 18.4x | 24.2x | 21.2x | 19.2x |
| Median | | | | | | | | 10.3x | 11.6x | 10.0x | 24.8x | 20.8x | 17.6x | 26.3x | 19.4x | 19.0x |
| FMCG - Personal Care | | | | | | | | | | | | | | | | |
| Asaleo Care Limited | AUD | 1.00 | 543 | 688 | 21% | 2.0% | 5.3% | 7.9x | 7.7x | 7.6x | 11.2x | 10.9x | 10.5x | 16.2x | 14.5x | 13.4x |
| BVX Limited | AUD | 4.00 | 558 | 605 | 8% | 1.0% | 6.9% | 20.9x | 19.6x | 15.5x | 26.6x | 23.1x | 19.1x | 38.7x | 33.6x | 26.8x |
| Comvita Limited | NZD | 3.27 | 228 | 255 | 11% | 0.0% | - | 20.1x | 12.0x | 10.0x | n/m | 30.1x | 14.8x | n/m | 34.0x | 18.6x |
| Blackmores Limited | AUD | 80.24 | 1,552 | 1,619 | 4% | 0.0% | 13.9% | 32.8x | 26.5x | 19.6x | n/m | 39.2x | 26.2x | n/m | n/m | 38.1x |
| Shaver Shop Group Limited | AUD | 1.11 | 143 | 167 | 15% | 2.4% | 3.0% | 5.1x | 8.3x | 7.4x | 9.2x | 9.6x | 8.5x | 14.4x | 9.8x | 10.1x |
| McPherson's Limited | AUD | 1.27 | 162 | 180 | 10% | 8.7% | -19.6% | 6.4x | 6.3x | 6.9x | 7.8x | 10.5x | 8.4x | 9.9x | 11.0x | 10.0x |
| Mean | | | | | | | | 15.5x | 13.4x | 11.2x | 13.7x | 20.6x | 14.6x | 19.8x | 20.6x | 19.5x |
| Median | | | | | | | | 14.0x | 10.1x | 8.8x | 10.2x | 17.0x | 12.7x | 15.3x | 14.5x | 16.0x |
| Media | | | | | | | | | | | | | | | | |
| SEEK Limited | AUD | 25.95 | 9,129 | 10,846 | 13% | 0.5% | 21.1% | 40.2x | 29.8x | 23.8x | 49.3x | 42.9x | 37.7x | n/m | n/m | n/m |
| REA Group Limited | AUD | 144.12 | 18,983 | 19,087 | 1% | 0.8% | 22.8% | 48.0x | 39.3x | 32.4x | 50.6x | 45.2x | 37.8x | n/m | n/m | 53.6x |
| carsales.com Ltd | AUD | 19.65 | 4,841 | 5,282 | 8% | 2.4% | -2.1% | 27.7x | 22.3x | 20.6x | 31.2x | 25.7x | 23.7x | 48.4x | 34.8x | 31.7x |
| Infomedia Ltd | AUD | 1.99 | 745 | 647 | -15% | 2.2% | 22.9% | 23.9x | 13.6x | 11.2x | 26.7x | 24.8x | 20.8x | 42.4x | 40.8x | 30.0x |
| Mean | | | | | | | | 35.0x | 26.3x | 22.0x | 39.5x | 34.7x | 30.0x | 45.4x | 37.8x | 38.4x |
| Median | | | | | | | | 34.0x | 26.0x | 22.2x | 40.3x | 34.3x | 30.7x | 45.4x | 37.8x | 31.7x |
| E-commerce | | | | | | | | | | | | | | | | |
| Kogan.com Ltd | AUD | 18.04 | 1,907 | 1,763 | -8% | 1.2% | -20.3% | 37.5x | 25.3x | 18.3x | 43.4x | 29.4x | 21.0x | n/m | 45.7x | 32.3x |
| Webjet Limited | AUD | 5.77 | 1,956 | 1,956 | 0% | 1.6% | 65.3% | n/m | n/m | n/m | n/m | n/m | n/m | n/m | n/m | n/m |
| Booktopia Group Limited | AUD | 2.99 | 411 | 430 | 3% | 0.0% | - | n/m | n/m | n/m | n/m | n/m | n/m | n/m | n/m | n/m |
| Adore Beauty Group Limited | AUD | 5.76 | 542 | - | n/m | 0.0% | 14.0% | 0.0x | n/m | n/m | 0.0x | n/m | n/m | n/m | n/m | n/m |
| Temple & Webster Group Ltd | AUD | 9.42 | 1,135 | 1,098 | -3% | 0.0% | -5.7% | n/m | 46.6x | 36.2x | n/m | 47.7x | 36.9x | n/m | 49.3x | 41.3x |
| Mean | | | | | | | | 18.8x | 36.0x | 27.2x | 21.7x | 38.6x | 28.9x | n/a | 47.5x | 36.8x |
| Median | | | | | | | | 18.8x | 36.0x | 27.2x | 21.7x | 38.6x | 28.9x | n/a | 47.5x | 36.8x |

Source: CapitalIQ, as at 7 December 2020

| Company | Currency | Share price \$ | Mkt cap million | EV million | Net debt/ EV | Dividend Yield LTM | TSR Nov-20 | EV / EBITDA | | | EV / EBIT | | | PE | | |
|--|----------|-------------------|--------------------|---------------|-----------------|--------------------------|---------------|-------------|-----------|--------|-----------|-----------|--------|--------|-----------|--------|
| | | | | | | | | Actual | Forecasts | | Actual | Forecasts | | Actual | Forecasts | |
| | | | | | | | | LTM | CY2020 | CY2021 | LTM | CY2020 | CY2021 | LTM | CY2020 | CY2021 |
| Household Goods Retail | | | | | | | | | | | | | | | | |
| Harvey Norman Holdings Limited | AUD | 4.63 | 5,769 | 6,927 | 16% | 3.9% | 3.8% | 8.1x | 7.4x | 6.9x | 9.5x | 7.6x | 9.3x | 13.1x | 8.8x | 11.8x |
| JB Hi-Fi Limited | AUD | 43.97 | 5,051 | 5,542 | 9% | 4.3% | -3.6% | 7.9x | n/m | 7.5x | 11.5x | n/m | 11.0x | 18.0x | n/m | 15.4x |
| The Warehouse Group Limited | NZD | 2.60 | 898 | 1,691 | 47% | 0.0% | 7.5% | 5.4x | 7.0x | 5.3x | 10.8x | 11.5x | 11.9x | 12.8x | 11.0x | 10.5x |
| Adairs Limited | AUD | 3.22 | 544 | 659 | 17% | 3.4% | -16.1% | 6.9x | 7.1x | 9.0x | 11.2x | 7.6x | 9.8x | 15.3x | 9.7x | 12.4x |
| Beacon Lighting Group Limited | AUD | 1.36 | 304 | 403 | 25% | 3.7% | -7.7% | 7.7x | 7.8x | 6.1x | 14.0x | 11.0x | 9.9x | 19.8x | 13.3x | 12.1x |
| Nick Scali Limited | AUD | 8.72 | 706 | 858 | 18% | 5.4% | 5.2% | 9.4x | 9.7x | 8.6x | 13.9x | 10.8x | 10.0x | 19.7x | 12.7x | 11.7x |
| Smiths City Group Limited | NZD | 0.14 | 7 | 112 | 93% | 0.0% | - | 11.3x | n/m | n/m | n/m | n/m | n/m | n/m | n/m | n/m |
| The Reject Shop Limited | AUD | 7.23 | 277 | 378 | 27% | 0.0% | 11.9% | 3.1x | 14.3x | 11.4x | 37.6x | 47.5x | 25.6x | n/m | 51.4x | 26.6x |
| Baby Bunting Group Limited | AUD | 4.30 | 556 | 648 | 14% | 2.4% | 6.4% | 12.0x | 15.5x | 12.1x | 21.8x | 21.4x | 16.2x | 41.9x | 25.3x | 20.9x |
| Dusk Group Limited | AUD | 1.71 | 106 | 136 | 22% | 0.0% | - | 11.4x | n/m | 4.2x | 14.9x | n/m | 6.1x | 18.1x | n/m | 6.8x |
| Mean | | | | | | | | 8.3x | 9.8x | 7.9x | 16.1x | 16.8x | 12.2x | 19.8x | 18.9x | 14.2x |
| Median | | | | | | | | 8.0x | 7.8x | 7.5x | 13.9x | 11.0x | 10.0x | 18.0x | 12.7x | 12.1x |
| Household Goods Wholesale / Distribution | | | | | | | | | | | | | | | | |
| Breville Group Limited | AUD | 23.99 | 3,333 | 3,229 | -3% | 1.7% | -7.6% | 27.3x | 21.7x | 19.0x | 30.3x | 26.5x | 23.1x | 49.1x | 40.5x | 34.6x |
| GUD Holdings Limited | AUD | 11.08 | 1,017 | 1,240 | 18% | 3.3% | -11.1% | 13.1x | 12.2x | 11.0x | 15.5x | 14.2x | 12.6x | 21.9x | 18.8x | 16.2x |
| GWA Group Limited | AUD | 3.12 | 824 | 1,045 | 21% | 3.7% | 9.1% | 11.7x | 12.6x | 13.4x | 14.9x | 17.0x | 19.0x | 21.1x | 22.2x | 25.6x |
| Pental Limited | AUD | 0.43 | 59 | 56 | -4% | 5.1% | -7.9% | 4.7x | 4.5x | 4.1x | 7.6x | 6.9x | 6.0x | 13.0x | 10.4x | 8.9x |
| Shiro Holdings Limited | AUD | 0.81 | 77 | 80 | 4% | 7.4% | 0.6% | 3.8x | n/m | n/m | 5.4x | n/m | n/m | 10.0x | n/m | n/m |
| Cavalier Corporation Limited | NZD | 0.36 | 24 | 43 | 43% | 0.0% | 16.1% | 17.8x | n/m | n/m | n/m | n/m | n/m | n/m | n/m | n/m |
| EBOS Group Limited | AUD | 25.06 | 4,098 | 4,711 | 12% | 2.9% | -3.3% | 13.1x | 13.5x | 12.3x | 16.8x | 15.8x | 14.7x | 27.7x | 21.4x | 19.9x |
| Australian Pharmaceutical Industries Limited | AUD | 1.23 | 606 | 810 | 25% | 1.6% | 12.0% | 6.6x | 8.7x | 7.1x | 16.0x | 12.2x | 11.4x | 24.4x | 18.2x | 15.6x |
| Mean | | | | | | | | 12.3x | 12.2x | 11.2x | 15.2x | 15.4x | 14.5x | 23.9x | 21.9x | 20.1x |
| Median | | | | | | | | 12.4x | 12.4x | 11.7x | 15.5x | 15.0x | 13.7x | 21.9x | 20.1x | 18.0x |
| Diversified Retail | | | | | | | | | | | | | | | | |
| Wesfarmers Limited | AUD | 49.41 | 56,023 | 63,008 | 11% | 3.1% | 7.6% | 14.3x | 14.0x | 13.2x | 21.3x | 21.2x | 19.4x | 32.2x | 27.0x | 26.8x |
| Vita Group Limited | AUD | 1.03 | 170 | 192 | 12% | 2.3% | 6.6% | 4.0x | 3.4x | 3.7x | 9.6x | 5.4x | 5.2x | 11.7x | 6.2x | 6.7x |
| Super Retail Group Limited | AUD | 9.85 | 2,224 | 3,126 | 29% | 2.0% | -11.7% | 7.2x | 6.7x | 5.2x | 15.3x | 11.2x | 10.2x | 20.0x | 12.6x | 12.6x |
| Mean | | | | | | | | 8.5x | 8.0x | 7.4x | 15.4x | 12.6x | 11.6x | 21.3x | 15.3x | 15.3x |
| Median | | | | | | | | 7.2x | 6.7x | 5.2x | 15.3x | 11.2x | 10.2x | 20.0x | 12.6x | 12.6x |
| Automotive Retail | | | | | | | | | | | | | | | | |
| Eagers Automotive Limited | AUD | 13.17 | 3,384 | 5,713 | 41% | 0.9% | 20.2% | 13.6x | 18.6x | 15.3x | 22.7x | 27.1x | 20.7x | 33.4x | 37.8x | 24.6x |
| ARB Corporation Limited | AUD | 29.14 | 2,356 | 2,359 | 0% | 1.4% | -9.8% | 24.3x | 20.9x | 19.2x | 29.8x | 26.0x | 23.1x | 47.7x | 36.0x | 31.9x |
| Bapcor Limited | AUD | 6.86 | 2,328 | 2,615 | 11% | 2.6% | -8.5% | 12.9x | 13.4x | 9.5x | 19.5x | 17.0x | 14.6x | 26.9x | 23.1x | 19.9x |
| MotorCycle Holdings Limited | AUD | 2.36 | 146 | 213 | 32% | 0.0% | 2.4% | 6.3x | 6.5x | 6.4x | 10.5x | 7.7x | 8.0x | 10.7x | 8.0x | 8.3x |
| Mean | | | | | | | | 14.3x | 14.9x | 12.6x | 20.6x | 19.4x | 16.6x | 29.6x | 26.2x | 21.2x |
| Median | | | | | | | | 13.2x | 16.0x | 12.4x | 21.1x | 21.5x | 17.7x | 30.1x | 29.5x | 22.3x |
| Other | | | | | | | | | | | | | | | | |
| Elders Limited | AUD | 10.18 | 1,591 | 1,829 | 13% | 2.2% | -5.4% | 11.3x | 11.2x | 10.7x | 15.3x | 14.7x | 13.2x | 23.8x | 14.3x | 12.8x |
| Flight Centre Travel Group Limited | AUD | 17.90 | 3,565 | 2,768 | -29% | 0.0% | 52.0% | n/m | n/m | 24.5x | n/m | n/m | n/m | n/m | n/m | n/m |
| Cash Converters International Limited | AUD | 0.23 | 139 | - | n/m | 0.0% | 12.8% | 0.0x | n/m | n/m | 0.0x | n/m | n/m | 7.0x | 9.5x | 11.3x |
| McGrath Limited | AUD | 0.41 | 68 | 75 | 9% | 0.0% | 75.0% | 8.8x | n/m | n/m | n/m | n/m | n/m | n/m | n/m | n/m |
| Mean | | | | | | | | 6.7x | 11.2x | 17.6x | 7.6x | 14.7x | 13.2x | 15.4x | 11.9x | 12.0x |
| Median | | | | | | | | 8.8x | 11.2x | 17.6x | 7.6x | 14.7x | 13.2x | 15.4x | 11.9x | 12.0x |
| Apparel / Accessories Retail | | | | | | | | | | | | | | | | |
| Premier Investments Limited | AUD | 23.03 | 3,659 | 3,652 | 0% | 3.0% | 6.3% | 8.2x | 8.9x | 8.9x | 15.8x | 20.2x | 18.0x | 25.4x | 25.2x | 23.1x |
| Lovisa Holdings Limited | AUD | 11.07 | 1,190 | 1,336 | 11% | 1.4% | 38.4% | 17.9x | 15.6x | 11.9x | 46.5x | 43.1x | 29.5x | n/m | n/m | 40.1x |
| Kathmandu Holdings Limited | NZD | 1.31 | 929 | 1,240 | 25% | 0.0% | 4.3% | 9.6x | 10.2x | 7.0x | 41.0x | 17.2x | 12.0x | n/m | 21.2x | 13.7x |
| Mosaic Brands Limited | AUD | 0.88 | 88 | 286 | 69% | 0.0% | 26.3% | 9.2x | 6.3x | 8.8x | n/m | n/m | 21.4x | n/m | n/m | 12.0x |
| Accent Group Limited | AUD | 2.22 | 1,201 | 1,547 | 22% | 4.2% | 30.7% | 7.8x | 7.0x | 6.6x | 17.1x | 14.3x | 14.1x | 25.4x | 17.6x | 17.0x |
| Hallenstein Glasson Holdings Limited | NZD | 6.61 | 394 | 430 | 8% | 5.9% | 12.3% | 6.1x | n/m | n/m | 11.2x | n/m | n/m | 17.8x | n/m | n/m |
| Universal Store Holdings Limited | AUD | 4.82 | 353 | 427 | 17% | 0.0% | - | 9.4x | n/m | 10.4x | 18.3x | n/m | 11.7x | 33.2x | n/m | 17.2x |
| Michael Hill International Limited | AUD | 0.54 | 202 | 359 | 44% | 2.8% | 3.8% | 5.0x | 4.5x | 5.4x | 18.1x | 11.3x | 9.1x | 25.7x | 12.0x | 8.6x |
| City Chic Collective Limited | AUD | 2.80 | 665 | 688 | 3% | 0.0% | 6.5% | 21.4x | 16.3x | 13.9x | 41.8x | 27.3x | 20.4x | 49.6x | 46.1x | 27.9x |
| The PAS Group Limited | AUD | 0.05 | 7 | 28 | 75% | 0.0% | - | 1.7x | n/m | n/m | n/m | n/m | n/m | n/m | n/m | n/m |
| Mean | | | | | | | | 9.6x | 9.8x | 9.1x | 26.2x | 22.2x | 17.0x | 29.5x | 24.4x | 20.0x |
| Median | | | | | | | | 8.7x | 8.9x | 8.8x | 18.2x | 18.7x | 16.0x | 25.6x | 21.2x | 17.1x |
| Department Stores | | | | | | | | | | | | | | | | |
| Myer Holdings Limited | AUD | 0.35 | 287 | 2,074 | 86.2% | 0.0% | 58.7% | 7.6x | 6.9x | 6.4x | 29.9x | 23.3x | 19.3x | n/m | n/m | 28.7x |
| Supermarkets | | | | | | | | | | | | | | | | |
| Woolworths Group Limited | AUD | 38.45 | 48,457 | 65,338 | 25% | 2.4% | -3.1% | 12.4x | 11.1x | 10.5x | 20.8x | 19.4x | 17.8x | 33.6x | 28.4x | 25.5x |
| Coles Group Limited | AUD | 18.26 | 24,358 | 33,803 | 28% | 3.1% | 0.6% | 11.1x | 10.1x | 9.7x | 20.4x | 18.5x | 17.6x | 29.5x | 24.5x | 23.6x |
| Metcash Limited | AUD | 3.55 | 3,629 | 4,327 | 16% | 4.1% | - | 8.6x | 7.6x | 8.0x | 11.8x | 12.1x | 11.4x | 16.3x | 17.7x | 15.2x |
| Mean | | | | | | | | 10.7x | 9.6x | 9.4x | 17.7x | 16.7x | 15.6x | 26.5x | 23.5x | 21.4x |
| Median | | | | | | | | 11.1x | 10.1x | 9.7x | 20.4x | 18.5x | 17.6x | 29.5x | 24.5x | 23.6x |

Source: CapitalIQ, as at 7 December 2020

Retail sector trends

As reported by the ABS, the seasonally adjusted Australian retail turnover for October 2020 trends are as follows:

- **Food retailing:** The seasonally adjusted estimate for Food retailing fell 0.1% in October 2020. By industry subgroup, the seasonally adjusted estimate fell for Supermarkets and grocery stores (-0.7%), and rose for Liquor retailing (3.1%) and Other specialised food retailing (2.3%)
- **Household goods retailing:** The seasonally adjusted estimate for Household goods retailing fell 1.0% in October 2020. By industry subgroup, the seasonally adjusted estimate fell for Hardware, building and garden supplies retailing (-1.8%), Electrical and electronic goods retailing (-1.7%), and rose for Furniture, floor coverings, houseware and textile goods retailing (1.0%).
- **Clothing, footwear and personal accessory retailing:** The seasonally adjusted estimate for Clothing, footwear and personal accessory retailing rose 6.8% in October 2020. By industry subgroup, the seasonally adjusted estimate rose for Clothing retailing (10.8%), and fell for Footwear and other personal accessory retailing (-1.0%).
- **Department stores:** The seasonally adjusted estimate for Department stores rose 4.5% in October 2020.
- **Cafes, restaurants and take-away food services:** The seasonally adjusted estimate for Cafes, restaurants and takeaway food services rose 5.4% in October 2020. By industry subgroup, the seasonally adjusted estimate rose for Cafes, restaurants and catering services (6.8%), and Takeaway food services (4.0%)
- **Other retailing:** The seasonally adjusted estimate for Other retailing rose 2.0% in October 2020. By industry subgroup, the seasonally adjusted estimate rose for Pharmaceutical, cosmetic and toiletry goods retailing (2.8%), Newspaper and book retailing (3.3%), Other retailing n.e.c. (2.2%) and fell for Other recreational goods retailing (-1.3%)

Source: ABS data released 04 December 2020. Data refers to the seasonally adjusted estimates by industry



Contact us

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