

Retail & Consumer Deals Digest

September 2016



Retail & Consumer Deals Digest is a monthly bulletin providing a consolidated view of sector trends, deal activity and relevant news headlines in the retail & consumer sector.

If you'd like to join this subscription or opt out, please email maree.atkin@pwc.com

Consumer confidence hits sharp decline off a 33 month high

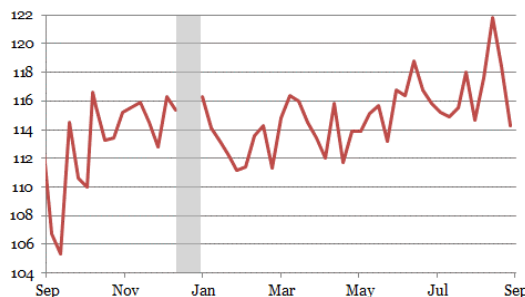
Consumer Confidence fell for the second week in a row, down a sharp 3.5% this week to 114.3. The sizeable decline more than offset the jump in confidence three weeks ago – reaching a 33 month high.

According to ANZ Economist Jo Masters, the sharp fall suggests that despite confidence remaining above the long run average, the uptrend appears to be losing momentum.

The recent volatility in consumer confidence has been driven by uncertainty about the economic outlook, with households' view of the 12 month outlook falling a sharp 7.6% this week.

This week's GDP report and RBA meeting will likely shape the news flow in the coming days and have the potential to influence consumers' confidence over the coming weeks.

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 was relatively unchanged in July 2016 (seasonally adjusted), following a rise of 0.1% in both May and June 2016.

The sectors contributing to the rising trend in the month of July 2016 were: Clothing, footwear and personal accessory retailing (0.6%), Cafes, restaurants and takeaway food services (0.5%), Other retailing (0.4%), and Food retailing (0.1%). Department stores (-0.9%) and Household goods retailing (-0.4%) fell in trend terms in July 2016.

On a state level, retail sales rose in trend terms in South Australia (0.3%), Tasmania (0.2%), Queensland (0.2%) and New South Wales (0.1%). Victoria, Western Australia and the Australian Capital Territory remained unchanged. The Northern Territory (-0.4%) fell in trend terms in July 2016.

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 been consistent, on both a volume and value basis, relative to the prior comparable period. In FY2017 year to date, 21 deals have been announced for a total value of c. A\$1,603m, excluding transactions with undisclosed deal value. However, this was significantly improved by the 13 September 2016 c.\$870m deal for JB Hi-Fi acquiring The Good Guys.

Across the last twelve months, deal volume has trailed the prior comparable period (126 announced deals versus 136 announced deals).

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

Deal value (in A\$m)	FY2017TD		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	1	3
\$6 to \$10M	2	16	4	33	7	56	10	79
\$11 to \$20M	2	24	2	39	16	232	20	289
\$21 to \$30M	1	22	1	21	11	268	7	161
\$31 to \$50M	0	0	1	50	6	215	3	117
\$51 to \$100M	5	403	3	212	11	833	16	1,079
\$101 to \$300M	2	268	2	378	12	2,086	12	2,243
\$301 to \$500M	0	0	1	342	0	0	2	754
>\$500M	1	870	0	0	5	4,578	3	3,303
Subtotal	13	1,603	14	1,075	68	8,267	74	8,027
Undisclosed	8	n/a	13	n/a	58	n/a	62	n/a
Total Announced	21	1,603	27	1,075	126	8,267	136	8,027
Total Completed	8	143	26	733	90	4,283	122	6,764

Source: Mergermarket; based on announced and completed transactions as at 13 September 2016

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

2) PCP refers to prior year comparable period

3) All deal value were converted to AUD from USD based on the exchange rate on 13 September 2016

Recently completed / announced deals

- 13 September 2016** – JB Hi-Fi has announced the acquisition of The Good Guys for AUD 870m, representing 11.7x EV/FY16 pro forma normalised EBIT pre-synergies. The Good Guys is a leading retailer of home appliances and consumer electronics to the Australian market. JB Hi-Fi management estimates that the Acquisition will deliver net synergies of AUD 15 - 20m per annum to the combined business after a three year integration period, excluding one-off implementation costs.
- 13 September 2016** – TDM Asset Management has purchased a 20% stake in Kikki.K, the Australia-based retailer. TDM has become Kikki.K's largest investor after 333 Capital presented the group to private equity firms and fund managers. Kikki.K has around 90 stores in Australia, New Zealand, Hong Kong, Singapore, and the UK. The company plans to move into the United States.
- 6 September 2016** – Allegro, a private equity firm based in Sydney, will tie up with the management of Pizza Hut in Australia to take the control of the local pizza chain from the US parent company Yum! Brands, Inc. The private equity firm is working with former executives of McDonald's Corporation and the new management team after the buy-out. Pizza Hut holds a 10.7% stake in the AUD 3.7bn (USD 2.8bn) worth Australian pizza market.
- 5 September 2016** – Global natural health products company Comvita (NZX:CVT) and Shenzhen Comvita Natural Food Co Limited (SCNF), Comvita's long term distribution partner in China, announced the signing of a Heads of Agreement to form a 51:49 joint venture (JV) in China. SCNF has an extensive sales and distribution network in China including over 400 Comvita branded department store kiosks, as well as 35 branded Comvita stores in tier one cities in China. Under the Heads of Agreement, Comvita would acquire the 51% shareholding by issuing 2.830m shares in Comvita at NZD 10.60 per share, which currently values 51% of the business at NZD 30m (USD 21.8m). The acquisition is expected to be earnings accretive in its first full year of trading, disregarding any one off start-up costs. The SCNF-Comvita business has experienced a compound annual growth rate (CAGR) of 30% since 2004.
- 5 September 2016** – Pact Group Holdings Ltd (ASX: PGH) had entered into an agreement to acquire specialty co-manufacturer, Australian Pharmaceutical Manufacturers (APM), for AUD 90m (USD 68.2m). APM is one of the largest providers of manufacturing and packaging services for nutraceuticals in Australia. The acquisition price represents a multiple of 6.5 times historical EBITDA. Completion is expected to occur on 16 September 2016.

© 2016 PricewaterhouseCoopers. All rights reserved.

PwC refers to the Australian member firm, and may sometimes refer to the PwC network.

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

This material has been prepared by PwC for general circulation on matters of interest only. It is not advice and does not take into account the objectives, financial situation or needs of any recipient. Any recipient should, before acting on this material, make their own enquiries and obtain their own professional advice in relation to any issue or matter referred to herein. We do not, in preparing this material, accept or assume responsibility for any purpose or to any person to whom this material is shown and shall not be liable in respect of any loss, damage or expense whatsoever caused by any use of the reader. June choose to make of this material. © 2016 PwC. All rights reserved. "PwC" refers to PricewaterhouseCoopers, an Australian limited liability partnership, or as the context requires, the PricewaterhouseCoopers global network or other member firms of the network each of which is a separate and independent legal entity.

Recently completed / announced deals (cont'd)

- **25 August 2016** – Retail Food Group Limited (ASX:RFG) has entered into a share purchase agreement to acquire the business and operations of Hudson Pacific Corporation for AUD 88m (USD 67m), comprising AUD 55m cash and AUD 33m in scrip. Hudson Pacific is a Australia-based food service company headquartered in Victoria. The total consideration is 5.7 times of EBITDA of approximately AUD15.5m.
- **24 August 2016** – Metcash Ltd. (ASX: MTS) announced that its wholly owned subsidiary, Mitre 10 Australia Pty Ltd, has entered into an agreement with Hydrox Brands Pty Ltd, to acquire 100% of the Home Timber & Hardware Group (HTH) for cash consideration of AUD 165m (USD 126.2m). Mitre 10 is a wholesaler of hardware products. Home Timber & Hardware is an Australia-based company headquartered in Victoria, is engaged in retail of hardware products. The purchase price equates to a multiple of 6.7 times underlying EBITDA, before synergies and an anticipated release of working capital.

Also recently in the news

- US hardware giant **Lowe's** claims **Woolworths** is negotiating the liquidation of the companies' **Masters** joint venture without legal authority. Lowe's has applied to have an independent liquidator appointed to Hydrox Holdings, the joint venture company running the soon-to-close Masters hardware stores in Australia. Noel Hutley QC, for Lowe's subsidiary WDR Delaware Corp, told the Federal Court in Sydney on 31 August that Woolworths is selling off the joint venture without proper legal authority. Justice Lindsay Fisher ordered both parties to return to court for the interlocutory hearing on September 15.
- Swedish retailer, **H&M**, has confirmed it will open its new store at the revamped Chadstone on 13 October. Chadstone will be the site of H&M's fourth store in Victoria following the opening of H&M Werribee in July. H&M entered the Australian market in 2014. Today there are 15 stores nationwide.
- **Emma & Roe**, the offshoot of jewellery chain **Michael Hill**, has appointed Tishara Mina as general manager, in a move to ramp up its expansion plans. Since January 2015, Mina has held the role of regional manager for Michael Hill in Queensland, following a 25-year career in operations and general management. The subsidiary brand has expanded out of its test markets – NZ and Queensland – and into NSW last month to have a total of 16 stores, with a further 12 stores set to open in the next 12 months.
- **Pepkor** have confirmed the opening of the first **Debenhams** department store will be at Melbourne's St Collins lane next year. The British household name will open in September 2017 and include several digital initiatives. The UK department store trades out of over 240 stores across 27 countries, and in the UK has a top three market position in womenswear and menswear and a top 10 share in childrenswear. It holds the number two market position in premium health and beauty.
- The new owners of **Pizza Hut** say the chain won't challenge Domino's for market leadership but will be reinvigorated to become a "very strong number two" in the pizza delivery business. Allegro and former McDonald's executives Peter Rodwell, Lisa Ransom and Chris Leslie are now running Pizza Hut in Australia following a deal with the fast food retailer's US parent company. They have taken charge of about 270 Pizza Hut stores across the country, after buying the master franchisee licence in Australia from US retailer Yum! Brands.
- Perth's iconic **QV1 tower's** major redevelopment is due to start in January 2017 after recently winning approval from the City of Perth development assessment panel. The redevelopment will see two new mixed-use towers built with high-end facilities for tenancies and the tower's plaza area transformed to become a public plaza.
- The chief executive of **Adairs**, David MacLean, is stepping aside after 27 years with the manchester and homewares retailer, including 14 as CEO. MacLean will retire from the top job on 18 November and assume the role of director on the company's board. Adairs' chief operating officer, Mark Ronan, will replace MacLean as chief executive.



Source: Inside Retail

© 2016 PricewaterhouseCoopers. All rights reserved.

PwC refers to the Australian member firm, and may sometimes refer to the PwC network.

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

This material has been prepared by PwC for general circulation on matters of interest only. It is not advice and does not take into account the objectives, financial situation or needs of any recipient. Any recipient should, before acting on this material, make their own enquiries and obtain their own professional advice in relation to any issue or matter referred to herein. We do not, in preparing this material, accept or assume responsibility for any purpose or to any person to whom this material is shown and shall not be liable in respect of any loss, damage or expense whatsoever caused by any use of this material. © 2016 PwC. All rights reserved. "PwC" refers to PricewaterhouseCoopers, an Australian limited liability partnership, or as the context requires, the PricewaterhouseCoopers global network or other member firms of the network each of which is a separate and independent legal entity.

Also recently in the news (cont'd)

- **Stylerunner** has launched its first bricks and mortar store with a pop-up concept space in Sydney to run until the end of October. Located in Sydney's Paddington and labelled Stylerunner LIT, the space will sell new and exclusive products available only in the concept space. The store will feature a personalisation bar by Mon Purse for apparel and shoes and a team of dedicated stylists to help customers with their purchases. Fit Nutrition Fix will provide health-conscious food, drinks and bespoke nutritional products. The space will also be used to host events such as weekly hip hop yoga sessions and HIIT classes.
- Japanese fast fashion retailer, **Uniqlo**, has announced it will relocate its Chadstone store to a new expanded retail space at the centre. The new store will be unveiled in October with the move doubling the global retailer's floor space at Chadstone. The store will cover two levels and have the largest glass mannequin showcase in any Australian Uniqlo store. Standing over seven metres high, the fashion brand said the glass showcase will provide a dramatic and colourful exhibition of key items for the season.
- Vacuum and cleaning retailer, **Godfreys** has responded to the New Zealand Commerce Commission's inquiry into its extended warranties by stating the company has been cooperative and voluntarily responded to all requests by the watchdog. The company has also sent out an apology to its customers who purchased extended warranties during the period. The **New Zealand Vacuum Cleaner Co**, which runs the Godfreys vacuum cleaner retail chain across the Tasman, has pleaded guilty to 10 charges under the Fair Trading Act (FTA) in New Zealand over failure to disclose customer rights in extended warranty agreements.
- **Specialty Fashion Group** is partnering with **Toll Group** to build a state-of-the-art retail distribution centre. The 32,000 square metre distribution centre will be built by **Logos Group Australia** at the Prestons Logistics Estate, Sydney. The apparel retailer said the new centre is being specifically designed to cater for the growing retail e-commerce market.
- E-commerce giant, **Alibaba**, has struck a deal with the Australian Trade and Investment Commission (Austrade), which will expand the variety of products sold to Chinese consumers through its online platforms. Under the agreement, Alibaba will introduce an annual "Australian Fresh Food Week" sales promotion and education event on Tmall Fresh, Tmall's fresh food channel, advancing the interests of Australian companies that export dairy, meat, seafood, fruit and other fresh produce, among others. Alibaba also plans on establishing a channel on Youku.com, a leading provider of video and streaming services in China with over 500 million monthly active users, to further promote fresh Australian produce. Alibaba markets have more than 434 million users and take 12.7 billion orders each year.



- Australian wines are set to get a big boost in China from e-commerce giant **Alibaba** Group's latest venture. An online "flagship store" featuring Australian wine has been launched on Alibaba's business-to-consumer platform Tmall.com. The new store on Tmall, supported by **Wine Australia** and operated by Chinese online retailer Vinehoo.com, will initially stock 10 brands from eight Australian wine regions, followed by another 20 brands in coming months.
- Luxury retailer, **Burberry** has opened its newly expanded store at Sydney International Airport, Terminal 1. The retail space is designed to offer multi-sensory experiences alongside services including one on one customer services which provide purchase history and customer preferences. Video screens in the store broadcast curated content and live events directly from the brand's global headquarters in London, enabled by the Burberry Retail Theatre concept.
- **Belmont Forum** shopping centre in WA has been given council approval to proceed with a \$65m refurbishment of the centre. The first stage of building works has commenced on a new dining precinct with further stages to commence later this year. Setback from the road with alfresco offering and adjacent to the 10 screen cinemas complex, the dining precinct is due for completion and expected to launch early 2017.

Source: Inside Retail

Also recently in the news (cont'd)

- **Nike** has set its sights on turning a \$30 billion company into a \$50b company by 2020. These are certainly lofty ambitions and the iconic sports brand aims to achieve them through a direct consumer strategy – a big part of which will involve monobranding Nike stores across the globe. **Retail Prodigy Group (RPG)** is Nike's retail franchise partner for stores in Australia and New Zealand. In five years, the company has amassed a network of 53 stores across ANZ. RPG's three-pronged store strategy – involving dual and single gender stores, plus concessions within Myer stores – has proven a savvy, successful approach at tackling the fragmented sporting retail landscape in Australia, an approach that aligns with the global direct consumer strategy being championed by Nike HQ.
- Online marketplace, **Ozsale**, has been fined \$500,000 for supplying children's nightwear which did not comply with the Australian mandatory safety standard. The ACCC said Ozsale sold over 200 non-compliant garments to Australian consumers and had over 11,000 non-compliant garments available for supply to Australian consumers. Ozsale admitted in joint submissions to the Federal Court that it supplied five styles of nightwear on various dates between February 2014 and October 2015 that failed to meet the mandatory safety standard for children's nightwear. Ozsale is a membership-based online retailer predominantly selling clothing which is sourced by purchasing excess inventory from mostly overseas suppliers.
- **Harvey Norman** has posted a 30 per cent increase in profit of \$348.61 million, driven by growth in franchisee sales and its performance in overseas markets. The furniture and consumer electronics retailer said its franchising operations segment was up 33.8 per cent to \$268.15 million, with franchisee headlines sales of \$5.33 billion growing 7.6 per cent in FY16 compared to the growth of 3.7 per cent in FY15.
- The long-serving chairman of retail landlord **Stockland**, Graham Bradley, will retire on October 26. Current board director and ex-CFO at Woolworths, Tom Pockett, will replace him as the new chair. Bradley, who served as Stockland's chair for 11 years and on the company's board for 12 years, said he is "enormously proud" of what the Stockland team has achieved during his time as chairman.
- Australia's Mexican food chain **Guzman y Gomez** has done so well in Japan and Singapore it is planning to open more outlets in both countries this year. It opened its first taqueria in Singapore in 2014, since adding three more, plus a second in Tokyo. It plans to open at least five more in Japan this year, plus two in Singapore.
- **Gandel Group** and **Vicinity Centres** will unveil the first phase of Chadstone's \$660 million redevelopment on October 13. The first phase will see the opening of new international flagship stores, over 60 new retail stores, a new dining terrace and food gallery, together with a new **Hoyts** cinema complex. The development has been under construction for over two years. Upon completion of the development, the revitalised Chadstone will feature two new dining precincts, over 100 new retailers, including new international flagship and luxury stores, a new Hoyts cinema complex, Australia's only **Legoland Discovery Centre** and **Tesla Motors'** first Melbourne retail dealership.
- **Woolworths** is set to sell its majority stake in Perth-based craft brewery **Gage Roads**. Gage Roads, which brews in-house beers for the retail giant, says it plans to buy back Woolworths' 23.5 per cent stake for \$1.56 million. The impending exit of Woolworths follows a deal in May that allowed Gage Roads to reduce contract brewing for Woolworths while ramping up its own craft beer volumes.
- Online furniture retailer **Temple & Webster's** has booked a pro-forma annual loss of \$44 million, compared to a pre-listed company loss of \$6.5 million the previous year. The group, which listed on the ASX in December, had sales revenue of \$50.8 million in the year to June 30, up from \$26.1 million, boosted by acquisitions of two other online furniture and homewares retailers.



Source: Inside Retail

© 2016 PricewaterhouseCoopers. All rights reserved.

PwC refers to the Australian member firm, and may sometimes refer to the PwC network.

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

This material has been prepared by PwC for general circulation on matters of interest only. It is not advice and does not take into account the objectives, financial situation or needs of any recipient. Any recipient should, before acting on this material, make their own enquiries and obtain their own professional advice in relation to any issue or matter referred to herein. We do not, in preparing this material, accept or assume responsibility for any purpose or to any person to whom this material is shown and shall not be liable in respect of any loss, damage or expense whatsoever caused by any use of the reader June choose to make of this material. © 2016 PwC. All rights reserved. "PwC" refers to PricewaterhouseCoopers, an Australian limited liability partnership, or as the context requires, the PricewaterhouseCoopers global network or other member firms of the network each of which is a separate and independent legal entity.

Retail sector multiples

Company	Currency	Share price \$	Mkt cap million	EV million	Net debt / EV	Dividend Yield LTM %	TSR % Aug-16	EV / EBITDA				EV / EBIT				PE				
								Actual		Forecasts		Growth	Actual		Forecasts		Growth	Actual		Forecasts
								LTM	CY2016	CY2017	LTM-17	LTM	CY2016	CY2017	LTM-17	LTM	CY2016	CY2017	LTM	CY2016
Restaurants / Fast Food																				
Domino's Pizza Enterprises Limited	AUD	74.58	6,611	6,876	4%	1.0	1%	42.9x	33.5x	26.0x	28.4%	52.6x	41.5x	31.2x	30.0%	n/m	64.3x	47.0x		
Retail Food Group Limited	AUD	7.02	1,158	1,347	14%	3.9	19%	12.9x	11.1x	9.7x	15.3%	13.8x	11.7x	10.3x	15.9%	20.7x	16.0x	14.2x		
Restaurant Brands New Zealand Ltd.	NZD	5.72	588	600	2%	3.7	3%	11.6x	9.4x	8.1x	19.3%	17.4x	13.8x	11.6x	22.7%	27.1x	19.8x	17.1x		
Collins Foods Limited	AUD	4.58	439	555	21%	3.1	10%	7.7x	7.0x	6.5x	8.6%	11.0x	10.7x	9.2x	9.3%	16.2x	14.3x	11.9x		
Mean								18.8x	15.2x	12.6x	17.9%	23.7x	19.4x	15.5x	19.5%	21.3x	28.6x	22.6x		
Median								12.3x	10.3x	8.9x	17.3%	15.6x	12.7x	10.9x	19.3%	20.7x	17.9x	15.7x		
FMCG - Beverage																				
Coca-Cola Amatil Limited	AUD	9.88	7,544	9,119	14%	4.5	6%	10.0x	9.5x	9.3x	3.9%	13.6x	13.4x	13.1x	2.0%	20.8x	18.3x	17.8x		
Treasury Wine Estates Limited	AUD	11.27	8,304	8,681	4%	1.8	18%	20.9x	17.5x	14.6x	19.9%	26.6x	22.3x	18.2x	21.1%	42.3x	35.1x	26.7x		
Delegat Group Limited	NZD	6.01	608	900	32%	2.0	-2%	9.3x	11.6x	10.2x	-4.5%	10.6x	14.0x	12.5x	-7.9%	12.9x	16.2x	14.6x		
Australian Vintage Limited.	AUD	0.54	125	227	45%	2.8	-6%	12.8x	n/m	n/m	n/a	19.1x	n/m	n/m	n/a	32.9x	n/m	n/m		
Gage Roads Brewing Co Limited	AUD	0.04	18	24	26%	-	-32%	8.5x	n/m	n/m	n/a	14.5x	n/m	n/m	n/a	24.7x	n/m	n/m		
Mean								12.3x	12.9x	11.4x	6.4%	16.9x	16.6x	14.6x	5.0%	26.7x	23.2x	19.7x		
Median								10.0x	11.6x	10.2x	3.9%	14.5x	14.0x	13.1x	2.0%	24.7x	18.3x	17.8x		
FMCG - Food & Dairy																				
Fonterra Co-Operative Group Ltd.	NZD	5.82	9,328	16,826	44%	6.0	4%	10.5x	n/m	n/m	n/a	14.7x	n/m	n/m	n/a	21.0x	n/m	n/m		
Blackmores Limited	AUD	124.48	2,144	2,164	1%	3.3	-21%	14.1x	14.0x	12.9x	4.4%	14.7x	14.8x	13.7x	3.4%	23.9x	21.3x	19.5x		
Bega Cheese Limited	AUD	6.51	993	1,047	5%	1.5	3%	16.4x	14.4x	12.2x	15.7%	25.2x	20.8x	16.8x	22.6%	39.8x	29.6x	23.6x		
Bellamy's Australia Limited	AUD	14.03	1,356	1,324	-2%	0.8	12%	24.5x	18.7x	13.0x	37.3%	24.6x	18.8x	13.1x	37.2%	39.4x	27.4x	19.0x		
The a2 Milk Company Limited	NZD	2.06	1,515	1,446	-5%	-	-3%	26.5x	20.9x	14.7x	34.0%	27.9x	21.8x	15.2x	35.5%	43.3x	34.1x	22.6x		
Warrnambool Cheese And Butter Factory Comp	AUD	6.45	497	710	30%	-	-2%	n/m	n/m	n/m	n/a	n/m	n/m	n/m	n/a	n/m	n/m	n/m		
Freedom Foods Group Limited	AUD	4.96	901	933	4%	0.8	10%	52.7x	34.6x	24.6x	46.3%	n/m	49.8x	32.4x	n/a	40.5x	26.5x	48.4x		
Vitaco Holdings Limited	NZD	2.08	289	326	11%	1.8	19%	14.6x	12.4x	11.4x	13.2%	16.6x	14.6x	13.2x	12.2%	28.8x	19.3x	18.8x		
Synlait Milk Limited	NZD	3.56	521	813	36%	-	9%	12.8x	9.5x	8.6x	21.7%	17.5x	13.2x	11.9x	21.6%	21.6x	15.9x	13.7x		
Comvita Limited	NZD	10.55	418	502	17%	1.4	-10%	18.7x	12.3x	10.2x	35.8%	23.2x	16.1x	11.8x	40.0%	n/m	n/m	17.0x		
Patties Foods Limited	AUD	1.68	236	297	21%	1.6	-2%	11.1x	9.4x	8.8x	12.5%	16.0x	12.8x	11.9x	16.2%	22.2x	15.1x	13.2x		
Capilano Honey Limited	AUD	19.00	180	189	5%	2.1	-6%	11.7x	10.9x	9.5x	10.7%	13.2x	12.3x	10.6x	11.6%	19.4x	16.3x	14.4x		
Mean								19.4x	15.7x	12.6x	23.2%	19.4x	19.5x	15.1x	22.3%	30.0x	22.8x	21.0x		
Median								14.6x	13.2x	11.8x	18.7%	17.0x	15.5x	13.1x	21.6%	26.3x	21.3x	18.9x		
FMCG - Food (Production)																				
Australian Agricultural Company Limited	AUD	1.77	941	1,304	28%	-	-13%	n/m	48.0x	31.1x	n/a	n/m	n/m	n/m	n/a	n/m	n/m	n/m		
Costa Group Holdings Limited	AUD	3.07	979	1,079	9%	2.9	-3%	19.2x	11.6x	11.2x	30.7%	30.8x	15.8x	15.9x	39.0%	44.5x	24.7x	17.0x		
Select Harvests Limited	AUD	6.56	478	546	12%	7.0	-12%	10.1x	12.7x	8.4x	9.4%	13.1x	18.3x	10.7x	11.0%	21.1x	14.4x	14.6x		
Tassal Group Limited	AUD	4.09	611	748	18%	3.7	-1%	7.6x	8.4x	7.3x	1.9%	9.8x	11.1x	9.5x	1.4%	14.0x	18.2x	13.1x		
Webster Ltd.	AUD	1.21	423	607	30%	0.8	2%	n/m	18.5x	12.9x	n/a	n/m	21.1x	15.2x	n/a	n/m	24.0x	17.9x		
Sanford Ltd.	NZD	6.05	566	745	24%	3.8	4%	12.3x	9.7x	9.0x	17.1%	15.8x	12.2x	11.3x	18.2%	21.5x	15.6x	14.1x		
Huon Aquaculture Group Limited	AUD	3.30	288	350	18%	-	-9%	13.0x	9.1x	6.1x	45.1%	47.5x	18.3x	9.4x	125.2%	n/m	25.2x	12.4x		
Mean								12.4x	16.8x	12.3x	20.8%	23.4x	16.1x	12.0x	39.0%	25.3x	20.3x	14.8x		
Median								12.3x	11.6x	9.0x	17.1%	15.8x	17.0x	11.0x	18.2%	21.3x	21.1x	14.3x		
FMCG - Other																				
Asaleo Care Limited	AUD	1.50	837	1,118	25%	6.7	11%	8.3x	8.8x	8.4x	-0.8%	10.5x	11.4x	10.8x	-1.8%	14.3x	13.1x	12.6x		
BWX Limited	AUD	4.60	421	426	1%	1.0	-17%	21.1x	18.2x	14.4x	20.9%	21.8x	18.6x	14.8x	21.5%	34.1x	28.7x	21.7x		
Trilogy International Limited	NZD	4.50	324	355	9%	1.2	-3%	22.3x	24.4x	19.9x	5.7%	22.8x	25.5x	21.3x	3.4%	32.6x	22.6x	18.2x		
Pental Limited	AUD	0.63	85	73	-17%	4.7	-3%	7.3x	n/m	n/m	n/a	9.4x	n/m	n/m	n/a	16.6x	n/m	n/m		
Mean								14.8x	17.1x	14.3x	8.6%	16.1x	18.5x	15.7x	7.7%	24.4x	21.5x	17.5x		
Median								14.7x	18.2x	14.4x	5.7%	16.1x	18.6x	14.8x	3.4%	24.6x	22.6x	18.2x		
E-commerce																				
SEEK Limited	AUD	15.80	5,474	6,176	4%	2.5	-4%	17.8x	16.2x	14.6x	10.5%	19.2x	19.2x	17.3x	5.4%	41.6x	28.6x	24.6x		
REA Group Limited	AUD	57.13	7,525	7,895	5%	1.4	-10%	24.7x	20.6x	17.3x	19.4%	25.3x	22.7x	18.8x	15.8%	38.6x	32.0x	26.4x		
carsales.com Limited	AUD	12.40	2,990	3,192	6%	3.0	1%	19.2x	17.7x	16.1x	9.3%	19.6x	18.5x	16.7x	8.4%	31.4x	25.8x	23.1x		
Trade ME Group Ltd.	NZD	5.86	2,327	2,431	4%	2.9	7%	19.2x	16.4x	15.0x	12.9%	19.7x	19.0x	17.4x	6.3%	32.1x	27.9x	24.0x		
Webjet Ltd.	AUD	10.30	1,036	976	-6%	1.4	28%	29.1x	20.6x	15.4x	37.5%	31.5x	24.0x	17.5x	34.0%	44.1x	31.1x	23.7x		
Infomedia Ltd.	AUD	0.71	219	204	-7%	3.8	2%	13.4x	9.0x	7.9x	30.1%	14.2x	14.5x	12.4x	7.2%	27.7x	19.4x	16.8x		
Mean								20.6x	16.7x	14.4x	20.0%	21.6x	19.7x	16.7x	12.8%	35.9x	27.4x	23.1x		
Median								19.2x	17.1x	15.2x	16.2%	19.7x	19.1x	17.4x	7.8%	35.4x	28.2x	23.9x		

Source: PwC calculations based on CapitalIQ data and publicly available information; share prices as at 7 September 2016 market close

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

2) 2016 and 2017 calendar year forecasts represent consensus estimates for each company

© 2016 PricewaterhouseCoopers. All rights reserved.

PwC refers to the Australian member firm, and may sometimes refer to the PwC network.

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

This material has been prepared by PwC for general circulation on matters of interest only. It is not advice and does not take into account the objectives, financial situation or needs of any recipient. Any recipient should, before acting on this material, make their own enquiries and obtain their own professional advice in relation to any issue or matter referred to herein. We do not, in preparing this material, accept or assume responsibility for any purpose or to any person to whom this material is shown and shall not be liable in respect of any loss, damage or expense whatsoever caused by any use of the reader may choose to make of this material. © 2012 PwC. All rights reserved. "PwC" refers to PricewaterhouseCoopers, an Australian limited liability partnership, or as the context requires, the PricewaterhouseCoopers global network or other member firms of the network each of which is a separate and independent legal entity.

Retail sector multiples (cont'd)

Company	Currency	Share price \$	Mkt cap million	EV million	Net debt / EV	Dividend Yield LTM %	TSR % Aug-16	EV / EBITDA				EV / EBIT				PE			
								Actual		Forecasts		Actual		Forecasts		Actual		Forecasts	
								LTM	CY2016	CY2017	LTM-17	LTM	CY2016	CY2017	LTM-17	LTM	CY2016	CY2017	
Household Goods																			
Harvey Norman Holdings Limited	AUD	5.30	5,897	6,407	8%	5.7	11%	12.9x	10.5x	9.9x	14.5%	14.8x	12.5x	11.4x	13.9%	21.3x	18.3x	15.9x	
JB Hi-Fi Limited	AUD	31.19	3,095	3,153	2%	3.2	16%	12.0x	11.3x	10.7x	6.3%	14.3x	13.4x	12.6x	6.6%	22.7x	19.1x	17.9x	
The Warehouse Group Limited	NZD	2.93	1,010	1,348	25%	5.5	3%	8.3x	8.2x	7.9x	2.8%	12.5x	13.1x	12.2x	1.0%	18.3x	16.3x	15.2x	
Breville Group Limited	AUD	8.28	1,077	1,041	-3%	3.4	2%	13.7x	12.1x	11.2x	11.0%	14.4x	13.7x	12.6x	6.7%	24.1x	20.7x	19.0x	
GUD Holdings Limited	AUD	10.01	858	1,060	16%	4.3	2%	13.6x	11.4x	10.8x	12.4%	14.8x	12.1x	11.9x	11.6%	24.2x	18.0x	15.5x	
Briscoe Group Limited	NZD	3.85	843	825	-2%	4.0	12%	12.0x	10.6x	9.9x	10.1%	12.9x	11.4x	10.7x	9.9%	20.2x	16.0x	14.9x	
GWA Group Limited	AUD	2.98	787	873	10%	5.0	40%	10.4x	10.4x	10.5x	-0.4%	11.2x	11.1x	11.2x	0.2%	18.1x	14.6x	15.6x	
Adairs Limited	AUD	2.44	405	431	6%	4.7	2%	9.6x	9.0x	7.9x	10.0%	10.7x	10.3x	9.2x	7.9%	16.7x	14.3x	12.7x	
Beacon Lighting Group Limited	AUD	1.72	370	383	3%	2.7	21%	12.9x	12.4x	11.4x	6.3%	14.1x	13.5x	12.2x	7.3%	22.6x	19.6x	17.9x	
Nick Scali Limited	AUD	5.90	478	462	-3%	3.9	23%	11.7x	11.0x	10.1x	7.6%	12.7x	11.9x	11.0x	7.7%	20.5x	17.6x	16.1x	
Thorn Group Limited	AUD	1.44	225	409	45%	8.0	9%	5.9x	6.9x	6.7x	-6.0%	9.0x	8.4x	7.4x	10.1%	9.0x	7.9x	6.8x	
Vita Group Ltd.	AUD	5.27	799	790	-1%	2.7	1%	14.1x	12.0x	10.7x	14.7%	17.8x	14.4x	12.6x	19.1%	23.5x	21.2x	18.8x	
Fantastic Holdings Ltd.	AUD	2.93	303	271	-12%	4.8	29%	11.5x	7.3x	7.0x	28.6%	16.3x	8.9x	8.4x	38.9%	29.0x	14.1x	13.5x	
Godfreys Group Limited	AUD	0.83	34	55	39%	13.6	-16%	5.1x	3.2x	3.2x	27.0%	8.2x	4.4x	4.4x	36.9%	4.8x	4.0x	4.1x	
Shriro Holdings Limited	AUD	1.18	112	124	10%	7.6	25%	5.4x	5.3x	4.8x	6.0%	6.3x	6.2x	5.6x	6.6%	9.7x	8.5x	7.5x	
McPherson's Limited	AUD	1.16	120	172	30%	6.9	4%	8.3x	n/m	n/m	n/a	9.6x	n/m	n/m	n/a	9.5x	n/m	n/m	
Cavalier Corporation Limited	NZD	0.87	60	96	38%	-	-2%	7.8x	6.2x	6.5x	9.8%	10.8x	7.8x	8.3x	14.0%	12.2x	8.2x	6.8x	
Smiths City Group Ltd.	NZD	0.70	37	84	56%	5.0	14%	16.5x	n/m	n/m	n/a	21.1x	n/m	n/m	n/a	19.0x	n/m	n/m	
Mean								10.7x	9.2x	8.7x	10.0%	12.9x	10.8x	10.1x	12.4%	18.1x	14.9x	13.6x	
Median								11.6x	10.4x	9.9x	9.9%	12.8x	11.7x	11.1x	8.9%	19.6x	16.1x	15.3x	
Diversified Retail																			
Super Retail Group Limited	AUD	10.35	2,041	2,444	17%	4.0	12%	13.6x	9.3x	8.2x	28.6%	19.2x	12.8x	11.1x	31.7%	28.3x	17.2x	14.8x	
EBOS Group Ltd.	NZD	19.28	2,917	3,172	8%	3.0	7%	14.3x	13.6x	12.7x	6.2%	16.0x	15.2x	14.1x	6.4%	25.8x	22.0x	20.3x	
Australian Pharmaceutical Industries Limited	AUD	1.73	844	985	14%	2.9	-8%	10.1x	8.6x	8.2x	11.3%	12.5x	11.2x	10.4x	10.0%	21.3x	16.4x	14.7x	
Sigma Pharmaceuticals Ltd.	AUD	1.16	1,245	1,302	4%	4.3	-6%	12.7x	12.3x	11.4x	5.3%	13.5x	13.6x	12.7x	3.0%	18.5x	19.3x	18.4x	
Greencross Limited	AUD	6.43	735	985	23%	2.9	-7%	11.1x	9.5x	8.5x	14.0%	13.7x	11.8x	10.7x	13.4%	23.8x	16.6x	15.1x	
The Reject Shop Limited	AUD	10.85	313	310	-1%	4.1	-15%	5.8x	5.9x	5.3x	4.5%	9.2x	9.5x	8.3x	4.8%	15.0x	13.8x	12.2x	
Baby Bunting Group Limited	AUD	3.03	381	373	-2%	2.1	13%	20.9x	17.5x	14.5x	20.1%	25.0x	21.1x	16.9x	21.8%	45.6x	32.0x	25.8x	
Cash Converters International Limited	AUD	0.33	158	218	28%	9.2	-20%	4.7x	4.6x	4.3x	3.8%	5.5x	5.5x	5.2x	3.0%	9.0x	27.1x	6.8x	
Mean								11.6x	10.2x	9.1x	11.7%	14.3x	12.6x	11.2x	11.8%	23.4x	20.5x	16.0x	
Median								11.9x	9.4x	8.4x	8.7%	13.6x	12.3x	10.9x	8.2%	22.6x	18.2x	14.9x	
Automotive Retail																			
AP Eagers Ltd.	AUD	11.30	2,141	2,870	25%	2.9	-5%	17.3x	15.4x	14.1x	10.9%	18.8x	16.6x	15.1x	11.4%	25.9x	20.4x	19.0x	
Automotive Holdings Group Limited	AUD	4.64	1,515	2,525	39%	4.8	9%	11.4x	10.8x	10.1x	6.0%	14.2x	13.3x	12.5x	6.6%	17.8x	14.3x	13.8x	
ARB Corporation Limited	AUD	17.25	1,366	1,352	-1%	1.8	-5%	19.5x	17.2x	15.4x	12.5%	22.4x	19.8x	17.6x	12.9%	35.1x	27.3x	24.4x	
Bapcor Limited	AUD	6.28	1,548	1,674	8%	1.8	6%	21.8x	18.6x	15.4x	19.1%	24.6x	21.3x	17.4x	18.7%	38.8x	30.6x	24.7x	
Turners Limited	NZD	3.05	195	338	42%	4.3	0%	n/m	n/m	n/m	n/a	n/m	n/m	n/m	n/a	14.3x	n/m	n/m	
Mean								17.5x	15.5x	13.7x	12.1%	20.0x	17.7x	15.7x	12.4%	26.4x	23.2x	20.5x	
Median								18.4x	16.3x	14.7x	11.7%	20.6x	18.2x	16.3x	12.1%	25.9x	23.9x	21.7x	
Other																			
Elders Limited	AUD	3.52	321	448	28%	-	-6%	8.8x	8.0x	7.2x	10.6%	9.4x	8.9x	7.6x	10.8%	11.9x	8.6x	8.8x	
Ruralco Holdings Ltd.	AUD	3.00	236	355	31%	5.0	-10%	7.9x	8.2x	7.3x	3.8%	9.2x	10.6x	9.2x	0.2%	16.9x	18.0x	14.8x	
McGrath Limited	AUD	1.23	165	153	-8%	2.8	-1%	9.2x	6.1x	5.9x	25.1%	11.7x	n/m	7.9x	22.2%	n/m	10.2x	9.5x	
Mean								8.6x	7.4x	6.8x	13.2%	10.1x	9.7x	8.2x	11.1%	14.4x	12.3x	11.0x	
Median								8.8x	8.0x	7.2x	10.6%	9.4x	9.7x	7.9x	10.8%	14.4x	10.2x	9.5x	

Source: PwC calculations based on CapitalIQ data and publicly available information; share prices as at 7 September 2016 market close

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

2) 2016 and 2017 calendar year forecasts represent consensus estimates for each company

© 2016 PricewaterhouseCoopers. All rights reserved.

PwC refers to the Australian member firm, and may sometimes refer to the PwC network.

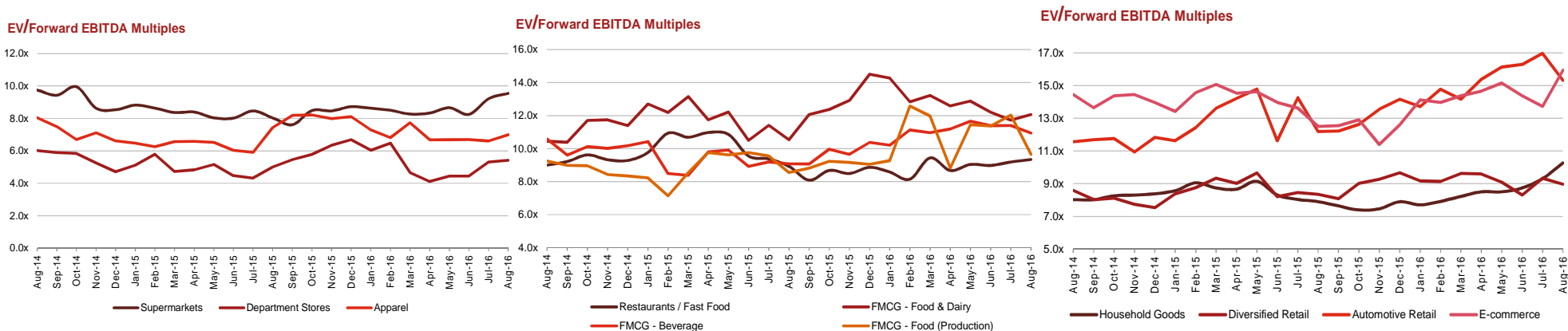
Each member firm is a separate legal entity. Please see www.pwc.com/structure for further details.

This material has been prepared by PwC for general circulation on matters of interest only. It is not advice and does not take into account the objectives, financial situation or needs of any recipient. Any recipient should, before acting on this material, make their own enquiries and obtain their own professional advice in relation to any issue or matter referred to herein. We do not, in preparing this material, accept or assume responsibility for any purpose or to any person to whom this material is shown and shall not be liable in respect of any loss, damage or expense whatsoever caused by any use the reader may choose to make of this material. © 2012 PwC. All rights reserved. "PwC" refers to PricewaterhouseCoopers, an Australian limited liability partnership, or as the context requires, the PricewaterhouseCoopers global network or other member firms of the network each of which is a separate and independent legal entity.

Retail sector multiples (cont'd)

Company	Currency	Share price \$	Mkt cap million	EV million	Net debt / EV	Dividend Yield LTM %	TSR % Aug-16	EV / EBITDA				EV / EBIT				PE			
								Actual		Forecasts		Actual		Forecasts		Actual		Forecasts	
								LTM	CY2016	CY2017	LTM-17	LTM	CY2016	CY2017	LTM-17	LTM	CY2016	CY2017	
Apparel / Accessories																			
Premier Investments Limited	AUD	16.47	2,587	2,373	-9%	2.7	1%	15.2x	14.0x	12.4x	10.7%	18.0x	16.8x	14.8x	10.4%	29.4x	22.7x	20.1x	
Billabong International Limited	AUD	1.19	234	419	44%	-	-19%	7.0x	6.6x	5.5x	12.5%	13.4x	13.0x	9.1x	21.2%	n/m	n/m	23.6x	
RCG Corporation Limited	AUD	1.73	936	945	1%	3.2	-11%	15.4x	13.0x	9.5x	27.1%	20.0x	16.5x	12.0x	29.5%	29.8x	22.7x	17.6x	
Lovisa Holdings Limited	AUD	3.03	318	324	2%	2.9	13%	10.7x	n/m	8.5x	11.9%	13.3x	n/m	10.7x	11.7%	21.5x	17.8x	15.4x	
Kathmandu Holdings Limited	NZD	1.97	397	464	15%	4.1	9%	8.1x	6.8x	6.4x	12.4%	9.9x	8.9x	8.3x	9.6%	13.9x	11.8x	11.0x	
Hallenstein Glasson Holdings Limited	NZD	2.92	173	160	-8%	10.3	8%	5.5x	5.7x	5.6x	-0.4%	7.5x	7.9x	7.5x	-0.3%	12.7x	11.6x	11.1x	
OrotonGroup Limited	AUD	2.23	91	89	-2%	3.6	-2%	7.6x	n/m	n/m	n/a	13.2x	n/m	n/m	n/a	27.9x	13.9x	10.4x	
Specialty Fashion Group Limited	AUD	0.57	110	123	11%	-	3%	15.9x	4.2x	3.4x	n/m	n/m	15.6x	7.7x	n/a	n/m	27.1x	9.8x	
The PAS Group Limited	AUD	0.72	98	91	-9%	7.2	12%	3.8x	3.7x	3.7x	1.5%	5.3x	5.1x	5.3x	0.5%	9.7x	8.3x	8.4x	
Noni B Limited	AUD	1.63	121	108	-12%	-	38%	19.7x	n/m	n/m	n/a	33.5x	n/m	n/m	n/a	28.0x	n/m	n/m	
Pumpkin Patch Limited	NZD	0.10	17	58	71%	-	38%	n/m	11.0x	5.6x	n/a	n/m	n/m	19.1x	n/a	n/m	n/m	n/m	
Mean								10.9x	8.1x	6.7x	10.8%	14.9x	12.0x	10.5x	11.8%	21.6x	17.0x	14.2x	
Median								9.4x	6.7x	5.6x	11.9%	13.3x	13.0x	9.1x	10.4%	24.7x	15.9x	11.1x	
Department Stores																			
Myer Holdings Limited	AUD	1.30	1,068	1,078	0.9%	1.5	2%	5.8x	5.2x	4.9x	7.8%	8.5x	9.2x	8.6x	-0.2%	13.0x	14.1x	13.1x	
Supermarkets																			
Wesfarmers Limited	AUD	43.04	48,469	55,161	12%	4.3	1%	12.4x	10.8x	10.0x	11.3%	17.4x	14.5x	12.9x	16.3%	24.6x	20.8x	17.8x	
Woolworths Limited	AUD	24.12	30,745	34,470	10%	3.2	1%	9.6x	9.6x	9.4x	1.1%	13.4x	13.5x	13.2x	0.8%	11.9x	19.6x	19.1x	
Metcash Limited	AUD	2.14	2,072	2,374	12%	-	1%	12.5x	7.0x	6.8x	35.8%	16.5x	8.6x	8.4x	40.3%	14.5x	11.4x	11.1x	
Mean								11.5x	9.2x	8.7x	16.1%	15.8x	12.2x	11.5x	19.1%	17.0x	17.3x	16.0x	
Median								12.4x	9.6x	9.4x	11.3%	16.5x	13.5x	12.9x	16.3%	14.5x	19.6x	17.8x	

EV/forward EBITDA multiples (over last 24 months)



Source: PwC calculations based on CapitalIQ data and publicly available information; share prices as at 7 September 2016 market close

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

2) 2016 and 2017 calendar year forecasts represent consensus estimates for each company

© 2016 PricewaterhouseCoopers. All rights reserved.

PwC refers to the Australian member firm, and may sometimes refer to the PwC network.

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

This material has been prepared by PwC for general circulation on matters of interest only. It is not advice and does not take into account the objectives, financial situation or needs of any recipient. Any recipient should, before acting on this material, make their own enquiries and obtain their own professional advice in relation to any issue or matter referred to herein. We do not, in preparing this material, accept or assume responsibility for any purpose or to any person to whom this material is shown and shall not be liable in respect of any loss, damage or expense whatsoever caused by any use the reader may choose to make of this material. © 2012 PwC. All rights reserved. "PwC" refers to PricewaterhouseCoopers, an Australian limited liability partnership, or as the context requires, the PricewaterhouseCoopers global network or other member firms of the network each of which is a separate and independent legal entity.

Retail sector trends

As reported by the ABS, the trend for Australia retail turnover for July 2016 (compared to July 2015) increased by 2.7%:

- **Food retailing:** The seasonally adjusted estimate for Food retailing rose 0.7% in July 2016. By industry subgroup, the seasonally adjusted estimate rose for Other specialised food retailing (0.9%), Supermarket and grocery stores (0.7%) and Liquor retailing (0.6%).
- **Household goods retailing:** The seasonally adjusted estimate for household goods retailing fell 0.7% in July 2016. By industry subgroup, the seasonally adjusted estimate rose for Furniture, floor coverings, houseware and textile goods retailing (1.4%) and fell for Electrical and electronic goods retailing (-1.6%) and Hardware, building and garden supplies retailing (-1.4%).
- **Clothing, footwear and personal accessory retailing:** The seasonally adjusted estimate for Clothing, footwear and personal accessory retailing rose 0.3% in July 2016. By industry subgroup, the seasonally adjusted estimate rose for Footwear and other personal accessory retailing (0.9%) and was relatively unchanged for Clothing retailing (0.0%).
- **Department stores:** The seasonally adjusted estimate for department stores fell 6.2% in July 2016.
- **Cafes, restaurants and take-away food services:** The seasonally adjusted estimate for cafes, restaurants and takeaway food services rose 1.2% in July 2016. By industry subgroup, the seasonally adjusted estimate rose for Takeaway food services (2.0%) and Cafes, restaurants and catering services (0.7%).
- **Other retailing:** The seasonally adjusted estimate for Other retailing rose 0.2% in July 2016. By industry subgroup, the seasonally adjusted estimate rose for Other recreational goods retailing (2.8%), Newspaper and book retailing (1.3%) and Pharmaceutical, cosmetic and toiletry goods retailing (0.2%), and fell for Other retailing n.e.c (-0.8%).

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:



Kate Warwick
Partner,
Melbourne

Tel: +61 (3) 8603 3289

Email: kate.warwick@pwc.com



James Gulbin
Managing Director,
Sydney

Tel: +61 (2) 8266 0868

Email: james.gulbin@pwc.com