

AUSTRALIAN M&A REVIEW Q2 | 2023

Australian M&A deal values in Quarter 2 FY2023

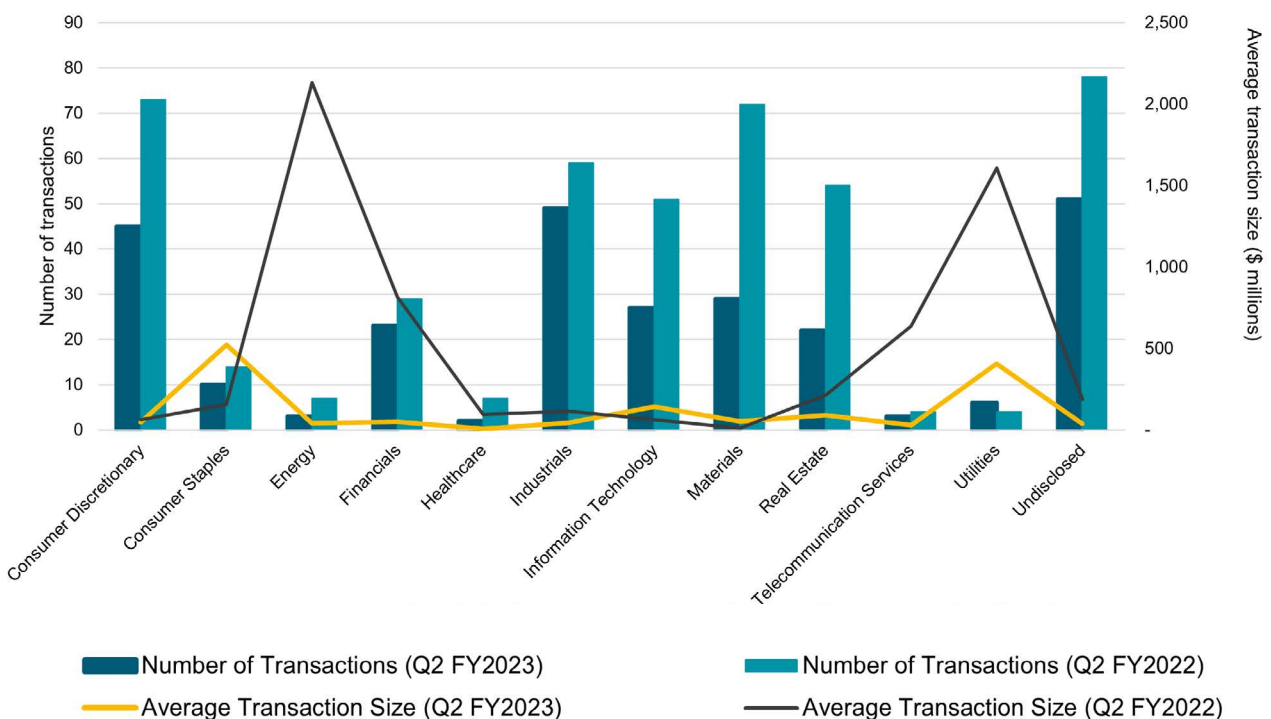
The second quarter of FY2023 saw a noticeable decline in the total number of transactions completed in Australia as well as a decrease in the average deal value compared to the corresponding period in the prior year. Based on the published transaction data for Q2 FY2023, there were 270 deals completed compared to 452 in Q2 FY2022, being a decrease of 40%. In our analysis we have excluded transactions with a gross transaction value greater than \$5 billion.

The average deal size decreased from \$215 million in Q2 FY2022 to \$84 million in Q2 FY2023, which can be attributed to a drop in the number of transactions with a deal value in excess of \$100 million in FY2023 compared to FY2022.

M&A by Sector

As illustrated below, the top 3 sectors by quantity of deals in Q2 FY2023 were the consumer discretionary, industrials and materials sectors, while the top sectors by deal value are in the consumer staples and utilities sectors.

As observed in the HLB Mann Judd IPO Watch Australia 2023 Report ([download here](#)), the materials sector continues to dominate the market for new listings in 2022. However, the total funds raised from the IPOs fell significantly in 2022 to \$1.07 billion compared to \$12.33 billion raised in 2021. Improvements to the IPO pipeline for 2023 are likely dependent on a reduction to macroeconomic and geopolitical uncertainty impacting the investor market, which are also impacting M&A activity in the recent quarters.



Major Deals in Q2

The top deals by transaction value (below \$5 billion) in Q2 FY2023 were:

Sector	Target	Acquirer	Seller	Stake Acquired (%)	Transaction Value (\$ millions)
Consumer Staples	Tassal Group Limited	Aquaculture Australia Company Pty Ltd	Shareholders (Public company, delisted)	100	1,678.4
Information Technology	Nearmap Ltd	Thoma Bravo, L.P.	Shareholders (Public company, delisted)	100	1,061.1
Utilities	Portfolio of Australian and Southeast Asian energy assets of Nexif Energy	RH International (Singapore) Corporation Pte. Ltd.	Denham Capital Management LP; Nexif Energy Management Pte. Ltd.	100	874.6
Utilities	Basslink Pty Ltd.	APA Group	Keppel Infrastructure Trust	100	740.0
Materials	MACA Limited	Thiess Group Investments Pty Ltd	Shareholders (Public company, delisted)	100	655.2

The highest implied enterprise value / EBITDA transaction multiples achieved in Q2 FY2023 were:

Sector	Target	Acquirer	Seller	Stake Acquired (%)	Implied EV / EBITDA Multiple
Consumer Discretionary	Apollo Tourism & Leisure Ltd	Tourism Holdings Limited	Mitsubishi UFJ Financial Group, Inc.	100	14.4x
Industrials	Air Affairs (Australia) Pty. Ltd.	QinetiQ Group plc	Private shareholders	100	10.6x
Consumer Staples	Tassal Group Limited	Aquaculture Australia Company Pty Ltd	Shareholders (Public company, delisted)	100	7.8x
Consumer Discretionary	Beyond International Limited	Screentime Pty Ltd.	Shareholders (Public company, delisted)	100	6.8x

Small and Medium-sized Enterprise (SME) Deals

A selection of deals occurring in the SME space, where the annual turnover of an entity is less than \$50 million in Q2 FY2023 include:

Revenue (\$ millions)	Sector	Target	Acquirer	Stake Acquired (%)	Transaction Value (\$ millions)
43.0	Industrials	Air Affairs (Australia) Pty. Ltd.	QinetiQ Group plc	100	53.0
34.6	Consumer Discretionary	Cheap THRILLS Cycles Pty. Ltd.	Universal Store Holdings Limited	100	48.8
26.2	Information Technology	PayGroup Limited	Deel, Inc.	100	118.1

Note: All amounts are presented in Australian dollars unless otherwise stated. Data has been sourced from HLB Mann Judd research, S&P Capital IQ and publicly available records.

OUR TEAM

Are you thinking of expanding or exiting your business? Need advice about succession planning? HLB Mann Judd can help. We have extensive experience helping business owners develop succession plans that allow them to achieve maximum value in the transition of their business. For a complimentary exit readiness review, contact Simon James or Nicholas Guest.



SIMON JAMES
Partner | Advisory
P 02 9020 4212
E sjames@hlbnsw.com.au



NICHOLAS GUEST
Partner | Advisory
P 02 9020 4121
E nguest@hlbnsw.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

DISCLAIMER All material contained in this presentation is written in general terms and should be seen as broad guidance only. No material should be accepted as authoritative advice and any person wishing to act upon the material should first seek considered professional advice that will take into account the specific facts and circumstances. No responsibility is accepted or assumed for any action taken by anyone in reliance on the information in this presentation. HLB Mann Judd firms are part of HLB International, the global and advisory accounting network.

LEVEL 5, 10 SHELLEY STREET SYDNEY, AUSTRALIA 2000

T: +61 (0)2 9020 4000 E: mailbox@hlbnsw.com.au