

AUSTRALIAN M&A REVIEW Q1 | 2024

Australian M&A deal values in Quarter 1 FY2024

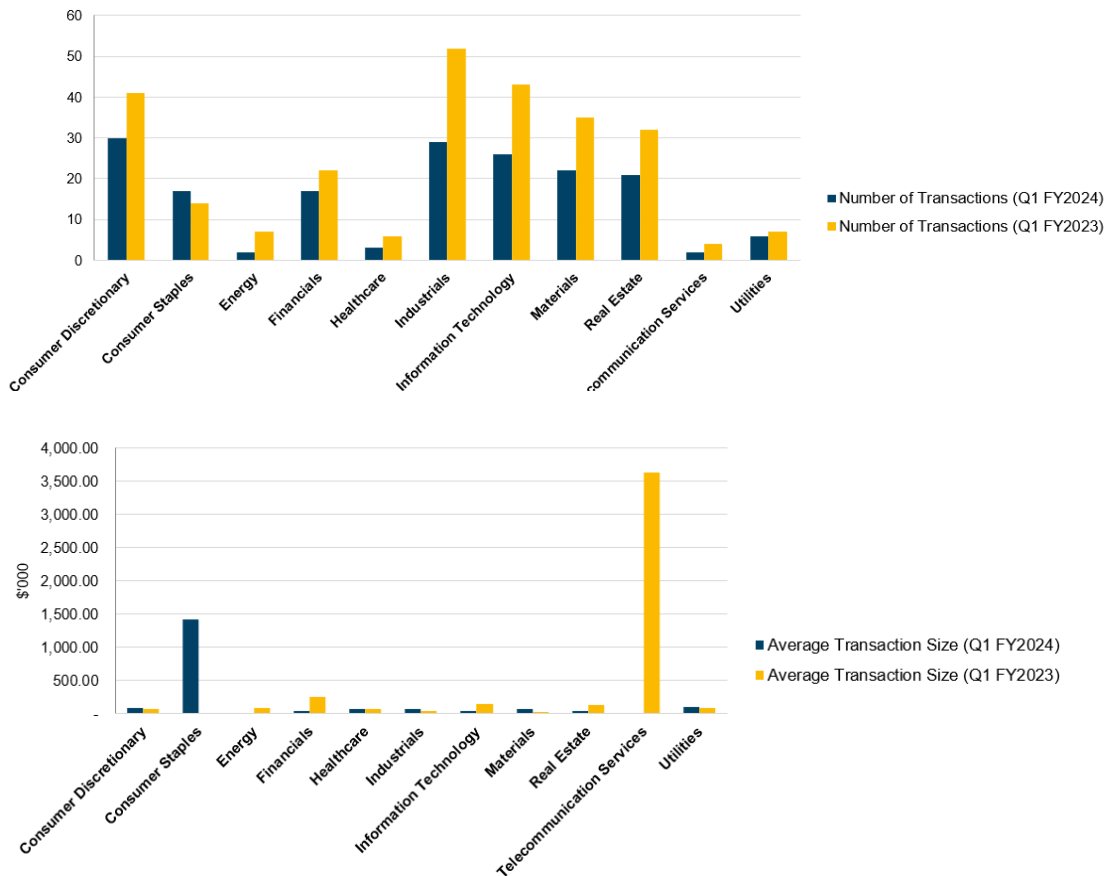
During the initial quarter of fiscal year 2024, there was a notable downturn in both the average M&A deal value and the total number of transactions observed within the Australian market compared to Q1 FY2023.

According to the disclosed transactions for Q1 FY2024, 211 deals successfully closed compared to 322 transactions during Q1 FY2023, reflecting a 34% decline. The average deal size also declined from \$121 million in Q1 FY2023 to \$107 million in Q1 FY2024. This shift can be linked to a reduction in the number of transactions in the \$75 million and above threshold.

The focus of our analysis is on mid-market transactions, as such we have excluded from our analysis transactions with a gross transaction value greater than \$5 billion.

M&A by Sector

As illustrated below, the top 3 sectors by quantity of deals in Q1 FY2024 were the consumer discretionary, industrials and information technology sectors, while the top sectors by deal value are in the consumer staples and utilities sectors.



Major Deals in Q1

The top deals by transaction value (below \$5 billion) in Q1 FY2024 were:

Sector	Target	Acquirer	Seller	Stake Acquired (%)	Transaction Value (\$ millions)
Consumer Staples	Aesop Retail	L'Oréal S.A.	Natura Cosméticos S.A.	100	3,727.2
Consumer Staples	Blackmores	Kirin Health Science Australia	Shareholders (Public Company delisted)	100	1,915.0
Industrials	JELD-WEN Australia	Platinum Equity	JELD-WEN Holding	100	750.8
Materials	Mincor Resources	Wyloo Consolidated Investments	IGO	80	646.8
Consumer Discretionary	Best & Less Group Holdings	BB Retail Capital	Allegro Funds and other investors	84	409.1

One of the most significant transactions in Q1 FY2024 was the divestment of Melbourne based skincare group Aesop by Natura, its Brazilian based owners. Aesop was acquired by L'Oréal for \$3.7 billion, which is thought to be the largest ever deal for a luxury wellness brand in Australia. Natura also owns the Avon and The Body Shop brands.

The highest implied enterprise value / EBITDA transaction multiples achieved in Q1 FY2024 were:

Sector	Target	Acquirer	Seller	Stake Acquired (%)	Transaction Value (\$ millions)
Consumer Staples	Blackmores	Kirin Health Science Australia	Shareholders (Public Company delisted)	100	23.0x
Information Technology	Tesserent	Thales Australia Holdings	Shareholders (Public Company delisted)	100	14.2x
Consumer Discretionary	Orient Express Travel Group	Helloworld Travel	Tom Manwaring and Sintack	100	7.0x
Industrials	JELD-WEN Australia	Platinum Equity	JELD-WEN Holdings	100	6.7x

In the first quarter of 2024 the takeover of Australian vitamins business Blackmores by Japanese brewer Kirin was completed at an implied enterprise value/EBITDA multiple of 23.0x. Kirin is looking to invest in health science businesses to further diversify its portfolio of brands and reduce focus on alcohol brands which have experienced slower growth.

Small and Medium-sized Enterprise (SME) Deals

A selection of deals occurring in the SME sector in Q1 FY2024, where the annual turnover of an entity is less than \$50 million, include:

Revenue (\$ millions)	Sector	Target	Acquirer	Stake Acquired (%)	Transaction Value (\$ millions)
28.0	Information Technology	AssetOn Group Pty Ltd/OnPlan Technologies Pty Ltd	COSOL Limited	100	28.9
21.8	Industrials	Lazer Safe Pty Ltd	Halma plc	100	45.0

In the SME sector, Australian asset management software and services provider AssetOn Group was acquired by London based global provider of asset management solutions COSOL Ltd for \$29 million comprising of cash and scrip. This acquisition is expected to expand COSOL's Asset-Management-as-a-service strategy across the east coast of Australia.

The SME sector in Q1 also saw the acquisition of Perth based Lazer Safe Pty Ltd by British global safety equipment group Halma Plc for \$45 million on a cash and debt free basis. Lazer Safe designs and manufactures safety solutions for industrial metal fabrication machinery.

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.

HLB Mann Judd is a multi-disciplinary accounting and advisory firm with a proven track record of assisting clients in achieving stakeholder value through the acquisition and divestment of businesses. Our Advisory team provide hands-on lead advisory services for mid-market deals with transaction values typically ranging between \$10 million and \$200 million.

We have extensive experience assisting business owners develop succession plans that allow them to achieve maximum value in the transition of their business.

For a complimentary exit readiness review or to explore a strategic acquisition / divestment 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

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