

AUSTRALIAN M&A REVIEW Q2 | 2024

Australian M&A deal values in Quarter 2 FY2024

During the second quarter of FY2024 ended 31 December 2023, there was a decline in the number of transactions completed in Australia compared to Q2 FY2023, while the average deal value has increased significantly.

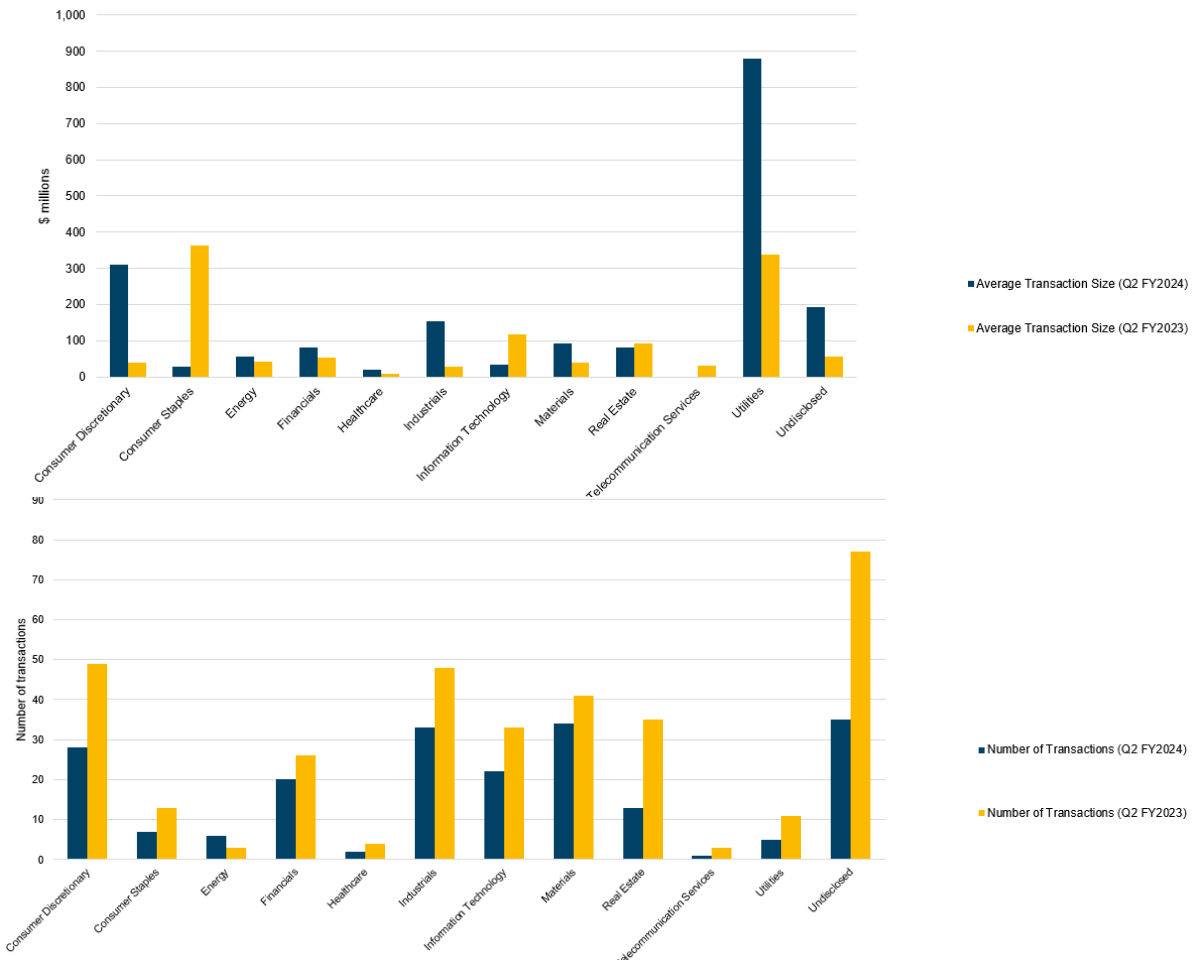
Based on the published transaction data for Q2 FY2024, 206 deals successfully closed compared to 343 in Q2 FY2023, a decrease of 40%. However, the average deal size increased from \$75.24 million in Q2 FY2023 to \$141.87 million in Q2 FY2024 as a result of an increase in the share of the total number of transactions in the \$100 million and above.

As further observed in the HLB Mann Judd IPO Watch Australia 2024 Report ([Click here](#)), the majority of new listings in calendar year 2023, were in the materials sector. Total funds raised from IPOs declined by 21% from \$1.07 billion in 2022 to \$847 million in 2023. Improvements to the IPO pipeline for 2024 are likely dependent on the recovery of the macroeconomic and geopolitical environment both globally and in Australia, including the inflationary and interest environment.

The focus of our analysis in this update is on mid-market transactions, and we have excluded transactions with a gross transaction value greater than \$5 billion.

M&A by Sector

As illustrated below, the top 3 sectors by the quantity of deals in Q2 FY2024 were industrials, materials and consumer discretionary sectors. The top sectors by deal value are the utilities and consumer discretionary sectors.



Major Deals in Q2

The top deals by transaction value in Q2 FY2024 were:

Sector	Target	Acquirer	Seller	Stake Acquired (%)	Transaction Value (\$ millions)
Consumer Discretionary	InvoCare	TPG Global	Shareholders (Public Company delisted)	83	1,969.8
Utilities	Alinta Energy Pilbara	APA Group	Alinta Power Cat and other investors	100	1,722.0
Materials	Azure Minerals	SQM Australia	Deutsche Balaton	100	1,618.5
Healthcare	Healthscope Portfolio	HMC Capital and other investors	Medical Properties Trust	100	1,200.0
Healthcare	Estia Health	Bain Capital	Argo Investments and other investors	100	993.5

One of the most significant transactions in Q2 FY2024 was the buyout of the largest funeral services provider in Australia, InvoCare, by global alternative asset manager TPG Global for \$1.97 billion. InvoCare operates in over 280 locations in Australia under brands including Simplicity Funerals, Allan Drew Funerals, Le Pine, and White Lady Funerals.

The highest implied enterprise value / EBITDA transaction multiples achieved in Q2 FY2024 were:

Sector	Target	Acquirer	Seller	Stake Acquired (%)	Implied EV / EBITDA
Consumer Discretionary	InvoCare	TPG Global	Shareholders (Public Company delisted)	83	22.9x
Utilities	CPSM	Regis Healthcare	Shareholders (Private Company)	100	17.3x
Materials	Cirrus Networks	Atturra	Supervised Investments Australia and other investors	100	10.3x
Healthcare	SILK Laser	Australian Pharmaceutical Industries	Wilson Asset Management	100	10.0x
Healthcare	Estia Health	Bain Capital	Argo Investments and other investors	100	9.8x

In the second quarter of 2024, Regis Healthcare acquired CPSM the premium aged care homes operator based in South East Queensland at an implied enterprise value/EBITDA multiple of 17.3x, building on its strategy to broaden its residential aged care footprint.

Small and Medium-sized Enterprise (SME) Deals

Deals occurring in the SME space in Q2 FY2024 include:

Revenue (\$ millions)	Sector	Target	Acquirer	Stake Acquired (%)	Transaction Value (\$ millions)
45.4	Industrials	Nineteen Group	MaxiPARTS	100	27.0
45.0	Materials	JacPak	IVE Group	100	35.0
41.7	Energy	Guardian Geomatics	Reach Subsea	100	15.5

In the SME sector, Melbourne-based solid fibre folding carton manufacturer, JacPak, was acquired by Australian based holistic marketing company IVE Group for \$35 million. This acquisition is expected to expand and diversify IVE Group's integrated service offering into aligned adjacencies and provide an opportunity for IVE Group to play a leading role in consolidating the fragmented structure of the packaging sector.

Q2 also saw the acquisition of Nineteen Group by one of Australia's largest commercial truck and trailer part companies, MaxiPARTS, for \$27 million. Nineteen Group together with its wholly owned subsidiary, Independent Parts, is a privately owned commercial truck and trailer parts distribution company that operates mainly in Perth, Port Hedland, Geraldton, and Bunbury.

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.



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