

AUSTRALIAN M&A REVIEW Q1 | 2021

Australian M&A deal values in Quarter 1 FY2021

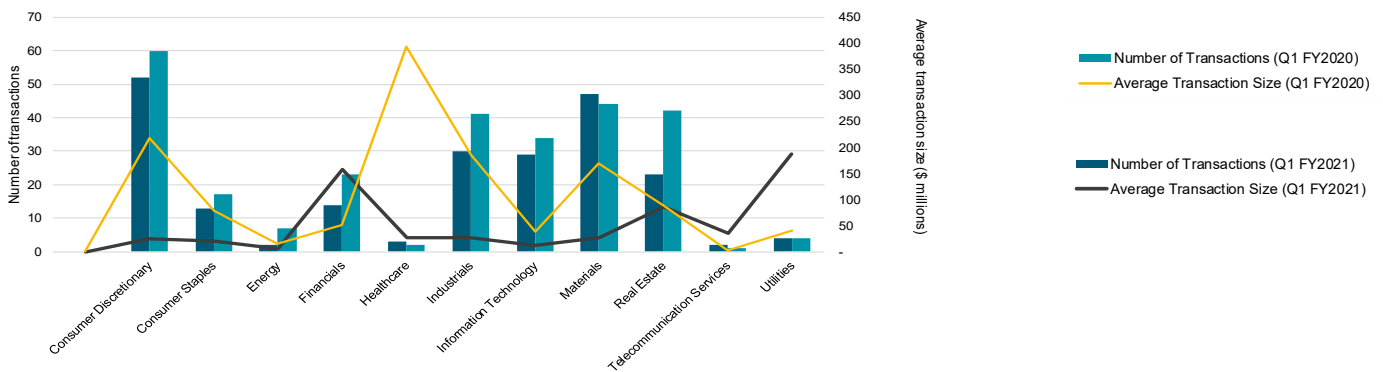
The first quarter of FY2021 has seen a decrease in the number of transactions completed in Australia, and the average deal value has also decreased. We are only beginning to understand the impact that COVID-19 pandemic has on deal values. However, it is clear an appetite for investment remains. Coupled with low lending rates, the current business environment may provide valuable opportunities if vendor and acquirer value expectations can be aligned.

Based on the published transaction data for Q1 FY2021, there were 245 deals completed compared to 313 in Q1 FY2020, a decrease of 22%. In our analysis we have excluded transactions with a gross transaction value greater than \$5 billion.

The average deal size decreased from \$124.8 million in Q1 FY2020 to \$41.1 million in Q1 FY2021 which can be attributed to drop in the number of transactions and average transaction size for transactions over \$100m in FY2021 compared to FY2020.

M&A by Sector

As illustrated below, the top 3 sectors by quantity of deals in Q1 FY2021 were the consumer discretionary, materials and industrials sectors, while the top sectors by deal value were in the utilities and financials sectors.



Major Deals in Q1

The top deals by transaction value in Q1 FY2021 were:

Sector	Target	Acquirer	Seller	Stake Acquired (%)	Transaction Value (\$ millions)
Materials	ACI Packaging Services Pty Ltd	Visy Glass (Australasia) Pty Ltd	Owens-Illinois Holding (Australia) Pty Limited	100	732.5
Real Estate	Data centre complex in Clayton	Centuria Industrial REIT; Centuria Property Funds No. 2 Limited	Telstra Corporation Limited	100	416.7
Utilities	Zenith Energy Limited	Pacific Equity Partners; Apex Opportunities Trust	Shareholders (public company)	100	258.0
Real Estate	222 Exhibition Street	GIC Pte. Ltd.	The California State Teachers' Retirement System	50	205.7

The highest implied enterprise value / EBITDA multiples achieved in Q1 FY2021 were:

Sector	Target	Acquirer	Stake Acquired (%)	Implied EV / EBITDA Multiple
Consumer Discretionary	Australian Fitness Management Pty Ltd*	Viva Leisure Limited	100	11.1x
Utilities	Zenith Energy Limited	Pacific Equity Partners; Apex Opportunities Trust	100	9.5x
Information Technology	Automation Group PTY LTD	Teaminvest Private Group Limited	100	8.4x

* HLB Mann Judd Sydney Corporate Advisory acted as the transaction advisors for Australian Fitness Management Pty Ltd in the sale to Viva Leisure Limited. For more information on this transaction, [click here](#).

SME Deal

Deals occurring in the SME space in Q1 FY2021 include:

Revenue (\$ millions)	Sector	Target	Acquirer	Stake Acquired (%)	Transaction Value (\$ millions)
27.0	Information Technology	Airloom Holdings Pty Ltd	Tesseract Limited	100	15.0
25.0	Industrials	Spoutvac Industries Pty Ltd	Bucher Municipal AG	100	NA
21.4	Financials	Powerwrap Limited	Praemium Limited	85	49.6

CONTACT

Thinking of selling your business? Need advice about succession planning?

HLB Mann Judd can help. 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, contact Simon James or Nicholas Guest.



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