

AUSTRALIAN M&A REVIEW Q1 | 2023

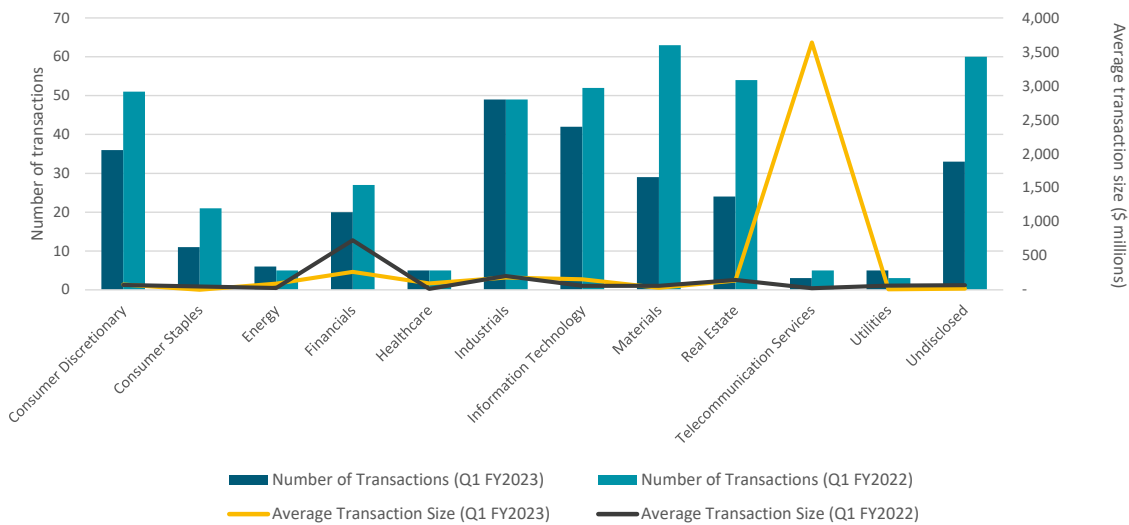
Australian M&A deal values in Quarter 1 FY2023

The first quarter of FY2023 saw a significant decrease in the total number of transactions completed in Australia while the average deal value slightly decreased compared to the corresponding period in the prior year. Based on the published transaction data for Q1 FY2023, there were 263 deals completed compared to 395 in Q1 FY2022, being a decrease of 33%. This trend is consistent with our observations of recent M&A transactions witnessing prolonged negotiations and longer deal periods, reflecting greater risk aversion in the current investor sentiment. In our analysis we have excluded transactions with a gross transaction value greater than \$5 billion.

The average deal size decreased from \$132 million in Q1 FY2022 to \$130 million in Q1 FY2023.

M&A by Sector

As illustrated below, the top 3 sectors by the number of deals in Q1 FY2023 were the consumer discretionary, industrials and information technology sectors, while the top sectors by deal value are in the telecommunication services, financials and industrials sectors. There was a significant decrease in the number of deals in the materials and real estate sectors compared to the prior period while the industrials sector has remained consistent.



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 Q1 FY2023 include:

Revenue (\$ millions)	Sector	Target	Acquirer	Stake Acquired (%)	Transaction Value (\$ millions)
23.0	Healthcare	Safety Direct Solutions Pty Ltd	SIS Australia Group Pty Ltd	85	5.0
29.0	Industrials	Brightflow Enterprises Pty Ltd	Silk Logistics Holdings Limited	100	31.4
36.3	Industrials	HRL Holdings Limited	Australian Laboratory Services Pty. Ltd.	100	87.1

Major Deals in Q1

The top deals by transaction value (below \$5 billion) in Q1 FY2023 were:

Sector	Target	Acquirer	Seller	Stake Acquired (%)	Transaction Value (\$ millions)
Telecommunication Services	Uniti Group Limited	Consortium comprising of Morrison & Co, Brookfield Asset Management and Commonwealth Superannuation Corporation	Shareholders (public company, delisted)	100	3,638.2
Industrials	One Rail Australia Holdings Pty Ltd	Aurizon Holdings Limited	PGGM; Macquarie Infrastructure and Real Assets	100	2,350.0
Real Estate	Irongate Group	PGGM; Charter Hall Group	360 Capital Group Limited; 360 Capital REIT	100	1,699.5
Information Technology	Inetum SA	Bain Capital Private Equity, LP; NB Renaissance Partners	Mannai Corporation Q.P.S.C.	99	1,650.4
Financials	Westpac Life Insurance Services Limited	TAL Dai-ichi Life Australia Pty Limited	Westpac Financial Services Group Limited	100	900.0

The highest implied enterprise value / EBITDA transaction multiples achieved in Q1 FY2023 were:

Sector	Target	Acquirer	Seller	Stake Acquired (%)	Implied EV / EBITDA Multiple
Telecommunication Services	Uniti Group Limited	Consortium comprising of Morrison & Co, Brookfield Asset Management and Commonwealth Superannuation Corporation	Shareholders (public company, delisted)	100	28.4x
Consumer Discretionary	Modibodi Pty Ltd	Essity AB (publ)	Kristy Chong and Quadrant Private Equity	100	24.6x
Industrials	HRL Holdings Limited	Australian Laboratory Services Pty. Ltd.	Shareholders (public company, delisted)	100	17.8x

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.



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