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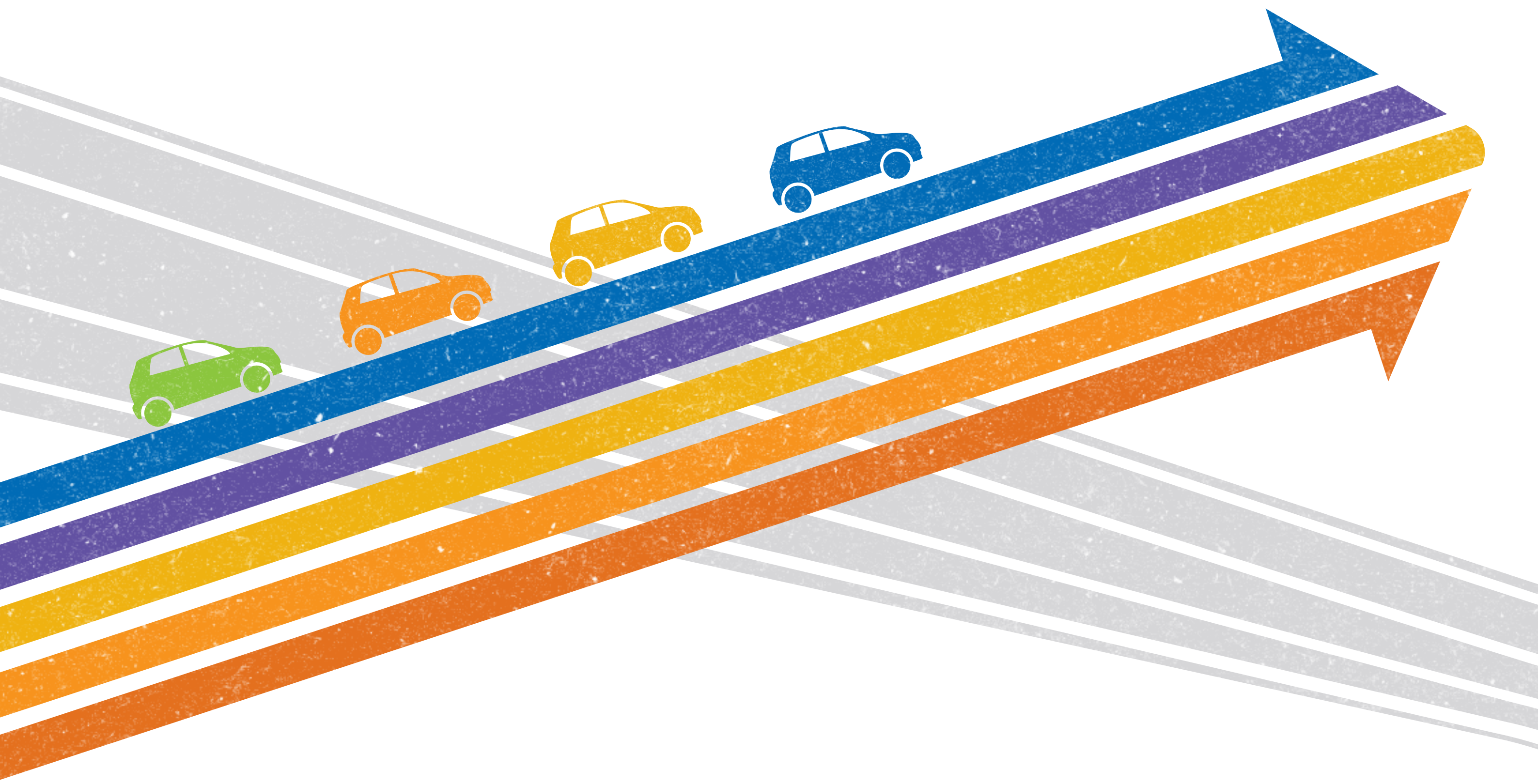
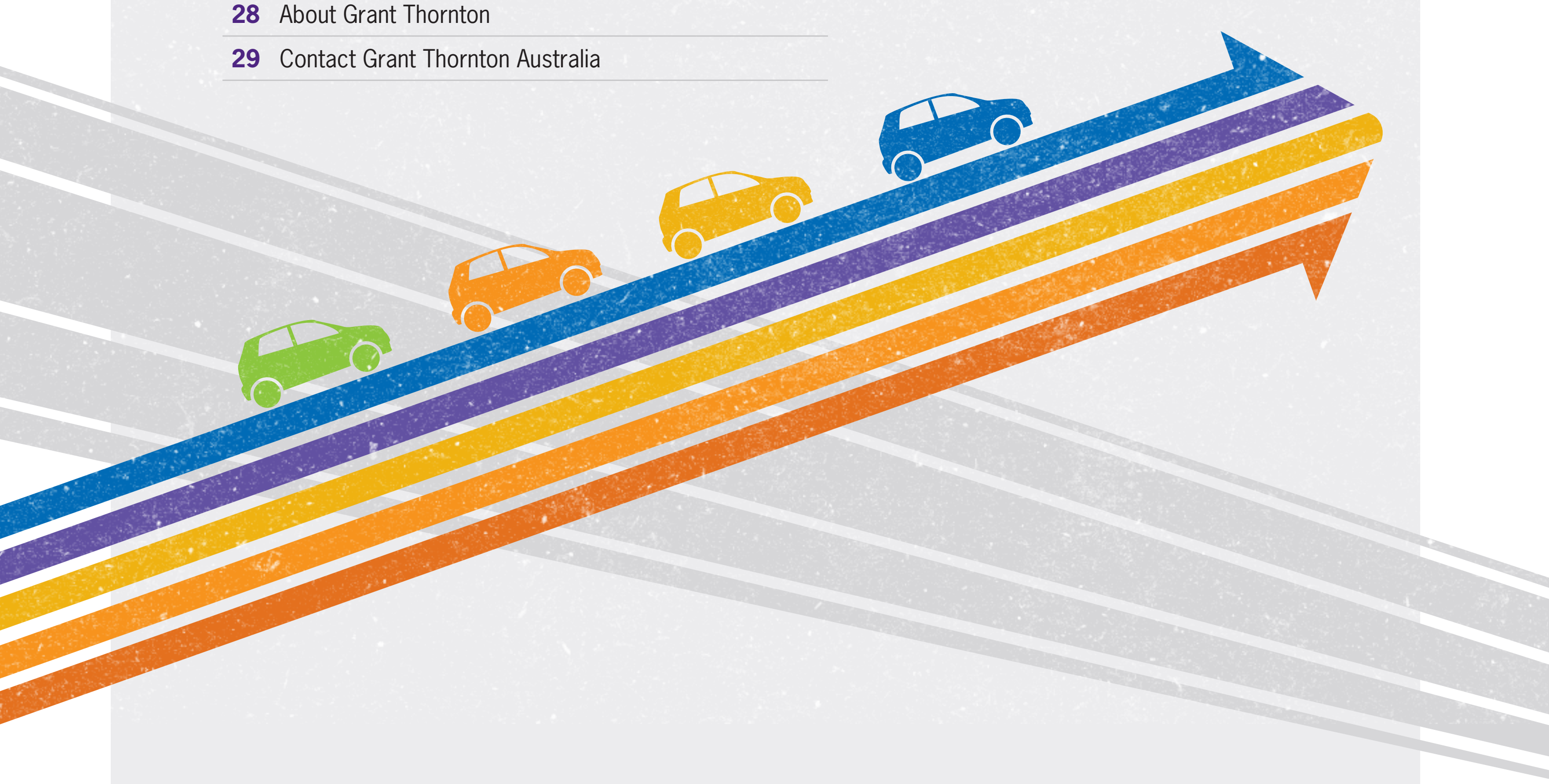
PROVIDING MARKET INSIGHTS | NOVEMBER 2014

Dealtracker 2014

Growth sectors driving confidence





Summary of findings

Welcome to this third edition of Dealtracker, our analysis of the Australian mergers and acquisition (M&A) and equity markets. This edition covers transactions during the 18 month period from 31 December 2012 to 30 June 2014.

> ***"Corporates, International and Private Equity buyers are all looking for quality Australian acquisition targets and the banks are keen to fund deals. We expect M&A activity to continue to improve as potential vendors, who have delayed sale processes during the subdued market conditions, start to gain confidence in achieving fair valuation multiples."***

Our key insights:

1 Improving confidence

The global economic outlook is improving and this is being reflected in the financial markets, with increased deal levels, higher listed company share prices and an extremely robust Initial Public Offering (IPO) market. On a particularly positive note, the level of funds raised from new ASX listings in the 2014 financial year was higher than in the boom years immediately prior to the global financial crisis.

2 Deal multiples

Whilst we saw a nearly 36% increase in median listed company valuation multiples in this Dealtracker period, this improvement in valuations was not evident in our median transaction multiples*, which were actually slightly lower than in our prior two Dealtrackers. However, the lower median transaction multiple was caused by the sale of a number of businesses in low growth segments of the economy. After taking this into account, there were some signs of improved transaction multiples, with many companies with strong growth prospects achieving some very high transaction multiples.

3 Overseas buyers

Australia has continued to attract strong international acquirer interest with at least 26% of Australian targets having overseas acquirers. The overseas buyers were particularly prevalent in the larger deals and were paying higher multiples for businesses across most industry sectors. Many of the international acquirers came from either the United States (US) or Europe and were seeking to benefit from the growth prospects in our region. Companies from the People's Republic of China (PRC or China) were also active buyers and were interested in our resources and food sectors.

4 Investment Managers

Whilst Investment Managers (IM) (Private Equity or Infrastructure) were buyers in less deals than in prior periods, they paid some high multiples for businesses in strong growth sectors of the economy such as, Infrastructure, Aged Care, Education and specialty retail segments where there are expected to be "tail" winds.

5 Period of exits

A lot of the M&A activity that occurred during the period was compelled by Corporates or Private Equity (PE) firms seeking to exit investments. In some of the largest transactions, Corporates were divesting non-core businesses to strengthen their balance sheets. PE firms were exiting portfolio investments held through the global financial crisis, with the IPO market being dominated by PE sponsored exits. PE firms were also the sellers in a number of sizeable Australian M&A transactions.

Following this period of relatively high levels of exits, we expect that much of the future M&A activity is likely to be driven by Corporates and PE firms seeking new investment opportunities.

**based on transactions where deal multiples were available.*

Transaction overview

This is our third edition of Dealtracker. This Dealtracker covers M&A and equity market activity during the 18 months to 30 June 2014. Our first Dealtracker covered the 18 months to 30 June 2011 (First Dealtracker) and our second Dealtracker covered the 18 months to 31 December 2012 (Second Dealtracker).

Deal volumes in this Dealtracker period were 16% higher than in our second Dealtracker period. This is an encouraging sign for Australia, given that 2013 was the slowest year for M&A activity globally since 2009.[1]

There was also was a notable increase in larger deals in the latter part of this Dealtracker period, with 60% of the top 10 deals occurring in the six months to 30 June 2014.

M&A - Quarterly trends

Sources: S&P Capital IQ, Mergermarket, Grant Thornton analysis

Number of deals per transaction size range (1,174 deals)

Transaction size range	Current Dealtracker number of deals	Current Dealtracker % of total	Second Dealtracker number of Deals	Second Dealtracker % of total
Greater than $1 billion	13	1%	14	1%
$500 - $999.9 million	15	1%	16	2%
$100 - $499.9 million	63	5%	89	9%
Less than $100 million	463	39%	408	40%
Undisclosed	620*	53%	485	48%
Total	**1,174**	**100%**	**1,012**	**100%**

*The majority of deals with undisclosed deal values are likely to have deal values of less than A$100 million.

Sources: [1]Australian Financial Review 23 January 2014, which quoted Thomson Reuters

"The majority of targets were small and medium sized entities. This is reflective of the overall corporate landscape in Australia, with the majority of businesses being small to mid-sized enterprises."

Top 10 deals by deal value in the 18 months to 30 June 2014

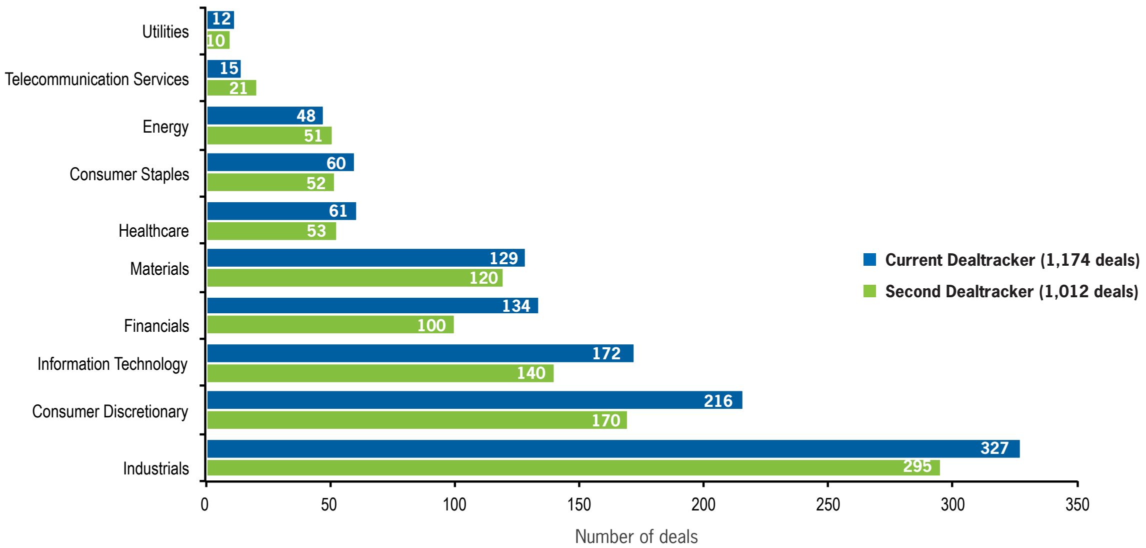
Completion date	Target	Target sector	Buyer	Buyer location	Deal value (A$million)	EV/ EBITDA	% Acquired
31/05/13	Port Botany	Industrials	NSW Ports Consortium	Australia	4,310	25.0x	100
15/04/14	Commonwealth Property Office Fund	Financials	Canada Pension Plan Investment Board; Dexus Property Group	Canada; Australia	3,369	11.6x	85
3/01/14	SPI (Australia) Assets Pty Ltd*	Utilities	State Grid International Development Ltd	China,Hong Kong	2,932	-	60
11/06/14	Aurora Oil & Gas Ltd	Energy	Baytex Energy Corp	Canada	2,710	7.1x	100
30/06/14	Wesfarmers Limited, Insurance Underwriting Businesses and Lumley General Insurance (N.Z.) Limited	Financials	IAG (NZ) Holdings Limited	Australia	1,845	-	100
30/05/14	Newcastle Port Corporation	Industrials	Hastings Funds Management Limited; China Merchants Group Limited	Hong Kong; Australia	1,750	27.0x	100
2/01/14	BOS International Limited; Capital Finance Australia Limited	Financials	Westpac Banking Corporation	Australia	1,450	-	100
12/12/13	Sinclair Knight Merz Pty Ltd	Industrials	Jacobs Engineering Group Inc.	United States	1,300	7.2x	100
31/01/13	CGA Mining Limited	Materials	B2Gold Corp	Canada	1,142	32.4x	100
15/02/13	Bluewaters II; Bluewaters I	Energy	The Kansai Electric Power Co Inc; Sumitomo Corporation	Japan	1,136	-	100
Total					**21,944**		

* Neither party disclosed the deal value of SPI (Australia). Other industry sources have reported the deal value to be $2.4 billion.

Sources: S&P Capital IQ, Mergermarket, Grant Thornton analysis

> *"The increased deal activity in this Dealtracker period was reflected in deal activity across most sectors, with the most notable increases occurring in the Financials (34% increase), Consumer Discretionary (27% increase), Information Technology (IT) (23% increase) and Industrials (11% increase)."*

Total deals by sector, Current vs. Prior period



Sources: S&P Capital IQ, Mergermarket, Grant Thornton analysis

The buyers

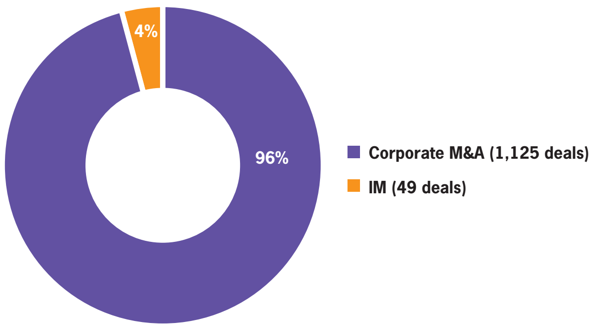
Corporates remained the most active buyers, with 96% of acquirers being classified as Corporate M&A deals and 4% as IM deals.

There is a lot of overseas acquirer interest in Australian businesses, with at least 26% of transactions having an overseas buyer. International buyers were even more prevalent in the largest deals, with 50% of the top 10 deals during this Dealtracker period having an overseas buyer.

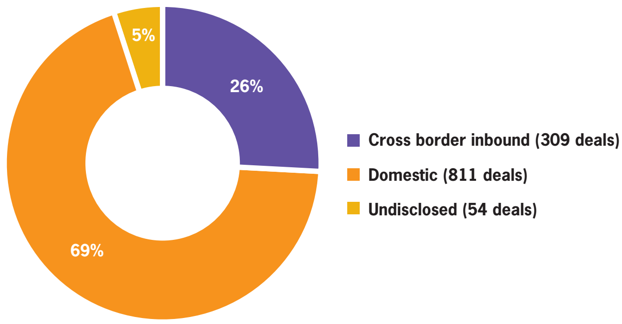
The sectors that had the highest proportion of overseas buyers were Energy (38%), IT (32%), Consumer Staples (32%) and Industrials (30%).

> *Australia has attracted strong international acquirer interest, as a result of our sound economic conditions, reliable regulatory environment and close proximity to Asia. We expect the level of international acquirer interest from the US and Europe to remain strong as overseas companies with limited growth opportunities in their local markets seek to acquire businesses in higher growth regions such as Australia. Improvements in technology are also making it easier for businesses to operate on a global basis.*

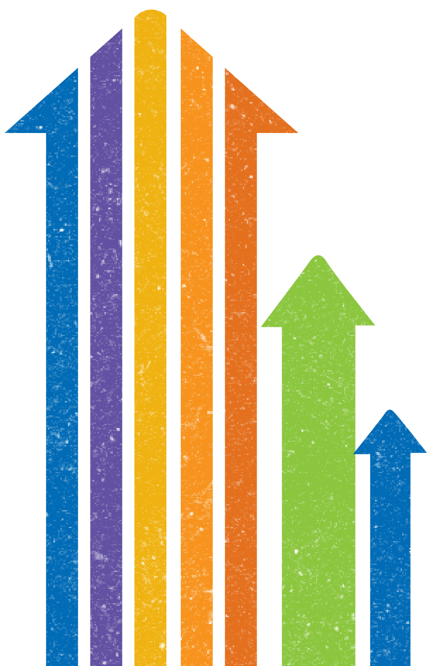
Dealmakers (1,174 deals)



Domestic vs. Cross border transactions



Sources: S&P Capital IQ, Mergermarket, Grant Thornton analysis



Acquirer region vs industry sector

Acquirer region by industry	Industry sector											
Region	Consumer Discretionary	Consumer Staples	Energy	Financials	Healthcare	Industrials	Information Technology	Materials	Telecomm-unication Services	Utilities	Total	% of total
US and Canada	27	7	4	5	7	27	27	11	-	-	**115**	**37%**
Europe	15	3	6	4	5	49	15	8	-	-	**105**	**34%**
Asia Pacific	8	7	6	5	3	20	11	7	3	2	**72**	**23%**
Other	3	2	2	1	-	3	2	3	-	1	**17**	**6%**
Total	**53**	**19**	**18**	**15**	**15**	**99**	**55**	**29**	**3**	**3**	**309**	**100%**

Sources: S&P Capital IQ, Mergermarket, Grant Thornton analysis

> *"The majority of the overseas buyers came from the US, Canada and Europe, although we are seeing a lot of buyer interest from companies in the Asia Pacific, particularly China."*

Acquirers in Asia Pacific region

Acquirers in the Asia Pacific region	Industry sector											
Country	Consumer Discretionary	Consumer Staples	Energy	Financials	Health-care	Industrials	Information Technology	Materials	Telecomm-unication Services	Utilities	Total	% of total
PRC	1	4	2	-	-	2	1	5	3	1	**19**	**26%**
New Zealand	2	1	-	1	1	5	5	-	-	-	**15**	**21%**
Singapore	2	-	-	1	1	6	2	-	-	-	**12**	**17%**
Malaysia	1	-	-	3	-	2	1	-	-	1	**8**	**11%**
Japan	-	1	2	-	-	3	-	1	-	-	**7**	**10%**
Other	2	1	2	-	1	2	2	1	-	-	**11**	**15%**
Total	**8**	**7**	**6**	**5**	**3**	**20**	**11**	**7**	**3**	**2**	**72**	**100%**

Sources: S&P Capital IQ, Mergermarket, Grant Thornton analysis

The acquisitions by Chinese buyers are discussed in more detail on page 21.

After China, New Zealand (NZ) had the second highest level of international buyers in the Asia Pacific region. In total, there were 15 deals where NZ businesses were listed as the buyer. Of these, the majority were acquisitions of small Australian businesses in the IT (33%) and Industrials sectors (33%).

However, there was one deal that had a NZ buyer ranked in the top ten Australian corporate transactions by deal value in this Dealtracker period.

This was NZ stock exchange listed EBOS Group Ltd's acquisition of Australian healthcare company, Symbion Pty Ltd, for A$990 million.

Top 10 deals in the six months to 30 June 14

1

Acquirer: Canada Pension Plan Investment Board; Dexus Property Group
Target: Commonwealth Property Office Fund
Deal value: A$3,369 million
Acquirer country: Australia, Canada
Date: 15/04/2014
EV/EBITDA Multiple: 11.6x

Commonwealth Property Office Fund is an office sector-specific Australian real estate investment trust (A-REIT) that invests in office property located in central business districts and suburban markets in Australia. The responsible entity of the Fund was Commonwealth Managed Investments Limited (CMIL) a wholly owned subsidiary of the Commonwealth Bank of Australia (CBA). The transaction was part of the CBA's strategy to exit its property businesses.

The Fund was listed on the ASX prior to being acquired by a consortium comprising the Canada Pension Plan Investment Board (CPPIB) and Dexus Property Group (Dexus). CPPIB is a professional investment management organisation that invests the funds of the Canada Pension Plan, one of the world's largest retirement funds. Dexus is a large real estate group that is listed on the Australian Securities Exchange (ASX) and was seeking to become the leading owner and manager of prime grade office premises in Australia.

2

Acquirer: State Grid International Development Ltd
Target: SPI (Australia) Assets Pty. Ltd.
Deal value: A$2,932 million
Acquirer country: China
Date: 03/01/2014
EV/EBITDA Multiple: NA

SPI (Australia) Assets Pty. Ltd. (SPIAA) owns and maintains a number of key Australian electricity and gas distribution assets. These include: the Jemena Electricity Network in north-west Melbourne; the Jemena Gas Network in New South Wales (NSW); a 34% interest in United Energy; and a 50% interest in ActewAGL, a distribution partnership that owns and operates the electricity and gas networks in the Australian Capital Territory (ACT).

State Grid International Development Ltd (SGID) is a subsidiary of State Grid Corporation of China (SGCC). SGCC transmits and distributes power in China, and operates the largest and most sophisticated power grid in the world. SGID was seeking to further develop its international presence and was attracted to the quality of SPIAA's networks and Australia's stable and transparent regulatory regime.

3

Acquirer: Baytex Energy Corp. (Baytex)
Target: Aurora Oil & Gas Ltd. (Aurora)
Deal value: A$2,710 million
Acquirer country: Canada
Date: 11/06/2014
EV/EBITDA Multiple: 7.1x

ASX listed entity, Aurora, had a portfolio of producing oil and gas interests in the Sugarkane Field within the Eagle Ford shale in Texas in the United States.

Baytex is a Canadian producer, developer and explorer of oil and natural gas and is listed on the Toronto Stock Exchange (TSX) and the New York Stock Exchange (NYSE). Baytex was seeking to expand its asset base in the Eagle Ford, one of the premier oil resource regions in the US, as well as wanting to increase the scale and diversity of its oil production.

4

Acquirer: IAG (NZ) Holdings Limited
Target: Wesfarmers Limited, Insurance Underwriting Businesses and Lumley General Insurance (N.Z.) Limited
Deal value: A$1,845 million
Acquirer country: Australia
Date: 30/06/2014
EV/EBITDA Multiple: NA

This sale of the Wesfarmers underwriting business to Insurance Australia Group (IAG), combined with the sale of Wesfarmers insurance broking business to Arthur J Gallaher & Co (the 8th largest deal in the six months), resulted in Wesfarmers completely exiting its insurance business as part of its "focus on disciplined portfolio management".

IAG is a wholly-owned subsidiary of Insurance Group Limited, which owns a portfolio of brands, including CGU, NRMA Insurance, SGIO, NZI, State and AMI. The acquisition included Wesfarmers WFI and Lumley Insurance brands as well as an agreement to distribute Coles Insurance through Coles supermarkets for a ten year period. The acquisition was part of IAG's goal to become the market leader in the insurance business in Australia and NZ.

5

Acquirer: Hastings Funds Management Limited; China Merchants Group Limited.
Target: Newcastle Port Corporation
Deal value: A$1,750 million
Acquirer country: China & Australia
Date: 30/05/2014
EV/EBITDA Multiple: 27.0x

Following a competitive five-month bidding process, the NSW Government entered into a 98 year lease of the Newcastle Port, which is one of the world's largest coal export ports and a key trade centre in NSW. The winning bidder was the Port of Newcastle Investments, a consortium comprised of Hastings Funds Management and China Merchants Group, both of whom are long-term global infrastructure investors.

"50% of the largest deals had overseas buyers"

Financials Utilities Energy Industrials Materials Consumer Staples

6	**Acquirer:** Westpac Banking Corporation **Target:** BOS International Limited; Capital Finance Australia Limited **Deal value:** A$1,450 million **Acquirer country:** Australia **Date:** 02/01/2014 **EV/EBITDA Multiple:** NA	Following Lloyds Banking Group's (Lloyds) decision to focus on its UK business, Westpac acquired Lloyds' Australian asset finance business, Capital Finance Australia Ltd (CFA) and Lloyds' corporate loan portfolio, BOS International Australia Ltd (BOSI). The acquisition is expected to expand Westpac's capability within equipment finance and build scale, as well as expanding the geographic diversity of their motor vehicle finance business.
7	**Acquirer:** Glencore Xstrata plc; Sumitomo Corporation **Target:** Clermont Mine **Deal value:** A$1,060 million **Acquirer country:** Switzerland; Japan **Date:** 02/06/2014 **EV/EBITDA Multiple:** NA	Clermont Mine is a producer of high energy thermal coal in Central Queensland. Under the terms of the transaction Rio Tinto sold its 50.1% interest in Clermont Mine to Glencore Xstrata and Sumitomo Corporation, who each acquired a 25.05% stake in the mine. The deal also gave Glencore Xstrata control over mining operations and marketing rights. The profitability of the mine had been adversely impacted by reduced Australian coal prices, as a result of weaker demand from China. Confident of improved demand and prices, Sumitomo and Glencore were seeking to secure supply of coal to the growing Japanese and other Asian markets. The sale by Rio Tinto of its interest in the mine was part of its strategy to rationalise its portfolio and strengthen its balance sheet.
8	**Acquirer:** Arthur J Gallagher & Co. **Target:** Wesfarmers Insurance Investments Pty Ltd., Insurance Broking and Premium Funding Operations **Deal value:** A$1,010 million **Acquirer country:** United States **Date:** 16/06/2014 **EV/EBITDA Multiple:** 9.0x	Wesfarmers sold its insurance broking and premium funding operations to subsidiaries of Arthur J. Gallagher & Co (AJG). AJG is one of the largest risk management and insurance broking companies in the world. The insurance broking businesses comprised OAMPS Insurance Brokers in Australia and the UK and Crombie Lockwood in NZ. The premium funding operations comprised Lumley Finance and Monument Premium Funding.
9	**Acquirer:** Saputo Inc. (Saputo) **Target:** Warrnambool Cheese And Butter Factory Company Holdings Limited (WCB) **Deal value:** A$537 million **Acquirer country:** Canada **Date:** 13/02/2014 **EV/EBITDA Multiple:** 11.9x	WCB is Australia's oldest and fourth largest dairy producer. Saputo is a Canadian dairy company with global operations which produces, markets and distributes a wide array of dairy products. Saputo was successful in acquiring WCB after a widely publicised bidding war against major Australian companies Murray Goulburn and Bega Cheese.
10	**Acquirer:** Macquarie Infrastructure & Real Assets **Target:** ANZ Terminals Pty Ltd **Deal value:** A$525 million **Acquirer country:** Australia **Date:** 30/06/2014 **EV/EBITDA Multiple:** NA	ANZ Terminals Pty Ltd (Terminals) owns and operates bulk liquid and gas storage facilities in eight ports in Australia and across the Tasman. A consortium lead by Australia-based alternative asset management company; Macquarie Infrastructure & Real Assets purchased Terminals from Morningside Private Investors; a US affiliate of the Hong Kong (HK) PE firm, Morningside Group (Holdings) Limited. The transaction was highly contested, with interest from HK based Cheung Kong Infrastructure Holdings, REST super, listed NZ infrastructure and utilities fund Infratil, and RREEF Infrastructure.

Sources: S&P Capital IQ, Mergermarket, Grant Thornton analysis

> *"Large corporates have been rationalising their investments and strengthening their balance sheets"*

Investment managers

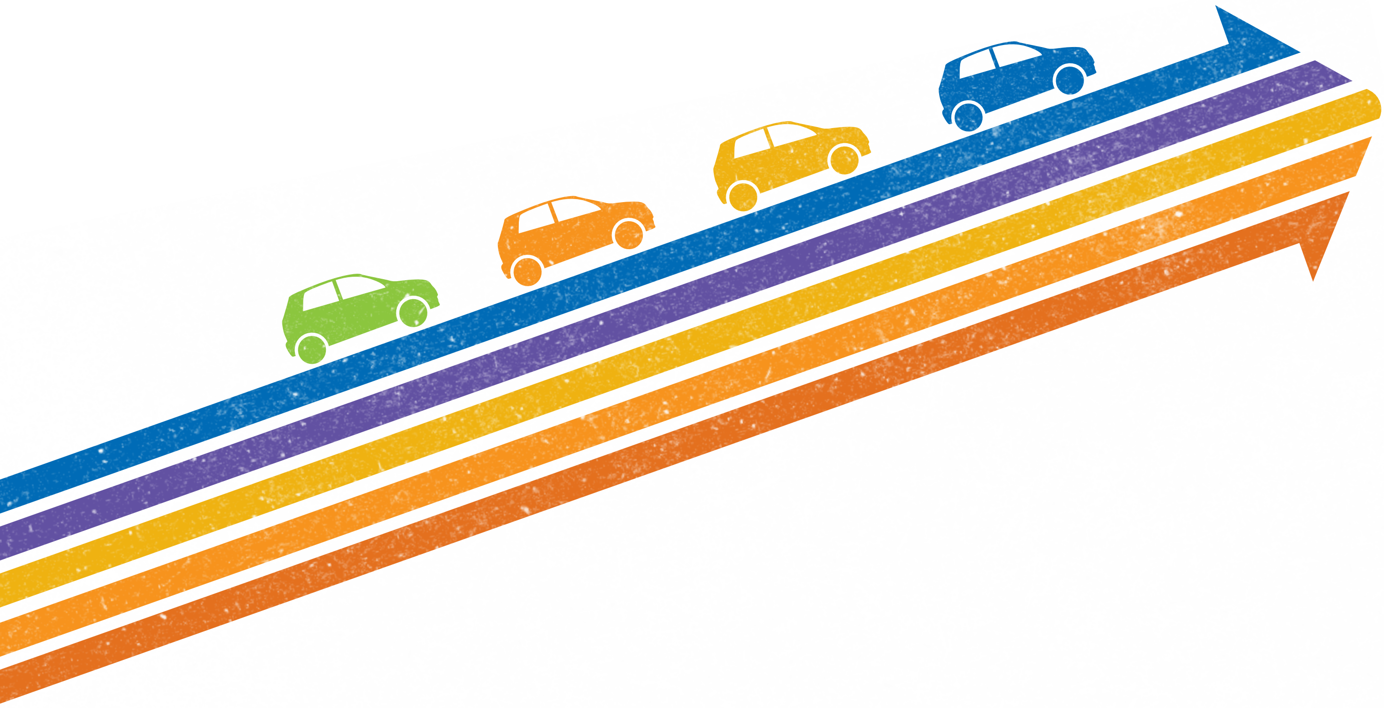
There were noticeably less IM purchases in this Dealtracker period, with IM being buyers in only 49 deals compared with 62 deals in our Second Dealtracker period.

The relatively low levels of purchases by PE firms is considered to be due to a shortage of businesses suitable for PE investment, as potential vendors have been reluctant to enter into sale processes in the relatively subdued market conditions.

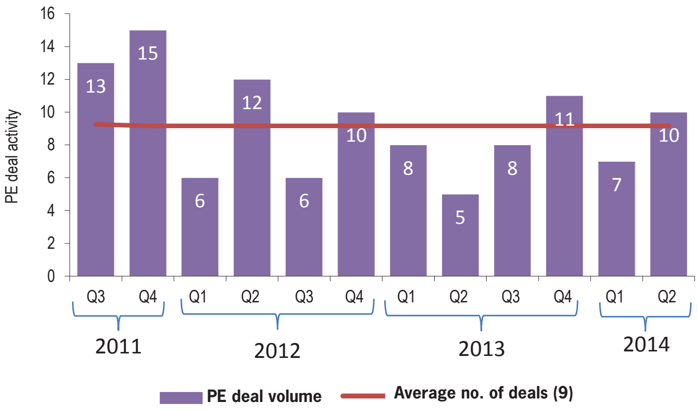
Whilst Consumer Discretionary and Industrials (includes infrastructure) remained as the sectors of most interest to IM, there was significantly more interest, when compared to previous periods, by IM buyers in Healthcare, Consumer Staples and Financials.

PE firms spent at least A$664 million acquiring Australian Healthcare businesses. The largest PE Healthcare deal was that of Archer Capital's acquisition of aged care business 'Allity' for A$270 million in March of 2013.

Australia has never had a healthy venture capital market for technology businesses, with many of the best upcoming technology businesses being purchased by US PE funds. The largest deal in the IT sector during this Dealtracker period was Insight Venture Partners' (a US PE firm) A$266 million investment in Campaign Monitor. Campaign Monitor is a SaaS-based email marketing and design solutions business, which was started in 2004 when its owners noticed a need in the market for software that made it easy to create and manage attractive email marketing campaigns. Insight Venture Partners plans to help fund the expansion of the business internationally and to capitalise on the expected continued growth in digital marketing.



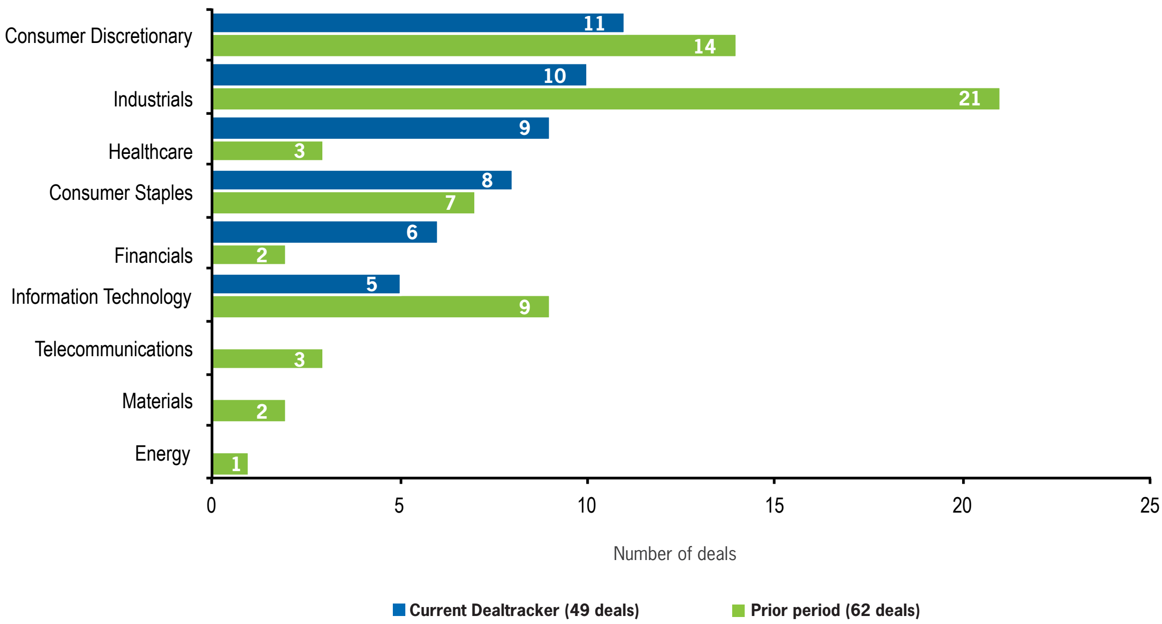
IM entry



Sources: S&P Capital IQ, Mergermarket, Grant Thornton analysis

> *"PE firms are constantly on the look out for quality businesses to invest in. They are particularly interested in acquiring businesses with strong brands, solid cash flows and with leading positions in niche markets. They are paying good multiples for businesses that meet this investment criteria."*

IM entry by Australian industry sector (current vs. prior period)



Top 10 IM deals by deal value in the 18 months to 30 June 2014

Completion date	Target	Target sector	Buyer	Buyer location	Deal value (A$million)	EV/EBITDA	% acquired
31/05/13	Port Botany	Industrials	NSW Ports Consortium	Australia	4,310	25.0x	100
15/04/14	Commonwealth Property Office Fund	Financials	Canada Pension Plan Investment Board; Dexus Property Group	Canada; Australia	3,369	11.6x	85
30/05/14	Newcastle Port Corporation	Industrials	Hastings Funds Management Limited; China Merchants Group Limited	Hong Kong; Australia	1,750	27.0x	100
8/03/13	Inghams Enterprises Pty Limited	Consumer Staples	TPG Capital, L.P.	United States	880	5.0x	100
31/05/13	Port Kembla Pty Ltd	Industrials	NSW Ports Consortium	Australia	760	25.0x	100
28/02/14	Sensis Pty Ltd	Consumer Discretionary	Platinum Equity, LLC	United States	454	2.4x	70
31/03/13	Allity	Healthcare	Archer Capital Pty Ltd	Australia	270	-	100
16/04/14	Campaign Monitor Pty Ltd	Information Technology	Insight Venture Partners	United States	266	-	NA
28/01/14	Cura Day Hospitals Group Pty Ltd	Healthcare	Intermediate Capital Group Plc	United Kingdom	200	16.2x	NA
20/05/14	Aero-Care Pty Ltd	Industrials	Archer Capital Pty Limited	United States	200	-	70
Total					**12,459**		

Sources: S&P Capital IQ, Mergermarket, Grant Thornton analysis

> *"We have also seen significant sell side activity by private equity, as funds have been exiting portfolio investments held through the global financial crisis. This was also reflected in the number of PE sponsored IPOs during this Dealtracker period."*

Top 10 IM exits by deal value in the 18 months to 30 June 2014

Completion date	Seller	Target	Target sector	Buyer	Buyer location	Deal value (A$million)	EV/ EBITDA	% acquired
2/04/13	Unitas Capital Pte. Ltd	Exego Group Pty Ltd	Consumer Discretionary	Genuine Parts Company	United States	779	10.9x	70
26/02/13	Resource Capital Funds; Farallon Capital Management, L.L.C.	Talison Lithium Limited	Materials	Windfield Holdings Pty Ltd	Australia	732	21.9x	84
4/03/13	Archer Capital Pty Ltd.	Ausfuel Pty Ltd	Energy	Puma Energy International B.V.	Switzerland	625	6.3x	100
30/06/14	Morningside Private Investors	Terminals Pty Ltd	Energy	Macquarie Infrastructure & Real Assets	Australia	525	-	NA
27/05/14	Pacific Equity Partners	Australasian Food Group Pty Ltd	Consumer Staples	R&R Ice Cream Plc	United Kingdom	450	8.8x	100
10/09/13	Acorn Capital Limited	HSE Group Pty Ltd	Industrials	Swire Mining Services Pty Limited	Australia	346	3.3x	80
31/01/14	Catalyst Buyout Fund 2	Actrol Pty Ltd.; A.C. Components Pty Ltd	Industrials	Reece Australia	Australia	280	5.9x	100
8/04/13	Catalyst Investment Managers Pty Ltd.	Moraitis Group Pty Limited	Consumer Staples	King Bid Company Pty Limited	Australia	211	10.9x	100
20/05/14	Next Capital	Aero-Care Pty Ltd	Industrials	Archer Capital Pty Limited	Australia	200	-	NA
12/07/13	Macquarie Investment Management Limited	Azimuth Resources Limited	Materials	Troy Resources Limited	Australia	190	-	100
Total						**4,338**		

Sources: S&P Capital IQ, Mergermarket, Grant Thornton analysis

Share price performance of listed companies

Our analysis shows a significant improvement in median valuation multiples in the 12 months to 30 June 2014, with the overall median EBITDA trading multiple improving from 7.0 times at 30 June 2013 to 9.5 times by 30 June 2014, which is an increase of approximately 36%.

Median EBITDA multiples observed on the ASX*

	Median EV/EBITDA						
Industry	**30/06/08**	**30/06/09**	**30/06/10**	**30/06/11**	**30/06/12**	**30/06/13**	**30/06/14**
Consumer Discretionary	6.9	6.6	7.5	7.4	6.7	7.5	9.7
Consumer Staples	9.9	8.2	8.3	8.2	8.2	9.8	10.2
Energy	10.7	8.0	6.4	9.3	5.9	3.8	6.4
Financials	11.1	11.8	9.8	9.8	9.4	12.7	13.2
Healthcare	9.3	7.8	7.0	7.0	9.6	12.8	15.0
Industrials	6.9	5.7	6.7	7.4	6.0	5.5	7.0
Information Technology	6.9	4.8	7.3	5.9	6.5	9.3	12.5
Materials	8.1	7.6	8.5	7.4	5.2	2.2	7.1
Telecommunication Services	5.7	3.9	6.2	5.8	6.7	10.1	9.5
Utilities	12.4	11.4	9.5	9.4	10.5	9.5	9.1
Overall	**8.4**	**7.1**	**7.6**	**7.8**	**6.8**	**7.0**	**9.5**
S&P/ASX 200 Index value	**5215.3**	**3954.9**	**4301.5**	**4608.0**	**4094.6**	**4802.6**	**5395.7**

*Excludes companies with EBITDA multiples of < 0 and > 30 times

Sources: S&P Capital IQ, Grant Thornton analysis

Businesses are often valued based on a multiple of earnings before interest, tax, depreciation and amortisation (EBITDA). EBITDA is typically used as a measure of earnings for valuation purposes, as it reflects the financial performance of the business, before taking into account how it is funded. A multiple of EBITDA provides an Enterprise Value (EV) of the business (i.e. the value of the business before deducting net debt).

We have derived median EV/EBITDA earnings multiples for the main ASX industry sectors. Our analysis shows a significant improvement in median valuation multiples in this Dealtracker period. The improvement in multiples was also reflected in the All Ordinaries Index, as shown in the chart below.

Movement in the S&P/ASX 200 Jan 2011 to Jun 2014

Sources: S&P Capital IQ

The improvement in listed company trading multiples was evident across almost all industry sectors. The industries trading at the highest median multiples were Healthcare, Financials, IT and Consumer Staples.

Sectors with the highest valuation multiples

Healthcare

Listed Healthcare companies are trading at the highest median EBITDA multiples. This is reflective of the strong growth prospects for this industry, as Australia's rapidly aging population requires higher levels of medical treatment.

Financials

Entities in the Financials sector are trading at relatively high multiples, also reflecting the high growth opportunities in this segment.

As a result of our mandated superannuation, Australia has one of the largest and fastest growing funds management sectors in the world, the banks have also been diversifying into wealth management and financial services to capitalise on the expected growth in the funds management sector.

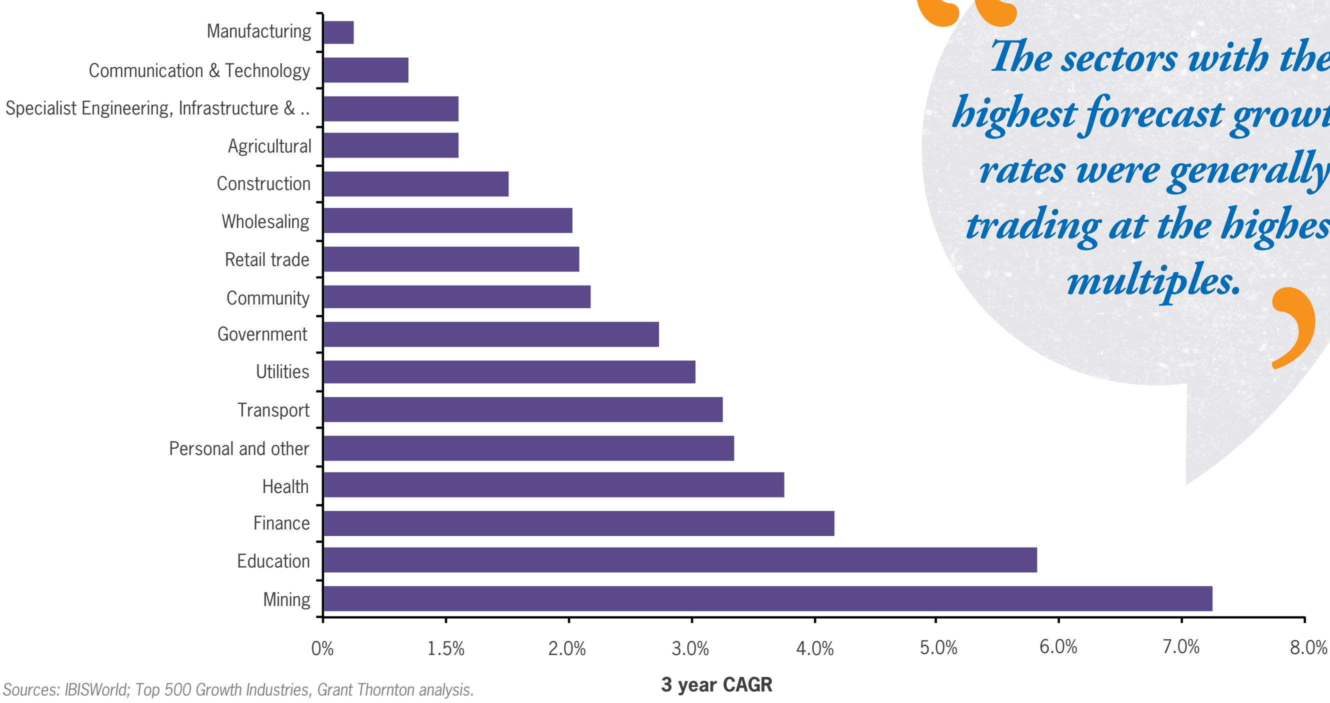
Information Technology

Earnings multiples in the IT sector are relatively high when compared to other industries. Companies driving the high multiples in the sector include cloud technology solutions businesses, specialists in web security infrastructure and internet service providers, who are all expected to benefit from the continuation of the digital revolution. The upcoming rollout of the National Broadband Network (NBN) is also expected to drive growth opportunities in the sector, as improved reliability continues to drive increased use of the internet by businesses and consumers.

Consumer Staples

The companies trading at the highest multiples in this sector were generally those with operations in food distribution. The high multiples of these businesses reflect strong investor interest in Australian food assets, as shareholders seek to capitalise on opportunities arising from growing world populations, increasing incomes and a greater appetite in Asia for Western foods. Free trade agreements with China, Japan and Korea are also expected to underpin continued growth in demand for Australian food products in Asia.

3 year revenue compound annual growth rate (CAGR) forecasts by sector



Sources: IBISWorld; Top 500 Growth Industries, Grant Thornton analysis.

> ***"The sectors with the highest forecast growth rates were generally trading at the highest multiples."***

Sectors with improved multiples

Materials and Energy

There was evidence of significantly lower valuations of companies in the resource sector in the first part of this Dealtracker period, as a result of lower commodity prices, increasing exploration costs and reduced investor confidence following the deferral of a number of major investment projects, such as the $8 billion Olympic Dam project by BHP.

Nonetheless, median multiples in this sector improved significantly in the six months to 30 June 2014. This is most likely a reflection of the strong growth prospects for some companies, as the industry shifts from an exploration and construction phase to an era of production.

Demand for natural gas, coal and iron ore for electricity generation and steel/ steel making inputs is expected to remain strong given the continued industrialisation and urbanisation in large developing countries, such as China and India. Australia is also well positioned to service these markets.

Particularly strong growth rates are expected in the oil and gas sector, as the depletion of conventional crude oil reserves has shifted world demand away from crude oil towards natural gas, which is in more plentiful supply and cleaner to produce. There is also expected to be an increase in demand from Japan, which has also turned to gas-powered electricity plants to replace nuclear energy.

Mining companies with expertise in oil and gas extraction are expected to attract strong investor interest and high multiples. This is likely to be particularly the case for mining services businesses that have technology that enables unconventional gas to be extracted from previously hard to reach underground rocks or that can assist with the cost effective transportation of liquefied natural gas.

Australian mining businesses that are focused on exploration or construction activities, in sectors other than oil and gas, may continue to struggle to access investor interest.

Consumer Discretionary

At 30 June 2014, retail businesses were trading at the highest multiples observed for many years, reflecting the increase in consumer confidence.

Businesses in the education subsector also contributed to the higher median EBITDA multiple for the Consumer Discretionary sector. The education sector is expected to experience annual revenue growth of 5.8% for the three years to 2017. Particularly strong growth rates are forecast for education businesses that provide online education services and/or are likely to benefit from increased demand from prospective students from India and China.

Sectors with lower multiples

The only industries trading at lower median multiples were the Telecommunication and Utilities sectors. We make the following comments with respect to each of these sectors:

Telecommunications

The Telecommunications sector has one of the lowest revenue growth profiles, with IBISworld forecasting a 0.5% decline in annual revenue growth in the five years to 2019. One of the largest contributors to industry revenue is wired telecommunications, which is suffering from a decline in access lines and usage, as the population switches from wired to wireless technology following the introduction of smart phones, tablets and cloud technology.

Utilities

The projected annual growth rate of energy consumption in Australia is forecast to be lower than the historical average. This is primarily due to the expected decline in energy intensive industries such as manufacturing. Also contributing to the forecast decline are expectations of increased energy efficiency and greater use of renewable energy, which requires relatively less energy inputs to generate electricity than fossil fuels.

Valuation multiples by target sector

Whilst signs in the market have been positive with higher deal levels, increased IPO activity and higher ASX listed share price multiples, these improvements were not reflected in our median deal multiples, which was 7.3x EBITDA, compared with 7.5x in our prior two Dealtracker periods. However, these low median multiples were caused by the sale of a number of businesses in low growth segments of the economy.*

Transactions and valuation multiples per target sector (105 deals)*

Industry	Number of deals	Median target EV (A$million)	Median target revenue (A$million)	Median target EBITDA (A$million)	Current Dealtracker median EV/ EBITDA multiples	Second Dealtracker median EV/ EBITDA multiples	First Dealtracker median EV/ EBITDA multiples
Consumer Discretionary	22	99	50	10	6.9x	7.5x	8.9x
Consumer Staples	11	211	221	18	10.9x	9.8x	8.5x
Energy	7	75	31	20	6.3x	5.1x	6.4x
Financials	9	69	29	11	9.0x	10.8x	7.4x
Healthcare	5	200	200	12	8.5x	8.6x	10.9x
Industrials	34	97	83	14	5.7x	6.1x	7.9x
Information Technology	9	50	40	6	7.3x	7.7x	5.6x
Materials	3	150	112	25	5.9x	8.1x	7.5x
Telecommunication Services	3	204	263	29	12.6x	7.0x	5.7x
Utilities	2	105	321	5	19.5x	6.2x	7.9x
Median (all sectors)		**93**	**80**	**12**	**7.3x**	**7.5x**	**7.5x**
Total	**105**						

*Where we have been able to source valuation multiples

Sources: S&P Capital IQ, Mergermarket, Grant Thornton analysis

Median industry transaction multiples in this Dealtracker period were also generally lower than the median industry ASX trading multiples at 30 June 2014. The exceptions to this were the Consumer Staples, Telecommunications and Utilities sectors. Some of the deals contributing to the higher median multiples in these industries were:

Consumer Staples

- COFCO Sugar's acquisition of one of the largest sugar mills in Australia, Tully Sugar Limited, for A$167.4 million at a multiple of 19.9 times historical EBITDA.

- US PE firm, Bain Capital's, acquisition of Retail Zoo Pty Ltd, which owns the 'Boost Juice' brand, for A$185 million at an EBITDA multiple of 15.0 times.

- Saputo Inc.'s highly contested acquisition of the iconic Warrnambool Cheese and Butter Factory for A$536.8 million at an EBITDA multiple of 11.9 times.

- PZ Cussons plc's acquisition of natural ingredients baby food company, Rafferty's Garden Pty Ltd for A$69.8 million at an EBITDA multiple of 12.0 times.

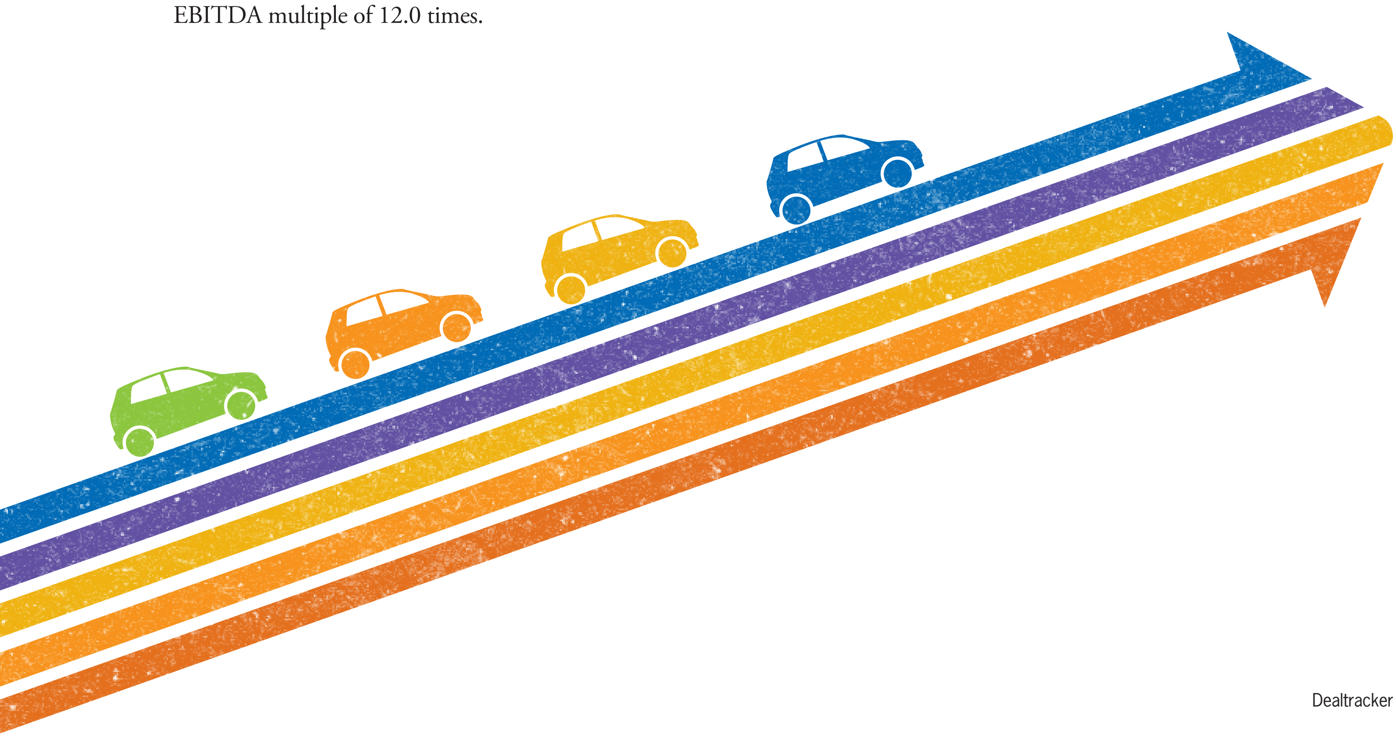
Telecommunications

TPG Telecom Limited's acquisition of Telecom New Zealand Australia Pty Ltd (TNZ) for A$450 million and at an EBITDA multiple of 12.6 times. TNZ offers internet, data and cloud services for both businesses and wholesale customers.

BigAir Group Limited's acquisition of Intelligent IP Communications Pty Ltd, a leading provider of 'unified communications' (provides clients with all their voice data, voice mails, voice calls and faxes remotely) for A$20 million at an EBITDA multiple of 14.3 times.

Utilities

AGL Energy Limited's acquisition of Australian Power and Gas Company Limited (APK) for A$158 million. AGL's consideration per share reflected a control premium of 51% compared with the 90 day volume weighted average price (VWAP) of APK prior to the announcement of the takeover offer.



Valuation multiples by target revenue size

Our analysis once again showed that whilst size is definitely one determinant of value, the key determinant of value is the growth prospects of the target.

Distribution of deals where we have been able to source valuation multiples (105 deals)

Revenue Range	Number of deals	Current Dealtracker median EV/EBITDA multiples	Second Dealtracker median EV/EBITDA multiples	First Dealtracker median EV/EBITDA multiples
Less than $20 million	19	5.5x	4.9x	6.1x
Between $20 million to $50 million	21	6.7x	6.1x	6.5x
Between $50 million to $100 million	21	8.0x	7.0x	7.9x
Between $100 million to $200 million	13	7.8x	8.7x	7.5x
Between $200 million to $500 million	22	8.8x	7.0x	8.7x
Over $500 million	9	7.1x	8.9x	9.8x
Median (overall)		**7.3x**	**7.5x**	**7.5x**
Total	**105**			

Sources: S&P Capital IQ, Mergermarket, Grant Thornton analysis

However, when analysed by revenue range, there was some sign of generally improved median multiples, except for businesses that had revenues of between A$100 million to A$200 million and over A$500 million. The lower median multiples observed in these revenue categories were driven by the sale of some large businesses that had low growth expectations. For example:

- 38% of the businesses sold with revenues between A$100 million to A$200 million range, were in the Industrials sector, which generally has much lower growth prospects than other industry segments. As outlined on page 16, the Industrials sector had the lowest median multiples overall.
- Included in the calculation of the median multiple for deals where the target had revenues greater than A$500 million was the acquisition of Sensis Pty Ltd (Sensis). Sensis publishes the print and online White and Yellow Pages phone directories as well as TrueLocal.com.au. Under the deal, Telstra sold 70% of the Sensis business to PE firm, Platinum Equity. The low multiple achieved on the transaction (EBITDA of 2.4 times) was a reflection of Sensis' declining revenue levels on the back of increased declining print revenues and high competition from global digital businesses, such as Google. Platinum Equity was planning to drive operational efficiencies at Sensis and help the business grow its digital operations.

As in prior Dealtrackers, the median EBITDA multiple for businesses with revenues less than A$20 million is higher than the median that we would typically expect for businesses of this size. This is in part reflective of only being able to source deal metrics for a limited proportion of the smaller deals.

> ***"On the positive side, there were a number of transactions where the growth prospects of the targets were strong which were reflected in very high valuation multiples."***

Corporate M&A versus IM valuation multiples

Although IM deals accounted for only a small proportion of total deals, the median multiples of IM deals were much higher than for corporate deals and were also significantly higher than the median observed in our prior Dealtracker periods. On average the businesses purchased by IM buyers had higher margins, which was potentially driving the higher multiples.

Valuation multiples - Corporate M&A vs IM (105 deals)

	Number of deals	Median target EV (A$million)	Median target revenue (A$million)	Median target EBITDA (A$million)	Current Dealtracker median EV/ EBITDA multiples	Second Dealtracker median EV/ EBITDA multiples	First Dealtracker median EV/ EBITDA multiples
Corporate M&A Deals	91	71	80	11	7.0x	7.6x	7.6x
IM Deals	14	237	82	16	12.0x	6.8x	6.8x
Median (overall)		**93**	**80**	**12**	**7.3x**	**7.5x**	**7.5x**
Total	**105**						

Sources: S&P Capital IQ, Mergermarket, Grant Thornton analysis

Valuation multiples – IM deals (Infrastructure vs non-infrastructure)

Target type	Number of deals	Median target EV (A$million)	Median target revenue (A$million)	Median target EBITDA (A$million)	Current Dealtracker median EV/EBITDA multiples
Infrastrucutre	4	1,255	68	55	**25.0x**
Non-infrastructure	10	205	90	14	**11.6x**

Sources: S&P Capital IQ, Mergermarket, Grant Thornton analysis

Infrastructure transactions

The infrastructure sector is attracting some very high multiples as global investment funds compete for assets offering reliable long term returns. The deals contributing to the high median EBITDA multiple for infrastructure assets were:

- NSW Ports Consortium's acquisition of Port Botany for A$4,310 million at 25.0 times EBITDA;
- NSW Ports Consortium's purchase of Port Kembla Pty Ltd for A$760 million at an EBITDA multiple of 25.0 times; and
- Port of Newcastle Investments acquisition of the Port of Newcastle for A$1,750 million at an EBITDA multiple of 27.0 times.

"IM firms have been paying high multiples for businesses with good brands and strong growth prospects."

Non-Infrastructure transactions

High historical EBITDA multiples were also paid by PE firms for businesses in other sectors. Some of the deals contributing to the high median EBITDA multiple for non-infrastructure IM deals include:

- Apollo Global's acquisition of Open Colleges Pty Ltd at an EBITDA multiple of 17.5 times,
- Well known Australian clothing brand, R.M Williams, was acquired by Singaporean PE firm, L Capital Asia for A$50 million at an EBITDA multiple of 12.4 times.
- White Cloud Capital Fund Limited's acquisition of Careers Australia Group for A$61.5 million occurred at an EBITDA multiple of 11.7 times.
- The management buyout (supported by Intermediate Capital Group), of healthcare facilities provider, Cura Day Hospitals Group Pty Ltd for A$200 million from Archer Growth, this transaction occurred at an EBITDA multiple of 16.2 times.

Domestic versus international valuation multiples

Overseas purchasers once again tended to buy larger businesses and pay higher multiples than the domestic acquirers. This was reflected across all industries where there were international acquirers.

> *"The lower cost of debt available to overseas buyers is expected to have contributed to their ability to purchase at higher multiples."*

Transactions and valuation multiples per location (105 deals)

Location	Number of deals	Median target EV (A$million)	Median target revenue (A$million)	Median target EBITDA (A$million)	Current Dealtracker median EV/ EBITDA multiples	Second Dealtracker median EV/ EBITDA multiples	First Dealtracker median EV/ EBITDA multiples
Cross border inbound	42	148	114	18	8.0x	7.6x	8.9x
Domestic	63	60	72	10	6.6x	7.0x	7.4x
Median (overall)		**93**	**80**	**12**	**7.3x**	**7.5x**	**7.5x**
Total	**105**						

Sources: S&P Capital IQ, Mergermarket, Grant Thornton analysis

Median multiples by industry sector	Industry sector										
Location	**Consumer Discretionary**	**Consumer Staples**	**Energy**	**Financials**	**Healthcare**	**Industrials**	**Information Technology**	**Materials**	**Telecommunication Services**	**Utilities**	**Median Multiple**
Cross border inbound	10.9x	10.6x	6.7x	9.0x	12.3x	7.2x	7.4x	13.9x	-	-	8.0x
Domestic	5.1x	6.8x	5.6x	5.6x	7.0x	5.4x	6.7x	1.2x	12.6x	19.5x	6.6x
Median multiples by industry sector	**6.9x**	**10.9x**	**6.3x**	**9.0x**	**8.5x**	**5.7x**	**7.3x**	**5.9x**	**12.6x**	**19.5x**	**7.3x**

Sources: S&P Capital IQ, Mergermarket, Grant Thornton analysis

Chinese acquirers

Chinese acquisitions

The People's Republic of China (PRC or China) acquired 19 Australian businesses in this Dealtracker period. The sectors attracting the most Chinese acquirer interest were the Materials (26%) and Consumer Staples sectors (21%).

China's industrialisation has spurred their demand for energy and resources. Australia is seen by Chinese buyers as an attractive location for investment due to the quality of our resources, our stable economic environment and our transparent regulatory regime. Key acquisitions by Chinese companies in this sector were:

- State Grid International Development Ltd's acquisition of a 60% stake in SPI (Australia) Assets Pty Ltd for A$2,932 million.
- China Molybdenum Co Ltd's acquisition of an 80% stake in NSW copper and gold mine, Northparkes Mines, for A$886 million.
- Windfield Holdings, an Australian subsidiary of China's Chengdu Tianqi Industry Group, acquired Talison Lithium Limited, a Western Australian lithium mining and processing company for A$732 million at 21.9 times EBITDA. Demand for lithium is strong due to its use as a raw material in production processors (steel and battery manufacturing).
- State Grid Corporation of China's purchase of ElectraNet Pty Ltd, a South Australian electricity transmission specialist, for A$500 million at an EBITDA multiple of 8.7 times.
- Shandong Tyan Home Co. Ltd's acquisition of emerging Australian gold producer, Minjar Gold Pty Ltd for A$254 million.
- Shanxi Donghui Coal Coking & Chemicals Group Co. Ltd's acquisition of Inova Resources Limited (Inova) for A$160 million. Inova has a premium grade molybdenum deposit, which is primarily used in the manufacture of steel alloys.
- CK Life Sciences International Holdings Inc.'s purchase of Cheetham Salt Limited for A$150 million at an EBITDA multiple of 5.9 times. Cheetham Salt offers its salt products to the industrial, food and stockfeed industries and already had large exposure to Asian markets prior to the acquisition.

Companies from the PRC have also purchased a number of key food assets. These acquisitions appear to be driven by a desire to secure ongoing food supply to meet increasing demand for food in China and to reduce the risk of potential food price increases by acquiring underlying assets. There is also a desire by Chinese companies to access the operational and food safety expertise of Australian companies. Key acquisitions by Chinese companies in this sectors were:

- King Bid Company Pty Limited's acquisition of Moraitis Group Pty Ltd (Moraitis) for A$212 million. Moraitis is Australia's largest supplier of fruit and vegetables and a major supplier of fresh produce to Woolworths and Coles.
- COFCO Sugar (Hong Kong) Limited's purchase of Tully Sugar Limited, which is one of the largest sugar mills in Australia, for A$167 million at an EBITDA multiple of 19.9 times.
- One of Australia's largest independent milk supply companies, United Dairy Products Pty Ltd, which was purchased by William Hui, a Chinese private investor for A$70 million.

IPO activity in Australia

Over the 18 months to 30 June 2014, a total of 90 new companies listed on the ASX, compared with 100 in the preceding 18 month period. Whilst the total number of new listings was lower, there was more than a five times increase in the total value of funds raised.

IPOs by size range (1 Jan 2013 to 30 Jun 2014)

Range	Number of IPOs	Offering size (A$million)	% of total
Less than $10 million	24	95	1%
Between $10 million to $50 million	21	435	3%
Between $50 million to $100 million	7	521	3%
Between $100 million to $500 million	29	6,949	44%
Over $500 million	9	7,677	49%
Total	**90**	**15,677**	**100%**

Sources: S&P Capital IQ, Mergermarket, Grant Thornton analysis

The size of the individual listings was high, with 42% of new listings that occurred in the Dealtracker period raising more than A$100 million.

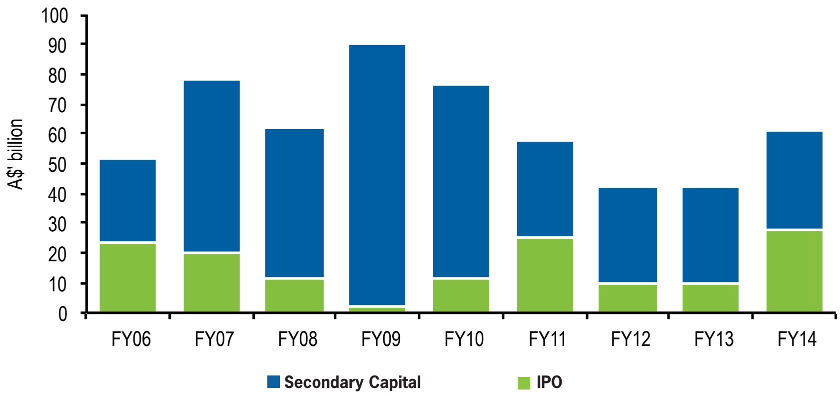
IPOs by size range (1 Jul 2011 to 31 Dec 2012)

Range	Number of IPOs	Offering size (A$million)	% of total
Less than $10 million	68	280	11%
$10 million to <$50 million	22	435	17%
$50 million to <$100 million	6	404	16%
$100 million to <$500 million	3	959	37%
Over $500 million	1	500	19%
Total	**100**	**2,578**	**100%**

Sources: S&P Capital IQ, Mergermarket, Grant Thornton analysis

We expect that the strong market conditions will support further confidence in the IPO market over the next 12 to 18 months.

Trend in IPO and secondary capital raisings (including debt)



Sources: Australian Securities Exchange, Grant Thornton analysis

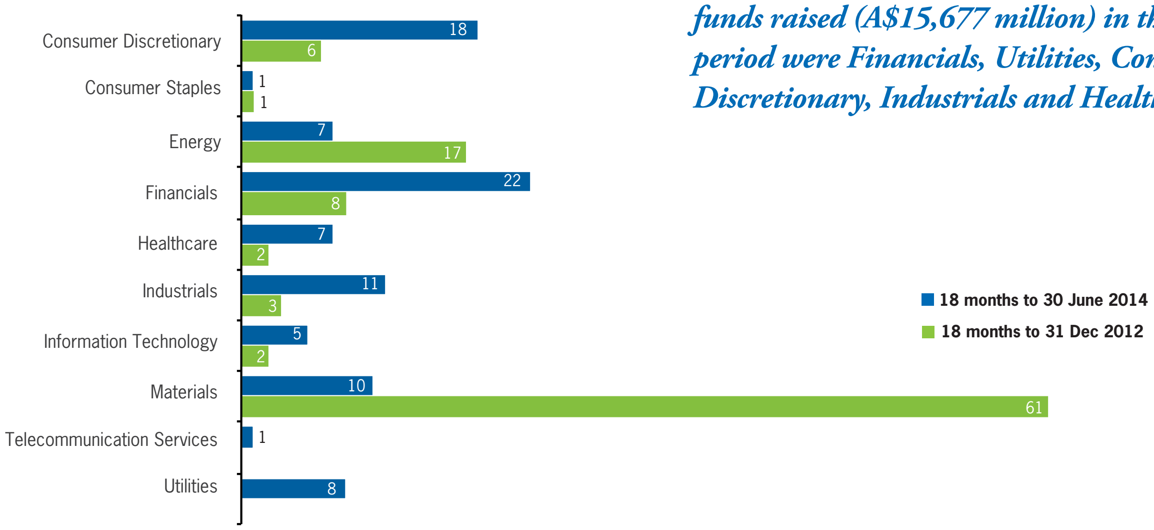
> ***"Not only was there a substantial improvement in the value of new listings over the period year, but the total amount raised from new listings on the ASX in the financial year ended 30 June 2014 was higher than in the boom years immediately preceding the GFC. This is a very encouraging sign of improving market conditions."***

IPO by sector

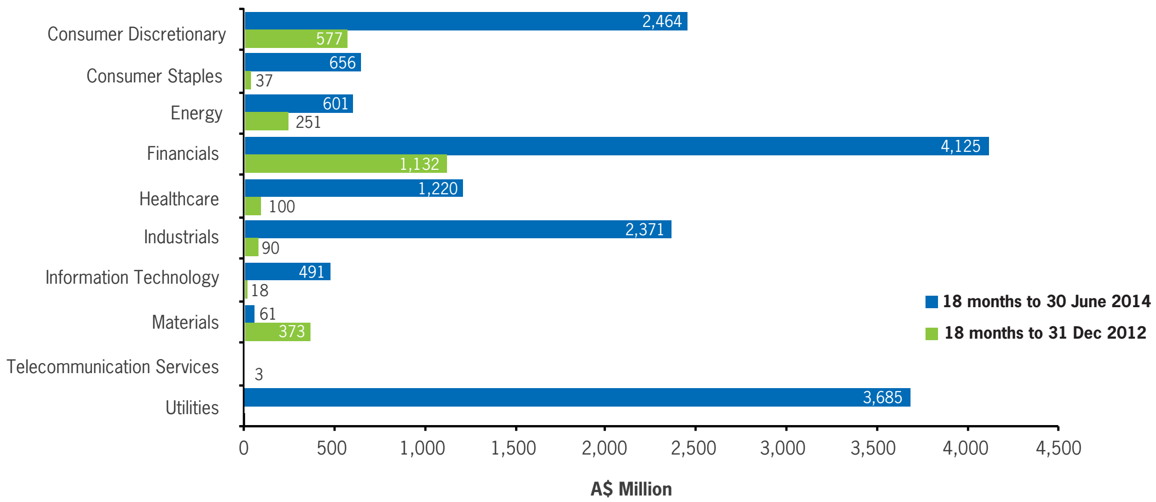
There has been a clear trend away from IPOs in the Materials (mining) sector. IPOs in recent years had previously been dominated by speculative interest in small exploration and mining companies. However, the changed market conditions in this sector are making it extremely difficult for junior miners and explorers to gain investment funding and therefore, there were only 10 IPOs in the sector, compared to 61 IPOs in our most recent previous Dealtracker. The reduced investor interest was also reflected in the total amount of capital raised, with the sector only raising A$61 million, compared to A$373 million in the previous period.

"The sectors that contributed the most to total funds raised (A$15,677 million) in this Dealtracker period were Financials, Utilities, Consumer Discretionary, Industrials and Healthcare."

Number of IPOs by sector



IPO value by sector



Listing multiples and immediate price returns

In the 6 months to 30 June 2014 a total of A$5,793 million was raised from new listings on the ASX, with the largest 10 listings contributing 81% of the total equity raised during this period. The largest listing was that of Spotless Group, which was reportedly significantly oversubscribed.

IPO multiples of the ten largest IPOs (in the 6 months to 30 June 2014)

Company	Listing date	Industry	Offer Size (A$million)	FY2015F EBITDA (A$million)	FY2015F EV/EBITDA Forecast multiple
Spotless Group Holdings Limited	23/05/14	Industrials	994	301	7.9x
Genesis Energy Limited	17/04/14	Utilities	NZ$738	NZ$363	7.0x*
Asaleo Care Limited	27/06/14	Consumer Staples	656	n/a	n/a**
Genworth Mortgage Insurance Australia Limited	20/05/14	Financials	583	n/a	n/a***
Japara Healthcare Limited	17/04/14	Healthcare	450	49	10.4x
Monash IVF Group Limited	26/06/14	Healthcare	316	45	11.6x
iSentia Group Limited	5/06/14	Information Technology	284	41	11.1x
Mantra Group Pty Ltd	20/06/14	Consumer Discretionary	239	70	7.7x
Burson Group Limited	24/04/14	Consumer Discretionary	220	40	9.4x
SG Fleet Group Limited	4/03/14	Industrials	189	67	6.8x
Total raised by top 10 IPOs			**4,669**		

*Genesis Energy Limited had an EV/EBITDAF multiple.

**Asaleo Care had an implied CY14 EV/EBITDA forecast multiple of 9.4 times.

***Genworth had a FY14 forecast price to earnings multiple of 7.5 times.

Spotless Group Limited

The largest IPO in the six months to 30 June 2014 was that of cleaning and services business, Spotless Group Holdings Limited.

Private Equity firm, Pacific Equity Partners (PEP) bought and subsequently de-listed Spotless Group in 2012. PEP appointed a new senior management team, who drove significant improvements in operating performance. The IPO was conducted to reduce the company's debt levels, help provide access to capital to pursue growth opportunities and to enable PEP to exit their investment.

The after-market share price performance was clearly a focus during the IPO. The Offer was priced at A$1.60 and was reportedly significantly oversubscribed. The Offer also included a "market stabilisation" mechanism whereby up to 81.1 million Spotless shares could be over-allocated to institutional investors and purchased on the ASX at or below the Offer Price at any time within the period of up to 30 days following listing.

On the first day of trading, Spotless shares closed at 7% premium to their Offer Price. They were trading at a premium of 3% to their Offer Price at 30 June 2014.

Genesis Energy Limited

Continuing its privatisation drive, the New Zealand (NZ) government listed its third utilities entity in the 18 months to 30 June 2014. Mighty River Power Ltd and Meridian Energy Ltd were listed in 2013, raising a total of NZ$3,598 million.

Genesis Energy Limited is NZ's largest electricity retailer and raised NZ$738 million upon entry to the market. This IPO is an integral part of NZ's asset-sales strategy, aimed at raising funds for infrastructure investment and reducing national debt.

At the close of the first day trading, Genesis traded at an 8% premium to its Offer Price of NZ$1.55 per share and at a 17% premium on 30 June 2014.

Asaleo Care

Asaleo Care manufactures, markets and distributes consumer products across the feminine hygiene, incontinence hygiene, baby hygiene, consumer tissue and professional hygiene product categories. Products are sold under brands such as Libra, TENA, Treasures, Sorbent, Purex, Handee, Deeko and Tork.

The business was acquired by PEP and Svenska Cullulosa SCA in 2011. In 2012, the management team initiated a two phase growth strategy. Phase one focused on addressing operating inefficiencies and help drive an increase in pro forma EBITDA of 45% between CY2011 and CY2013. Phase two is still being implemented and is focused on sales and margin growth and effective capital management.

PEP sold all of its interest in Asaleo. At 30 June 2014, Asaleo shares were trading at a 2% premium to the Offer Price of A$1.65.

Genworth Mortgage Insurance Australia Limited

Genworth Mortgage Insurance Australia Limited is the leading provider of lenders mortgage insurance (LMI) in Australia. LMI facilitates residential mortgage lending by transferring risk from lenders to LMI providers, predominantly for high loan to value ratio residential mortgages.

GMA's offer size of A$583 million makes it the largest IPO in the financial sector in terms of value over the last 18 months to 30 June 2014.

The company's shares were trading at a 13% premium to their Offer Price of A$2.65 at close of first day trading and a 24% premium to their Offer Price at 30 June 2014.

Japara Healthcare Limited

Residential aged care facilities provider, Japara listed on the ASX in April of 2014 at an IPO price of A$2.00 and was trading at a premium of 18% to its offer price at 30 June 2014.

Japara is one of the largest residential aged care operators of healthcare services in Australia with over 3,000 places nationally across 35 facilities. The listing attracted strong investment interest on the back of strong expected growth in demand for residential aged care services in Australia, with the number of Australians aged 85 years and over anticipated to double in the next 20 years.

Monash IVF Group Limited

Monash Group is one of the largest providers of assisted reproductive services in Australia and Malaysia. The Group was brought together in 2009 through the combination of Repromed and Monash IVF.

The business was initially formed by Ironbridge and Horizon Consulting who were seeking to create a specialist healthcare business through acquisition and growth. The business commenced in 2008 with the purchase of Repromed, an in-vitro fertilization (IVF) practice. In 2009, the IVF business was expanded significantly in Australia via the acquisition of Monash IVF. In 2012 the business expanded into Asia via the acquisition of KL Fertility in Malaysia.

Following the strong share price performance of fellow IVF provider Virtus Health post listing last year (its offer price was based on a 9.4 times forecast EBITDA multiple), Monash entered the IPO market in June of 2014 at an Offer Price based on 11.6 times forecast EBITDA. However, the listing did not achieve the same initial share price success as Virtus Health, with the company's shares trading at a 5% discount to its Offer Price at 30 June 2014.

iSentia Group Limited

iSentia is a Software-as-a-Service business that captures and interprets data from the media and content sources (e.g. Facebook, Twitter and Weibo), to alert iSentia's clients to what is being said about their organisations, competitors and industry as the "news breaks". At the time of the Offer, iSentia reportedly provided services to 87% of the companies constituting the S&P/ASX100 Index as well as having a leading market position in a number of key Asian markets. The company was forecasting to achieve revenue and EBITDA growth at a CAGR of 10% and 34.4% between FY13 and FY15.

Quadrant Private Equity acquired iSentia, formerly 'Media Monitors', in July 2010 for A$160 million and an EBITDA transaction multiple of 6.4 times.

At 30 June 2014 the company was trading at a 16% premium to its Offer Price of A$2.36.

Mantra Group Pty Ltd.

Mantra is one of Australia's largest accommodation providers offering accommodation across Australia, New Zealand and Indonesia. It provides both leisure and business accommodation ranging from resorts to serviced apartments under the brands Peppers, Mantra and Breakfree. The Mantra Group does not own the properties in its portfolio but derives its interest in the properties, and the right to operate its business at the properties, under long-term contractual arrangements with property owners.

At 30 June 2014 the share price of the company was the same as its Offer Price.

Burson Group Limited

Burson is the largest trade focused distributor of automotive aftermarket parts in Australia. At the time of the Offer, Burson had a network of 114 stores, a large distribution centre and a fleet of over 500 delivery vehicles. There were a number of factors driving growth in the automotive parts industry including: population growth; increasing number of vehicles per person; and change in the age mix of vehicles.

Burson also planned to grow by further expanding its store network. Burson did not expect demand for parts to be affected by the decline in the Australian vehicle manufacturing industry, as Burson distributes parts for a wide range of vehicle makes and models irrespective of where the vehicle is manufactured. The business was owned 86.2% by Quadrant Private Equity prior to the IPO.

The company's shares closed at a 13% premium to the listing price of A$1.82 on their first day of trading. As at 30 June 2014 Burson's share price was trading at a 16% premium to its Offer Price.

SG Fleet Group Limited

SGFleet is one of Australia's leading, specialist providers of vehicle leasing and fleet management services, to corporate and government customers, as well as salary packaged vehicles for individual employees of those customers.

SGFleet had been achieving strong growth rates, driven by a trend towards outsourcing by corporate and government customers, new customer wins and sales of additional products and accessories.

The businesses novated leasing business was materially adversely impacted in 2013 when the then Federal Government announced proposed changes to the method for calculating FBT for employer provided and salary packaged vehicles. However, these changes were not implemented and revenue levels in the novated leasing business have reportedly returned to historical levels.

The money raised on listing was used to pay out vendor private equity firm CHAMP, which sold its entire 41.4% stake.

SGFleet shares closed at a 13% discount to its Offer Price of A$1.85 on first day trading. At 30 June 2014 the company's share price had improved, although it was still trading at a 3% discount to its Offer Price.

> *"The top 10 listings in the six months to 30 June 2014, included 6 PE Exits."*

Will you get maximum value for your business?

Very few companies do sufficient thinking and strategy around how they could improve the value of their business. They only seek advice when they are actually ready to sell or about to undertake an acquisition. At these stages it is often too late to implement the strategies needed to maximise value.

Are you pursuing a strategy that will increase the value of your business?

Take our traffic light assessment

		Green light Yes	Orange light Maybe	Red light No
1	Are you pursing a growth strategy?	○	○	○
2	Is your business scaleable?	○	○	○
3	Have you considered whether you could gain significant competitive advantages from an acquisition?	○	○	○
4	Do you have secure funding in place to enable you need to meet your strategic plans?	○	○	○
5	Do you have quality financial and management reporting systems that enable timely and reliable management decisions and that would meet the due diligence requirements of a sophisticated buyer or investor?	○	○	○
6	Do you prepare reliable profit and cash flow forecasts?	○	○	○
7	Are you optimising your working capital management?	○	○	○
8	Do you have a strong management team?	○	○	○
9	Does your business plan include a succession plan or exit strategy?	○	○	○
10	Are you already building relationships with the natural buyers of your business?	○	○	○

If you answered no or unsure to any of the above, please call one of your Grant Thornton partners to discuss.

About Grant Thornton

38,500+
people globally

100
countries

$4.5BN
worldwide revenue 2013 (USD)

1,040+
people nationally

Industry specialisations
Automotive Dealerships
Education
Energy & Resources
Financial Services
Food & Beverage
Health & Aged Care
Hospitality & Tourism
Life Sciences
Major Projects & Infrastructure
Manufacturing
Not-for-Profit
Professional Services
Public Sector
Real Estate & Construction
Retail
Technology & Media

Grant Thornton is one of the world's leading organisations of independent assurance, tax and advisory firms.

These firms help dynamic organisations unlock their potential for growth by providing meaningful, forward looking advice. Proactive teams, led by approachable partners in these firms, use insights, experience and instinct to understand complex issues for privately owned, publicly listed and public sector clients and help them to find solutions.

Grant Thornton Australia has more than 1,040 people working in offices in Adelaide, Brisbane, Cairns, Melbourne, Perth and Sydney. We combine service breadth, depth of expertise and industry insight with an approachable 'client first' mindset and a broad commercial perspective.

More than 38,500 Grant Thornton people, across over 100 countries, are focused on making a difference to clients, colleagues and the communities in which we live and work. Through this membership, we access global resources and methodologies that enable us to deliver consistently high quality outcomes for owners and key executives in our clients.

Our services to dynamic businesses

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Employment taxes
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Corporate advisory services

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External audits
Internal audits
Reviews of financial reports
Technical IFRS & accounting advice
IFRS training
Expert accounting & audit opinions
Systems & controls reviews
Compliance audits & reviews

Privately Held Business
Business & strategic planning
Compliance services
Tax advisory services
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Advisory services
Financial advisory
Acquisition & investments
Due Diligence
Valuations
Fraud risk management & investigation
Initial Public Offering
Investigating Accountant's Reports
Independent Expert's Report
Financial Modelling
Transaction advisory services
Merger integration
Operational advisory
Internal Audit
Information Technology Risk & Security
Corporate Governance
Risk Management
Data Analytics
Capital Integrity – alignment of programs to deliver organisation strategies
Project Governance & Management
Strategy Design & Implementation
Performance Improvement & Process Re-engineering
Execution Workforce Advisory services

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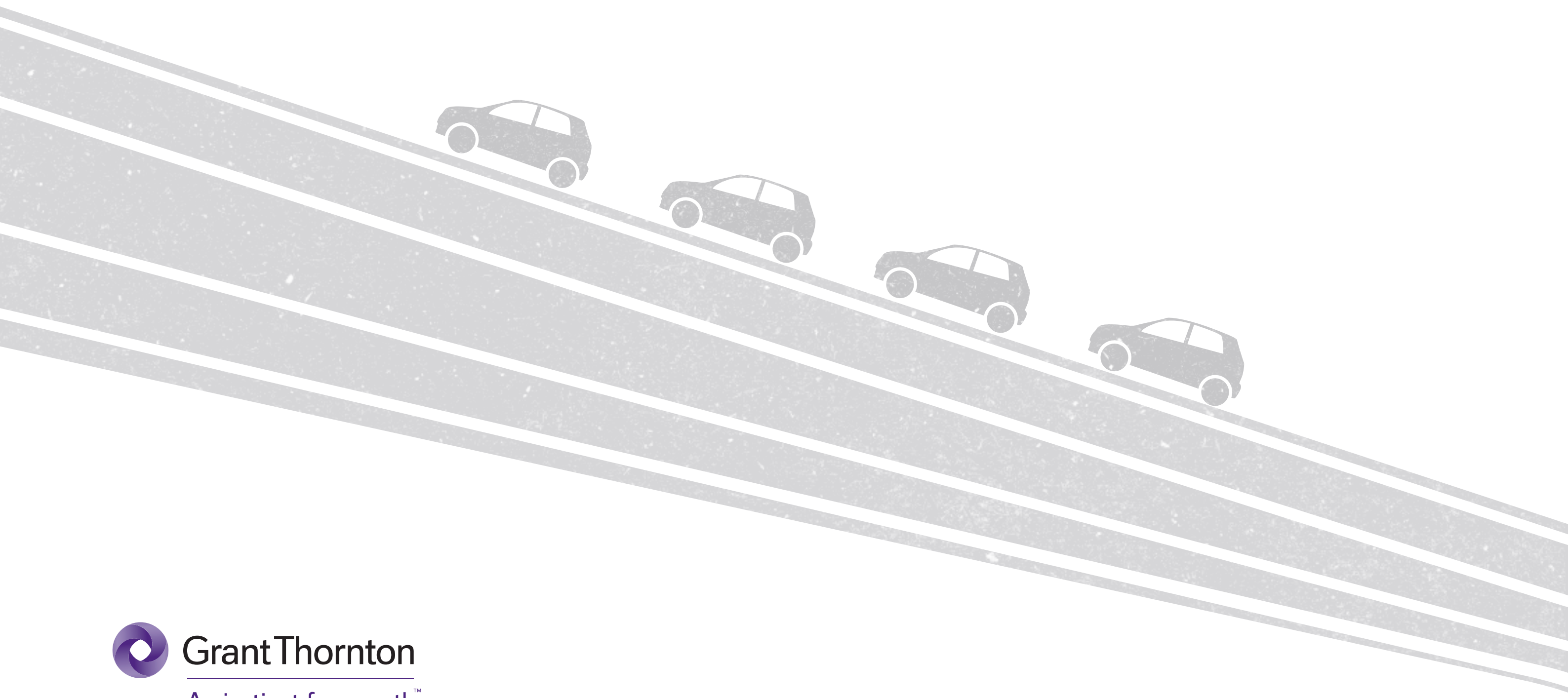
In preparing this publication, we have relied upon the following key sources of information, including: S&P Capital IQ, the Australian Securities Exchange, Mergermarket, IBISWorld, company announcements and other publicly available information. We have considered transactions during the period between 1 January 2013 to 30 June 2014 where the target company's primary operations are in Australia and the acquirer gained control of the company.

Our analysis is based on the assumption that the information derived from the different sources mentioned above are correct and that no material information is missing. Whilst all reasonable actions have been observed to ensure that the information in this report is not false or misleading, Grant Thornton does not accept any liability for damage incurred as a result of facts or deficiencies in this report. Conclusions and judgements reflect our assessment at the time of the publication's completion.



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