Grant Thornton

# THE MARKET BRIEF: RETAIL M&A 2026

Selectivity is not declining. Here is how to interpret the 2025 Australian retail M&A market.

E-BOOK BY Inside Retail

# WHAT THE 2025 RETAIL M&A MARKET IS TELLING US

Australian retail M&A recorded 139 transactions in 2025, down 31 % on 2023. The headline decline appears to reflect a more selective market rather than a retreat. Capital shifted towards businesses with proven earnings, strong brand value, and a clear strategic rationale. The Chemist Warehouse reverse takeover of Sigma Healthcare at $28.6 billion distorts every sector value comparison in the raw data; excluding it, the underlying market is more balanced and more instructive.

Two 2025 transactions illustrate the point. Dollarama acquired The Reject Shop for $490 million, gaining more than 390 stores across every Australian state, its entry point into a new geography and the foundation for a planned expansion to 700 stores by 2034, built on Dollarama's established sourcing and merchandising model. Thule acquired Quad Lock for $509 million at 9.8x EV/EBITDA, acquiring a global market leader in performance phone mounts with sales in approximately 100 countries, a 25% EBITDA margin, and 75% of revenue generated direct-to-consumer. One acquirer was buying a platform to enter a market. The other was buying a brand that customers actively choose. Same year, same market. The difference was not the price paid relative to earnings. It was the nature of what each acquirer was buying.

The conditions heading into 2026 are more demanding: the RBA cash rate reached 4.35% by May 2026, CPI sits at 4.2%, a near-6% minimum wage increase takes effect in July, and mandatory merger notification is now law. These pressures raise the bar for what constitutes a fundable transaction without halting dealmaking altogether.

**139**

Retail M&A transactions completed in Australia in 2025, 31% below 2023 levels, but a reflection of market discipline rather than market weakness.

*Source: Grant Thornton Australia Retail Dealtracker 2026*

For retail leaders and investors, this e-book is designed to answer a practical question:

**What are acquirers actually paying for, and what separates the assets that command a premium from those that do not?**

### Is the Australian retail M&A market disciplined or stuck, and what would it take to shift it?

The market is best characterised as disciplined. Transactions continue to occur for assets that meet clearly defined criteria, with strong competition for businesses demonstrating scale, earnings resilience, and clear strategic positioning. A materially less active market would typically show broader inactivity and reduced price discovery. That is not what we are seeing. Increased activity from current levels would most likely require greater alignment on earnings normalisation and forward margin stability, supported by improved visibility on cost pressures and consumer demand, rather than a single macro catalyst.

**Tam Goldin, Partner – Financial Advisory, Grant Thornton Australia**

# THE CONDITIONS SHAPING THE MARKET

Australia's retail environment is under sustained pressure on multiple fronts. CPI had risen to 4.2% by April 2026, and trimmed mean inflation sits at 3.4%, its highest since September 2024 (ABS). The RBA raised rates three times in 2026, reaching 4.35% by May, driven by persistent inflation and the second-round effects of fuel and logistics cost increases (RBA). Consumer sentiment fell 12.5%, to 80.1, in April 2026 on the WestpacMelbourne Institute index, marking the sharpest single-month fall since COVID-19, before recovering modestly to 83 in May. Household savings rose from 5.5% to 6.9% through 2025, signalling caution rather than confidence.

Labour costs add further pressure. The Fair Work Commission's 2026 Annual Wage Review delivered a 5.97% increase to the national minimum wage from 1 July 2026. Retail and hospitality have the highest concentrations of award-reliant staff and will face the largest payroll impact. From 1 January 2026, Australia's mandatory merger notification regime requires acquisitions meeting prescribed thresholds to obtain ACCC clearance before proceeding; failure to notify renders the transaction void (ACCC).

The implication for deal activity is not that transactions cannot happen. Rather, buyers are underwriting more conservatively, the bar for earnings visibility has risen, and the preparation required to transact on both sides is more demanding than it was two years ago.

### Key macroeconomic indicators: December 2025 and current

| Indicator | Level (Dec 2025) | Current | Deal Environment Implications |
|---|---|---|---|
| **CPI (annual)** | 3.8% | 4.2% (Apr 2026) | Input costs elevated; pricing discipline critical |
| **RBA cash rate** | 3.6% | 4.35% (May 2026) | Higher discount rates compress growth valuations |
| **WPI (annual)** | 3,4% | 3.3% (Mar 2026) | Labour costs rising; award increase from Jul 2026 |
| **Consumer savings rate** | 6.9% | Elevated | Cautious spending; selective demand patterns |
| **Consumer sentiment** | ~93 (Jan 2026) | 83 (May 2026) | Weakening confidence suppresses discretionary spend |
| **Retail spending growth** | 3.3% (FY2025) | 5.5% YoY (Jan 2026) | Aggregate resilience masking category divergence |

*Sources: ABS, RBA, Westpac-Melbourne Institute, Fair Work Commission, Grant Thornton Australia Retail Dealtracker 2026*

**4.35%**

The RBA cash rate as at May 2026 – up from 3.6% at December 2025. Three rate increases in five months are compressing growth valuations and raising the standard for what constitutes a fundable investment case.

*Source: RBA, May 2026*

### What most clearly separates retailers who have maintained or grown their EBIT margins from those who have not?

Retailers that have held or grown EBIT margins have made a few disciplined choices. They have pulled back on heavy discounting to protect margin and brand, and kept tighter control of supply chain and costs. Together, those decisions create more resilient and predictable earnings, which is increasingly important in the current market.

**Kirsten Ridgway, Partner – Management Consulting, Grant Thornton Australia**

# WHERE CAPITAL MOVED IN 2025

Deal volume fell from 201 transactions in 2023 to 139 in 2025, but the composition of those transactions tells a more useful story than the headline count. Acquirers moved purposefully towards four asset types.

## Scale and cost consolidation

Buyers pursued combinations to improve purchasing power, rationalise overheads, and protect margins. Amart Furniture's $545 million acquisition of Freedom Furniture and Myer's $877 million acquisition of the Just Group both appear primarily focused on scale, efficiency and margin resilience rather than pure growth.

## Vertical integration and supply chain control

Woolworths' $400 million acquisition of the remaining 35% stake in PFD Food Services deepened its supply chain reach into hospitality and institutional foodservice. The Chemist Warehouse reverse takeover of Sigma Healthcare is the most consequential example of this theme, combining wholesale distribution with Australia's largest pharmacy retail network to internalise procurement margins at scale. For other pharmacy and health businesses, the transaction signals that structural repositioning through M&A may be relevant for sub-scale operators seeking to remain competitive in a market where scale and vertical integration are increasingly the defining characteristics of the leading platforms.

## International acquirers targeting established Australian platforms

Inbound capital continued to flow towards businesses with proven domestic positions and clear export or expansion potential. French group Bridor, via Holding Le Duff, acquired Laurent Bakery for $650 million in March 2025, the year's largest single inbound food transaction. Laurent operates across retail, wholesale, and foodservice, with genuine pricing power in premium bakery, a category difficult to replicate and hard to build from scratch. Dollarama's $490 million acquisition of The Reject Shop at 8.9x EV/EBITDA reflects a different version of the same thesis: a strategic market-entry acquisition, securing an established national platform as its foundation for expansion beyond North America.

## Brand premium and ecosystem strength

Swedish group Thule acquired the Quad Lock brand (Annex Products) for $509 million at 9.8x EV/ EBITDA. The multiple suggests buyers placed value on Quad Lock's brand strength, customer loyalty, differentiated competitive positioning, and scalability across the APAC region.

### Deal volumes by sector: 2023 to 2025

| Sector | 2023 | 2024 | 2025 | YoY |
|---|---|---|---|---|
| **Food** | 74 | 64 | 60 | -6% |
| **Home & hardware** | 27 | 20 | 18 | -10% |
| **Automotive** | 23 | 15 | 16 | +7% |
| **Other** | 20 | 12 | 21 | +75% |
| **Pharmacy & beauty** | 25 | 17 | 5 | -71% |
| **Apparel** | 17 | 13 | 7 | -46% |
| **Pet Industry** | 8 | 7 | 5 | -29% |
| **Department** (online & stores) | 7 | 5 | 7 | +40% |
| **Total** | 201 | 153 | 139 | -9% |

*Source: Grant Thornton Australia Retail Dealtracker 2026*

## What is driving buyer selectivity, and what is the most common reason a deal does not proceed?

Buyer selectivity reflects a higher underwriting bar rather than simply greater choice. Funding conditions, valuation discipline and risk tolerance have tightened, leading buyers to place greater emphasis on earnings visibility, margin durability and downside protection. Where those thresholds are met, competition for assets remains strong.

The most common reason transactions did not proceed in 2025 was valuation misalignment driven by differing views on the sustainability of earnings. Sellers anchored to historical or peak performance; buyers underwrote to normalised or downside-adjusted earnings, particularly in categories affected by margin pressure and promotional intensity.

Compared with 2023 and 2024, the shift is notable. Earlier periods were more influenced by financing constraints and timing considerations. Current conditions reflect available capital but stricter pricing and risk thresholds. Execution considerations, including labour, compliance and integration complexity, have also become more prominent.

**Tam Goldin, Partner – Financial Advisory, Grant Thornton Australia**

# WHAT THE VALUATION DATA REVEALS

Two transactions from 2025 sit side by side in the Dealtracker and reveal something more instructive than a multiple comparison. Dollarama paid 8.9x EV/EBITDA for The Reject Shop, acquiring a national store network and supply chain infrastructure as its entry point into the Australian market. Thule paid 9.8x for Quad Lock, acquiring a brand with loyal customers, a differentiated competitive position, and clear Asia-Pacific expansion potential. On a like-for-like basis, the multiples are broadly comparable. What separated these transactions was not price. Dollarama was acquiring a national platform of 390-plus stores and an established supply chain, with a plan to grow to 700 Australian stores by 2034. Thule was acquiring a brand with a 25% EBITDA margin, sales in approximately 100 countries, and 75% of revenue direct-to-consumer. It was the type of asset each acquirer was pursuing and the strategic logic behind each deal.

**Consumer Discretionary top deals: 2025 EV/EBITDA multiples**

| Indicator | Deal Value | EV/EBITDA | Rationale |
|---|---|---|---|
| **Chemist Warehouse /Sigma Healthcare** | $28.6b | 51.9x | Vertical integration transformational |
| **Myer/Just Group** | $877m | n/d | Scale consolidation cost extraction |
| **Amart/Freedom Furniture** | $545m | n/d | Scale consolidation network density |
| **Thule/Quad Lock (Annex Products)** | $509m | 9.8x | Brand premium global expansion |
| **Dollarama/ The Reject Shop** | $490m | 8.9x | Market entry platform acquisition |

*Source: Grant Thornton Australia Retail Dealtracker 2026. n/d = not disclosed. Multiples presented on a pre-AASB 16 basis. The Dealtracker published the Dollarama/ Reject Shop multiple at 3.3x on a post-AASB 16 basis; the pre-AASB 16 equivalent is 8.9x.*

Staples multiples peaked at 10.3x in 2023 as defensive categories attracted an inflation premium, then normalised to 8.8x by 2025 as that premium unwound. Within Discretionary, Apparel compressed to 6.4x amid sustained promotional pressure, while Automotive rose to 11.2x on resilient earnings. Sector classification may be becoming a weaker predictor of acquisition value than company-specific characteristics. What matters is whether a specific business can defend its margins and demonstrate earnings durability under the conditions buyers are currently underwriting.

Note: The deals and multiples below reflect Consumer Discretionary transactions. Consumer Staples multiples are discussed in the body text above; the full Staples analysis, including sector-by-sector trading multiple data, is set out in the [Grant Thornton Australia Retail Dealtracker 2026](#).

## EBITDA trading multiples by sector: Consumer Discretionary (31 December 2025)

| Sector | 2023 | 2024 | 2025 | YoY |
|---|---|---|---|---|
| **Apparel** | 8.8x | 7.1x | 6.4x | Compressing |
| **Automotive** | 8.3x | 9.1x | 11.2x | Expanding |
| **Department** (online & stores) | 3.8x | 4.5x | 18.8x | Elevated (Myer effect) |
| **Discretionary food** | 12.8x | 14.8x | 14.8x | Stable/high |
| **Home & hardware** | 6.1x | 6.7x | 6.4x | Stable |
| **Pharmacy & beauty** | 1.9x | 1.5x | 18.9x | Elevated (Sigma effect) |
| **Other** | 9.0x | 7.8x | 9.2x | Stable |

*Source: Grant Thornton Australia Retail Dealtracker 2026. Multiples based on listed share prices (marketable minority interest values).*

### Where is the gap between buyer and seller valuation expectations widest, and which categories are seeing the most friction?

Valuation gaps are most pronounced in mid-market discretionary retail, particularly in segments with high promotional intensity, margin volatility and limited structural differentiation. This includes apparel, furniture and certain digital-led models. In these areas, sellers often reference revenue resilience and brand position, while buyers focus on earnings variability and margin risk. In contrast, valuation alignment tends to be stronger in defensive or structurally advantaged segments, including food, scaled pharmacy platforms and service-adjacent retail, where there is greater consensus on earnings durability. The implication is clear: the further a business sits from demonstrable earnings quality, the wider the valuation gap it is likely to face.

**Tam Goldin, Partner – Financial Advisory, Grant Thornton Australia**

# WHERE BUYERS ARE COMING FROM

The geographic composition of buyers remained broadly stable despite lower deal volumes. Asia Pacific continued to account for about 75% of transactions in 2025. The notable shift was in Europe, which grew from 4% to 11% of transactions, with activity concentrated in Food and Home and Hardware. The broader pattern of increased inbound interest is consistent with dealmaking trends observed across the Australian market through 2025, with foreign acquirers drawn by asset quality, regulatory stability, and Australia's position as an entry point to wider Asia–Pacific exposure.

For businesses with genuine brand equity or operational scale, the buyer universe is larger and more international than domestic transaction records suggest. The Laurent Bakery and Quad Lock transactions illustrate this: both attracted international buyers who saw characteristics that justified a strategic premium.

**Retail deal volumes by buyer region: 2025**

| Sector | Number of deals | % of total | Sector |
|---|---|---|---|
| **Asia Pacific** | 104 | 75% | Food (47 deals), Automotive, Home & Hardware |
| **Europe** | 15 | 11% | Home & Hardware, Food, Apparel |
| **USA and Canada** | 10 | 7% | Food, Department Store, Pet Industry |
| **Other** | 10 | 7% | Food, Other categories |
| **Total** | 139 | 100% | |

*Source: Grant Thornton Australia Retail Dealtracker 2026*

**11%**

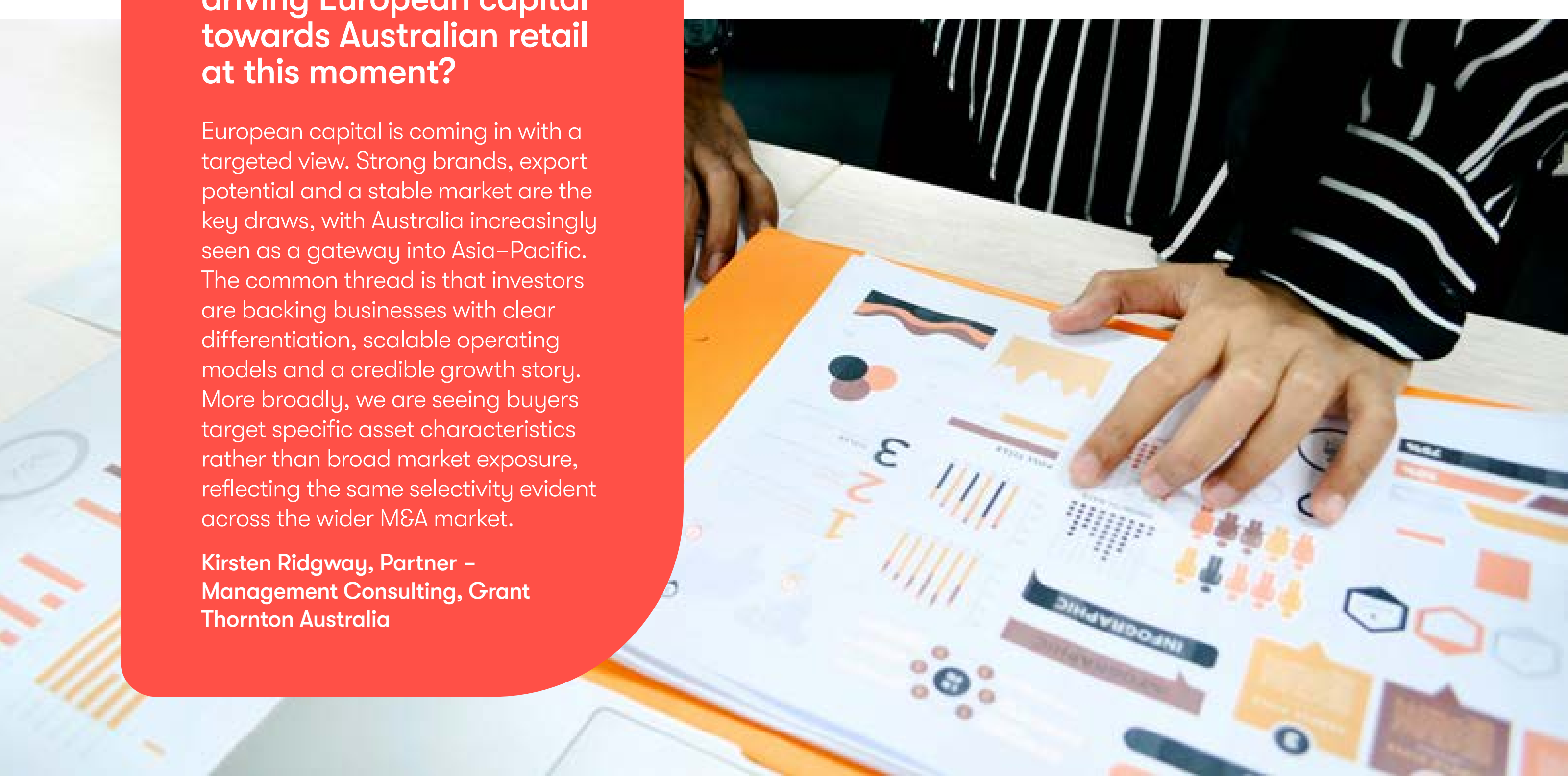
European buyers' share of Australian retail M&A transactions in 2025, up from 4% in 2023 driven by targeted inbound acquisitions of branded Australian consumer businesses with pricing power and export potential.

*Source: Grant Thornton Australia Retail Dealtracker 2026*

## What is specifically driving European capital towards Australian retail at this moment?

European capital is coming in with a targeted view. Strong brands, export potential and a stable market are the key draws, with Australia increasingly seen as a gateway into Asia–Pacific. The common thread is that investors are backing businesses with clear differentiation, scalable operating models and a credible growth story. More broadly, we are seeing buyers target specific asset characteristics rather than broad market exposure, reflecting the same selectivity evident across the wider M&A market.

**Kirsten Ridgway, Partner – Management Consulting, Grant Thornton Australia**



# THE IPO SIGNAL: WHAT PUBLIC MARKETS ARE TELLING INVESTORS

SkinKandy listed on the ASX on 21 May 2026 (ticker: SK1), raising $160 million at a $245 million valuation. The IPO was covered early in the bookbuild, prompting an upsizing from an initial $149 million target. Shares rose 5.9% on the first day. The business reported FY2025 revenues of $70.1 million, a rollout plan targeting 180 to 210 stores, and a CEO with a proven track record of scaling specialty retail.

Guzman y Gomez's 2024 listing raised $335 million and drew strong initial interest, reflecting genuine investor appetite for differentiated, growth-oriented formats. Postlisting performance has been more challenging, with shares trading below their issue price by early 2026, as results did not fully meet expectations at the time of listing.

Together, these two listings reflect the current state of the retail IPO market. Capital is available to differentiated retail platforms with proven earnings and a clear growth case. The threshold for a compelling investment case appears materially higher than it was several years ago, and that shift is unlikely to reverse in the near term. The same holds for private transactions.

**5.9%**

SkinKandy shares increased in its first day on the ASX – 21 May 2026. The IPO raised $160 million at a $245 million valuation and covered early, a demonstration that differentiated retail growth stories can access public capital.

*Source: Inside Retail Australia, May 2026*

## Selected retail IPOs: 2024 to 2026

| Company | ASX code | Sector | Offer date | Market cap (A$m) | IPO price (A$) | Notes |
|---|---|---|---|---|---|---|
| **Guzman y Gomez Limited** | GYG | Food | 19/06/2024 | 335.1 | 22.00 | Established food service brand; strong initial response; shares below $18 by early 2026 |
| **Merino & Co. Limited** | MNC | Apparel | 28/10/2024 | 6.35 | 0.20 | Design, manufacturing and sale of wool products in Australia and internationally |
| **Carma Limited** | CMA | Automotive | 3/11/2025 | 100.0 | 2.70 | Digital platform for buying and selling used cars in Australia |
| **SkinKandy** | SK1 | Apparel/ Beauty | 21/05/2026 | 245.0 | 2.20 | IPO covered early; upsized from $149m target; shares +5.9% on day one |

*Sources: Grant Thornton Australia Retail Dealtracker 2026; Inside Retail Australia.*

# A MARKET THAT REWARDS PREPARATION

The 2025 transaction record is a valuation signal. Capital moved with greater purpose and less tolerance for ambiguity than in previous years. The gap between assets that attracted premium interest and those that did not was wider than headline volumes suggest. The data point to a structural shift in how acquirers approach risk: the question is no longer which sector to target, but which specific business characteristics within any sector determine whether capital arrives at a premium or a discount.

The conditions heading into 2026 are more demanding than those that shaped 2025. For businesses considering their strategic options, whether as acquirers, vendors, or platform builders, the relevant question is not how the market is moving in aggregate. It is where a particular business sits within the market, and what the work required to close a valuation gap looks like in practice.

**If you were working with a retail business owner planning to sell in the next two years, what is the single most important thing you would tell them?**

Buyers are placing greater emphasis on the sustainability and defensibility of margins, the repeatability of earnings, and the identification and management of downside risks. Businesses that can clearly demonstrate these characteristics continue to attract strong interest and positive buyer engagement.

Those that cannot are more likely to experience longer processes, valuation pressure and reduced buyer engagement. The preparation required to transact well has never been more demanding, and the time to begin that preparation is not six months before a sale process; it's now.

**Tam Goldin, Partner – Financial Advisory, Grant Thornton Australia**

**E-book 2 in this series, What Buyers Pay For, examines the five specific drivers that distinguished premium transactions from the rest in 2025: what acquirers assess, how they weigh competing factors, and what the due diligence record reveals about where Australian retail businesses fall short of the standard buyers now apply.**

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SOURCE NOTES
Data sources and references

The primary data source for all transaction volumes, deal values, sector analysis, buyer location data, EBITDA trading multiples, and company-level margin data is the Grant Thornton Australia Retail Dealtracker 2026, which draws on S&P Capital IQ, Mergermarket, IBISWorld, ASX announcements, and company disclosures. Macroeconomic data is sourced from the Australian Bureau of Statistics, the Reserve Bank of Australia, the Westpac-Melbourne Institute (Consumer Sentiment Index), and the Fair Work Commission (Annual Wage Review 2026). Regulatory analysis draws on ACCC guidance on mandatory merger notification. Retail market data draws on Inside Retail Australia (SkinKandy IPO). M&A context draws on White & Case / Mergermarket (M&A Explorer, 2025).

Partner perspectives in this e-book reflect views shared by Grant Thornton Australia Partners Tam Goldin and Kirsten Ridgway in response to questions issued in May 2026. These perspectives represent professional judgement informed by advisory experience and are not derived from the Dealtracker dataset.

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