Grant Thornton

Dealtracker

Australian M&A and IPO market insights

April 2025

Welcome to the 10th edition of Dealtracker, our analysis of the Australian mergers and acquisitions (M&A) and equity markets.

This edition covers transactions during the 18 month period from 1 July 2023 to 31 December 2024.

Contents

SUMMARY OF FINDINGS

Our key insights

Decrease in level of deal volume

Deal volumes to 31 December 2024 were below those observed in the prior 18-month period. While there was a rebound in deals from the first six months of CY2023, the final quarter of CY2024 saw a deterioration of deals off the back of global economic uncertainty and geopolitical challenges.

Inbound acquirers increased their focus on Australia

Overseas purchasers comprised 36% of transactions, up from 31% in the prior period. Whilst inbound deals faced headwinds in terms of increased regulatory scrutiny, the stabilisation of the Australian economy and political environment over the period coupled with a lower Australian dollar encouraged resilience in international investment.

Investment Managers

The last 18 months saw a significant uptick in Investment Managers (IM) activity over the period as IM sought to deploy accumulated capital. IT returned as the dominant beneficiary as IMs looked for quality growth opportunities following a number of exits.

Primary and secondary listed markets

IPOs continued their decline continuing three years of ongoing falls in the number of listings from the post pandemic record levels. Listed equity markets were unattractive, particularly in the Materials sector due to commodity price pressures and ESG priorities.

Deal multiples

The median deal EBITDA multiples across the market increased to 8.3x, above the prior median of 8.0x and long-term average of 8.1x. This was driven by increases in median multiples across many sectors from the prior Dealtracker period, offset by decreases in key sectors such as Industrials and IT.

Expected market themes

As a result of continued market uncertainty and volatility in global markets, we expect deals to potentially soften in the short term before returning to a stabilised level over the next 12 months. There is still capital available to be deployed and we expect IMs to continue to invest cautiously in quality growth opportunities. While IPOs may rebound, the current volatility in the markets may delay any recovery and it is unlikely to see the levels observed historically in the near future.

M&A deal volumes

Total deal volumes were down compared to the prior Dealtracker period, despite a rebound in deal activity in the second half of CY2023 with H2 2023 deal volumes 31% higher than H1 2023. Deal volumes fell in H1 2024, with H2 2024 seeing an increase in deals by 15%, but well below the heights observed in CY2021 and CY2022.

Methodology

This 10th edition of Dealtracker focuses on Australian mergers and acquisitions (M&A) and equity market activity during the 18-month period to 31 December 2024 (the period). Our previous Dealtracker (ninth edition) covered the 18 months to 30 June 2023, and the eighth edition covered the 18 months prior.

The data in this report was compiled from several sources, including S&P Capital IQ, the Australian Securities Exchange, Mergermarket, IBISWorld, transaction surveys, company announcements and other publicly available documents. We consider this consolidated multi-source analysis – supplemented with our own proprietary sources – to provide a highly comprehensive insight into recent Australian deal activity.

This survey is limited to controlling, going concern business sales, excluding those with a significant real estate nature (including mining tenements).

The currency referred to throughout the document is in Australian dollars.

Our analysis is based on the assumption that the information derived from the different sources mentioned are correct and that no material information is missing. While 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.

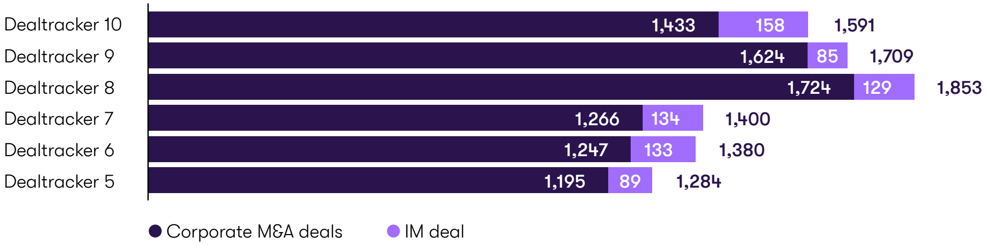
M&A deal trends

The number of M&A deals during the 18 months to 31 December 2024 saw a decline from the previous reporting period (18 months to 30 June 2023), falling by 118 deals. While deal volumes saw a rebound from the low levels observed in H1 2023, CY2024 remained relatively consistent with CY2023, with marginal weakening in the final six months of CY2024.

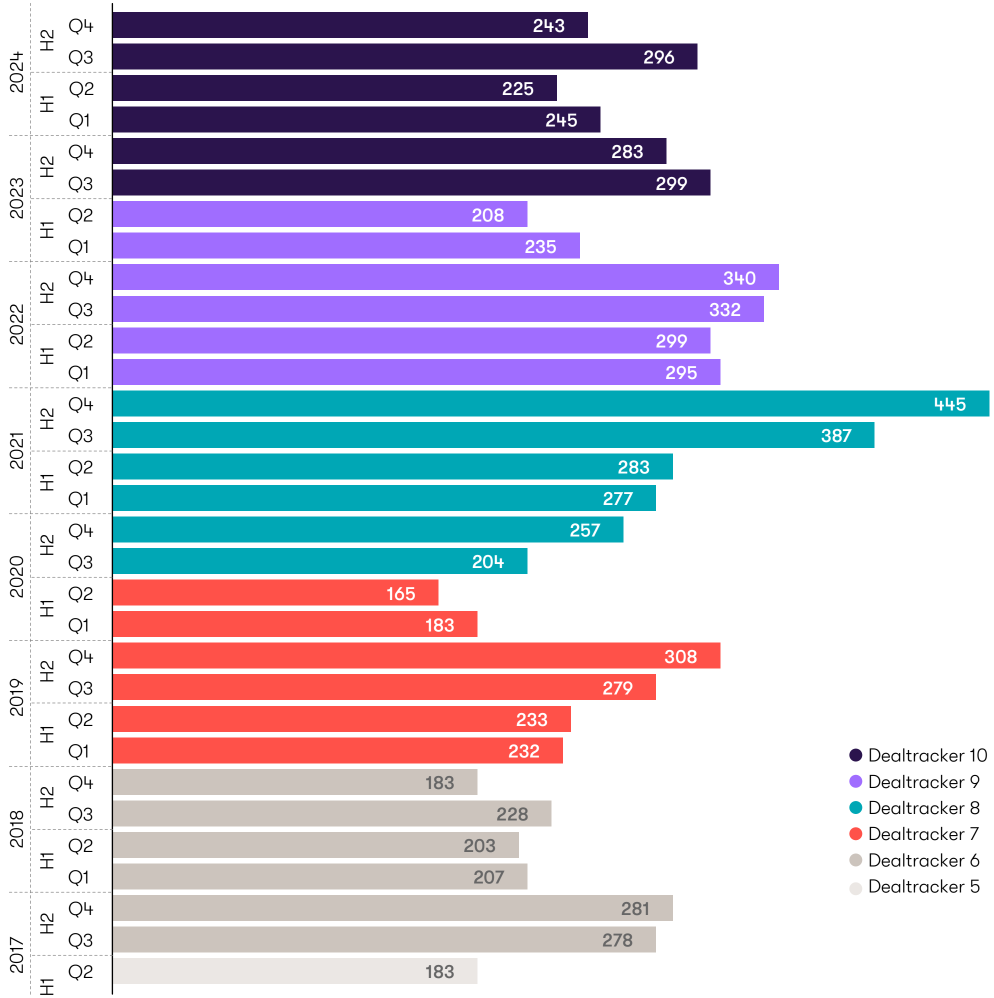
On a quarterly basis, the third quarter of 2023 saw the highest number of deals for this edition with a total of 299, comprising 19% of all deals which is 10% below the number of deals for the same quarter in 2022, and consistent with the number observed for the same quarter of 2024.

Deal volume deteriorated in the final quarter of 2024, which comprised 15% of total deals for the period, with the volume of deals being 14% lower than the same quarter of 2023. The reduced deal activity throughout CY2024 period is aligned with ongoing weakening and economic volatility of the global economy, driven by political uncertainty, trade tensions, cost of living and inflationary pressures, and continued geopolitical issues.

M&A – Prior comparative Dealtracker periods



M&A – Quarterly & half yearly trends

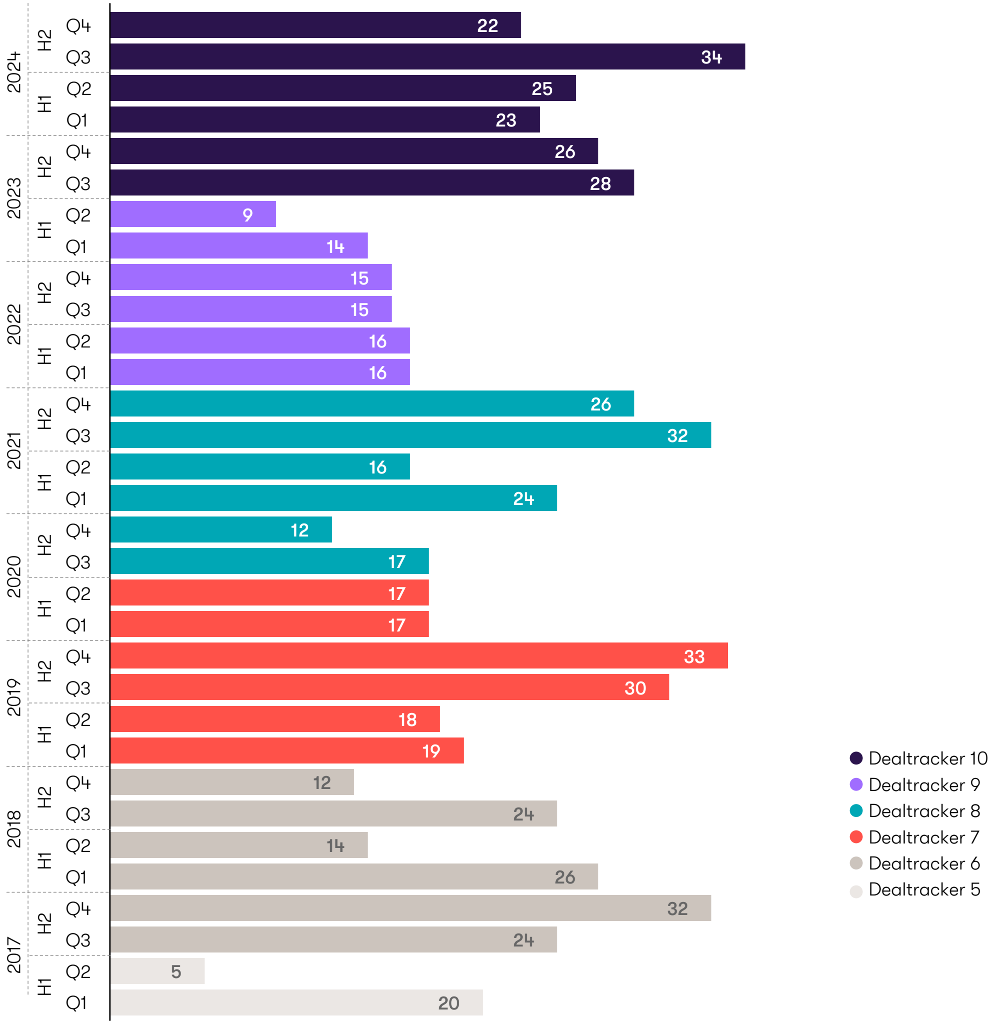


Investment Managers

Investment Managers (IM) saw a rebound in activity over the period with a significant increase in the number of deals, from 85 in the prior Dealtracker period to 158 in the current period. IMs had been sitting on a substantial amount of capital over the last few years off the back of successful fundraising activity and exits, and following the caution observed in 2022 and 2023, commenced actively deploying that capital.

We expect strong IM activity to continue as there is further capital to deploy, however we expect the slowdown in exits to revert as investments acquired over the last few periods will reach their maturity.

IM entries – Quarterly & half yearly trends



Sector composition

Australia remains an Industrials focused economy, with ongoing investment focus on services-based businesses delivering steady returns in an uncertain environment. IT deals continue to remain strong as data and AI driven transactions begin to dominate.

The composition of M&A deals by sector reflects a stabilisation of the deal market in Australia. While the trend towards innovation continues (particularly investment in AI, digital infrastructure and data), Industrials remain the biggest contributor to deal flow.

The Industrials sector comprised 31% of Australian M&A activity during the period – however at lower number of deals than the prior period – with industrials declining from 524 deals to only 497 during the period. The sector maintained investors' attention, particularly driven by investments in niche services to support traditional, asset heavy industries.

Consistent with the prior period, the IT sector remained a secondary focus for Australian M&A activity with 22% of total deal flow and the same volume since the prior Dealtracker period to June 2023. We expect strong ongoing deal volume in the IT sector as the investment in technology is a key driver in maintaining competitiveness and deploying growth strategies.

As predicted in our prior Dealtracker, Consumer Discretionary more than halved over the period, from 256 deals in the prior period to 112 deals for this Dealtracker. This decrease indicates that the economic uncertainties and cost of living pressures dampened consumer behaviour, resulting in a deterioration in deal volume.

Consumer Staples on the other hand saw an increase in deals, growing from 119 deals in the prior Dealtracker to 123 currently, with food and beverage, as well as personal care deals dominating.

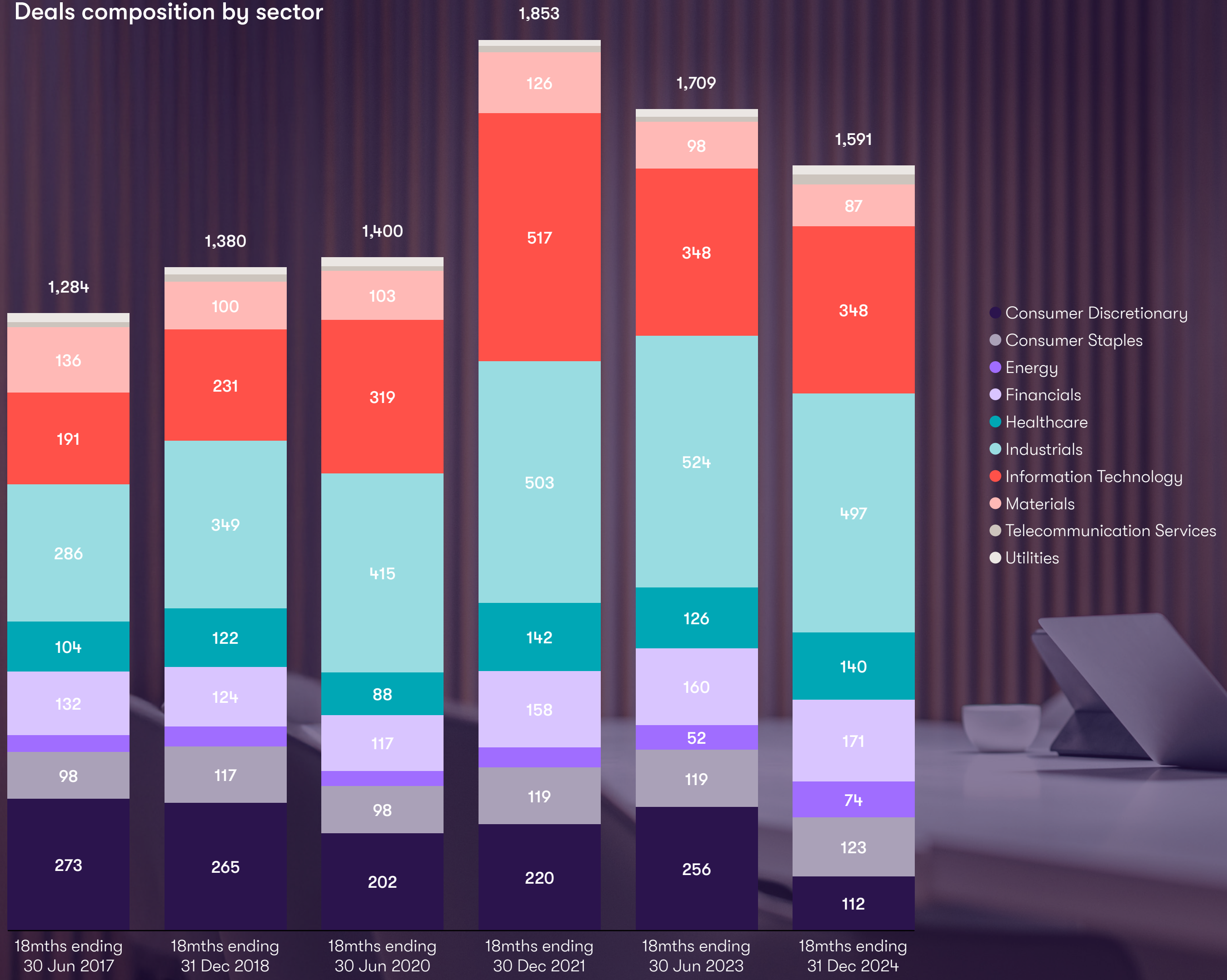
In Healthcare, deal volumes saw a slight increase from 126 to 140, relatively steady with the prior two Dealtracker periods. The data reflects the continued consolidation occurring in the health and allied health sector, with imaging groups leading the charge.

The number of deals in the Financials sector also increased by 7%, increasing from 160 to 171 deals. The sector was dominated by deals in the wealth sector, offering consistent returns to investors and fund managers looking to derive scale.

The Materials sector experienced only a small decline in deal activity, decreasing from 98 to 87 deals. However it is noted that in terms of size of deals, the Materials sector featured some of the largest deals, with seven deals being over $1b in size – the largest being Newmont Corporation's c$30b acquisition of Newcrest Mining.

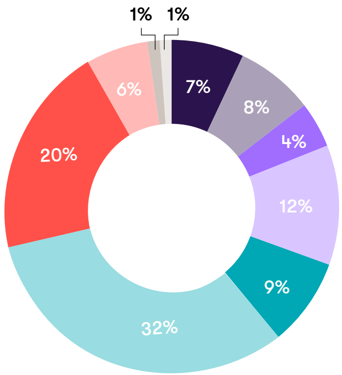
Energy, Telecommunications and Utilities all saw increases in deals over the period.

Deals composition by sector

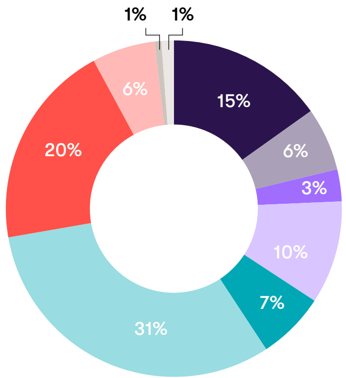


IMs have significantly increased their investments in the IT sector underpinned by enterprise software and AI, while Corporates remain primarily dedicated to the Industrials sector.

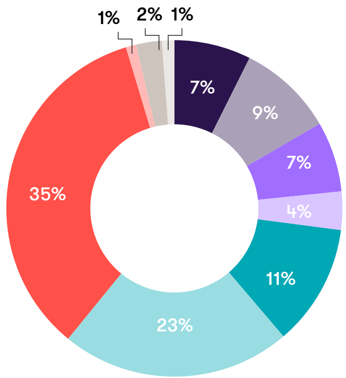
Corporate deals by sector
(current period)



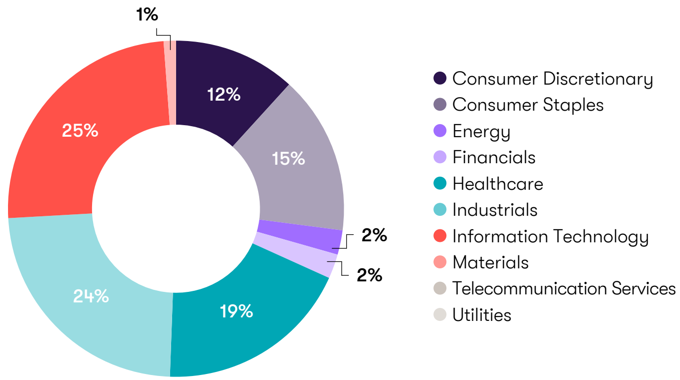
Corporate deals by sector
(prior period)



IM deals by sector
(current period)



IM deals by sector
(prior period)



Corporate acquirers followed similar trends to the prior Dealtracker period with Corporate acquisitions of Industrials based businesses remaining steady in terms of number and proportion of deals, and IT sector deals comprising 20% of deals, which is equal to the prior period.

The contribution from Financials increased to 12% of corporate deals in line with the observed consolidation in wealth management, and Healthcare also increased to 8% of total corporate deals compared to 7% in the prior period. Conversely, Consumer Discretionary deals fell from contributing 15% of deals to only 7% for the period.

Whilst the contribution of Industrials and IT exhibited the same trends as the prior period, the trend towards Consumer Products observed in the prior Dealtracker was heavily impacted by cost-of-living pressures and reduced discretionary spend, leading to a pivot from acquisitions of consumer driven brands. It is our expectation that this trend will continue in the short term as consumer spending continues to be subdued from the highs observed previously.

In contrast, IMs retuned their focus onto IT deals, increasing deals in that sector from 21 deals to 56 deals, representing 35% of all IM deals for the period. In conjunction with the increased appetite for IT deals, IM's also continued their interest in the Industrials sector with these deals increasing from 20 to 36 deals, however contributing a relatively similar proportion of all deals.

IMs transacted a larger number of deals in the Healthcare sector in this period with imaging and telehealth experiencing a trend towards consolidation. However, as a proportion of total IM deals, the Healthcare sector fell from 19% to only 11%. Consumer Staples and Consumer Discretionary sectors also saw slight increases in the number of deals; however, these represented a lower proportion of total IM deals in this period compared to the prior period.

Top 10 deals
in the 18 months to December 2024

1

Acquirer: Newmont Corporation (NYSE:NEM)

Target: Newcrest Mining Limited

Transaction value A$: $26.2b

Date: 18 Oct 2023

EV/EBITDA: 9.5x

On 5 February 2023 the US-based mining company, Newmont Corp, announced their offer to acquire Newcrest Mining Ltd, the Australia-based mining and exploration company for A$26.2b.

The Scheme of Arrangement became legally effective on 18 October 2023, resulting in Newmont becoming the world's largest gold miner.

2

Acquirer: Blackstone Inc. (NYSE:BX); Blackstone Real Estate Advisors L.P.; Canada Pension Plan Investment Board

Target: AirTrunk Operating Pty Ltd

Transaction value A$: $24b

Date: 23 December 2024

EV/EBITDA: N/A

Blackstone Inc – the United States based alternative investment management company, acquired Australian based hyperscale data centre operator Airtrunk Operating Pty Ltd through Blackstone Inc's subsidiaries. Airtrunk was acquired from Macquarie Asset Management Holdings Pty Ltd and Public Sector Pension Investment Board for $24b. The transaction was completed on 23 December 2024.

3

Acquirer: Arcadium Lithium plc (NYSE:ALTM) (Formerly Livent Corporation)

Target: Allkem Pty Ltd

Transaction value A$: $6.4b

Date: 4 January 2024

EV/EBITDA: 7.2x

Livent Corporation signed an agreement to acquire Allkem Limited, merging to become Arcadium Lithium plc, for $6.4b on 10 May 2023 becoming a leading global lithium chemicals producer.

The merger was completed on 4 January 2024 with a combined company value of $15.7b, with Allkem shareholders amassing a stake of 56% and the remaining 44% to Livent shareholders.

4

Acquirer: ANZ Group Holdings Limited (ASX:ANZ)

Target: SBGH Ltd.

Transaction value A$: $4.9b

Date: 31 July 2024

EV/EBITDA: N/A

On 18 July 2022, ANZ Group Holdings Ltd announced their intention to acquire 100% of the issued shares of SBGH Ltd from Suncorp Group Limited. The acquisition was finalised on 31 July 2024 at a transaction price of $4.9b and is considered to be the largest banking acquisition in Australia in the past decade.

5

Acquirer: Alcoa Corporation (NYSE:AA)

Target: Alumina Limited

Transaction value A$: $4.3b

Date: 1 August 2024

EV/EBITDA: N/M

On 1 August 2024, Alcoa Corp, the US based manufacturer of bauxite, alumina and aluminium products completed the acquisition of Alumina Limited, with Alumina shareholders receiving 0.02854 Alcoa shares for each Alumina share, a transaction price totalling $4.3b with the stake acquired.

6

Acquirer: Compangie de Saint-Gobain SA

Target: CSR Ltd

Transaction value A$: $4.3b

Date: 9 July 2024

EV/EBITDA: 21.4x

On 21 February 2024, France-based building materials company Saint-Gobain made a non-binding, indicative proposal to acquire Australian based building and construction materials company CSR Ltd via scheme of arrangement. The consideration was $4.3b based on an offer price of A$9 per share of CSR Ltd and was completed 9 July 2024.

7

Acquirer: L'Oréal S.A. (ENXTPA:OR)

Target: Aesop Retail Pty Ltd

Transaction value A$: $3.7b

Date: 30 August 2023

EV/EBITDA: N/A

L'Oréal S.A. entered into an agreement to acquire Aesop Retail Pty Ltd from Natura Cosméticos S.A. for $3.7b on 3 April 2023. Aesop is an Australian luxury beauty brand specialising in soaps, lotions and creams.

8

Acquirer: Paine Schwartz Partners, LLC; British Columbia Investment Management Corporation; Driscoll's, Inc.

Target: Costa Group Holdings Limited

Transaction value A$: $2.5b

Date: 26 February 2024

EV/EBITDA: 11.4x

On 26 February 2024, a consortium comprising of Paine Schwartz Partners LLC, Driscoll's Inc and British Columbia Investment Management Corp completed a successful acquisition Costa Group Holdings for an enterprise value of $2.5b via a Scheme of Arrangement.

9

Acquirer: CRH plc (NYSE:CRH)

Target: Adbri Limited

Transaction value A$: $2.1b

Date: 1 July 2024

EV/EBITDA: 10.6x

On 1 July 2024, CRH plc, Ireland based diversified building materials group, completed the acquisition of Adbri, an Australian based supplier of cement and lime via a Scheme of Arrangement.

CRH acquired the remaining 57% of Adbri's ordinary shares it did not already own, with the consideration valuing the company at $2.1b.

10

Acquirer: Mitsubishi UFJ Trust and Banking Corporation

Target: MUFG Pension & Market Services Holdings Pty Limited

Transaction value A$: $2.1b

Date: 16 May 2024

EV/EBITDA: 9.2x

On 16 May 2024, Mitsubishi UFJ Trust and Banking Corporation paid $2.10 per share in cash and an additional $0.16 per share as cash dividend to acquire Link Administration Holdings Limited, an Australian based company specialising in technology-enabled administration solutions for companies, large asset owners and trustees worldwide.

The acquisition valued Link Group at $2.1b. Post acquisition, the Link Group was rebranded to MUFG Pension & Market Services Holdings Pty Limited.

The buyers

Corporate buyers dominated deal making, however IM activity as a composition of total buyer activity increased as investors sought to deploy accumulated capital.

Corporates continued to be the more active buyers with 90% of all deals for the period, and 10% being IM or private equity deals. Whilst a smaller proportion of total deals from the prior Dealtracker (95%), the ongoing dominance of corporate buyers supports the strategic appetite of these organisations to acquire growth.

The proportion of IM deals increased from 5% to 10% of total M&A deal flow, where we observed a significant jump in IM deals over the period from 85 to 158. As the Australian economy stabilised, IMs sought to deploy accumulated capital without the hesitance observed in the prior Dealtracker period.

Corporate buyers

CVS Group, a UK based veterinary service provider was active in undertaking a roll up of veterinary practices in Australia with 11 reported deals over the period. While falling to second place, global insurance broking, risk management and consulting firm Arthur J. Gallagher Group continues to be one of the most active buyers in the Australian M&A market, undertaking eight deals over the period and continuing their consolidation of insurance brokers.

The remainder of the higher volume acquirers focused primarily on industrial products, professional and IT services and software businesses.

Top corporate acquirers – 18 months to 31 December 2024

Buyer	No. of deals
CVS Group Plc	11
Arthur J Gallagher & Co	8
ARA Group Limited	6
Phenna Group Holdings Ltd	6
Banyan Software, Inc.	5
Evergreen Services Group LLC	5
Ideagen Limited	5
SLR Consulting Limited	5
Abermain Holdings Pty Ltd	4
Advise Wise Pty Ltd	4
AZ Next Generation Advisory Pty Ltd	4
Deloitte (Australia) Pty Limited	4
DPG Services Pty Ltd	4
Envest Group Pty Ltd	4

IM buyers

Top IM acquirers – 18 months to 31 December 2024

Buyer	No. of deals
Crescent Capital Partners Ltd	5
Pacific Equity Partners Pty Ltd	4
ROC Partners Pty Limited	4
Advent Partners Pty Ltd	3
Alceon Private Equity	3
Blackstone Inc. (NYSE:BX)	3
Five V Capital Pty Ltd	3
Pemba Capital Partners Pty Ltd	3
Quadrant Private Equity Pty Ltd	3
Whiteoak Pty Ltd	3

IM buyers remained active, with the above table detailing the number of control investments of Australian targets by private equity buyers over the period.

Crescent Capital was the most active IM buyer over the period with five deals, increasing its efforts from the prior Dealtracker focusing primarily on the health sector. Pacific Equity Partners and ROC Partners were all active during the period with four reported deals each in the Australian Market. These deals were across a range of sectors, with technology and ESG focused investments dominating. Furthermore, the acquisitions upheld the strategy of focusing on businesses with strong market positions and high growth prospects.

Dealmakers by region

Despite the global economic uncertainty, cross border deals increased from 31% in the prior Dealtracker period to 36% in the current period, demonstrating the continued appetite for stable and growth investment opportunities in Australia.

While inbound deals faced headwinds in terms of increased regulatory scrutiny, the stabilisation of the Australian economy and political environment over the period coupled with a lower Australian dollar encouraged resilience in international investment.

However, we expect there will likely be challenges going forward as the global economic environment remains volatile and geopolitical issues remain.

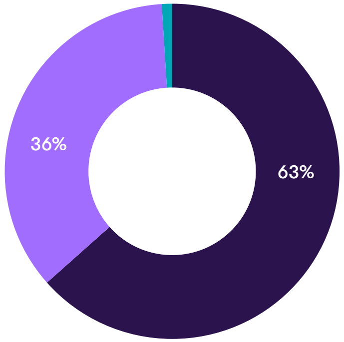
US and Canada have continued to lead international deal making, followed by European buyers. European inbound deals comprised 37% of inbound deals (comprising 211 deals), just behind of US and Canada with 245 deals or 43%.

US and Canada buyers focused on the IT and Industrials sectors, identifying scalable Australian innovation which can be readily deployed in the larger US market. It is likely that deals sourced from US and Canada may be muted over the coming period as uncertainty surrounding tariffs in the US has a flow on effect to inbound deals from that region.

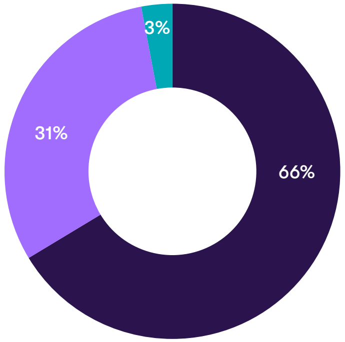
European dealmakers had a strong focus on Australia's industrial sector, as global industrial product companies sought to expand their product offering and opportunities to capture the local market in areas such as resources, renewable energy and manufacturing.

Deals from Asia Pacific also increased from 70 deals in the prior Dealtracker period to 96 in the current edition, representing 17% of inbound deals. Japan showed significant interest in Australia's renewable energy capability, whereas Hong Kong and Singapore based private equity sought growth opportunities in the IT sector.

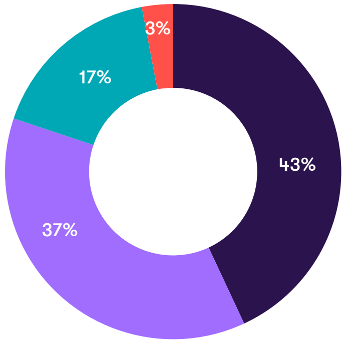
Domestic vs cross-border transaction (current period)



Domestic vs cross-border transaction (prior period)



Inbound acquirer regions



Deal sector composition by acquirer region (all deals)

	All deals	US and Canada	Europe	Asia Pacific	Other
Consumer Discretionary	15%	13%	14%	15%	19%
Consumer Staples	7%	5%	4%	7%	6%
Energy	3%	2%	4%	4%	3%
Financials	13%	10%	7%	14%	13%
Healthcare	8%	7%	7%	8%	6%
Industrials	26%	25%	36%	25%	27%
Information Technology	19%	33%	21%	16%	22%
Materials	7%	4%	5%	9%	3%
Telecommunication Services	1%	1%	1%	1%	1%
Utilities	1%	0%	1%	1%	0%
Total	100%	**100%**	**100%**	**100%**	**100%**

$554.6m
Median enterprise value cross-border inbound

$87m
Median enterprise value domestic

Australia's core M&A
mid-market business

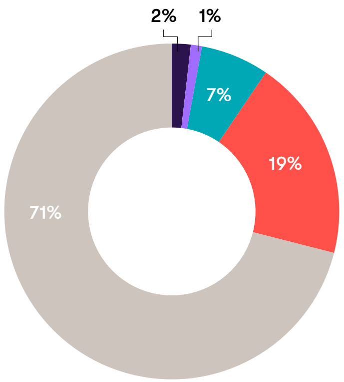
Mid-market businesses continue to dominate acquisition targets with a large proportion of deals having a transaction size of less than $100m, with services businesses a key area of interest.

While it seems deals in the mid-market appeared to decline, we suspect that more deals in this market maintain a greater level of confidentiality on deal metrics and hence transaction values are not disclosed. Following the stabilisation of interest rates during the period, the valuation gap between buyers and sellers has closed and we expect to see more deals in the mid-market to continue.

Noteworthy mid-market deals

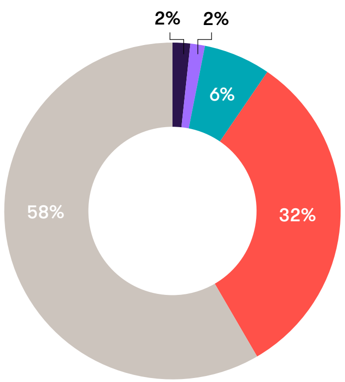
- The acquisition of Nude by Nature Sales Pty Ltd and Makeup Cartel, affordable make up brands were acquired by VidaCorp in a deal worth $60m. Nude by Nature was sold by long term owners Crescent Capital Partners.
- Epic Environmental Pty Ltd, leading environmental consultancy was acquired by Montrose Environmental Group, Inc.

Deals by transaction size
(current period)



- > $1b (29 deals)
- $500 - $999.9m (17 deals)
- $100 - $499.9m (105 deals)
- < $100m (310 deals)
- Undisclosed TX value (1,130 deals)

Deals by transaction size
(prior period)



- > $1b (29 deals)
- $500 - $999.9m (24 deals)
- $100 - $499.9m (110 deals)
- < $100m (548 deals)
- Undisclosed TX value (998 deals)

Valuation multiples
by target size

Our analysis continues to show that size is a significant determinant of value with larger businesses generally transacting at higher multiples than smaller businesses.

Earnings before interest, tax, depreciation and amortisation (EBITDA) is typically used as a measure of earnings for valuation purposes as it reflects the underlying financial performance of the business prior to 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).

The multiples included in the table on the next page are based on the most recent financial statements prior to the transaction, and as a result don't necessarily factor in forecast profit performance that is often built into deal valuations.

As has been the trend over prior Dealtracker periods, larger businesses attracted greater valuation multiples than smaller businesses. This is because larger businesses typically have greater stability, diversity and consistency in their earnings base compared to smaller businesses.

When assessing the comparable deal multiples (particularly at the lower end of the market), attention needs to be focused on the individual target's growth prospects, inherent risks and strategic premiums available to potential buyers. From our experience and historical data, it remains our general view that SME's historical EV/EBITDA multiples average in the range of 5.0x to 6.0x, with one turn of multiple increase applicable to each of our size brackets. However, we do observe some variances to this general trend.

Overall median trading EBITDA multiples in the report of 8.3x increased from the last Dealtracker at 8.0x, and the long-term average observed at 8.1x. There is a low volume of reported deal multiples and hence, the smaller sample sizes skewed the average data. Accordingly, readers should have greater weighting towards our long-term average analysis when considering applicable deal multiples.

The median trailing EBITDA multiples observed on businesses with less than $20m in revenue was 7.0x, compared to 7.2x in the prior period. This is higher than the long term average of deals at this size of 6.1x, driven by a number of high growth IT sector deals at higher multiples. While this is higher than what we would expect to see for this size bracket, the multiples are indicative of the specific mix of transactions.

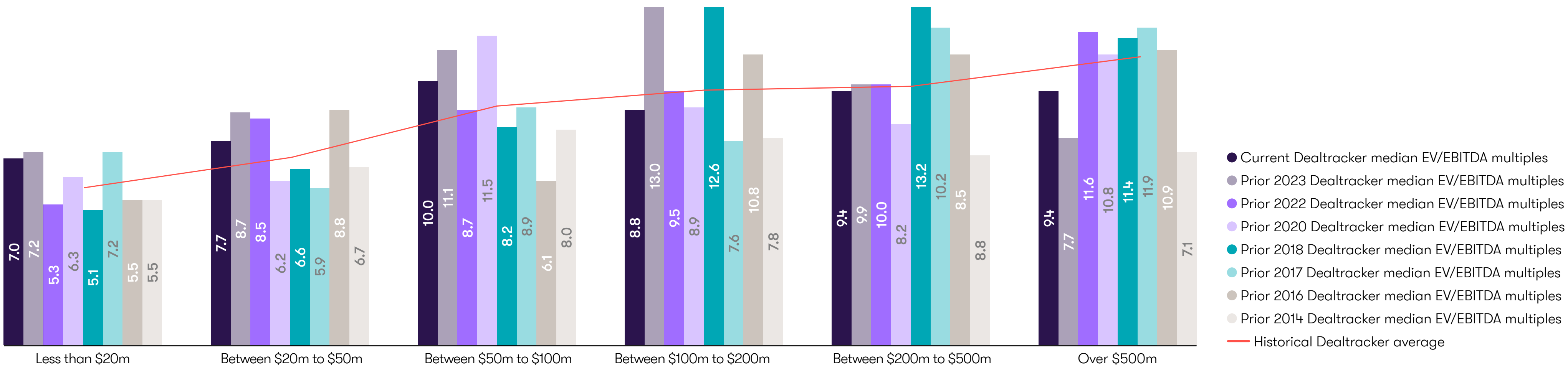
The median trading multiple for companies in the revenue range of $20m to $50m was 7.7x for the period, which is slightly higher than the historical long-term average of 7.4x. Targets with revenue between both $50m and $100m, and $100m and $200m, reflected median EV/EBITDA multiples of 10.0x and 8.8x respectively, while long-term averages for these sectors are 9.1x and 9.9x for those groups. It is noted that in the $50m to $100m revenue range, the transactions were dominated by high growth IT businesses.

The median multiple reported for the $200m to $500m range at 9.4x was slightly below the prior Dealtracker report of 9.9x and broadly consistent with the long-term average of 9.8x.

Within the $500m+ revenue range, median EV/EBITDA multiples of 9.4x were observed, lower than the historical long-term average of 10.1x. However, unlike the prior period there were a larger number of deals recorded in this size bracket.

SME deal valuations have improved compared to our last report and are above the historical average. High growth businesses, particularly in the Healthcare and IT sectors have pushed multiples to high levels.

Deal multiples by size



Valuation multiples
by target sector

The overall EV/EBITDA multiple observed during this Dealtracker period was above the prior period, with a median EBITDA multiple of 8.3x across sectors. This was driven by the Consumer Discretionary, Consumer Staples, Healthcare and Materials sectors and offset by declines in Industrials and IT sectors.

With the exclusion of the Financials, Energy, and Telecommunications sectors where the number of deals with multiples is too small for meaningful conclusions and no transactions for the Utilities sector, the largest median observed valuation multiple was the IT sector with a 11.4x multiple, which was previously the highest median deal multiple.

IT related deals continue to be a key focus of both domestic and international buyers, driving the highest sector multiple with meaningful data. It is important to note that a number of IT deals are scale purchases and in many cases exhibit low earnings and hence high multiples, or negative earnings and as such are often transacted on revenue multiples.

The Healthcare sector also exhibited high multiples of 10.1x during the period, above the long-term average of 9.9x. These transactions were dominated by eight large deals above $200m.

Notable sector deals

- Damstra Holdings, an enterprise protection software provider was acquired by Ideagen Limited for $69.6m at a valuation of 19.9x EBITDA. Ideagen Limited is a global software solutions provider to regulated or high compliance industries.
- Silk Laser Limited, a franchise network of non-surgical aesthetic services, was acquired by Australian Pharmaceutical Industries Limited for $180m, at a valuation of 10.0x EBITDA.
- Allkem Pty Ltd, a lithium and boron producer with projects based in Argentina, was acquired by Arcadium Lithium plc for c$6.4b, at an EBITDA multiple of 7.2x. This was one of a number of mega deals in the Materials sector over the period.

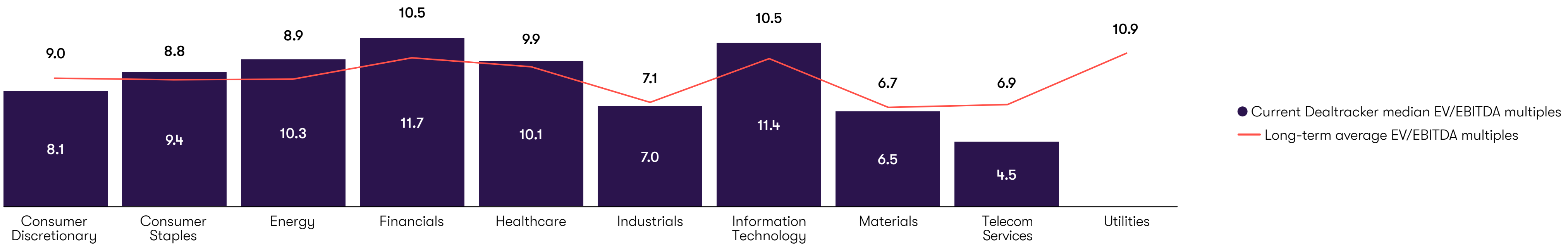
The Consumer Discretionary median deal multiple increased from 7.1x to 8.1x from the prior Dealtracker period. This is driven in part by a smaller number of deals with reported metrics, however it shows that whilst the sector has slowed in terms of number of deals, buyers continue to place value on strong brands in the consumer sector. This is demonstrated by JB Hi-Fi's $48m acquisition of E&S Trading, a home appliance retailer, implying a 9x EBITDA Multiple.

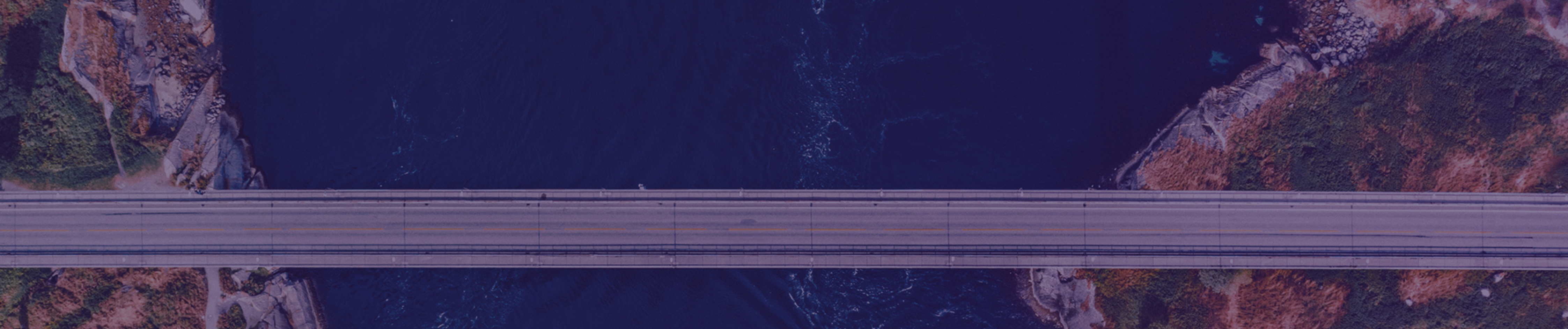
The Consumer Staples sector saw an increase in median EBITDA multiples from the prior Dealtracker report of 7.8x and the long-term average of 8.8x, up to 9.4x. The higher multiples in this sector have been driven by approximately half of the deals with reported EBITDA Multiples being over $500m in revenue.

Deal multiples by size

	No. of deals	Median EV (A$m)	Median target revenue (A$m)	Median target EBITDA (A$m)	Current Dealtracker median EV/ EBITDA multiples	Prior 2023 Dealtracker median EV/ EBITDA multiples	Prior 2022 Dealtracker median EV/ EBITDA multiples	Prior 2020 Dealtracker median EV/ EBITDA multiples	Long-term average EV/ EBITDA Multiple
Consumer Discretionary	6	66.6	136.2	12.3	8.1	7.1	9.5	11.2	9.0
Consumer Staples	9	65.0	23.1	4.3	9.4	7.8	10.1	8.1	8.8
Energy	5	1,017.1	201.4	50.4	10.3	10.7	7.1	7.5	8.9
Financials	3	223.4	12.9	10.3	11.7	9.3	14.0	7.2	10.5
Healthcare	10	262.1	224.8	28.4	10.1	9.4	8.5	11.4	9.9
Industrials	22	124.7	188.1	20.1	7.0	9.7	4.2	7.5	7.1
Information Technology	18	46.1	21.5	3.7	11.4	14.8	7.7	8	10.5
Materials	10	795.6	521.6	126.5	6.5	4.2	8.5	7.6	6.7
Telecommunication Services	1	9.0	-	-	4.5	6.0	17.2	-	6.9
Utilities	-	-	-	-	-	16.5	9.0	7.2	10.9

EV/EBITDA multiples by sector





Domestic vs international deal multiples

As reported in prior Dealtracker periods, international acquirers have continued to buy larger businesses and pay higher valuation multiples than domestic acquirers. This was reflected across all industries where there were international acquirers.

Of the total 82 deals with disclosed valuation data, 50 involved domestic acquirers while 32 targets were acquired by buyers outside of Australia.

Foreign buyers were interested in larger targets and were willing to pay more than their domestic counterparts. This was demonstrated through a median target enterprise value of $554.5m (compared to domestic deals at $87.0m) and an EBITDA multiple of 9.9x (7.5x for the corresponding domestic EBITDA multiples).

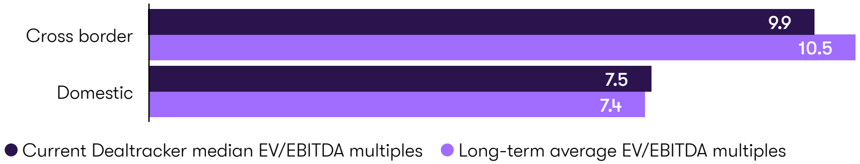
The driving factor for the comparatively higher enterprise value for cross-border deals was the increased size of deals and the perceived stability of the Australian market – particularly from the perspective of buyers in the US & Canada – which comprised the majority of inbound bidders.

> "With global economic volatility and geopolitical issues persisting, Australia has consistently drawn interest from foreign investors, especially at the larger end of the market. Foreign investors have been willing to pay a premium that surpasses both the multiple from the previous report and the historical average."

Multiples - cross-border vs domestic

	No. of deals	Median EV (A$m)	Median target EBITDA (A$m)	Median target revenue (A$m)	Current Dealtracker median EV/ EBITDA multiples	Prior 2023 Dealtracker median EV/ EBITDA multiples	Prior 2022 Dealtracker median EV/ EBITDA multiples	Prior 2020 Dealtracker median EV/ EBITDA multiples	Prior 2018 Dealtracker median EV/ EBITDA multiples	Average
Cross-border	32	554.5	39.6	263.2	9.9	14	9.4	9.1	10.3	10.5
Domestic	50	87.0	11.6	80.4	7.5	7.7	7.4	7.9	6.5	7.4
Total	**82**									

EV/EBITDA multiples by location



Corporate M&A vs IM valuation multiples

The median EBITDA multiple on IM deals was higher than corporate transactions over the current Dealtracker period. This is predominantly due to larger deals driving higher transaction multiples.

The data collected for the 18 months through to 31 December 2024 shows that IMs paid higher valuation multiples than corporates on average. Note the number of IM deals with available valuation multiples was significantly less than corporate deals with available data and as a result, IM transactions involving a significant premium become more heavily weighted.

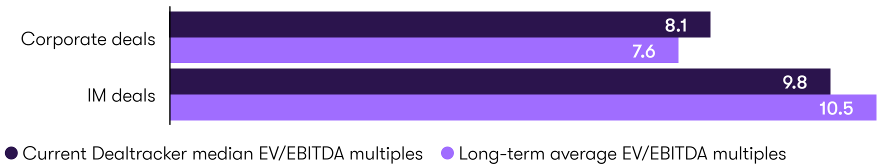
Based on this data set, the median EV/EBITDA multiple for IM deals was 9.8x compared with the long-term average of 10.5x. Of the 11 IM transactions with available data, seven of these represented offshore IMs seeking investments in Australian assets.

In contrast, when compared to prior periods, the EBITDA multiples paid by corporate bidders was 9.1x, above the long-term average median EBITDA multiple of 7.6x.

Multiples - corporate M&A v IM

	No. of deals	Median EV (A$m)	Median target EBITDA (A$m)	Median target revenue (A$m)	Current Dealtracker median EV/ EBITDA multiples	Prior 2023 Dealtracker median EV/ EBITDA multiples	Prior 2022 Dealtracker median EV/ EBITDA multiples	Prior 2020 Dealtracker median EV/ EBITDA multiples	Prior 2018 Dealtracker median EV/ EBITDA multiples	Average
IM Deal	11	669.7	98.3	590.4	**9.8**	6.5	11	12.7	12.4	10.5
Corporate M&A Deal	73	127.8	13.0	76.1	**8.1**	7.5	7.4	8	6.8	7.6
Total	**84**									

EV/EBITDA median multiples



Share price performance of listed companies

by target sector

Our analysis illustrates that the median trading multiple of all ASX listed companies at 31 December 2024 slightly increased to 8.7x from 8.6x at 30 June 2023. Trading in the Australian equity market has recovered since the previous Dealtracker, with a consistent increase in index value over that time.

Sectors with the highest valuation multiples

IT

The IT sector continues to remain the sector with the highest median valuation multiple, with a long term high of 23.5x as at 31 December 2024 and a long-term average sector multiple of 16.3x. Investor appetite for IT has remained strong particularly for businesses of scale with proven application and enterprise software products, and opportunities for continued growth.

Healthcare

Consistent with the prior period, the Healthcare sector has ranked the second highest with a median trading multiple of 12.3x, but lower than the long-term average EBITDA multiple of 13.2x. The market has adjusted post the COVID-19 boom in the sector, with valuation levels reverting to below pre-pandemic levels. We expect Healthcare stocks to remain resilient over the longer term as they are somewhat protected from global economic volatility.

Sectors with the lowest valuation multiples

Energy

The Energy sector continues its trend of being the lowest valued sector with a median valuation multiple of 4.4x at the end of the current Dealtracker period, albeit a recovery from the 2.3x observed at the end of June 2023. The decline in multiples observed for the energy sector over recent years is highlighted through a comparison to the long-term average sector valuation of 5.5x as investors seek to diversify interests away from carbon intensive industries and towards an eco-friendly future.

Materials

The Materials sector was the second lowest valued sector, valued at a median EBITDA multiple of 5.6x, which is equal with the long-term average EBITDA multiple of 5.6x. This is in contrast to the high transaction multiples observed over the current period due to the number of mega-deals in the Materials sector over the period, compared to the listed market which contains a large number of smaller operators. Commodity prices have been subdued across a range of minerals, placing downward pressure on values and sector multiples.

Movement in the S&P/ASX 200 – Jan 2010 – Dec 2024

Sources: Standard & Poor's Capital IQ. Grant Thornton Australia analysis.

The minor increase in the overall trading multiples of ASX listed companies is the result of more buoyant equity markets locally and globally due to improved future outlook, offset by subdued earnings.

The median EBITDA multiples for all sectors except Consumer Staples and IT were below their respective historical average multiples (from 31 December 2000), with the Materials sector equal to its long-term average multiple.

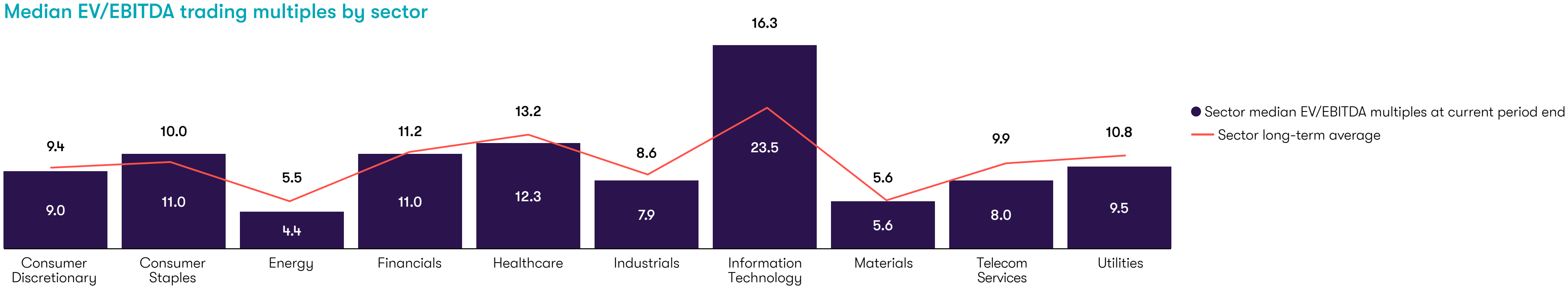
The largest differentials between the long-term sector average valuation multiples and the sector median valuation are the IT and Telecommunication Services sectors. A bullish market in tech stocks has led to a median valuation multiple of 23.5x, compared to the long-term average of 16.3x.

The Australian market followed the US markets where Generative AI drove technology stock valuations. Subsequent to the period, and noting the uncertainty in the US economic environment, we do not expect this trend of high valuations to continue.

The Telecommunication Services sector recorded the second highest differential in its median valuation multiple of 8.0x compared to a long-term average multiple of 9.9x.

The industries where the median valuation multiples were most in line with long-term average valuation multiples were Consumer Discretionary, Financials and Materials. This is no surprise given the price inelasticity within the Financials and Materials sectors. Despite the price elasticity within the Consumer Discretionary sector, valuation multiples remained relatively consistent within each quarter throughout the current Dealtracker period, demonstrating that strong brands are key drivers of value.

Median EV/EBITDA trading multiples by sector



IPO activity in Australia

In line with expectations, capital raise activity remained subdued, falling by 60% since the prior Dealtracker period.

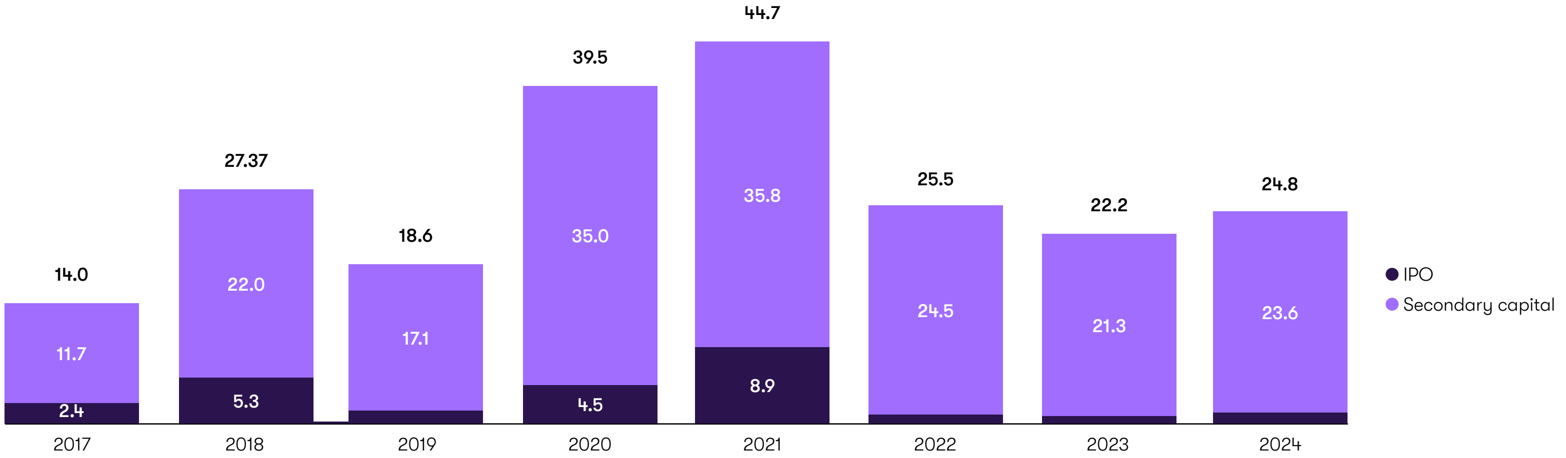
Cumulatively, over the current Dealtracker period $37.7b was raised though primary and secondary raises, representing a 9% increase in amount raised over the prior Dealtracker period. In the six months to 31 December 2023, IPO and secondary capital raised totalled approximately $12.9b, with a further $24.8b raised in CY2024. The persistent inflationary environment, high interest rates, geopolitical events and general market uncertainty made public markets a challenging environment to raise capital.

Of the $24.8b raised in CY2024, approximately 5% – or $1.2b – originated from IPOs and the remaining 95% from secondary capital offerings. This followed a similar trend to CY2023 which comprised of approximately 4% from IPO and 96% from secondary capital raises.

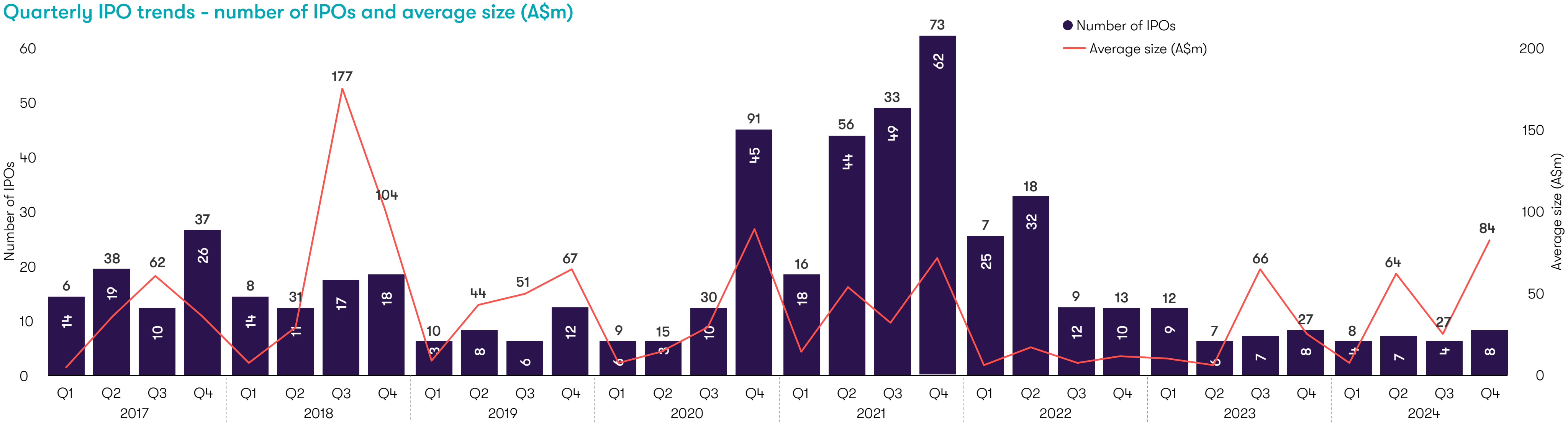
During the six months to 31 December 2023, the number of IPOs was relatively consistent with the six months to 30 June 2023 with 15 deals and an additional 23 deals during CY2024. However, the average IPO funds raised over the current Dealtracker period was $51.1m, compared to only $12.4m from the prior Dealtracker period, which was dominated by early stage mining and exploration companies. The uncertainty in the markets have resulted in quality over quantity, with companies only seeking to raise capital on the equity markets for more substantial raises.

Market confidence was restored post the success of the Guzman y Gomez IPO, a fast-food chain that raised $335m in its June 2024 IPO at $22 per share. The company closed its first day of trading at $30 per share and reached as high as $42 per share by the end of September 2024. As a result, market sentiment in the second half of CY2024 boosted with a rush of listings in the last few months of CY2024 contributing to approximately $784m capital raised.

Initial & secondary capital raisings (funds raised A$b)



Quarterly IPO trends - number of IPOs and average size (A$m)



Over the 18 months to 31 December 2024, a total of 38 new companies listed on the ASX, decreasing significantly from 94 in the preceding 18-month period.

IPOs by size range - 18 month ending 31 December 2024

Range	No. of IPOs	Offering size (A$m)	% of totals
Less than $10m	17	105.5	5.4%
$10m to $50m	12	199.7	10.3%
$50m to $100m	4	288.2	14.8%
$100m to $500m	5	1,349.0	69.5%
Over $500m	-	-	-
Total	**38**	**1,942.4**	**100%**

IPOs by size range - 18 months ending 30 June 2023

Range	No. of IPOs	Offering size (A$m)	% of totals
Less than $10m	66	399.8	34.4%
$10m to $50m	26	480.0	41.2%
$50m to $100m	-	-	-
$100m to $500m	2	283.6	24.4%
Over $500m	-	-	-
Total	**94**	**1,163.4**	**100%**

IPOs by size range - 18 months ending 31 December 2021

Range	No. of IPOs	Offering size (A$m)	% of totals
Less than $10m	118	703.4	5.3%
$10m to $50m	66	1,327.3	10.0%
$50m to $100m	18	1,261.6	9.5%
$100m to $500m	19	4,312.0	32.3%
Over $500m	7	5,738.5	43.0%
Total	**228**	**13,342.8**	**100%**

IPOs by size range - 18 months ending 30 June 2020

Range	No. of IPOs	Offering size (A$m)	% of totals
Less than $10m	15	91.7	5.8%
$10m to $50m	17	404.0	25.4%
$50m to $100m	2	125.0	7.8%
$100m to $500m	4	968.7	61.0%
Over $500m	-	-	-
Total	**38**	**1,589.4**	**100.0%**

The total number of new listings reflected a 60% decrease in volume, which followed a similar decrease in the prior Dealtracker period of 59%. There were 38 new listings during the current period down from 94 in the previous period, and a fraction of the number of listings – or 228 – in the 18 months to 31 December 2021.

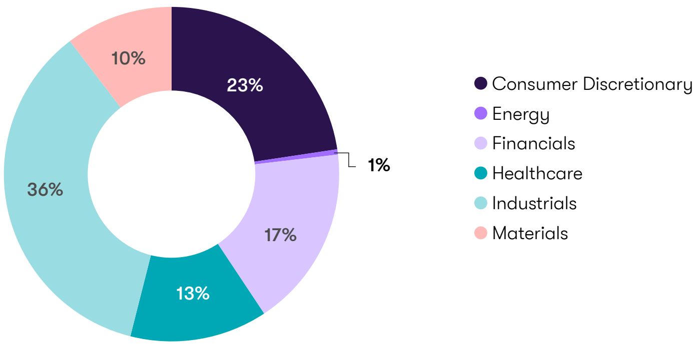
Despite the Australian economy stabilising there was still considerable market uncertainty, compounded by high interest rates and ongoing global volatility, the equity markets were not seen as a desirable source of capital during the period.

Whilst the number of IPOs decreased substantially, the funds raised via IPOs increased from the prior Dealtracker period from $1.2b to $1.9b, an increase of 67%. This was driven primarily by an increase in the number of listings between $50m and $500m, with IPOs between $100m and $500m comprising 69% of total funds raised during the period.

IPO by sector

Number of IPOs by sectors for the 18 months to December 2024

IPO value by sector for the 18 months to 31 December 2024



Due to the lower number of IPOs for the period, there were many sectors where no IPO occurred.

The Healthcare sector exhibited the largest increase in the number of IPOs since the prior Dealtracker period, from three to eight IPOs. This followed a large number of IPOs in this sector during and immediately following the COVID-19 pandemic. The majority of Healthcare listings in the current Dealtracker period were small raisings in the health technology space.

Both Consumer Discretionary and the Industrials sectors saw small increases in the number of IPOs, increasing by two and one listings respectively. Despite the small increase in IPOs during the period, Industrials contributed 36% to the total initial capital raised. The largest IPO in the sector was Redox Limited, a global chemical, ingredient and raw material distributor, raising c$402m in July 2023.

The Materials, Financials and Energy sectors all saw a contraction in the number of IPOs, whilst Consumer Staples, IT, Telecommunications and Utilities saw no listings during the current period.

The number of Materials IPOs fell from 69 listings to 19 listings, and from 126 in the previous corresponding period. Pressure on commodity prices in key minerals, as well as global economic uncertainty, has led to a more challenging environment for Materials IPOs, with many companies slowing exploration until there is a recovery in commodity prices.

Top IPOs in each sector

in the 18 months to December 2024

Consumer Discretionary

Issuer: Guzman y Gomez Limited (ASX:GYG)

Offer Size: $335.08m

IPO Price: $22.00

Price at 31 December 2024: $40.57

Price Change: +84%

Energy

Issuer: D3 Energy Limited (ASX:D3E)

Offer Size: $10.0m

IPO Price: $0.20

Price at 31 December 2024: $0.08

Price Change: -60%

Financials

Issuer: Cuscal Limited (ASX:CCL)

Offer Size: $336.80m

IPO Price: $2.50

Price at 31 December 2024: $2.26

Price Change: -10%

Healthcare

Issuer: Anteris Technologies Global Corp. (ASX:AVR)

Offer Size: $139.12m

IPO Price: $9.40

Price at 31 December 2024: $8.27

Price Change: -12%

Industrials

Issuer: Redox Limited (ASX:RDX)

Offer Size: $401.95m

IPO Price: $2.55

Price at 31 December 2024: $4.56

Price Change: +79%

Materials

Issuer: Brazilian Rare Earths Limited (ASX:BRE)

Offer Size: $50m

IPO Price: $1.47

Price at 31 December 2024: $2.36

Price Change: +61%

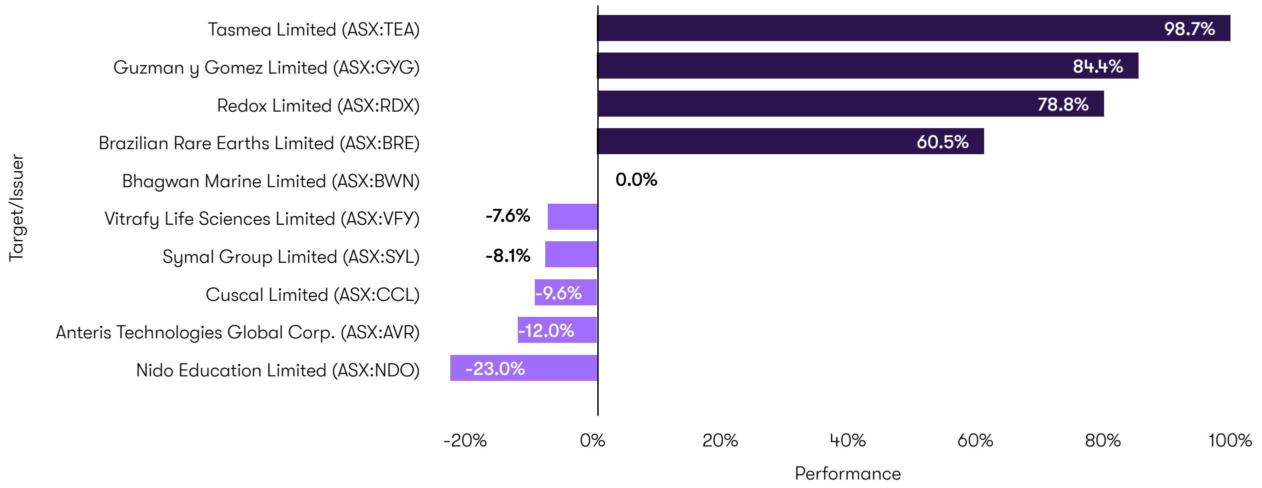
Listing multiples and immediate price returns

A total of $1.9b was raised in the current period from new listings on the ASX, with the 10 largest listings contributing approximately 86% of the total new equity raised during this period. The largest listing during this 18-month period was Redox Limited (ASX:RDX) which raised $402m.

IPO multiples of the 10 largest IPOs (current period)

Target/Issuer	Announced date	Primary sector	Price per share (A$)	Number of shares offered (m)	Market cap on listing date (A$m)	Market capitalisation (current period) (A$m)	EV/EBITDA (current)	Price per share (current) (A$)
Vitrafy Life Sciences Limited (ASX:VFY)	30/10/2024	Health Care	1.8	19.0	35.0	108.5	-	1.7
Nido Education Limited (ASX:NDO)	13/9/2023	Consumer Discretionary	1.0	36.6	36.6	173.0	22.8	0.8
Brazilian Rare Earths Limited (ASX:BRE)	8/11/2023	Materials	1.5	34.0	50.0	581.8	-	2.4
Tasmea Limited (ASX:TEA)	20/3/2024	Industrials	1.6	37.8	59.0	703.8	11.8	3.1
Cuscal Limited (ASX:CCL)	8/11/2024	Financials	2.5	25.0	62.5	432.9	-	2.3
Redox Limited (ASX:RDX)	13/6/2023	Industrials	2.6	28.2	72.0	2,394.4	16.8	4.6
Bhagwan Marine Limited (ASX:BWN)	21/6/2024	Industrials	0.6	125.5	79.1	173.4	6.5	0.6
Symal Group Limited (ASX:SYL)	4/11/2024	Industrials	1.9	73.5	136.0	401.5	4.9	1.7
Anteris Technologies Global Corp. (ASX:AVR)	22/11/2024	Health Care	9.4	14.8	139.2	297.2	-	8.3
Guzman y Gomez Limited (ASX:GYG)	31/5/2024	Consumer Discretionary	22.0	12.4	272.8	4,116.4	174.4	40.6

IPO performance of the 10 largest IPOs (to current period end)



Five of the top 10 listings during the 18 months ending 31 December 2024 have experienced declines in their post-listing share prices, with Bhagwan Marine Limited (ASX:BWN) achieving no growth in share price. The largest underperformer was Nido Education Limited (ASX:NDO), an early childhood education and care centre operator, with a share price deterioration of 23% since its IPO on 13 September 2023.

Anteris Technologies Global Corp. (ASX:AVR), Cuscal Limited (ASX:CCL), Symal Group Limited (ASX:SYL) and Vitrafy Life Sciences Limited (ASX:VFY) have all experienced decreases in post-listing share prices.

The top performer in terms of share price was Tasmea Limited (ASX:TEA), a leading provider of specialised trade skilled services to the mining, resources and industrial sectors, which increased by approximately 99% in value since listing on 20 March 2024. Other post-listing increases consisted of Guzman y Gomez Limited (ASX:GYG), Redox Limited (ASX:RDX) and Brazilian Rare Earths Limited (ASX:BRE) who achieved share price growth of 84%, 79% and 61% respectively.

"The Australian M&A market will be facing a turbulent year in 2025, however we expect deals to remain strong, with private equity poised to deploy more capital, and corporates continuing to focus on strategic growth. Despite the headwinds from global markets, the overall sentiment remains cautiously optimistic with Dealmakers actively seeking opportunities to transform their companies and succession planning being a key driver in the mid-market."

Depth of experience

At the heart of every successful deal, knowing your business environment is critical.

Deals present both huge opportunities and challenges, and in a global economy that's weakening, effectively managing costs and maximising returns becomes even more important.

Whatever your strategic objectives – a merger, acquisition, disposing of a business, undertaking a future public share offering or raising finance, the Grant Thornton deals team can support at every stage of a transaction.

We work with clients, private equity houses, banks, financial and legal intermediaries and government bodies, investing in long-term relationships built on trust and responsiveness to ensure you stay a step ahead.

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PEOPLE NATIONALLY

1,500+

PEOPLE GLOBALLY

68,000+

NATIONAL REVENUE (AUD)

$370m

GLOBAL REVENUE (USD)

$7.2b

PARTNERS NATIONALLY

172

OFFICES GLOBALLY

750+

OFFICES NATIONWIDE

6

MARKETS

145+

The terms we use

Language is a powerful tool. No single set of definitions can describe how every person experiences life, or how they define themselves. We acknowledge the diversity of self-identity and intersectionality, particularly within gender, culture, sexual orientation, disability and First Nations language groups. It is always our intention to be inclusive and respectful and we acknowledge that not everyone will identify with the terms we have chosen.

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