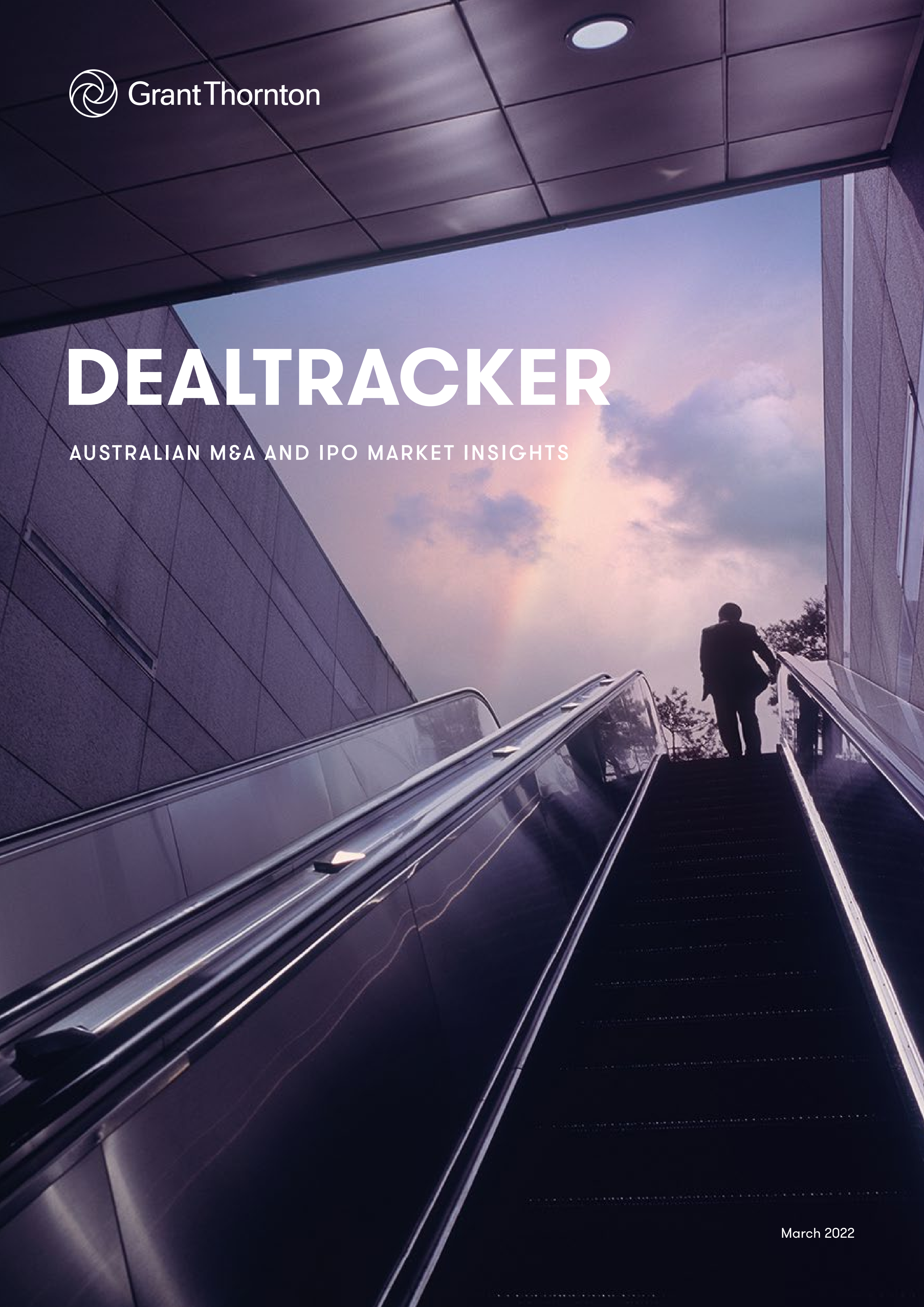
Grant Thornton

DEALTRACKER

AUSTRALIAN M&A AND IPO MARKET INSIGHTS



March 2022

CONTENTS

Welcome to the eighth 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 1 July 2020 to 31 December 2021.

SUMMARY OF FINDINGS

Our key insights

Record deal activity despite pandemic conditions

Deal volume up to 31 December 2021 was strong with a record number of 1146 deals reported for CY2021. The level of activity increased significantly during H2 2020 and in CY2021 as the pandemic failed to reduce appetite for deals and, in many cases, positively influenced investments.

Overseas acquirers remain relevant

Overseas purchasers comprised 30% of transactions, up from 29% in the previous Dealtracker period in line with the upward trend evident in prior years. This is a strong validation of the attractiveness of Australian assets given the barriers that were put in place throughout the pandemic. As the easing of travel restrictions starts to come through in passenger numbers and overall economic activity levels increase, we would expect this trend to continue.

Investment Managers

In contrast to corporate activity, Investment Manager (IM) activity moderated during the pandemic period as IMs focused on specific sectors that were net beneficiaries of pandemic conditions and are expected to grow strongly when conditions improve. The significant funding that remains available, coupled with their expansion of available opportunities across all sectors, should see greater volumes in the next period.

Deal multiples

The median multiples of EBITDA across the market as analysed during this Dealtracker period was 7.7x which was a slight decrease since the last Dealtracker report from 8.1x and slightly lower than the long-term historical average of 7.8x. This reflects both a reduction in the size of deals included in our data and a more cautious approach by dealmakers during the pandemic period in contrast to public market valuations.

Primary and secondary listed markets

IPO primary issuances experienced a significant growth as a result of the post-pandemic prosperity with listings getting higher volumes from H2 2020 onwards. As with overall activity levels, there has been continued strong appetite by companies to access the IPO markets in the months preceding the issuance of this report. However recent volatility caused by inflationary pressures and geopolitical issues have put some of this demand on hold which may reduce volumes for CY2022 if these conditions continue.

Expected market themes

As we predicted in the previous report that the technology sector would drive activity levels, this definitely played out. As we look forward and the economy reopens and market conditions improve, the continued weight of money – coupled with the comparatively better trading conditions in Australia – should see deal activity continue to be strong and diversified across a greater number of sectors. Notwithstanding this position, should current inflationary pressures lead to increased funding costs and lower consumer spending and investment, there remains a risk that deal activity will slow and valuations ease as we are starting to see in IPO markets.

M&A deal volumes

Overall, deal volumes reached levels not seen since 2010 despite the pandemic being a constant feature of the period covered by this report. While volumes were steady through the first four quarters of the report period, the Q3 and Q4 2021 activity levels were at record levels.

Introduction

This eighth edition of Dealtracker focuses on Australian mergers and acquisitions (M&A), and equity market activity during the 18 month period to 31 December 2021 (the period). Our previous Dealtracker (edition seven) covered the 18 months to 30 June 2020 and edition six 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 the most comprehensive insight into recent Australian deal activity.

This survey is limited to going concern business sales, excluding those with a significant real estate nature and greater than $5m value.

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

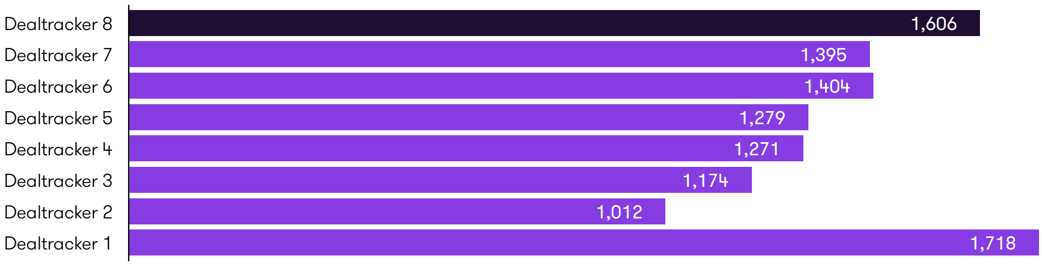
M&A deal trends

Our analysis shows that the number of M&A deals during the 18 months to 31 December 2021 was higher than the previous reported period (18 months to 30 June 2020). The smaller number of deals in the second half of 2020 calendar year was offset by the high level of activities in the second half of CY2021.

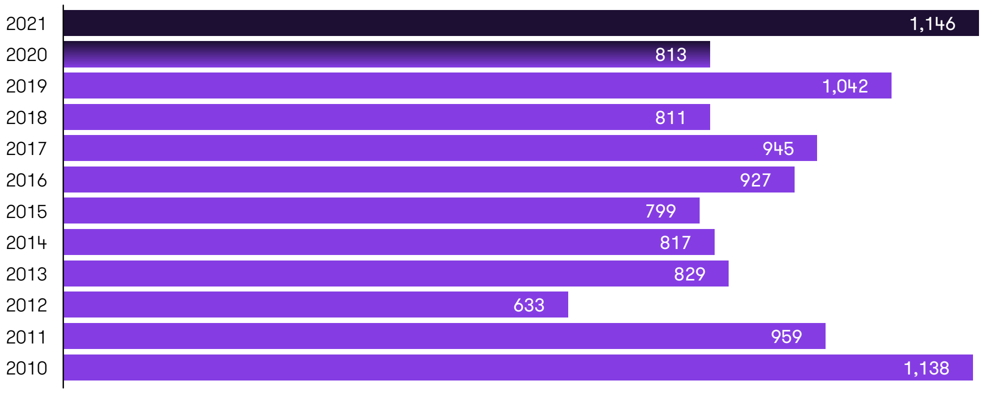
On a quarterly basis, the third quarter of 2021 was a record for this publication's eight edition history, with a total of 320 deals occurring during the quarter, comprising 20% of the total deals for the full period. In comparison, the third and fourth quarters of the previous year (Q3 & Q4 CY2020) represented 13% and 16% of total deals within the period.

Following the strong level of activity in the second half of CY 2020, which comprised 29% of the total deals for the period, deal volumes returned to pre-pandemic levels in first two quarters of 2021, totaling to one third of all deals and continued to grow in the second half of the year generating 39% of total deals. This increase in activity for 2021 is aligned with the global economic upturn observed in the post-COVID world recovering from the global pandemic and its consequences on economic, mobility and, accordingly, deal activity – and prior to the onset of the Omicron variant in late CY2021.

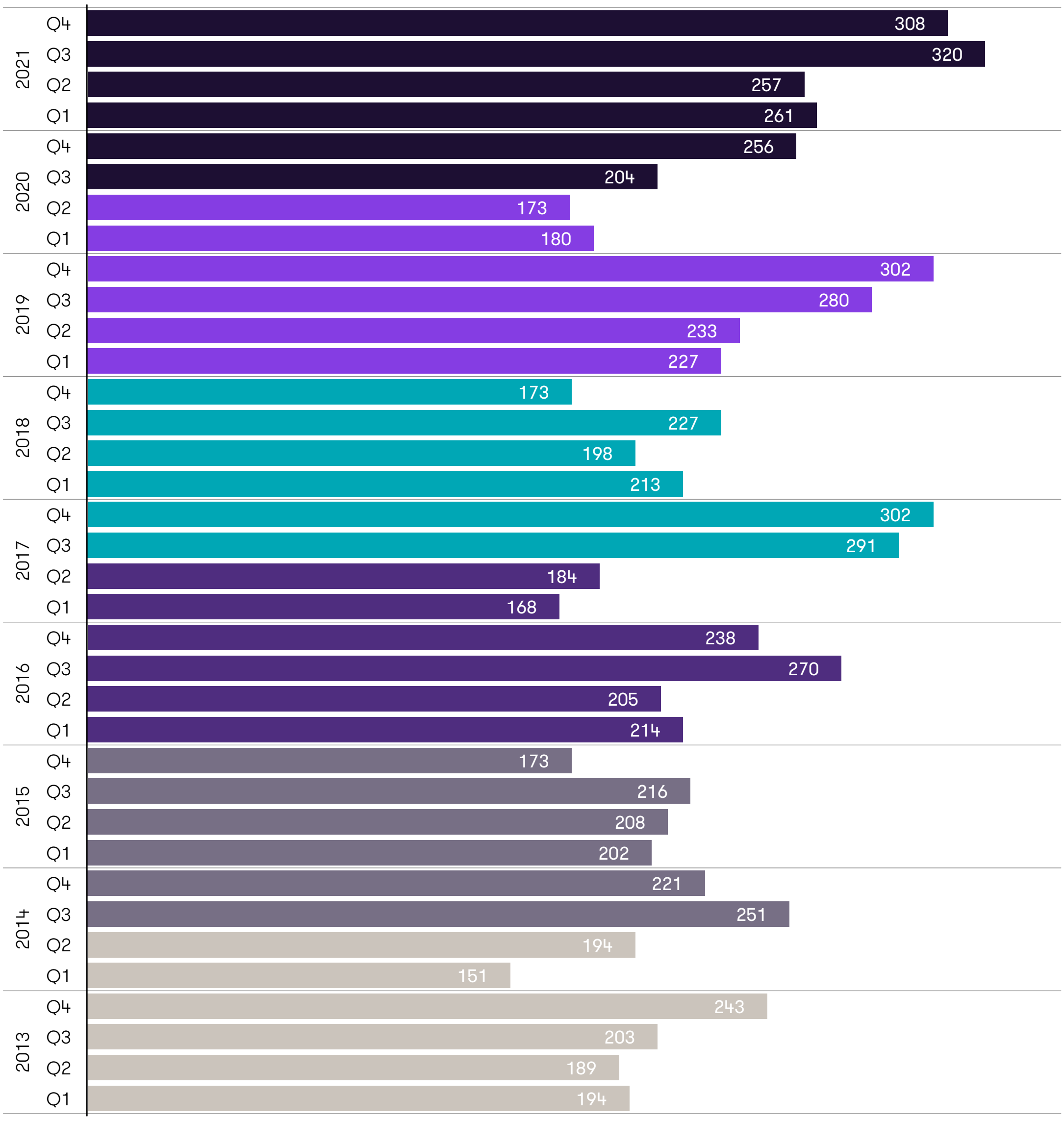
M&A – Prior comparative Dealtracker periods



M&A – Annual trends



M&A – Quarterly & half yearly trends



Sector composition

The continued movement of the Australian economy from a resources-led economy to a knowledge-based service economy that has been observed over these reports has accelerated through this period. The Information Technology sector is now the largest industry segment by deal volume, boosted by pandemic market conditions.

The composition of M&A deals by sector is driven by a focus on innovation through adoption of new technological capabilities and also continues to exemplify the transition of the Australian economy from a resources-driven economy to a diversified service-based M&A market.

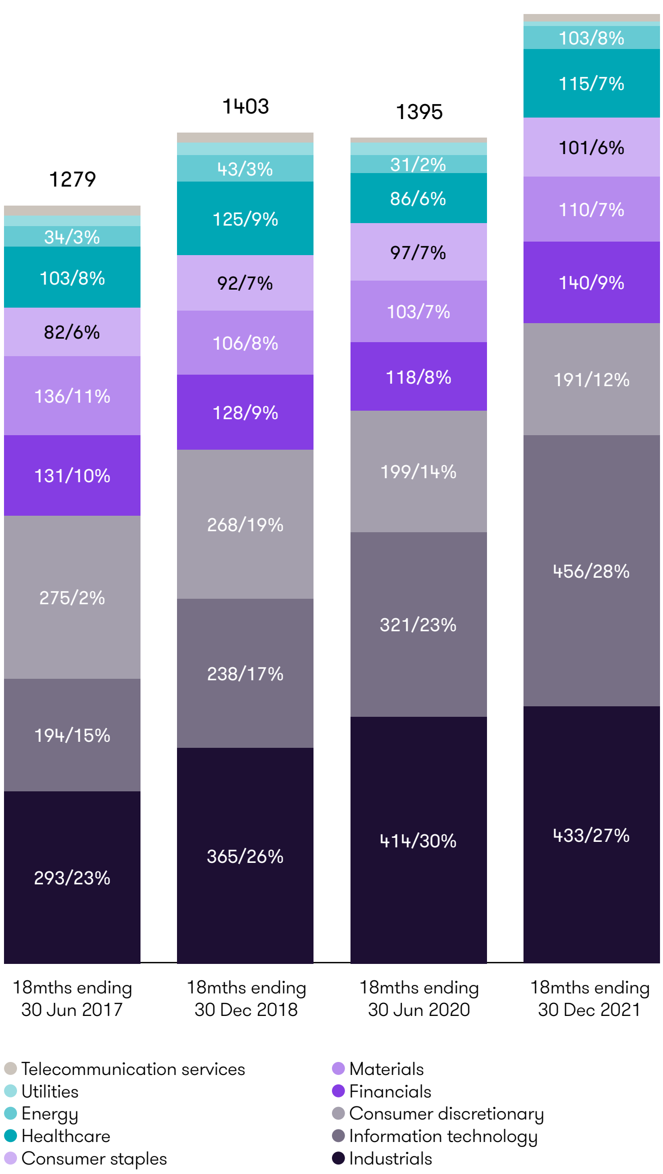
The surge in Information Technology deals that occurred in the latter part of the previous Dealtracker continued throughout this period as market participants focused their investment strategies on acquiring technology and technology-enabled businesses. Deals in this sector increased over the period from 321 to 456 deals which represents 42% growth from the preceding 18 month period and became the largest sector, slightly exceeding Industrials. Volumes in this sector are predicted to remain strong as the importance of investing in technology is a key driver to maintain competitiveness, to serve post-pandemic customer preferences and to deploy new growth strategies.

In contrast with prior periods, the Industrials sector became the second main focus for Australian M&A activity with 27% of total deal flow and the numerically pretty-modest increase in deal volume at 5% growth since the prior Dealtracker period to 30 June 2020. Despite losing its leading position, we still expect strong ongoing deal volumes as niche value add providers remain attractive to acquirers and supply chain security will become a larger focus for Australian businesses.

The second largest increase in the number of deals is observed in the Healthcare sector where number of deals increased from 86 to 115, which is equal to 34%. While the Telecommunication Services sector shows a higher increase (likely due to the demand for such services to assist in work and schooling from home trends), the total number of deals for this sector is too small (around 10 deals) to consider it significant for the observed time period.

The number of deals in the Financial sector grew by 19% from 118 to 140 deals. The remaining sectors – Energy, Materials, Industrials and Consumer Staples – also increased, while Consumer Discretionary and Utilities declined by 4% and 39%, respectively.

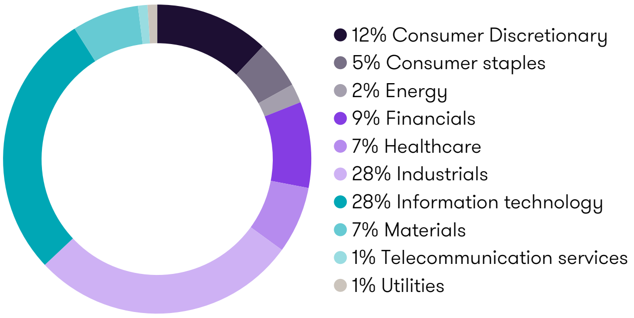
M&A – Deal composition by sector



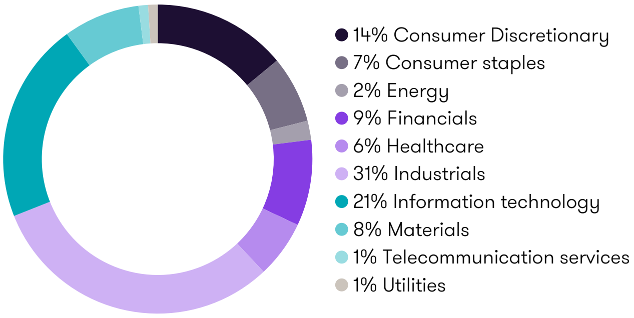
"M&A volumes in the Information Technology sector are predicted to remain strong as the importance of investing in technology is a key driver to maintain competitiveness, to serve post-pandemic customer preferences and to deploy new growth strategies."

Corporate M&A has focused on the continued dominance of deals in the Industrials and IT sectors, and Investment Managers have focused on the Industrials, Information Technology and Consumer Staples sectors.

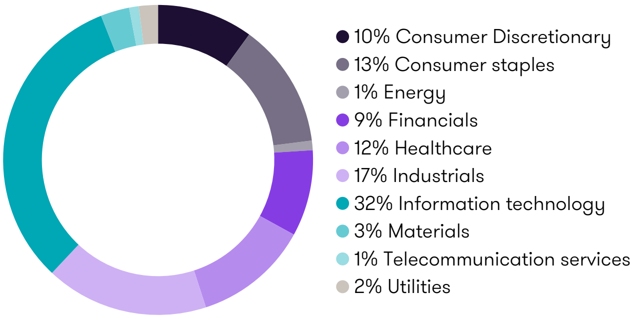
Corporate deals by sector (current period)



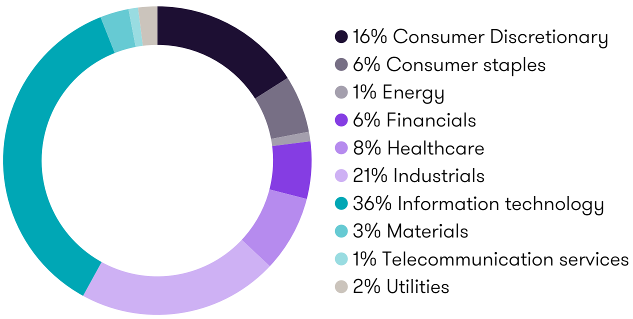
Corporate deals by sector (previous comparable period)



IM deals by sector (current period)



IM deals by sector (previous comparable period)



- In line with the prior Dealtracker period, the vast majority of corporate acquisitions occurred in the Industrials (28%) [PP: 31%] and Information Technology sectors (28%) [PP 21%]. The relative shares for Consumer Discretionary and Consumer Staples sectors declined – 12% [PP14%] for the former and 5% [PP 7%] for the latter.
  Other corporate activities remained largely similar to the comparable prior period.
- The increased share of IT sector deals is in line with previous trends and can also be seen in the IPO activities, described in the following chapters.
- The decreases in the consumer sectors can partly be explained by the disruption caused to both sectors by the continual lockdowns imposed by state and territory governments to deal with the pandemic over this Dealtracker period. While the Consumer Staples sector is expected to provide greater opportunities as lockdowns ease (given the recent experiences of how quickly demand has rebounded from each lockdown), the Retail sector is likely to be difficult for some time as inflationary pressure starts to impact consumer discretionary spending behaviour.
- The largest increase in IM deal flow was seen in Healthcare (from 8% to 12%), Financials (from 6% to 9%) and Consumer Staples (from 6% to 13%). The Healthcare and Financials (particularly Fintech) sectors have benefited from the pandemic trading conditions, which are expected to experience strong mid-term growth, whilst the Consumer Staples sector saw investments in baked and packaged goods suppliers increase.
- In contrast, we observed a proportional decrease in Information Technology deals from representing 36% in the previous period to 32% currently. The share of the Industrials sector also declined from 21% to 17%. These declines can partly be attributed to the reduction in suitable growth opportunities to invest in given the strong prior period investment.

Top 10 deals
in the 18 months to December 2021

1

Acquirer: Santos Limited (ASX:STO)
Target: Oil Search Limited
Transaction value AUD (b): 12.5
Date: 17 Dec 21
EV/EBITDA: 12.03x

Oil Search Limited explores for, develops, and produces oil and gas properties primarily in Papua New Guinea, the United States, and Australia. It operates through PNG Business Unit and Alaska Business Unit segments.

Santos Limited (ASX:STO) made a confidential, non-binding indicative proposal to acquire Oil Search Limited (ASX:OSH) from Wilson Asset Management (International) Pty Limited and other shareholders for AUD 8.4 billion on June 25, 2021. Following approval of the Scheme, Oil Search shareholders own 37% of the merged group and Santos shareholders own 63%.

2

Acquirer: Sydney Transport Partners
Target: Sydney Motorway Corporation (49% stake)
Transaction value AUD (b): 11.1
Date: 29 Oct 21
EV/EBITDA: N/A

Sydney Motorway Corporation is an Australian-based company engaged in the development of motorways.

Transurban [ASX:TCL] announced Westconnex acquisition with AUD 4.2bn equity raising. Transurban announced that Sydney Transport Partners (STP) will acquire the remaining 49% equity stake in WestConnex from the NSW Government for AUD 11.1bn (Acquisition). The Acquisition takes STP's total ownership interest in WestConnex to 100%.

3

Acquirer: Coca-Cola Europacific Partners PLC (ENXTAM:CCEP)
Target: Coca-Cola Amatil Limited
Transaction value AUD(b): 9.7
Date: 10 May 21
EV/EBITDA multiple: 13.5x

Coca-Cola European Partners plc (ENXTAM:CCEP) entered into a preliminary non-binding term sheet to acquire 69.19% stake in Coca-Cola Amatil Limited (ASX:CCL) from Martin Currie Australia, Antares Capital Partners Pty. Ltd., Pendal Group Limited (ASX:PDL) and Setanta Asset Management Limited for AUD 6.4 billion on October 25, 2020.

Under the terms, CCEP acquired all shares held by independent shareholders of Coca-Cola Amatil Limited (Amatil) at a price of AUD 12.75 per share in cash.

4

Acquirer: Seven Group Holdings Limited
Target: Boral Limited (44.06% Stake)
Transaction value AUD(b): 8.9
Date: 29 Jul 21
EV/EBITDA multiple: N/A

Boral Limited is an Australian-based ASX-listed company that is engaged in the manufacture and supply of building and construction materials.

Seven Group Holdings Limited, an Australian-based listed company engaged in strategic investments in media and industrial equipment hire, made an offer to acquire 79.85% stake in Boral Limited.

5

Acquirer: KKR & Co. Inc. (NYSE:KKR); Ontario Teachers' Pension Plan Board; Public Sector Pension Investment Board

Target: Spark Infrastructure Group

Transaction value AUD(b): 6.3

Date: 29 Nov 21

EV/EBITDA multiple: 26.8x

Spark Infrastructure Group (ASX:SKI) is a publicly-owned investment manager. The firm invests in the regulated utility infrastructure markets across the globe.

The certain infrastructure funds and entitles managed by KKR & Co. Inc. (NYSE:KKR), Ontario Teachers' Pension Plan Board and Public Sector Pension Investment Board (Consortium) made the offer to acquire Spark Infrastructure Group.

6

Acquirer: Northern Star Resources Limited (ASX:NST)

Target: Saracen Mineral Holdings Limited

Transaction value AUD(b): 6.2

Date: 03 Feb 21

EV/EBITDA multiple: 11.1x

Northern Star Resources Limited (ASX:NST) entered into a binding merger implementation deed to acquire Saracen Mineral Holdings Limited (ASX:SAR). After completion Northern Star shareholders own 64% of the combined entity and Saracen shareholders own the remaining 36%.

The merged group continues as Northern Star Resources, based in Perth and trade on the ASX. Upon completion, the Board of nine comprise five Directors from Northern Star and four Directors from Saracen.

7

Acquirer: Aware Super Pty Ltd; Macquarie Infrastructure and Real Assets

Target: Vocus Group Limited (ASX:VOC)

Transaction value AUD(b): 4.6

Date: 25 Jun 21

EV/EBITDA multiple: 14.2x

Vocus Group Limited (ASX:VOC) provides fiber and network solutions to enterprise, government, wholesale, small business, and residential customers in Australia and New Zealand.

Funds managed by Macquarie Infrastructure and Real Assets (MIRA) and Aware Super Pty Ltd made a non-binding, indicative proposal to acquire Vocus Group Limited.

8

Acquirer: Washington H. Soul Pattinson and Company Limited (ASX:SOL)

Target: Milton Corporation Limited

Transaction value AUD(b): 3.8

Date: 21 Sep 21

EV/EBITDA multiple: N/A

Milton Corporation Limited (ASX:MLT) is a publicly-owned investment manager. It invests in the public equity and fixed income markets of Australia.

Washington H. Soul Pattinson and Company Limited (ASX:SOL) entered into a scheme implementation agreement to acquire Milton Corporation Limited for AUD 3.8 billion on June 22, 2021. Under the scheme, Milton Shareholders were issued new Washington H. Soul Pattinson and Company Limited (WHSP) shares in exchange for their Milton shares.

9

Acquirer: Bain Capital, LP.; QIC Limited

Target: Virgin Australia Holdings Limited

Transaction value AUD(b): 3.5

Date: 17 Nov 20

EV/EBITDA multiple: N/A

Virgin Australia Holdings Limited, headquartered in Brisbane, Queensland, is a company engaged in airline operations.

Bain Capital, LP. along with Queensland Investment Corporation agreed to acquire Virgin Australia Holdings Limited. Bain Capital, LP., the US-based investment holding company and private equity firm, headquartered in Boston, Massachusetts.

Queensland Investment Corporation, headquartered in Brisbane, Queensland, is a government owned investment manager.

10

Acquirer: Global Infrastructure Partners, LLC

Target: Queensland Curtis LNG Common Facilities (26.25% Stake)

Transaction value AUD(b): 3.3

Date: 15 Mar 21

EV/EBITDA multiple: N/A

Global Infrastructure Partners, LLC agreed to acquire a 26.25% stake in Queensland Curtis LNG facilities (QCLNG) from Royal Dutch Shell Plc.

The transaction was valued at USD 2.5bn. The acquisition represented stake in QCLNG's storage tanks, jetties and operations infrastructure. The divestment was in line with Shell's strategy of selling non-core assets to further simplify its portfolio. Following the stake sale, Shell will continue as operator of facilities and owner of the remaining 73.75% interest.

The buyers

The proportion of Investment Manager (IM) activity as a composition of total buyer activity decreased over the recent period. This was because investors took a patient approach to finding opportunities that were resilient to the pandemic trading conditions and poised to experience strong growth in their investment period.

Corporates were once again the most active buyers, with 93% of acquirers being classified as corporate M&A deals and 7% as IM or private equity deals. The dominance of corporate buyers supports the strategic appetite of these organisations to acquire growth.

Top Corporate acquirers – 18 months to 31 December 2021

Rank	Corporate acquirer	No. of deals
1	DGL Group Limited (ASX:DGL)	8
=2	Swoop Holdings Limited (ASX:SWP)	5
=2	Tesserent Limited (ASX:TNT)	5
=3	Apiam Animal Health Limited (ASX:AHX)	4
=3	Healthia Limited (ASX:HLA)	4
=3	MAAS Group Holdings Limited (ASX:MGH)	4
=3	RPM Automotive Group Limited (ASX:RPM)	4
=3	Steadfast Group Limited (ASX:SDF)	4
=3	United Safety & Survivability Corporation	4
=4	Accenture Plc	3
=4	Arthur J. Gallagher & Co. (NYSE:AJG)	3
=4	AUB Group Limited (ASX:AUB)	3
=4	Cirralto Limited (ASX:CRO)	3
=4	Flick Anticimex Pty Ltd.	3
=4	Hubify Limited (ASX:HFY)	3
=4	Independent Living Specialists Pty Ltd	3
=4	Ingenia Communities Group	3
=4	MYOB Australia Pty Ltd	3
=4	Nexon Asia Pacific Pty. Ltd.	3
=4	People Infrastructure Ltd (ASX:PPE)	3
=4	PropTech Group Limited (ASX:PTG)	3
=4	Questas	3
=4	Spirit Technology Solutions Ltd. (ASX:ST1)	3

The proportion of IM deals was marginally lower than the previous period where IMs comprised 10% of total M&A deal flow, which in total numbers decreased from 137 to 113. The decrease in IM activity represents a more cautious approach my IMs as Managers focused on limited sectors that were resilient or benefited from pandemic trading conditions.

Top IM acquirers – 18 months to 31 December 2021

Rank	IM acquirer	No. of deals
1	Quadrant Private Equity Pty Limited	8
2	Five V Capital Pty Ltd.	7
3	Pemba Capital Partners Pty Limited	6
=4	BGH Capital	4
=4	Envest Pty Ltd	4
=4	Livingbridge EP LLP	4
=5	Armitage Associates Pty Ltd	3
=5	Mercury Capital Pty Ltd	3
=5	Potentia Capital Pty Ltd	3
=5	ROC Partners Pty Limited	3
=5	TPG Capital, L.P.	3
=5	Tattarang Pty Ltd	3
=5	The Riverside Company	3
=6	Advent Partners Pty Ltd.	2
=6	Arcadia Capital	2
=6	LK Group	2
=6	Management Vehicle	2
=6	Pacific Equity Partners	2
=6	Queens Lane Capital	2
=6	Tanarra Capital Pty Ltd	2
=6	The Growth Fund	2

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

Dealmakers by type

The most active buyer of Australian targets amongst the pool of corporate buyers was DGL Group Limited with 8 deals during the period. DGL Corporation is a diversified industrial group of companies operating in manufacturing, warehousing and distribution. It acquired several companies producing various chemical products, labelling, packaging and logistic services providers.

Swoop (broadband provider) and Tesserent (cyber security and cloud solutions) completed 5 deals for the observed period and 6 entities had 4 deals each across a diverse range of industries.

Of the IM dealmakers, as with the previous Dealtracker, Quadrant Private Equity has notable standout for deal volume of 8 new investments in Australian targets across their two fund strategies.

Quadrant Private Equity expanded its portfolio with 8 acquisitions over the period, targeting family-owned businesses seeking succession options. Acquisitions were in diverse target sectors, including education services, packaging, packaged meal producer and project management companies.

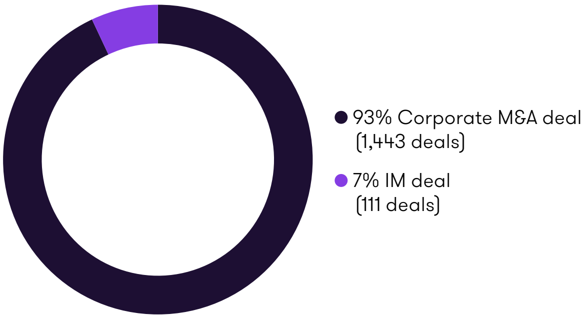
Dealmakers by region

Despite the pandemic and associated challenges with undertaking cross-border deals, the continued appetite for Australian businesses remained strong. The global trend of cross-border activity is representative of the appetite for global companies seeking growth where it can be found in a global environment of volatile economic regulation and political instability.

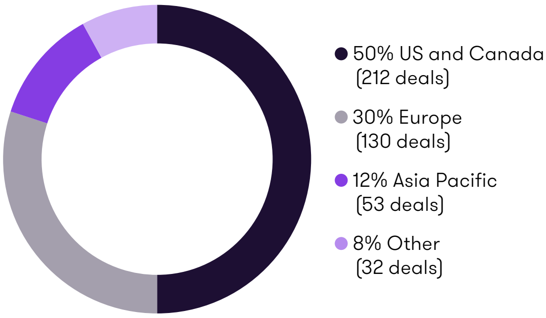
International investment into Australia represented 30% of total deal flow, which was marginally above the prior comparable period with 29% (an increase of 71 deals), representing a continued robust trend of foreign investment into Australia. This was also assisted by the relaxation of certain foreign investment rules that were introduced at the start of the pandemic.

Given Australia's geographical advantages in terms of pandemic management and the associated strong measures that were put in place, the economy has outperformed most developed nations and, accordingly, continues to be seen as an attractive place to invest from a growth and stability perspective.

Dealmakers by type



Inbound acquirer regions



Deal sector composition by acquirer region (all deals)

	All deals	US and Canada	Europe	Asia Pacific
Consumer Discretionary	12%	12%	9%	12%
Consumer Staples	6%	2%	4%	7%
Energy	2%	2%	4%	2%
Financials	9%	5%	3%	10%
Healthcare	7%	5%	9%	7%
Industrials	27%	26%	33%	27%
Information Technology	28%	41%	32%	25%
Materials	7%	4%	7%	8%
Telecommunication Services	1%	0%	1%	1%
Utilities	1%	0%		1%
Grand Total	**100%**	**100%**	**100%**	**100%**

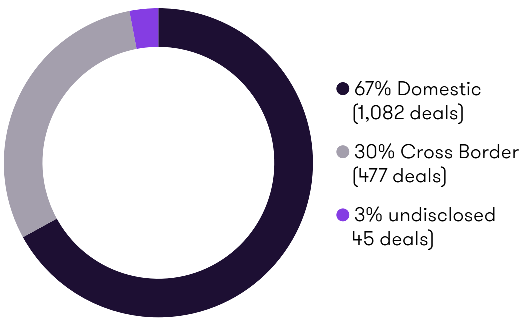
$243m

MEDIAN ENTERPRISE VALUE CROSS BORDER INBOUND

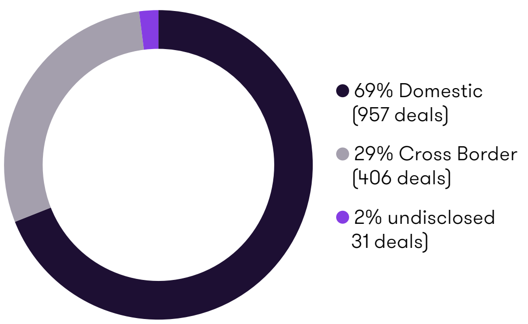
$28m

MEDIAN ENTERPRISE VALUE DOMESTIC

Domestic vs Cross Border Transaction (current period)



Domestic vs Cross Border Transaction (prior period)



US and Canadian buyers remain the largest volume of offshore acquirers, with 50% of deals, which is higher than 43% in the prior Dealtracker period. These acquirers continued their strong focus on Information Technology deals which has been a feature of their investment focus over the last few reports.

Inbound acquisitions from the Asia Pacific region decreased to 12% of total deals compared with 22% in the previous Dealtracker period. In regard to sector focus, Asia Pacific buyers continued the trend seen in recent years by focusing on the Industrials sector, which comprise 27% of Asia Pacific transactions.

Whilst Asian buyers continue to show interest in Australian businesses, the decline can be partly attributable to the trade tensions between Australia and China during this period that has seen a reduction in corporate activity by Chinese investors in Australian assets.

Top 5 cross-border inbound deals

Inbound deals: US and Canada – 18 months to 31 December 2021

Target company	Target sector	Buyer	Buyer location	Transaction value A$m
Spark Infrastructure Group	Utilities	KKR & Co. Inc. (NYSE:KKR); Ontario Teachers' Pension Plan Board; Public Sector Pension Investment Board	US and Canada	6,285.24
AMP Life Limited	Financials	Resolution Life, Inc.	US and Canada	3,000.00
A Cloud Guru Pty Ltd	Industrials	Pluralsight, Inc.	US and Canada	2,582.31
Dexus Australian Logistics Trust (49% Stake)	Consumer Discretionary	Blackstone Group Inc ; Blackstone Real Estate Advisors	US and Canada	2,100.00
Colonial First State Investment Limited (55% Stake)	Financials	KKR & Co. Inc.	US and Canada	1,909.09

Inbound deals: APAC – 18 months to 31 December 2021

Target company	Target sector	Buyer	Buyer location	Transaction value A$m
Tilt Renewables Limited (100% Stake)	Energy	A consortium of Powering Australian Renewables and Mercury Energy	Asia Pacific	3,292.35
The Colonial Mutual Life Assurance Society Limited and ASB Group (Life) Ltd.	Financials	AIA International Limited	Asia Pacific	2,400.00
BoCommLife Insurance Company Limited (37.5% Stake)	Financials	MS&AD Insurance Group Holdings Inc.	Asia Pacific	897.95
Bayu-Undan oil and gas field (25% Stake); Darwin Liquified Natural Gas Project (25% Stake)	Energy	SK E&S Co., Ltd.	Asia Pacific	611.38
Cardinal Resources Limited	Materials	Shandong Gold Mining Co., Ltd.	Asia Pacific	605.24

Inbound deals: Europe – 18 months to 31 December 2021

Target company	Target sector	Buyer	Buyer location	Transaction value A$m
Coca-Cola Amatil Limited	Consumer Staples	Coca-Cola Europacific Partners PLC (ENXTAM:CCEP)	Europe	9,654.53
Ausgrid (16.8% Stake)	Energy	Stichting Pensioenfonds ABP; APG Asset Management NV	Europe	2,000.00
Message4U Pty Limited	Information Technology	Sinch AB (publ)	Europe	1,686.67
Infigen Energy Limited	Energy	Iberdrola SA	Europe	1,438.45
USG Boral	Materials	Gebr. Knauf KG	Europe	1,420.70

Australia's core M&A: mid-market business

Small and medium sized businesses (SMEs) continued to be the predominant acquisition targets with a high proportion of deals having transaction values of less than $100 million.

This composition is reflective of the overall corporate landscape in Australia, with the majority of businesses being SMEs.

The SME sectors continues to be the engine room of deal volumes with 33% of deals completed under $100m transaction value. This represented 77% of disclosed deals, which was slightly down from 80% in the previous Dealtracker. From our processes, foreign buyers continue to participate in deals in the lower end of the deal market, particularly in Information Technology opportunities.

Examples of SME deals completed during the period included Direct Radiology Pty Ltd, OrderMate Pty Ltd and Tantalus Media, summarised across and below, where local and international listed corporates bid strongly for specific strategic benefits of these assets.

Whilst the ageing of business owners has been a constant theme to watch in terms of succession deal activity for some time, our observations have been that the pandemic period, and the associated changes to work/life balance, has refocused many owners on realising their assets. Time will tell whether this theme plays out when trading conditions return to a more normalised state (still likely to be some form of hybrid working conditions), however with asset prices likely to come under some pressure from a tightening interest rate cycle, we could see greater volumes emanating from owner succession.

A snapshot of noteworthy SME deals of different size ranges is provided below.

Target company	Bidder company	Transaction value AUD(m)
Direct Radiology Pty Ltd	Capitol Health Limited	12
OrderMate Pty Ltd/ OrderMate IP Pty Ltd	MSL Solutions Limited (ASX:MSL)	7.5
Tantalus Media	Keywords Studios plc (AIM:KWS)	60.01

The acquisition of Direct Radiology Pty. Ltd by Capitol Health Limited for $12 million – 1 February 2021

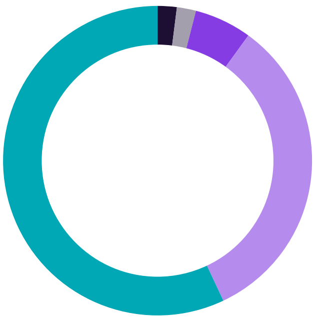
Capitol Health Limited acquired Direct Radiology Pty Ltd, an Australian-based general imaging provider with a full suite of imaging modalities and a specialist focus on women's health, for a cash consideration of AUD 12m (USD 8.72m).

Direct Radiology operates three clinics offering comprehensive diagnostic imaging services based in Fairfield, Monbulk and South Melbourne.

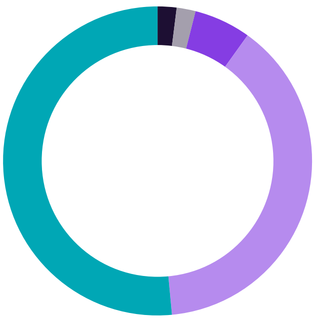
Management said: *"We are delighted to have worked collaboratively with the Direct Radiology vendor radiologists and all staff to smoothly complete the transaction and formally welcome them into the Capitol Health family. With this transaction, we have added five radiologists and three clinics to our network and bolstered our Women's Health expert panel offering. In addition, CAJ has entered new growing geographical markets within greater Melbourne."*

> “Mid-market deal activity continued to dominate transaction volumes during the period. However, it was down slightly as a proportion of disclosed deals as tougher trading conditions had greater impacts on the SME sector.”

Deals by transaction size (current period)



Deals by transaction size (prior period)



The acquisition of OrderMate Pty Ltd/ OrderMate IP Pty Ltd by MSL Solutions Limited for $7.5 million – 30 September 2021

OrderMate is a hospitality point-of-sale systems business. The OrderMate app is most commonly used in restaurants where diners can scan a QR code at their table and place their order which goes direct to the kitchen with payment accepted via the app. Using it, customers have zero contact with staff, which has been hugely popular for venues through the pandemic.

MSL Solutions Limited (ASX:MSL) acquired OrderMate Pty Ltd and OrderMate IP Pty Ltd for AUD 7.5 million on September 30, 2021.

Management said: *“With approximately 2,400 venues and ~$2B in annual transactional value, OrderMate allows MSL to take a further step toward increasing our financial and operational scale and growing our base of annualised recurring revenue by more than $3m. We see this acquisition as highly complementary and are excited by what the future will bring us together.”*

The acquisition of Tantalus Media by Keywords Studios plc (AIM:KWS) for $60.0 million – 18 March 2021

Melbourne-based Tantalus Media was founded in 1994 and has worked on more than 100 titles since, including Age of Empires, Cities Skylines, Mass Effect and The Legend of Zelda: Twilight Princess.

Dublin-based company Keywords Studios provides services including software engineering, testing and game development to companies around the world.

Following the acquisition, the two companies have formed a joint venture company, Keywords Australia Pty Ltd, and will continue co-production and collaboration in Australia, overseen by Tantalus founder Tom Crago.

Investment Managers

"Investment Managers did take a more cautious approach to their investments, particularly during CY2020. This approach, coupled with a narrowing of sector focus, led to the decreased deal activity reported."

The period covered by this report has seen a decrease in IM deals volumes by 17% to 113 transactions, as many IMs acted cautiously during the period and refined their focus to sectors that were supported by the prevailing trading conditions.

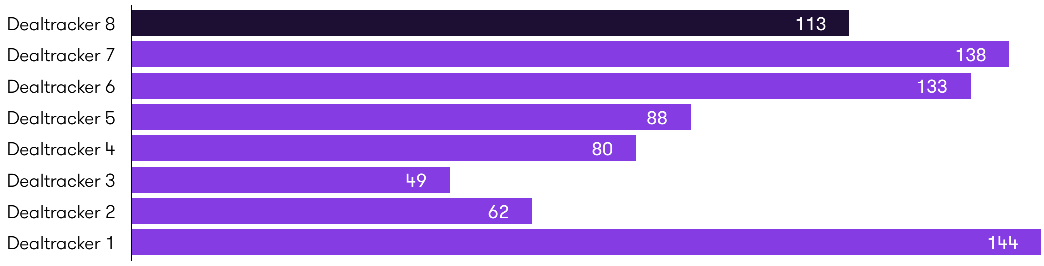
IM activity in Australia has remained relatively strong despite uncertainties provided by the pandemic, however the slower period of activity during CY2020 impacted the overall volumes achieved. The number of IM deals in the current period decreased to 113 deals, from 136 in the prior Dealtracker period.

While there still remains substantial capital to deploy and the number of IMs continues to grow, as predicted in the previous report, IMs did take a more cautious approach to their investments, particularly during CY2020. This approach, coupled with a narrowing of sector focus, led to the decreased deal activity reported.

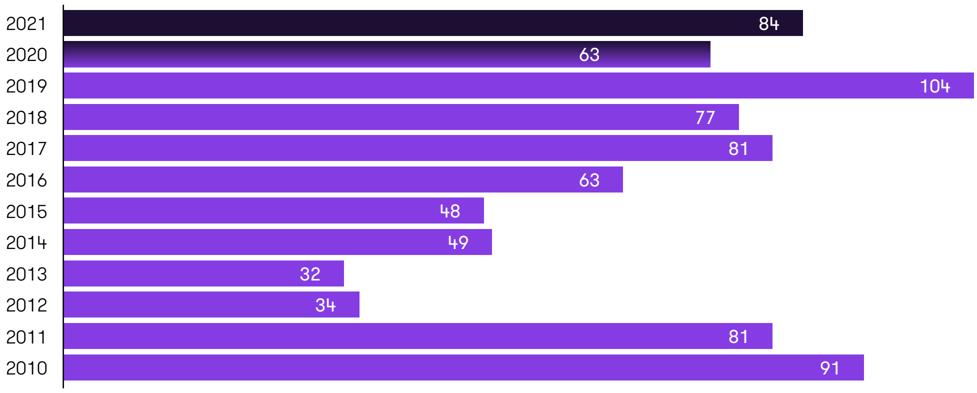
As conditions improve and greater certainty on trading outlooks emerge – given the volume of capital and participants – we would expect to see an increase in deal activity across a broader range of sectors.

The following chart shows the number of IM deals recorded in each period specified.

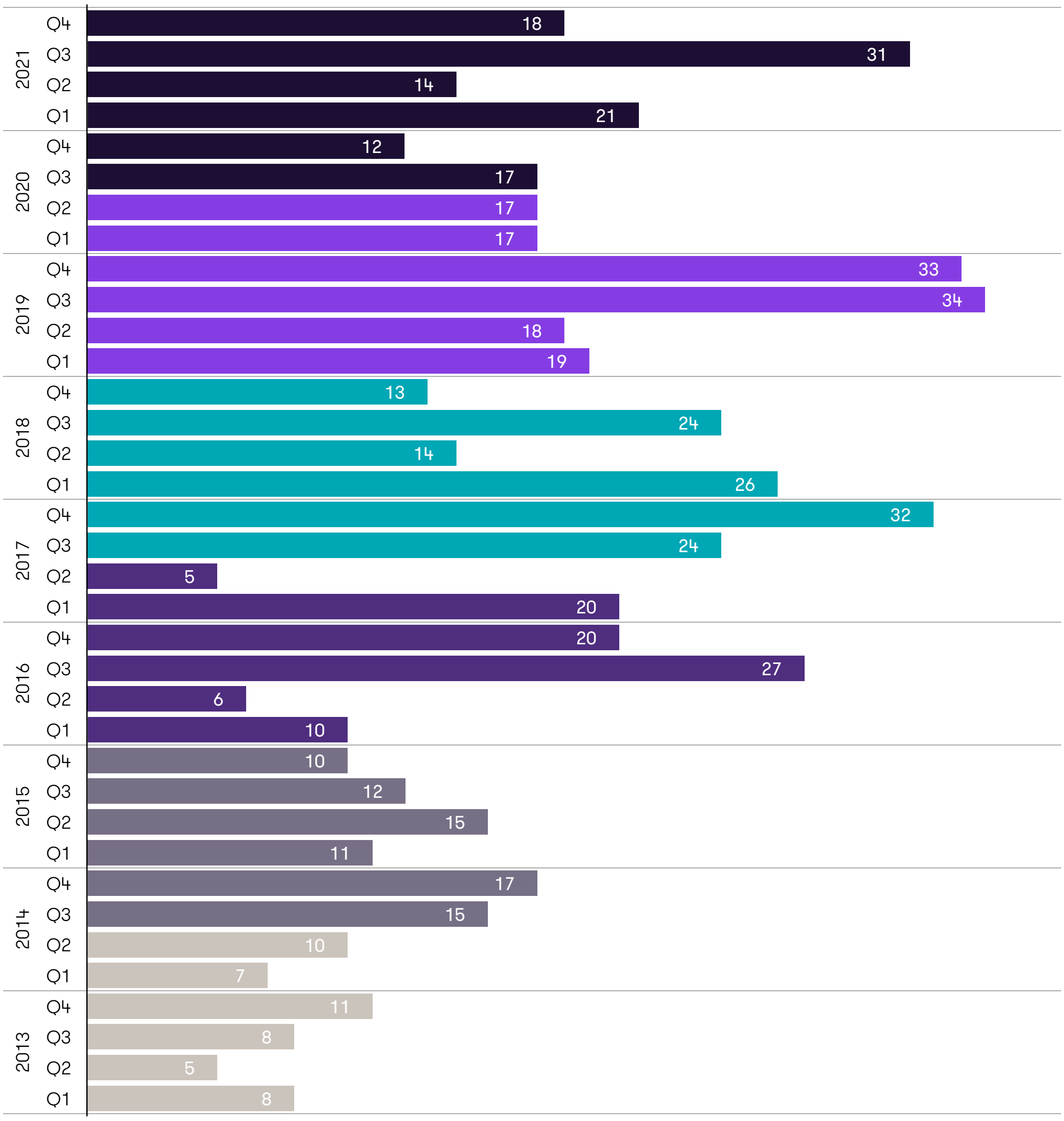
IM entries – Prior comparative Dealtracker periods



IM entries – Annual trends



IM entries – Quarterly & half yearly trends



Valuation multiples
by target size

In line with previous Dealtracker reports, our analysis continues to show that size is a significant determinate of value, with larger businesses generally transacting at higher multiples than smaller businesses.

EBITDA is typically used as a measure of earnings for valuation purposes as it reflects the 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 below are based upon the most recent financial statements prior to the transaction and, accordingly, doesn't necessarily factor in forecast profit performance that is built into deal valuations.

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

When assessing comparable deal multiples (particularly at the lower end of the market), attention needs to be focused on the individual target growth prospects, inherent risks and strategic premium available to the buyer pools. From our experience and historical data, it remains our general view that SMEs' 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.

Overall median trading EBITDA multiples in the report of 7.7x were slightly down from the last Dealtracker at 8.1x and the long term average observed as 7.8x.

The median trailing EBITDA multiples observed on businesses with less than $20 million in revenues was in line with the respective long-term average multiples for businesses of that size, although down slightly from the previous report reported as 5.3x.

Median trading multiple for companies in the revenue range of $50 million to $100 million was 8.7x for the period, which is above the historical Dealtracker long-term average of 8.3x. Targets with revenue between $100 million and $200 million, and those between $200 million and $500 million, obtained median EV/EBITDA multiples of 9.5x and 10.0x respectively, while long-term averages for these sectors are 9.4x for both groups.

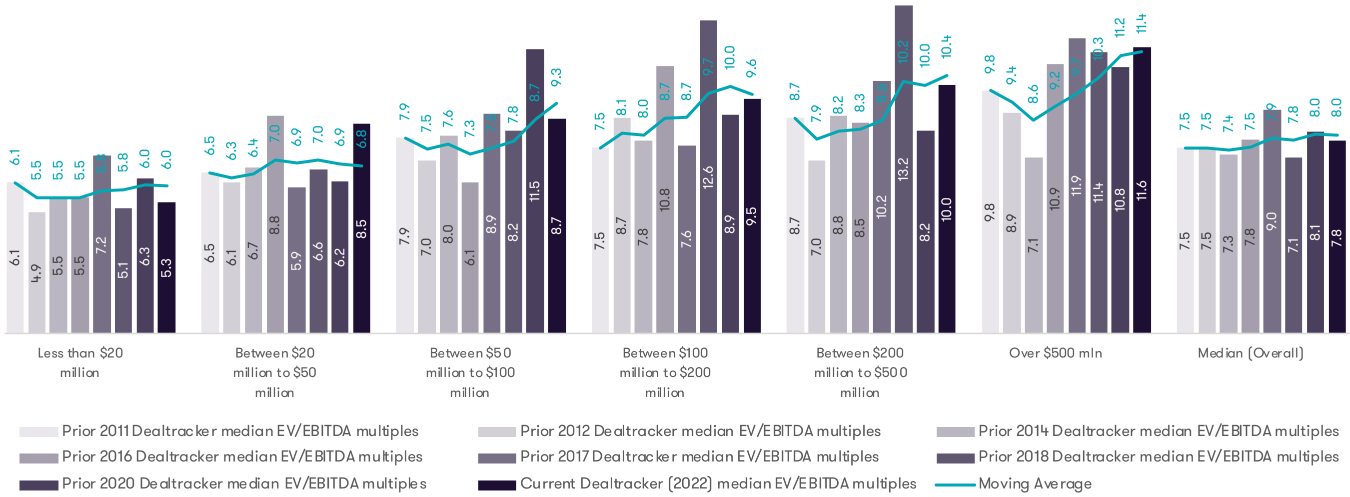
The median multiple reported for the $200 million to $500 million range at 10.0x was up on recent Dealtrackers given a spread of deals across sectors as against the last report's prominence of deals in the Consumer Discretionary and Industrial sectors at comparatively lower multiples.

Within the $500+ million revenue range, median EV/EBITDA multiples of 11.6x, which was higher than the historical long term average of 10.4x, although more consistent with recent Dealtracker reports.

"SME deal valuations have moderated slightly from the last report, however remain in line with historical averages. The correlation of size to higher multiples was stronger during this period, which speaks to a greater risk-based approach to investing given market conditions."

Revenue range	No. of deals	Current Dealtracker median EV/EBITDA multiples	Prior 2020 Dealtracker median EV/EBITDA multiples	Prior 2018 Dealtracker median EV/EBITDA multiples	Prior 2017 Dealtracker median EV/EBITDA multiples	Prior 2016 Dealtracker median EV/EBITDA multiples	Prior 2014 Dealtracker median EV/ EBITwDA multiples	Prior 2012 Dealtracker median EV/EBITDA multiples	Historical Dealtracker average
Less than $20m	25	5.3×	6.3×	5.1×	7.2×	5.5×	5.5×	4.9×	5.7×
Between $20m to $50m	9	8.5×	6.2×	6.6×	5.9×	8.8×	6.7×	6.1×	7.0×
Between $50m to $100m	10	8.7×	11.5×	8.2×	8.9×	6.1×	8.0×	7.0×	8.3×
Between $100m to $200m	10	9.5×	8.9×	12.6×	7.6×	10.8×	7.8×	8.7×	9.4×
Between $200m to $500m	10	10.0×	8.2×	13.2×	10.2×	8.5×	8.8×	7.0×	9.4×
Over $500m	6	11.6×	10.8×	11.4×	11.9×	10.9×	7.1×	8.9×	10.4×
Median (overall)		**7.7×**	**8.1×**	**7.1×**	**9.0×**	**7.8×**	**7.3×**	**7.5×**	**7.8×**
Total	**70**								

Historical Dealtracker median & average over all past periods



Valuation multiples
by target sector

The overall EV/EBITDA multiple observed during this Dealtracker period was in line with recent years, with a median EBITDA multiple of 7.7× across sectors. This was driven by the Financials and Consumers Staples sectors and offset by declines in Consumer Discretionary and the Industrials sectors.

Transactions and valuation multiples per target sector (93 deals)

Industry	No. of deals	Median EV (A$m)	Median target revenue (A$m)	Median target EBITDA (A$m)	Current Dealtracker median EV/EBITDA multiples	Prior 2020 Dealtracker median EV/EBITDA multiples	Prior 2018 Dealtracker median EV/EBITDA multiples	Long-term average EV/EBITDA Multiple
Consumer Discretionary	19	55.0	43.0	9.5	9.5	11.2	10.6	8.6
Consumer Staples	7	40.1	258.0	61.8	10.1	8.0	11.4	10.9
Energy	3	60.0	813.2	120.5	7.1	7.5	5.5	8.0
Financials	4	35.4	149.8	7.5	14.0	7.2	8.0	9.9
Healthcare	5	70.0	40.0	8.1	8.5	11.4	5.6	7.8
Industrials	19	10.6	14.3	9.6	4.2	8.0	5.8	6.7
Information Technology	26	17.7	18.3	3.0	7.7	8.0	8.2	7.9
Materials	4	3,570.7	1,169.9	324.3	8.5	6.0	4.7	6.3
Telecommunication Services	2	392.4	62.3	10.0	17.2	0.0	5.9	8.8
Utilities	4	834.7	273.2	100.4	9.0	7.1	11.1	12.1
Median (all sectors)		**48.1**	**51.4**	**9.9**	**7.7**	**8.1**	**7.1**	**7.8**
Total	**93**							

Excluding the Telecommunications sector, the largest median observed valuation multiple was in the Financials sector with an EV/EBITDA multiple of 14x, followed by the Consumer Staples sector. It should be noted that valuation data was available only for a small number of deals relative to the total deals for the period, each of which attracted above average multiples.

Notable overall sector deals included the following:

- Hub24's proportional takeover of Easton Investments – that provides integrated services and solutions to over 3,500 accounting firms and wealth management businesses across Australia – at a valuation of 21.7× EBITDA.
- KKR & Co Inc's acquisition of 55% of Colonial First State Investments Limited from CBA at a valuation of 15.6× EBITDA.
- Coca-Cola European Partners plc (ENXTAM:CCEP) acquired 69.19% stake in Coca-Cola Amatil Limited (ASX:CCL) for AUD 6.4 billion at a valuation of 13.5× EBTIDA.

Deals in Consumer Discretionary and the Industrials sectors recorded overall lower multiples than in the previous periods.

Notable deals in these sectors included:

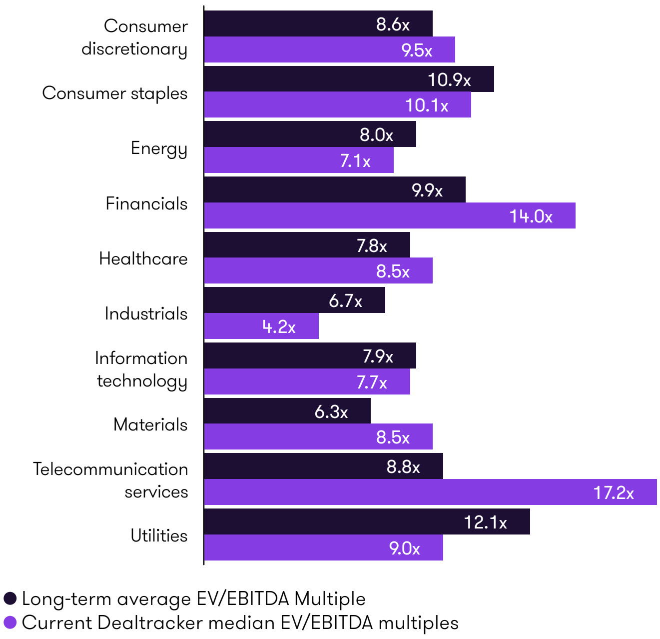
- The acquisition of R M Williams Proprietary Limited by The Forrest Family Investment Office and Tattarang Pty Ltd, for an estimated consideration of AUD 190m at a valuation of 8.0× EBITDA from private equity investor L Catterton.
- The acquisition of Think Childcare Limited by Busy Bees and Foundation Early Learning Limited for AUD 130 million at a valuation of 9.5× EBITDA.
- CPE Capital Pty. Ltd and Macquarie Funds acquired Bingo Industries Limited for a consideration of circa AUD 2.3 billion at a valuation of 20.2× EBITDA. Bingo is a provider of waste management solutions for domestic and commercial businesses in Australia.

Valuation multiples observed in the current Dealtracker period for the Financials, Telecommunication, Materials and Consumer Staples sectors were all above long-term averages. Valuation multiples in the Information Technology sector was slightly below long-term averages.

In relation to some specific drivers of industry valuations movements, we noted the following:

- **Information Technology:** As indicated earlier in the report, Information Technology-related deals have been a key focus of local and international buyers who continued to focus on this sector. The decrease in transaction valuations was consistent with the decrease in public markets from 21.1× EBITDA in the previous report to 18.5× EBITDA as the market shifted to more mature opportunities.
- **Industrials:** The Industrials sector experienced the largest downward deviation from historical ETBIDA average multiple, on low number of reported deals to 4.2× EBITDA. This was primarily driven by small deal size of the sample with the long-term average of 6.7× EBITDA more representative of sector valuations across the whole sector.

EV/EBITDA multiples by sector



Domestic vs international valuation multiples

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

Of the total 93 deals with valuation data, 75 involved domestic acquirers while 18 targets were acquired by buyers outside of Australia. Of these foreign acquirers the composition between the USA, Europe and Asia was 5, 11 and 2 respectively.

Foreign buyers were interested in larger targets and were willing to pay more than their domestic counterparts. This was exemplified through a median target enterprise value of $243 million (up from $184 million) and an EBITDA multiple of 9.4x (7.4x for the corresponding domestic EBITDA multiples). The driving factor for the comparatively higher enterprise values for cross-border deals is the increased size of deals and the perceived relative stability of the Australian market, particularly from the perspective of buyers in the USA, which comprised the majority of inbound bidders.

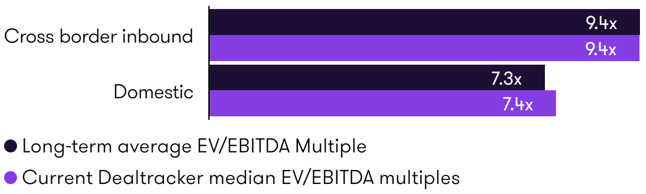
The level of interest from overseas increased slightly from 29% to 30% of total deals. This increase can partly be explained by the significant interest in technology investments by overseas acquirers, particularly from North America.

"Despite the pandemic, Australia continued to attract foreign buyers, particularly at the larger end of the market as investors sought out strategic assets that are trading in a comparatively better trading environment than in their local markets."

Multiples – cross border vs domestic

Dealmaker	No. of deals	Median EV (A$m)	Median target revenue (A$m)	Median target EBITDA (A$m)	Current Dealtracker median EV/EBITDA multiples	Prior 2020 Dealtracker median EV/EBITDA multiples	Prior 2018 Dealtracker median EV/EBITDA multiples	Prior 2018 Dealtracker median EV/EBITDA multiples	Average
Cross border inbound	18	243.1	98.3	22.0	9.4	9.1	10.3	10.6	**9.4**
Domestic	75	28.2	28.5	5.2	7.4	7.9	6.5	8.5	**7.3**
Median (overall)		**48.1**	**51.4**	**9.8**	**7.7**	**8.1**	**7.1**	**9.0**	**7.8**
Total	**93**								

EV/EBITDA multiples by location



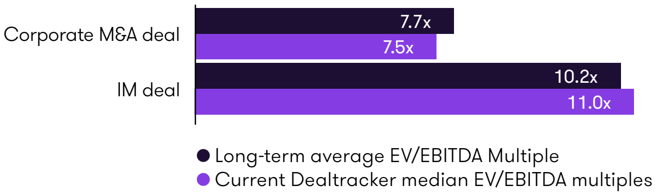
Corporate M&A vs IM valuation multiples

The median EBITDA multiple on IM deals has been observed to be higher than that of corporate transactions over the current Dealtracker period. This is predominantly as a result of the transaction in larger deals driving higher prices.

The data collected for the 18 months through to 31 December 2021 report shows that IMs paid on average higher valuation multiples than corporates. Note, the number of IM deals with available valuation multiples is significantly less than corporate deals with available data. 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 11.0x compared with the long-term average of 10.2x.

EV/EBITDA median multiples

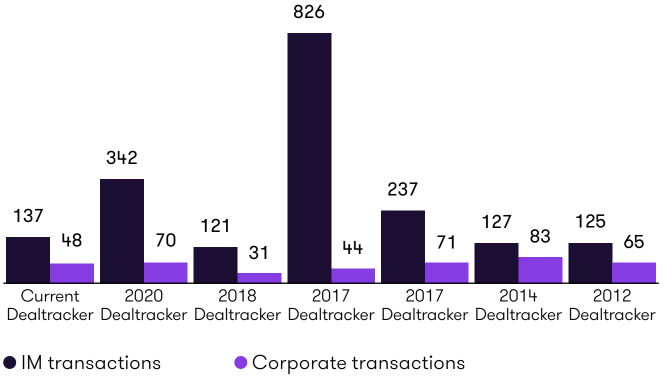


In contrast, when compared to prior periods, the EBITDA valuations paid by corporate bidders was similar to the long-term average for median valuation multiples, with an overall median multiple of 7.5x for the period – slightly below the long term average of 7.7x.

Of these transactions by corporate bidders which had available EBITDA multiples, 30% involved targets in the IT sector. Of these, the median revenue and median transaction value was $21 million and $15 million, respectively. This is indicative of the majority of targets in this data set belonging to a smaller size category. Such companies typically attract lower valuation multiples, as consistent with our other findings in this report. This is, therefore, the likely reason for the lower valuation multiples for the period in comparison to long-term averages.

"In contrast to the significant fall and subsequent recovery in public market valuations to record levels, private market valuations slightly decreased over the period. This may reflect the more cautious approach in these transactions and the dominance of smaller technology deals trading on lower respective multiples."

Median target EV (A$m)



Multiples – cross border vs domestic

Dealmaker	No. of deals	Median target EV ($m)	Median target revenue ($m)	Median target EBITDA ($m)	Current dealtracker median EV/EBITDA	Prior 2020 dealtracker median EV/EBITDA	Prior 2018 dealtracker median EV/EBITDA	Prior 2017 dealtracker median EV/EBITDA
Corporate M&A Deals	87	48	50	8	7.5	8.0	6.8	8.7
IM Deals	6	137	156	22	11.0	12.7	12.4	11.0
Median (overall)		**48**	**51**	**10**	**7.7**	**8.1**	**7.1**	**9.0**
Total	**93**							

Share price performance of listed companies
by target sector

Our analysis shows that the median trading multiple of all ASX listed companies over the last 18 months to 31 December 2021 increased sharply to 11.3× from 9.1× in June 2020. This indicates improving equity markets from the prior Dealtracker, reaching a peak of 12.0× in December 2020 as prices moved prior to earnings being reported.

Sectors with the highest valuation multiples

Information Technology

The Information Technology sector has experienced strong valuation growth up to an historical peak reached on 30 December 2020 of 22.4x EBITDA. The Information Technology sector remains the category with the highest median trading multiple on the ASX equal to 18.5x on 31 December 2021. This is attributable to the high growth nature of many of these participants and the market's appetite to pay for expected future growth.

Telecommunications

The Telecommunication sector ranked the second highest in terms of median trading multiple of 18.0x on 31 December 2021. The sector reached a peak of 25.1x in December 2020 before stabilising with the wider market post-pandemic. The change in work and personal behaviours has driven strong demand for these services during the pandemic.

Sectors with lower multiples

Materials

The Materials sector remains the lowest valued sector, however it did record an increase in valuations with the average multiple for the last 18 months of 7.4x. This is higher than the long-term average of 5.7x as a result of improving commodity prices during the period.

Energy

The Energy sector ranked second lowest in terms of relative EV/ EBITDA values observed equal to 9.4x, however was materially above long-term averages of 7.1x as oil and gas prices have increased materially.

Movement in the S&P/ASX 200 – Jan 2010 to Dec 2021
Jan 2010 to Dec 2020

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

The increase in the overall trading multiple of ASX listed companies is the result of post-pandemic economic cautious optimism causing multiples to rise in H2 of 2020 – and staying at the same high level for the observed period. Significant variances from their respective long-term averages was observed for the Telecommunication and Energy sectors.

Median EV/EBITDA multiples observed on the ASX by sector

Median EV/ EBITDA as at	30/06/15	31/12/15	30/06/16	31/12/16	30/06/17	31/12/17	30/06/18	31/12/18	30/06/19	31/12/19	30/06/20	31/12/20	31/03/21	30/06/21	30/09/21	31/12/21	Ave*	Ave DT22
Consumer discretionary	11.1	11.9	10.3	11.8	10.0	10.3	9.9	9.3	9.5	10.9	8.9	12.8	11.5	12.4	9.9	10.1	9.9	11.3
Consumer staples	11.4	11.5	11.0	10.8	10.6	14.6	15.0	11.7	11.7	12.2	11.9	11.5	11.7	12.6	13.1	12.2	10.9	12.2
Energy	3.1	3.8	3.3	8.2	10.0	7.8	9.9	7.8	7.2	6.8	5.1	6.6	9.5	11.1	9.7	10.2	7.1	9.4
Financials	11.5	11.5	10.1	11.4	11.5	13.4	13.5	10.8	11.6	10.9	8.9	12.8	12.3	12.9	11.5	12.5	10.9	12.4
Healthcare	18.1	14.8	13.6	12.8	12.9	13.8	13.8	11.3	12.8	13.1	11.7	14.4	14.4	15.1	12.9	13.2	12.4	14.0
Industrials	7.1	7.5	7.3	9.7	9.8	9.8	9.4	8.2	8.4	10.0	9.0	10.5	9.3	10.6	10.0	10.1	8.4	10.1
Information technology	16.6	19.5	20.8	15.6	15.8	20.3	17.7	15.4	18.6	21.2	21.1	22.4	18.6	20.6	18.4	18.5	15.8	19.7
Materials	3.3	3.7	6.0	6.8	6.1	7.7	7.6	5.3	7.1	7.3	6.3	7.7	7.6	7.6	6.7	7.5	5.7	7.4
Telecos	8.3	11.8	9.2	8.7	9.2	10.8	8.8	9.8	10.1	9.7	9.3	25.1	19.4	21.9	17.7	18.0	9.8	20.4
Utilities	11.0	11.8	10.7	10.7	10.0	12.4	11.7	10.3	11.4	13.2	9.4	11.8	12.4	12.2	11.3	11.9	11.1	11.9
Overall	**8.6**	**8.8**	**9.0**	**10.5**	**10.3**	**11.0**	**11.1**	**9.2**	**9.8**	**10.5**	**9.1**	**12.0**	**11.2**	**11.6**	**11.1**	**11.3**	**9.3**	**11.4**

Sources: Standard & Poor's Capital IQ

* Average value calcualtion covers periods from CY2010 which is not shown in the table

The median EBITDA multiples for all sectors have increased from their respective historical average multiples (from 31 December 2000 to 31 December or 84 quarters). An overall peak of 12.0x was hit for H2 2020, exceeding the historical maximum of 11.6x in H2 2007.

The largest differential was experienced in the Telecommunications, Energy and Materials sectors.

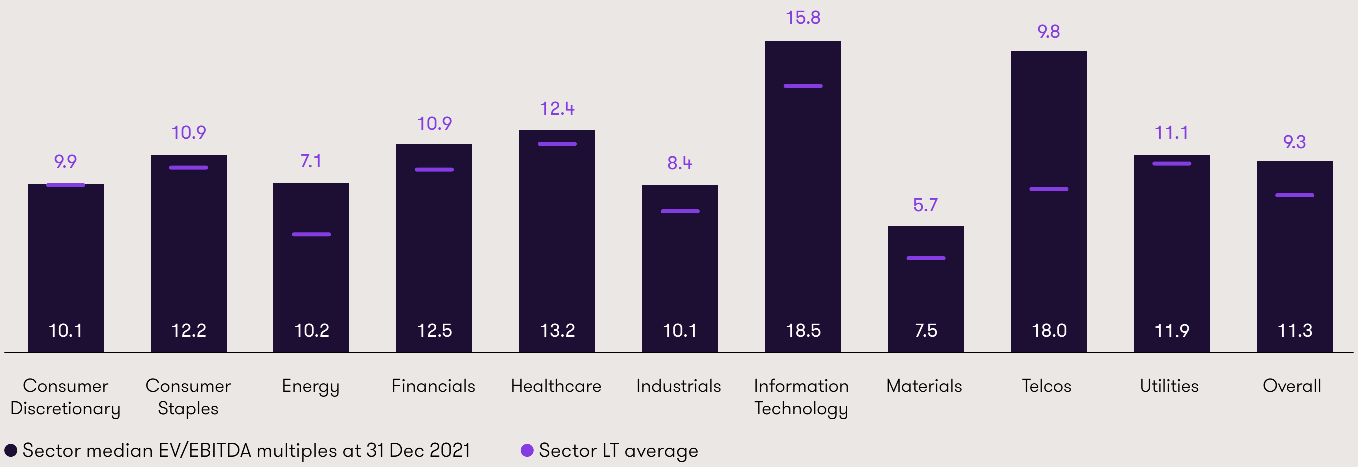
The trailing median EV/EBITDA multiple of 9.4x for the Energy sector was well above its historical average of 7.1x, or a 34% increase when compared to the sector's historical average since 31 December 2010. For the Telecommunications sector, the change was equal to 109% from average of 9.8x to a trailing 20.4x. For Materials that change was equal to 30% from the LT average of 5.7x to 7.4x trailing median.

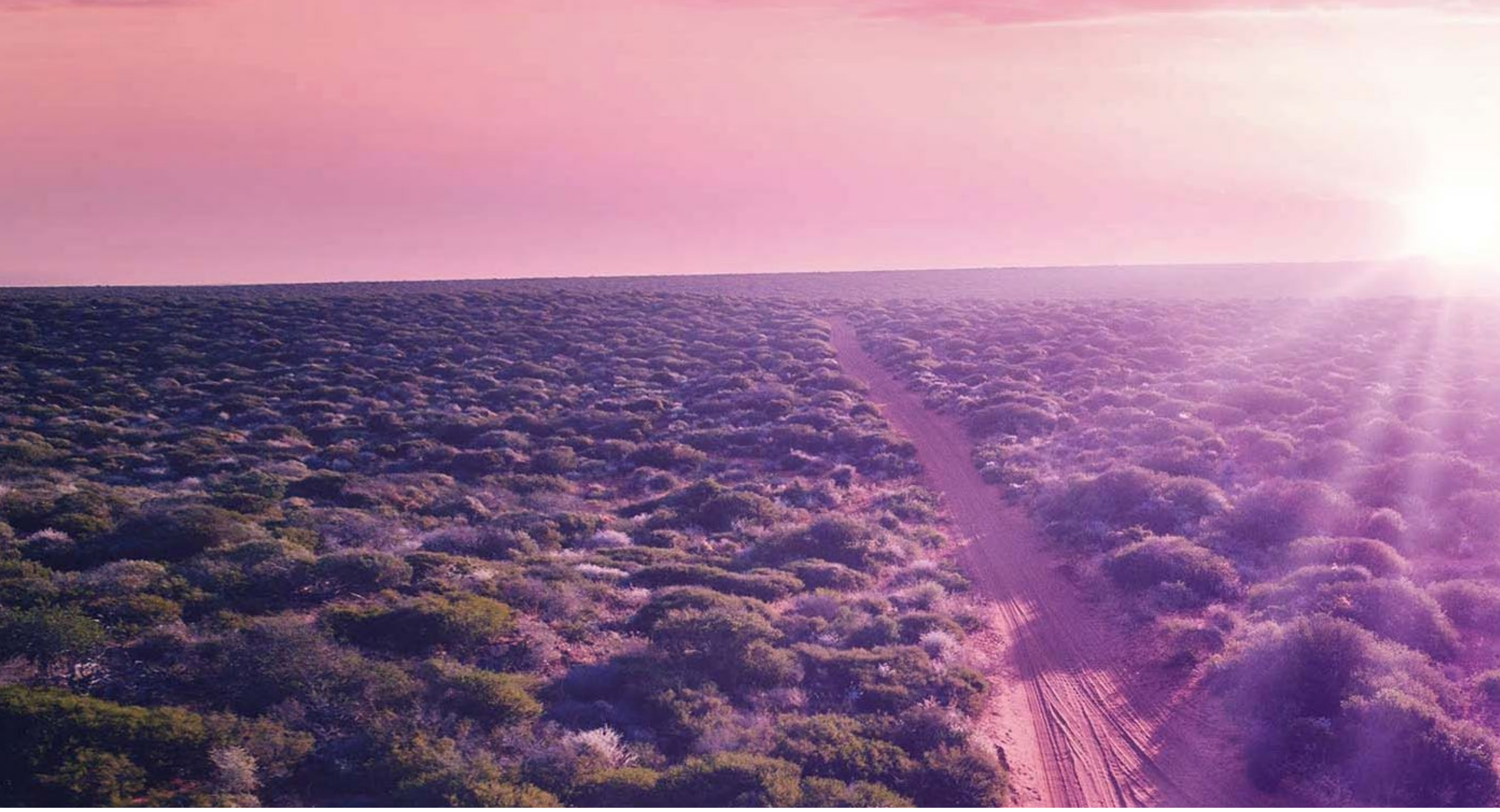
The Information Technology sector has the highest sector valuations of 18.5x at December 2021, with the trailing median EV/EBITDA multiple of 19.7x exceeding its historical average of 15.8x, or a 25% premium when compared to the sector's historical average since 31 December 2010. The tendency to value these companies with reference to revenue multiples due to their annuity revenue streams, coupled with high expected growth, is driving some of these valuations.

Based on forecast CAGR by sector (source: IBISWorld, Grant Thornton analysis), Cultural & Recreational and Finance sectors are expected to experience the strongest market growth. This is consistent with the transaction data on the strength of Finance sector deal multiples that are being driven by technology enablement and disruption to the traditional banking sector, and expected bounce in activity levels in a post-pandemic environment for the Cultural and Recreational sector.

Four year revenue compound annual growth rate (CAGR) forecast by sector

Median EV/EBITDA trading multiples by sector





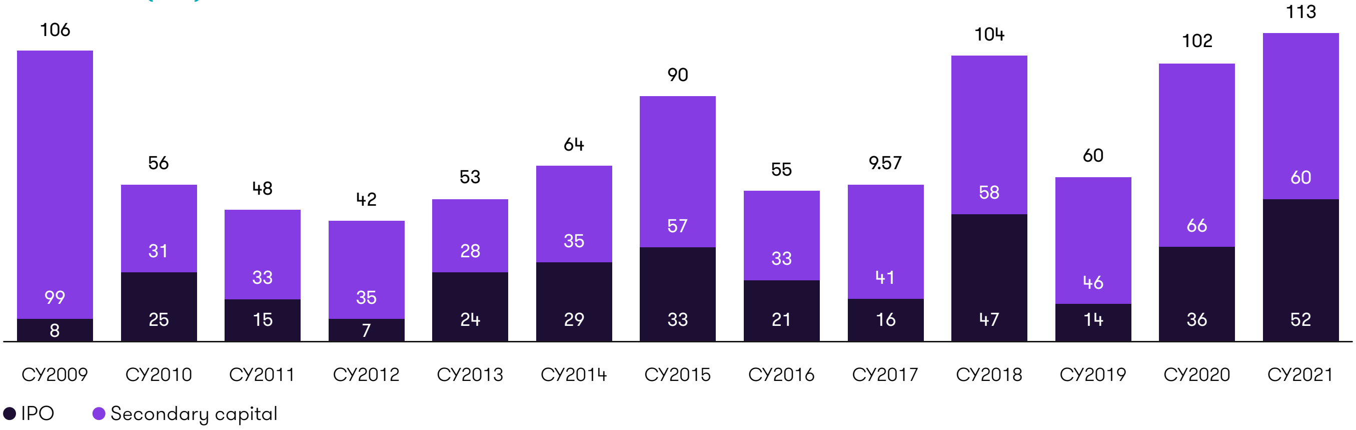
IPO activity in Australia

In line with the market conditions, IPO activity upscaled significantly in the 18 months to December 2021, with levels of activity continuing to record levels despite pandemic conditions.

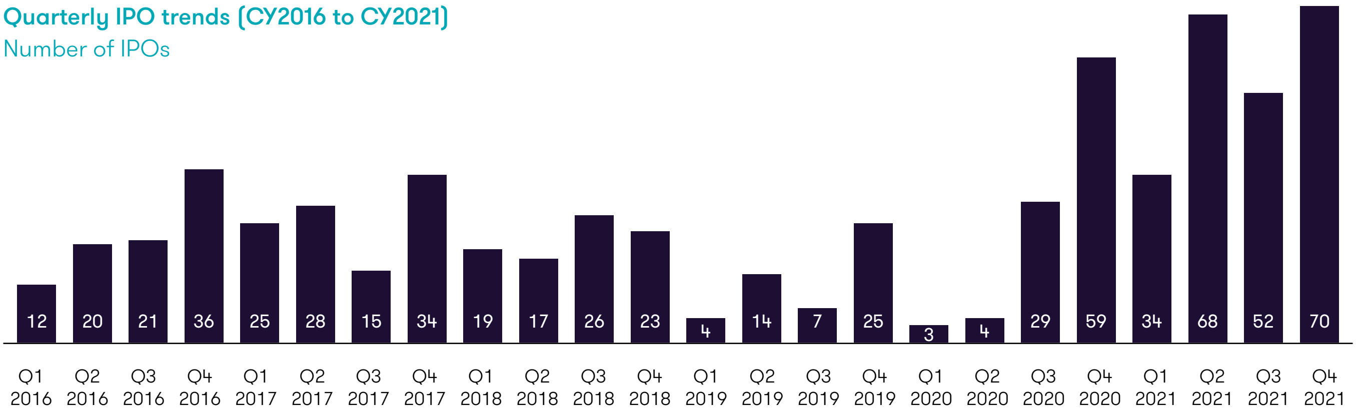
Comment

- The CY2020 and CY2021 periods experienced stronger primary capital raising conditions than previous periods. Cumulatively, through both IPOs and secondary capital raisings, during CY2020 a total of $102 billion was raised, of which $49 billion is attributed to second half of the 2020 year. The cumulative amount raised for the CY2021 was equal to $113 billion with $52.5 billion or 47% of that raised by initial offering and $60 billion raised at the secondary offering.
- The proceeds of IPO activity through CY2020 totaled $36 billion, compared to $14 billion in CY2019 and $47 billion in CY2018 – an increase of 148% and a decrease of 24% respectively.
- The whole CY2020 period experienced an increase in the number of IPOs undertaken with total number of 95 deals, which is 90% higher than CY2019 with total of 50 deals. The slow start observed in the CY 2020 – 7 deals in H1 – was offset by the higher number of 88 deals in the second half.
- The second half of CY2021 represented the highest number of IPOs – 122 deals for the entire observation history, with first half being slightly lower – 102 and that resulted in the 224 deals for CY2021.
- The value of listings also gained momentum over the period rising to total of $6.2 billion in CY2020 and more than doubled that value in CY2021 to $14.5 billion.
- The average IPO value has increased to $65 million in CY2020 from $49 million in CY2019 and stayed at the same level in CY2021. However, this amount is lower than the CY2018 average amount of $67 million.

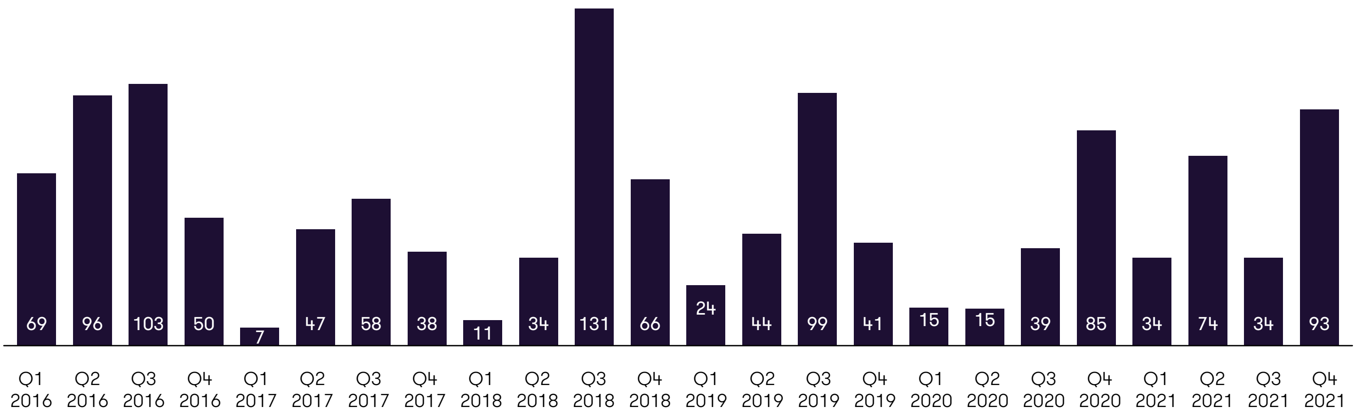
Initial & Secondary Capital Raisings (CY2009 to CY2021)
Funds raised (A$b)



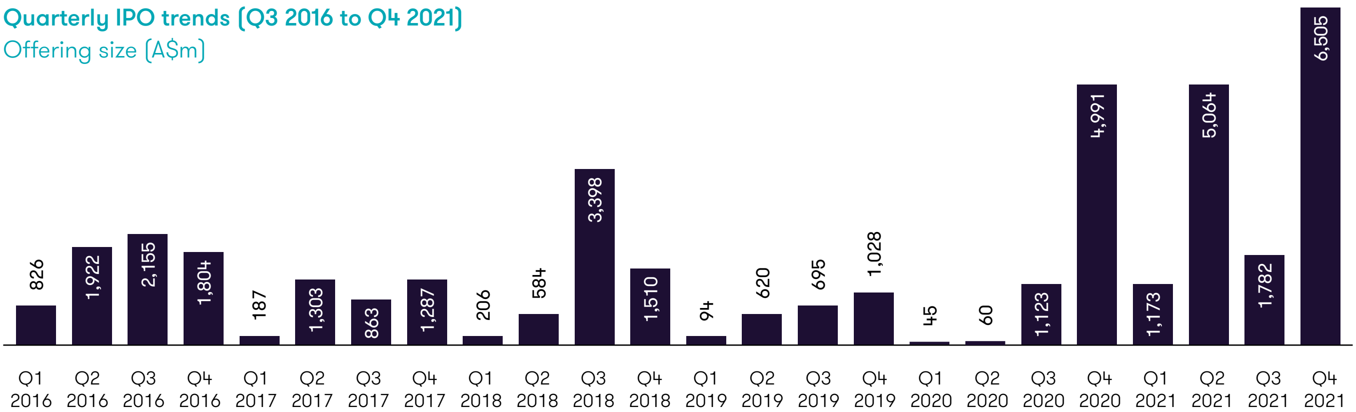
Quarterly IPO trends (CY2016 to CY2021)
Number of IPOs



Quarterly IPO trends (CY2016 to CY2021)
Average size (A$m)



Quarterly IPO trends (Q3 2016 to Q4 2021)
Offering size (A$m)



In line with the market conditions, IPO activity upscaled significantly in the 18 months to December 2021, with levels of activity continuing to record levels despite pandemic conditions.

IPOs by size range (1 Jul 2020 to 31 Dec 2021)

Range	No. of IPOs	Offering size (A$m)	% of totals
Less than $10 million	146	877	4.2%
Between $10 million to $50 million	97	2,020	9.8%
Between $50 million to $100 million	30	2,123	10.3%
Between $100 million to $500 million	28	6,568	31.8%
Over $500 million	11	9,050	43.9%
Total	**312**	**20,638**	**100.0%**

IPOs by size range (1 January 2019 to 30 June 2020)

Range	No. of IPOs	Offering size (A$m)	% of totals
Less than $10 million	18	106	4.2%
Between $10 million to $50 million	26	706	27.8%
Between $50 million to $100 million	5	340	13.4%
Between $100 million to $500 million	8	1,388	54.6%
Over $500 million	-	-	-
Total	**57**	**2,541**	**100.0%**

IPOs by size range (1 July 2017 to 31 December 2018)

Range	No. of IPOs	Offering size (A$m)	% of totals
Less than $10 million	76	438	5.6%
Between $10 million to $50 million	36	622	7.9%
Between $50 million to $100 million	9	566	7.2%
Between $100 million to $500 million	9	1,751	22.3%
Over $500 million	4	4,473	57.0%
Total	**134**	**7,849**	**100%**

IPOs by size range (1 January 2016 to 30 June 2017)

Range	No. of IPOs	Offering size (A$m)	% of totals
Less than $10 million	69	389	4.7%
Between $10 million to $50 million	48	950	11.6%
Between $50 million to $100 million	9	586	7.1%
Between $100 million to $500 million	11	2,640	32.2%
Over $500 million	5	3,632	44.3%
Total	**142**	**8,197**	**100.0%**

Comment

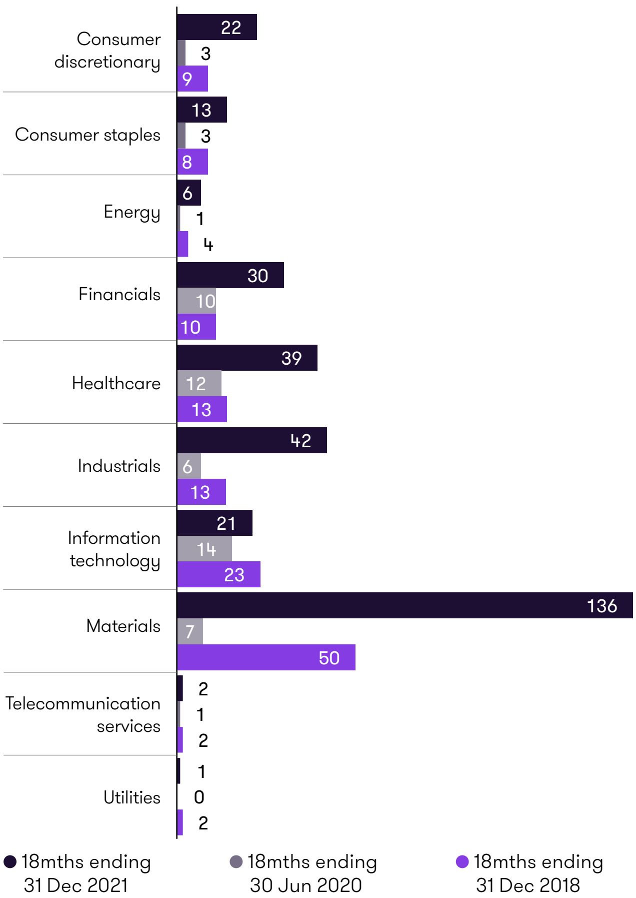
- The total number of listings reflected a significant increase in volume (447% increase) compared to the previous Dealtracker period, with 255 more listings in this Dealtracker period from the 57 recorded in the previous corresponding period. Given that the previous edition was covering part of the pandemic period, a better comparison with 2018 report edition (pre-pandemic) still provides a significant increase from 134 deals observed from July 2017 to December 2018 and demonstrates the remarkable market activity that has occurred through the pandemic.
- The total funds raised on initial offerings grew by 712% to $20.6 billion. The funds raised were dominated by offer sizes of over $500 million which accounted for 43.9% of the total funds raised in this Dealtracker period.
- Comparing the previous three Dealtracker periods to this report, the average offering size has increased in all categories.

IPO size by sector

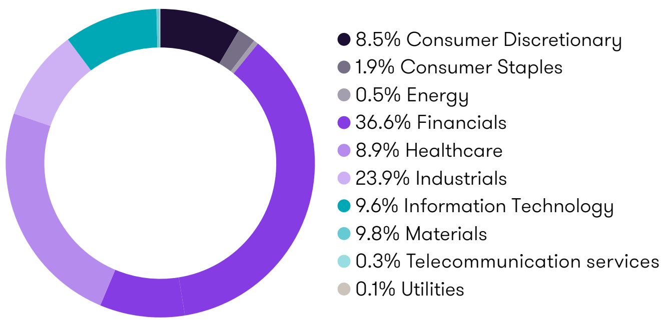
Comment

- Almost every sector has experienced a growth in the number of deals for the observed period with the only exceptions being in the Utilities sector.
- The Telecommunication Services, Information Technology, Energy and Consumer Staples sectors have returned to the pre-pandemic volume of listings, while all other sectors have experienced significant growth.
- The Materials sector experienced the largest increase in the number of deals – from 7 in the previous period to 136 in the current, which is a 1,843% increase in relative terms, or an increase equal to 172% if compared to the 2018 Dealtracker edition . The Industrials sector has grown most if compared to the pre-pandemic period report – from 13 to 42 deals, which represents 223% growth.
- Financials sector has overtaken Materials in terms of largest IPO value by sector, characterised by several large IPOs in this Dealtracker period.

Number of IPOs by sector for 18mths to 31 Dec 2021



IPO value by sector for 18 mths to 31 Dec 2021



Top IPOs in each sector
in the 18 months to 31 December 2021

Industrials

Issuer	Dalrymple Bay Infrastructure Limited (ASX:DBI)
Offer size	$1,285.7 million
IPO Price	$2.6
Price at 31 Dec 2021	$2.0
Price change	-21%

Consumer Discretionary

Issuer	Adore Beauty Group Limited (ASX:ABY)
Offer size	$269.5 million
IPO Price	$6.8
Price at 31 Dec 2021	$4.0
Price change	-41%

Financials

Issuer	GQG Partners Inc. (ASX:GQG)
Offer size	$1,187.1 million
IPO Price	$2.0
Price at 31 Dec 2021	$1.8
Price change	-10%

Consumer Staples

Issuer	Lynch Group Holdings Limited (ASX:LGL)
Offer size	$206.1 million
IPO Price	$3.6
Price at 31 Dec 2021	$3.4
Price change	-6%

Information Technology

Issuer	Nuix Limited (ASX:NXL)
Offer size	$953.0 million
IPO Price	$5.3
Price at 31 Dec 2021	$2.2
Price change	-59%

Energy

Issuer	Tamboran Resources Limited (ASX:TBN)
Offer size	$61.0 million
IPO Price	$0.4
Price at 31 Dec 2021	$0.4
Price change	-5%

Materials

Issuer	29Metals Limited (ASX:29M)
Offer size	$527.8 million
IPO Price	$2.0
Price at 31 Dec 2021	$3.1
Price change	+54%

Telecommunication Services

Issuer	Aussie Broadband Limited (ASX:ABB)
Offer size	$40.0 million
IPO Price	$1.0
Price at 31 Dec 2021	$4.8
Price change	+375%

Healthcare

Issuer	Australian Clinical Labs Limited (ASX:ACL)
Offer size	$408.6 million
IPO Price	$4.0
Price at 31 Dec 2021	$6.2
Price change	+55%

Utilities

Issuer	Delorean Corporation Limited (ASX:DEL)
Offer size	$14.0 million
IPO Price	$0.2
Price at 31 Dec 2021	$0.2
Price change	+5%

Listing multiples and immediate price returns
by target sector

In the 18 months to 31 December 2021, a total of A$21 billion was raised from new listings on the ASX, with the 10 largest listings contributing approximately 40% of the total equity raised during this period. The largest listing during the 18 month period was Dalrymple Bay Infrastructure Limited (ASX:DBI) that raised $1,286 million.

CY2022 Expected IPO multiples of the 10 largest IPOs (in the 18 mths to 31 Dec 2021)

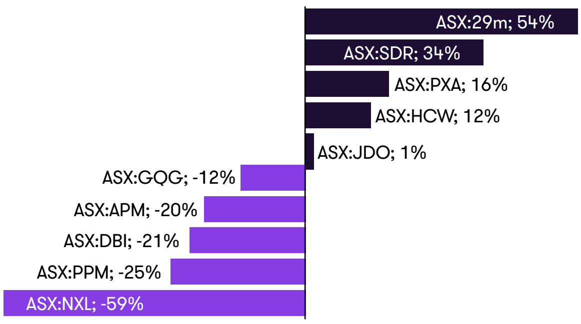
Company	Listing Date	Industry	Offer size (A$m)	Market Cap on listing date (A$m)	Market Cap on 31Dec'21 (A$m)	EV/EBITDA on 31Dec'21
Dalrymple Bay Infrastructure Limited (ASX:DBI)	12/11/2020	Industrials	$1,285.7	$1,285.7	$1,006.4	25.4×
GQG Partners Inc. (ASX:GQG)	7/10/2021	Financials	$1,187.1	$5,905.6	$4,252.0	15.0×
PEXA Group Limited (ASX:PXA)	14/06/2021	Financials	$1,175.1	$3,037.6	$2,925.9	68.3×
APM Human Services International Limited (ASX:APM)	28/10/2021	Industrials	$985.7	$3,190.1	$2,586.5	26.1×
Nuix Limited (ASX:NXL)	18/11/2020	Information Technology	$953.0	$1,684.9	$453.8	9.8×
Judo Capital Holdings Limited (ASX:JDO)	14/10/2021	Financials	$657.3	$2,321.6	$2,006.5	N/A
HealthCo Healthcare and Wellness REIT (ASX:HCW)	2/08/2021	Financials	$650.0	$650.0	$648.7	N/A
SiteMinder Limited (ASX:SDR)	21/10/2021	Information Technology	$627.0	$1,367.3	$1,253.0	N/A
29Metals Limited (ASX:29M)	7/06/2021	Materials	$527.8	$960.9	$1,381.4	8.9×
Pepper Money Limited (ASX:PPM)	7/05/2021	Financials	$500.5	$1,270.2	$740.8	N/A
Total			**$8,549.3**	**$21,682.0**	**$17,254.9**	
Average			**854.9**	**2,168.2**	**1,725.5**	**25.6×**

Five of the top 10 listings during the 18 months ending 31 December 2021 have experienced declines in their post-listing share prices. The largest underperformer was Nuix Limited (ASX:NXL – a provider of investigative analytics and intelligence software, with a share price deterioration of 59% since its IPO on 18 November 2020.

APM Human Services Int. Ltd, Dalrymple Bay Infrastructure and Pepper Money Ltd have declined higher than 20% in share price.

The top performer in terms of share price was 29Metals Limited (ASX:29M – a copper and precious metals mining company), increasing by 54% in value since listing on 7 July 2021. Site Minder Ltd (ASX: SDR – an open hotel commerce platform) has gained 34% in share price since its 21 October 2021 listing.

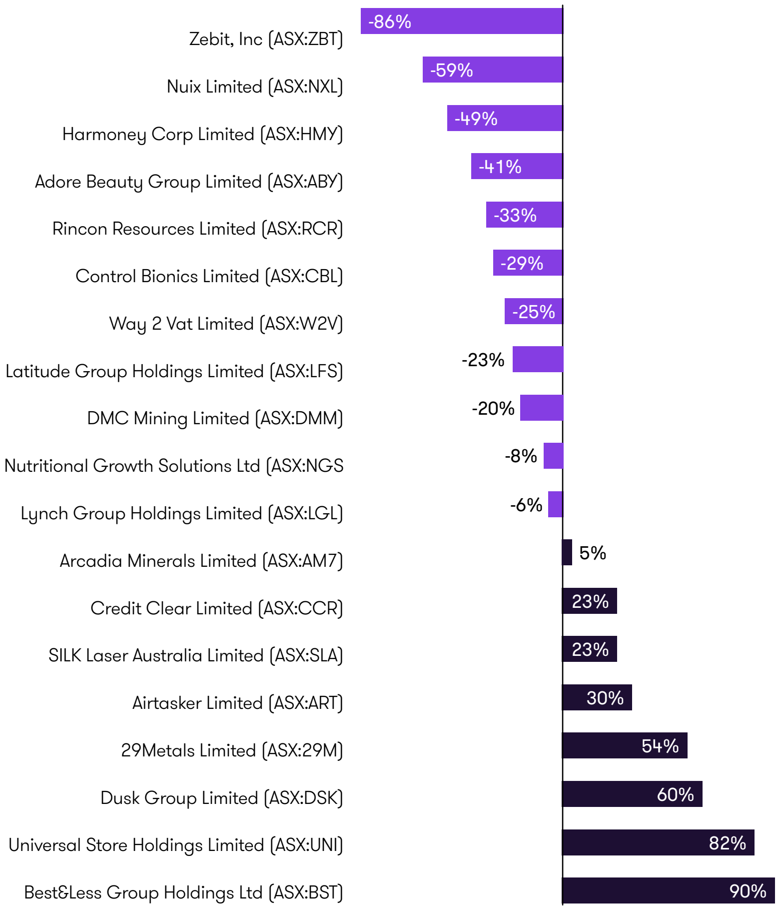
IPO performance of the 10 largest IPOs to 31 Dec 2021



Private Equity story

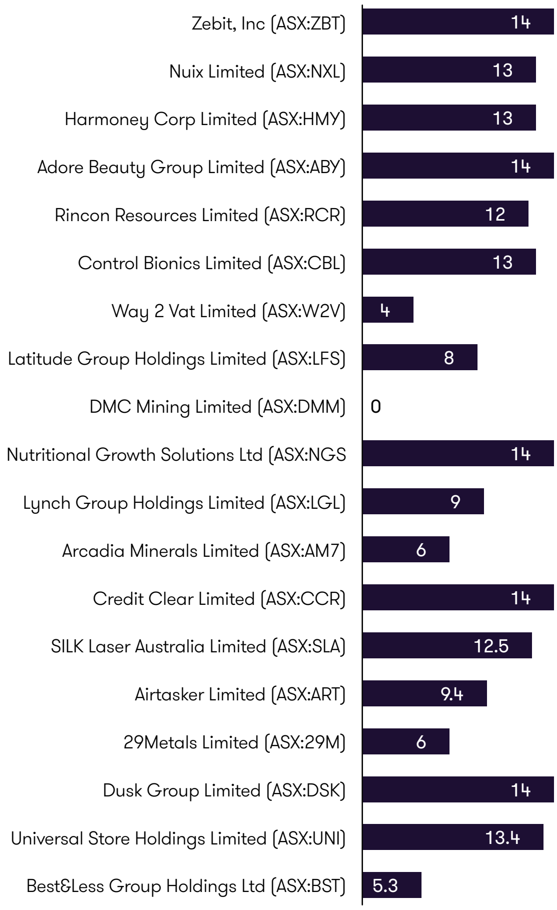
The performance of the private equity-backed floats has come under recent pressure with the wider market volatility, however long term value has continued to be created by the sector with 42% of listings during this edition's period currently above their listing price.

Private Equity backed IPOs performance to date



Performance to December 2021

Months since listing



"As we emerge from the pandemic, your organisation's ability to successfully undertake M&A activities will be reliant on your ability to forecast against evolving dynamics. Changes to consumer and worker behaviours, supply chain pressures, geopolitical issues and technological innovation will affect your strategy or that of your target whilst contemplating potential increased financing costs.

Our team's constant focus is to help these organisations unlock their potential for growth through practical advice and market leading insights and expertise."

Paul Gooley | National Head of Corporate Finance

Deals are most often a business-changing milestone in your organisation's lifecycle.

A merger or acquisition can be the trigger for a new income stream or diversification, a divestment can see a real turning point in your cash flow.

As well as creating huge opportunities, deals can pose big challenges: from deal strategy, due diligence, understanding your value and navigating the complex tax implications relating to transactions, to agreeing terms, integrating successfully or selling a business.

Grant Thornton's deals team works with clients on their deals and transactions, guiding you through the financial issues and assembling the right resources, setting the appropriate terms, getting the deal done and designing and implementing the frameworks for long-term success.

Depth of experience

Mergers and acquisitions

Our mergers and acquisitions consultants guide you through the whole process to get the deal done and lay the groundwork for long-term success.

Acquisition search & strategy

We help clients identify, grade, screen, perform due diligence and execute acquisitions to maximise the growth opportunities of your business.

Divestments

Our divestment team works with clients across the entire divestment process to ensure achievement of strategic ambitions and optimal outcomes for stakeholders.

Financial modelling

Our financial modelling advisory team provides strategic, economic, financial and valuation advice for project types and sizes.

Operational deal services

Our operational deal services team helps to ensure the greatest possible outcome and value is gained through post merger integration or post acquisition integration.

Debt advisory

We work closely with clients and lenders to provide holistic debt advisory services so you can raise or manage existing debt to meet your strategic goals.

Transaction advisory

Our transaction advisory services support our clients to make informed investment decisions through robust financial due diligence.

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We use our expertise and unique and in-depth methodology to undertake business valuations to help clients meet strategic goals.

Tax in mergers & acquisition

We provide expert advice for all M&A taxation aspects to ensure you meet all obligations and are optimally positioned.

Find out more →

Methodology

In preparing this publication, we have relied upon the following key sources of information, including: Standard & Poor's Capital IQ, the Australian Securities Exchange, MergerMarket, IBISWorld, company announcements and other publicly available information. We have considered transactions during the period between

1 July 2020 to 31 December 2021 where the target company's primary sector was resident 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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$272m
Local revenue (AUD) at 30/06/21

1,300
People Nationally

165
Partners Nationally

6
Offices Nationwide

$6.6b
Global revenue (USD) at 30/09/21

62,000
People Globally

750+
Offices Globally

140+
Markets

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