DEALTRACKER

AUSTRALIAN M&A AND IPO MARKET INSIGHTS 2023

Welcome to the ninth 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 January 2022 to 30 June 2023.

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SUMMARY OF FINDINGS

Our key insights

Reduced deal volume off the back of a weakening global economy

Deal volume up to 30 June 2023 deteriorated from the prior 18-month period. While deal volume remained strong in CY2022, the level of activity reduced during the first half of CY2023 due to a weakening global economy and continued geopolitical uncertainty.

Australia remains attractive to overseas acquirers

Overseas purchasers comprised 31% of transactions, up from 30% in the previous Dealtracker period and in line with the upward trend observed in prior years. During times of economic uncertainty, overseas purchasers have continued to view Australia as a safe haven for investment.

Investment Managers (IM)

The reduction in IM activity in the Information Technology sector mirrored that in corporate activity. However, sectors such as Consumer Staples and Healthcare witnessed slight increases in IM activity, indicating a possible shift towards more conservative strategies by IMs in response to economic uncertainties.

Primary and secondary listed markets

IPOs experienced a significant decline following record levels of post-pandemic listings in the prior period. As with overall activity levels, there has been a deterioration in companies accessing IPO markets due to the volatility caused by inflationary pressures and geopolitical issues. If these conditions continue, we expect low volumes to be maintained.

Deal multiples

The median multiples of EBITDA across the market as analysed during this Dealtracker period was 8.0x, which was an increase since the last Dealtracker report from 7.8x and the long-term historical average of 7.9x. In comparison to the previous period, the Industrials and Information Technology sectors exhibited growth in multiples while the Consumer Staples and Consumer Discretionary and Materials sectors saw a decline.

Expected market themes

As predicted in our previous report, inflationary pressures have led to a surge in funding costs, market uncertainty and a decline in consumer spending and investment. This has resulted in a deterioration in deal activity and a significant contraction in the IPO markets. Notwithstanding, with capital still available and companies increasing their focus on issues such as ESG and generative AI, we expect a trend towards renewable energy, sustainable technology and AI to drive deals going forward.

M&A deal volumes

Total deal volume declined despite a steady start with Q1 2022 volumes 6% higher than Q1 2021. Despite the strong start, deal volumes dropped 25% in the first half of 2023 compared to the same period of 2022, reflecting a weakening global economy.

Methodology

This ninth edition of Dealtracker focuses on Australian mergers and acquisitions (M&A) and equity market activity during the 18-month period to 30 June 2023 (the period). Our previous Dealtracker (eighth edition) covered the 18 months to 31 December 2021 and the seventh 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 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.

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

Some totals may not add due to rounding.

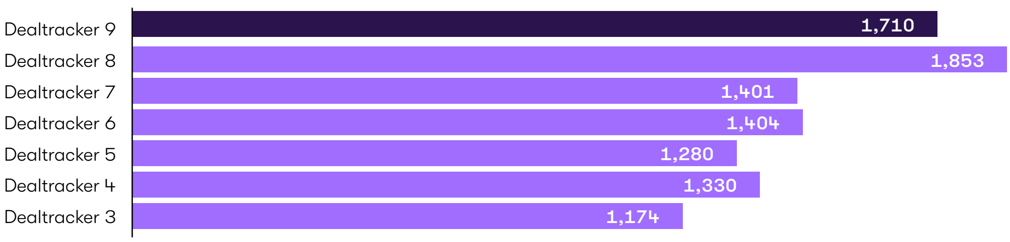
M&A deal trends

The number of M&A deals during the 18 months to 30 June 2023 have declined from the previous reporting period (18 months to 31 December 2021). While deal volumes remained strong throughout CY2022, the first two quarters of CY2023 saw these volumes falling.

On a quarterly basis, the fourth quarter of 2022 saw the highest number of deals for this edition with a total of 340 deals, comprising 20% of the total deals for the period. In the prior publication, the fourth quarter of 2021 had the record of 445 deals for all publications comprising 24% of total deals[1].

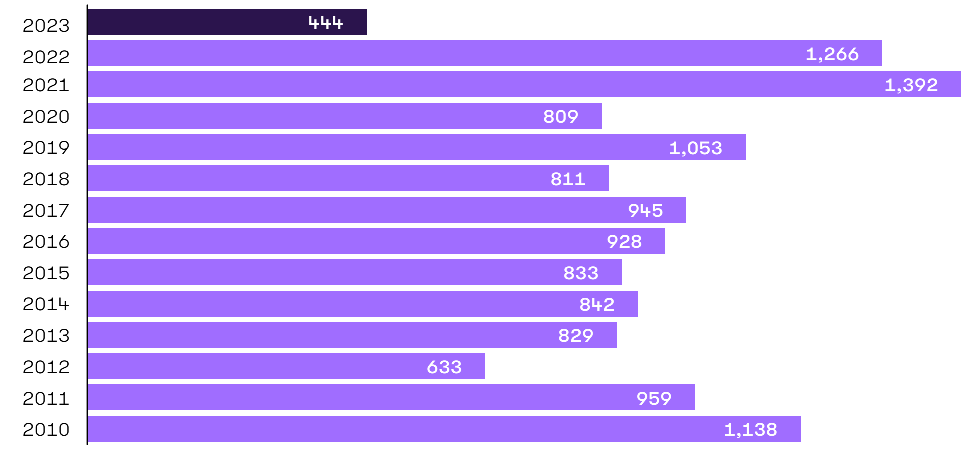
We observed a deterioration in deal volume activity in the first half of CY2023, which comprised 26% of total deals for the period. In contrast, in the first half of CY2022, deal volume made up 35%. The decrease in the second half of the CY2023 period is aligned with the weakening of the global economy, which is driven by various factors including political fragmentation, trade tensions, inflationary pressures, labour market shortages and continued geopolitical issues.

M&A – Prior comparative Dealtracker periods

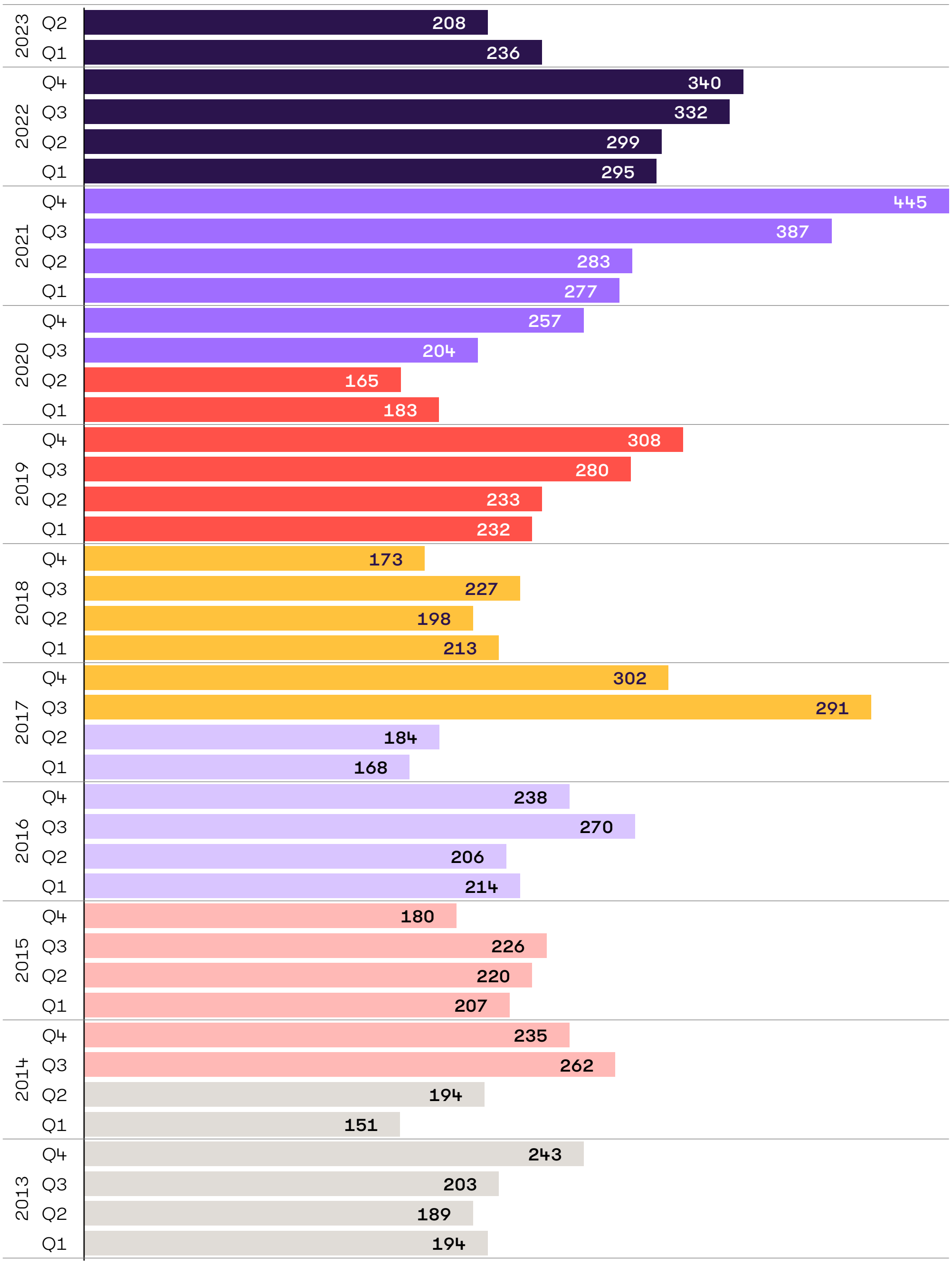


1. This publication includes 247 more deals for the prior Dealtracker that were reported after we published our Dealtracker eighth edition, covering the period of 18 months until December 2021. This has resulted in slight variations to some of the previous data disclosed.

M&A – Annual trends



M&A – Quarterly & half yearly trends



Sector composition

Australia is returning to an Industrials focused economy as we look to create domestic resilience in an uncertain economic environment. We witnessed a decrease in deals within the IT sector, relegating it to a secondary position.

The composition of M&A deals by sector reflects a recalibration in the Australian economy. While the importance of innovation through the adoption of new technology remains, we have seen a resurgence in deals in industrial services driven by improving supply chain resilience.

The Industrials sector became the focus for Australian M&A activity with 31% of total deal flow and an increase in deal volume from 503 to 523, which is a 4% growth since the prior Dealtracker period. This sector has successfully recaptured investors' attention, due to an increased focus on supply chain security for Australian businesses.

In contrast with prior periods, the IT sector became a secondary focus for Australian M&A activity with 20% of total deal flow and a decrease in volume of 33% growth since the prior Dealtracker period to December 2021. Despite this setback, we expect strong ongoing deal volume as the importance of investing in technology is a key driver in maintaining competitiveness and to deploy growth strategies.

In Healthcare, deal volumes tapered off, decreasing to 130 from 142, or an 8% decline. While still a notable number of deals, the slower pace suggests that the immediate post-pandemic focus on healthcare has decreased.

The Consumer Discretionary sector experienced an increase in deal volume of 16% from 220 to 256 deals over the prior Dealtracker period. This increase indicates that the broad shift in consumer behaviour, fuelled by economic uncertainties has surprisingly not resulted in a deterioration in deal volume. However, if economic conditions worsen, we expect a decrease in future deal volumes.

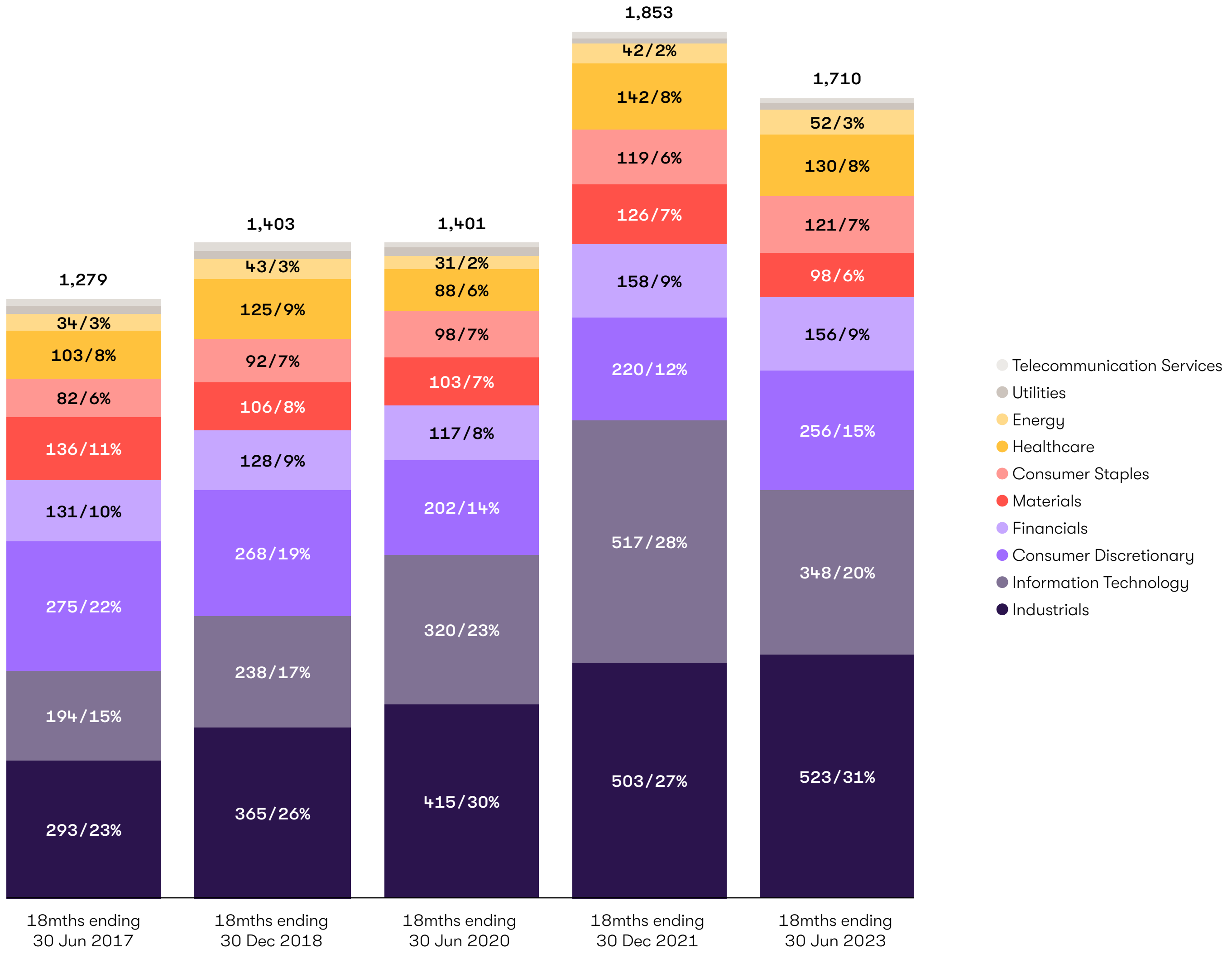
The number of deals in the Financials sector marginally declined by 1%, decreasing from 158 to 156. Materials also displayed a pullback in deals, decreasing from 126 to 98.

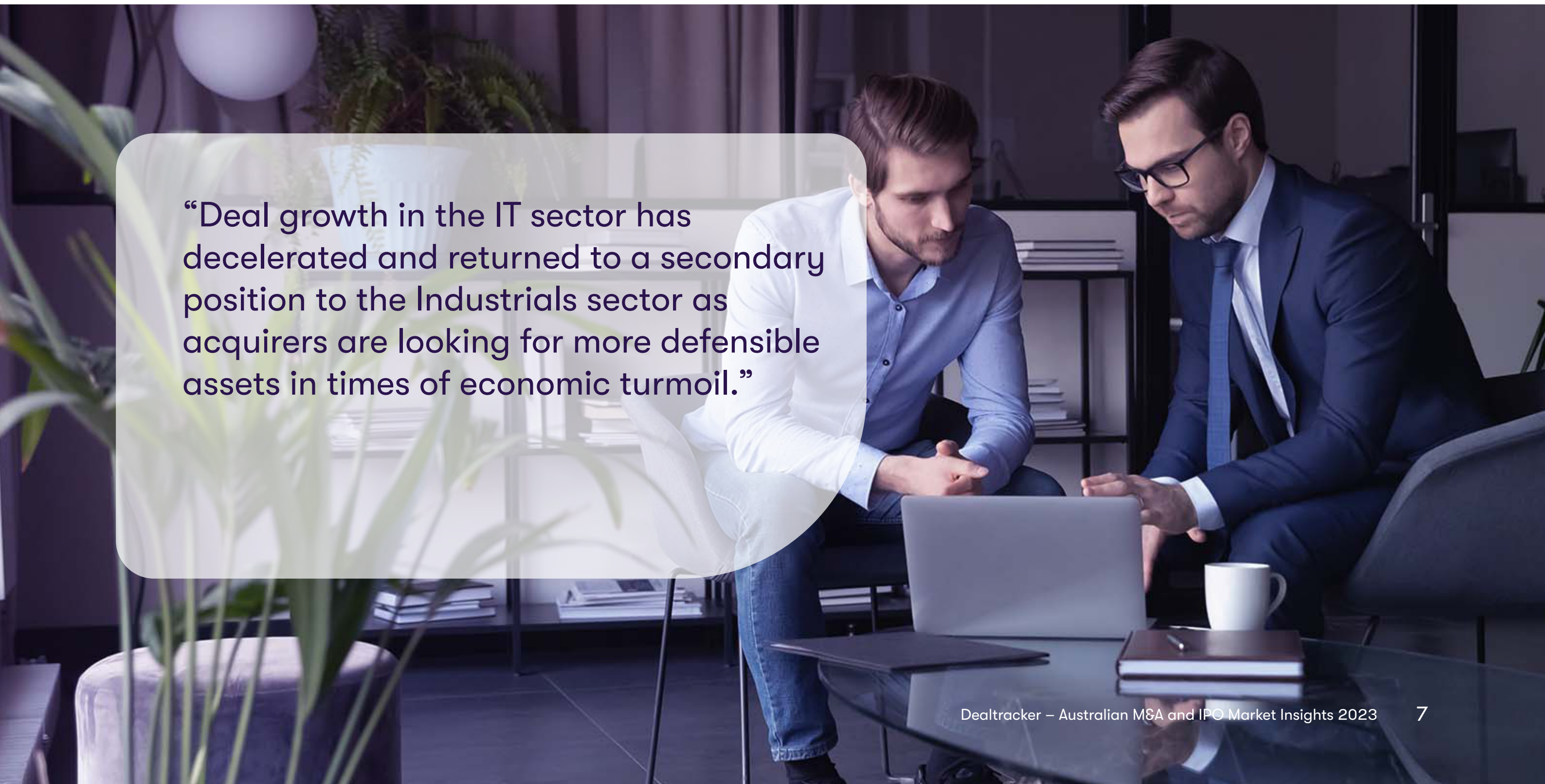
Energy increased by 24% from 42 to 52 deals, which indicates investor focus on both traditional and renewable energy resources.

Utilities was the smallest sector last period, however, it saw a modest increase in deal volume of 33%, growing from 12 to 16 deals. Telecommunication services became the smallest sector with deal volume decreasing from 14 to 10 deals.

Lastly, the Materials sector experienced a decline in deal activity, decreasing from 126 to 98 deals.

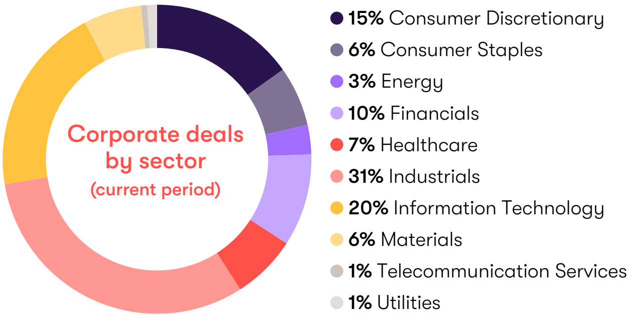
M&A – Deal composition by sector

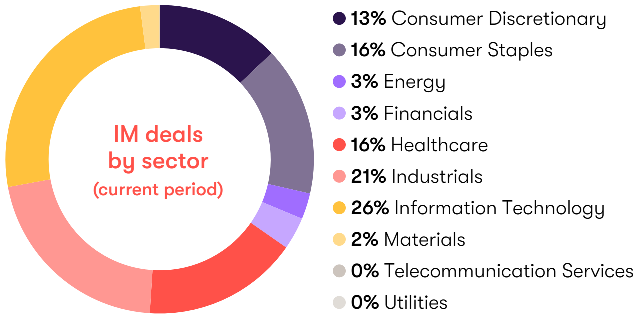


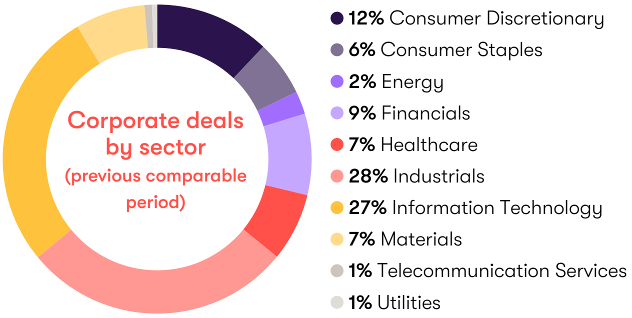


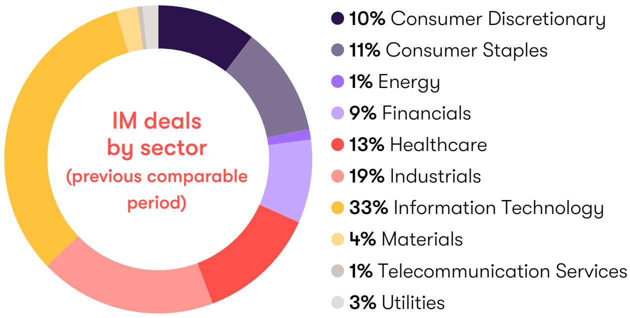
"Deal growth in the IT sector has decelerated and returned to a secondary position to the Industrials sector as acquirers are looking for more defensible assets in times of economic turmoil."

Both corporate M&A and IMs have reduced their focus on IT deals as growth opportunities fall, while maintaining their interest in Industrials and Consumer Discretionary sectors.









In line with the prior Dealtracker period (PP), the vast majority of corporate acquisitions occurred in the Industrials (31%) [PP: 28%] and IT sectors (20%) [PP: 27%]. The contribution of deals from Consumer Discretionary sectors increased – 15% [PP: 12%] and Consumer Staples maintained its contribution at 6%. Other corporate activities remained largely in line with the prior comparable period.

We note that there has been a deterioration in the share of IT sector deals, which has reversed the trend observed in the last two Dealtrackers where we saw this sector being the key growth area. A significant deterioration in IT IPOs can also be seen, described in the following chapters.

The increase in the Consumer Discretionary sector has been a standout surprise given the decrease in consumer spending and an increase in economic uncertainty. While there has been growth in this sector, we do not expect this trend to continue as 75% of Consumer Discretionary transactions occurred in CY2022, with the number of deals in this sector in decline in Q1 and Q2 of 2023 as inflation and cost of living pressures prevailed.

- Like the Corporate M&A sector, we saw the Consumer Discretionary sector share of IM deals increase from 10% to 13%. Additionally, the share of IM deals in the Consumer Staples sector increased from 11% to 16%. These sectors made up a larger portion in the IM sector compared to Corporate M&A as IMs continue to seek opportunities to capture consumer spending trends.
- We observed a decrease in IT deals, representing 33% in the prior period to 26% in this period. This decline can partly be attributed to the reduction in suitable growth opportunities to invest in given the strong prior period investment.
- An increase in IM deal flows was seen in the Healthcare sector (from 13% to 16%), with a renewed focus on healthcare roll-ups.
- We observed a notable decrease in the Financials sector, falling from 9% to 3%. IMs became more cautious, particularly with financial technology businesses due to high values observed in the prior period, resulting in a reduction of exposure.

Top 10 deals

in the 18 months to December 2023

1

Acquirer: Lanai (AU) 2 Pty Ltd (Block, Inc)

Target: Afterpay Limited

Transaction value A$ (b): 38.5

Date: 31 Jan 22

EV/EBITDA: N/A

Lanai (AU) 2 Pty Ltd entered into a scheme implementation deed to acquire Afterpay Limited (ASX:APT) for $38.5b on 1 August 2021. Under the terms of the transaction, Afterpay shareholders received a fixed exchange ratio of 0.375 shares of Square, Inc. (NYSE:SQ, now Block, Inc), parent of Lanai, Class A for each Afterpay ordinary share.

Following court and shareholder approval, the transaction was completed on 31 January 2022.

Afterpay is a digital payment platform offered to online shoppers that allows them to delay payments on purchases.

2

Acquirer: IFM Investors Pty Ltd; Qsuper Limited, AustralianSuper Pty. Ltd and others.

Target: Sydney Airport Limited

Transaction value A$ (b): 32.6

Date: 09 Feb 22

EV/EBITDA: 86.4x*

*Based on COVID affected FY21 results

On 2 July 2021, a consortium comprising IFM Australian Infrastructure Fund and IFM International Infrastructure Fund managed by IFM Investors, QSuper, AustralianSuper and Global Infrastructure Partners ("the Consortium") made an unsolicited, indicative, conditional and non-binding proposal to acquire Sydney Airport Limited (ASX:SYD) from group of sellers.

The initial offer to acquire 100% of the shares was at $8.25 per share, which was revised to $8.45 per share in August 2021. The Consortium entered a Scheme Implementation Deed on 8 November 2021.

3

Acquirer: Woodside Energy Group Ltd (ASX:WDS)

Target: BHP Billiton Petroleum

Transaction value A$ (b): 19.4

Date: 01 Jun 22

EV/EBITDA multiple: c. 4.5x

On 17 August 2021, Woodside Petroleum Ltd agreed to acquire BHP Billiton Petroleum International Pty.Ltd. from BHP Group Limited for $19.4b.

The deal was formalised on 22 November 2021, with Woodside issuing 914.77m shares to BHP shareholders, resulting in Woodside owning approximately 52% of the merged entity.

4

Acquirer: Brookfield Corporation (TSX:BN); Sunsuper Pty Ltd; Healthcare of Ontario Pension Plan and others

Target: AusNet Services Ltd

Transaction value A$ (b): 19.0

Date: 4 Feb 22

EV/EBITDA multiple: 16.5x

On 30 August 2021, a consortium led by Brookfield Infrastructure Group and including Sunsuper Superannuation Fund, Alberta Investment Management and others, proposed an unsolicited, indicative, non-binding and conditional acquisition of AusNet Services Ltd for $19b. The acquisition, managed by an open-ended infrastructure fund run by Brookfield, was executed via a scheme of arrangement.

The initial offer was a cash offer at $2.35 per share. The bid price was later increased to $2.45 per share on 13 September 2021, with the deal completing in February 2022.

5

Acquirer: BHP Group Ltd

Target: OZ Minerals Limited

Transaction value A$ (b): 10.7

Date: 02 May 23

EV/EBITDA multiple: 13.8x

On 5 August 2022, BHP Group Limited offered to acquire OZ Minerals Limited for $25.00 per share.

The offer was revised to $28.25 per share on 16 November 2022, valuing the deal at $10.7b. By December 2022, BHP Lonsdale Investments Pty Ltd (the acquiring entity of BHP Group) entered into a Scheme Implementation Deed for the acquisition. The deal completed in May 2023.

6

Acquirer: Squadron Energy Pty Ltd

Target: CWP Renewables (100% Stake)

Transaction value A$ (b): 4.0

Date: 23 Feb 23

EV/EBITDA multiple: 39.0x

Andrew Forrest's Squadron Energy has acquired CWP renewables for $4b from Partners Group Holding AG, the Switzerland based private equity firm. CWP Renewables Pty Ltd is an Australia based developer, owner, and asset manager of renewable energy assets.

7

Acquirer: Brookfield Corporation (TSX:BN); HRL Morrison & Co Limited; Commonwealth Superannuation Corporation and others

Target: Uniti Group Limited

Transaction value A$ (b): 3.6

Date: 21 Jul 22

EV/EBITDA multiple: 28.4x

On 13 March 2022, HRL Morrison & Co (Australia) Pty Limited proposed to acquire Uniti Group Limited.

On 24 March, Brookfield Infrastructure Group (Australia) Pty Ltd joined the proposal. By 13 April, funds managed by Brookfield Asset Management Inc. and HRL Morrison & Co Limited, along with Commonwealth Superannuation Corporation, signed a Scheme Implementation Deed to acquire Uniti Group at $5.00 per share.

Uniti Group is a digital infrastructure solutions provider.

8

Acquirer: Australia Tower Network Pty Ltd

Target: Axicom Pty Ltd

Transaction value A$ (b): 3.6

Date: 09 May 22

EV/EBITDA multiple: 27.0x

On 1 April 2022, Australia Tower Network Pty Ltd agreed to acquire Axicom Pty Ltd from Macquarie Infrastructure and Real Assets and others for $3.6b. Singtel funded part of the acquisition with $212m via new ATN shares and unsecured shareholder loans.

Axicom is Australia's largest independent mobile towers owner, operating approximately 2,000 telecommunication sites in metro and outer-metro locations across all eight states and territories, and major cities across Australia.

9

Acquirer: Perpetual Limited (ASX:PPT)

Target: Pendal Group Limited

Transaction value A$ (b): 2.5

Date: 31 Jan 2023

EV/EBITDA multiple: 8.3x

Perpetual Ltd, an Australia based financial services group operating in funds management, financial advisory, fiduciary, portfolio management and trustee services, acquired Pendal Group Ltd, a local provider of fund and investment management services.

The initial offer was $2.38b, which consisted of $639m paid in cash, while $1.75b paid in common shares was rejected by the board in April 2022. In August 2022, Perpetual Ltd revised the offer to $2.51b, and the acquisition was completed on 23 January 2023.

10

Acquirer: EQT Partners AB; EQT Infrastructure Fund

Target: Icon Group (70% Stake)

Transaction value A$ (b): 2.4

Date: 31 Mar 22

EV/EBITDA multiple: 6.5x

EQT Partners AB, through its EQT Infrastructure Fund acquired a 70% stake in Integrated Clinical Oncology Network Pty Ltd ("Icon Group"), the Australia based cancer treatment services provider from a consortium including Goldman Sachs Asset Management, QIC and Pagoda.

Goldman Sachs Asset Management remained a minority shareholder as part of the transaction. The consideration was $2.4b including debt and was completed on the 31 March 2022.

The buyers

The proportion of IM activity as a composition of total buyer activity decreased over the recent period, as investors took a patient approach to finding opportunities more resilient against economic uncertainty.

Corporates were once again the most active buyers, with 95% of acquirers being classified as corporate M&A deals and 5% as IM or private equity deals. The dominance of corporate buyers supports the strategic appetite of these organisations to acquire growth, increasing by 2% compared to the prior deal tracker.

Top corporate acquirers – 18 months to 30 June 2023

Rank	Corporate acquirer	No. of deals
1	Arthur J. Gallagher & Co. Group (NYSE:AJG)	11
2	DGL Group Limited (ASX:DGL)	9
=3	Honan Insurance Group Pty Ltd	6
=3	Software Combined Ltd	6
=4	Apiam Animal Health Limited (ASX:AHX)	4
=4	BMS Group Limited	4
=4	Cornerstone Risk Group Pty Ltd	4
=4	Deloitte Touche Tohmatsu Australia	4
=4	Epiroc AB (publ) (OM:EPI A)	4
=4	Freight Management Holdings Pty Ltd	4
=4	Healthia Limited (ASX:HLA)	4
=4	MA Financial Group Limited (ASX:MAF)	4
=4	nib holdings limited (ASX:NHF)	4
=4	Orro Pty Ltd	4
=4	RPM Automotive Group Limited (ASX:RPM)	4

The proportion of IM deals was marginally lower than the previous period where IMs comprised 7% of total M&A deal flow, which in total numbers decreased from 167 to 122. We have seen IMs take a cautious approach to the sectors and specific opportunities that fit with their mandates, with valuation expectations (particularly in IT) making some deals difficult to transact.

Top IM acquirers – 18 months to 30 June 2023

Rank	IM acquirer	No. of deals
=1	Five V Capital Pty Ltd.	5
=1	Pemba Capital Partners Pty Limited	5
2	ROC Partners Pty Limited	4
=3	Armitage Associates Pty Ltd	3
=3	Crescent Capital Partners Management Pty Ltd.	3
=3	Liverpool Partners Pty Ltd	3
=4	Adamantem Capital	2
=4	CPE Capital Pty. Ltd.	2
=4	Mercury Capital Pty Ltd	2
=4	Next Capital Pty. Ltd.	2
=4	Quadrant Private Equity Pty Limited	2

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

Dealmakers by type

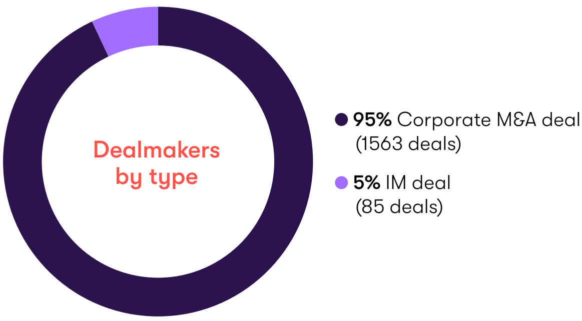
The most active buyer of Australian targets among the pool of corporate buyers was the Arthur J. Gallagher & Co Group (through both the New York listed entity and the Australian subsidiary) with eleven deals during the period. Arthur J. Gallagher & Co Group is a global insurance brokerage, risk management and consulting firm. It acquired businesses predominately in the insurance sector.

DGL Group Limited completed nine deals each during the period. DGL Corporation is a diversified industrial group of companies operating in manufacturing, warehousing and distribution. It acquired several companies including various chemical producers, labelling, packaging, logistic services providers and water treatment solution providers.

Both Honan Insurance Group and Software Combined (research and consulting) completed six deals. Eleven other entities made four acquisitions and six others made three across a wide range of industries.

In the past two Dealtrackers, Quadrant Private Equity was the standout with eight deals, however, they have fallen to only two acquisitions this period.

Moving from second place in the last period (seven deals), Five V Capital has broadened its portfolio with five acquisitions, focusing on businesses with strong market positions and growth potential. The acquisitions span a variety of sectors including business support services, consumer retail, IT consulting and paper packaging.



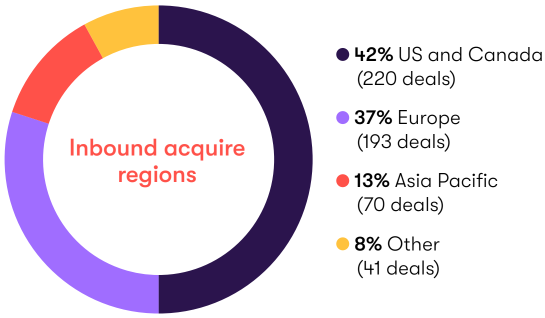
Dealmakers by region

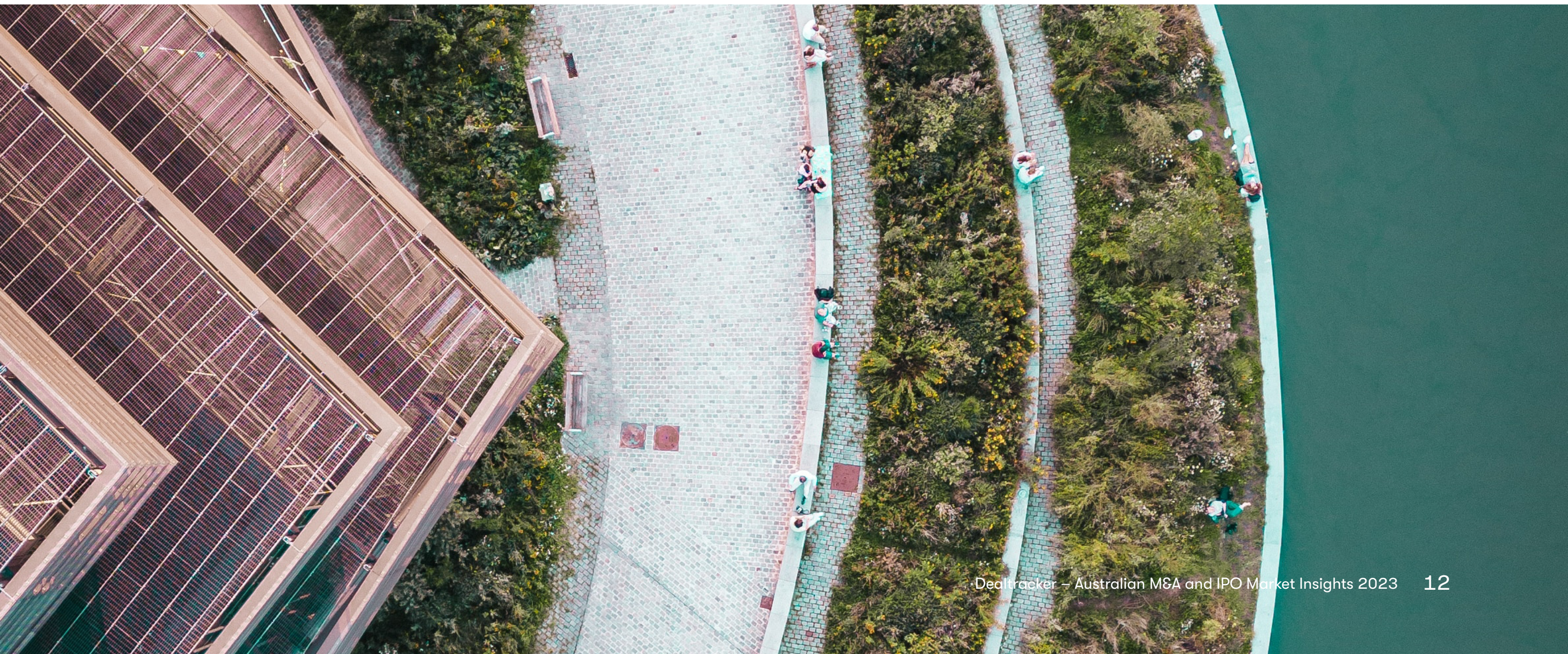
Due to the economic uncertainty and challenges associated with undertaking cross-border deals, the appetite for Australian businesses reduced compared to the prior period. The global trend of cross-border activity is representative of the appetite of global companies seeking stable investment opportunities where it can be found in a global environment of volatile economic regulation and political instability.

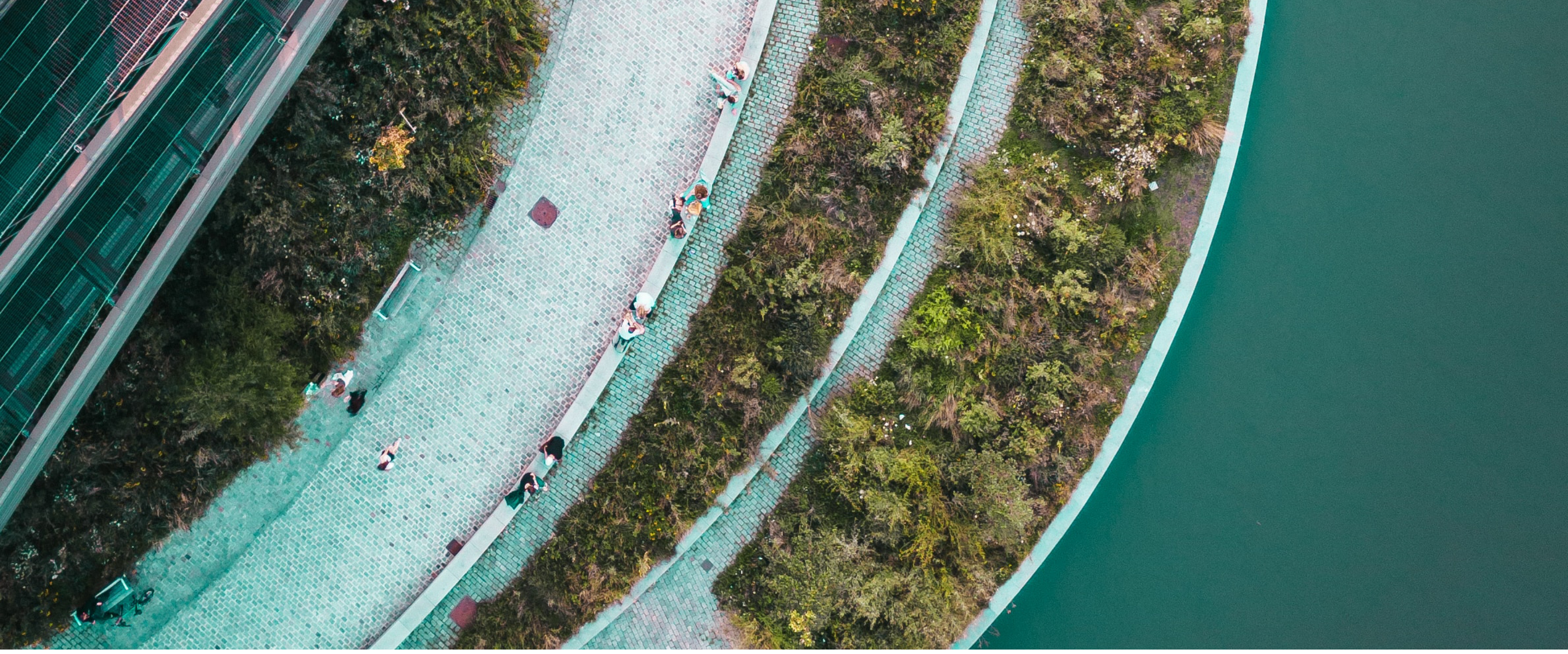
International investment into Australia represented 31% of total deal flow, which was marginally above the prior comparable period with 30% (however, a decrease of 28 deals), representing a continued robust trend of foreign investment into Australia.

We saw that Australia's economy outperformed most developed nations after the pandemic, however, the economic outlook is expected to stagnate in the short term due to the impact of monetary policy and inflation.

Despite these challenges, Australia's economy remains resilient with a strong focus on Industrials, digital transformation, and in recent years cyber security. Therefore, Australia continues to be seen as an attractive place to invest.







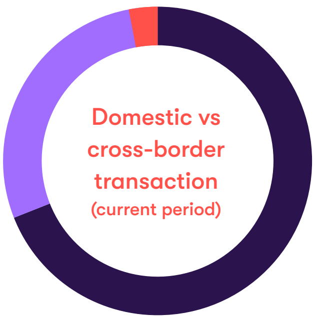
Inbound acquirer regions

Deal sector composition by acquirer region (all deals)

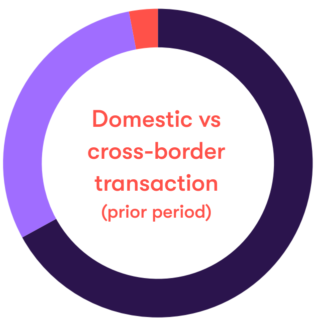
	All deals	US and Canada	Europe	Asia Pacific
Consumer Discretionary	15%	9%	11%	11%
Consumer Staples	7%	2%	1%	8%
Energy	3%	1%	4%	2%
Financials	9%	3%	2%	9%
Healthcare	8%	6%	12%	8%
Industrials	31%	33%	25%	27%
Information Technology	20%	43%	33%	25%
Materials	6%	4%	10%	8%
Telecommunication Services	1%	1%	1%	1%
Utilities	1%		1%	1%
Grand Total	100%	**100%**	**100%**	**100%**

$315m
Median enterprise value cross-border inbound

$214m
Median enterprise value domestic



- **66%** Domestic (1,135 deals)
- **31%** Cross Border (524 deals)
- **3%** Undisclosed (51 deals)



- **68%** Domestic (1,251 deals)
- **30%** Cross Border (552 deals)
- **3%** Undisclosed (50 deals)

US and Canadian buyers remain the largest volume of offshore acquirers with 42% of deals, which is higher than 30% in the prior Dealtracker period.

These acquirers have maintained their focus on IT deals and are continuing to see Australian Industrials as a key investment opportunity.

Inbound acquisitions from the Asia Pacific region decreased to 13% of total deals compared with 22% in the previous Dealtracker period. Regarding sector focus, Asia Pacific buyers continued the trend seen in recent years by focusing on the Industrials and IT sectors, which comprise 27% and 25% respectively of Asia Pacific transactions.

While 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. Notably, there has been 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 30 June 2023

Target company	Target sector	Buyer	Buyer location	Transaction value A$m
iNova Pharmaceuticals (Australia) Pty Ltd (100% Stake)	Healthcare	TPG Capital LP	US and Canada	2,000.0
Tritium Pty Ltd	Industrials	Decarbonization Plus Acquisition Corporation II	US and Canada	1,442.6
Probe CX	Industrials	KKR & Co. Inc.	US and Canada	1,200.0
Nearmap Ltd	Information Technology	Thoma Bravo, L.P.	US and Canada	1,061.1
intelliHUB Holdings Pty Ltd (50% Stake)	Industrials	Brookfield Asset Management Inc.	US and Canada	922.6

Inbound deals: Asia Pacific – 18 months to 30 June 2023

Target company	Target sector	Buyer	Buyer location	Transaction value A$m
Senex Energy Limited	Energy	Posco International Corporation (KOSE:A047050)	Asia Pacific	1,091.1
Wirsol Energy Pty Ltd (100% Stake)	Energy	Petroliam Nasional Berhad; Gentari Sdn Bhd	Asia Pacific	1,000.0
Apollo Tourism & Leisure Ltd	Consumer Discretionary	Tourism Holdings Limited (NZSE:THL)	Asia Pacific	380.1
Dialog Pty Ltd	Information Technology	NCS PTE. LTD.	Asia Pacific	350.8
Patties Foods Limited (100% Stake)	Consumer Staples	PAG	Asia Pacific	350.0

Inbound deals: Europe – 18 months to 30 June 2023

Target company	Target sector	Buyer	Buyer location	Transaction value A$m
Icon Group (70% Stake)	Healthcare	EQT Partners AB; EQT Infrastructure Fund	Europe	2,400.0
Cobar Management Pty. Ltd.	Materials	Metals Acquisition Limited (NYSE:MTAL)	Europe	1,658.2
Rincon Mining Pty Limited/Lithium Extraction Technologies (Australia) Pty	Materials	Rio Tinto Group (LSE:RIO)	Europe	1,156.7
Stockland Retirement Pty Limited	Healthcare	EQT Partners AB	Europe	987.0
Global Cloud Xchange Ltd (100% Stake)	Telecommunication Services	3i Infrastructure plc	Europe	703.5

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

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

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

The SME sector continues to be the engine room of deal volumes with 32% of deals completed under a $100m transaction value. This represented 77% of disclosed deals, which was marginally down from 78% in the previous Dealtracker. Our data tells us that foreign buyers continue to participate in deals in the lower end of the deal market, particularly in Industrials with opportunities shifting from IT.

Examples of SME deals completed during the period included FetchTV Content Pty, Essential Assessment Pty Ltd and Chargefox Pty Ltd (summarised below), where local and international listed corporates bid strongly for specific strategic benefits of these assets.

We have observed a greater reluctance from SME business owners selling their businesses as volumes decreased by 13%, whereas other disclosed deals have reduced by 8%. In light of current economic uncertainty, tightening interest rates and cost of living pressures, business owners are choosing to postpone the sale of their assets until the economic conditions return to a more stabilised level.

A snapshot of noteworthy SME deals is provided below.

Target company	Bidder company	Transaction value A$(m)
FetchTV Content Pty Ltd	Telstra Corporation	50
Essential Assessment Pty Ltd	Education Perfect Limited	40
Chargefox Pty Ltd (60% stake)	Australian Motoring Services Pty Ltd	33

The acquisition of FetchTV Content Pty Ltd by Telstra Corporation Limited (51% stake) for $50m – 2 August 2022

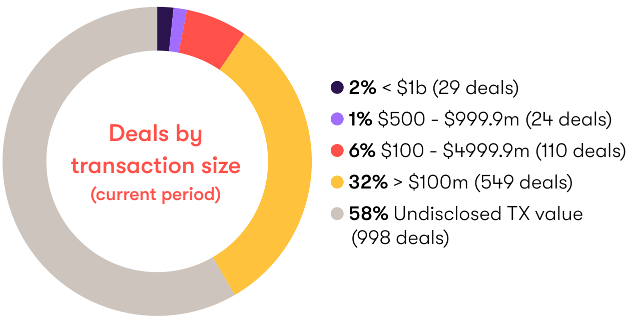
Telstra Corporation Limited acquired a 51% stake in FetchTV Content Pty Ltd, an Australian IPTV provider for $50m.

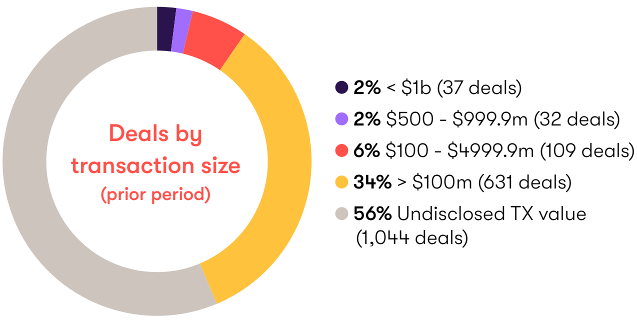
FetchTV Content Pty Ltd delivers a subscription television service, which is an entertainment platform that offers a myriad of channels to watch and record along with movies and TV shows.

Management said: 'As part of our T25 growth strategy, home and entertainment is a core focus area for us. This acquisition gives us the opportunity to evolve Telstra TV and the experience we provide to our 800,000+ active users.'

“Mid-market deal activity continued to dominate transaction volumes during the period. However, the number of SME deals has fallen significantly as business owners monitor the current market environment.”

Transaction size





The acquisition of Essential Assessment Pty Ltd by Education Perfect Limited for $40m – 30 May 2023

An Australian math teacher sold his education company Essential Assessment Pty Ltd. Essential Assessment Pty Ltd provides Australian curriculum, Victorian Curriculum and NSW Syllabus numeracy and literacy assessment models that deliver a school approach to summative and formative assessment for Australian schools.

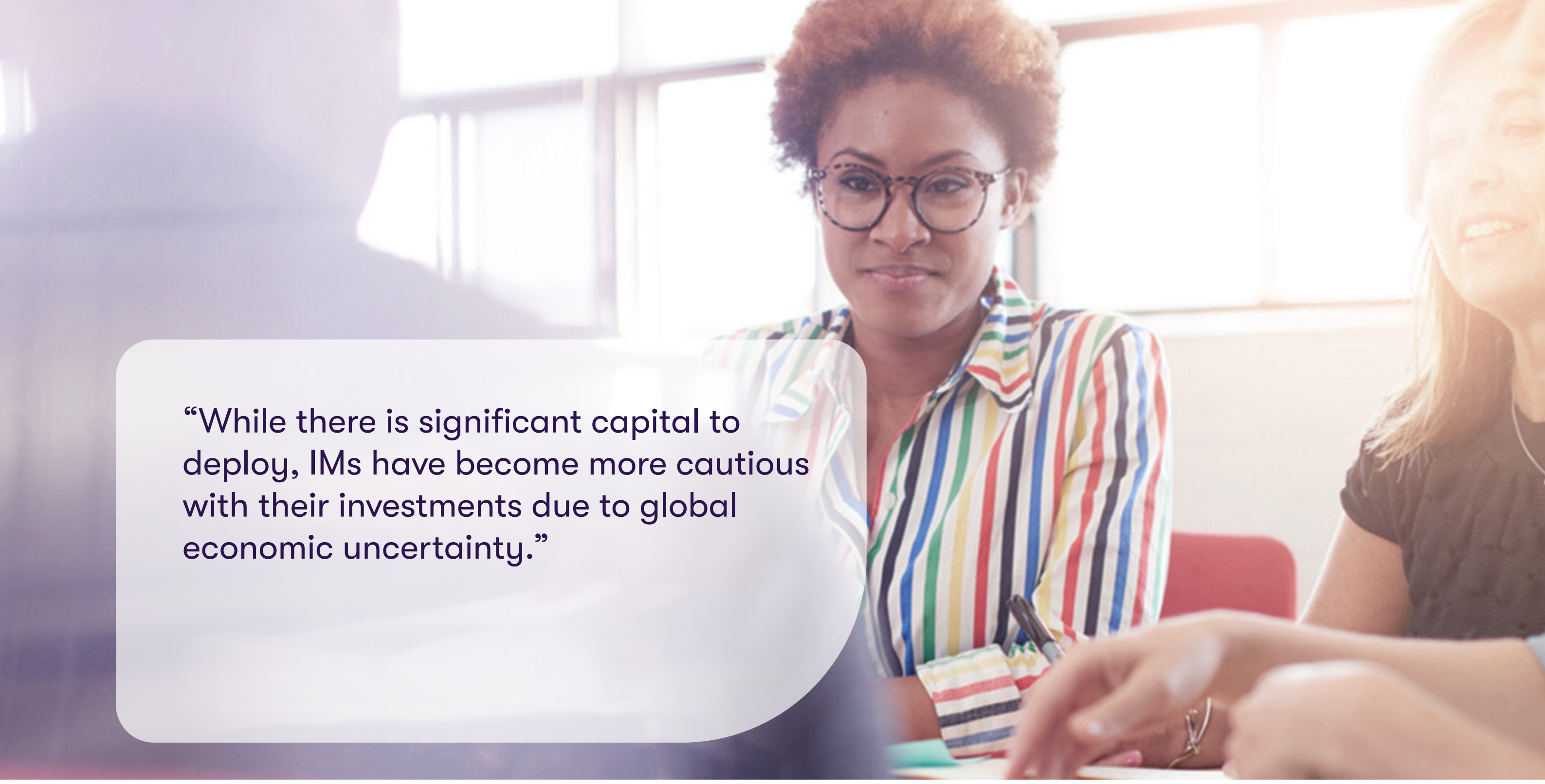
Education Perfect Limited acquired Essential Assessment Pty Ltd for $40m on 30 May 2023.

Management said: ‘Education Perfect is leading the way in consolidating content, tools, and data analytics for school leaders and teachers to save time, make better decisions, and improve student progress. By combining our data analytics and content with Essential Assessment’s assessment capabilities, we are delivering a powerful mix that provides unparalleled perspective to schools to help improve performance and student impact.’

The acquisition of Chargefox Pty Ltd by Australian Motoring Services Pty Ltd for $33m – 4 July 2022

Founded in 2017, Chargefox offers electrical vehicle charging stations and develops an app for drivers to find the nearest charging station. The acquisition of the 60% that AMS did not already own implies a value of $56m for 100%.

Management said: ‘We are proud to play a role in supporting Chargefox’s growth. Combined, we’ll have greater power and opportunity to deliver infrastructure that Australians need to increase the uptake of EVs and therefore reduce road transport emissions.’



"While there is significant capital to deploy, IMs have become more cautious with their investments due to global economic uncertainty."

Investment Managers

The period covered by this report has seen a decrease in IM deal volumes by 34% to 85 transactions, as many IMs acted cautiously during the period and due to global economic uncertainty.

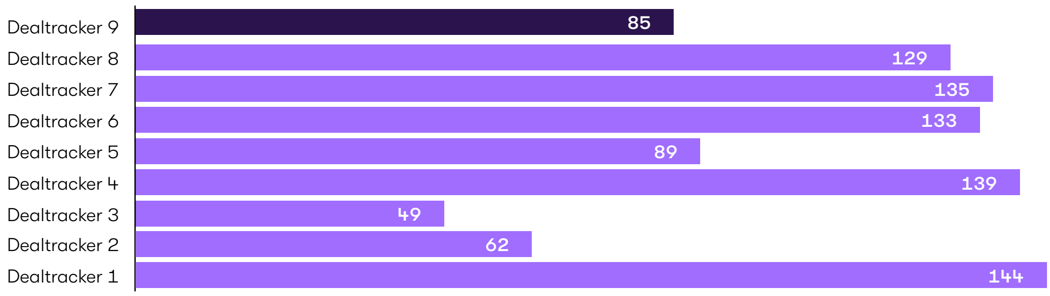
IM activity in Australia deteriorated in line with global economic uncertainties and a slowdown in global growth. The number of IM deals in the current period decreased to 85 deals from 129 in the prior Dealtracker period. IM activity in the last quarter of 2021 (previous Dealtracker) was 28 deals, and this fell to 16 deals in the first quarter of 2022.

While a large amount of capital remains, the number of IMs have stagnated throughout this period as IMs have taken a very cautious approach. This approach, coupled with a narrowing sector focus, led to the decreased deal activity reported.

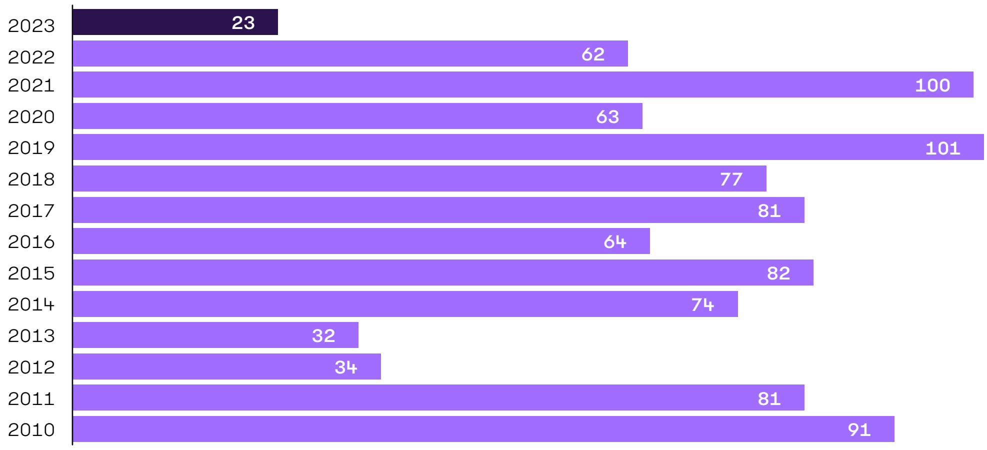
As conditions improve and greater certainty on trading outlooks emerge – given the volume of capital and participants – we expect to see an increase in deal activity across a broader range of sectors.

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

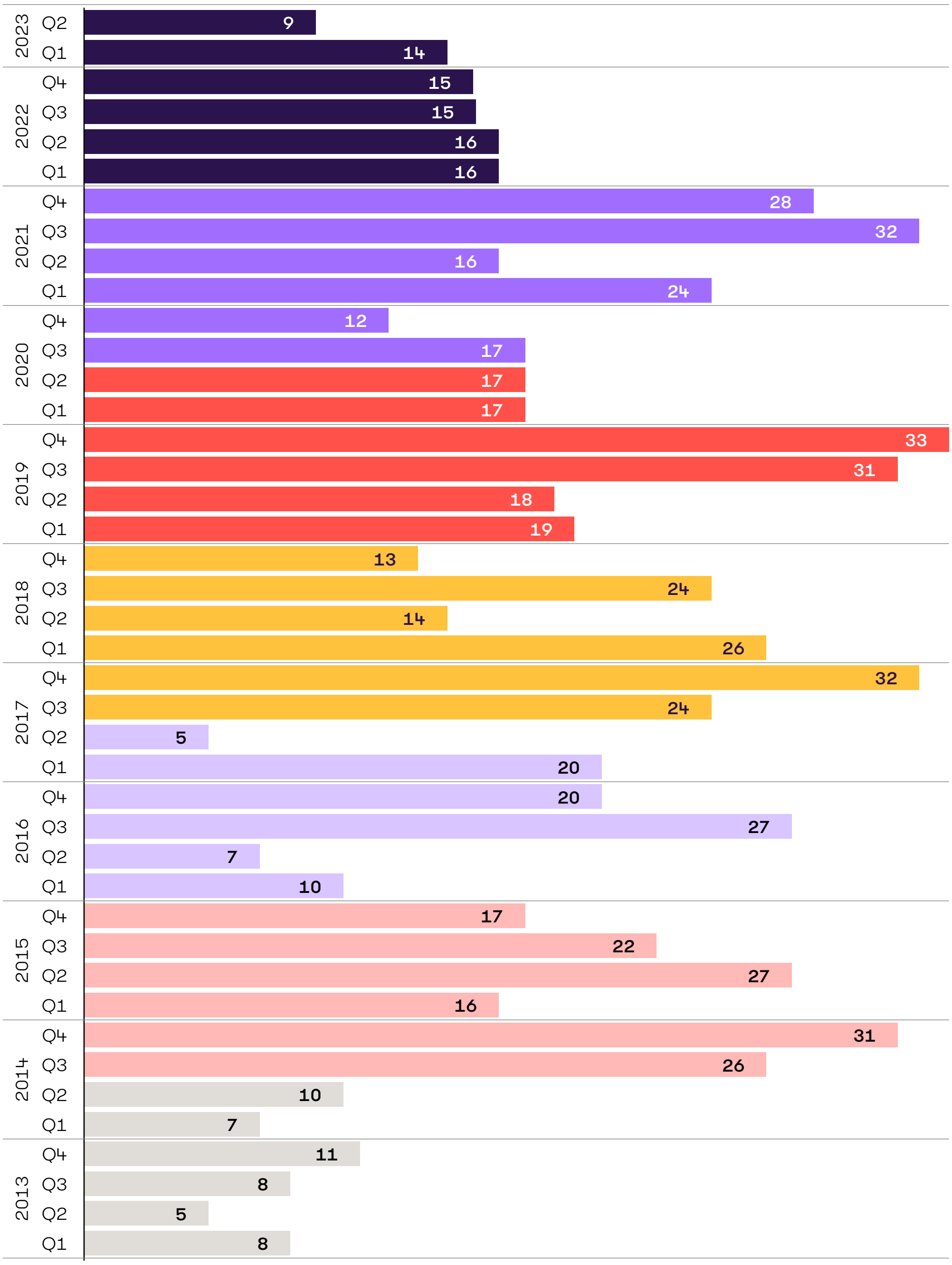
IM entries – prior comparative Dealtracker periods



IM entries – annual trends



IM entries – quarterly & half yearly trends



Valuation multiples
by target size

Our analysis shows that size is a significant determinant 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 on the next page are based on the most recent financial statements prior to the transaction and, accordingly, don'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, diversity and consistency in their earnings base 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 8.0x increased from the last Dealtracker at 7.8x and the long-term average observed as 7.9x. This period did experience a lower volume of reported deal multiples and hence, the smaller sample sizes has 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 higher than the respective long-term average multiples for businesses of that size – 7.2x vs 6.0x and higher than the previous report reported at 5.3x. We note that there are significantly fewer transactions observed of this size in the current Dealtracker report compared with the prior report.

Median trading multiple for companies in the revenue range of $20m to $50m was 8.7x for the period, which is higher than the historical Dealtracker long-term average of 7.3x. Targets with revenue between both $50m and $100m, and $100m and $200m, obtained median EV/EBITDA multiples of 11.1x and 13.0x respectively, while long-term averages for these sectors are 8.9x and 10.0x for those groups.

The median multiple reported for the $200m to $500m range at 9.9x was slightly below compared to the prior Dealtracker report from 10.0x and broadly consistent with the LT average of 9.8x.

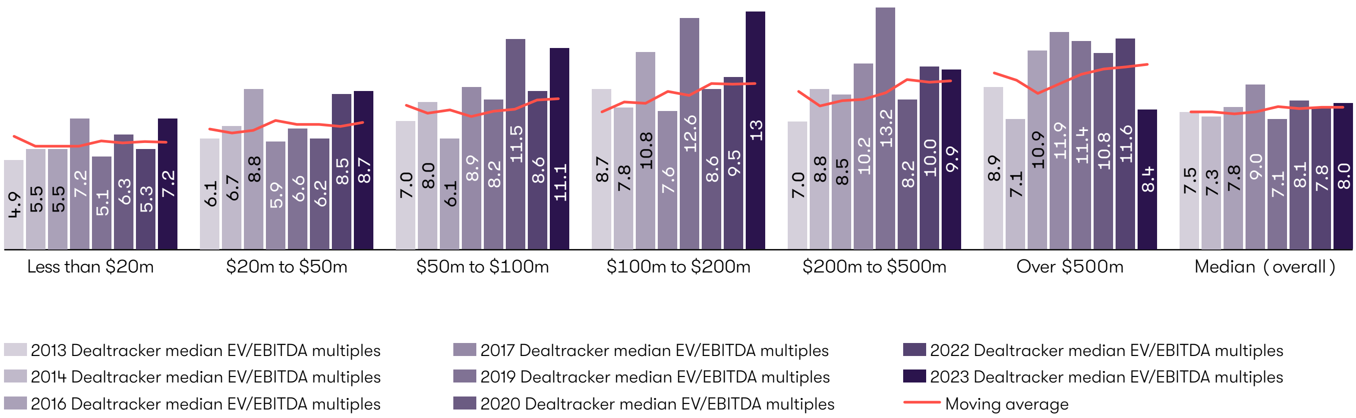
Within the $500m+ revenue range, median EV/EBITDA multiples of 7.7x, which was lower than the historical long-term average of 10.2x.

SME deal valuations have improved compared to our last report and are above the historical average. While deal activity has seen a decline, buyers are paying a premium for businesses that demonstrate structural stability and long-term potential.

Revenue range	No. of deals	Current 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	Prior 2017 Dealtracker median EV/EBITDA multiples	Prior 2016 Dealtracker median EV/EBITDA multiples	Prior 2014 Dealtracker median EV/EBITDA multiples	Historical Dealtracker average
Less than $20m	5.0	7.2	5.3	6.3	5.1	7.2	5.5	5.5	6.0
$20m to $50m	7.0	8.7	8.5	6.2	6.6	5.9	8.8	6.7	7.3
$50m to $100m	8.0	11.1	8.7	11.5	8.2	8.9	6.1	8.0	8.9
$100m to $200m	10.0	13.0	9.5	8.9	12.6	7.6	10.8	7.8	10.0
$200m to $500m	13.0	9.9	10.0	8.2	13.2	10.2	8.5	8.8	9.8
Over $500m	8.0	7.7	11.6	10.8	11.4	11.9	10.9	7.1	10.2
Median (overall)		**8.0**	**7.8**	**8.1**	**7.1**	**9.0**	**7.8**	**7.3**	**7.9**
Total	**51**								

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

Historical Dealtracker median & average over all past periods



Valuation multiples by target sector

The overall EV/EBITDA multiple observed during this Dealtracker period was above recent years' values with a median EBITDA multiple of 8.0x across sectors. This was driven by the Industrials and IT sectors and offset by declines in Consumer Staples, Consumer Discretionary and the Materials sectors.

Transactions and valuation multiples per target sector

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 2022 Dealtracker median EV/ EBITDA multiples	Prior 2020 Dealtracker median EV/ EBITDA multiples	Long-term average EV/EBITDA Multiple
Consumer Discretionary	18	46.0	102.6	13.0	7.1	9.5	11.2	8.7
Consumer Staples	7	140.0	400.0	37.0	7.8	10.1	8.1	10.5
Energy	2	10,232.9	359.6	64.3	10.7	7.1	7.5	8.7
Financials	4	190.4	392.8	141.0	9.3	14.0	7.2	10.3
Healthcare	10	926.4	326.0	61.0	9.4	8.5	11.4	8.0
Industrials	16	53.0	76.7	6.1	9.7	4.2	7.5	6.7
Information Technology	9	230.0	54.8	13.8	14.8	7.7	8.0	8.9
Materials	8	390.8	353.4	115.5	4.2	8.5	7.6	6.3
Telecommunication Services	1	703.5	279.7	85.5	6.0	17.2	0.0	8.6
Utilities	1	18,534.7	1,916.9	1,120.5	16.5	9.0	7.2	13.1
Median (all sectors)		**177.4**	**100.7**	**13.8**	**8.0**	**7.8**	**8.2**	**7.9**
Total	**76**							

With the exclusion of the Energy, Utilities and Telecommunications sectors where the number of deals with multiples is too small for proper conclusions, the largest median observed valuation multiple was in the IT sector with an EV/EBITDA multiple of 14.8x, followed by the Industrials sector with a 9.7x multiple. Despite the economic volatility during the period, there is a flight to quality with buyers paying a premium for businesses' structural stability and resilience.

Notable overall sector deals included the following:

- Over the Wire Holdings Limited, provides telecommunication, cloud and IT solutions to Australia and New Zealand and was acquired by Aussie Broadband Limited for $387.5 million at a valuation 16.3x EBITDA. Aussie Broadband provides telecommunications services to Australian businesses and consumers.
- Perpetual Ltd acquired Pendal Group Ltd Holdings for $2.5b at a valuation 8.3x EBITDA. Pendal is a global investment and fund manager.

Deals in Consumer Discretionary recorded lower multiples for this period compared with the prior period, while the Industrials sectors recorded overall higher multiples than in the previous periods.

Notable deals in these sectors included:

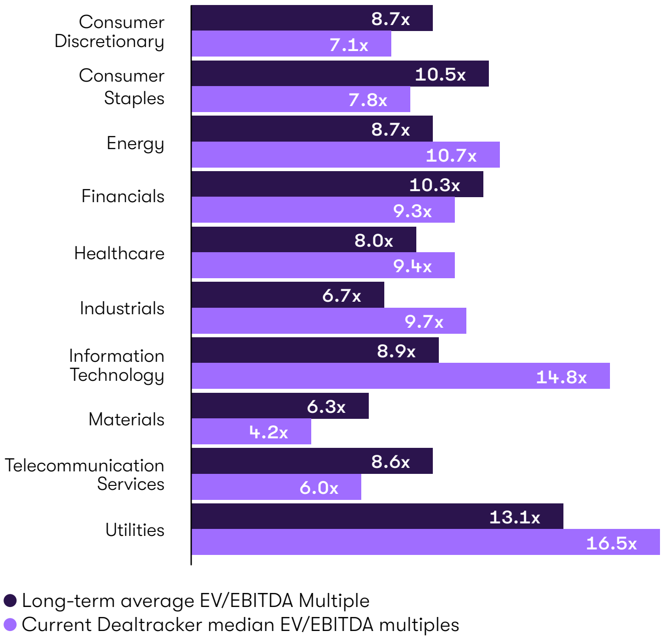
- Practice Management Pty Ltd acquired Vita Group Limited, an Australian skin health and wellness company that operates a network of aesthetic clinics. The transaction value was $34.6 million at an EBITDA multiple of 8.7x.
- A consortium comprising HRL Morrison & Co, Commonwealth Superannuation Corporation and Brookfield Infrastructure Group acquired Uniti Group Limited, a provider of various telecommunications products and services in Australia for an EBITDA multiple of 28.4x at a transaction value of $3.6b.

Valuation multiples observed in the current Dealtracker period for the Healthcare, Industrials and IT sectors were all above long-term averages. Valuation multiples in the Financials, Consumer Staples and Consumer Discretionary sectors were below long-term averages.

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

- **IT:** As indicated earlier in the report, IT-related deals have been a key focus of local and international buyers who continued to focus on this sector. The increase in transaction valuations contradicts with the decrease in public markets from 17.4x EBITDA in the previous report to 14.7x EBITDA as the market shifted to more mature businesses with strong scalability opportunities.
- **Materials:** The Materials sector experienced the largest downward deviation from historical EBITDA average multiple on low number of reported deals to 4.2x EBITDA. This was primarily driven by small deal size of the sample with the long-term average of 6.3x 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 64 deals with valuation data, 47 involved domestic acquirers while 17 targets were acquired by buyers outside of Australia. Of these foreign acquirers, the composition between the USA & Canada, Europe, Asia Pacific and Africa was four, five, six and two 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 $315m (up from $243.1m) and an EBITDA multiple of 14.0x (7.7x for the corresponding domestic EBITDA multiples).

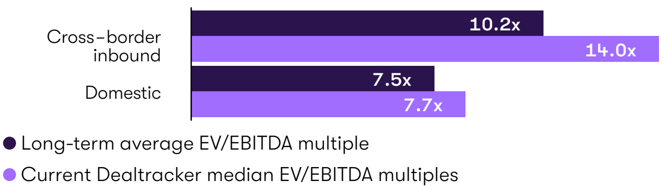
The driving factor for the comparatively higher enterprise values for cross-border deals is the increased size of deals and the perceived relative stability of the Australian market, particularly from the perspective of buyers in Europe, which comprised the majority of inbound bidders.

The level of interest from overseas buyers increased from 30% to 31% of total deals.

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 2022 Dealtracker median EV/EBITDA multiples	Prior 2020 Dealtracker median EV/EBITDA multiples	Prior 2018 Dealtracker median EV/EBITDA multiples	Average
Cross-border inbound	17	314.5	118.0	18.8	14.0	9.4	9.1	10.3	**10.2**
Domestic	47	213.7	92.9	10.0	7.7	7.4	7.9	6.5	**7.5**
Median (overall)		**172.5**	**96.9**	**12.0**	**7.8**	**7.7**	**8.1**	**7.1**	7.9
Total	**64**								

EV/EBITDA multiples by location



"Despite economic uncertainties, Australia has consistently drawn interest from foreign investors, especially in the larger market segment. Foreign investors have been willing to pay a premium that surpasses both the multiple from the previous report and the historical average."

Corporate M&A vs IM valuation multiples

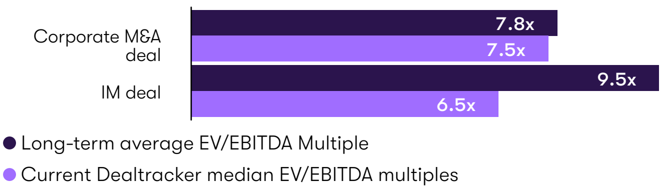
The median EBITDA multiple on IM deals has been observed to be higher than that of corporate transactions over the current Dealtracker period. This is predominantly because of the transaction in larger deals driving higher prices.

The data collected for the 18 months through to 30 June 2023 shows that IMs paid higher valuation multiples than corporates on average. 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 6.5x compared with the long-term average of 9.5x.

Due to the limited number of entry deals by investment managers (three), we are seeing a larger enterprise value with a lower EBITDA multiple.

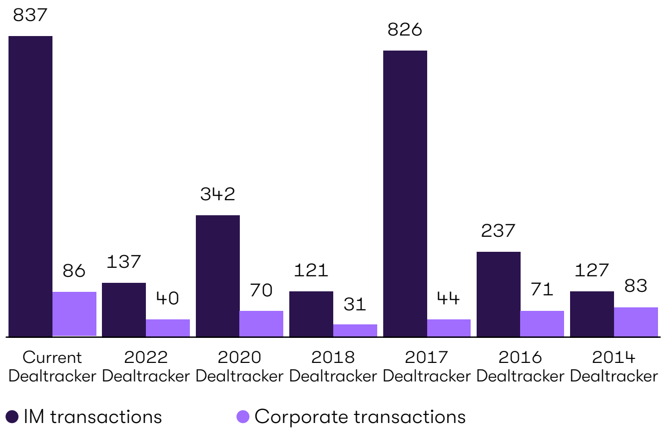
EV/EBITDA median multiples



In contrast, when compared to prior periods, the EBITDA valuations paid by corporate bidders was 7.5x slightly below the long-term average for median valuation multiples – 7.8x.

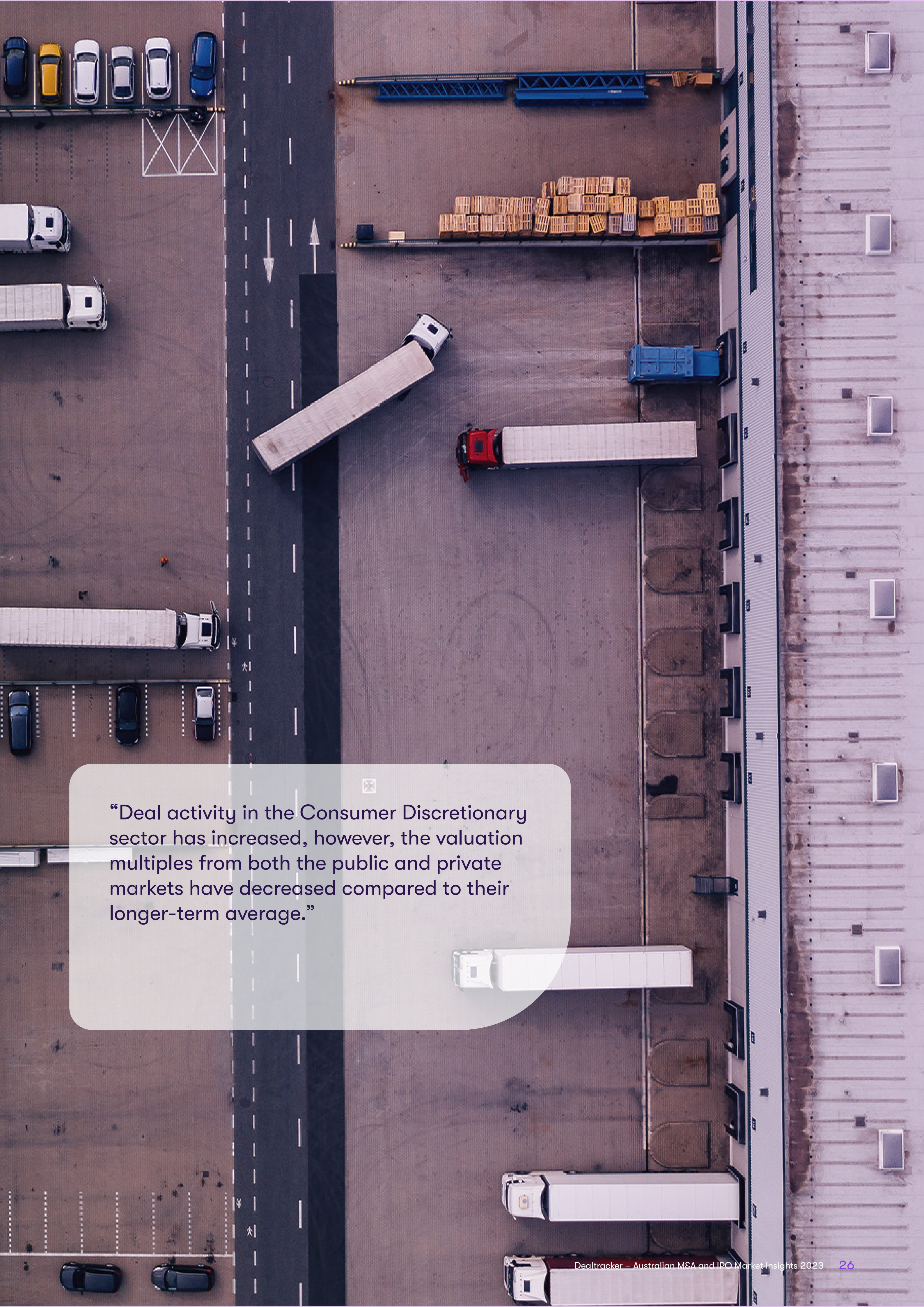
Of these transactions by corporate bidders, which had available EBITDA multiples, 24% involved targets in the Industrials and Consumer Discretionary sectors.

Median target EV (A$m)



Multiples – cross-border vs domestic

Dealmaker	No. of deals	Median target EV (A$m)	Median target revenue (A$m)	Median target EBITDA (A$m)	Current Dealtracker median EV/EBITDA	Prior 2022 Dealtracker median EV/EBITDA	Prior 2020 Dealtracker median EV/EBITDA	Prior 2018 Dealtracker median EV/EBITDA
Corporate M&A Deals	60	86	66	10	**7.5**	7.4	8.0	6.8
IM Deals	3	837	251	69	**6.5**	11.0	12.7	12.4
Median (overall)		173	97	12	**7.8**	7.7	8.1	7.1
Total	63							



"Deal activity in the Consumer Discretionary sector has increased, however, the valuation multiples from both the public and private markets have decreased compared to their longer-term average."

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 30 June 2023 decreased sharply to 8.6x from 10.6x in December 2021. This indicates a deterioration in equity markets from the prior Dealtracker, reaching a trough of 8.3x in September 2022 as prices moved after earnings were reported.

Sectors with the highest valuation multiples

IT

The IT sector has experienced a contraction in valuation multiples from 17.4x EBITDA on 31 March 2022, despite the IT sector remaining the sector with the highest median trading multiple on the ASX equal to 14.7x on 30 June 2023. The decline in the value of technology stocks can be attributed to investors seeking to reduce their risk exposure considering the underperformance of a range of stocks and market volatility.

Healthcare

The Healthcare sector ranked the second highest with a median trading multiple of 13.2x on 30 June 2023.

The sector reached a peak of 15.1x in June 2021 before stabilising with the wider market post-pandemic. Healthcare companies are viewed as defensive stocks as they are isolated from rising inflation or a potential recession as these companies can pass on rising input costs due to demand inelasticity from customers.

Sectors with lower multiples

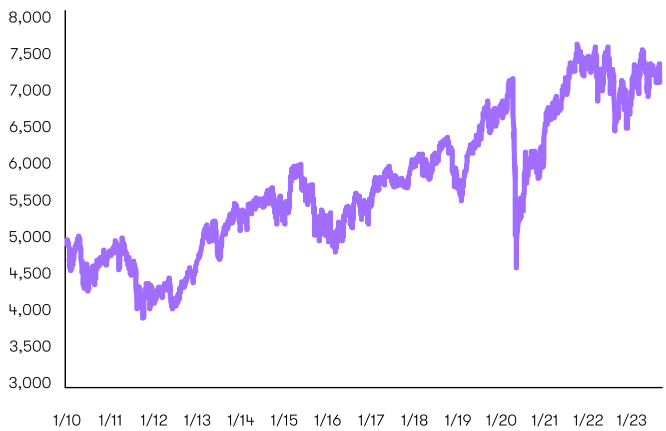
Energy

The Energy sector became the lowest-valued sector, and its multiple of 2.3x at 30 June 2023 was significantly lower than the long-term average of 6.2x as investors seek to diversify interests away from carbon intensive industries.

Materials

The Materials sector was the second lowest-valued sector, valued at an average multiple of 4.9x in the last 18 months, lower than the long-term average of 6.7x.

Movement in the S&P/ASX 200 – Jan 2010 to Jun 2023



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

The decrease in the overall trading multiple of ASX listed companies is the result of market volatility in global equities, rising interest rates and economic uncertainty. Significant variances from their respective long-term averages were observed for the Consumer Discretionary and Energy sectors.

Median EV/EBITDA multiples observed on the ASX by sector

Median EV/ EBITDA as at	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	31/03/22	30/06/22	30/09/22	30/12/22	31/03/23	30/06/23	Ave*	Ave DT2023
Consumer Discretionary	9.4x	8.1x	9.4x	12.6x	10.2x	11.7x	11.4x	12.2x	10.0x	10.2x	10.2x	8.1x	8.1x	7.9x	7.2x	7.1x	9.4x	7.7x
Consumer Staples	11.6x	10.4x	10.6x	12.0x	11.9x	9.9x	11.2x	11.3x	11.8x	10.7x	11.0x	8.8x	8.6x	9.0x	9.8x	10.0x	10.1x	9.2x
Energy	8.8x	7.3x	6.4x	5.3x	5.0x	6.1x	8.9x	9.5x	8.9x	8.7x	6.8x	6.6x	3.2x	3.6x	3.0x	2.3x	6.2x	3.7x
Financials	12.2x	10.8x	11.7x	11.3x	10.6x	13.2x	12.9x	13.8x	12.6x	13.1x	11.5x	10.9x	11.3x	9.7x	10.8x	12.7x	11.3x	11.1x
Healthcare	12.8x	12.3x	13.6x	13.1x	11.7x	14.0x	14.5x	15.1x	12.6x	12.8x	15.0x	12.9x	11.8x	12.9x	12.5x	13.2x	12.6x	12.7x
Industrials	10.8x	9.0x	9.9x	11.4x	9.1x	10.1x	8.9x	10.6x	9.7x	10.1x	10.4x	9.3x	8.4x	8.9x	8.3x	8.6x	8.9x	8.7x
Information Technology	20.1x	12.4x	18.8x	22.9x	20.4x	23.1x	20.1x	21.5x	20.0x	18.9x	17.4x	16.6x	13.7x	15.8x	16.1x	14.7x	15.6x	15.4x
Materials	8.3x	6.7x	7.6x	8.1x	7.6x	7.7x	6.8x	7.5x	6.3x	7.0x	6.1x	4.8x	4.7x	4.6x	5.4x	4.9x	6.7x	4.9x
Telecos	9.2x	8.6x	10.1x	7.6x	8.0x	17.3x	13.9x	14.2x	15.3x	16.4x	13.5x	11.9x	12.6x	11.1x	11.4x	10.4x	10.3x	11.5x
Utilities	13.0x	11.4x	11.4x	13.2x	9.8x	11.8x	12.4x	12.2x	11.3x	11.9x	13.4x	13.8x	12.6x	12.4x	13.2x	12.9x	12.9x	13.0x
Overall	**11.1x**	**9.4x**	**9.9x**	**10.8x**	**9.4x**	**11.7x**	**10.6x**	**11.2x**	**10.6x**	**10.6x**	**10.5x**	**8.8x**	**8.3x**	**8.5x**	**8.6x**	**8.6x**	**9.5x**	**8.6x**

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 except for the Healthcare, Telecommunications and Utilities have decreased from their respective historical average multiples (from 31 December 2000 to 30 June 2021, or 90 quarters). An overall trough of 8.3x was hit 30 September 2022, under the long-term average of 9.5x.

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

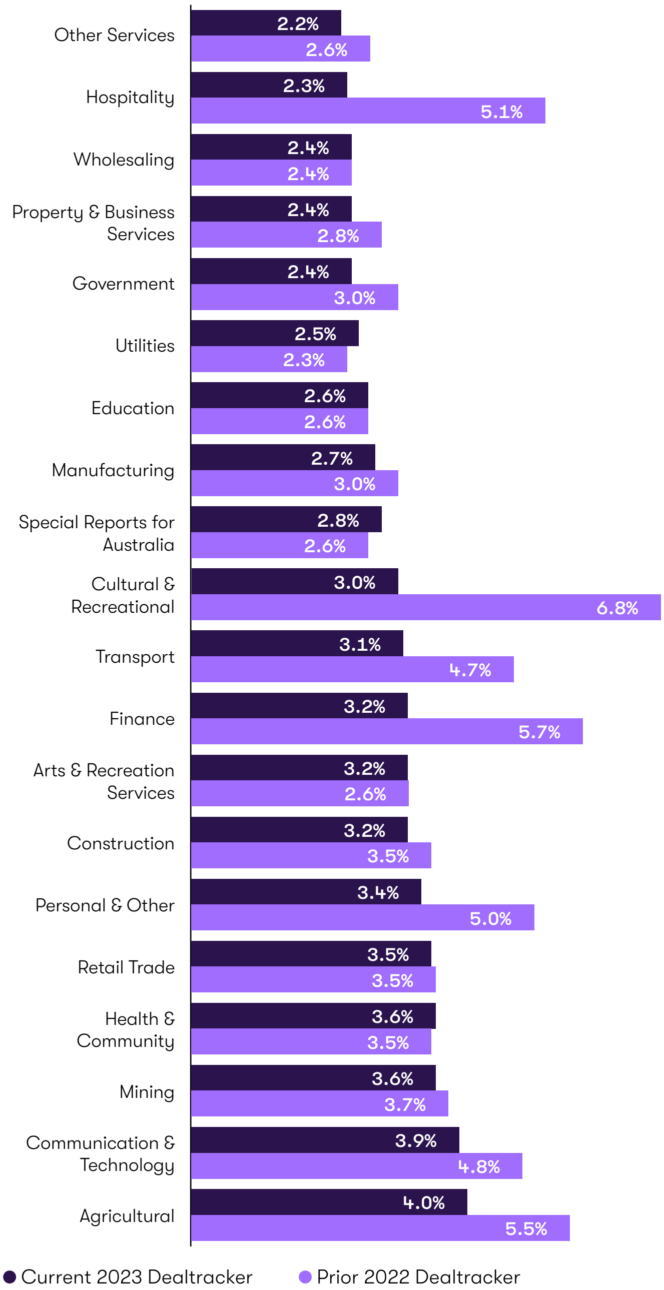
The trailing median EV/EBITDA multiple of 3.7x for the Energy sector was well below its historical average of 6.2x, or a 40% decrease, when compared to the sector's historical average since 31 December 2010.

For the Telecommunications sector, the change was equal to 12% from an average of 10.3x to a trailing 11.5x. For Materials, that change was equal to a 27% decrease from the long-term average of 6.7x to 4.9x trailing median.

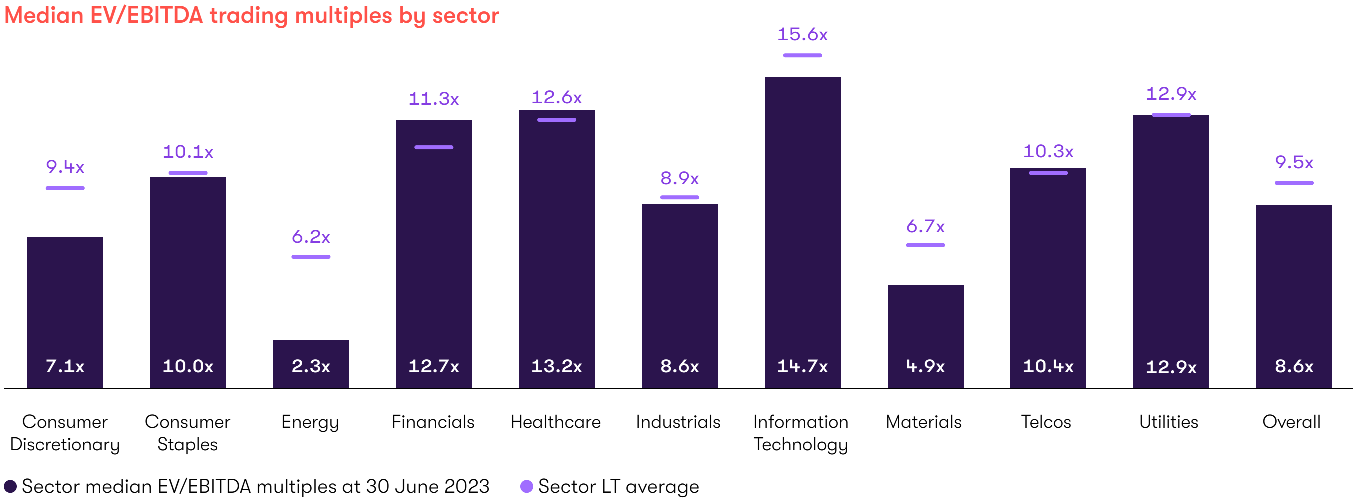
The IT sector had the highest sector valuations of 14.7x at June 2023 with the trailing median EV/EBITDA multiple of 15.4x falling short of its historical average of 15.6x, or a 1% decrease when compared to the sector's historical average since 31 December 2010. In prior periods, these companies were valued with reference to revenue multiples due to their annuity revenue streams, coupled with high expected growth. Due to the global economic uncertainty, we have seen these valuations decrease.

Based on forecast CAGR by subsector, the Agriculture and Information Technology sectors are expected to experience the strongest market growth (source: IBISWorld, Grant Thornton analysis). The Information Technology sector's growth is consistent with the strong deal volume due to widespread adoption of remote work and online education.

Four year revenue compound annual growth rate (CAGR) forecast by sector - previous and current Dealtrackers



Median EV/EBITDA trading multiples by sector

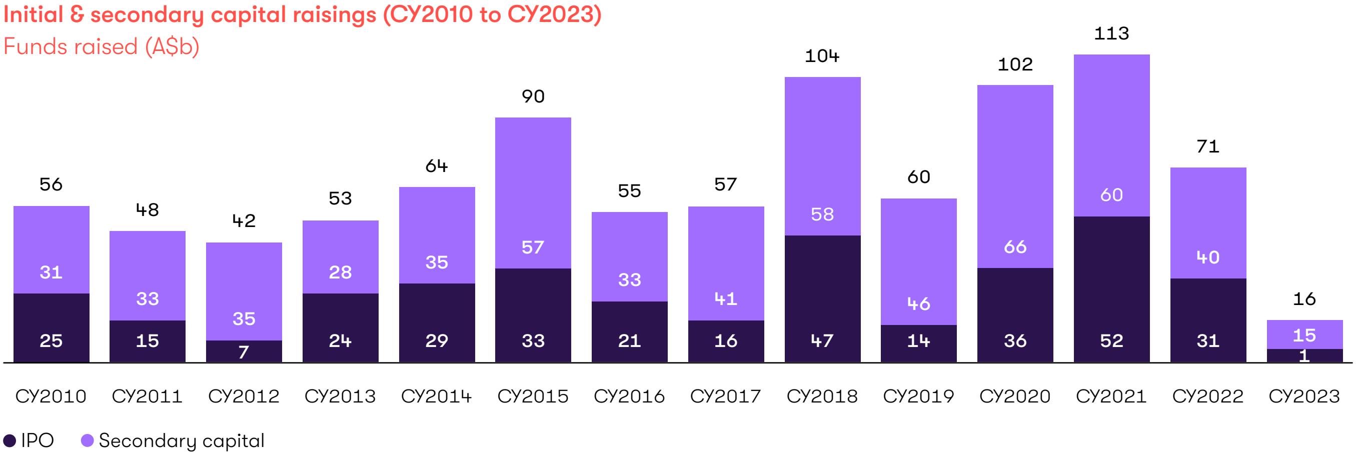


IPO activity in Australia

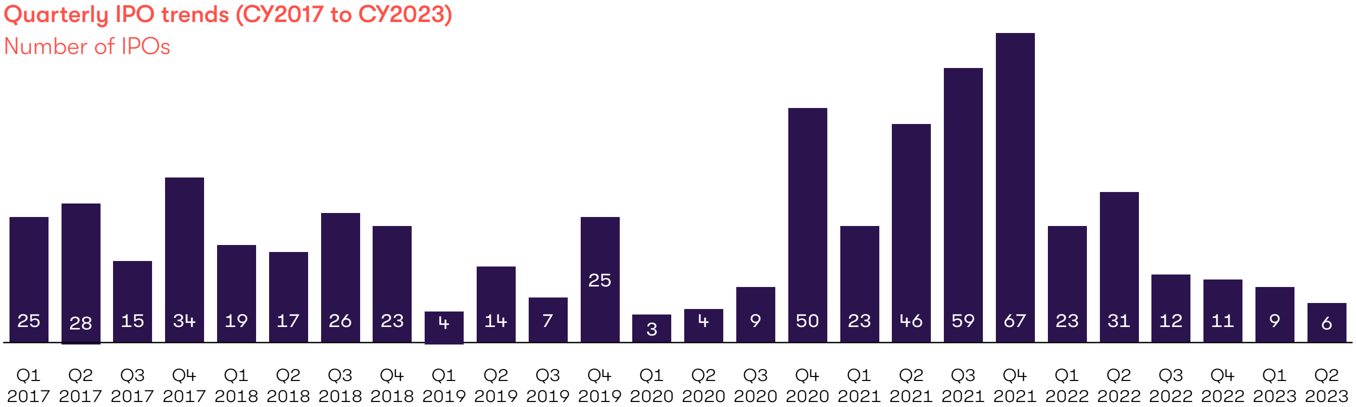
In line with market conditions, IPO activity decreased significantly in the 18 months to June 2023, falling 63% compared to the previous period.

- The CY2022 period experienced significantly weaker primary capital raising conditions than previous periods. Cumulatively, through both IPOs and secondary capital raisings, during CY2022 a total of $71b was raised, and in the first half of CY2023 a total of $16b was raised.
- Of the $71b raised in CY2022, 56% of the capital raised was through secondary capital raising and 44% through IPOs. Whereas in CY2021, secondary capital made up 53% of the $113b raised.
- In the first half of CY2022, the number of deals was 54 and this declined to 23 in the second half of CY2022. In the first half of CY2023 deals followed the same decline, falling to 15.
- The value of listings has also fallen over the Dealtracker period, decreasing by 94%, from $18.197b in the prior period to 2021 to $1.012b.
- The average IPO value has decreased to $48m in CY2022 down from $63m in CY2021. In CY2020 and CY2019, the average IPO values were $65m and $49m respectively. Therefore, the average IPO value in CY2022 as returned to pre-COVID levels.

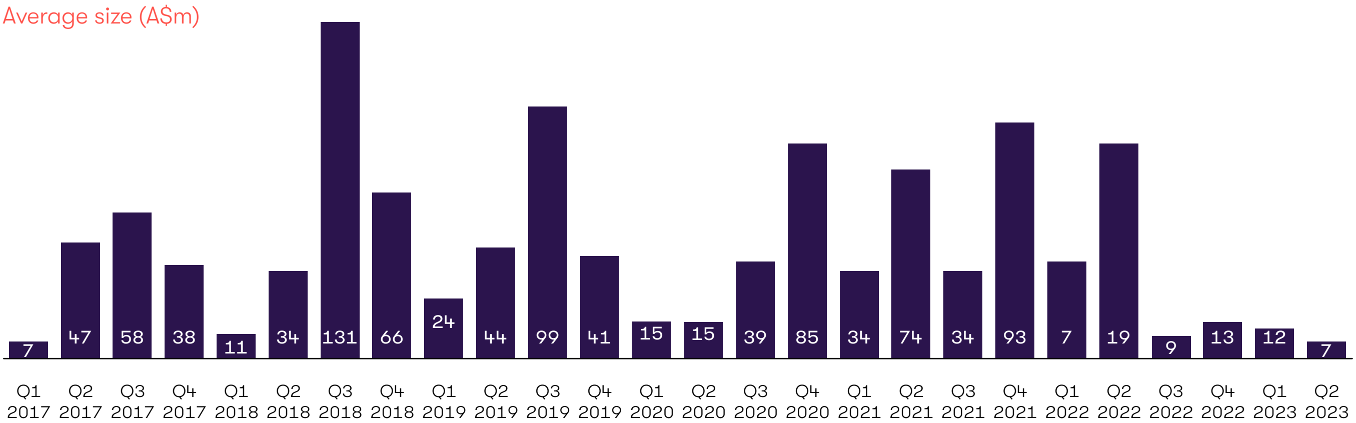
Initial & secondary capital raisings (CY2010 to CY2023)
Funds raised (A$b)



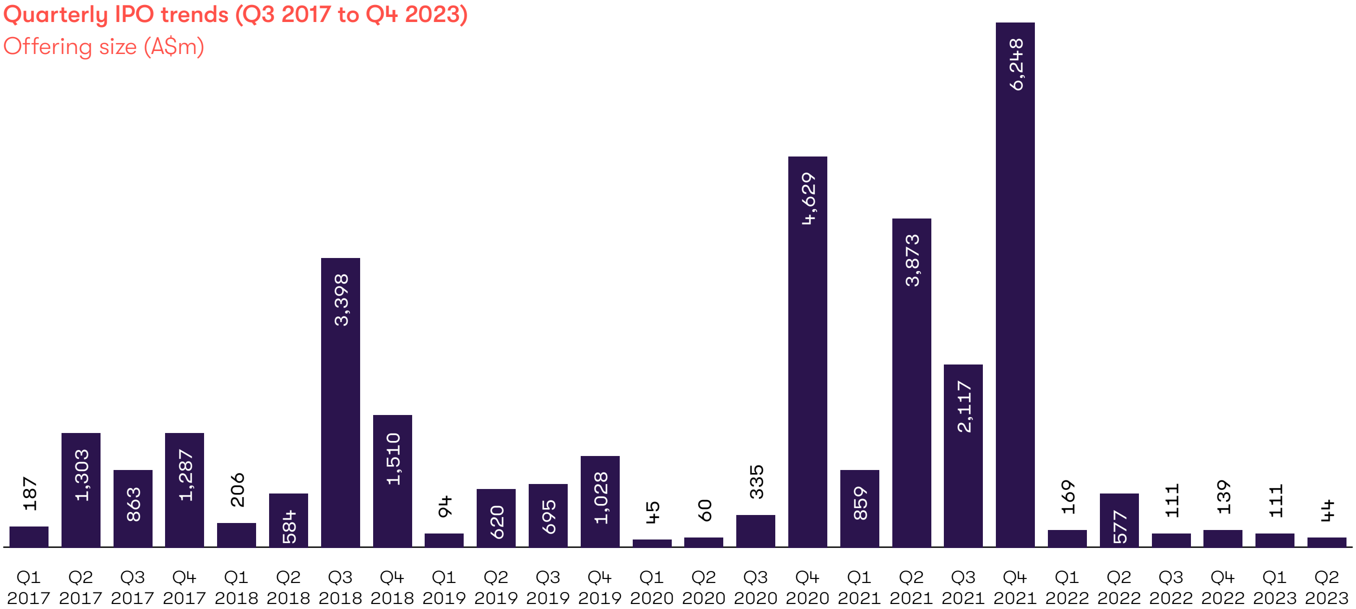
Quarterly IPO trends (CY2017 to CY2023)
Number of IPOs



Quarterly IPO trends (CY2017 to CY2023)
Average size (A$m)



Quarterly IPO trends (Q3 2017 to Q4 2023)
Offering size (A$m)



Over the 18 months to 30 June 2023, a total of 92 new companies listed on the ASX, decreasing significantly from 254 in the preceding 18-month period. The difference in total value of funds raised decreased drastically by 93%.

IPOs by size range (1 January 2022 to 30 June 2023)

Range	No. of IPOs	Offering size (A$m)	% of totals
Less than $10m	65	397.5	34.6%
$10m to $50m	25.0	468.2	40.7%
$50m to $100m	-	-	-
$100m to $500m	2.0	283.6	24.7%
Over $500m	-	-	-
Total	**92.0**	**1,149.3**	**100.0%**

IPOs by size range (1 July 2020 to 31 December 2021)

Range	No. of IPOs	Offering size (A$m)	% of totals
Less than $10m	119	718.8	4.0%
$10m to $50m	79.0	1,592.7	8.8%
$50m to $100m	22.0	1,564.5	8.7%
$100m to $500m	24.0	5,635.0	31.2%
Over $500m	10.0	8,549.3	47.3%
Total	**254.0**	**18,060.3**	**100.0%**

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

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

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

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

Comment

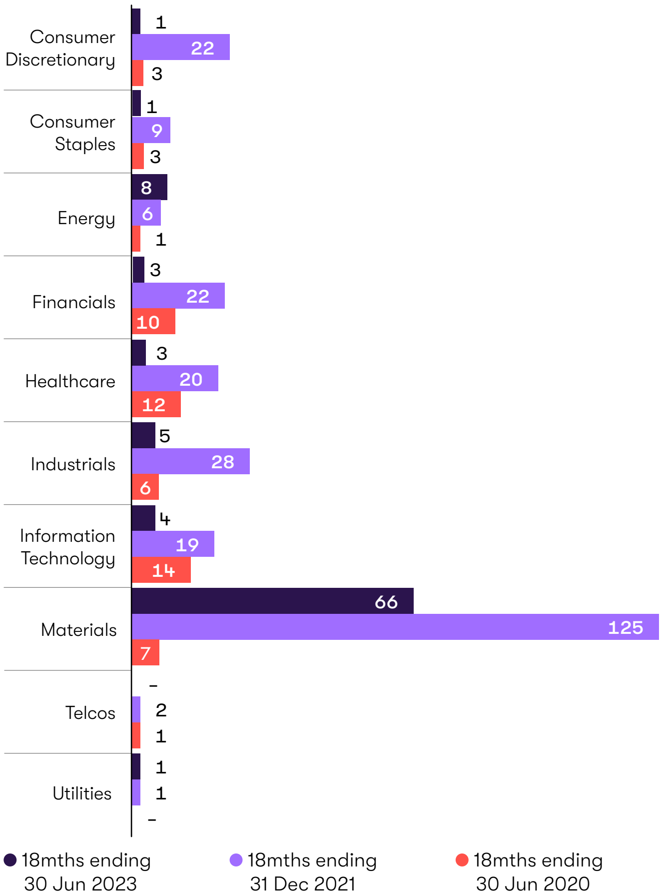
- The total number of listings reflected a significant decrease in volume (63% decrease) compared to the previous Dealtracker period, with 162 less listings in this Dealtracker period from the 254 recorded in the previous corresponding period.
- Given that the prior period was the first period post-pandemic and multiple IPOs were brought forward to this period, a more comparable period would be the 18 months ending 31 December 2018. Comparing to the pre-pandemic period, we note a decrease of 31% or 42 less listings.
- The total funds raised on initial offerings deteriorated by 93% to $1.15b. The funds raised with sizes between $10m and 50m accounted for 40.7% of the total funds raised in this Dealtracker period.
- Comparing the previous three Dealtracker periods to this report, the offering size has decreased in all sections except for less than 10m where it was $106m in the 18 months ended 30 June 2020.

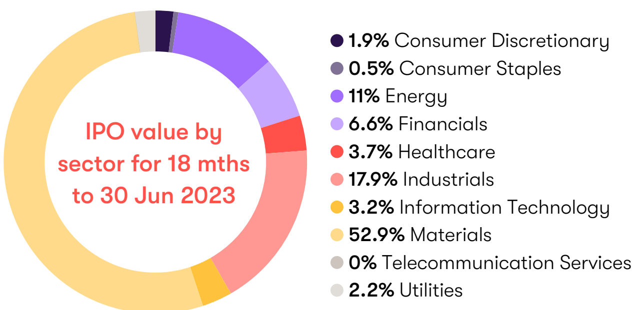
IPO size by sector

Comment

- Almost every sector has experienced a substantial decrease in the number of deals for the observed period, with the only exception being the Energy sector.
- The Energy sector experienced an increase of 33% (two) in its number of IPOs. This is the second largest increase in deals for the sector since the 18-month period ended 31 December 2018 where they increased by five.
- The Consumer Discretionary and Healthcare sectors have seen substantial decreases with the number of deals shrinking by 95% (21) and 85% (75) respectively. The Financials sector also experienced a drastic decline of 86% (19), which is similar to the trend seen in deal volume.
- The Industrials and IT sectors saw a significant contraction in their IPOs with decreases of 82% (23) and 79% (15) respectively. In the previous period, we saw both sectors grow by 400% (24) and 43% (six) respectively.
- The Materials sector saw a decline of 59% (79), which was coming off a high base from an increase of 1829% (128) deals in the prior period.
- The Consumer Staples and Telecommunication Services saw no IPOs during the period.
- The Utilities sector remained stable with no change in its deals (one).

Number of IPOs by sector for 18mths to 30 Jun 2023





Top IPOs in each sector
in the 18 months to 30 June 2023

Consumer Discretionary

Issuer	Adrad Holdings Limited (ASX:AHL)
Offer size	$22.0m
IPO Price	$1.50
Price at 30 Jun 2023	$0.90
Price change	-37%

Healthcare

Issuer	Microba Life Sciences Limited (ASX:MAP)
Offer size	$30.0m
IPO Price	$0.50
Price at 30 Jun 2023	$0.30
Price change	-33%

Utilities

Issuer	LGI Limited (ASX:LGI)
Offer size	$25.0m
IPO Price	$1.50
Price at 30 Jun 2023	$2.60
Price change	+71%

Industrials

Issuer	Chrysos Corporation Limited (ASX:C79)
Offer size	$183.5m
IPO Price	$6.50
Price at 30 Jun 2023	$5.10
Price change	-21%

Energy

Issuer	Conrad Asia Energy Ltd. (ASX:CRD)
Offer size	$45.0m
IPO Price	$1.5
Price at 30 Jun 2023	$1.7
Price change	+16%

Information Technology

Issuer	Acusensus Limited (ASX:ACE)
Offer size	$20.0m
IPO Price	$4.00
Price at 30 Jun 2023	$0.60
Price change	-84%

Financials

Issuer	Halo Technologies Holdings Limited (ASX:HAL)
Offer size	$36.1m
IPO Price	$1.20
Price at 30 Jun 2023	$0.10
Price change	-92%

Materials

Issuer	Leo Lithium Limited (ASX:LLL)
Offer size	$100.1m
IPO Price	$0.70
Price at 30 Jun 2023	$1.10
Price change	+53%

Listing multiples and immediate price returns
by target sector

In the 18 months to 30 June 2023, a total of $2.149m was raised from new listings on the ASX, with the 10 largest listings contributing approximately 16% of the total equity raised during this period. The largest listing during this 18-month period was Chrysos Corporation Limited (ASX:C79) that raised $183.5m.

CY2022/23H1IPO multiples of the ten largest IPOs (in the 18 months to 30 June 2023)

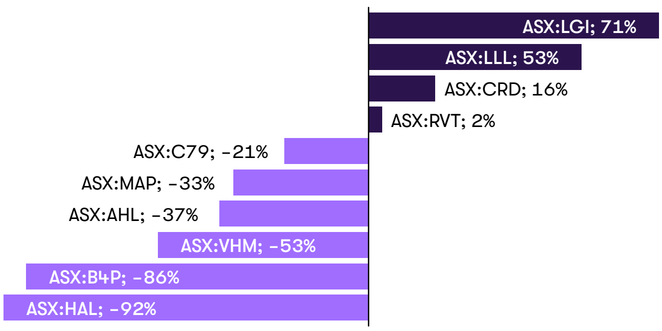
Company	Listing date	Industry	Offer size (A$m)	Market cap on listing date (A$m)	Market cap on 30 June 2023 (A$m)	EV/EBITDA on 30 June 2023
Chrysos Corporation Limited (ASX:C79)	14/4/2022	Industrials	$183.5	$637.6	$581.5	163.6x
Leo Lithium Limited (ASX:LLL)	29/4/2022	Materials	$100.1	$838.3	$689.0	-
Conrad Asia Energy Ltd. (ASX:CRD)	9/9/2022	Energy	$45.0	$242.7	$251.9	NM
Halo Technologies Holdings Limited (ASX:HAL)	28/2/2022	Financials	$36.1	$155.4	$11.0	-
Beforepay Group Limited (ASX:B4P)	22/11/2021	Financials	$35.0	$158.4	$20.8	-
VHM Limited (ASX:VHM)	21/11/2022	Materials	$30.0	$266.0	$101.6	NM
Microba Life Sciences Limited (ASX:MAP)	9/2/2022	Healthcare	$30.0	$123.5	$115.3	NM
Richmond Vanadium Technology Limited (ASX:RVT)	14/10/2022	Materials	$25.0	$88.7	$86.5	NM
LGI Limited (ASX:LGI)	17/8/2022	Utilities	$25.0	$132.4	$176.6	15.1x
Adrad Holdings Limited (ASX:AHL)	17/8/2022	Consumer Discretionary	$22.0	$121.0	$72.6	7.4x
Total			**$531.7**	**$2,764.0**	**$2,106.6**	
Average			**53.2**	**276.4**	**210.7**	**31.0x**

Six of the top 10 listings during the 18 months ending 30 June 2023 have experienced declines in their post-listing share prices. The largest underperformer was Halo Technologies Holdings Limited – a provider of equity research and portfolio management services – with a share price deterioration of 92% since its IPO on 28 February 2022.

Chrysos Corporation Limited, Beforepay Group Limited, VHM Limited, Microba Life Sciences Limited, Adrad Holdings Limited have declined higher than 20% in share price.

The top performer in terms of share price was LGI Limited (ASX:LGI – which provides carbon abatement and renewable energy solutions with biogas from landfill), increasing by 71% in value since listing on 17 August 2022. Leo Lithium Limited (ASX: LLL – which engages in exploration and mining activities in Mali) has gained 53% in share price since its 29 April 2022 listing.

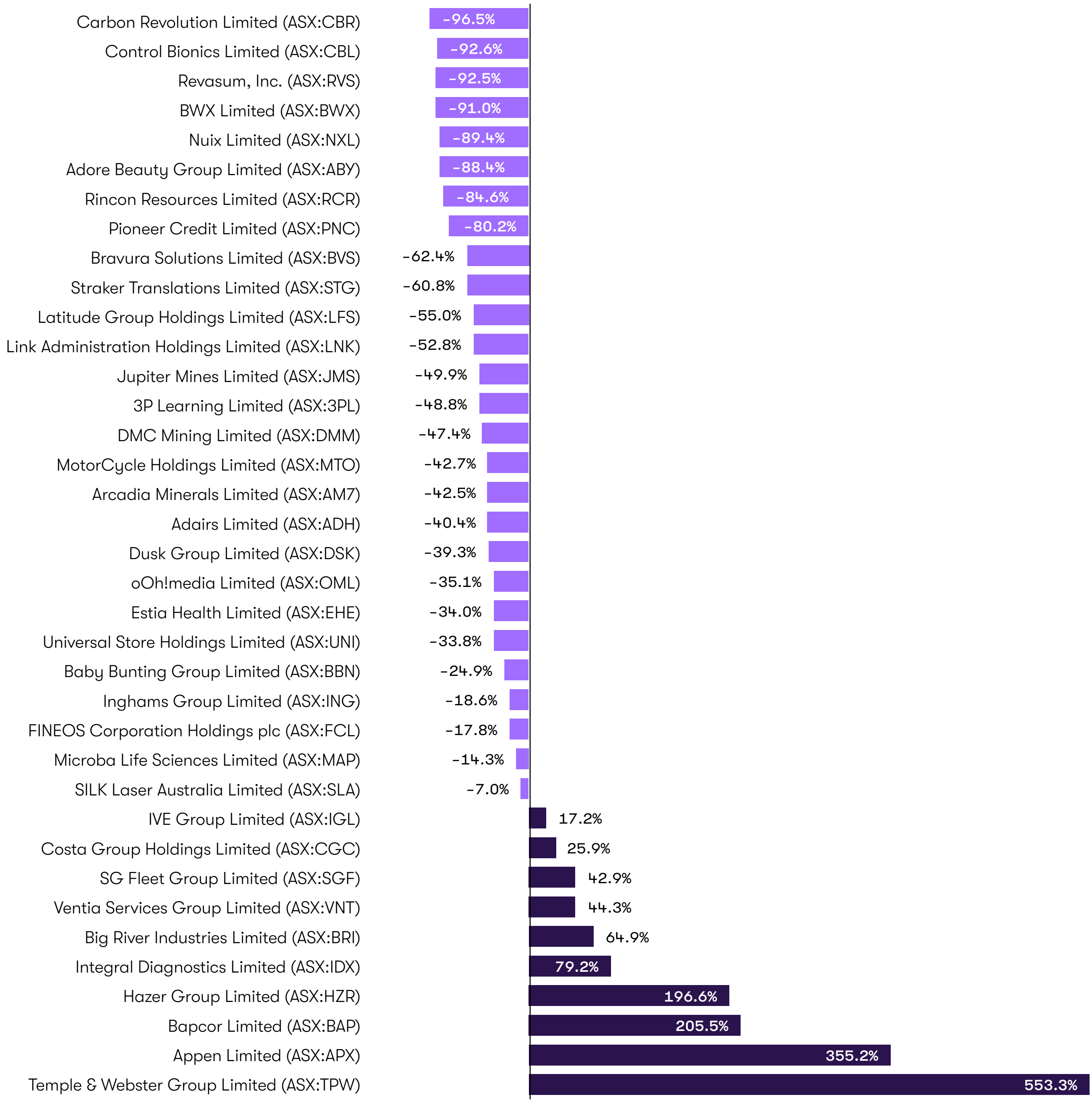
IPO performance of the 10 largest IPOs to 30 June 2023



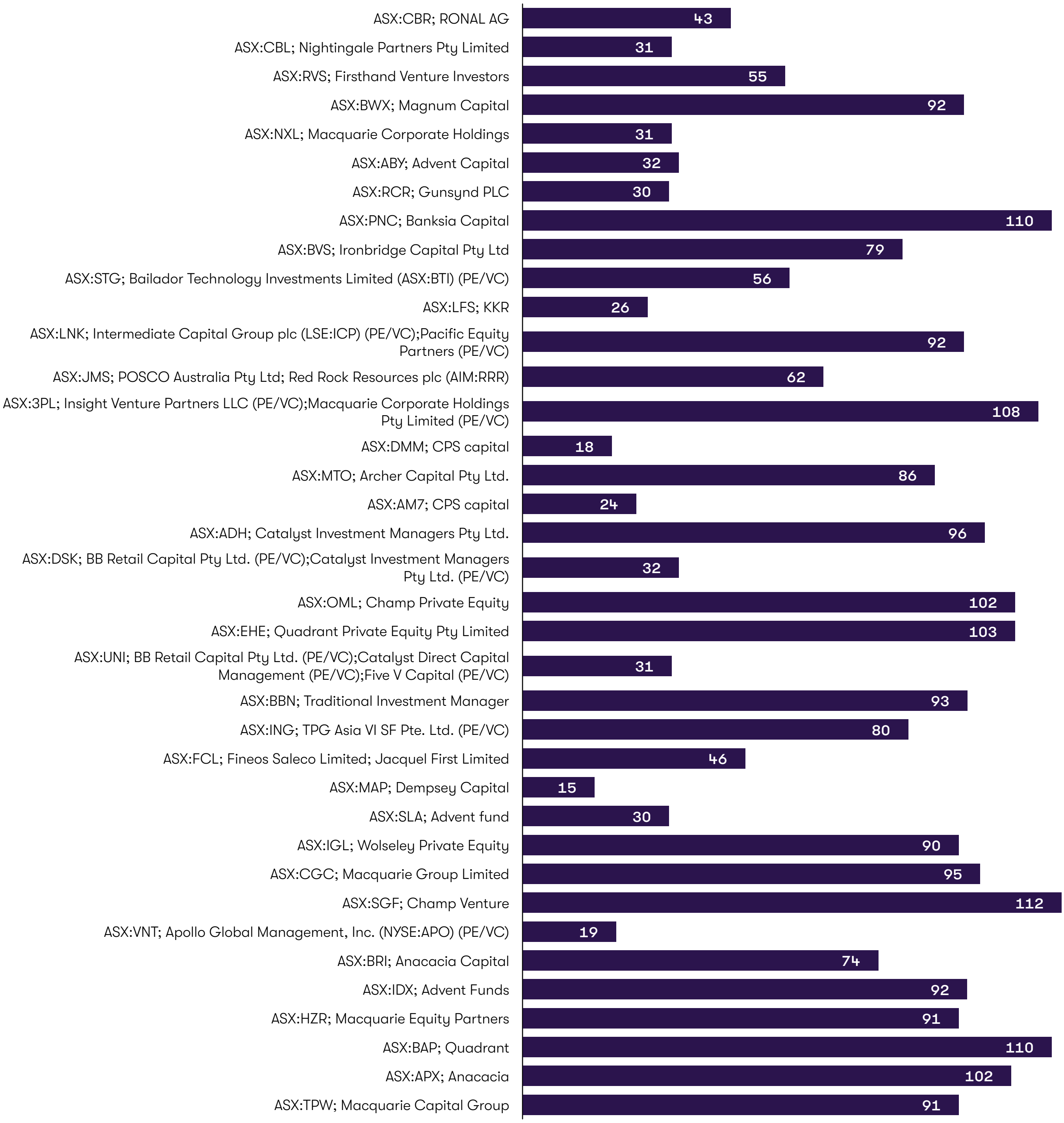
Private equity story

Over the past 10 years, there have been 37 private equity backed deals, which on average have increased by 4% above their initial listing price; however, the median change is -39%. Top performing shares are Appen Limited and Temple & Webster Group, which increased more than 300% since listing.

Private equity backed IPOs performance to date



Months since listing



"As we continue to face a market of economic uncertainty and global volatility, your organisation's ability to successfully undertake M&A activities will rely on your ability to withstand market headwinds and demonstrate resilience. Changes to consumer and worker behaviours, supply chain pressures, geopolitical issues, ESG mandates and technological innovation will affect your strategy or that of your target, while navigating the availability and cost of finance.

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

Jannaya James, Partner - Corporate Finance

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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.

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

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

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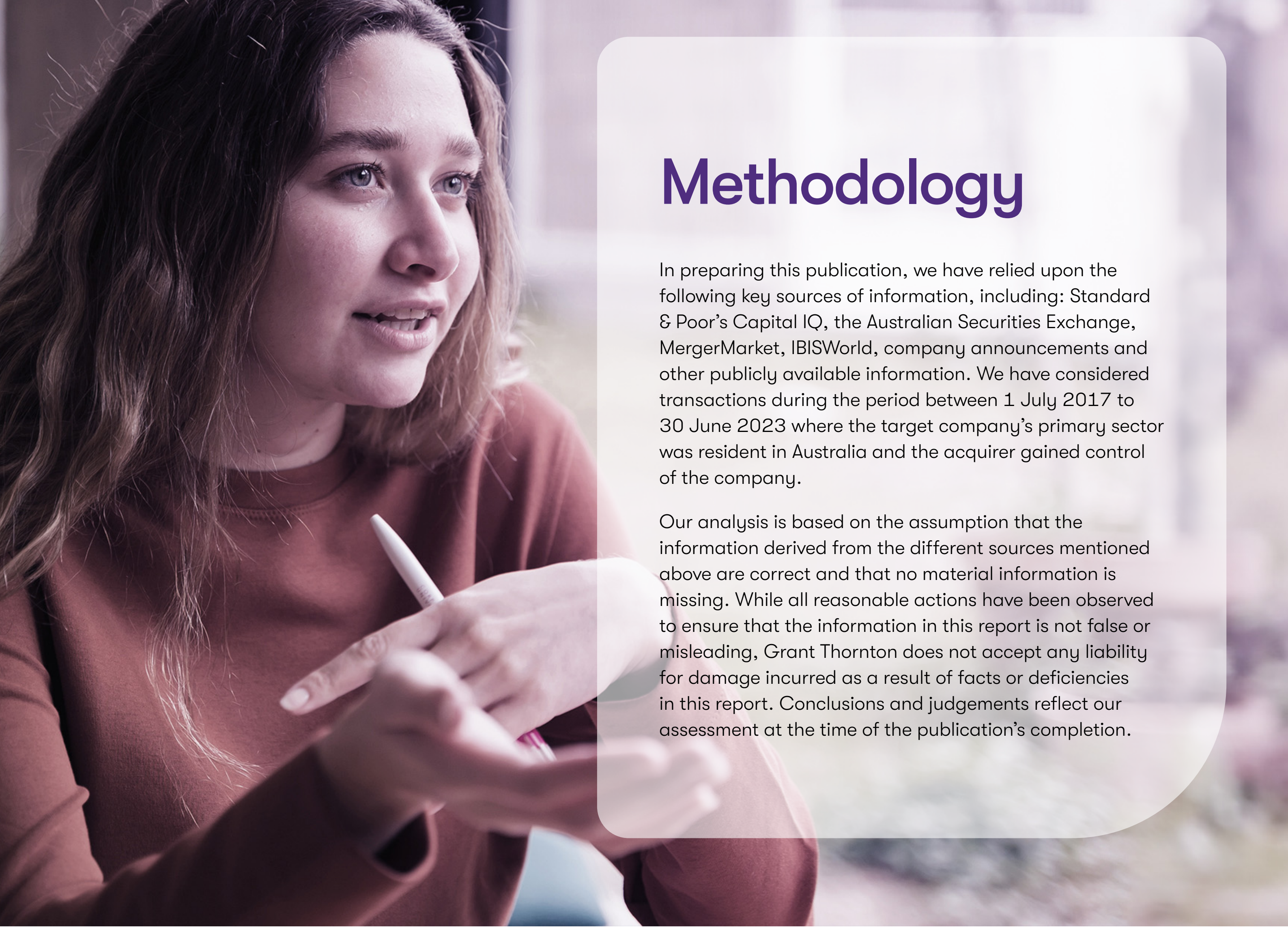

Methodology

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 2017 to 30 June 2023 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. 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.

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Australia	Global
PEOPLE 1,300+	PEOPLE 68,000+
REVENUE (AUD) AT 30/06/23 $339m	REVENUE (USD) AT 30/09/21 $7.2b
PARTNERS 176	MARKETS 147
OFFICES 6	OFFICES 750+

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