



European DealReader Global Consumer Group

Q4 2016

Year-in-review

- Record year for Lincoln's M&A Group with 136 transactions completed in 2016
- Strengthening of global capabilities with the addition of the Joint Ventures & Partnering Group
- Continued global expansion through the opening of offices in Munich and Dallas
- The Consumer Group has closed more than 100 M&A transactions in the last three years

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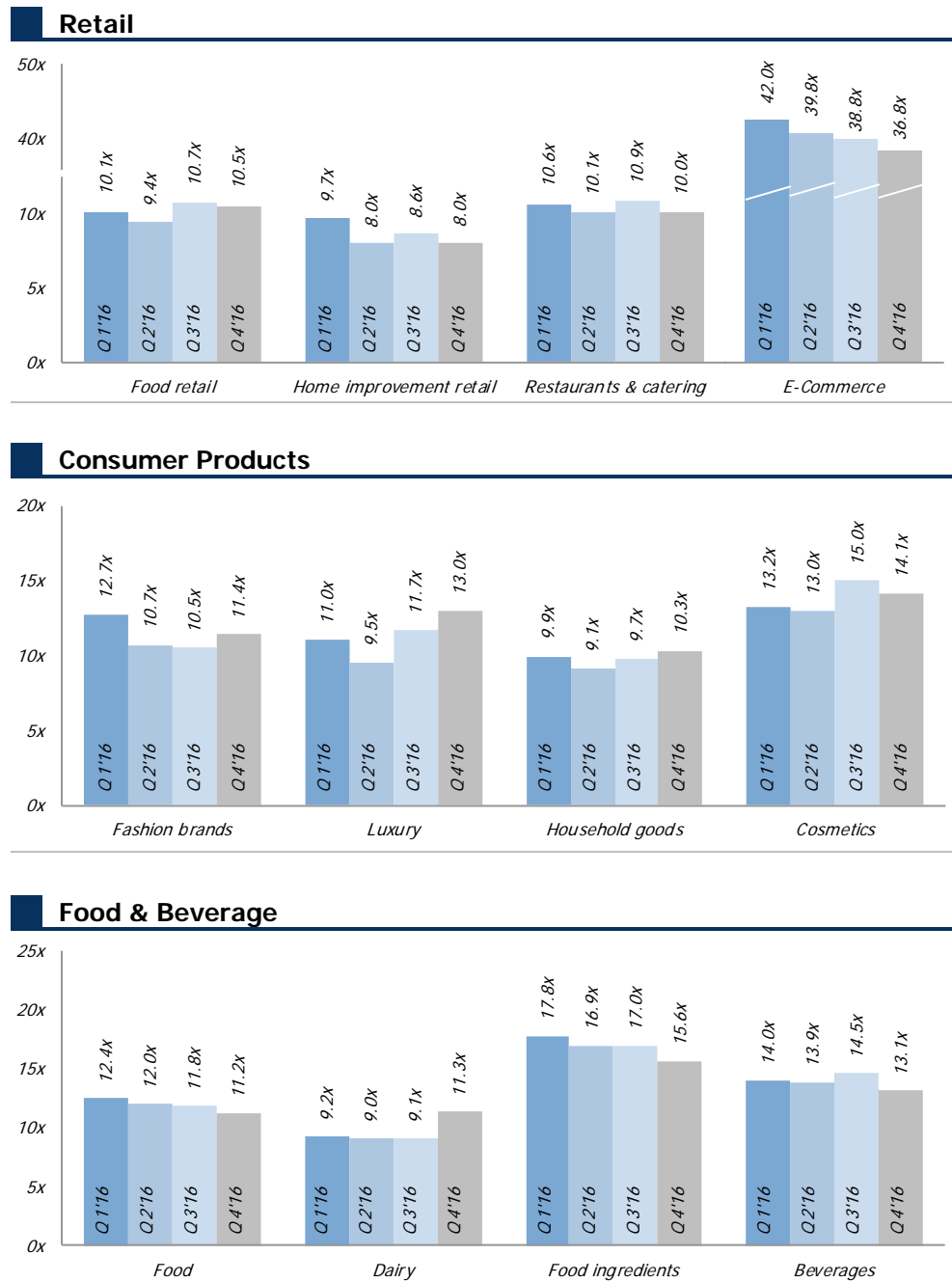
Deals by Lincoln International's Consumer Group

Market Update

- Leading European corporates closed 2016 on a relatively high share price level compared to their trading throughout the year. The performance in the last quarter was mixed across each of the sub-sectors
- The luxury sub-sector has seen the best share price performance during the quarter, followed by fashion brands (11.1% and 8.6%, respectively)
- Food ingredients and beverages lost 4.3% over the quarter and show the weakest performance
- Valuations in retail declined in Q4 compared to Q3; consumer products increased with the exception of cosmetics; food & beverages declined with the exception of dairy sub-sector
- Highest increase in valuation within dairy (from 9.1x to 11.3x) triggered by company specific factors rather than a general industry increase
- Continuing decrease in e-commerce valuation despite increasing share prices indicate that the maturing of the industry amid increasing EBITDA margins

European Public Comparables

Historical Enterprise Value / EBITDA Valuation Performance



Source: Capital IQ, Bloomberg

Median Statistics

(Euro in millions)

Sub-sector (# companies)	Median EV	Quarterly Stock Performance	% of 52 Week High	EV / LTM		P / E Multiple	Net Debt / LTM EBITDA	LTM Growth		LTM Margin	
				Revenue	EBITDA			Revenue	EBITDA	Gross	EBITDA
Food retail (10)	9,988	0.8%	88.1%	0.45x	10.5x	18.4x	2.0x	1.7%	19.6%	21.2%	5.5%
Home improvement retail (10)	783	(3.4%)	78.0%	0.78x	8.0x	14.8x	1.1x	3.4%	5.2%	39.5%	8.8%
Restaurant & catering (9)	3,898	3.0%	97.5%	1.11x	10.0x	24.8x	1.5x	7.7%	10.9%	21.2%	9.8%
E-Commerce (10)	1,280	2.1%	89.1%	1.28x	36.8x	84.1x	2.3x	26.2%	29.8%	30.0%	4.7%
Fashion brands (10)	1,518	8.0%	90.0%	1.92x	11.4x	23.0x	1.4x	5.8%	3.2%	56.9%	12.2%
Luxury (10)	7,748	11.3%	96.3%	2.71x	13.0x	26.4x	0.4x	3.7%	5.2%	66.2%	20.5%
Household goods (10)	821	2.6%	93.5%	1.13x	10.3x	16.0x	1.0x	3.5%	9.0%	39.5%	11.0%
Cosmetics (10)	9,693	(3.4%)	88.8%	2.43x	14.1x	25.2x	1.5x	2.3%	5.2%	57.2%	15.7%
Food (10)	2,145	(2.4%)	91.8%	1.39x	11.2x	21.3x	2.4x	3.7%	17.5%	34.7%	12.6%
Dairy (7)	3,326	(3.5%)	88.9%	1.13x	11.3x	21.1x	1.9x	(0.4%)	6.4%	34.8%	13.7%
Food ingredients (10)	6,589	(4.3%)	83.8%	2.29x	15.6x	26.8x	1.9x	7.5%	13.5%	42.8%	13.7%
Beverages (10)	11,852	(4.3%)	89.9%	3.37x	13.1x	23.7x	2.4x	3.5%	7.2%	55.3%	21.7%
Median				1.34x	11.4x	23.3x	1.7x	3.6%	8.1%	39.5%	12.4%

Source: Capital IQ as of 31/12/2016

Comments

- In Q4 2016, European M&A activity has seen the highest quarterly deal value, yet with the lowest deal count
- The fear of an increase in trade barriers in both the UK and the US following Donald Trump's election is causing some companies to pause, with a related impact on M&A activity
- The consumer goods & retail sector has seen 296 deals (88 with announced deal values) worth €16.6bn in Q4 2016 compared to 302 deals (87 with announced deal values) worth €124.7bn in Q4 2015, which was impacted by the SABMiller/AB InBev transaction
- Still, Q4 2016 represented a substantial improvement from Q3 2016, which registered €5.1bn in deal values
- Activity in the retail space was particularly strong in the UK, despite the initial panic in the immediate aftermath of the result of the EU referendum and the expectations for a decline in consumer spending and high-street metrics
- Japanese buyers were particularly active, with specific interest in food production and strong brands
- The AB InBev/Asahi deal was the largest consumer products transaction in Q4 2016 and included eight companies in 5 Eastern and Central European countries
- In the non-food sector, the largest transaction was the acquisition of the online auction portal operator Allegro through Cinven and Permira

Sources: Mergermarket

European M&A Activity

Selected European Consumer Goods & Retail Transactions

Food (Production / Retail)

(Euro in millions)

Date	Target	Activity	Acquirer	Seller	EV	EV / Sales	EV / EBITDA
23/12	UAB Palink	Supermarket chain	ICA Gruppen	Coopernic	213	0.34x	6.1x
20/12	Loungers	Bar and cafe chain	Lion Capital	Piper PE	137	-	-
19/12	Devin	Bottler and seller of waters	Société de Services	Advent International	120	-	-
15/12	hungryhouse	Food order platform	JUST EAT	Delivery Hero	281	-	-
13/12	CEE Beer businesses	Beer producer	Asahi Group	Anheuser-Busch	7,300	4.45x	14.8x
09/12	Fyffes	Fruit distributor	Sumitomo	Multiple sellers	836	0.78x	15.0x
05/12	Biogran	Sells organic and natural products	Koninklijke	Nazca Capital	67	2.48x	-
02/12	Broomco	Manufactures freeze dried products	Innovation Net Corp; Nagatanien	Shackleton	122	-	-
29/11	Enrico Giotti	Producer of flavors, juices and extracts	McCormick & Company	Private investors	120	2.26x	-
23/11	S.C. Profi Rom Food	Supermarket chain	Mid Europa Partners	Enterprise Investors	533	-	-
16/11	Orgen Gida Sanayi	Seasonings and food producer	Ajinomoto	Yildiz Holding	63	-	-
13/11	Optima	Ice cream producer	Charterhouse Capital Partners	The Riverside Company	350	-	-
20/10	Materne Mont Blanc	Desserts and fruit based products	Fromageries Bel	LBO France	553	-	-

Sources: Mergermarket, Capital IQ

Non-Food (Production / Retail)

(Euro in millions)

Date	Target	Activity	Acquirer	Seller	EV	EV / Sales	EV / EBITDA
27/12	Sports Direct	Trademark rights/Licensing	Dunlop, Sumitomo	Sports Direct	132	0.58x	5.3x
23/12	Buccellati	Jewelry & luxury watch producer	Yuelong	Clessidra	226	-	-
22/12	Universal MC POL/SLO	Consumer electronics producer	Sharp	Skytec Group	85	-	-
14/12	M.Video	Consumer electronics retailer	Safmar Group	Private	1,134	0.36x	8.0x
07/12	Staples Europe	Office Product superstores	Cerberus Capital	Staples	50	-	-
28/11	GO Outdoors	Operator of outdoor retail stores	JD Sports Fashion	3i Group	151	-	-
28/10	SLV	Lighting product manufacturer	Ardian	Cinven	800	-	12.3x
25/10	Schustermann & Borenstein	Textile distributor	Permira	Ardian	700	-	-
17/10	Jemella	Electrical hair styling products	Coty	Lion Capital	493	-	-
14/10	Allegro Group	Online auction portal operator	Cinven, Permira	Mid Europa P.	3,044	-	-
04/10	Rimowa	Luggage manufacturer	LVMH	Private investor	800	-	-

Sources: Mergermarket, Capital IQ

Deals by Lincoln International's Consumer Group

 has sold to 	 has been sold to a portfolio company of 	 has sold to 	 has sold to 	 has sold its majority stake to
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Global Industry Groups

Aerospace & Defense
Automotive & Truck
Building & Infrastructure
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Chemicals
Consumer
Distribution
Electronics
Energy & Power
Financial Institutions
Food & Beverage
Healthcare
Industrials
Packaging
Technology & Media

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