



# European DealReader Global Consumer Group

Q1 2018

## Lincoln Update

- Lincoln International has closed c. 40 transactions in Q1 2018, more than 45% of which were cross-border
- Lincoln announced the addition of a new Stockholm office, adding three Managing Directors and augmenting its coverage of the Nordic region. Stockholm is Lincoln's 20<sup>th</sup> global office
- Lincoln is excited to be holding its fifth annual Consumer Conference on 10<sup>th</sup> May 2018 at The Ritz-Carlton, Half Moon Bay, California

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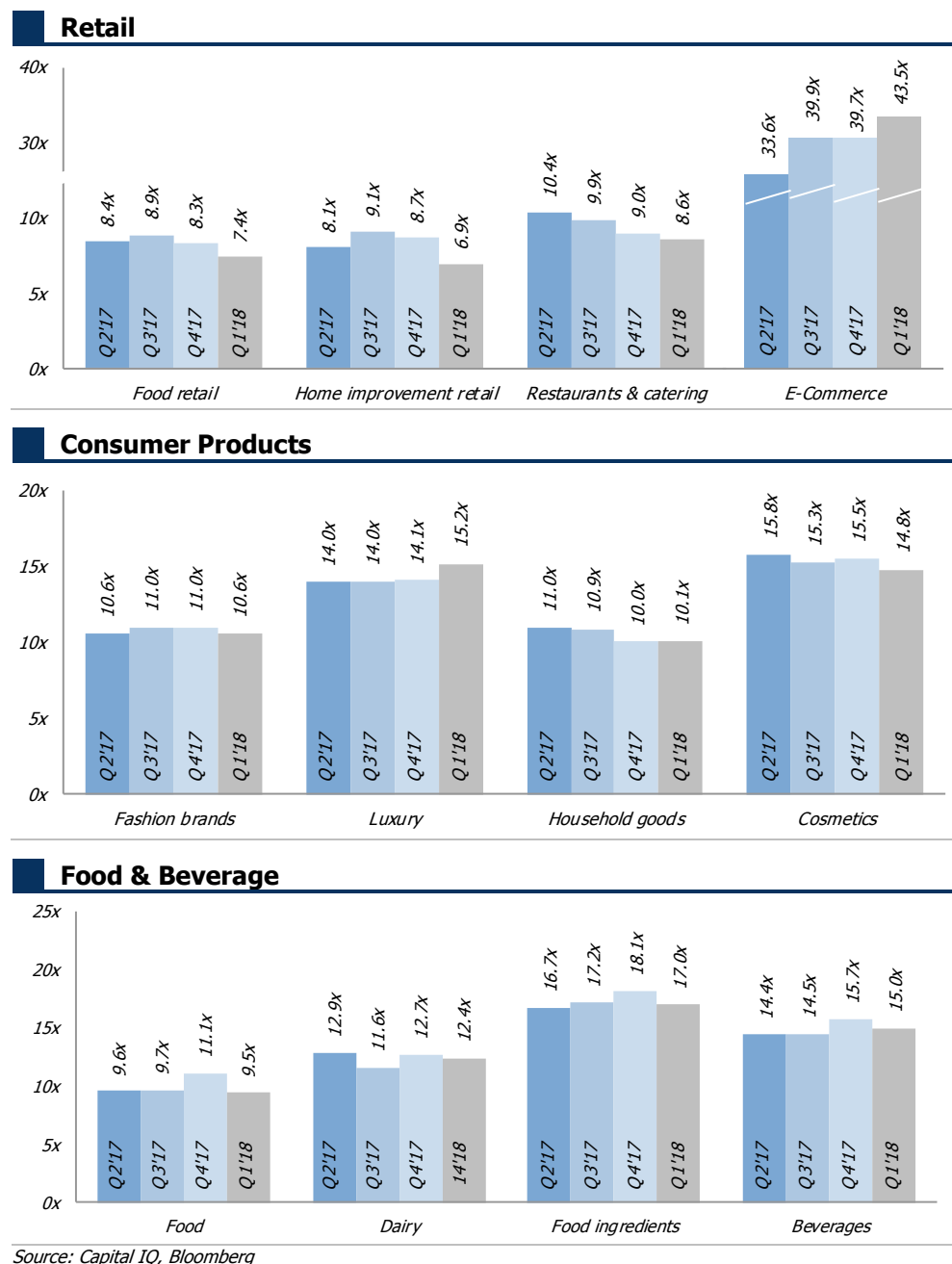
## Market Update

- Listed consumer businesses had a tricky start to the year, with share prices falling 6.3% in the quarter, compared to the EuroSTOXX 50 which fell by 3.7%
- Consumer EV/EBITDA multiples averaged 11.5x at the end of Q1'18, a fall of 0.9x against Q4'17 (12.4x)
- The retail sub-sector was impacted by the continuous move of consumers away from traditional retail models and towards E-commerce
- Consumer Products showed mixed performance in Q1'18. Luxury showed the highest multiple expansion (1.1x), driven by strong share price movements from Prada (+24%) and Moncler (+19%). Cosmetics performed the weakest in Q1, driven by McBride (-31%) which has implemented a turnaround strategy, and PZ Cussons (-29%), which announced significant underperformance against forecast because of difficult trading conditions
- Stock valuations for the Food & Beverage sector fell following a strong Q4'17. Food decreased by 10.3%, driven by poor Q1 results from ARYZTA (-45%) and downward revised forecasts from Greencore (-42%). Food ingredients fell by 9.7%, driven by poor trading from Tate & Lyle (-22%) and Südzucker (-24%)

Sources: Capital IQ, Bloomberg

## European Public Comparables

## Historical Enterprise Value / EBITDA Valuation Performance (median)



## 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)	9,572	(5.9%)	76.9%	0.40x	7.4x	16.7x	1.7x	5.4%	10.6%	20.9%	5.1%
Home improvement retail (10)	640	(17.7%)	71.1%	0.62x	6.9x	13.2x	2.0x	2.0%	(3.4%)	37.6%	7.8%
Restaurant & catering (9)	3,705	(7.9%)	84.9%	0.90x	8.6x	17.1x	1.5x	6.3%	4.7%	22.1%	9.9%
E-Commerce (10)	1,410	(1.3%)	73.9%	1.53x	43.5x	64.2x	2.8x	17.4%	0.8%	29.4%	3.7%
Fashion brands (9)	1,394	(6.7%)	77.1%	1.05x	10.6x	21.2x	1.2x	1.9%	3.6%	56.0%	12.2%
Luxury (9)	9,706	1.2%	92.7%	3.35x	15.2x	25.8x	0.5x	8.0%	13.4%	65.5%	21.9%
Household goods (10)	834	(2.7%)	80.8%	1.17x	10.1x	16.2x	1.4x	7.1%	2.0%	43.2%	12.1%
Cosmetics (10)	10,809	(8.9%)	78.6%	2.54x	14.8x	14.0x	2.8x	5.8%	6.9%	50.2%	16.7%
Food (10)	1,942	(10.3%)	81.9%	0.98x	9.5x	18.0x	2.6x	3.0%	4.0%	33.1%	11.0%
Dairy (7)	3,962	0.4%	91.2%	1.21x	12.4x	17.1x	2.0x	9.8%	9.3%	31.1%	9.7%
Food ingredients (10)	7,353	(9.7%)	87.1%	2.90x	17.0x	26.4x	1.7x	7.8%	8.9%	42.1%	15.3%
Beverages (10)	12,968	(3.7%)	90.4%	3.90x	15.0x	25.5x	2.2x	5.2%	5.8%	56.1%	22.2%
Median		(6.3%)		1.19x	11.5x	17.5x	1.8x	6.1%	5.2%	39.9%	11.6%

Source: Capital IQ as of 31/03/2018

## Comments

- European M&A activity continued to increase throughout Q1, reaching its highest YTD deal value since 2008, hitting US\$ 256bn (a 21.6% increase against Q1'17) across 1,409 deals
- European deal value was driven primarily by "megadeals" of which there were six, totaling \$123.8bn (48% of total value), however none of these were in the Consumer sector
- There were an estimated 300+ European Consumer deals in Q1'18, the largest of which was the acquisition of Patron Tequila by Bacardi for an Enterprise Value of \$5.1bn
- Other significant transactions included Richemont's offer for a 75% stake and take private of Net-A-Porter at a 26% premium to share price, Chinese conglomerate Shandong Ruyi's acquisition of Bally International, TUI's acquisition of Intercruises Shoreside and Port Services and Nomad Food's acquisition of GoodFella's Pizza for c. 10.5x EBITDA

Sources: Mergermarket

## European M&amp;A Activity

## Selected European Consumer Goods, Retail and Services M&amp;A Transactions

## Food &amp; Beverage

(Euro in millions)

Date	Target	Activity	Acquirer	Seller	EV (m)	EV/ Rev	EV/ EBITDA
Jan-18	Aspoll Cyder	Producer of cider	Molson Coors	Chevallier family	£40	1.16x	32.3x
Jan-18	Buffalo Grill	Chain of steakhouses	TDR Capital	Abenex Capital Nixen Partners	-	-	-
Jan-18	Chateau Bellefont	Bordeaux vineyard	SARL Vignobles (Peter Kwok)	Private individual	-	-	-
Jan-18	Patron Tequila (70%)	Producer of Tequila	Bacardi Ltd	Founder	\$5,100	-	-
Jan-18	Goodfella's Pizza	Frozen pizzas	Nomad Foods	Boparan Hld	€225	c.1.50x	c. 10.5x
Jan-18	Bertagni (70%)	Producer of stuffed pasta	Ebro Foods	Private Individuals	€130	2.65x	-
Jan-18	Greencore Hull	Ambient cakes & desserts	Bright Blue Foods	Greencore	-	-	-
Feb-18	Yeo Valley	Farming and dairy Co	Arla Foods	Farmer co-op	-	-	-
Feb-18	Le Crobag	Fast Food Cafés	Autogrill	Groupe Soufflet	€65	0.81x	9.3x
Mar-18	Caffè Borbone (60%)	Coffee roast & products	Italmobiliare	Private	€140	2.5x	-
Mar-18	Vital Ingredient	Soup and salad bar	Tossed Hld	FCFM Group	-	-	-

Sources: Mergermarket, Capital IQ

## Consumer Goods, Retail and Services

(Euro in millions)

Date	Target	Activity	Acquirer	Seller	EV (m)	EV/ Rev	EV/ EBITDA
Jan-18	OKA Direct	Luxury furniture retailer	InvestIndustrial	Private individuals	€45	-	10.0x
Jan-18	Fitness Hut	Gym operator	Viva Gym	Edge Capital Oxy Capital	-	-	-
Jan-18	A-ROSA	River Cruise operator	Duke Street	Waterland PE	-	-	-
Jan-18	Net-A-Porter (75%)	Online fashion retailer	Richemont	Listed company	€3,424	2.58x	c.40.0x
Feb-18	Bugaboo Intl	Mobility products brand	Bain Capital	Founders	-	-	-
Feb-18	CBR Holding	Clothing manufacturer	Alteri Partners	EQT	-	-	-
Feb-18	Travel Department	Tour operator	MML	Founders	€12	0.30x	-
Feb-18	Bally Intl	Women's clothing	Shandong Ruyi	JAB Hld	€571	c.0.70x	-
Feb-18	Royal Sanders	Personal care products	3i Group	Egeria	-	-	-
Feb-18	La Perla	Lingerie designer	Sapinda Hld	Private Individual (Silvio Scaglia)	-	-	-
Mar-18	Kuoni France	Tour & holiday operator	DER Touristik	Voyageurs du Monde	-	-	-
Mar-18	Olympic Enter. (64%)	Casinos and gaming	Novalpina	Listed Company	€184	1.07x	4.9x
Mar-18	Endura Limited	Cycling apparel	Pentland Group plc	Founders	-	-	-
Mar-18	Intercruises	Tour & holiday operator	TUI Group	Hotelbeds Group	€497	0.22x	-

Sources: Mergermarket, Capital IQ

## Selected Q1 deals by Lincoln International

 has acquired  MADRID	 has sold  to  partners, L.P.	 has sold  to 	 a portfolio company of  has been refinanced and raised growth capital Senior Credit Facilities	 a portfolio company of  have raised acquisition financing to acquire 
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## Global Industry Groups

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

## Global Locations

Amsterdam  
Beijing  
Chicago  
Dallas  
Frankfurt  
London  
Los Angeles  
Madrid  
Milan  
Moscow  
Mumbai  
Munich  
New York  
Paris  
São Paulo  
San Francisco  
Stockholm  
Tokyo  
Vienna  
Zurich

## Advisory Services

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Joint Venture & Partnering  
Valuations & Opinions

## About Lincoln International

Lincoln International specializes in merger and acquisition advisory services, debt advisory services, private capital raising and restructuring advice on mid-market transactions. Lincoln International also provides fairness opinions, valuations and joint venture and partnering advisory services on a wide range of transaction sizes. With nineteen offices in the Americas, Asia and Europe, Lincoln International has strong local knowledge and contacts in key global economies. The firm provides clients with senior-level attention, in-depth industry expertise and integrated resources. By being focused and independent, Lincoln International serves its clients without conflicts of interest. More information about Lincoln International can be obtained at [www.lincolninternational.com](http://www.lincolninternational.com).

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