



# European DealReader Global Consumer Group

Q2 2018

## Lincoln Update

- The Lincoln International team ends Q2 2018 with c. 50 active mandates across the globe
- Activity levels are particularly high in the consumer products and food & beverage sub-sectors
- Lincoln International continues to see strong cross-border M&A interest across Europe and further afield

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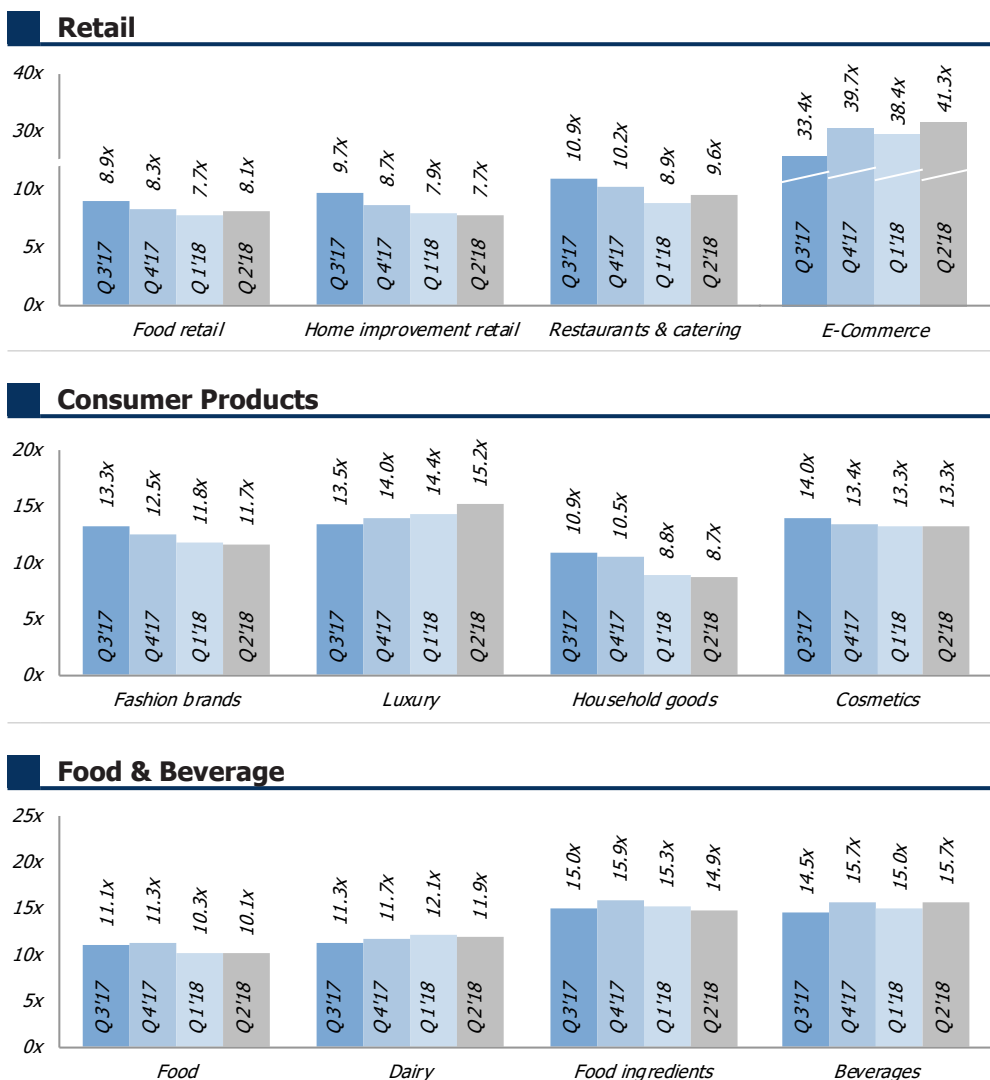
## Market Update

- Listed consumer company stock prices rose by a median of 2.8% in Q2 2018, outperforming the EuroSTOXX 50 which rose by 1.3%
- Consumer EV/EBITDA multiples averaged 11.8x at the end of the quarter, a fall of 0.1x compared with Q1'18
- The Retail sector showed the highest quarterly multiple expansion within the data set (mean 1.0x EV/EBITDA increase)
- The Food Retail sector showed a quarterly improvement for the first time in twelve months, a result of improved share prices of large UK supermarkets (Sainsbury +34%, Tesco +24%, and Morrison +17%)
- The E-commerce sub-sector showed the highest quarterly multiple expansion (+2.9x). This was largely driven by Ocado Group, whose share price increased by 92% after the announcement of its partnership agreement with The Kroger Co
- Consumer Products remained stable compared to Q1'18 with the exception of the Luxury sub-sector which experienced a median share price increase of 10.5%. This was aided by Burberry's announcement to acquire CF&P Luxury Leather Goods (+26%) and Moncler's continued earnings improvement (+26%)
- The Food & Beverage category showed a slight fall in valuations with the exception of Beverages which reached 15.7x. This was largely driven by strong trading from the brewers (Royal Unibrew +27% and Diageo +12%)

Sources: Capital IQ, Bloomberg

## European Public Comparables

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



Source: Capital IQ, Bloomberg

Note: Re-classification of European Public Comparables renders them incomparable to previous DealReader publications

### Median Statistics

(Euro in millions)

Sub-sector (# companies)	Median EV	Q2 Stock Performance	EV / LTM Revenue	EV / LTM EBITDA	P / E Multiple	Net Debt / LTM EBITDA	LTM Growth Revenue	LTM Growth EBITDA	LTM Margin EBITDA
Food retail (10)	9,487	(1.0%)	0.43x	8.1x	19.3x	1.7x	5.4%	11.4%	5.1%
Home improvement retail (10)	1,092	(6.0%)	0.70x	7.7x	13.8x	1.5x	3.2%	(8.2%)	9.2%
Restaurant & catering (10)	3,712	1.7%	1.30x	9.6x	23.1x	1.7x	4.3%	2.0%	9.7%
E-Commerce (10)	1,028	11.5%	0.91x	41.3x	55.1x	1.8x	17.1%	(2.8%)	3.5%
Fashion brands (10)	8,837	6.6%	2.04x	11.7x	24.9x	0.9x	5.5%	5.8%	16.2%
Luxury (10)	31,469	10.5%	3.28x	15.2x	32.4x	0.3x	2.5%	7.7%	22.1%
Household goods (10)	2,817	(5.5%)	0.65x	8.7x	16.5x	1.4x	7.1%	8.1%	9.2%
Cosmetics (10)	20,366	2.6%	2.55x	13.3x	19.1x	2.7x	5.8%	8.9%	17.1%
Food (10)	3,151	3.1%	1.96x	10.1x	23.8x	1.2x	3.9%	3.0%	13.4%
Dairy (8)	3,422	(4.6%)	1.02x	11.9x	16.5x	1.8x	9.7%	0.7%	9.6%
Food ingredients (10)	8,592	10.8%	1.97x	14.9x	25.1x	1.4x	4.5%	6.3%	15.1%
Beverages (10)	14,891	3.9%	4.61x	15.7x	25.0x	2.2x	5.0%	5.4%	22.4%
<b>Median</b>		<b>2.8%</b>	<b>1.63x</b>	<b>11.8x</b>	<b>23.4x</b>	<b>1.6x</b>	<b>5.2%</b>	<b>5.6%</b>	<b>11.5%</b>

Source: Capital IQ as of 30/06/2018

## Comments

- European M&A activity has been high in Q2'18, with 1,790 deals completed within the quarter, a 27% increase on Q1's already strong performance
- European deal value reached \$345bn within the quarter and totaled \$601bn across H1'18, indicating that the continent may be on course to breach the \$1tn mark for the first time since 2008
- The UK was the most active European country in H1'18, with 629 closed transactions worth \$147bn. This was partly a result of consolidation between UK supermarket chains Sainsbury's and Asda. Valued at 6.1x EBITDA, this transaction reflects the continued pressures facing supermarkets
- Other large transactions within the quarter attracted high valuations, for example JAB's acquisition of Pret A Manger for €1.7bn (15.0x EBITDA), P&G's acquisition of Merck's Consumer Health business for €3.6bn (19.0x EBITDA) and Stars Group's acquisition of Sky Betting and Gaming for €4bn (27.3x EBITDA)
- The quarter also saw numerous casualties within the consumer sector, including retail chains such as Toys R Us, Maplin and Poundworld and restaurant chains such as Jamie Oliver and Hummus Bros

Sources: Mergermarket

## European M&A Activity

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

#### Food & Beverage

(Euro in millions)

Date	Target	Activity	Acquirer	Seller	EV (m)	EV/Rev	EV/EBITDA
Apr-18	True fruits (35%)	Fruit smoothies & juices	Eckes-Granini	Private	-	-	-
Apr-18	Pizza Hut	Pizza restaurants	Management	Rutland	110	0.50x	5.0x
May-18	Kaffeknappen	Coffee products	Convini Sverige	Nestlé	-	-	-
May-18	Tyrrells	Potato chips	KP Snacks	Amplify	-	-	-
May-18	Pret A Manger	Convenience food and coffee chain	JAB Holdings	Bridgepoint	1,700	1.70x	15.0x
May-18	Princes Gate	Bottled water	Nestlé UK	Private	-	-	-
Jun-18	Goiko Grill (80%)	Burger restaurant chain	L Catterton	Private	120	2.31x	9.4x
Jun-18	Forno d'Asolo	Frozen bakery goods	BC Partners	21 Partners	300	2.23x	-
Jun-18	Scandza (60%)	Consumer food business	Management	CapVest	-	-	-
Jun-18	Bev.Con	Energy drinks	Royal Unibrew	Management	33	1.22x	8.0x

Sources: Mergermarket, Capital IQ

#### Consumer Goods, Retail and Services

(Euro in millions)

Date	Target	Activity	Acquirer	Seller	EV (m)	EV/Rev	EV/EBITDA
Apr-18	Merck KGaA	Consumer Health	P&G	Merck	3,600	4.70x	19.0x
Apr-18	Touristry AB	Specialist tourism	Tourism Group	IK Investment	-	-	-
Apr-18	Waterstones	Retail of books	Elliott Advisors	Lynwood	250	0.50x	8.0x
Apr-18	ASDA Group	Consumer retail	J Sainsbury	Wal-Mart	8,500	0.35x	6.1x
Apr-18	Sky Betting	Online gambling	Stars Group	CVC Capital	4,000	7.71x	27.3x
May-18	House of Fraser (51%)	Department store	C.banner Intl	Nanjing	170	0.30x	8.4x
May-18	Helly Hansen	Outdoor clothing	Canadian Tire	Teachers' Capital	790	2.18x	24.8x
May-18	Ekornes	Furniture manufacturer	Qumei	Take private	540	1.64x	9.3x
May-18	Homebase	Home improvement and garden retail	Hilco Capital	Wesfarmers	-	-	-
Jun-18	Watchfinder	Online retailer of pre-owned watches	Richemont	Beringea	-	-	-
Jun-18	Lancel Intl	Luxury goods	Piquadro	Richemont	35	0.66x	-
Jun-18	Silversea (67%)	Cruises	Royal Caribbean	Private	1,700	-	-
Jun-18	Barberini	Sun glasses lenses	Luxottica	Private	140	1.65x	-
Jun-18	DEAG Classics	Entertainment events	DEAG Ents	Sony Music	-	-	-

Sources: Mergermarket, Capital IQ

#### Selected Q2 deals by Lincoln International

 has been sold to  	 has acquired  	 has sold substantially all of its assets pursuant to Article 9 of the Uniform Commercial Code to  Company Advisor 	 has refinanced  Senior Credit Facilities 	 has been sold to  a portfolio company of  
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## Global Industry Groups

Business Services

Consumer

Energy, Power  
& Infrastructure

Healthcare

Industrials

Technology, Media  
& Telecom

## Global Locations

Amsterdam

Beijing

Chicago

Dallas

Frankfurt

London

Los Angeles

Madrid

Milan

Moscow

Mumbai

Munich

New York

Paris

San Francisco

São Paulo

Stockholm

Tokyo

Vienna

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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 twenty 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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