



European DealReader Global Consumer Group

Q4 2017

Lincoln Update

- 2017 was a very active year for Lincoln's Global Consumer Group, with c. 40 closed transactions
- Significant cross-border activity, including multiple sales of businesses to Asian corporates
- Lincoln strengthened its European Consumer Team with senior hires

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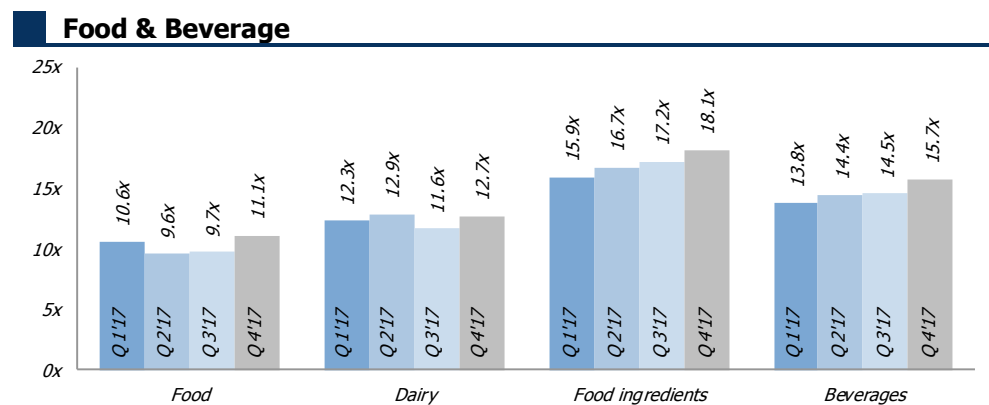
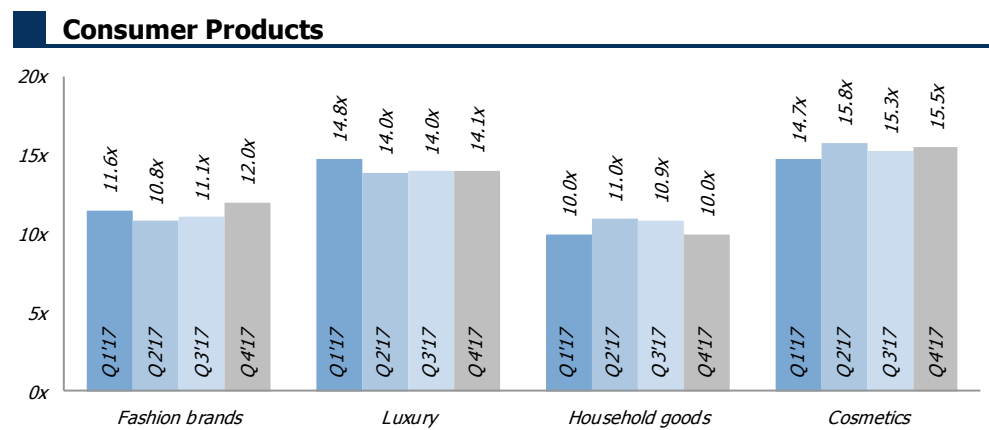
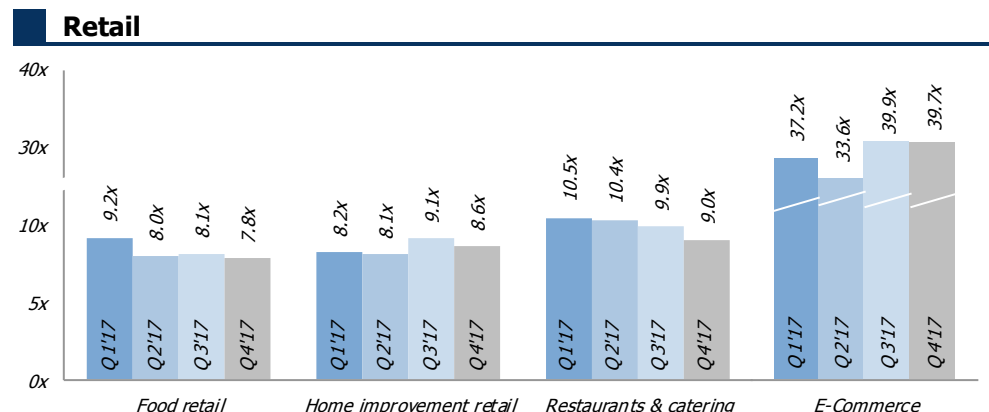
Market Update

- Consumer stock prices performed strongly in Q4'17, increasing 1.4% in the quarter, outperforming the EuroSTOXX 50, which decreased by 2.7%
- Consumer EV/EBITDA multiples averaged 12.4x as at the year end, an increase of 1.0x against both Q3'17 or prior year (11.4x)
- The Food & Beverage sector showed consistent strong performance, with all but Dairy reaching an annual high and valuation levels increasing in all sub-sectors. Beverages saw the highest increase in stock price (+7.9%), driven by Rémy Cointreau (+15.3%) and Pernod Ricard (+12.7%), both of which announced extremely positive financial results
- The Retail sub-sector was the weakest. Share prices within home improvement retail fell by -6.1%, a result of difficult trading conditions
- The Consumer Products' sector had mixed performance. The Fashion brands sub-sector showed the highest multiple expansion of 0.9x whilst the Household goods sub-sector decreased by -0.9x

Sources: Capital IQ, Bloomberg

European Public Comparables

Historical Enterprise Value / EBITDA Valuation Performance (median)



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 Growth		LTM Margin	
				Revenue	EBITDA		LTM EBITDA	Revenue	EBITDA	Gross	EBITDA	
Food retail (10)	10,644	(1.1%)	86.9%	0.41x	7.8x	20.1x	1.7x	7.9%	18.8%	21.4%	5.6%	
Home improvement retail (10)	738	(6.1%)	81.0%	0.70x	8.6x	14.3x	1.9x	4.3%	(2.4%)	38.4%	8.4%	
Restaurant & catering (9)	4,043	5.4%	91.7%	0.96x	9.0x	23.4x	1.3x	8.1%	5.8%	22.1%	10.0%	
E-Commerce (10)	1,674	(5.1%)	79.8%	1.40x	39.7x	99.8x	2.8x	20.7%	2.2%	29.5%	4.0%	
Fashion brands (10)	1,618	2.9%	85.3%	1.56x	12.0x	24.5x	0.8x	4.4%	2.8%	56.8%	15.4%	
Luxury (9)	7,953	2.4%	94.2%	3.21x	14.1x	28.2x	0.4x	9.9%	13.5%	65.1%	20.6%	
Household goods (10)	837	(3.9%)	85.6%	1.25x	10.0x	13.4x	1.8x	6.0%	0.9%	42.5%	10.5%	
Cosmetics (10)	11,698	0.6%	89.2%	2.51x	15.5x	23.1x	1.3x	5.6%	13.6%	50.3%	16.5%	
Food (10)	1,987	2.1%	88.4%	1.19x	11.1x	20.0x	2.7x	6.3%	4.5%	33.2%	11.8%	
Dairy (7)	3,540	(0.3%)	89.0%	1.27x	12.7x	17.8x	1.7x	5.0%	1.1%	34.0%	12.4%	
Food ingredients (10)	7,982	6.1%	93.3%	2.62x	18.1x	31.3x	1.8x	10.1%	15.0%	42.3%	14.7%	
Beverages (10)	13,625	7.9%	97.7%	3.97x	15.7x	25.2x	2.4x	4.8%	5.5%	55.6%	22.2%	
Median		1.4%		1.33x	12.4x	23.3x	1.8x	6.1%	5.0%	40.3%	12.1%	

Source: Capital IQ as of 31/12/2017

Comments

- European M&A activity has reached its highest level since 2008, despite uncertainty at the beginning of the year. European M&A in 2017 reached a value of €770bn (a 14% increase against 2016) across 7,235 deals
- M&A in the Consumer sector totaled €100bn across 927 deals, only the second time the sector has exceeded €100bn since 2008
- Activity was driven by a number of large takeovers within the Consumer sector, such as that of Christian Dior in Q2 (€13bn) and Luxottica in Q3 (€45bn), which together totaled more than 50% of Consumer transaction value for the quarter
- Significant deals within Q4 included KKR's acquisition of Unilever's spreads business, PAI Partners' acquisition of drinks bottler Refresco Gerber and The Co-operative's acquisition of Nisa Retail stores

Sources: Mergermarket

European M&A Activity

Selected European Consumer Goods & Retail Transactions

Food

(Euro in millions)

Date	Target	Activity	Acquirer	Seller	EV	EV/Rev	EV/EBITDA
Oct-17	Terme di Crodo	Lemonsoda beverage business	Unibrew	Campari	€80m	2.4x	12.7x
Oct-17	ProNatura	Distribution of organic fruits and vegetables	Cerea Partenaire	Naxicap Partners	€150m	0.7x	9.5x
Oct-17	The Bart Ingredients	Producer of herbs and spices	Fuchs Grewuerze	Langholm Capital	-	-	-
Oct-17	Refresco Gerber	Bottler of fruit juices and soft drinks	PAI Partners	3i Group	€1,623m	1.1x	10.4x
Nov-17	Cargill Inc	Animal nutrition business of Cargill	Aurelius	Cargill Inc	-	-	-
Nov-17	Health & Sports Nutrition	Health and sports nutrition provider	Orkla	Qliro Group	€37m	0.4x	-
Dec-17	Stockheim	F&B outlets at airports and railway stations	SSP Group	Private	-	-	-
Dec-17	Harinas Y Semolas	Food for the refrigerated & frozen sectors	Kerry Group	Pescanova	€20m	-	-
Dec-17	Unilever (spreads)	Spreads and dressings operations of Unilever	KKR	Unilever	€6,825m	2.3x	10.0x

Sources: Mergermarket, Capital IQ

Non-Food

(Euro in millions)

Date	Target	Activity	Acquirer	Seller	EV	EV/Rev	EV/EBITDA
Oct-17	Nisa Retail	Convenience stores	The Co-operative	Private	€160m	-	-
Oct-17	Office World	Office supplies	Management Trust Holding	Migros-Genossenschaft	-	-	-
Oct-17	Musto	Outdoor clothing	Helly Hansen	Phoenix Equity	€60m	1.9x	nmf
Oct-17	Team Sport Racing	Indoor go-karting	Duke Street	Connection Capital	€46m	2.2x	12.4x
Oct-17	Bike24	Bike retailer	Wiggle	Riverside	€110m	1.3x	-
Oct-17	OA SE	Water gardening products	Argand Partners	Equistone Partners	-	-	-
Oct-17	Fitness World	Gym chain	Kirkbi	FSN Capital Partners	-	-	-
Nov-17	Hobbs	Clothing retailer	Foschini	3i Group	-	-	-
Nov-17	Halsas for alla Syerige	Health product retailer	Holland & Barrett	Life Europe	€25m	-	-
Dec-17	Eighteen Sound	Pro-audio loudspeakers	B&C Speakers	Landi Renzo	€7.5m	0.6x	-
Dec-17	JT Touristik	Travel company (insolvent)	Lidl E-Commerce	Private	nmf	nmf	nmf
Dec-17	Muuto	Furniture and home accessories retailer	Knoll	Maj Invest Equity	€250m	13.9x	23.8x
Dec-17	Forest Holidays	Lodge holiday accommodation	Phoenix Equity	LDC	€120m	2.8x	7.4x

Sources: Mergermarket, Capital IQ

Selected Q4 deals by Lincoln International

 has formed a partnership with 	 has sold substantially all of its assets to an affiliate of 	 has been sold to a portfolio company of 	 has been sold to a portfolio company of 	 a portfolio company of and has sold its frozen business to
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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

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

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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.

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