

R&C Deals Digest

October 2015



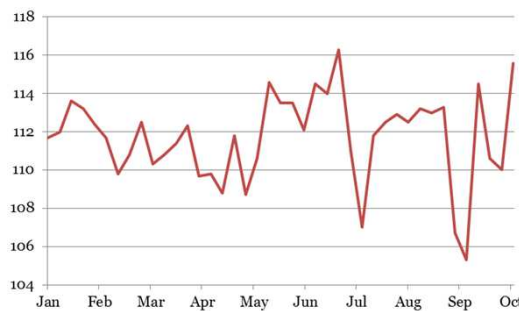
Consumer confidence approaches 2015 high

Consumer confidence climbed to 115.6 this week, more than reversing the falls in the two previous weeks. This week's poll represents the second highest rating in over a year, and leaves confidence 2.6% above the long-run average.

The rise was broad-based, with sub-indices 'economic conditions in the next five years' and 'personal finances in the next 12 months' increasing 10.0% and 6.6%, respectively, the highest levels achieved since early 2014.

Improved sentiment since the September lows confirm the uplift in momentum since the appointment of Prime Minister Malcolm Turnbull. The increase also coincides with a rise in the equity markets and a strong Australian dollar, suggesting consumer confidence is somewhat tied to broader financial market sentiment.

ANZ / Roy Morgan weekly consumer confidence rating



Source: ANZ / Roy Morgan Weekly Consumer Confidence Index

Latest Australian ABS trade results

The latest Australian Bureau of Statistics (ABS) Retail Trade figures show that Australian retail turnover rose 0.4% in August 2015 (seasonally adjusted), following a fall in July of 0.1% and a rise of 0.6% in June 2015.

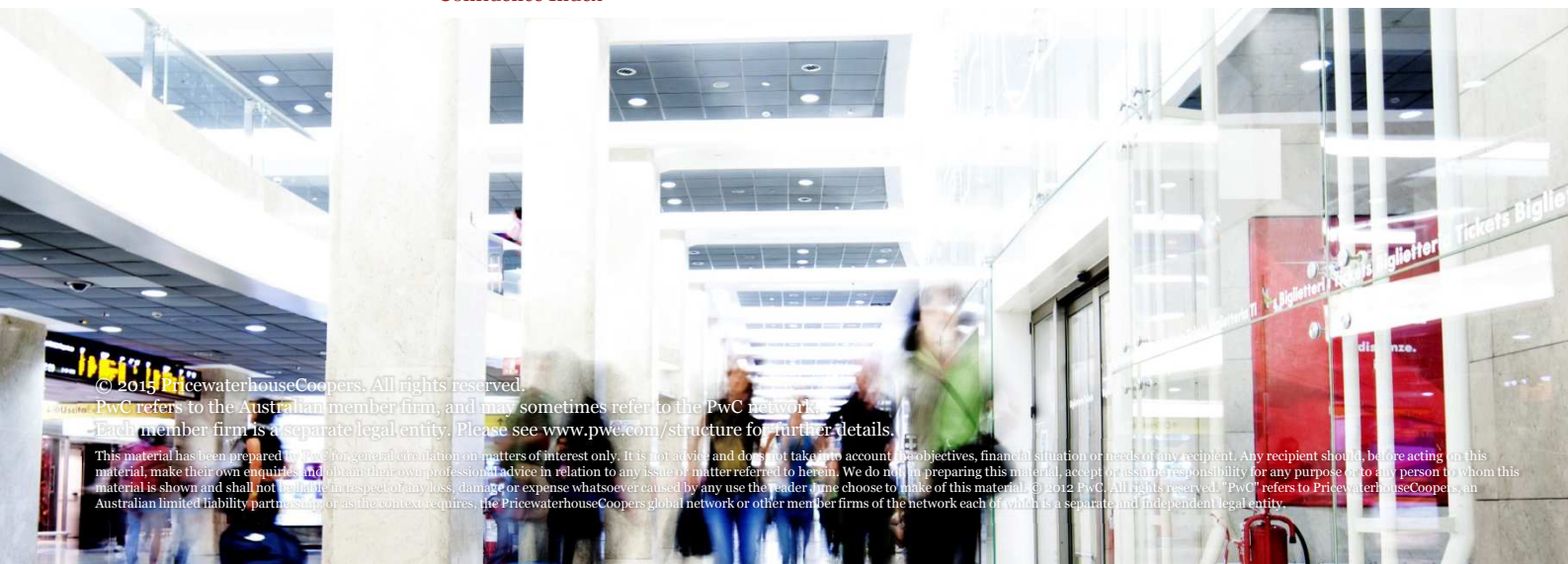
The largest sectors contributing to the rising trend in the month of August 2015 were Other retailing (0.5%), Café, restaurant and takeaway food services (0.4%) and Department stores (0.4%). This was supported by increases in Household goods retailing (0.2%), Food retailing (0.1%) and Clothing, footwear and personal accessory retailing (0.1%) in August 2015.

On a state level, retail sales rose in New South Wales (0.4%), Victoria (0.3%), Western Australia (0.2%), Tasmania (0.1%) and the Australian Capital Territory (0.1%). Queensland (0.0%) and South Australia (0.0%) were relatively unchanged. The Northern Territory (-0.1%) fell in trend terms in August 2015.

Sources: Australian Bureau of Statistics data, Reserve Bank of Australia

The **R&C Deals Digest** is a monthly bulletin providing a consolidated view of sector trends, deal activity and relevant news headlines in the retail & consumer sector.

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Announced deals in FY2016 YTD and LTM

According to Mergermarket, announced retail deal activity in FY2016 (year-to-date) is still tracking similarly to the prior comparable period (after adjusting for the \$1.635bn Goodman Fielder takeover announced July 2014). Through the first quarter of FY2016, 9 deals have been announced for a total value of \$341 million. Across the last twelve months, deal activity has trailed the prior comparable period (53 announced deals versus 66 announced deals).

Australian Announced R&C Deals – FY2016TD and LTM vs. Prior Year Comparable Period

Deal value (in A\$m)	FY2016TD		PCP		LTM		PCP	
	# of deals	Deal value	# of deals	Deal value	# of deals	Deal value	# of deals	Deal value
\$0 to \$5M	0	0	0	0	0	0	1	5
\$6 to \$10M	1	10	1	10	5	47	5	41
\$11 to \$20M	0	0	1	16	8	116	9	134
\$21 to \$30M	1	22	1	24	4	100	5	131
\$31 to \$50M	1	50	1	35	4	195	3	109
\$51 to \$100M	2	138	1	94	9	629	5	437
\$101 to \$300M	1	121	1	106	3	439	7	1,024
\$301 to \$500M	0	0	0	0	2	721	1	450
>\$500M	0	0	1	1,635	1	1,450	5	8,580
Subtotal	6	341	7	1,920	36	3,697	41	10,911
Undisclosed	3	n/a	3	n/a	17	n/a	25	n/a
Total Announced	9	341	10	1,920	53	3,697	66	10,911
Total Completed	3	0	9	1,896	44	2,624	63	6,685

Source: Mergermarket; based on announced and completed transactions as at 12 October 2015

Notes: 1) FY2016TD refers to the period 1 July 2015 to 18 August 2015, reflecting the latest available Mergermarket data as at 12 October 2015

2) PCP refers to prior year comparable period

Recently completed / announced deals

- 14 October 2015** – Domino's Pizza Enterprises (ASX: DPE) has entered an agreement to acquire a chain of 89 pizza stores in France for €35m (\$A54.9m). Currently owned by Franck Guegan and Food Court Finance SRL, Pizza Sprint is a leading pizza chain in the west of France, comprised of 12 corporate stores and 77 franchise stores. The acquisition will take Domino's total number of stores in France to 330 and provide significant benefits to the efficiency of DPE's franchise system and logistics in the French market.
- 12 October 2015** – Skydive the Beach (ASX: SKB) plans to raise nearly A\$20m to buy the New Zealand-based tandem skydiving business Nzone. Skydive's Chief Executive Anthony Boucaut said expanding into New Zealand, where Queenstown is a centre for adventure tourism, made sense for the company. Skydive the Beach will pay NZ\$17m to buy 100% of Nzone. Skydive the Beach's Chief Financial Officer John Ritter noted the company is raising A\$19.6m through a non-renounceable rights entitlement offer at A\$0.30 per share.
- 6 October 2015** – Noodle Box, the Melbourne-based fast food business, acquired Australia-based restaurant chain Wok in a Box for an undisclosed sum. Noodle Box's chief executive Ian Martin noted that the deal would offer a number of synergy benefits and grow the group's geographic footprint. Wok in a Box has 32 locations, mainly in South Australia and Western Australia.
- 29 September 2015** – Asahi Group Holdings, the Japanese brewer and soft drinks maker, acquired 100% of Australian-based local brewer Mountain Goat Beer for an undisclosed sum. Mountain Goat have been partnered with Asahi for the last three years, helping the local brewer to expand nationally during this time.
- 18 September 2015** – Biostime, a Hong Kong-listed baby formula business, acquired an 83% stake in Australia-based vitamins business Swisse Wellness for approximately A\$1.386bn. Swisse Wellness is principally engaged in research, marketing and distribution of vitamins and health supplements in Australia and New Zealand under the "Swisse" brand. The purchase price represented a 13.2 times trailing twelve months EBITDA multiple.
- 15 September 2015** – Accolade Wines, an Australian wine group purchased the Chile-based Vina Anakena business and winery for an estimated sum between A\$30m to A\$35m. The purchase enables the company to cover all major wine regions in the New World. Long-term grape supply deals have also been secured by Accolade for other Vina Anakena vineyards not included in the acquisition. Accolade is 80% owned by CHAMP Private Equity.
- 11 September 2015** – Manuka Health, the New Zealand-based health and wellness business, has been acquired by Pacific Equity Partners (PEP) for NZ\$110m, according to a company press release. Manuka Health was founded in 2006 in response to the growing demand for premium manuka honey and its wide application of health benefits including dietary supplements and gourmet foods. The acquisition allows the company to continue pursuing key growth regions including China, USA, Germany, Australia, New Zealand and Japan. The company is also aggressively pursuing growth through product category expansion across wound and personal care.

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Also recently in the news

- **Domino's Pizza Enterprises** will roll out SMS ordering in December 2015. The pizza chain has also announced its 'fast favourite' option is now available on smartwatches, allowing orders to be placed with just two taps. This technology is in addition to the introduction of Quick Ordering on mobile and desktop in as few as four clicks, as well as the launch of real time tracking technology via GPS Driver Tracker earlier this year.
- Online gift and experience retailer **RedBalloon** has launched a new digital platform and a full brand refresh. CEO Nick Baker believes the new logo and brand positioning is a timely modernisation for the brand, which he took over in March, and will open it up to a range of new audiences and growth opportunities in both the consumer and corporate markets.
- Trendy Paris-based fashion brand **IRO** has opened its first Southern Hemisphere store in Sydney's Double Bay. Founded in 2005, IRO combines a vintage feel with chic style. International Fashion Group (IFG) acquired the regional license for the IRO brand last year. Formed in 2003, IFG sources and delivers premium international fashion brands to Australia and New Zealand. Its current portfolio includes 10 brands, and it works with over 600 boutique retailers, major department stores and multi-door vertical chains nationwide.
- Australians chose to shop online from overseas retailers based on price (74%), followed by availability (52%) and better selection (39%), according to research conducted by global technology company Pitney Bowes. Pitney Bowes' second annual **Global Online Shopping Study** showed Australian shoppers are the most likely consumers to buy products online from overseas retailers (63%), with highest online category penetration in books / videos / music, apparel and consumer electronics.
- **Priceline Pharmacy** is introducing free women's health checks nationally and investing more than A\$1m to roll out 60 new digital health kiosks to stores. The kiosks provide immediate assessment of four key health factors: BMI, blood pressure, heart rate and body fat percentage. Priceline is also providing online tools for its consumers with an enhanced Health Tracker program which now features free meal and activity planners.
- **The Reject Shop's** comparable sales have risen in the first three months of the new financial year in further signs the business is turning around. The discount variety retailer has made changes to its product range, including increasing staples such as toiletries, confectionery and pet products, as part of its turnaround strategy following three years in a row of profit declines.
- Luxury Danish consumer electronics company **Bang & Olufsen** will open a 382sq flagship store, one of its largest globally, on Melbourne's Russell St. The Australian / New Zealand arm of the company, including nine stores in Australia and one in New Zealand, was acquired by Australian company Emerald Group Investments in May. Emerald Group also operates the LK Boutique luxury watch and jewellery outlets in Sydney and Melbourne.
- The board of directors of the **PAS Group** has recommended shareholders vote against a takeover bid from US hedge fund Coliseum Capital Partners, arguing it undervalues the company. On 22 September, the 19.23% shareholder launched an offer of 63 cents a share in a deal worth \$86 million. PAS Group owns a portfolio of brands including Metalicus and Review.
- Shares in Australia's largest specialty baby goods retailer, **Baby Bunting**, have soared upon debut on the ASX. The stock opened at A\$1.965 when it started trading on 14 October, 40% above its issue price of \$1.40. The company raised A\$52m from its IPO, which closed oversubscribed.
- **H&M** will open its first New Zealand store at Sylvia Park, Auckland's largest shopping centre, in late 2016. The Swedish fast fashion retailer will join anchor tenants The Warehouse, Countdown, PAK'nSAVE and Hoyts Cinemas, along with an extensive range of mini-major and specialty tenancies. The company is also planning a major push into the Asian market. H&M says it will open 70 stores in China in the year to 30 November, taking its network up to just over 300.



Source: Inside Retail

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Also recently in the news (cont'd)

- **Aldi Australia** has commenced recruitment for 400 new positions across Western Australia, as it prepares for state-wide expansion in 2016. Aldi has around 350 stores in Australia after first launching into the market as a relatively unknown discount chain back in 2001, and has managed to quickly gain ground, with an 8.2% slice of the highly concentrated local market. The discount supermarket retailer confirmed in October 2014 that it would invest A\$700m to build two distribution centres in WA and SA, and in April 2015 commenced construction of its 32,000sqm DC at Adelaide's Regency Park. Aldi began recruiting for 100 positions in Adelaide in August.
- **CBA** customers who shop at Westfield Hornsby in Sydney will be the first to use a new pilot program which sends offers to their smartphone based on their location. **Scentre Group** is testing the new CommBank Offers app at Hornsby, which will present timely and relevant offers to customers who have an iPhone 5 or above and have opted-in to receive offers. There is strong initial enthusiasm from retailers, with 20 speciality stores at Westfield Hornsby signed up to the pilot including Chemmart, InBloom Florists, Shores Restaurant and various food retailers within the centre. Majors including Myer, McDonalds and Country Road are also participating.
- **Harvey Norman's** new 100,000sqft flagship in Singapore that is scheduled to open in December will be "a statement to the Asian market", according to Harvey Norman's COO John Slack-Smith. The redevelopment of Harvey's Norman existing site at Millenia Walk, a shopping centre in Singapore, will see the store more than double in size. Outside of Australia and New Zealand, Harvey Norman operates in Singapore, Malaysia, Slovenia, Croatia, Ireland and Northern Ireland.
- **Specialty Fashion Group**-owned womenwear's brand **Millers** will open its new flagship store at Westfield Fountain Gate, Narre Warren, Victoria on 17 October. The new-look store is part of a major two-year brand overhaul by Millers, which has 360 stores. The refresh includes new branding, logo, store concept, and product arrangement. 18 Millers stores have been converted to the new store format, with a further 50 earmarked to be refurbished. Inspired by home comforts, the 340sqm flagship has a zone-based layout with dedicated sections for casual and smart clothing, sleepwear, accessories and footwear across a number of sizes and styles.
- Consumer groups are concerned proposed funding changes to the corporate watchdog could lead to a less effective regulator. The federal government's financial system inquiry recommended that the government should adopt an industry funding model to strengthen **ASIC**, an idea Treasury is now consulting on. In a submission to Treasury, nine consumer groups, including Consumer Action Law Centre, CHOICE and National Seniors, argue the proposed model does not ensure ASIC will have adequate funding to fulfil its consumer protection role.
- Just six weeks after being bought by **Temple & Webster** (T&W), **Wayfair Australia's** website has gone live as



Zizo with a fresh new brand and positioning. At the end of July, Boston-based Wayfair Inc, one of the world's largest online destinations for home furnishings and décor, announced it had sold its Australian business to Temple & Webster. In terms of the agreement, T&W, which describes itself as Australia's number one members-only online destination for retailer of furniture and homewares, had 45 days to change the Wayfair name and re-introduce the website under a new brand.

- **Cash Converters** will hand over A\$23m in compensation to more than 35,000 customers who won a legal battle over hefty interest charges on personal loans. The Federal Court on Monday approved the payout following an in-principle settlement the company and its customers reached in June. The NSW-based customers took Cash Converters to court after being charged up to 633% interest on short-term loans.
- Corporate bosses would be held responsible if franchise workers are underpaid under legislation presented to federal parliament. A private bill proposed by Greens MP Adam Bandt is a response to the reported exploitation of **7-Eleven** workers across the country. Bandt told the lower house on Monday it was wrong for people to only be paid half of what they are owed – as some staff from the convenience store operation have been.
- Australian fintech lender **GetCapital** has partnered with **Alibaba** to provide Australian importers and exporters with finance options on the Alibaba.com platform for the first time. The agreement will see GetCapital offer lines of credit finance to local businesses through Alibaba.com's e-Credit line facility.

Source: Inside Retail

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Retail sector multiples

Company	Currency	Share price \$	Mkt cap million	EV million	Net debt / EV	Dividend Yield LTM %	TSR % Sep-15	EV / EBITDA				EV / EBIT				PE				
								Actual		Forecasts		Growth	Actual		Forecasts		Growth	Actual		Forecasts
								LTM	CY2015	CY2016	LTM-16	LTM	CY2015	CY2016	LTM-16	LTM	CY2015	CY2016	LTM	CY2015
Restaurants / Fast Food																				
Domino's Pizza Enterprises Limited	AUD	46.62	4,056	4,140	2.0%	1.1	0.4%	36.6x	28.8x	23.2x	25.7%	44.5x	36.3x	28.6x	24.6%	n/m	56.0x	44.4x		
Retail Food Group Limited	AUD	4.52	743	932	20.3%	5.1	-19.4%	13.3x	9.4x	8.0x	28.9%	14.0x	9.8x	8.4x	29.4%	18.8x	11.8x	10.4x		
Collins Foods Limited	AUD	3.29	306	433	29.3%	3.5	-1.5%	6.5x	6.2x	5.8x	5.6%	9.6x	9.3x	8.9x	3.9%	13.7x	11.6x	10.7x		
Restaurant Brands New Zealand Ltd.	NZD	3.95	387	408	5.2%	4.8	-0.3%	8.5x	7.8x	7.2x	8.4%	12.7x	11.6x	10.4x	10.3%	20.4x	15.8x	13.9x		
Mean								16.2x	13.0x	11.1x	17.1%	20.2x	16.7x	14.1x	17.0%	17.6x	23.8x	19.9x		
Median								10.9x	8.6x	7.6x	17.0%	13.4x	10.7x	9.7x	17.5%	18.8x	13.8x	12.3x		
FMCG - Beverage																				
Coca-Cola Amatil Limited	AUD	9.21	7,033	8,751	16.1%	4.6	4.9%	9.8x	9.3x	9.1x	3.7%	13.5x	13.3x	12.9x	2.1%	21.1x	18.3x	17.6x		
Treasury Wine Estates Limited	AUD	6.57	4,273	4,491	4.8%	2.1	10.8%	19.1x	12.6x	10.0x	38.2%	28.0x	16.7x	12.6x	49.0%	49.3x	26.6x	21.7x		
Delegat Group Limited	NZD	5.00	506	712	29.0%	2.2	-5.2%	9.0x	9.7x	8.4x	3.9%	10.8x	11.8x	10.3x	2.4%	17.7x	14.2x	12.5x		
Australian Vintage Limited.	AUD	0.38	87	192	54.6%	-	-1.4%	10.6x	7.3x	6.5x	28.3%	16.0x	9.8x	8.5x	37.4%	16.5x	8.3x	7.0x		
Gage Roads Brewing Co Limited	AUD	0.07	28	36	22.4%	-	28.8%	32.0x	n/m	n/m	n/a	n/m	n/m	n/m	n/a	n/m	n/m	n/m		
Mean								16.1x	9.7x	8.5x	18.5%	17.1x	12.9x	11.1x	22.8%	26.1x	16.8x	14.7x		
Median								10.6x	9.5x	8.7x	16.1%	14.7x	12.6x	11.4x	19.9%	19.4x	16.3x	15.1x		
FMCG - Food & Dairy																				
Fonterra Co-Operative Group Ltd.	NZD	5.41	8,651	16,094	45.1%	4.6	11.3%	12.9x	n/m	n/m	n/a	20.5x	n/m	n/m	n/a	n/m	n/m	n/m		
Blackmores Limited	AUD	134.28	2,313	2,320	0.3%	1.5	35.3%	29.1x	25.6x	20.9x	18.1%	31.5x	27.4x	21.8x	20.2%	53.7x	41.4x	54.7x		
Bega Cheese Limited	AUD	4.68	714	773	7.6%	1.8	6.0%	18.9x	12.6x	10.8x	32.5%	41.6x	19.9x	15.9x	61.6%	69.5x	28.0x	32.5x		
Synlait Milk Limited	NZD	2.40	351	613	42.7%	-	17.9%	15.2x	11.1x	7.9x	39.1%	23.0x	16.2x	10.6x	47.2%	n/m	19.9x	12.2x		
Warrnambool Cheese And Butter Factory Corr	AUD	9.36	525	572	8.1%	-	3.3%	8.1x	n/m	n/m	n/a	10.0x	n/m	n/m	n/a	12.9x	n/m	n/m		
Freedom Foods Group Limited	AUD	2.89	446	497	10.2%	1.0	-7.1%	43.0x	32.0x	24.3x	33.0%	60.6x	43.9x	33.9x	33.7%	79.7x	49.7x	30.8x		
The a2 Milk Company Limited	NZD	0.76	562	556	-1.1%	-	-4.1%	n/m	69.7x	33.4x	n/a	n/m	n/m	n/m	n/a	n/m	n/m	51.4x		
Bellamy's Australia Limited	AUD	7.43	718	686	-4.7%	0.4	34.4%	57.9x	33.4x	18.9x	75.1%	58.9x	34.3x	19.2x	75.0%	84.3x	49.4x	28.4x		
Comvita Limited	NZD	6.70	265	291	9.0%	1.9	17.4%	18.3x	11.1x	9.5x	38.9%	25.1x	14.0x	11.5x	47.6%	39.6x	19.3x	23.5x		
Patties Foods Limited	AUD	1.16	162	237	31.8%	4.3	1.7%	8.7x	7.2x	6.9x	12.8%	12.7x	9.7x	9.2x	17.6%	15.3x	10.3x	10.5x		
Capilano Honey Limited	AUD	21.50	185	190	2.5%	1.7	24.5%	14.0x	12.9x	11.0x	12.9%	16.0x	14.7x	12.4x	13.3%	26.3x	21.2x	17.8x		
Mean								22.6x	24.0x	15.9x	32.8%	30.0x	22.5x	19.2x	39.5%	47.7x	29.9x	29.1x		
Median								16.8x	12.9x	11.0x	32.8%	24.1x	18.1x	15.9x	40.5%	46.7x	24.6x	28.4x		
FMCG - Food (Production)																				
Australian Agricultural Company Limited	AUD	1.33	709	1,079	34.3%	-	-3.4%	n/m	n/m	n/m	n/a	n/m	n/m	n/m	n/a	n/m	n/m	n/m		
Select Harvests Limited	AUD	10.54	766	881	13.1%	4.7	-12.1%	8.8x	8.2x	7.9x	5.8%	9.8x	9.1x	8.7x	6.2%	13.7x	11.5x	11.1x		
Sanford Ltd.	NZD	5.19	486	686	29.0%	4.4	0.2%	15.4x	9.8x	8.9x	31.1%	25.6x	13.2x	11.6x	48.9%	25.8x	15.9x	13.8x		
Tassal Group Limited	AUD	4.20	618	684	9.6%	3.3	15.0%	7.2x	8.4x	7.2x	-0.4%	9.1x	11.1x	9.3x	-1.2%	13.9x	16.1x	14.0x		
Huon Aquaculture Group Limited	AUD	3.95	345	378	8.7%	0.3	9.1%	9.7x	9.3x	8.3x	8.0%	14.6x	13.8x	13.5x	4.3%	22.3x	18.7x	19.8x		
Mean								10.3x	8.9x	8.1x	11.1%	14.8x	11.8x	10.8x	14.6%	18.9x	15.5x	14.7x		
Median								9.2x	8.8x	8.1x	6.9%	12.2x	12.1x	10.4x	5.3%	18.1x	16.0x	13.9x		
FMCG - Other																				
Asaleo Care Limited	AUD	1.79	1,076	1,315	18.2%	3.0	2.0%	15.2x	8.9x	8.9x	30.8%	21.3x	11.0x	11.1x	38.5%	34.6x	13.9x	13.9x		
Trilogy International Limited	NZD	1.63	101	100	-1.3%	2.2	19.1%	20.1x	n/m	n/m	n/a	21.3x	n/m	n/m	n/a	35.2x	n/m	n/m		
Mean								17.6x	8.9x	8.9x	30.8%	21.3x	11.0x	11.1x	38.5%	34.9x	13.9x	13.9x		
Median								17.6x	8.9x	8.9x	30.8%	21.3x	11.0x	11.1x	38.5%	34.9x	13.9x	13.9x		
E-commerce																				
SEEK Limited	AUD	12.85	4,418	5,621	9.5%	2.8	-1.3%	16.9x	15.4x	13.7x	11.0%	18.3x	17.5x	16.1x	6.6%	29.0x	23.3x	23.7x		
REA Group Limited	AUD	46.40	6,112	6,033	-1.3%	1.5	5.7%	22.7x	18.9x	15.7x	20.2%	23.3x	20.7x	17.0x	17.3%	38.4x	29.4x	32.4x		
carsales.com Limited	AUD	9.88	2,375	2,565	7.3%	3.4	2.4%	16.9x	15.9x	14.5x	8.1%	17.1x	16.3x	14.8x	7.5%	27.0x	22.1x	22.9x		
Trade ME Group Ltd.	NZD	3.85	1,528	1,647	7.2%	4.2	5.7%	13.4x	11.9x	8.6x	24.3%	13.7x	13.6x	13.0x	2.6%	21.9x	18.7x	17.7x		
Infomedia Ltd.	AUD	0.79	243	227	-7.1%	4.6	-14.6%	12.5x	8.7x	8.1x	23.8%	13.3x	12.5x	11.4x	7.8%	22.1x	17.6x	18.0x		
Webjet Ltd.	AUD	4.67	378	327	-15.5%	2.9	21.9%	12.4x	10.0x	8.8x	18.6%	13.4x	11.8x	10.4x	13.8%	24.5x	18.4x	20.2x		
Mean								15.8x	13.5x	11.6x	17.7%	16.5x	15.4x	13.8x	9.3%	27.1x	21.6x	22.5x		
Median								15.1x	13.6x	11.3x	19.4%	15.4x	14.9x	13.9x	7.6%	25.8x	20.4x	21.6x		

Source: PwC calculations based on CapitalIQ data and publicly available information; share prices as at 15 October 2015 market close

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Retail sector multiples (cont'd)

Company	Currency	Share price \$	Mkt cap million	EV million	Net debt / EV	Dividend Yield LTM %	TSR % Sep-15	EV / EBITDA				EV / EBIT				PE		
								Actual	Forecasts		Growth	Actual	Forecasts		Growth	Actual	Forecasts	
								LTM	CY2015	CY2016	LTM-16	LTM	CY2015	CY2016	LTM-16	LTM	CY2015	CY2016
Household Goods																		
Harvey Norman Holdings Limited	AUD	3.86	4,290	4,796	10.1%	5.2	-12.2%	11.4x	9.5x	8.8x	13.4%	13.4x	11.3x	10.3x	14.2%	18.4x	15.3x	14.0x
JB Hi-Fi Limited	AUD	17.97	1,777	1,864	4.7%	5.0	-1.2%	7.8x	7.6x	7.2x	3.8%	9.3x	9.0x	8.6x	4.1%	14.6x	12.8x	12.1x
The Warehouse Group Limited	NZD	2.60	896	1,202	25.2%	6.2	-4.9%	8.3x	7.8x	7.4x	5.9%	13.1x	12.7x	11.7x	5.7%	17.7x	15.9x	15.0x
Breville Group Limited	AUD	5.98	778	745	-4.4%	4.5	-5.2%	10.3x	9.3x	8.7x	9.1%	10.7x	10.3x	9.6x	5.6%	18.4x	16.0x	14.7x
GUD Holdings Limited	AUD	8.80	751	783	0.1%	4.8	-5.9%	11.9x	8.8x	7.2x	28.7%	13.4x	10.3x	8.2x	27.4%	21.8x	15.6x	13.0x
GWA Group Limited	AUD	2.59	722	816	11.5%	-	-5.3%	9.7x	9.5x	9.5x	1.0%	10.9x	10.8x	10.4x	2.6%	19.3x	16.3x	14.8x
Briscoe Group Limited	NZD	2.79	607	590	-2.8%	5.2	5.1%	9.8x	9.0x	8.5x	7.0%	10.5x	10.0x	9.5x	5.3%	16.8x	14.0x	13.4x
Adairs Limited	AUD	2.53	420	452	7.1%	-	-1.9%	12.3x	11.0x	9.6x	13.0%	13.7x	12.6x	10.9x	12.0%	n/m	16.6x	15.2x
Thorn Group Limited	AUD	2.01	307	437	29.8%	5.8	-18.9%	5.3x	6.4x	6.4x	-8.8%	8.5x	7.7x	6.8x	12.1%	10.3x	8.9x	8.0x
Dick Smith Holdings Limited	AUD	1.39	329	370	11.1%	8.6	-17.6%	5.0x	4.5x	4.3x	8.3%	6.2x	5.5x	5.3x	8.6%	9.4x	7.4x	7.1x
Beacon Lighting Group Limited	AUD	1.76	379	386	2.0%	2.4	2.4%	14.2x	12.9x	11.2x	12.6%	15.5x	14.2x	12.3x	12.4%	25.4x	20.6x	17.9x
Michael Hill International Ltd.	AUD	1.03	395	433	8.9%	4.3	12.2%	8.0x	6.4x	5.8x	17.3%	10.8x	8.7x	7.8x	17.8%	16.8x	12.2x	10.8x
Vita Group Ltd.	AUD	1.74	263	261	-0.8%	4.6	5.7%	6.4x	6.3x	5.7x	6.1%	8.7x	8.8x	7.7x	6.1%	11.0x	14.1x	11.5x
Nick Scali Limited	AUD	3.77	305	283	-7.7%	4.0	4.3%	11.1x	10.1x	8.9x	11.5%	12.1x	11.1x	9.8x	11.0%	20.0x	16.8x	15.1x
Fantastic Holdings Ltd.	AUD	2.35	243	211	-15.0%	4.7	-2.1%	8.9x	7.8x	7.1x	11.8%	11.7x	10.4x	9.1x	13.2%	22.3x	16.8x	14.5x
Shriro Holdings Limited	AUD	0.79	75	93	18.9%	-	-15.0%	5.3x	4.5x	4.3x	11.2%	6.7x	5.5x	5.1x	14.5%	20.0x	7.1x	6.5x
McPherson's Limited	AUD	0.70	68	147	53.8%	11.4	-2.2%	6.3x	6.2x	6.1x	1.5%	7.0x	6.9x	6.9x	0.8%	7.7x	6.3x	6.4x
Smiths City Group Ltd.	NZD	0.52	27	98	71.8%	6.7	-5.5%	26.5x	12.5x	n/m	n/a	37.7x	15.4x	n/m	n/a	n/m	4.7x	n/m
Cavalier Corporation Limited	NZD	0.45	31	85	63.6%	-	-10.1%	9.9x	7.6x	5.9x	30.0%	31.7x	14.2x	8.8x	89.4%	n/m	9.9x	5.2x
Mean								9.9x	8.3x	7.4x	10.2%	13.2x	10.3x	8.8x	14.6%	16.9x	13.0x	11.9x
Median								9.7x	7.8x	7.2x	10.2%	10.9x	10.3x	9.0x	11.5%	18.0x	14.1x	13.2x
Diversified Retail																		
Super Retail Group Limited	AUD	9.00	1,775	2,155	17.8%	4.4	0.1%	11.0x	8.7x	7.8x	18.9%	14.2x	11.8x	10.4x	16.7%	20.7x	15.6x	13.7x
EBOS Group Ltd.	NZD	13.50	2,034	2,357	13.7%	3.5	17.4%	6.6x	11.6x	10.9x	-22.6%	7.0x	13.2x	12.4x	-24.8%	21.4x	18.3x	16.9x
Sigma Pharmaceuticals Ltd.	AUD	0.78	838	853	1.7%	5.2	-4.4%	9.3x	9.0x	8.5x	4.6%	10.1x	9.8x	9.4x	3.5%	15.2x	14.4x	13.5x
Australian Pharmaceutical Industries Limited	AUD	1.57	764	838	8.8%	2.6	-9.3%	9.5x	8.7x	8.0x	8.7%	12.0x	11.0x	10.3x	7.6%	22.6x	18.0x	16.5x
Cash Converters International Limited	AUD	0.54	260	335	22.3%	3.7	19.1%	5.4x	4.8x	4.3x	12.2%	6.1x	6.0x	4.9x	12.0%	8.6x	25.0x	5.9x
The Reject Shop Limited	AUD	9.70	280	275	-1.9%	3.1	3.4%	6.7x	5.8x	5.8x	8.0%	12.7x	10.1x	10.1x	11.8%	22.2x	15.2x	15.1x
Baby Bunting Group Limited	AUD	1.90	239	243	1.8%	-	-	20.3x	n/m	n/m	n/a	25.4x	n/m	n/m	n/a	32.6x	n/m	n/m
Mean								8.1x	8.1x	7.5x	5.0%	10.3x	10.3x	9.6x	4.5%	18.5x	17.8x	13.6x
Median								8.0x	8.7x	7.9x	8.3%	11.0x	10.6x	10.2x	9.7%	21.1x	16.8x	14.4x
Automotive Retail																		
AP Eagers Ltd.	AUD	10.10	1,859	2,435	23.3%	3.0	0.6%	16.8x	15.7x	15.0x	5.8%	18.5x	17.1x	16.4x	6.4%	25.7x	21.0x	20.2x
Automotive Holdings Group Limited	AUD	3.99	1,223	2,060	39.5%	5.5	-1.5%	9.8x	9.3x	8.9x	4.8%	12.2x	11.5x	11.1x	5.0%	15.9x	12.7x	12.1x
ARB Corporation Limited	AUD	13.63	1,079	1,071	-0.8%	2.1	1.2%	16.7x	14.7x	13.2x	12.3%	18.9x	16.7x	15.0x	12.3%	27.8x	22.6x	20.5x
Burson Group Limited	AUD	3.65	893	785	-13.7%	2.4	4.5%	19.2x	13.4x	9.5x	42.4%	21.6x	15.4x	10.8x	41.0%	29.0x	23.5x	19.1x
Mean								15.6x	13.3x	11.7x	16.3%	17.8x	15.2x	13.3x	16.2%	24.6x	19.9x	18.0x
Median								16.8x	14.1x	11.4x	9.1%	18.7x	16.1x	13.0x	9.4%	26.7x	21.8x	19.7x

Source: PwC calculations based on CapitalIQ data and publicly available information; share prices as at 15 October 2015 market close

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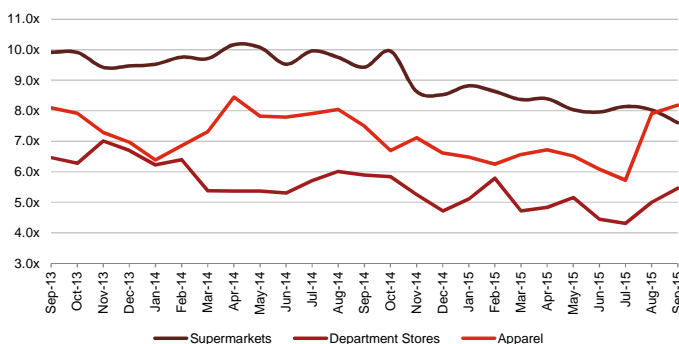
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Retail sector multiples (cont'd)

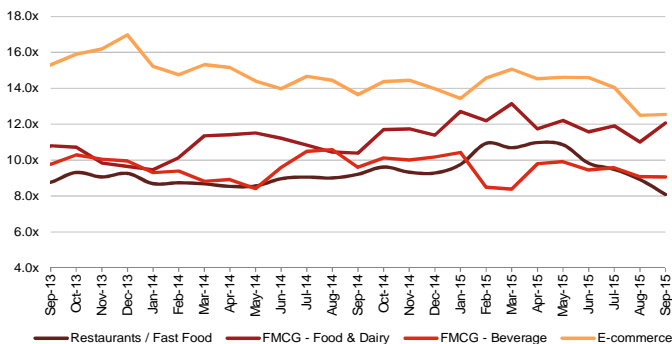
Company	Currency	Share price \$	Mkt cap million	EV million	Net debt / EV	Dividend Yield LTM %	TSR % Sep-15	EV / EBITDA				EV / EBIT				PE						
								Actual		Forecasts		Growth		Actual		Forecasts		Growth		Actual		Forecasts
								LTM	CY2015	CY2016	LTM-16	LTM	CY2015	CY2016	LTM-16	LTM	CY2015	CY2016	LTM-16	LTM	CY2015	CY2016
Apparel / Accessories																						
Premier Investments Limited	AUD	12.53	1,959	1,776	-10.3%	3.4	1.4%	13.6x	12.7x	11.5x	8.8%	16.3x	15.4x	13.9x	8.4%	26.0x	21.0x	21.8x				
Billabong International Limited	AUD	0.68	672	785	14.5%	-	-	12.0x	10.5x	8.2x	20.7%	21.6x	18.0x	12.2x	33.2%	n/m	67.3x	n/m				
RCG Corporation Limited	AUD	1.27	595	652	8.6%	3.6	-0.6%	28.8x	16.6x	10.7x	64.3%	32.6x	21.0x	14.0x	52.8%	29.4x	26.4x	26.5x				
Kathmandu Holdings Limited	NZD	1.48	298	368	19.0%	5.4	-19.1%	8.4x	6.9x	5.8x	20.3%	11.1x	9.3x	7.5x	21.7%	15.7x	12.6x	14.8x				
Pacific Brands Limited	AUD	0.70	637	637	-0.1%	-	26.8%	8.2x	8.2x	8.3x	-0.8%	9.9x	9.9x	10.1x	-0.8%	19.9x	15.9x	17.1x				
Lovisa Holdings Limited	AUD	3.09	324	333	2.5%	3.5	-12.0%	10.7x	10.1x	9.0x	9.5%	13.3x	12.4x	10.8x	11.2%	13.9x	17.1x	19.5x				
Hallenstein Glasson Holdings Limited	NZD	3.52	208	184	-12.9%	8.8	6.4%	5.9x	5.9x	5.9x	-0.3%	7.8x	8.1x	8.2x	-2.4%	13.8x	12.1x	11.9x				
Specialty Fashion Group Limited	AUD	0.55	105	133	21.1%	-	-6.1%	13.6x	4.9x	3.8x	n/m	n/m	22.0x	8.8x	n/a	n/m	65.7x	n/m				
OrotonGroup Limited	AUD	2.39	98	104	5.6%	2.7	6.7%	9.6x	8.8x	7.8x	10.8%	17.5x	14.3x	12.9x	16.3%	46.0x	23.1x	47.5x				
Pumpkin Patch Limited	NZD	0.13	21	61	65.5%	-	-13.8%	24.8x	6.3x	7.9x	77.5%	n/m	35.1x	38.4x	n/a	n/m	n/m	21.5x				
The PAS Group Limited	AUD	0.64	87	74	-16.9%	7.9	16.0%	4.0x	3.5x	3.3x	11.0%	5.6x	5.2x	4.7x	9.1%	10.9x	8.8x	9.1x				
Noni B Limited	AUD	0.90	29	21	-40.2%	-	-	n/m	n/m	n/m	n/a	n/m	n/m	n/m	n/a	n/m	n/m	n/m				
Mean								12.7x	8.6x	7.5x	22.2%	15.1x	15.5x	12.8x	16.6%	22.0x	27.0x	21.1x				
Median								10.7x	8.2x	7.9x	10.9%	13.3x	14.3x	10.8x	11.2%	17.8x	19.1x	19.5x				
Department Stores																						
Myer Holdings Limited	AUD	0.96	788	1,181	33.2%	7.3	-27.3%	6.0x	5.5x	5.7x	2.4%	8.9x	9.7x	10.6x	-8.6%	8.1x	8.8x	7.6x				
Supermarkets																						
Wesfarmers Limited	AUD	40.34	45,332	51,149	11.4%	5.0	-5.4%	11.3x	10.0x	9.4x	9.8%	15.1x	13.2x	12.4x	10.4%	21.3x	18.2x	18.9x				
Woolworths Limited	AUD	26.94	34,083	37,772	9.0%	5.2	-6.7%	7.9x	8.0x	8.2x	-2.2%	10.1x	10.5x	11.0x	-4.2%	15.4x	14.5x	13.9x				
Metcash Limited	AUD	1.37	1,272	2,061	37.9%	4.7	-5.0%	8.1x	5.9x	6.3x	13.8%	10.4x	7.4x	8.1x	13.6%	7.5x	7.6x	6.5x				
Mean								9.1x	8.0x	8.0x	7.1%	11.9x	10.4x	10.5x	6.6%	14.7x	13.4x	13.1x				
Median								8.1x	8.0x	8.2x	9.8%	10.4x	10.5x	11.0x	10.4%	15.4x	14.5x	13.9x				

EV / forward EBITDA multiples (over last 24 months)

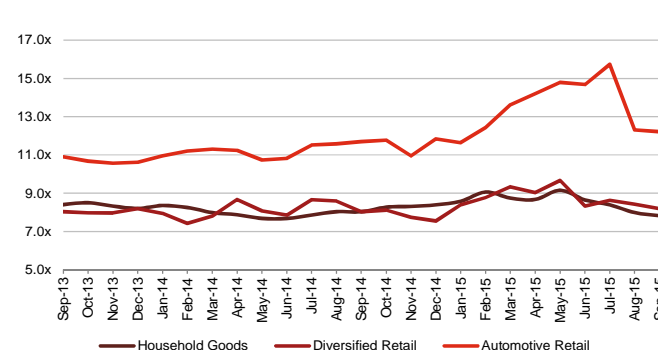
EV/Forward EBITDA Multiples



EV/Forward EBITDA Multiples



EV/Forward EBITDA Multiples



Source: PwC calculations based on CapitalIQ data and publicly available information; share prices as at 15 October 2015 market close

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Retail sector trends

As reported by the ABS, the trend for Australia retail turnover for August 2015 (compared to August 2014) increased by 4.3%:

- **Food retailing:** The seasonally adjusted estimate for Food retailing rose 0.6% in August 2015. By industry subgroup, the seasonally adjusted estimate rose for Supermarket and grocery stores (0.6%), Liquor retailing (0.8%) and Other specialised food retailing (0.4%)
- **Household goods retailing:** The seasonally adjusted estimate for household goods retailing rose 0.2% in August 2015. By industry subgroup, the seasonally adjusted estimate rose for Electrical and electronic goods retailing (0.8%) and fell for Hardware, building and garden supplies retailing (-0.2%) and Furniture, floor coverings, houseware and textile goods retailing (-0.1%).
- **Clothing, footwear and personal accessory retailing:** The seasonally adjusted estimate for Clothing, footwear and personal accessory retailing fell 1.4% in August 2015. By industry subgroup, the seasonally adjusted estimate fell for Clothing retailing (-1.6%) and Footwear and other personal accessory retailing (-1.1%).
- **Department stores:** The seasonally adjusted estimate for department stores rose 1.3% in August 2015.
- **Cafes, restaurants and take-away food services:** The seasonally adjusted estimate for cafes, restaurants and takeaway food services fell 0.3% in August 2015. By industry subgroup, the seasonally adjusted estimate fell for Takeaway food services (-1.0%) and rose for Cafes, restaurants and catering services (0.2%).
- **Other retailing:** The seasonally adjusted estimate for Other retailing rose 1.3% in August 2015. By industry subgroup, The seasonally adjusted estimate rose for Other retailing n.e.c (1.6%), Pharmaceutical, cosmetic and toiletry goods retailing (1.0%), Other recreational goods retailing (2.3%) and Newspaper and book retailing (0.5%).

Source: Australian Bureau of Statistics data

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