



AUSTRALIAN PUBLIC M&A REPORT 2020

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Guides - By **Nicole Pedler, Kam Jamshidi, Jasper Johnson and Jennifer Xue**

Our 12th annual Australian Public M&A report breaks down the key stats and market trends in big-ticket bids



This edition examines the 51 control transactions involving Australian targets listed on the ASX that were conducted by way of takeover bid or scheme of arrangement in the 2020 financial year.

The report provides detailed insight into:

- the structure and key terms of Australian public M&A transactions in FY20;
- the impacts of the global Covid-19 pandemic on Australian public M&A activity; and
- the trends and developments in market practice and deal technology.

An overview of some of the key findings of this year's report is set out below.

ACTIVITY OVERVIEW

Public M&A activity was reduced in FY20. There were 51 deals announced compared to 63 in FY19, 56 in FY18 and 59 in FY17. Total deal value for FY20 was also reduced, at an aggregate \$13.4bn (compared to \$45.9bn in FY19, \$40.9bn in FY18 and \$23.4bn in FY17).

The reduced activity appears to have been largely caused by the global uncertainty and economic effects resulting from the Covid-19 pandemic. The impacts of the Covid-19 pandemic had implications across the board, including on mega deals (only 2 mega deals were announced in FY20, the lowest we have recorded in 12 years), success rates (63%, down from 74% in FY19) and deal structures (FY20 saw a higher level of schemes used as opposed to takeovers at 57%, compared with the 49% average in FY15-19).



FY20 DEALS AND VALUE BY MONTH

There was a strong start to FY20, with the aggregate number of deals announced from July to October similar to the levels seen in FY19. Interestingly, the lower aggregate deal value for FY20 relative to FY19 appears to have been present in the first half of FY20 (ie pre-Covid-19 pandemic). As may be expected, activity between January and May 2020 was significantly reduced as bidders retreated during the period of uncertainty caused by the Covid-19 pandemic. However, late in FY20 the green shoots of a recovery in activity started to appear, with 9 deals announced in June and a noticeable uptick in cumulative deal value relative to the corresponding month in FY19.



SECTOR OVERVIEW

FY20 saw high value targets spread across several sectors, including Real Estate (24% of deal value), Industrials and Utilities (20% of deal value), and Energy and Resources (18% of deal value).

In particular, the Energy and Resources sector showed continued strength in FY20. Energy and Resources deals accounted for 37% of all public M&A activity, driven by the large number of Gold deals, with key targets including Cardinal Resources, Echo Resources and Spectrum Metals.



FOREIGN BIDDERS

While the volume of foreign bidder activity in FY20 remained largely consistent with FY19 values (37% in FY20, 38% in FY19), FY20 saw a reduction in the value of foreign bidder activity (60% in FY20, 80% in FY19).



OTHER KEY FINDINGS



10 LARGEST ANNOUNCED DEALS

TARGET	BIDDER	DEAL VALUE	SECTOR	ANNOUNCED
Bellamy's Australia Limited	China Mengniu Dairy Company	\$1,434.1m	Consumer Staples	September 2019
Aveo Group	Brookfield	\$1,248.6m	Real Estate	August 2019
Infigen Energy	Iberdrola Renewables Australia	\$834.8m	Utilities	June 2020
Infigen Energy	UAC Energy	\$776.6m	Utilities	June 2020
Webster Limited	Public Sector Pension Investment Board	\$724.5m	Consumer Staples	October 2019
Cromwell Property Group	ARA Asset Management	\$667.8m	Real Estate	June 2020
ERM Power Limited	Shell Energy Australia	\$605.7m	Energy	August 2019
OptiComm Ltd	Uniti Group	\$530.8m	Telecommunications	June 2020
Australian Unity Office Fund	Charter Hall Limited and Abacus Group Holdings Limited	\$495.0m	Real Estate	September 2019
Australian Unity Office Fund	Starwood Capital Group	\$485.2m	Real Estate	January 2020



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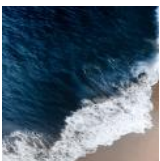
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KEY CONTACTS

If you have any questions, or would like to know how this might affect your business, phone, or email these key contacts.



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