

AUSTRALIAN PUBLIC M&A REPORT 2019

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Guides - By **Paul Branston, Panashi Devchand and Jasper Johnson**

Herbert Smith Freehills is pleased to announce the publication of the eleventh edition of its Australian Public Mergers and Acquisitions Report.



This edition examines the 63 control transactions involving Australian targets listed on the ASX that were conducted by way of takeover or scheme of arrangement in the 2019 financial year.

The Report provides detailed insight into:

- the structure and key terms of Australian public M&A transactions in FY19; and
- the trends and developments in market activity, target sectors and M&A deal technology.

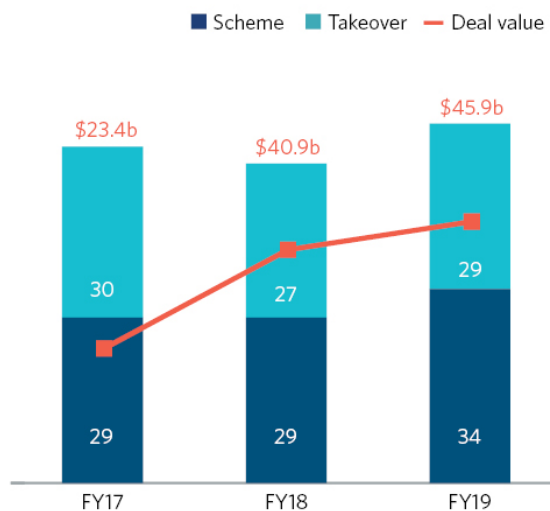
ACTIVITY LEVELS

Australian public M&A activity continued to grow in FY19.

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

There were 63 deals announced in FY19, compared to 56 deals in FY18 and 59 deals in FY17, with total deal value increasing to \$45.9bn (up from \$40.9bn in FY18 and almost double the \$23.4bn seen in FY17).

Total number and value of deals per year

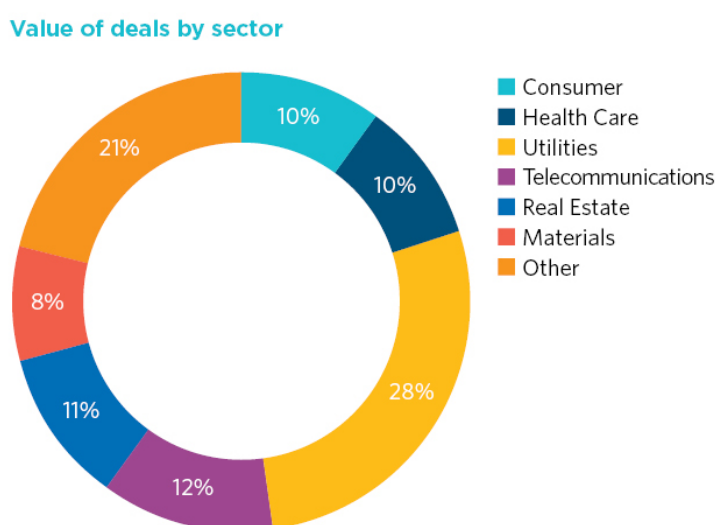


Success rates were also high in FY19, with 72% of deals that had completed at the time of writing the Report seeing the bidder acquire 100% of the target.

SECTOR OVERVIEW

FY19 saw high value targets spread across several sectors, including Telecommunications (TPG Telecom), Real Estate (Investa Office Fund), Health Care (Healthscope) and Consumer (Navitas).

The Energy and Resources sector accounted for 30% of public M&A activity in FY19 by number of deals. Both the Consumer and Diversified Financial sectors also featured strongly, each representing 16% by number of deals.

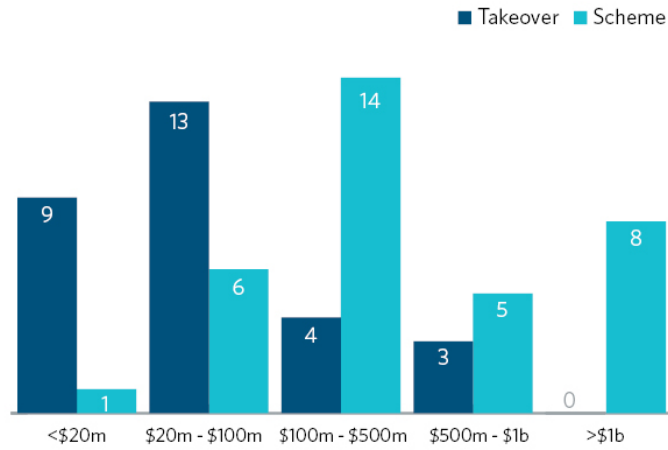


The Utilities sector (representing 28% of total deal value in FY19) was buoyed by CK Group's ultimately unsuccessful \$12.98bn bid for APA Group.

TRANSACTION STRUCTURES

In FY18, we reported that schemes had become the preferred transaction structure over takeover bids for the first time since the inception of our Report. This trend continued in FY19, with 54% of deals being structured as schemes (and 100% of deals valued >\$1bn).

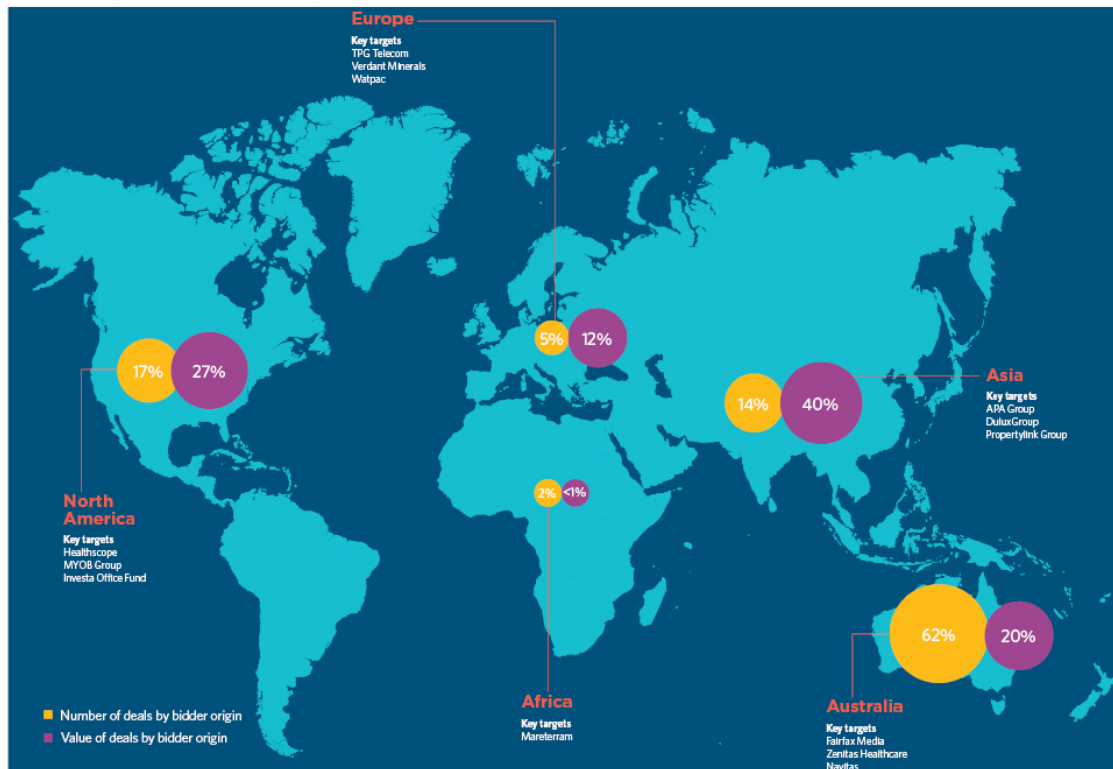
Structure of deals by value range



FOREIGN BIDDERS

FY19 saw a slight reduction in foreign bidder activity compared to FY18, both by number (38% in FY19, 52% in FY18) and by value (80% in FY19, 90% in FY18).

Percentage of deals by origin of bidder

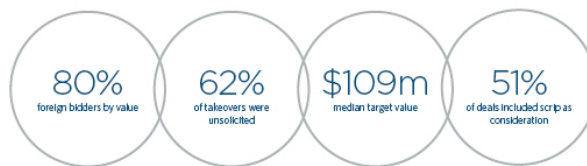


OTHER KEY FINDINGS



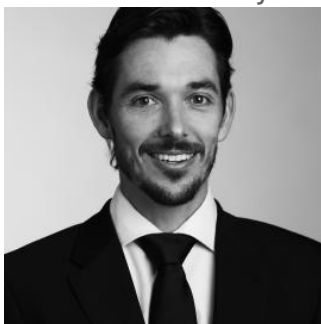
10 LARGEST DEALS

	TARGET	BIDDER	DEAL VALUE	SECTOR
1	APA Group	CK Group	\$12.96bn	Utilities
2	TPG Telecom	Vodafone Hutchison	\$5.40bn	Telecommunications
3	Healthscope	Brookfield	\$4.35bn	Health Care
4	DuluxGroup	Nippon Paint	\$3.81bn	Materials
5	Investa Office Fund	Oxford Properties Group	\$3.35bn	Real Estate
6	Fairfax Media	Nine Entertainment	\$2.16bn	Media
7	Navitas	BGH Consortium	\$2.09bn	Consumer Discretionary
8	MYOB Group	KKR	\$2.01bn	Information Technology
9	Eclipse Group	McMillan Shakespeare	\$911m	Financials
10	Kidman Resources	Wesfarmers	\$769m	Resources (Lithium)



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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