



Holding Redlich

M&A Review



Commentary

Australia's M&A activity dipped in the middle part of 2020 as a result of the COVID-19 pandemic. However, as economic confidence returned a number of previously aborted deals were revived and new transactions were brought to the table.

While there are still elevated levels of uncertainty, some sectors are faring very well. We have seen a higher proportion of deals in the technology sector, with the consumer, healthcare, industrials and services sectors also performing well. Capital raisings and public company work are also on the upward trend, with valuations finishing strongly.

Although 2020 was a challenging year, Holding Redlich's M&A team was involved in a number of significant deals across many key industries. We set out a selection of these transactions in this report.

Our team, based in Melbourne, Sydney, Brisbane and Cairns, covers the full spectrum of M&A transactions, both in public markets and by private treaty. We advise across a range of industries, including technology, consumer, healthcare, industrials, education, business and financial services, professional services, agribusiness, transport, media and telecommunications.



Key deals in 2020

Last year, our team assisted many parties in a range of complex corporate transactions, including cross-border deals. Several of these transactions involved private equity firms and other financial investors. We set out a selection of our key deals below.



TECHNOLOGY

- advising PTC Inc. on the acquisition of Migenius, a cloud-based image rendering company
- advising (in conjunction with a US law firm) Synechron on its acquisition of Attra which provides banking and payments technology services
- advising Loaded Technologies on its sale to Sugar CRM Inc.
- advising Conconfirm, a software supplier, on its acquisition of Dapresy Asia Pacific
- advising Deluxe Corporation on the acquisitions of three web hosting companies
- advising Southern Cross Media Group on the sale of transmission assets to a global communications infrastructure provider
- advising Pavilion Health, a healthcare software company, on its sale to PKS Holdings Limited
- advising a design engineering services provider on the acquisition of shareholdings in various local and international medtech companies
- advising a foreign bidder on the acquisition of a healthcare equipment company.



PROFESSIONAL & FINANCIAL SERVICES

- advising on the sale of a government consultancy firm to FTS Group
- advising significant shareholders of Lonsec Holdings on the sale of their shares to Generation Development Group
- advising in connection with the sale of a regional electrical engineering company
- advising an ASX listed entity in connection with the sale of a wholly owned subsidiary of an Australian Financial Services Licence holder

- advising a global engineering services provider on the purchase of an Australian engineering services company
- advising existing shareholders on the buy-out of an exiting shareholder of a civil engineering services company.



BRANDS, CONSUMER, RETAIL, WHOLESALE AND FRANCHISING

- advising multiple Total Tools store owners across various states on sales of majority stakes to the franchisor (backed by Metcash)
- advising the owners of an online hat and fashion brand on its sale to a private equity fund
- advising on the sale of the branded beverages business of Kollaras Trading Company to Metcash
- advising the seller of a leading marine supply and logistics business on its sale to Superior Food Group (backed by Quadrant Private Equity)
- advising an institutional investor on the acquisition of a controlling interest in ASX-listed Oldfields Holdings Limited
- advising on the sale of a number of franchise business operators in fitness and quick service restaurant industries
- advising on the sale of a hotel, dining and gaming business to a Melbourne-based hospitality group
- advising on the acquisition of a stake in a leading supplier and installer of commercial floor coverings
- advising on the acquisition of a Melbourne-based confectionary business
- advising Taiwanese global company on its acquisition of business of Australia's Power Brands Pty Ltd
- advising the founder-owners of a leading bus / truck maintenance and engineering



services provider on the part sale to, and subsequent joint venture with, a large foreign-owned bus company

- advising the founder-owners of a mattress start-up on a partial sell down and joint venture.

MINING

- advising Queensland-based coal mining and trading company on its purchase of a joint venturer's stake in a coal tenement holding company
- advising on demerger and spin out of mining assets.

AGRIBUSINESS

- advising Australian Rural Capital Limited in connection with an in-specie distribution of shares in Namoi Cotton Limited
- advising on the purchase of an Australian oyster farming business
- acting for American Vanguard Australia (subsidiary of American Vanguard Corporation, a publicly listed company in the USA) in connection with acquisition of Australian specialty agricultural company Agnova Technologies Pty Ltd (a distributor of specialty crop protection solutions for agricultural and horticultural producers).

PROPERTY & STORAGE

- advising Sunland Group Limited on the sale of its property portfolio assets and interests, including in connection with ASX and shareholder approvals
- advising National Storage Holdings Limited in connection with the acquisition of interests in multiple self-storage businesses.

RENEWABLE ENERGY

- advising Risen Energy in connection with the acquisition of multiple solar farms
- advising a multinational energy corporation in connection with the acquisition of a solar farm.

HEALTH & WELLBEING

- advising LifeWorks on the acquisition of SMG Health, an Employee Assistance Program service provider
- advising on the sale of a stake in a national fitness business.

INDUSTRIALS

- advising Australia's largest independent hydraulics and water business on the acquisition of Meadow Industries, a manufacturing and mining services company
- advising on the sale of a water filtration and treatment equipment supplier.

EDUCATION

- advising (in conjunction with a US law firm) Strategic Education on its acquisition of Torrens University, THINK Education and Media Design School.



Hot topics and trends

Australian M&A saw some surprisingly high notes in late 2020, with plenty of activity occurring in various sectors. The number of distressed transactions was lower than many commentators were expecting, owing to (among other things) the insolvency moratorium, government stimulus and low interest rates, as well as the resilience and relative strength of the Australian economy.

REGULATORY DUE DILIGENCE AND OTHER CONSIDERATIONS

We are seeing much more emphasis from financial buyers on regulatory due diligence. Often we are requested to undertake this ahead of the remainder of our legal due diligence. Our teams of expert regulatory lawyers have assisted our clients across a range of sectors.

CROSS BORDER DEALS

We anticipate higher cross-border deal flows as overseas buyer and investor interest returns. This comes after the zero dollar FIRB threshold and longer approval times that posed a significant obstacle to overseas investment here in 2020. With these temporary measures lifted in January 2021, M&A activity should continue on an upward trend in the coming 12 months.

INFORMATION TECHNOLOGY

Relative to other markets, the Australian private equity sector still has a lower allocation to the information technology sector. We expect to see this continue to change over 2021, and in the next few years, in line with the trend that we saw towards the end of 2020.

REVIEW OF CGT ROLLOVER RELIEF

Dealmakers should be mindful of the Board of Taxation's review of the capital gains tax roll-over provisions. The Board of Taxation is intending to make a recommendation to the Federal Government in the first half of 2021.

CASUAL EMPLOYEES

With the introduction of the Fair Work Amendment (Supporting Australia's Job and Economy Recovery) Bill 2020, it is expected that some of the uncertainty around casual employees can be tightened up. The Bill proposes to among other things:

- introduce a statutory definition of casual employment which fixes the classification, at law, at the time an offer of employment is made
- amend the National Employment Standards to include a statutory mechanism requiring employers to offer, and an option for employees to request, to convert from 'regular and systematic' casual employment to part-time or full-time employment
- introduce provisions to prevent situations of 'double-dipping' where a casual employee is found, at law, to be permanent.



Key contacts



Darren Pereira

Partner *Sydney*

T +61 2 8083 0487

darren.pereira@
holdingredlich.com



Brendan Wykes

Partner *Sydney*

T +61 2 8083 0432

brendan.wykes@
holdingredlich.com



William Khong

Partner *Melbourne*

T +61 3 9321 9883

william.khong@
holdingredlich.com



Alyn Tai

Partner *Melbourne*

T +61 3 9321 9834

alyn.tai@
holdingredlich.com



Trent Taylor

Partner *Brisbane*

T +61 7 3135 0668

trent.taylor@
holdingredlich.com



Carl Hinze

Partner *Brisbane*

T +61 7 3135 0630

carl.hinze@
holdingredlich.com



Lyn Nicholson

General Counsel *Sydney*

T +61 2 8083 0463

lyn.nicholson@
holdingredlich.com



William Kontaxis

Special Counsel *Sydney*

T +61 2 8083 0481

william.kontaxis@
holdingredlich.com



Katherine Hammond

Special Counsel *Brisbane*

T +61 7 3135 0568

katherine.hammond@
holdingredlich.com



Georgia Milne

Senior Associate *Sydney*

T +61 2 8083 0423

georgia.milne@
holdingredlich.com



Jessica Tanna

Senior Associate *Sydney*

T +61 2 8083 0426

jessica.tanna@
holdingredlich.com



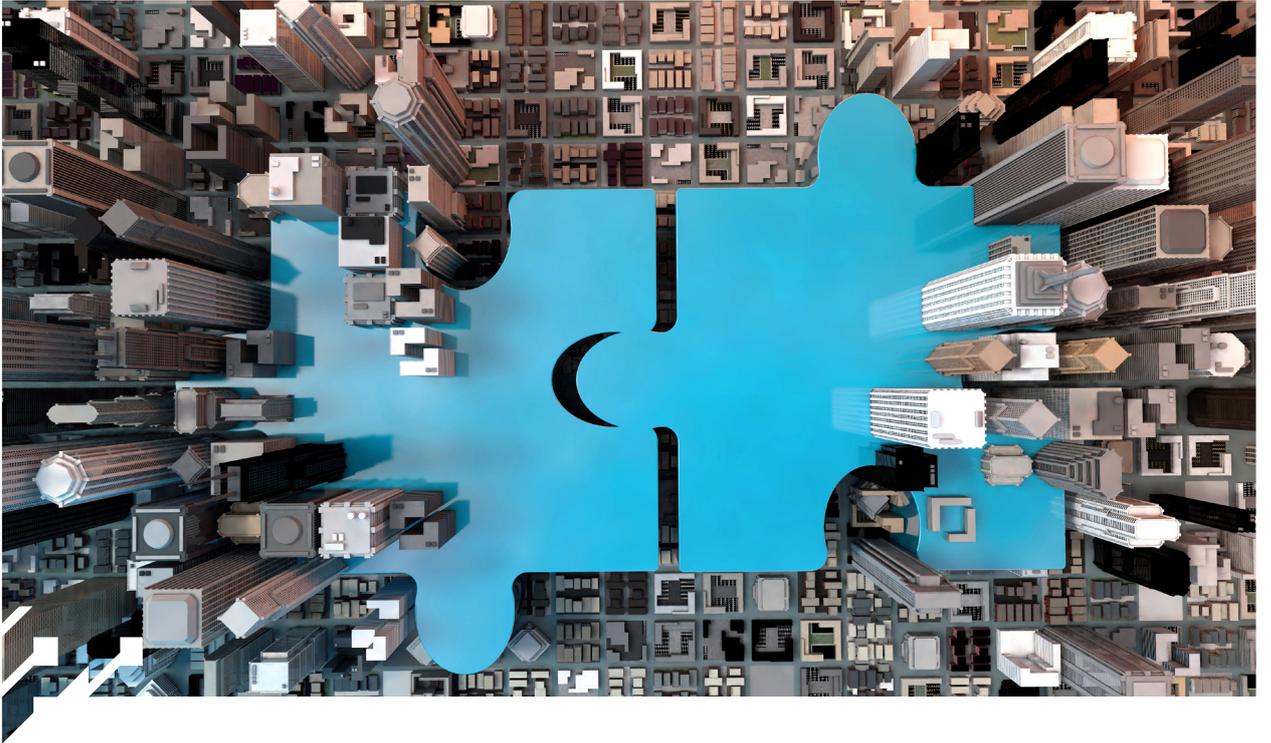
Linda Lau

Senior Associate *Brisbane*

T +61 7 3135 0511

linda.lau@
holdingredlich.com





CONTACT US

MELBOURNE

Level 8
555 Bourke St
Melbourne
VIC 3000
GPO Box 2154
Melbourne
VIC 3001
T +61 3 9321 9999
F +61 3 9321 9900

SYDNEY

Level 65
MLC Centre
19 Martin Place
Sydney NSW 2000
GPO Box 4118
Sydney
NSW 2001
T +61 2 8083 0388
F +61 2 8083 0399

BRISBANE

Level 1
300 Queen St
Brisbane
QLD 4000
GPO Box 490
Brisbane
QLD 4001
T +61 7 3135 0500
F +61 7 3135 0599

CAIRNS

Level 1
Cairns Corporate
Tower 15 Lake St
Cairns QLD 4870
PO Box 4766
Cairns
QLD 4870
T +61 7 4230 0400
F +61 7 4230 0499