

The logo consists of the letters 'IJW' in a white, serif font, centered within a dark blue hexagon. This hexagon is positioned over a larger hexagonal image of a modern glass skyscraper with a grid-like facade, viewed from a low angle looking up. The background of the entire slide features dark blue geometric shapes and a white background on the right side.

**IJW**

# **North American Consumer**

**Monthly Market Report**








**April & May 2023**



# **April & May 2023 M&A Highlights**

# April M&A Highlights

## Notable M&A Transactions

TARGET			 THE J.M. SMUCKER Co	
ACQUIRER	ENDEAVOR		 POST HOLDINGS, INC.	
DETAILS	<ul style="list-style-type: none"> <li>WWE develops and produces television programming, pay-per-view programming, and live wrestling events.</li> <li>Transaction value: <b>\$21.4B</b></li> <li>EV/Revenue: <b>8.3x</b></li> <li>EV/EBITDA: <b>33.3x</b></li> </ul>	<ul style="list-style-type: none"> <li>Kum &amp; Go runs convenience stores and has developed an online ordering application offering a one-stop-shop for daily necessities.</li> <li>Transaction value: <b>\$2.0B</b></li> <li>Undisclosed valuation multiples.</li> </ul>	<ul style="list-style-type: none"> <li>J.M. Smucker is a packaged food company providing consumer and pet foods. The Company sold their pet products division to Post Holdings.</li> <li>Transaction value: <b>\$1.2B</b></li> <li>Undisclosed valuation multiples.</li> </ul>	<ul style="list-style-type: none"> <li>Mapco operates convenience stores and gas stations.</li> <li>Transaction value: <b>\$725.0M</b></li> <li>Undisclosed valuation multiples.</li> </ul>

Source: PitchBook

**\$45.8B**

Capital Invested in April

**172**


Transactions in April

**8.2x**

Median EBITDA Multiple Across All Transactions

# May M&A Highlights

## Notable M&A Transactions

TARGET				
ACQUIRER	Josh Harris	TEMPUR+SEALY		Dos Media
DETAILS	<ul style="list-style-type: none"> <li>The Washington Commanders are an NFL football team.</li> <li>Transaction value: <b>\$6.0B</b></li> <li>Undisclosed valuation multiples.</li> </ul>	<ul style="list-style-type: none"> <li>Mattress Firm is an operator of retail mattress franchise stores.</li> <li>Transaction value: <b>\$4.0B</b></li> <li>Undisclosed valuation multiples.</li> </ul>	<ul style="list-style-type: none"> <li>TravelCenters of America operates travel centers and standalone restaurants for the trucking industry.</li> <li>Transaction value: <b>\$1.3B</b></li> <li>Undisclosed valuation multiples.</li> </ul>	<ul style="list-style-type: none"> <li>La Selecta Radio is a Spanish-language radio station that broadcasts within the US.</li> <li>Transaction value: <b>\$850.0M</b></li> <li>EV/Revenue: <b>0.1x</b></li> <li>EV/EBITDA: <b>2.7x</b></li> </ul>

Source: PitchBook

**\$16.7B**

Capital Invested in May

**212**

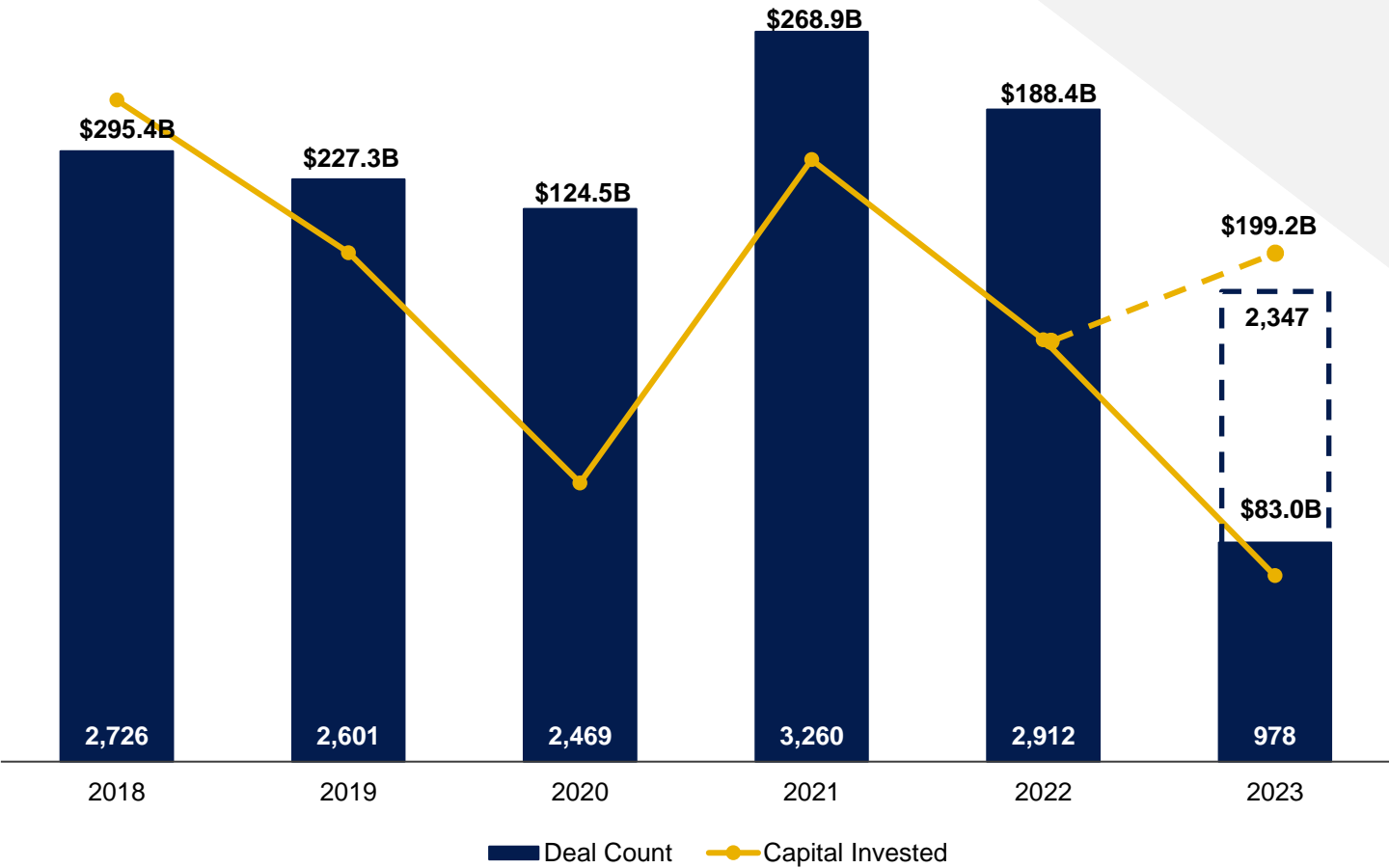
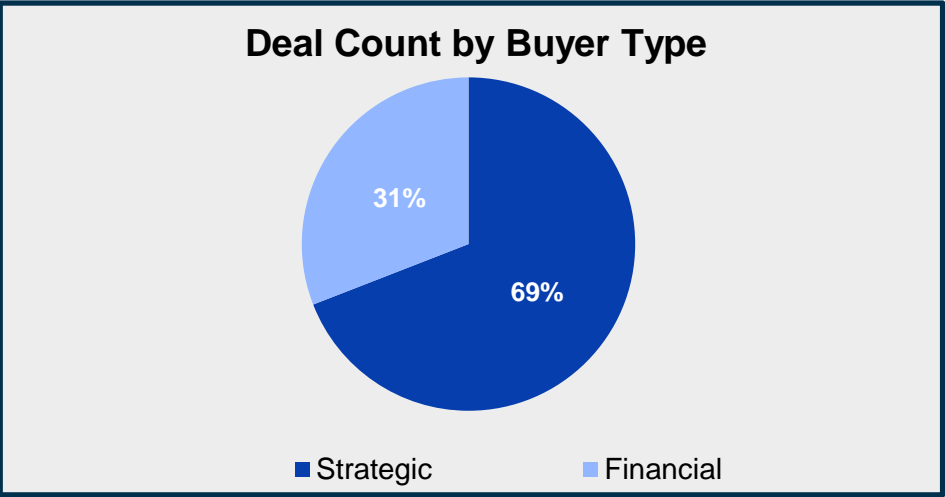
Transactions in May

**NM**

Median EBITDA Multiple Across All Transactions

# Yearly M&A Activity

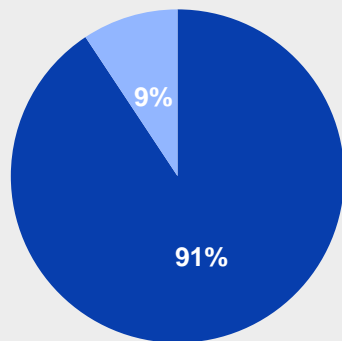
- As of May 31<sup>st</sup>, we've seen 978 M&A deals and a total of \$83.0B of capital deployed across the consumer industry.
- If the current rate of dealmaking persists, 2023 will see approximately 2,347 deals and \$199.2B in capital deployed, putting 2023 below the 5-year historical average from a capital deployed standpoint.
- M&A activity has decreased so far this year due to a plethora of factors. Going forward, other factors, including the potential decline in disposable income related to mortgage payment adjustments, as well as banks potentially looking to tighten credit to consumers, may further impact M&A activity throughout the sector.



# Monthly M&A Deal Activity

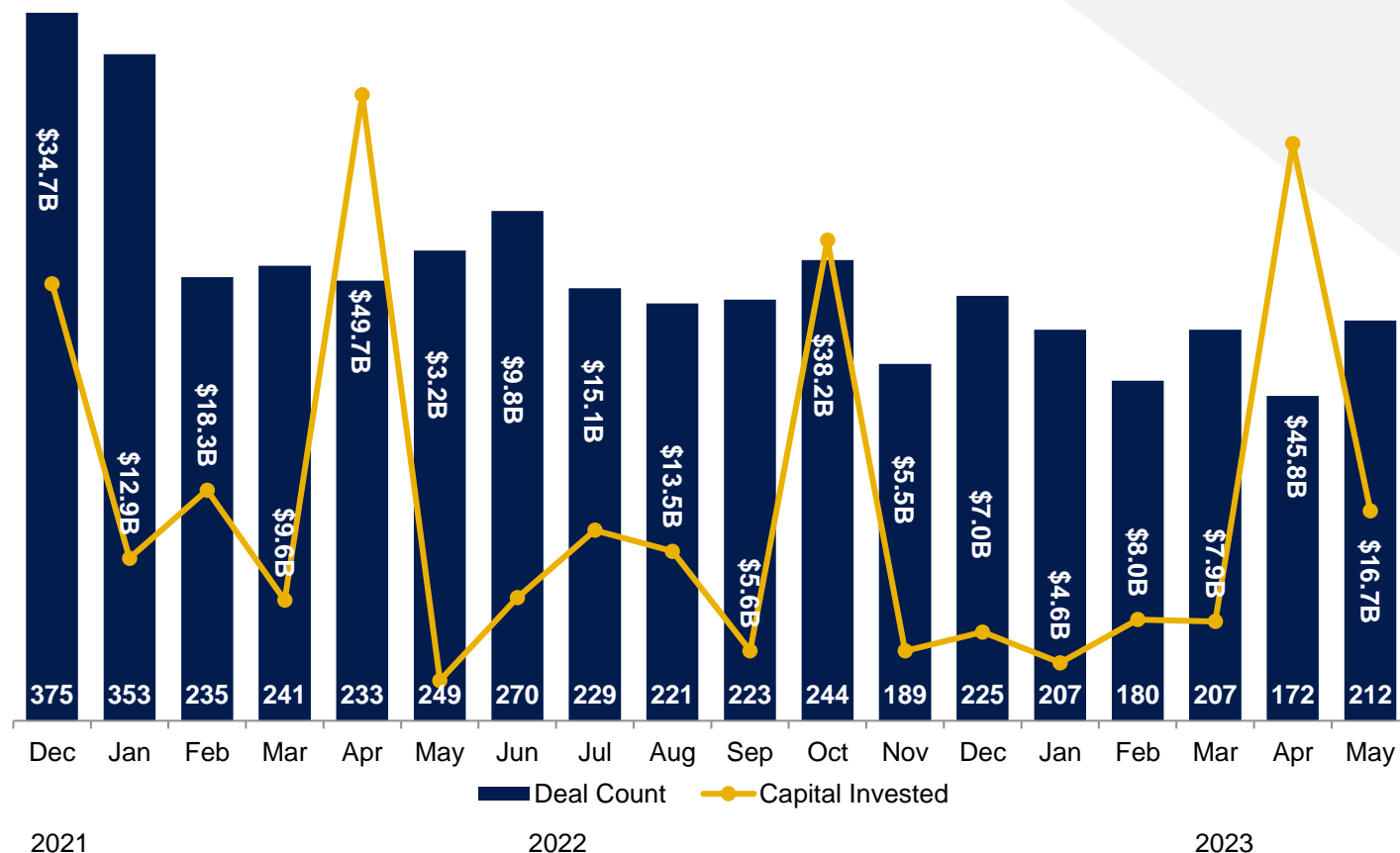
- May 2023 saw increased acquisition volumes compared to April 2023. However, the month's 212 deals falls below the 12-month trailing average of 215.
- Conversely, April saw above average capital invested. There was \$45.8B in capital deployed, above the 12-month trailing average of \$14.8B.
- This can be attributed, in part, to a slight drop in inflation figures and slowed interest rate hikes.
- Overall, several factors, such as high inflation, interest rate hikes, and other headwinds, continue to drive volatility in M&A transaction volumes across the consumer sector.

Deal Count by Buyer Type



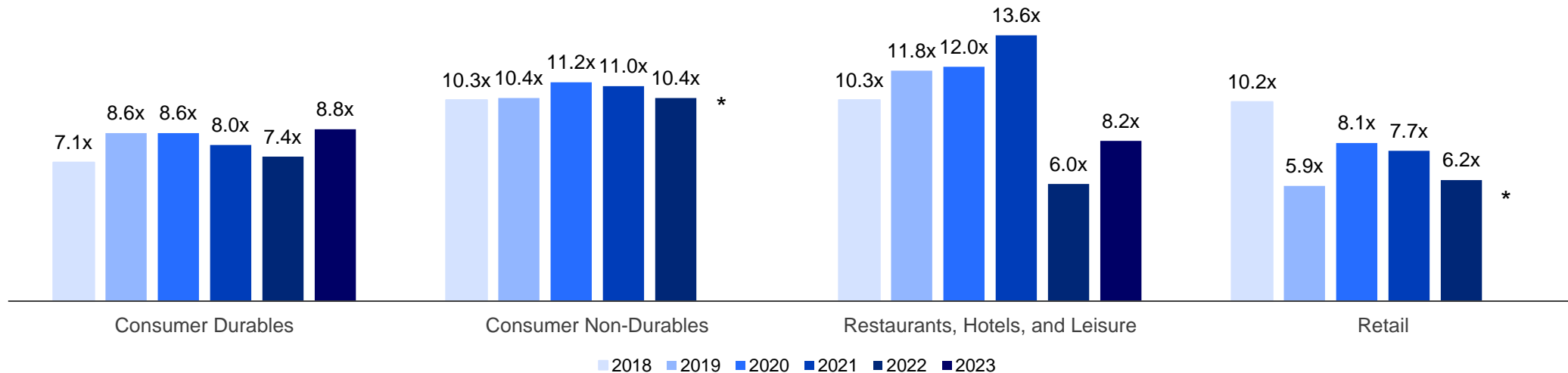
■ US

■ Canada



# Median EBITDA Multiples by Subsector

- YTD, multiples across the various consumer subsectors listed below have varied.
- Multiples across the consumer durables sector have expanded in terms of median EBITDA multiples YTD, with companies throughout the vertical transacting at a median 8.8x EBITDA.
- Multiples across the restaurants, hotels, and leisure segment have increased YTD. While multiples have somewhat recovered, M&A activity throughout the sector has not yet returned to pre-pandemic levels.
- Acquirers throughout the restaurants, hotels, and leisure sector have remained cautious, despite the increased levels of consumption seen in the subsector, due to recessionary concerns.
- The evolution of multiples in the coming months may be impacted by a persisting inflationary environment, potential changes to interest rates, and the threat of recession.



Source: PitchBook

\*Not enough meaningful YTD median data for the Consumer Non- Durables and Retail sectors.



# April & May Consumer Subsector M&A Trends



- **Food & Beverage:** Activity in the food and beverage industry slowed in May in terms of deal count and capital invested. Continued macroeconomic and geopolitical factors are continuing to play an instrumental role. Rising interest rates and the impact on consumer behavior, inflationary pressures, and shifts in labor costs provide some explanation for the decrease in M&A within the food and beverage industry.



- **Pets:** M&A in the pet products sector has slightly declined YTD but continues to surpass pre-pandemic levels. In 2022, strategic buyers comprised most of the deal volume as buyers looked to gain a toehold in the sector. PE firms remain attracted to this industry as we continue to see more and more pet owners with willingness to pay for high quality pet products. Furthermore, there was a massive increase in pet ownership during the pandemic, which is continuing to fuel the pet products industry. As the pet industry matures, buyers are looking to focus investments on premium products and co-packing.



- **E-commerce:** M&A activity in the e-commerce sector has remained flat since Q1-2023. As consumer spending slows, it is increasingly important for companies to improve on the digital customer experience. In 2023, we expect to see brands experiment with metaverse strategies that focus on brand building and customer engagement. Social commerce and service technologies will become even more deeply integrated into businesses' unified experiences through additions such as purchasing on social media via online stores on Instagram, TikTok, and Meta/Facebook. Furthermore, as recessionary concerns increase and discretionary spending is cut, brands will look to build customer loyalty and acquire brands with strong customer bases.



- **Travel & Hospitality:** Deal activity in the travel and tourism sector has declined as dealmakers seemingly become more cautious amid recessionary fears, geopolitical tensions, and uncertain economic conditions. The challenging economic environment is likely to delay a fuller post-COVID M&A recovery. Leisure travel faces a murky outlook as demand softens with inflation impacting consumer spending decisions. However, well capitalized companies have been acquiring targets with well established brands to enhance their portfolio at a discount due to the lower-than-normal valuations seen throughout the sector.



- **Distressed M&A:** Inflation and difficult economic conditions continue to plague SMEs. Rising costs for several inputs, including energy and labor, are likely to continue to have an impact in the coming quarters. As a result, IJW anticipates that the occurrence of distressed M&A will increase, especially in Europe, where record-high energy prices have already started to cause a cash crunch. European and to a lesser extent North American companies are facing a massive debt wall, with many companies looking to restructure their debt or sell off assets.



- **Retail:** The retail market saw a relatively high level of activity in 2022 as companies looked for strategic opportunities to scale operations, secure access to key products, and optimize portfolios. Prospects for 2023 dealmaking activity in the grocery retail sector remain strong as several transactions are already in the pipeline. We expect to see grocery players investing in food producers to secure access to supply, as demonstrated by Aldi's acquisition of two mineral water plants. Large grocery retailers continue to review their portfolios and divest assets in markets to refocus their priorities and strengthen balance sheets.












# **April & May 2023 Capital Raise Highlights**

# April Capital Raise Highlights

## Notable North American VC Transactions

INVESTEE				
LEAD INVESTOR			Undisclosed Investor	
DETAILS	<ul style="list-style-type: none"> <li>Tonal is a developer of a digital fitness platform designed to deliver a smooth weight-lifting experience using magnets and electricity.</li> <li>Transaction value: <b>\$130.0M</b></li> <li>Later Stage VC</li> </ul>	<ul style="list-style-type: none"> <li>Clase Azul is a manufacturer and distributor of premium tequila packaged in artisan-made bottles.</li> <li>Transaction value: <b>\$45.5M</b></li> <li>Early Stage VC</li> </ul>	<ul style="list-style-type: none"> <li>Stuffed Puffs is a manufacturer and distributor of stuffed marshmallow snacks.</li> <li>Transaction value: <b>\$45.0M</b></li> <li>Later Stage VC</li> </ul>	<ul style="list-style-type: none"> <li>Ourself is a producer of premium skincare products.</li> <li>Transaction value: <b>\$42.5M</b></li> <li>Early Stage VC</li> </ul>

Source: PitchBook

**\$2.6B**

Capital Invested in April

**112**








Transactions in April

**\$2.2M**

Median Capital Invested

# May Capital Raise Highlights

## Notable North American VC Transactions

INVESTEE				<b>SEMAFOR</b>
LEAD INVESTOR	 	 	Undisclosed Investor	Chih-Yuan Yang & David Bradley
DETAILS	<ul style="list-style-type: none"> <li>Quince is an operator of an e-commerce clothing company offering luxury clothing and accessories.</li> <li>Transaction value: <b>\$77.0M</b></li> <li>Later Stage VC</li> </ul>	<ul style="list-style-type: none"> <li>Air Protein is a developer of a meat alternative designed to create protein out of ordinary carbon dioxide.</li> <li>Transaction value: <b>\$74.8M</b></li> <li>Early Stage VC</li> </ul>	<ul style="list-style-type: none"> <li>Lemnature Aquafarms is a provider of plant-based nutrition intended to meet the diverse challenges facing global food systems.</li> <li>Transaction value: <b>\$58.5M</b></li> <li>Later Stage VC</li> </ul>	<ul style="list-style-type: none"> <li>Semafor is an operator of a digital media company intended to provide general news and information.</li> <li>Transaction value: <b>\$44.0M</b></li> <li>Early Stage VC</li> </ul>

Source: PitchBook

**\$4.3B**

Capital Invested in May

**123**

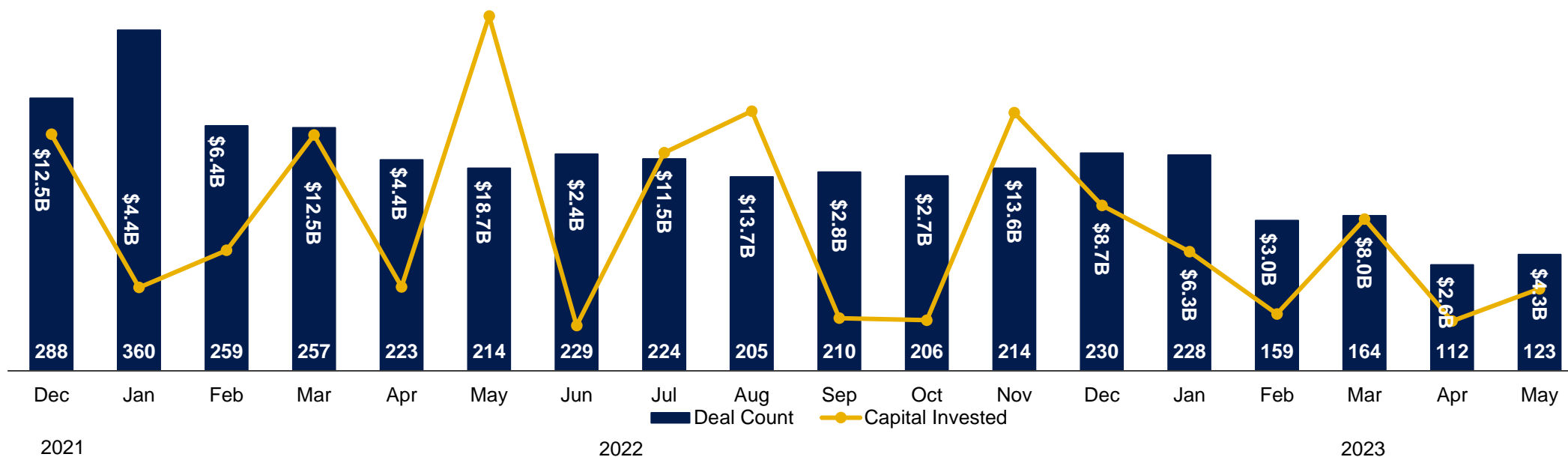
Transactions in May

**\$2.2M**

Median Capital Invested

# Monthly VC Investment Activity

- Like past months, macroeconomic conditions have resulted in depressed VC investment throughout the consumer industry. May 2023 witnessed 123 deals and \$4.3B in capital deployed.
- Compared to April 2023, there was an increase in total deal flow. Total funds invested increased by 65%.
- Investors are leaning towards smaller deals and shoring up their existing portfolios by making follow-on investments. M&A exit activity has exceeded the 5-year average in number of transactions by 19%, while IPOs have been limited due to increased public market volatility.
- The consumer sector will face further headwinds and will likely continue to see low levels of funding for the coming quarters as investors remain cautious about the impacts of several macroeconomic factors on consumer spending behavior.





## About IJW & Co.

# Team



## **Giancarlo Petraro, LL.B., J.D., LL.M. – CEO & Managing Director**

As CEO & Managing Director, Giancarlo oversees all aspects of IJW & Co.'s business operations, including oversight of both the M&A Advisory and Valuation practices.

Giancarlo has helped numerous clients successfully navigate complex M&A transactions. Over the last decade, he has advised founders, executives, and corporate boards on middle market transactions in the technology, consumer products, and business services sectors. He strives to cultivate long-term relationships with his clients based on trust and providing thoughtful strategic advice to help maximize value.

Giancarlo holds a Bachelor of Laws degree and a Juris Doctor, North American Common Law from the Université de Montréal, as well as a Master of Laws in Banking and Financial Law from Boston University School of Law. He is a member of the New York State Bar.



## **Drew Stuart Dorweiler, MBA, CPA (IL), CPA-ABV, CBV, ASA, CFE, CBA, CVA, FRICS – Managing Director**

Drew is the Managing Director of IJW & Co.'s valuation practice. With over 39 years of experience advising on thousands of valuations and litigation-support mandates globally, Drew is an expert in his field. He has held numerous positions throughout his career, including Principal at Wise Blackman, Vice-President at RSM Richter, Senior Manager of Financial Advisory Services at BDO, and has worked in various other capacities with Lazard, Merrill Lynch, and Deloitte in New York City.

Drew holds a dual MBA in Corporate Finance and Accounting from the Lubin Graduate School of Business at Pace University and received a Bachelor's degree in Economics from Dartmouth College. He is the Chair of the Membership Standards and Recognition Board of the International Valuation Standards Council in London, a former Trustee of The Appraisal Foundation in Washington DC, and a Fellow of the Royal Institution of Chartered Surveyors and of the Canadian Institute of Chartered Business Valuators (CBV Institute).



## **Sami Kabir, CFA, MBA – Director, Investment Banking**

As Director, M&A, Sami oversees the M&A practice at IJW & Co. With an extensive investment banking background, as well as experience working in capital markets and corporate finance at Brookfield Asset Management, and corporate banking at Scotiabank, Sami has gained extensive knowledge and experience in the field of M&A and corporate finance.

Sami joined IJW & Co. in 2019 after working for over three years between two boutique investment banks in Ottawa and Toronto. He completed his MBA at the Smith School of Business at Queen's University, and holds a Bachelor's Degree in Commerce with a major in Accounting from the Sprott School of Business at Carleton University. Sami also holds a Chartered Financial Analyst (CFA) designation.

Sami holds expertise in the financial markets and is skilled at managing complex financial transactions. At IJW, Sami has worked on numerous transactions with a specialization advising software companies globally.



# Team



## **John Lee, Bambini Partners LLC an Affiliate of IJW & Co. – Senior Advisor**

John is currently Co-Founder and General Partner of Bambini Partners LLC, an IJW & Co affiliate, with focus on kids, family and pets consumer products. Prior to forming Bambini Partners, John was CEO of Callaway Arts & Entertainment, a highly regarded publishing and IP development enterprise that spawned winning brands such as Miss Spider (by David Kirk), The English Roses (by Madonna); and The Sunny Patch brand (in partnership with Target). Additionally, under John's leadership, Callaway was selected by Apple as one of the first kid's app developers for the launch of the iPad.



## **Gabrielle Desjardins – Senior Analyst, Investment Banking**

Gabrielle is an accomplished Senior Analyst within the Mergers & Acquisition practice at IJW & Co., with extensive experience in middle market transactions in the technology, consumer products, and business services sectors. Gabrielle graduated from the Rowe School of Business at Dalhousie University with a Bachelor's Degree in Commerce, majoring in Finance with Distinction.

Prior to joining IJW & Co., Gabrielle completed two Co-op terms; the first was as a Business Strategy & Support Analyst at Export Development Canada, followed by an Asset Management role at a Commercial Real Estate and Property Management Company in Ottawa, Ontario. Gabrielle was an active member of the Dalhousie Investment Society (DALIS), the Women in Business Association (WIBA), and the Golden Key International Honour Society during her time at university.



## **Sarina Gill – Senior Analyst, Investment Banking**

Sarina Gill is a driven Senior Analyst with a passion for finance and economics. She earned her Bachelor of Commerce degree from the prestigious Joseph L. Rotman School of Management at the University of Toronto, where she specialized in finance and economics. Sarina joined IJW in 2021 and is currently a Level I Candidate in the CFA program.

During her undergraduate studies, Sarina worked as a Research Assistant analyzing patent data alongside faculty members. She also held the role of Economic Development Student Intern for her municipality's Enterprise Centre in Oakville, Ontario. In 2020, Sarina joined a financial commentary blog as an Equity Research Analyst, where her articles have been published.

Sarina graduated with honors from the Rotman School of Management and was a member of the Dean's List.



# Team



**Brontë Macfarlane, MBA – Analyst, Investment Banking**

Brontë is a finance professional with a Bachelor degree in Commerce, majoring in Finance from the John Molson School of Business at Concordia University. Brontë has recently completed her MBA in Investment Management from the Goodman Institute of Investment Management, where she was a consistent member of the dean's list and received scholarships for her outstanding performance in the program. With her strong educational background and diverse experience, Brontë has gained valuable insight into the inner workings of the finance industry. She has worked as an Analyst at the pharmaceutical company, Novartis, financial management firm, State Street, as well as at a single-family office here in Montreal



**William Robinson, MBA – Analyst, Investment Banking**

William is a seasoned finance professional with a diverse background in management consulting, venture analysis, and banking. He holds an MBA from the prestigious Smith School of Business at Queen's University, with a specialization in Finance.

Before joining IJW, William worked as a management consultant for a technology company in Seattle, where he gained valuable experience working with high-growth startups. He also collaborated with his school's venture capital fund as a venture analyst, where he honed his skills in financial analysis and valuation. Prior to business school, William spent three years at TD Bank, where he worked his way up to managerial roles.



**Simon Cinq-Mars – Deal Origination Lead**

Simon is a highly experienced business development and investment banking professional with a background in finance, economics, and management. He holds a Bachelor degree in Economics with a minor in Finance from McGill University and a Master's degree in Management with a specialization in Finance from Imperial College in London, UK.

Simon has worked as an M&A Business Development Analyst at Modaxo, a Constellation Software portfolio company, where he analyzed potential M&A deals and identified growth opportunities for the company. He also has prior experience in private equity and consulting, where he gained valuable experience in financial analysis and due diligence.

# Team



## **Mateo Murr – Analyst, Deal Origination**

Mateo is a Deal Origination Analyst at IJW & Co. Mateo joined the firm in 2023 after graduating from the Ivey Business School at Western University with an Honors in Business Administration. Before the HBA program at Ivey, Mateo studied Political Science.

Prior to joining as an analyst, Mateo completed an internship at IJW, an American buy-out firm as well as an independent management consulting practice.



## **Shreya Vaidya – Analyst, Investment Banking**

Shreya is completing an Investment Banking Internship at IJW & Co. Shreya recently completed her Master's in Finance at McGill University, where she worked as an equity analyst in the renewables sectors for the university's investment fund.

Prior to investment banking, Shreya worked as a Trade Commissioner Assistant at Global Affairs Canada, as well as on the Financial Advisory team at Edward Jones Investments.

Shreya holds a Bachelor's Degree from the University of Western Ontario.



## **Caleb Defreyne – Analyst, Investment Banking**

Caleb is completing an Investment Banking Internship at IJW & Co. Caleb is a Bachelor of Business Administration and Financial Math student at Wilfrid Laurier University.

Before joining IJW, Caleb worked at BlackTide Capital Group, a Texas-based search fund.

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**IJW**

# Thank You.



**Sami Kabir, CFA, MBA**  
Director



**Simon Cinq-Mars,**  
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