North American Consumer

Monthly Market Report

November 2024

*All dollar values in this report are USD, except where noted CAD.

Top Consumer Transactions in November 2024

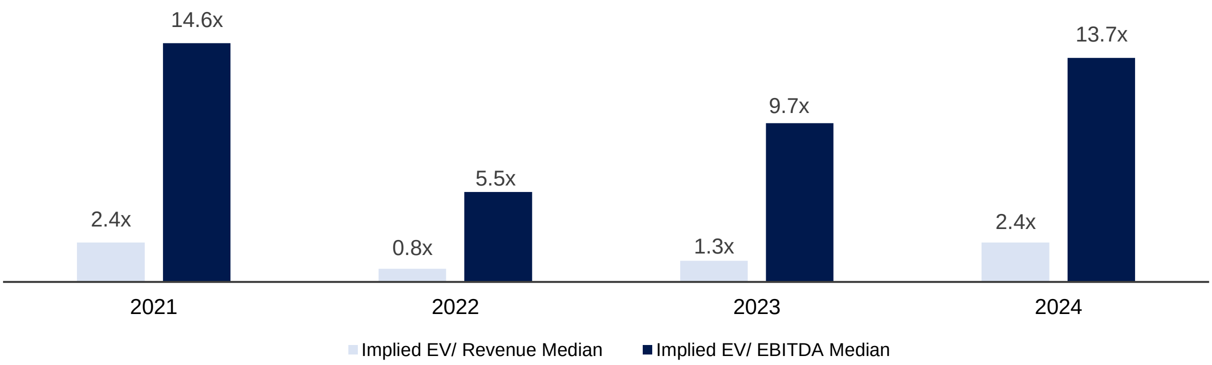
Date	Target	Acquirer	EV	EV/EBITDA	Sector
Completed Nov-24	Primo Brands	BlueTriton	$9.0B	10.7x	Beverages
Completed Nov-24	Remington	CSG Czechoslovak Group	$2.3B	N/A	Recreational Goods
Announced Nov-24	cloud star	General Mills	$1.5B	N/A	Pet Foods
Completed Nov-24	Revelyst	SVP	$1.1B	N/A	Specialty Retail
Completed Nov-24	Clearwater Paper	Sofidel	$1.1B	N/A	Household Products

PRIMO BRANDS is getting acquired by BLUETRITON	• Transaction Value: **$9.0B** • EV/EBITDA: **10.7x** • Primo Brands is a beverage company focused on healthy hydration. Brands carried include Poland Spring, Pure Life, Mountain Valley, and Arrowhead. • The merger of Primo Brands by BlueTriton is expected to add significant value to the company's portfolio and solidify its position as a North American leader in the healthy hydration beverage market.

Capital Invested in November	Transactions in November	Median EV/EBITDA
$17.2B	203	10.7x

Source: Pitchbook, CNBC

Food & Beverage Market Update



- In 2024, the food and beverage industry has seen strong growth, with EBITDA multiples rising 41% YoY to 13.7x, and revenue multiples up 85% to 2.4x. These metrics suggest a market shift returning towards conditions similar to 2021.
- Larger companies with strong EBITDA margins and consistent growth are drawing higher revenue multiples, with snacks, frozen food, and functional drinks remaining key investor favorites driven by brand loyalty..
- Strategic acquirers continue to drive market activity, making up 55% of total transactions, as they seek to strengthen market position and capitalize on emerging trends. Notable recent deals in the space include Treehouse Foods' acquisition of Harris Tea, Mars' purchase of Kellanova, and Keurig Dr Pepper's acquisition of Ghost Energy Drinks.

Case Study

IJW Transaction Highlight

Goodfood's Acquisition of Genuine Tea

goodfood

has acquired

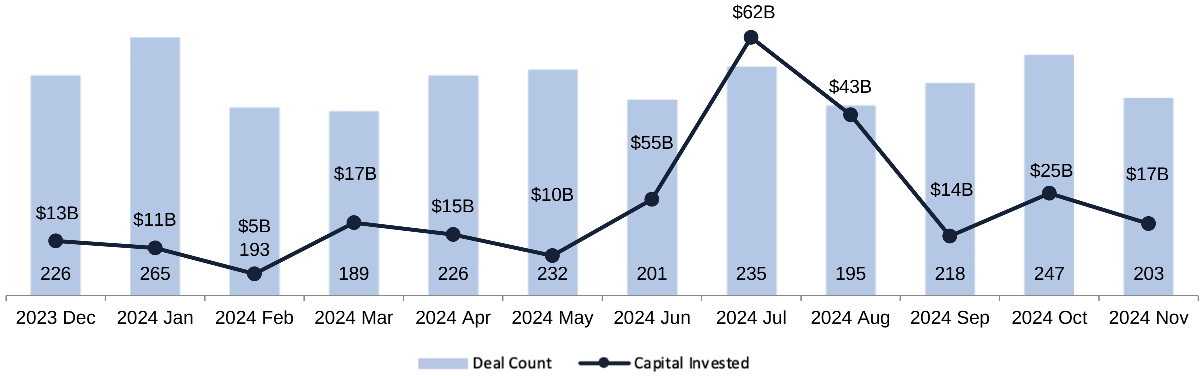
GENUINE TEA CO.

- Goodfood Market (TSE: FOOD)
- Market Cap: **32.9M**
- FY24* Revenue: **CA$152.8M**
- Goodfood, a leading Canadian online meal solutions company, has acquired a controlling interest in our client Genuine Tea, a leading Canadian omni-channel tea brand.
- This acquisition marks the start of Goodfood's next chapter, focusing on building a portfolio of innovative D2C food and beverage brands. Leveraging its D2C infrastructure, technology, and culinary expertise, Goodfood empowers founders to scale their businesses, providing a platform for Genuine Tea to accelerate growth and expand its reach.

*Goodfood's fiscal year end is September 7th.

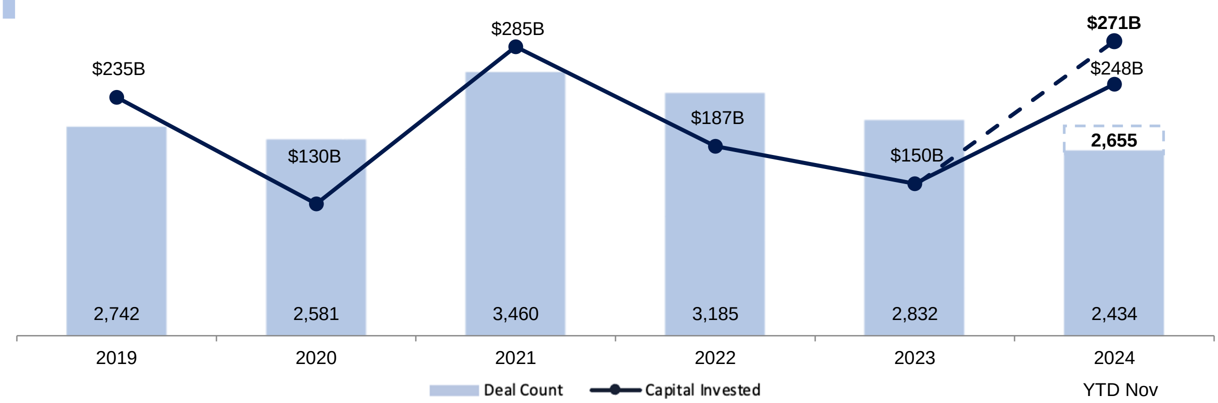
Source: Pitchbook, Yahoo Finance

North American Monthly Deal Volume & Capital Invested



- Deal count and capital invested in November slowed compared to October but remained consistent with historical trends. The decrease in capital invested was primarily driven by a 50% MoM decline in deals over $1B (decline of 5 deals).
- Experts attribute the slight slowdown in deal activity in November to uncertainty around the Presidential Election and its impact on the US economy, as well as the Thanksgiving holiday.
- Donal Trump has announced his plans to impose a 25% tariff on products imported into the U.S. from Mexico and Canada. This move has raised concerns among both consumers and businesses, who are uncertain about the impact it will have on prices, supply chains, and overall market stability. Additionally, the tariff's potential to disrupt potential M&A has sparked worry, as companies assess how this new trade policy could affect cross-border deals and long-term business strategies.

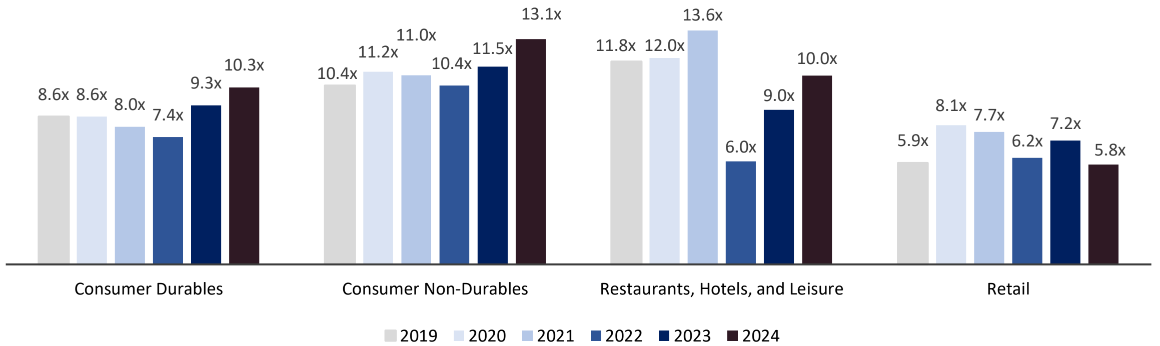
North American Yearly M&A Deal Volume & Capital Invested



- The beginning of Q4 FY2024 has seen substantial capital deployment, and we expect December to sustain the strong momentum from the latter half of the year, contributing an anticipated ~$20 billion in the final month. Overall, we remain confident that 2024 will surpass 2023 and approach performance levels last seen in 2021.
- Strategic acquirers continue to dominate the consumer space, accounting for 78% of total transactions in November, as they work to further diversify their portfolios.
- Financial buyers remain on the sidelines, representing 22% of deal activity in November. Despite cooling inflation and the Federal Reserve lowering interest rates by 0.5 basis points, financial sponsors are hesitant to re-enter the consumer market as they anticipate a longer return to normalcy. Financial buyers are prioritizing companies with a robust financial performance and strong cash flow.

Source: PitchBook, NBC, Middle Market Growth, Morning Star

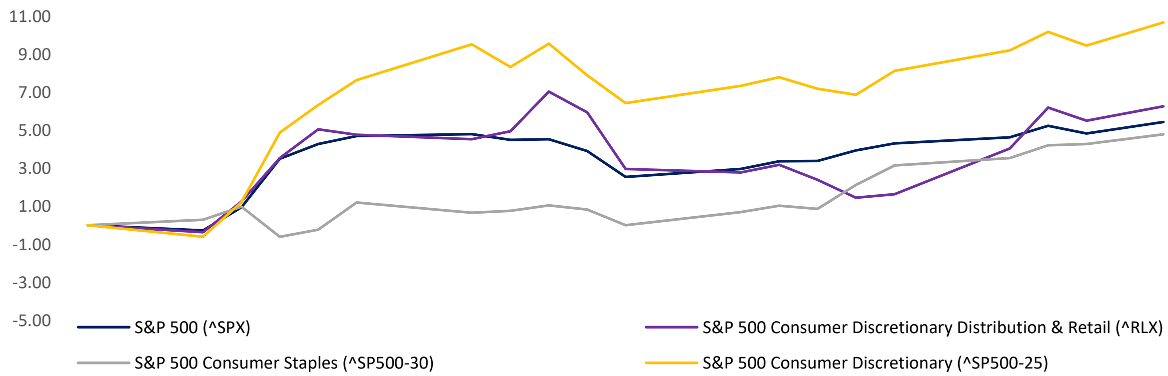
Median EBITDA Multiples by Subsector



- With the addition of November, EBITDA multiples across the Consumer Non-Durables have increased in comparison to the Jan-24 to Oct-24 period, driven by continued activity in the food and beverage space (i.e., the $9B merger of Primo Water and BlueTriton Brands).
- Consistent with the October Monthly Update, the Restaurants, Hotels, and Leisure industries saw an uptick in valuations in 2024, driven by restaurant players diversifying their portfolio of brands and consolidation within the health and wellness space.
- Despite U.S. retail sales increasing by 0.15% in November, the valuations seen in the Retail and Consumer Durables subsectors have remained subdued for 2024, demonstrating buyers are still uncertain about the trajectory of consumer spending habits.

Public Market Indexes: S&P 500 vs. Marked Indexes

**November 2024 Performance*



- The Consumer Staples, Consumer Discretionary Distribution & Retail, and Consumer Discretionary indices ended November -1.47%, +0.82%, and +5.90%, compared to the S&P 500.
- The S&P 500 finished November with a monthly gain of 5.7%, marking its biggest one-month gain for the year.
- The S&P 500, Consumer Staples, Consumer Discretionary Distribution and Retail, and the Consumer Discretionary indices rebounded from a down month in October as optimism related to Donald Trump's victory in the early-November presidential election, potential tax cuts, and expectations for lower interest rates fueled gains.
- The S&P 500 tacked on 1.1% during the week of American Thanksgiving.
- Notably, the year has seen no market corrections thus far (identified as a pullback of 10% or more).

Source: EY, MarketWatch, PitchBook, and Reuters.

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