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# Consumer Markets M&A Flash Report 3Q 2015

Deal Advisory

October 2015



**29%**

decrease in **deal activity**  
 in the US from  
 2Q 2015 to 3Q 2015

**116**

US deals in 3Q 2015

**31%**

decrease in **deal value**  
 in the US from  
 2Q 2015 to 3Q 2015

**Overall**

- Global and US deal activity in Consumer Markets experienced a significant drop during the third quarter of 2015 as the sector continues to deal with volatility in consumer spending and lack of substantial economic growth.
- There are still a lot of unfavorable fundamentals that are holding back M&A activity, including negative currency moves, lack of growth in emerging markets, and weaker than expected revenue growth over the sector.
- However, several factors make M&A attractive in the long run, including the need for revenue expansion, adapting to new technologies, and adapting to new consumer tastes.

**Americas**

- The Americas witnessed a 25% fall in the deal volumes and 86% fall in values of completed deals over 3Q 2015.
- Continued economic issues in South America and the volatility in consumer spending in the US led to lower M&A activity.

**Europe, Middle East and Africa (EMEA)**

- EMEA deal volume was stable with only a 10% fall, but an 84% fall in values in 3Q 2015.
- Stabilization in Europe led to good M&A activity, but large deals were virtually non-existent.

**Asia Pacific (ASPAC)**

- ASPAC saw 22% decrease in deal volumes with 70% decrease in deal values.
- Continued sluggishness of the ASPAC region, especially China, has led to four straight quarterly drops in deal activity.

Note: This document contains only volume and value of publicly disclosed completed transactions

## Outlook for M&A Activity

### United States

- There have been a lot of favorable M&A fundamentals in the US market since 2010. Consumer confidence edged up from the second quarter of 2015 (94.2) to the third quarter (102.6), and consumers still rate current conditions favorably. However, US CEO confidence declined in the third quarter, dampening the M&A outlook for the short term. With the holiday season coming up, expectations for fourth quarter M&A activity in the US is subdued.

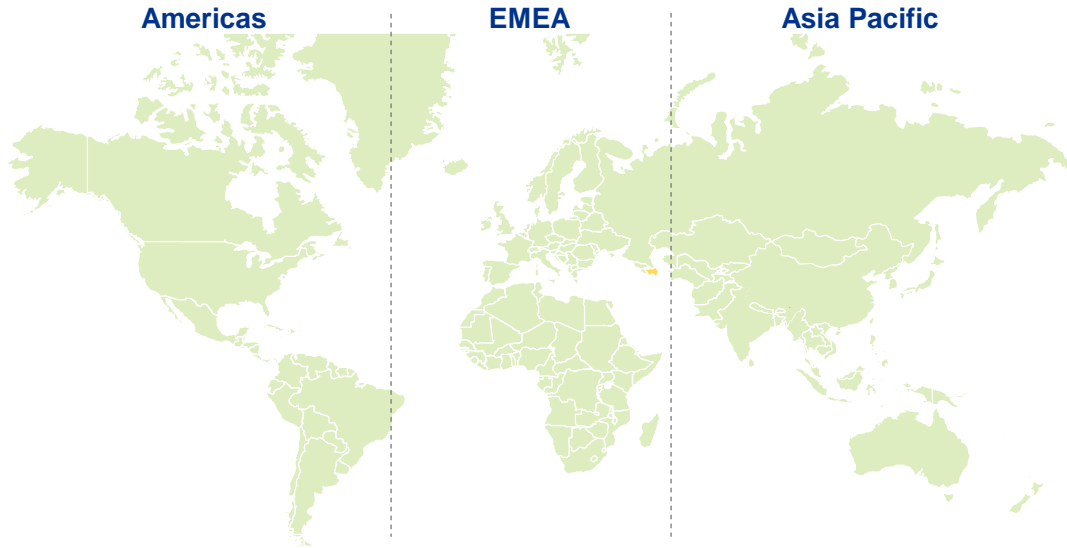
### EMEA

- Current economic conditions in Europe and the rest of EMEA remain sluggish, although more positive than the last few quarters. The European economies have more scope to recover and recent quantitative easing programs may help improve consumer confidence and the general economy. However, dysfunction among the European political community, civil unrest in the Middle East, and continued economic strain will affect an upturn in M&A activity. Expect that M&A activity will be stable and cautious in the next few quarters.

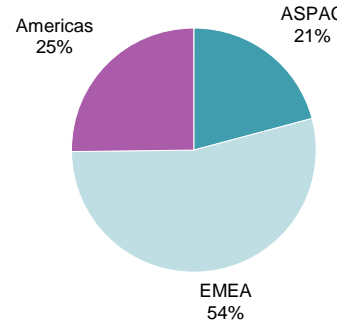
### Asia Pacific

- China will continue its soft growth decline, Japan will remain at low growth, and India will remain on its projected stable growth trajectory. Despite the slow growth, the ASPAC region has the long term, broad capacity to grow and develop good fundamentals for M&A. However, expectations for M&A activity in the near term is low as the region makes its way to fix uncertainty in their economies, overall infrastructure, and global political trust.

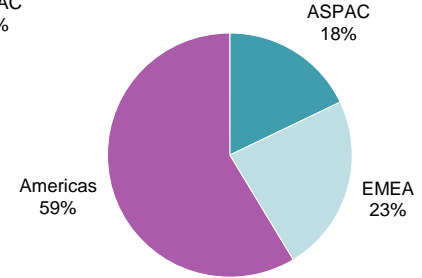
# Consumer Markets: Deal mix by geographic region (2008 to 3Q 2015)



Volume of deals by region (3Q 2015)

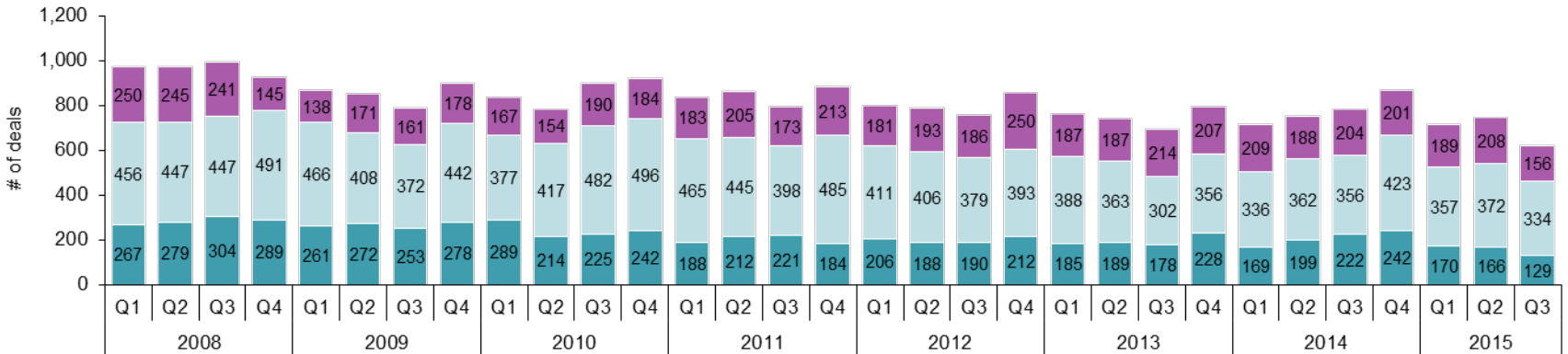


Value of deals by region (3Q 2015)



Source: Thomson deals SDC (completed deals globally)

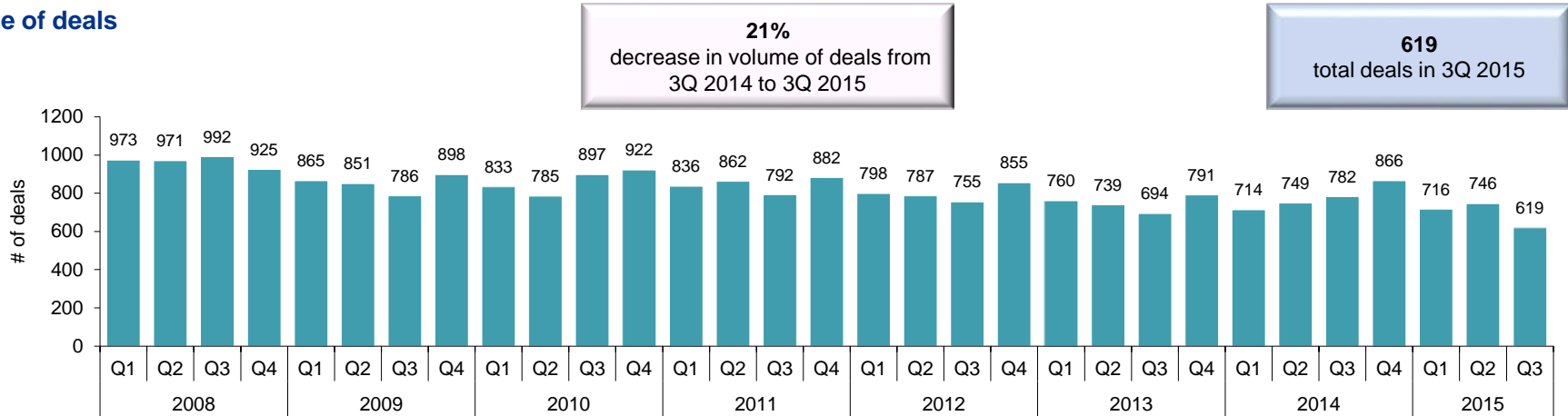
## Volume of deals by region



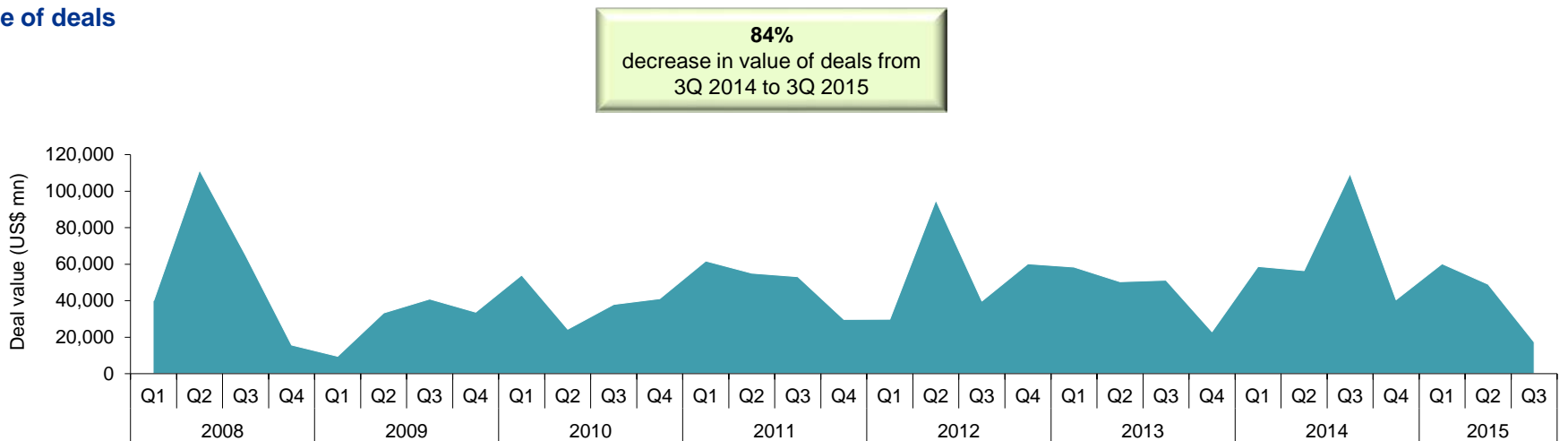
Source: Thomson deals SDC (completed deals globally)

■ ASPAC ■ EMEA ■ Americas

## Volume of deals



## Value of deals

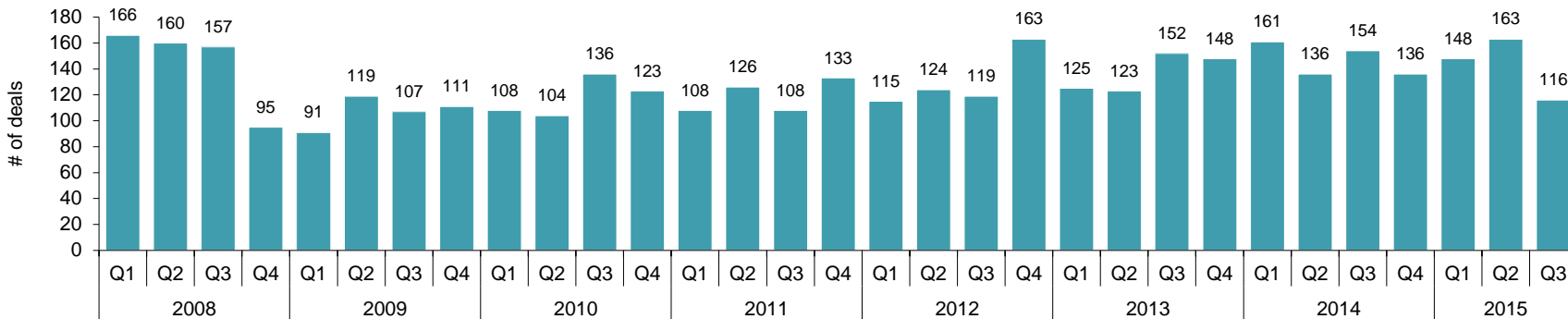


Source: Thomson deals SDC (completed deals globally)

## Volume of deals

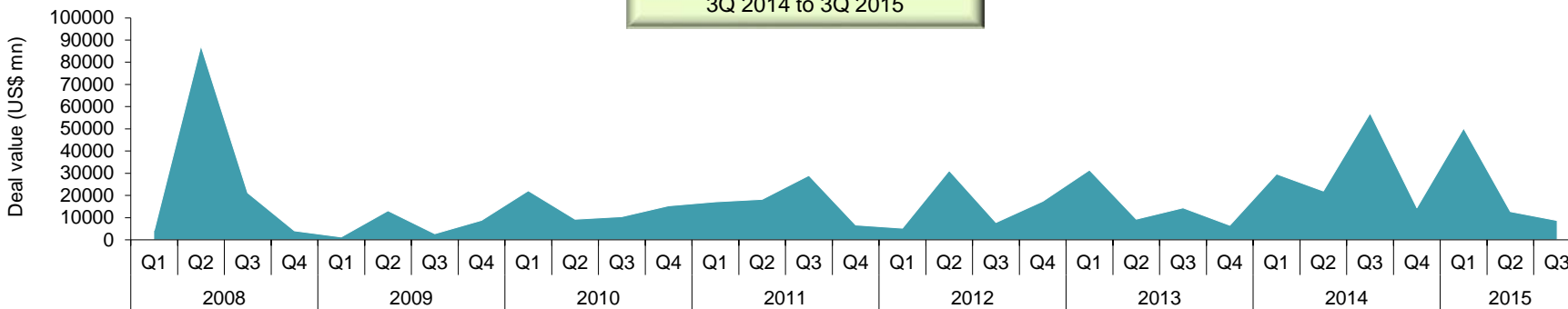
**25%**  
decrease in volume of deals from  
3Q 2014 to 3Q 2015

**116**  
total deals in 3Q 2015



## Value of deals

**85%**  
decrease in value of deals from  
3Q 2014 to 3Q 2015



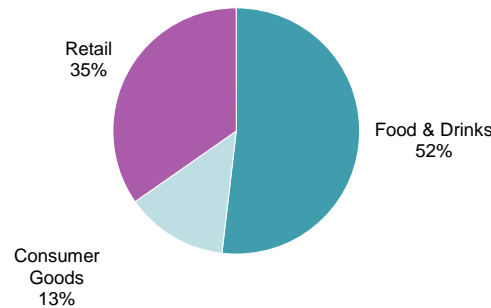
Source: Thomson deals SDC (completed deals globally)

# Consumer Markets: Deal mix by sub-sector as of 3Q 2015 – Global

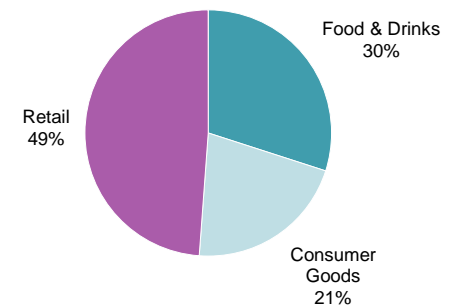
## Key trends

- Food & Drinks sector remained the most active sub-sector, accounting for 52% of the deal activity across the globe and 30% deal value of the total.
- Retail sub-sector, accounted for 35% of the deal activity, a 27% decrease from the last quarter, but 49% of the total value in 3Q 2015 as larger deals dominated this space.

Volume of deals by sub sector (3Q 2015)

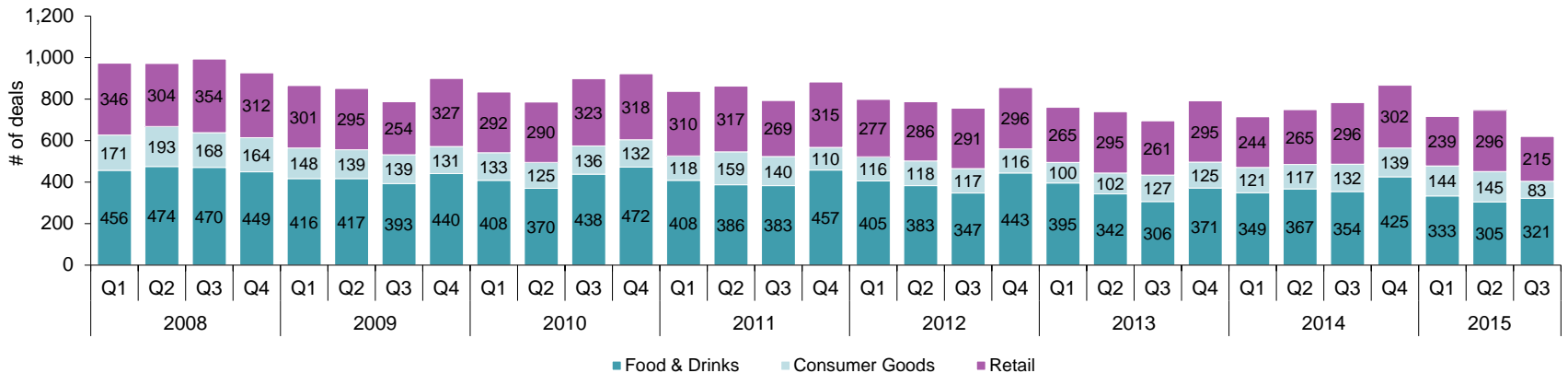


Value of deals by sub sector (3Q 2015)



Source: Thomson deals SDC (completed deals globally)

## Volume of deals by sub sectors

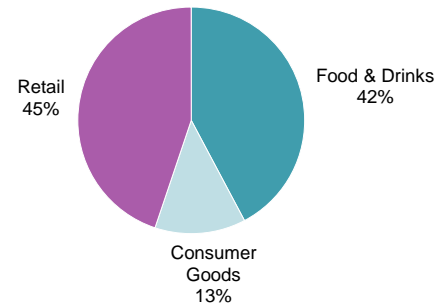


Source: Thomson deals SDC (completed deals globally)

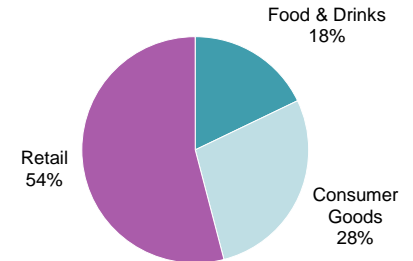
## Key trends

- The most active sub-sector during the quarter was Food & Drinks, accounting for 42% of the deal activity; however, it only accounted for 18% in the total value, indicating weakness in large deal volume in the US.
- Retail, on the other hand, saw larger deals with 54% of the total deal value in 3Q 2015 but only accounted for 45% of the deal activity.

Volume of deals by sub sector (3Q 2015)



Value of deals by sub sector (3Q 2015)



Source: Thomson deals SDC (completed deals globally)

## Volume of deals by sub sectors



Source: Thomson deals SDC (completed deals globally)





## Top deals in 2Q 2015

Date	Target	Target Country	Bidder	Bidder Country	Sub Sector	EV:EBITDA	EV:Sales	Deal value (US\$)
Jul-15	AVINTIV Inc	United States	Berry Plastics Group Inc	United States	Consumer Goods	na	na	2,450.0
Jul-15	Susser Holdings Corp	United States	Sunoco LP	United States	Retail	na	na	1,923.6
Jul-15	Interline Brands Inc	United States	Home Depot Inc	United States	Retail	na	na	1,625.0
Jul-15	SGF Produce Holdings LLC	United States	SunOpta Inc	United States	Food & Drinks	na	na	450.0
Jul-15	Copper Cane LLC-Meiomi Wines	United States	Constellation Brands Inc	United States	Food & Drinks	na	na	315.0
Aug-15	Dave's Killer Bread	United States	Flowers Foods Inc	United States	Food & Drinks	na	na	275.0
Jul-15	PICO Nstar Hallock LLC-Asts	United States	CHS Inc	United States	Food & Drinks	na	na	127.0
Sep-15	Alpine Valley Bread Co	United States	Flowers Foods Inc	United States	Food & Drinks	na	na	120.0

Source: Thomson deals SDC (completed deals only)



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