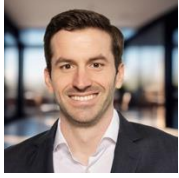


Consumer & Retail Perspectives

June 2024



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C&R Deal Highlights

12% increase in YOY deal volume	8% increase in YOY deal value	21% Private equity involvement
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Notable Quotes & Trends:

"We've got to keep the consumer in the game in the U.S. economy because it's such a big part of it," – Brian Moynihan, Bank of America

"Continued positive job growth, rising wages, an ebullient stock market and healthy household balance sheets will keep consumers spending despite elevated prices and borrowing costs," – Oren Klachkin, Nationwide

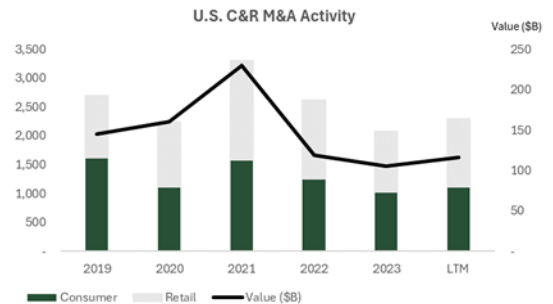
Major retail behemoths from Walmart, Target, Aldi to Amazon Fresh, have been cutting prices in a bid to entice price-conscious consumers and drive sales.

Walmart US CEO John Furmer said the retail giant has nearly 7,000 rollbacks going into the summer, a 45% increase over the count for the same time last year.

M&A RETURNING TO THE CHECKOUT AISLE

While aggressive credit tightening and persistent inflation worries dampened C&R M&A activity in 2023, a much-anticipated recession never materialized, and deal-making is once again on the uptick. Q1 2024 saw a YOY increase in C&R announced transaction volumes and values for the first time in over two years. While private equity firms have just begun to dip their toes back into M&A water, well-heeled corporates have a renewed appetite for M&A as elevated equity prices for public companies has made it more affordable to acquire competitors or smaller rivals. With the potential of a rate cut later this year and inflation being held in check, many believe the resiliency of the U.S. consumer will persist, continuing to provide earnings and momentum for the best-of-class C&R businesses.

As consumer trends shift, there will likely be a bifurcation of quality in many subsectors, and winners and losers will emerge resulting in a large number of potential takeover candidates. Several C&R strategic themes such as technology advancement, supply chain safety and stability, brand aggregation, and increasing economies of scale will also continue to drive M&A activity.



CONSUMER CONFIDENCE RISES

U.S. consumer confidence unexpectedly improved in May after deteriorating for three straight months amid optimism about the labor market, but worries about inflation persisted and many households expected higher interest rates over the next year. The Conference Board Consumer Confidence Index rose in May to 102.0 (1985=100) from 97.5 in April (a slight upward revision). The survey showed that U.S. consumers were very upbeat about the stock market and more planned to make major purchases over the next six months. Rising consumer confidence typically correlates to increasing M&A volumes for healthy deal-making.

MARKET PULSE

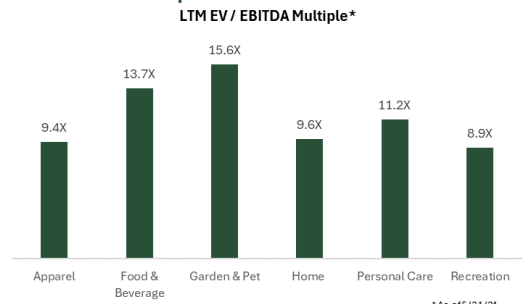
Consumer & Retail M&A activity should continue to build as 2024 evolves given pent-up demand and cash rich balance sheets. With the strength of the public equity markets, deal pricing will likely remain elevated for healthy targets. In most subsectors, public companies continue to trade at or near 52-week highs and the competition for quality deals is as fierce as ever. Cash-rich corporates continue to set the bar for M&A valuations while LBO pricing has been stunted by high borrowing costs and a lack of conviction - but many expect private equity to enter the fray more convincingly in coming months as conditions continue to ease.

DEAL & VALUATION TRACKER

Recent C&R Headline Deals

Acquirer	Target	Value (billions)
Target	SRS	\$18.25
Walmart	VIZIO	\$2.30
MNC Capital	VISTA	\$3.00
ADI	snap one	\$1.40
JD	HIBBETT SPORTS	\$1.10

Public C&R Multiples



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