Consumer

M&A Update | Q1 2022

GLC

GLC Advisors & Co.

Consumer M&A and Public Markets:
Q1 2022 Highlights and Activity

Q1
2022

5.0x
MEDIAN CONSUMER EBITDA M&A MULTIPLE

(38%)
CONSUMER M&A EBITDA MULTIPLE YoY DECREASE

1.0x
MEDIAN CONSUMER REVENUE M&A MULTIPLE

(9%)
CONSUMER M&A REVENUE MUTIPLE YoY DECREASE

466
OF CONSUMER TRANSACTIONS

(33%)
CONSUMER M&A VOLUME YoY DECREASE

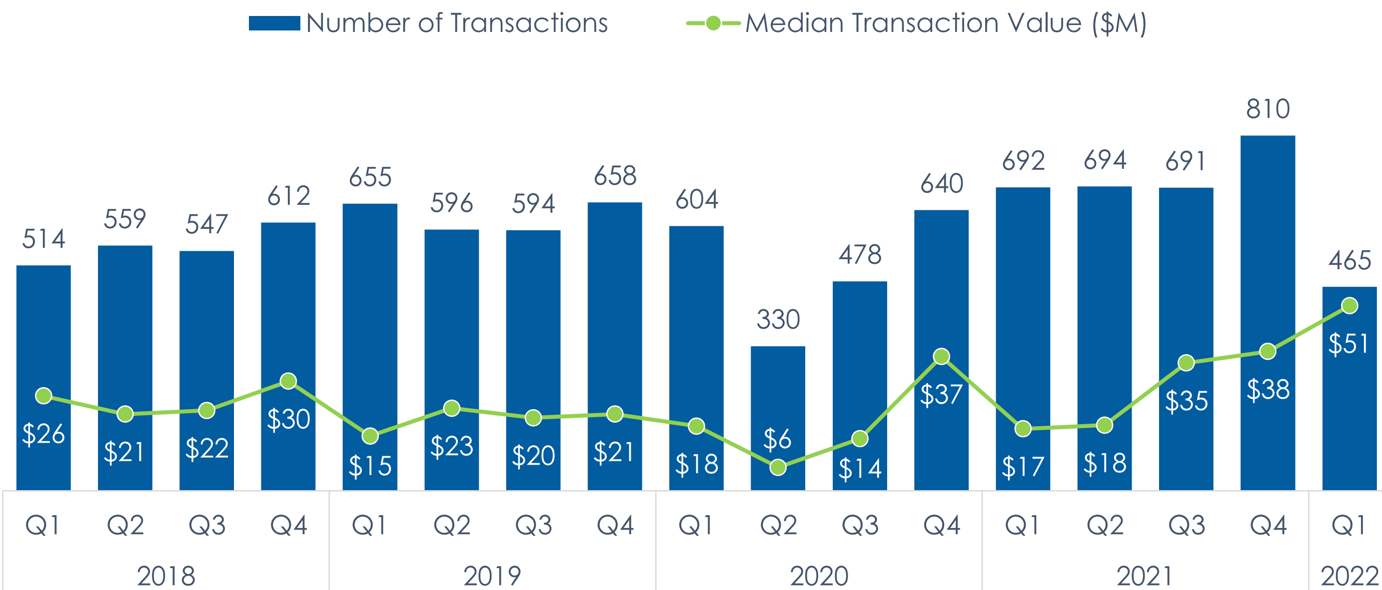
(28%)
GLC CONSUMER INDEX YoY INCREASE

Consumer M&A Update:
Deal Flow and Valuation Multiples

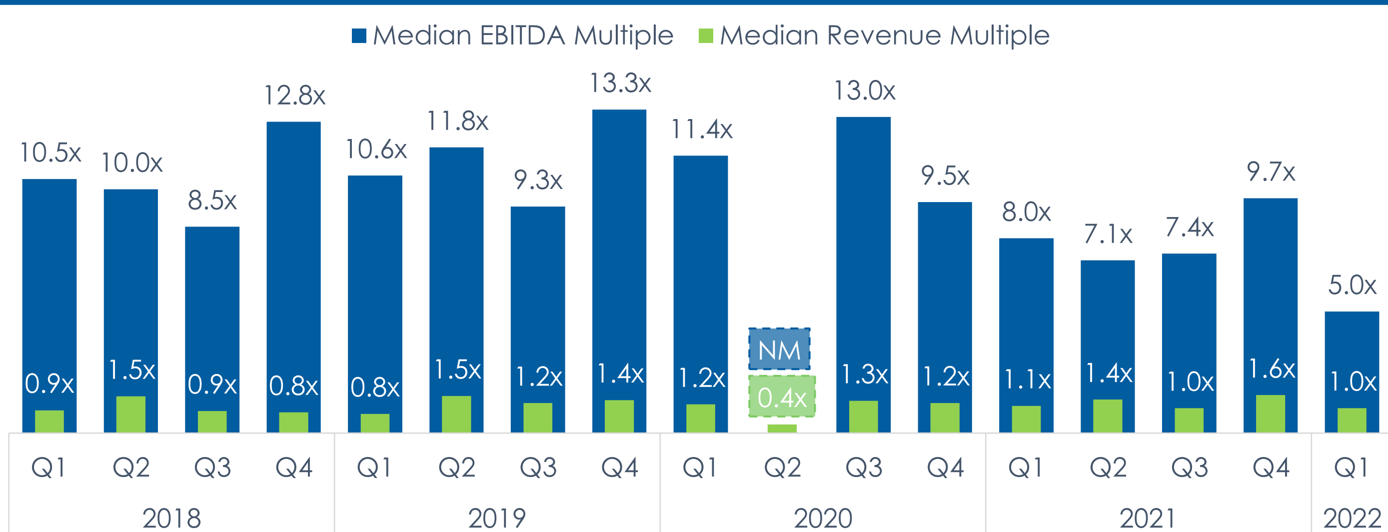
Q1
2022

Q1 2022 experienced 460+ Consumer transactions – below pre-COVID levels (pre-COVID quarterly average of 590 transactions). Q1 2022 median transaction value for Consumer transactions remains elevated from pandemic lows mainly attributed to buyers targeting more specific companies who are successfully battling negative consumer sentiment on inflation and supply chain challenges. Consumer EV/Revenue multiples are in line with pre-COVID levels while EV/EBITDA multiples are below pre-COVID valuations – indicating higher EBITDA margin transactions.

Consumer Transactions & Total Transaction Value[1]



Median Consumer Valuation Multiple[1]



Source: Capital IQ
Note: Data as of 3/31/2022
(1) Excludes EBITDA multiples <2.0x and >20.0x

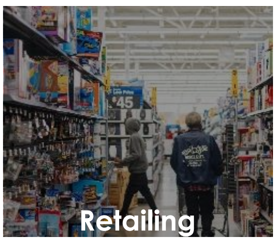
GLC Advisors & Co.

Consumer M&A Update:
Subsectors In Focus

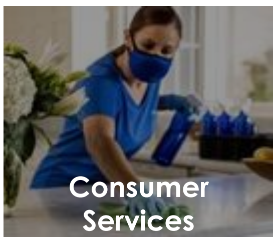
Q1
2022

In Q1 2022, all Consumer subsectors experienced decreased transaction activity year-over-year. With economic stimulus running off, increasing inflation, and rising rates, it is anticipated that consumers will pull back spending in the near future. Despite current challenges, Consumer companies that have multi-channel sales (online and B&M) and on-shore suppliers are mitigating current challenges better than the rest of the market.

Consumer Subsector Detail and Deep Dive

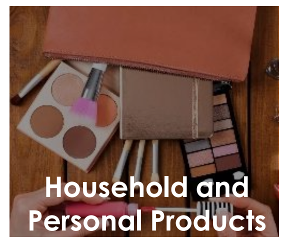


Catalog Retail
Department Stores
Direct Mailing & Marketing Retail
General Merchandise Stores
Online Retail
Specialty Retail Stores

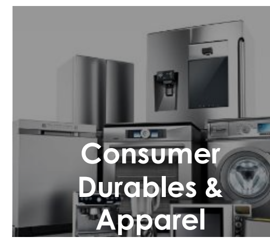


Beauty & Self-care Services
Consumer Rental Services
Household Services
Personal Cleaning, Maintenance, and Repair
Residential Security Services

Alcoholic and Nonalcoholic Beverages
Agricultural Products
Fresh Foods
Packaged Foods & Meats
Organic Food Products
Seasoning & Preservatives



Animal Care Products
Baby Care
Beauty Products
Cleaning Products, Supplies, and Accessories
Household Products
Vitamins & Supplements



Apparel & Accessories
Consumer Electronics
Footwear
Home Furnishings
Household Appliances
Housewares
Leisure & Recreational Products

Q1 2022 Subsector M&A Tracking[1]

	Retailing	Consumer Services	Food and Beverage	Household and Personal Products	Consumer Durables & Apparel
# of Transactions	169	149	59	27	61
YoY M&A Trend	↓	↓	↓	↓	↓
Average EV ($M)	$1,612	$404	$107	$110	$207
Median EV ($M)	$130	$51	$35	$60	$42

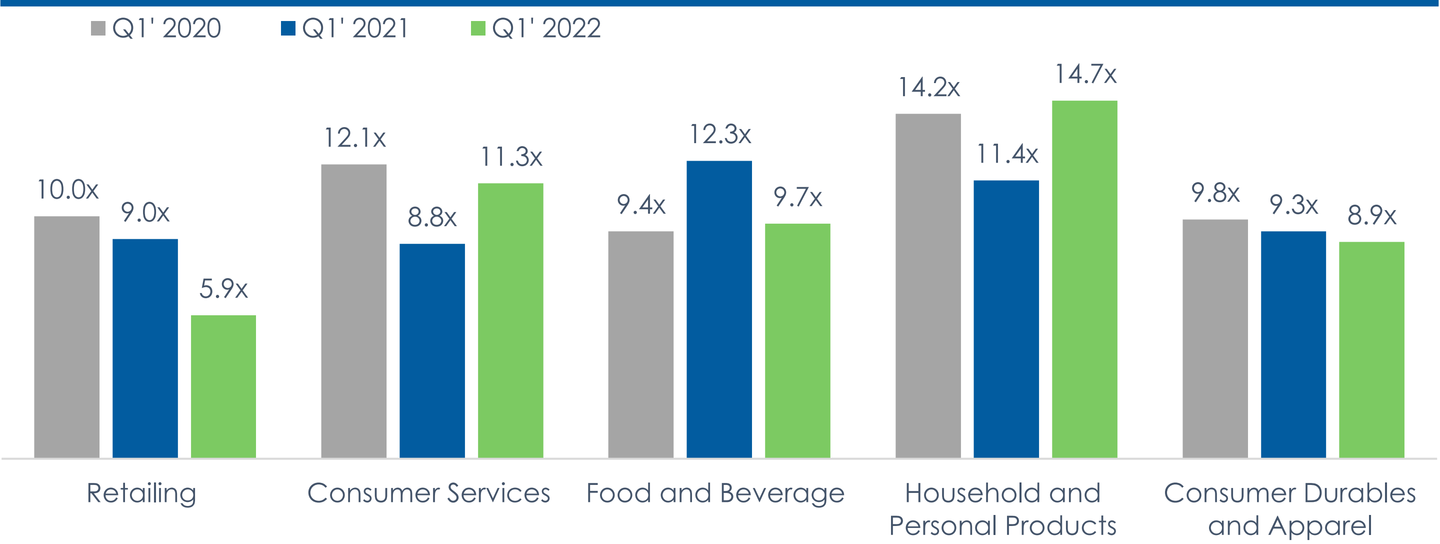
Source: Capital IQ
(1) Represents Q1 2022 Data

Consumer M&A Update:
Valuation Multiples by Subsector

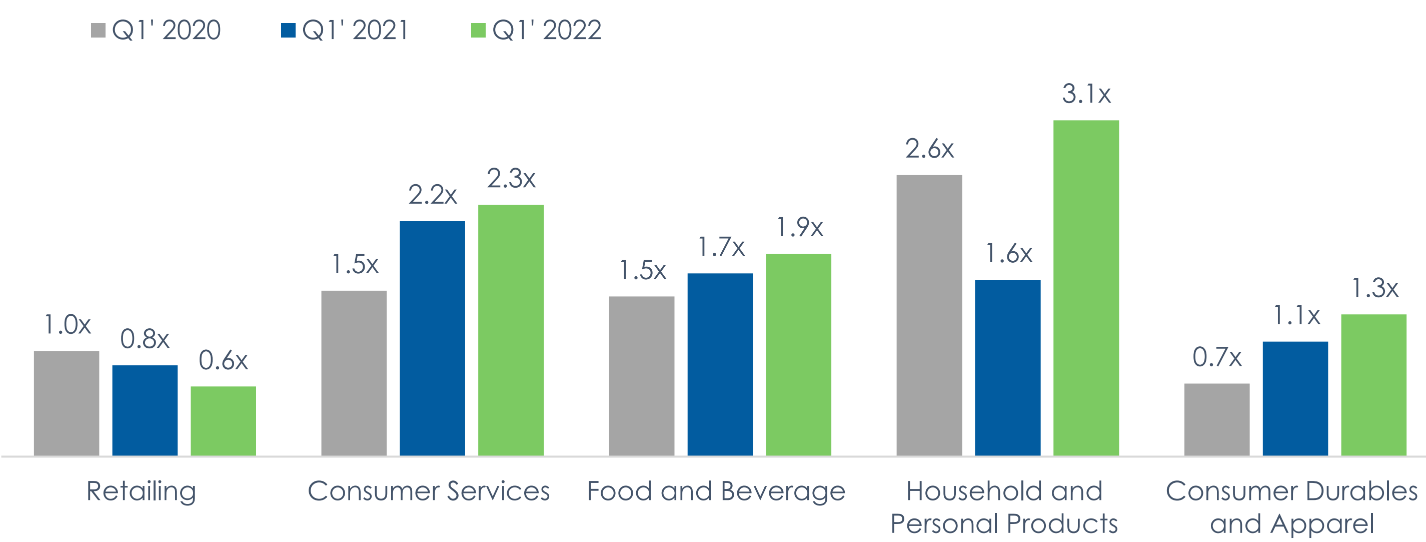
Q1
2022

Nearly every Consumer subsector is reporting EV/EBITDA multiples in excess of 9.0x and EV/Revenue multiples in excess of 1.0x (excluding the Retailing subsector). The average change in Q1 2022 EV/EBITDA multiples year-over-year was -11% – demonstrating a mix of increasing and declining valuations within the Consumer subsectors based on industry-specific impact from fast changing macro economic drivers (higher interest rates, low unemployment, supply chain constraints, etc.) Subsectors experiencing valuation increases from 2021 include i) Consumer Services; and ii) Household and Personal Products.

TTM[1] EV/EBITDA Multiple by Consumer Subsector[2]



TTM[1] EV/Revenue Multiple by Consumer Subsector[2]



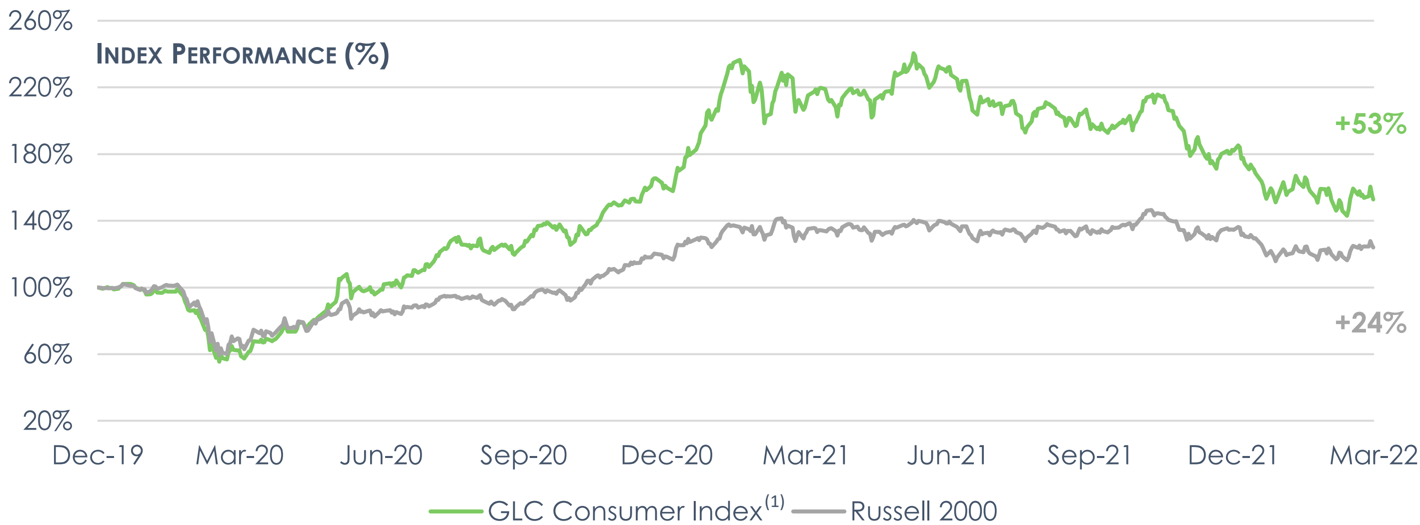
Source: Capital IQ
(1) Data as of 3/31/2022; (2) Excludes EBITDA multiples <2.0x and >20.0x

GLC Advisors & Co.

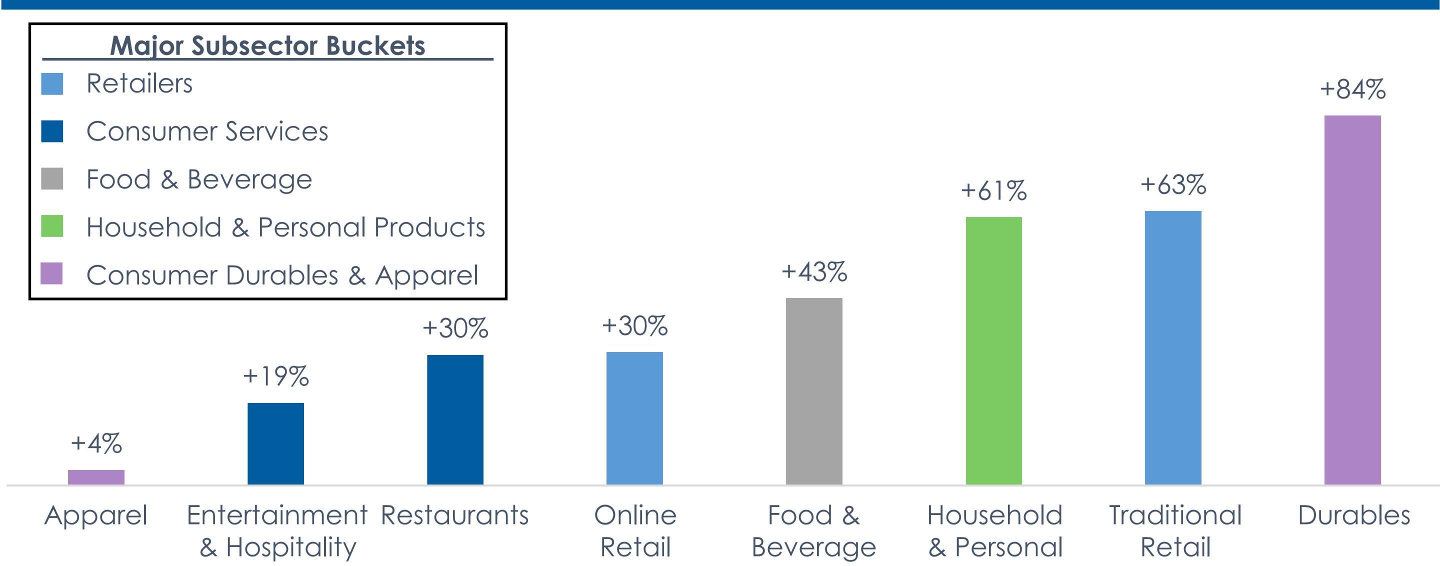
Consumer Public Markets Update: **Index Performance**

In Q1 2022, public company valuations' declined. The Russell Index ("Russell") retreated during Q1 2022 finishing down -7.8% and the Consumer Index finished down -16.0%. The Consumer Index continues to outperform the Russell over the past 2+ years with a 50%+ return – mainly driven by the Durables, Traditional Retail and Household & Personal Items subsectors. The Durable and Household & Personal Items subsectors experienced significant demand during COVID with the Traditional Retail subsector experiencing significant growth post-COVID.

Consumer Index Performance (since 2019)



Subsector Performance Growth (since 2019)

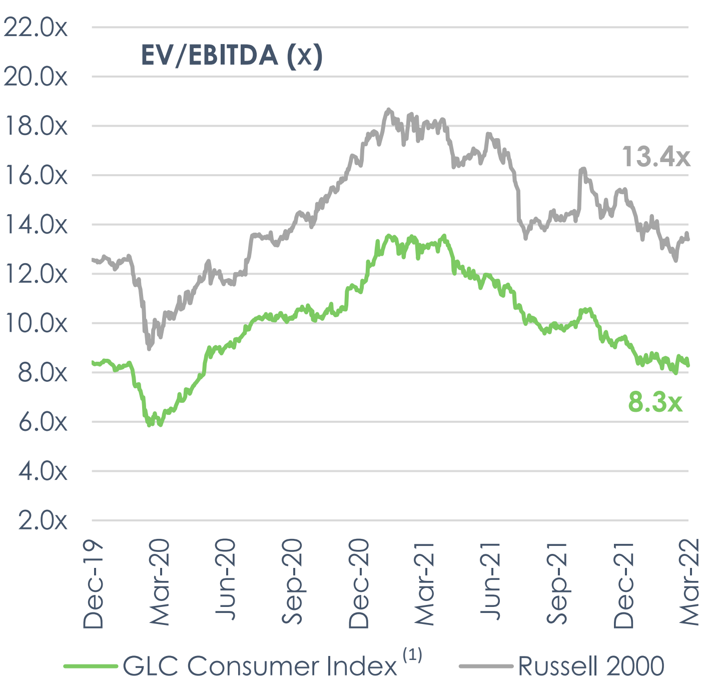


Source: Capital IQ
Note: Data as of 3/31/2022
(1) Index criteria: enterprise value <$5B and >$100M, HQ in the United States, traded on major US exchanges, and daily volume >10k

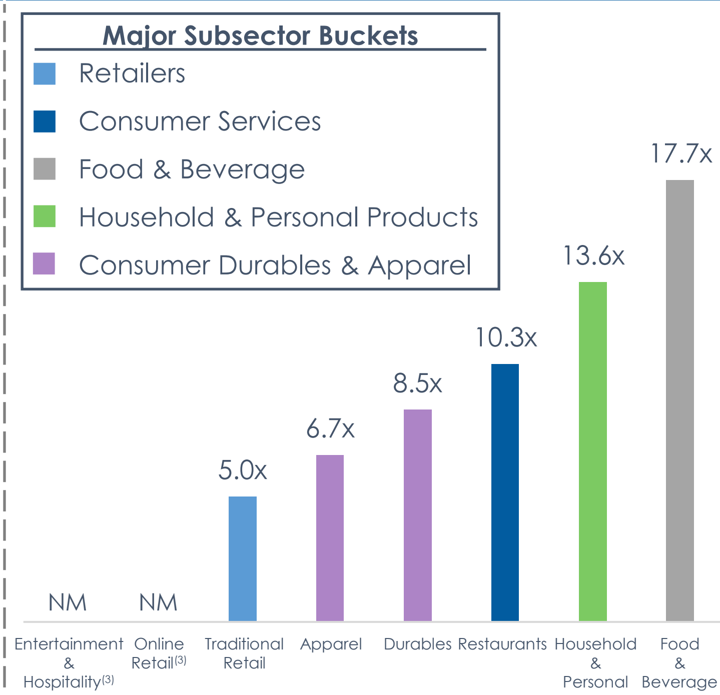
Consumer Public Markets Update:
Valuation Trends

Q1
2022

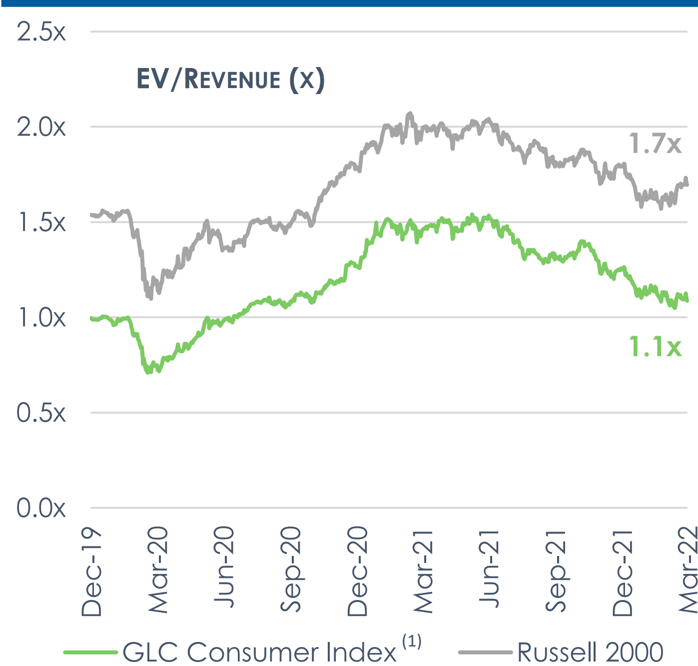
Consumer Index EV/EBITDA Performance



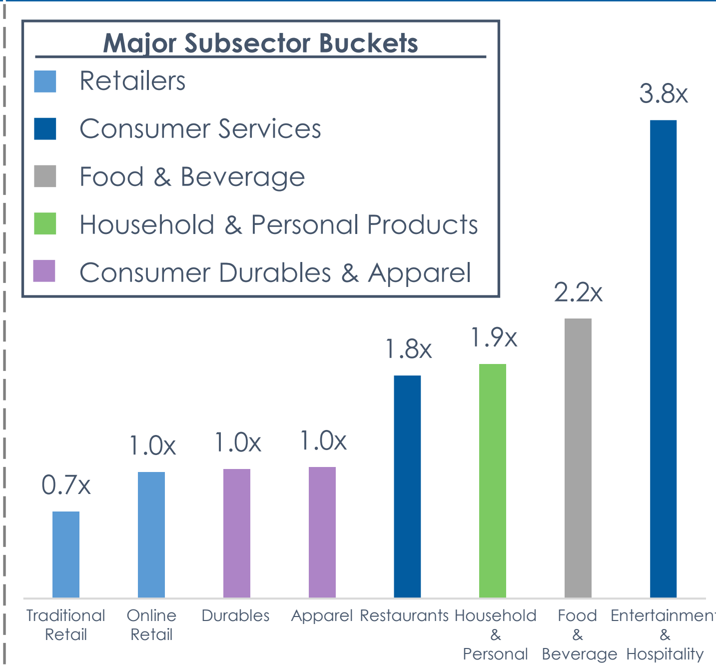
EoQ Subsector EV/EBITDA Multiples(2)



Consumer Index EV/Rev. Performance



EoQ Subsector EV/Revenue Multiples(2)



Source: Capital IQ; Note: Data as of 3/31/2022
(1) Index criteria: enterprise value <$5B and >$100M, HQ in the United States, traded on major US exchanges, and daily volume >10k
(2) As of 3/31/2022; (3) Multiples excluded due to inconsistency with relative index

GLC ADVISORS FIRM OVERVIEW

A Leading, Full-Service Investment Bank

GLC Advisors & Co. is a leading independent investment banking advisory firm focused on senior-level expertise, long-term relationships and objective guidance to our clients. We offer comprehensive services to our clients through a variety of advisory assignments including: M&A, financing/debt advisories, restructurings, recapitalizations, fairness opinions, and valuations. Our offices are located across the nation in New York, Denver, and San Francisco.

GLC has received numerous awards recognizing both firm and individual accomplishments, including multiple "Deal of the Year" and "Firm of the Year" awards for M&A and Restructuring transactions.

GLC's Advisory Services

Mergers and Acquisitions

- 100% Sale
- Majority Recap
- Buy-side
- Valuations
- Fairness Opinions

Capital Raising

- Growth Equity
- Debt Capital (Senior, Sub, Unitranche)
- Minority Recap (Secondary Capital)

Restructuring

- Corporate Restructuring
- Debtor and Creditor Advisory
- Distress M&A / 363 Transactions

GLC Firm Highlights

50+
Professionals

900+
Transactions

GLC's Middle Market M&A Team

GLC's Middle Market M&A Team is exclusively focused on advising clients in a variety of industries within the Middle Market. Our team's advisory work includes M&A (sell-side and buy-side), financing/debt advisories, recapitalizations, fairness opinions, and valuations. We excel at working with founders and owner-operators. Our team is passionate about the businesses and people that hire us to advise in their strategic decisions and events.

Adam Fiedor
Managing Director
Adam.Fiedor@glca.com
O: 303.479.3845
M: 720.255.7978

Michael Richter
Managing Director
Michael.Richter@glca.com
O: 303.479.3844
M: 704.770.5172

Mike Fleschner
Director
Michael.Fleschner@glca.com
O: 303.479.3846
M: 816.698.9598

Michael Armbruster
Associate
Michael.Armbruster@glca.com
O: 303.479.3851
M: 303.483.8576

New York 600 Lexington Avenue | 9th Floor
New York, NY 10022

Denver 1125 17th Street | 23rd Floor
Denver, CO 80202

San Francisco 451 Jackson Street | 2nd Floor
San Francisco, CA 94111