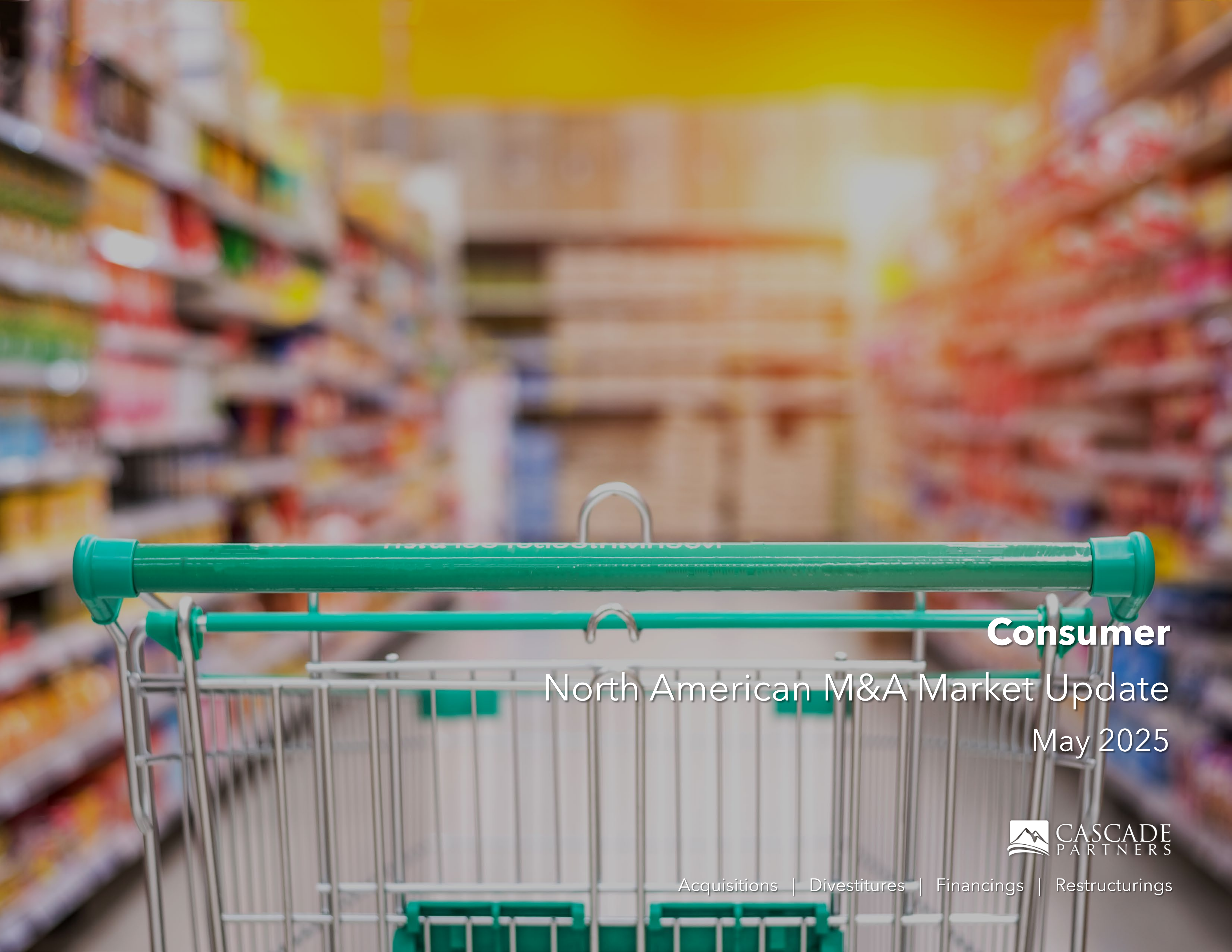

Consumer

North American M&A Market Update

May 2025

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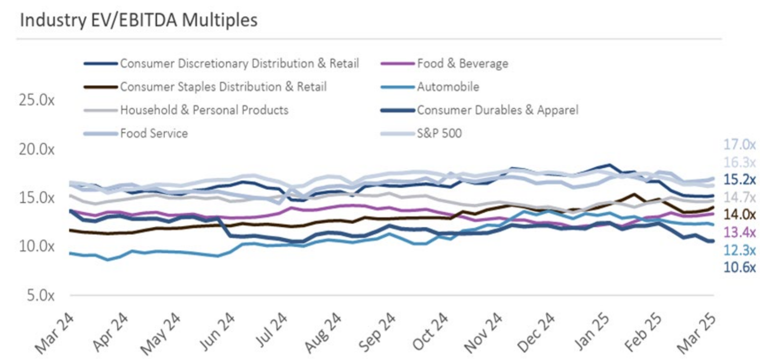
Consumer M&A

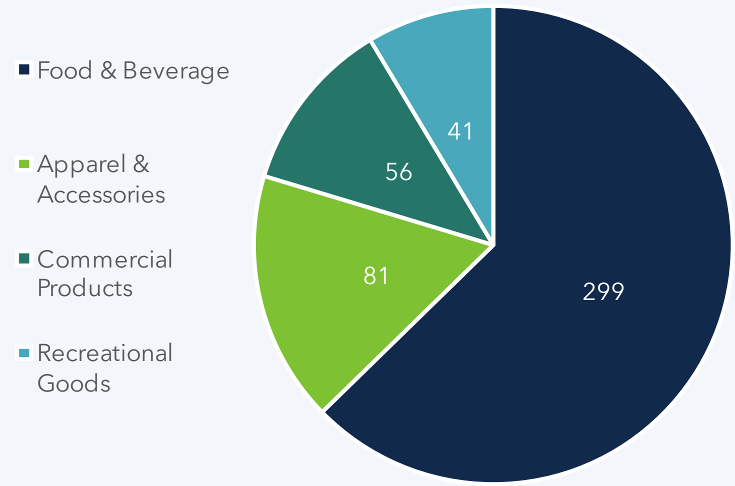
Consumer-related M\&A activity remained relatively stable compared to Q4 2024 but declined 14% year-over-year, reflecting a cautious deal environment amid ongoing economic uncertainty. Within the sector, retail transactions experienced a more pronounced slowdown, with volumes falling 17% quarter-over-quarter and 16% year-over-year.

Valuation trends have also diverged within the consumer space. Consumer staples deals have seen only modest declines in valuations, as investors continue to favor essential goods with stable demand. In contrast, consumer discretionary transactions are experiencing significantly lower valuations, reflecting heightened price sensitivity and reduced confidence in non-essential spending.

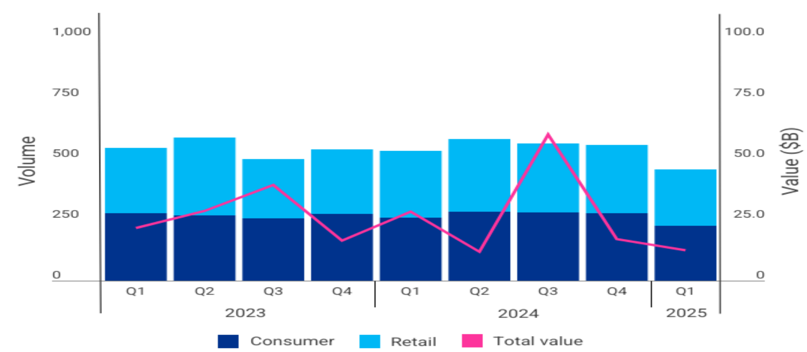
Valuation Trends



Global Deals by Subsector



Consumer Deal Activity



**Q3'24 was an outlier as a result of the $35.9 billion acquisition of Kellanova by Mars Inc.*

Sources: Dinan Capital Advisors, R.L. Hulett

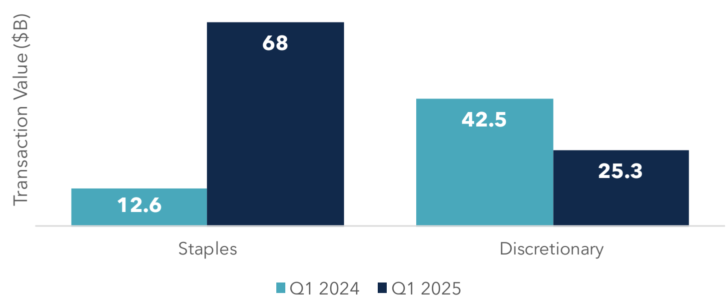
Consumer Market Trends

Consumer spending in 2025 has shown a mixed pattern. While essentials and services remain resilient, discretionary categories continue to face pressure as inflation drives greater price sensitivity among consumers. Households are prioritizing necessary goods and services, pulling back on non-essential purchases in response to ongoing economic uncertainty.

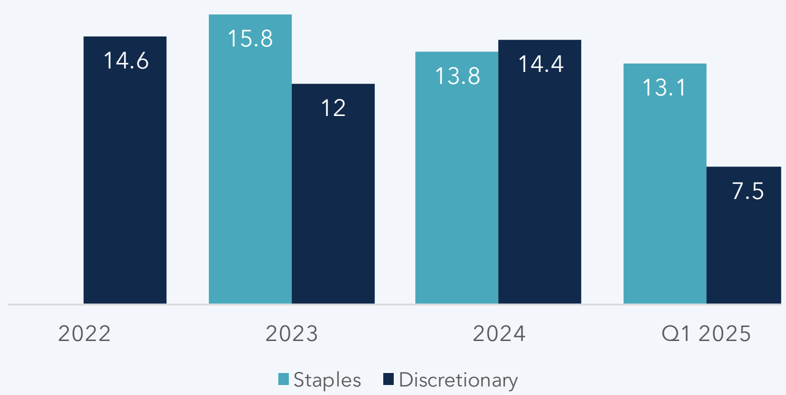
On the operational side, supply chain conditions have improved significantly, easing some of the challenges businesses faced in recent years. However, persistently high labor costs continue to be a concern. In response, many companies are accelerating investments in automation and artificial intelligence to enhance efficiency and manage long-term expenses.

Against this backdrop, consumer staples have emerged as a relative bright spot, outperforming by nearly 7% in 2025. Investors have increasingly turned to essential goods as a haven amid economic headwinds and global trade concerns. Still, analysts caution that valuations in the sector are nearing historic highs and warn against overexposure as recession risks remain elevated.

Deal Interest has Shift to Staples



Valuations Continue to Fall



Sources: S&P 500, Trading View

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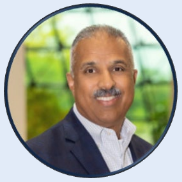

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