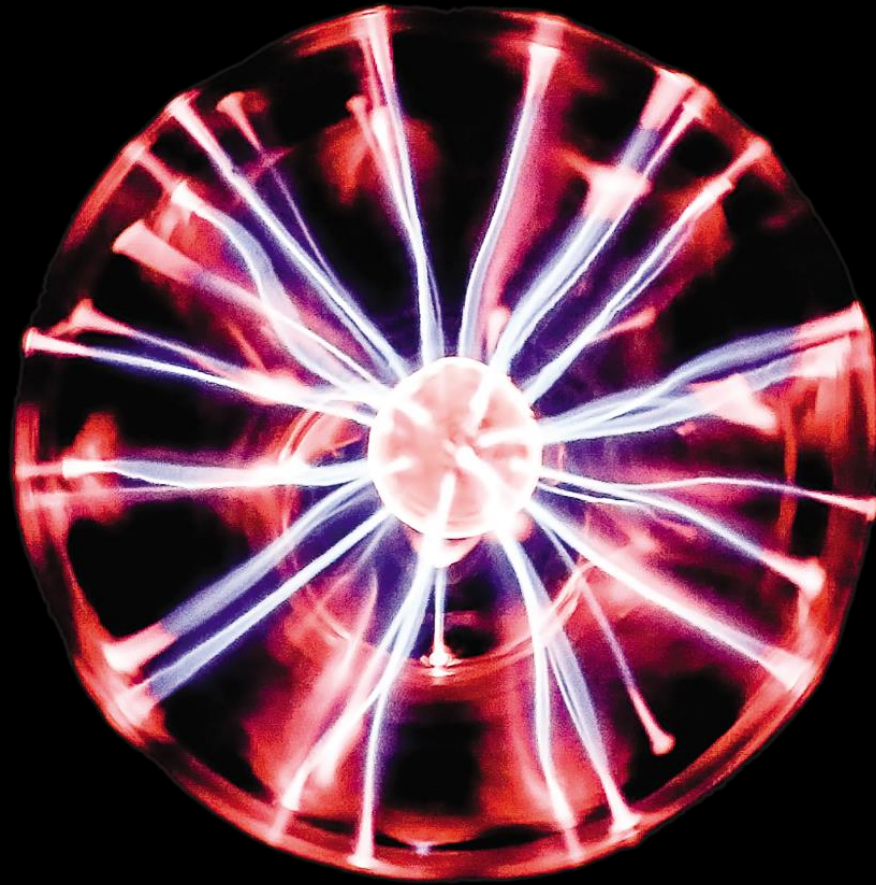


**Deloitte.**



## **Maintaining the momentum**

**Consumer Products M&A Insights**

**Autumn 2017**

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# Foreword

In this, our 12<sup>th</sup> Consumer Products M&A Insights review, we look back on the last year to June 2017 as another year of strong M&A activity. There has been a significant increase in the number of large (over €200m) European deals announced and / or completed, with over 50 deals with a combined value of over €300 billion, compared to 34 deals and about €140 billion in the preceding year.

The period marked a return of the mega deal with five transactions with a deal size in excess of €15 billion:

- SABMiller-ABInBev in Beverage (€92 billion, completed);
- Reynolds American Inc.- British American Tobacco in Tobacco (€57 billion, completed);
- Monsanto-Bayer in Agriculture & Livestock (€56 billion, pending);
- Luxottica-Essilor in Personal, Household, Apparel & Other (€24 billion, pending); and
- Mead Johnson Nutrition- Reckitt Benckiser in Food (€15 billion, completed);

reflecting both major sector consolidation and strategic re-positioning by large corporates.

However, these large deals occurred at a time when the trend in annual European deal volumes fell below the 1,200 mark (in June 2017) for the first time in around three years. There are a number of complex dynamics which underpin the propensity of strategic or private equity deal teams to undertake M&A, but significant influencing factors include:

- the requirement to deploy significant existing funds or return them to shareholders/investors;
- the availability of cheap debt;
- high valuations which motivate sellers but may discourage buyers; and
- the need to deliver sustainable earnings growth or investment returns, at a time where activist investor pressure continues to mount.

For sellers looking to divest businesses, one other interesting development over the period was the introduction by the Chinese government of various capital control measures which has resulted in a significant decline in Chinese outbound M&A. This potentially reduces one of the major sources of buyers from the bidder pool.

Dealmakers will also be mindful of the significant uncertainty around the potential outcome of ongoing Brexit negotiations, albeit at a time when there is improving economic and political sentiment in mainland Europe.



Whilst the UK continues to enjoy low levels of unemployment, consumer confidence has remained in negative territory since the Brexit vote. In addition, concerns continue to be raised over the UK's productivity levels and the lack of real wage growth against rising inflation, particularly given the recent bank base rate increase for the first time in over ten years.

Contrary to many predictions, the UK economy has continued to grow since Jun-16, albeit GDP's annualised growth in 2017 has slowed. Whilst consumer spending continues to demonstrate a significant level of resilience, it is likely to be further tested as raw material cost increases start to filter through into higher retail prices. Although the UK economy has demonstrated some welcome signs of resilience in terms of growth, it looks set to remain below that of its major European counterparts at least in the short term.

So where are European buyers and sellers looking to generate their returns in the Consumer Product sector? Interestingly, the "US deal corridor" continued to show high levels of activity, with the US remaining the top "target" country for large transactions by European buyers (accounting for 16 of the 51 large deals), followed by the UK with 11. France and the UK were the top acquirer countries accounting for ten each of the 51 large deals, with the US coming second with nine deals.

From a sector perspective, whilst the Food and Beverage space accounts for around 55% of the large deals by volume, the Personal and Household care space has seen a noticeable increase in activity, with current processes involving the imminent disposal of Pfizer's and Merck KGaA's consumer healthcare businesses.

There are a number of underlying themes which have driven deal activity:

- ongoing sector consolidation as a means of improving competitiveness and exploiting both revenue and cost synergies to deliver returns (i.e. SABMiller-ABInBev, Bayer-Monsanto and Luxottica-Essilor);
- the knock-on divestment of assets following such mega mergers to address competition requirements (i.e. SABMiller's sale of Grolsch/Peroni and Central European breweries including Pilsner Urquell);
- strategic realignment by historical non-sellers, with the divestment of non-core assets as part of portfolio rationalisation (such as Valeant Pharmaceuticals disposal of CeraVe, AcneFree and Ambi Skincare Brands to L'Oreal, Reckitt Benckiser's sale of French's and Frank's and Unilever's announced sale of its spreads business). This in turn has driven interest in the sector as corporates become bolder in their business portfolio realignment to head off pressure from activist investors;
- scale acquisitions that allow for significant portfolio shifts to capture sustainable growth, such as Reckitt Benckiser's purchase of US-based infant formula maker Mead Johnson and Danone's acquisition of milk substitutes producer WhiteWave Foods; and
- the necessity to capture shifts in consumer behaviour and consumer preferences in areas such as convenience, health & provenance and personalisation. Large established consumer product players appear to be willing to pay high premiums for innovative disruptive businesses as indicated by Unilever's acquisition of Dollar Shave Club and Bonduelle's acquisition of Ready Pac Produce Inc.

In terms of the outlook for deal activity over the next twelve months, uncertainty around economic fundamentals is expected to continue.

However there a number of reasons to believe that deal activity will remain healthy, namely:

- renewed confidence in mainland Europe, with improved economic prospects, rising consumer confidence, low levels of unemployment and inflation expected to boost M&A activity;
- from a UK perspective, the decline in the value of sterling is expected to draw the attention of US and other overseas acquirers;
- ongoing sector consolidation and portfolio rationalisation by large strategic players responding to pressure from activist investors, resulting in divestiture activity as they seek to achieve revenue growth and improve margins (primary examples being Unilever's proposed divestment of its spreads business, as well as the respective proposed disposals of Merck's and Pfizer's consumer healthcare businesses);
- continued interest in attractive European targets by overseas investors from the US, Japan, Asia and the Middle East with large cash reserves and access to cheap finance;
- growing interest of private equity investors in acquisitions of earlier stage high growth, newer, innovative assets in areas such as health and wellness, fashion and luxury; and
- the search for businesses offering disruptive products, platforms or brand perception to ensure existing businesses adapt to rapidly changing market conditions.

Taking all this into account, the next twelve months are set to include a number of major divestments which should continue to drive a positive focus on the sector at a time where investors continue to have significant financial firepower to deploy.

Kind regards,



Conor Cahill

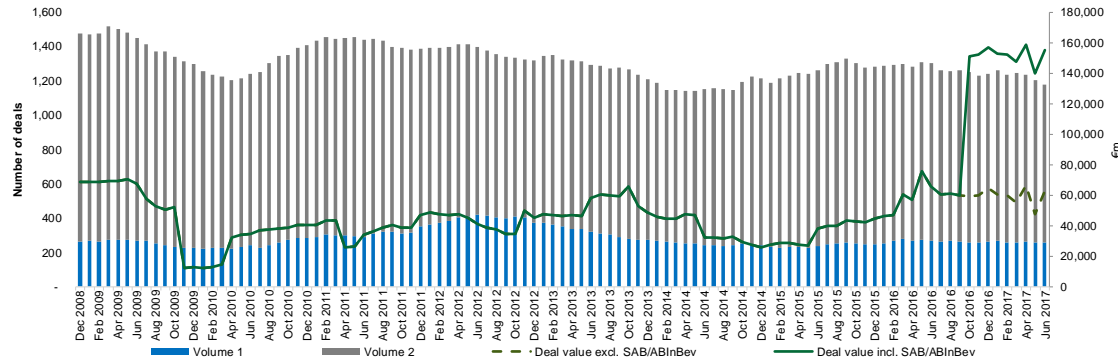
Partner, Financial Advisory

# Economic backdrop - UK

- In the first half of 2017, the UK economy delivered GDP growth of 0.2% in Q1 2017, rising only marginally to 0.3% in Q2. There was a small acceleration in growth of 0.4% in Q3 with the services sector continuing to perform and the manufacturing sector showing marginal improvement. However, overall growth remains below that of previous year levels.
- A strong performance in 2016, in the aftermath of the Brexit vote, appears to be softening this year, with lower levels of business investment and sterling depreciation starting to impact household budgets.
- UK consumer confidence, as measured by the UK GfK Consumer Confidence Index, has remained in negative territory since Sep-16. However there has been some recovery in Oct-17 (-10) since the Aug-17 low of -12 with consumer sentiment showing some improvement and retail sales continuing to grow despite non-food prices increasing at their highest rate for 25 years.
- The UK's CPI inflation rate climbed to its highest level in more than 5 years in (Oct-17 to 3.0)%, due to rising food, petrol and clothing prices. While unemployment is at its lowest level in over 40 years (the jobless rate stood at 4.3% in the three months to Aug-17), growth in earnings continues to lag behind inflation with average weekly earnings rising at an annual rate of 2.1% in Aug-17.
- While borrowing costs remain at historically low levels, UK consumer credit growth has slowed down in recent months, with unsecured lending remaining relatively flat at c.10% since Jun-17 (9.9% in Sep-17). Consumer appetite for debt appears to be cooling as consumers increasingly cope with a squeeze on household finances with a slow down in spending growth.
- While the outlook for 2017 remains clouded in uncertainty as the UK negotiates its exit from the European Union, there still remain some positive signs in the economy:
  - the OECD predicts the UK economy will continue to grow at 1.6% in 2017;
  - retail sales continue to grow, with sales volumes rising faster than analyst expectations in Oct-17 (0.3% growth), following a decline of 0.7% in Sep-17, with sales in value terms being largely driven by inflation growth;
  - growth in the UK mortgage market shows consumer resilience as incomes are squeezed; and
  - from a corporate perspective, the latest Deloitte survey of UK Chief Financial Officers shows a rebound in optimism after the sharp decline in the wake of June's General Election. Perceptions of uncertainty have declined and are running at almost half the levels reported after last year's EU referendum.
- The Bank of England's first interest rate rise for over ten years finally arrived with a view to curbing high inflation. The increase is seen, by some, as the first step towards further increases to return interest rates to more normal long term trend levels. However, as wage growth remains muted and inflation remains above target levels, the greatest perceived risk for the economy appears to remain to be the uncertainty surrounding the exit process from the European Union with perceptions of uncertainty remaining elevated.

# Consumer M&A trend analysis

## Consumer Products completed deals – rolling last four quarters

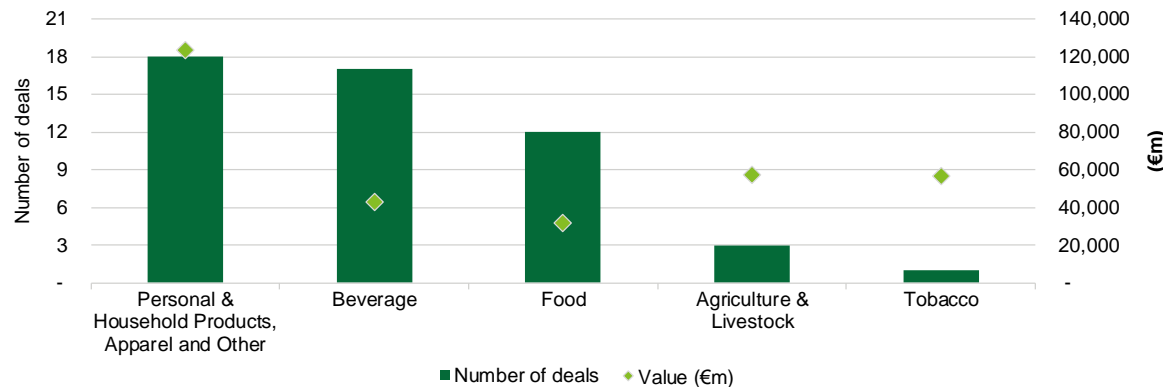


Note: Volumes (1) denotes volumes of deals where value is disclosed. Volumes (2) denotes volumes where deal values are not disclosed.  
Source: Thomson Reuters, Deloitte Analysis

As has been highlighted in previous surveys, reported completed deal activity tends to lag actual activity due to a six to nine month delay in deals being reported.

On a rolling basis, quarterly completed deal volumes in the twelve months to Jun-17 have shown a declining trend, mirroring the global trend in M&A deal levels during H1 17 when compared to H1 16. However, deal values have held up amid signs of recovery in European confidence and increased interest in European assets. Deal values in Q4 2016 were significantly skewed by the completion of the €92 billion megadeal between ABInBev/SABMiller and we have therefore shown the impact of this deal separately.

## Announced & completed deals > €200m in the 12 months ended 30 June 2017



Source: Thomson Reuters

Deal volume trends by sector in the twelve months to Jun-17 declined year-on-year across Food, Personal, Household, Apparel & Other (“PHAO”) and Agriculture & Livestock sectors, while volumes remained largely flat across Beverage and Tobacco sectors. Food and PHAO sectors accounted for 34% and 33% of total completed deal activity in the year respectively in terms of deal volumes, while Tobacco remained the smallest sector by volume in the twelve month period. From a value perspective, total completed deal values were lower year on year for Tobacco and PHAO, with all other sectors witnessing an increase in deal values.

There were 51 announced and / or completed European deals over €200m in value in the last 12 months with a combined deal value of €313 billion, well ahead of the €140 billion in value in the preceding twelve months across 34 deals. Of the 51 deals, 18 deals were over €1bn (deal value €297 billion) including the €92 billion mega acquisition by ABInBev of SABMiller, the €57bn British American Tobacco – Reynolds American acquisition (which completed in Jul-17) and the €56 billion Bayer – Monsanto deal, the completion of which is subject to regulatory approval. 30 of the 51 deals were over €500m (deal value €306 billion).

In terms of large deal activity (deals over €200m), Beverage and PHAO sectors accounted for about a third each of total completed deal activity in the year in terms of deal volumes. Beverage transactions accounted for just under 40% of large transactions by value (€123 billion), albeit if ABInBev/SABMiller is factored out, the figure is nearer 14% (€31 billion) when excluded.

The 18 deals (€43 billion) in the PHOA sector comprise 6 personal care (€28 billion); 7 homecare (€6 billion), 4 luxury (€8 billion) and 1 apparel deal (€440 million).

Large deal activity in the food sector (12 deals over €200m) was characterised mainly by opportunistic acquisitions into new product categories and expanding presence in strategic markets such as Reckitt Benckiser's €15 billion acquisition of US baby formula maker Mead Johnson, giving the British consumer goods company a new product line as well as access to the Chinese market. The €11 billion acquisition of milk substitutes group WhiteWave Foods by French yoghurt maker Danone, also doubled the French company's sales in the US.

The European Beverage sector recorded the highest activity by deal value, courtesy of the €92bn ABInBev - SABMiller merger and ensuing five disposals of Miller Coors LLC (beer), Central and East European Beer businesses of SABMiller(beer), Birra Peroni, Grolsch and Meantime brands (beer), China Resources Snow Breweries Limited (beer) and Coca-Cola Beverages Africa (bottling operations) amounting to €26 billion in total. Beer transactions accounted for 7 of the 17 beverage deals above €200m, with the others including the acquisition of Brasil Kirin by Heineken and an equity stake sale in Brewdog PLC to TSG Consumer Partners LLC.

Within PHAO, the Personal & Homecare sector was the top sector in terms of number of deals (18), with the largest deal being the pending merger of Luxottica Group SpA (the global leading consumer eyewear group and owner of Ray-Ban, Oakley and Sunglass Hut) with Essilor International SA (the largest manufacturer of lenses globally). 8 of the 18 transactions were in relation to US targets, while France had the most number of acquirers, with 6 of the 18 transactions being led by French companies such as Essilor International SA, LVMH and L'Oreal SA.

The Tobacco sector recorded one large deal, namely the British American Tobacco's acquisition of the 57.83% stake in Reynolds American Inc.

Large deals in the Agriculture & Livestock sector included the Bayer-Monsanto transaction and the acquisition of fruit producer Fyffes PLC by Sumitomo Corporation of Japan for €850m, allowing the Japanese conglomerate to significantly expand its European food operations and act as a distribution base for its Agribusiness.



# Consumer Products M&A Market trend analysis

Announced and completed deals over €200m from 1 July 2016 to 30 June 2017

Announced date	Effective date	Status	Target name	Target nation	Acquirer name	Acquirer nation	Enterprise value (€m)
Sep-15	Oct-16	Completed	SABMiller PLC	United Kingdom	Anheuser-Busch Inbev NV	Belgium	105,506
Jan-17	Jul-17	Completed	Reynolds American Inc. (57.83% stake)	United States	British American Tobacco PLC	United Kingdom	90,659
Sep-16	n/a	Pending	Monsanto Company	United States	Bayer AG	Germany	56,454
Jan-17	n/a	Pending	Luxottica Group SpA	Italy	Essilor International SA	France	23,965
Feb-17	Jun-17	Completed	Mead Johnson Nutrition Co	United States	Reckitt Benckiser Group PLC	United Kingdom	16,561
Nov-15	Oct-16	Completed	Miller Coors LLC, subsidiary of SABMiller PLC	United Kingdom	Molson Coors Brewing Company	United States	11,184
Jul-16	Apr-17	Completed	The WhiteWave Foods Co	United States	Danone SA	France	10,880
Dec-16	Mar-17	Completed	ABInBev NV (Central and East European Beer Business)	Czech Republic, Slovak Republic, Poland, Hungary & Romania	Asahi Group Holdings Ltd	Japan	7,300
Apr-17	Jul-17	Completed	Christian Dior Couture SA	France	LVMH	France	7,299
Jun-16	Sep-16	Completed	Sun Products Corp	United States	Henkel Consumer Goods Inc	Germany	3,232
Dec-16	Oct-17	Completed	Coca-Cola Beverages Africa (54.5% Stake)	Ethiopia, Ghana, Kenya, Mozambique, Namibia, Tanzania, Uganda, South Africa	The Coca-Cola Company	United States	n/a
Feb-16	Oct-16	Completed	Birra Peroni Srl	Italy	Asahi Europe Ltd	Japan	2,550
Apr-17	Jul-17	Completed	Weetabix Ltd	United Kingdom	Post Holdings Inc	United States	1,652
May-16	Nov-16	Completed	WMF Group GmbH	Germany	Seb SA	France	1,585
Mar-16	Oct-16	Completed	China Resources Snow Breweries (subsidiary of SABMiller PLC)	United Kingdom	China Resources Beer (Holdings) Company	China	1,472
Jan-17	Mar-17	Completed	Valeant Pharmaceuticals (CeraVe, AcneFree and Ambi Skincare Brands)	United States	L'Oreal SA	France	1,228
Jul-16	Aug-16	Completed	IT Cosmetics, LLC	United States	L'Oreal SA	France	1,090
Jan-17	Jun-17	Completed	Brasil Kirin Holding SA	Brazil	Heineken B.V	Netherlands	1,025
Jul-16	Aug-16	Completed	Dollar Shave Club LLC	United States	Unilever PLC	United Kingdom	908
Nov-16	Apr-17	Completed	Super Group Ltd	Singapore	Jacobs Douwe Egberts	Netherlands	861
Jun-17	Aug-17	Completed	Casamigos Spirits Co	United States	Diageo PLC	United Kingdom	895

Deal size (€m)	Revenue (€m)	EBITDA (€m)	Revenue multiple	EBITDA multiple	Deal rationale
92,065	13,938	5,112	7.6	20.6	Creation of a truly global beer company with an African footprint
56,822	11,867	10,148	7.6	8.9	Access to the US market to create a global tobacco business
56,454	12,095	2,779	4.7	20.3	Consolidation of leading global market players to create a one-stop shop for seeds, crop chemicals and computer-aided services to farmers
23,965	9,086	1,858	2.6	12.9	Leadership position in fast growing consumer eyewear market
15,467	3,552	872	4.7	19.0	Acquisition of US infant nutrition business with access to Chinese markets with adjacent categories to consumer healthcare
11,184	7,961	1,677	2.4	11.5	Obtain global rights to Miller brands and strengthen position in US beer market
10,880	3,539	414	3.1	26.3	Access to the US non-dairy market as well as the world's largest organic market
7,300	n/a	n/a	n/a	n/a	Strengthen position to become the third largest player in the European beer market and global beer presence
6,500	2,061	n/a	3.5	n/a	Consolidate control over existing holding in Christian Dior, reuniting Couture and Parfums businesses
3,232	1,450	231	2.2	14.0	Building scale in the North American laundry care market
3,025	n/a	n/a	n/a	n/a	Initial move to take back bottling business prior to re-franchising
2,550	n/a	n/a	n/a	n/a	Acquisition of leading Italian (Peroni) and Dutch (Grolsch) brands to build European scale
1,652	502	159	3.3	10.4	Ongoing planned consolidation of the cereals and snacks market and access to European market for Post's products
1,585	1,100	118	1.4	13.4	Strengthen global leadership by becoming number one player in German automatic coffee machines and cookware
1,472	n/a	n/a	n/a	n/a	Regulator triggered divestment of minority stake to existing shareholder
1,228	159	n/a	7.7	n/a	Strengthen position in the North American region adding CeraVe, AcneFree and AmbiSkincare brands and move into skincare/consumer health
1,090	164	n/a	6.6	n/a	Portfolio expansion to meet the increasing demand for premium make-up as well as skincare
1,025	1,084	n/a	0.9	n/a	Opportunity to make a step change in scale in the Brazilian beer market
908	139	n/a	6.5	n/a	Purchase of fast growing disruptive direct to consumer personal care business
897	330	41	2.6	21.0	Acquisition of Singapore listed instant coffee, tea and cereals business to access customers and consumers in the Asian market
895	33	n/a	27.5	n/a	Extend presence in the high growth premium tequila sector

# Consumer Products M&A Market trend analysis

## Announced and completed deals over €200m from 1 July 2016 to 30 June 2017

Announced date	Effective date	Status	Target name	Target nation	Acquirer name	Acquirer nation	Enterprise value (€m)
Dec-16	Feb-17	Completed	Fyffes PLC	Ireland	Sumitomo Corporation	Japan	850
Apr-17	n/a	Pending	Breitling SA	Switzerland	CVC Capital Partners Limited	United Kingdom	800
Nov-16	Dec-16	Completed	Peacock Foods LLC	United States	Greencore Group PLC	Ireland	696
Mar-16	Jul-16	Completed	SPML SA	France	Daive Campari-Milano SpA	Italy	652
Oct-16	Jan-17	Completed	Rimowa GmbH	Germany	LVMH	France	n/a
Dec-16	Mar-17	Completed	Parmalat SpA	Italy	Groupe Lactalis	France	5,362
Sep-16	Oct-16	Completed	Seventh Generation Inc.	United States	Unilever PLC	United Kingdom	600
Jun-17	n/a	Pending	Irca S.p.A. (80% Stake)	Italy	The Carlyle Group	United States	n/a
Jun-16	Mar-17	Completed	AdeS (soy-based beverage business of Unilever)	United Kingdom	The Coca-Cola Company	United States	516
Jun-16	Aug-16	Completed	Eden Springs International SA	Switzerland	Cott Corporation	Canada	470
Feb-17	Feb-17	Completed	Golden Goose SpA	Italy	The Carlyle Group	United States	440
Oct-16	Nov-16	Completed	ghd hair	United Kingdom	Coty Inc.	United States	465
Jul-16	Dec-16	Completed	Engro Foods Ltd	Pakistan	FrieslandCampina Investments	Netherlands	850
Jun-16	Aug-16	Completed	Havfisk ASA	Norway	Leroy Seafood Group ASA	Norway	440
Jan-17	May-17	Completed	Banvit Bandirma Vitaminli Yem Sanayii	Turkey	BRF SA	Brazil	446
Feb-17	Mar-17	Completed	Ready Pac Produce Inc	United States	Bonduelle SA	France	n/a
May-17	May-17	Completed	Hillarys Blinds (Holdings) Ltd	United Kingdom	Hunter Douglas NV	Netherlands	357
Aug-16	Sep-16	Completed	Crisps Topco Ltd	United Kingdom	Amplify Snacks Inc.	United Kingdom	354
Sep-16	Nov-16	Completed	ACH Food Companies, Inc.	United Kingdom	B&G Foods	United States	327
May-16	Jul-16	Completed	ConAgra Foods-SpiceTec Flavors	United States	Givaudan SA	Switzerland	303
Dec-16	Mar-17	Completed	Hypermarcas SA	Brazil	Ontex Group NV	Belgium	288

Deal size (€m)	Revenue (€m)	EBITDA (€m)	Revenue multiple	EBITDA multiple	Deal rationale
850	1,223	43	0.7	19.8	Distribution for existing agriproducts and vertical integration
800	392	50	2.0	16.0	Geographical expansion of iconic watch brand following divestment by family office
696	754	48	0.9	14.5	Addition of significant scale to US convenience food business
652	152	31	4.3	21.1	Acquisition of Grand Marnier parent company, to drive growth of the brand
640	n/a	n/a	n/a	n/a	Acquisition of innovative luxury German high end luggage business
637	6,459	445	0.8	12.1	Attempt to buyout minority interests
600	183	n/a	3.3	n/a	Entry into US eco-friendly household products position
520	251	40	n/a	n/a	Acquisition of artisanal pastry and ice cream business to grow internationally
516	260	n/a	2.0	n/a	Expansion of plant based beverage strategy through company that serves the Latin American market
470	n/a	63	n/a	7.4	Expand European home and office water delivery business
440	300	30	1.5	14.7	Acquisition of luxury leisure footwear business
465	213	31	2.2	15.0	Strengthening of global position in the professional haircare category
458	443	44	1.9	19.5	Acquisition of second largest dairy producer in Pakistan
424	118	42	3.7	10.5	Strengthening position in European whitefish segment
419	593	69	0.8	5.6	Acquisition of Turkey's largest poultry producer to drive international expansion
386	759	n/a	0.5	n/a	Expanding US presence in the fresh food sector
357	216	n/a	1.7	n/a	Enhance offering in the window coverings market
354	n/a	n/a	n/a	n/a	Acquisition of Tyrrells upmarket crisp business for potential US expansion
327	n/a	n/a	n/a	n/a	Broaden existing spices and seasoning range
303	n/a	n/a	n/a	n/a	Expands savoury offerings range with flavours and seasonings business
288	328	n/a	0.9	n/a	Continues strategic growth of personal hygiene business in the Americas by expansion into Brazil

# Consumer Products M&A Market trend analysis

## Announced and completed deals over €200m from 1 July 2016 to 30 June 2017

Announced date	Effective date	Status	Target name	Target nation	Acquirer name	Acquirer nation	Enterprise value (€m)
Mar-17	n/a	Pending	Strauss Coffee B.V.	Netherlands	The Strauss Group	Israel	n/a
Dec-16	Mar-17	Completed	Jacopo Biondi Santi Azienda	Italy	EPI SAS	France	402
Apr-17	Apr-17	Completed	BrewDog PLC	United Kingdom	TSG Consumer Partners LLC	United States	1,097
Mar-16	Jul-16	Completed	Newell Rubbermaid Inc-Levolor	United States	HunterDouglas NV	Netherlands	240
Dec-16	Dec-16	Completed	Buccellati Holding Italia S.p.A. (85% Stake)	Italy	Gansu Gangtai Holding (Group) Co., Ltd.	China	270
May-17	Aug-17	Completed	The Scotts Miracle-Gro Company (European and Australian operations)	US	Exponent Private Equity LLP	United Kingdom	230
Feb-17	n/a	Pending	Anova Culinary Inc	United States	Electrolux AB	Sweden	216
Mar-17	Mar-17	Completed	Karro Food Group Limited	United Kingdom	CapVest Partners LLP	United Kingdom	208
Nov-14	Jul-16	Completed	Coca-Cola Beverages Africa - Bottling Operations	South Africa	SabMiller PLC - Bottling Operations	United Kingdom	207

Deal size (€m)	Revenue (€m)	EBITDA (€m)	Revenue multiple	EBITDA multiple	Deal rationale
257	n/a	n/a	n/a	n/a	Private equity divestment of minority stakeholding in fast growing coffee business to the existing parent
250	n/a	n/a	n/a	n/a	Expansion of existing beverage portfolio to bring in an Italian fine wine business
250	73	n/a	15.0	n/a	Sale of 23% stake to fund continued global expansion
240	276	n/a	0.9	n/a	Strengthening of North American market position in window coverings
236	41	n/a	6.6	n/a	Acquisition of heritage Italian jewellery house
230	n/a	n/a	n/a	n/a	Support future growth of the business
216	40	n/a	5.4	n/a	Acquisition of smart kitchen appliance business
208	n/a	n/a	n/a	n/a	Acquisition of UK leading pork business
207	75	n/a	2.8	n/a	57% stake acquisition in merged business, formed to better serve consumers in Africa

# Consumer Products M&A Market trend analysis

## Announced deals over €200m from 1 July 2017 to 31 October 2017

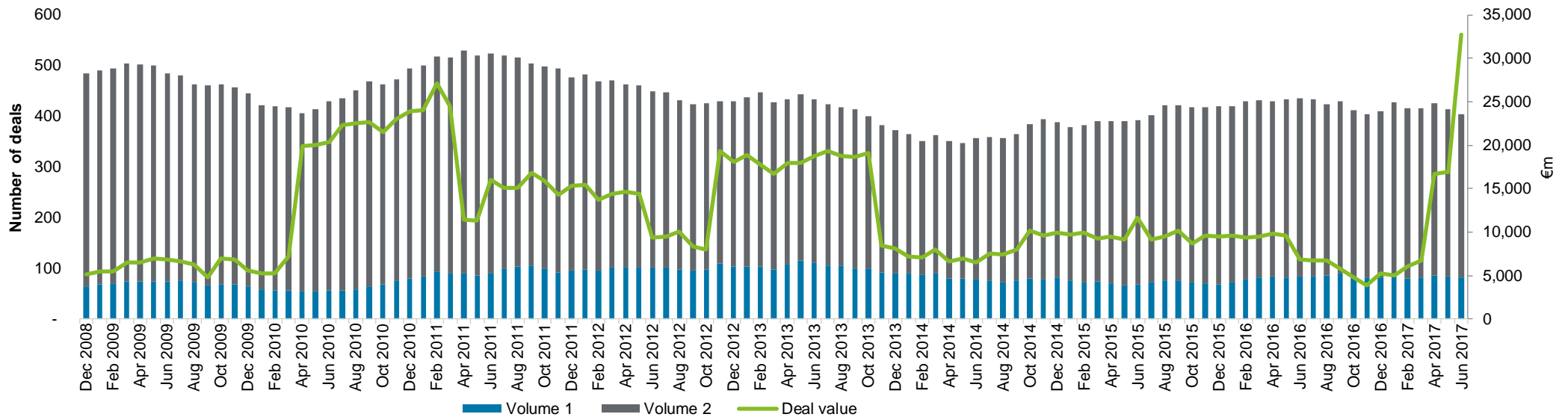
Announced date	Effective date	Status	Target name	Target nation	Acquirer name	Acquirer nation	Enterprise value (€m)
Jul-17	Aug-17	Completed	Reckitt Benckiser - foods business (French's and Frank's Hot Sauce)	United Kingdom	McCormick & Company Inc.	United States	3,638
Oct-17	n/a	Pending	Refresco Gerber BV	Netherlands	Sunshine Investments BV	Netherlands	2,244
Sep-17	n/a	Pending	Carver Korea Co. Ltd	South Korea	Unilever PLC	United Kingdom	2,237
Jul-17	n/a	Pending	Jimmy Choo PLC	United Kingdom	Michael Kors Holding Limited	United States	1,166
Sep-17	Sep-17	Completed	Moy Park Group	United Kingdom	Pilgrim's Pride Corporation	United States	1,100
Jul-17	n/a	Pending	Cott Corporation (bottling activities)	United States	Refresco Gerber BV	Netherlands	1,072
Jul-17	Aug-17	Completed	Stonyfield Farm Inc.	United States	Groupe Lactalis S.A.	France	768
Sep-17	n/a	Pending	Unilever South Africa Holdings (Pty) Ltd	South Africa	Unilever PLC	United Kingdom	n/a
Aug-17	n/a	Pending	St Hubert SAS	France	Fosun International Limited/ Beijing Sanyuan Foods	China	n/a
Jul-17	n/a	Pending	Pronovias S.A	Spain	BC Partners Limited	United Kingdom	550
Oct-17	n/a	Pending	Zotos International Inc.	United States	Henkel Ag & Co KGaA	Germany	413
Sep-17	n/a	Pending	Acetum S.r.l	Italy	Associated British Foods PLC	United Kingdom	350
Jun-17	n/a	Pending	Maybom Group Limited	United Kingdom	Shanghai Jahwa United Co.	China	211
Jul-17	Sep-17	Completed	Caffitaly System S.P.A.	Italy	Compagnie Nationale a Portfeuille	Belgium	450
Oct-17	n/a	Pending	Ferrara Candy Company	United States	Ferrero International S.A.	Luxembourg	n/a

Deal size (€m)	Revenue (€m)	EBITDA (€m)	Revenue multiple	EBITDA multiple	Deal rationale
3,638	480	7	7.6	519.0	Strengthens leadership in the condiments category
2,244	2,107	216	1.1	10.4	Take private of previously listed drinks producer by private equity
2,136	338	144	6.6	15.5	Aid ambition to build a global premium beauty business with strong North Asia presence in the beauty category
1,158	425	69	2.7	16.9	Add global luxury shoe brand with a view to drive international growth
1,100	1,678	154	0.7	7.1	Extend presence in European poultry market
1,072	1,614	130	0.7	8.3	Create global co-packing business
768	351	42	2.2	18.5	Regulatory driven divestment after acquisition of WhiteWave, Lactalis gains organic yogurt business
660	n/a	n/a	n/a	n/a	Buyout of minority stake to better focus on growth prospects and sale of South African spreads business to existing shareholders
613	126	n/a	n/a	n/a	Aim to introduce new brands to the Chinese market
550	145	50	3.8	11.0	Acquisition of Spanish based bridal wear business with a view to accelerating North American expansion
413	221	n/a	1.9	n/a	Strengthen professional hair care product portfolio and position in the North American market
350	103	31	3.4	11.3	Acquisition of leading Italian balsamic vinegar producer
211	n/a	n/a	n/a	n/a	Acquisition of TommeeTippee feeding, hygiene and soothing product business to leverage demand in China market
197	141	38	3.2	11.7	Consolidate existing market position, expand geographic coverage, develop new market segments and widen product offering
n/a	815	n/a	n/a	n/a	Increase footprint and broaden product offering in the US market



# M&A Market - Food sector

**Food completed deals - rolling last four quarters**



Note: Volumes (1) denotes volumes of deals where value is disclosed. Volumes (2) denotes volumes where deal values are not disclosed.  
 Source: Thomson Reuters, Deloitte Analysis

While rolling LTM deal volumes have remained relatively stable in the Food sector over the last couple of years, deal values have witnessed a significant increase in recent quarters with a number of major deals.

## At a glance

M&A activity in the next 12 months in the food sector is likely to be driven by:

- Divestment by large corporates of non-core brands to allow re-allocation of capital to higher earnings growth categories;
- continued consolidation in response to increased raw material price inflation (particularly in the UK) to deliver cost base efficiencies and improve returns; and
- Address the trend towards natural, healthier and local alternatives to capture changing consumer tastes, especially amongst millennials.

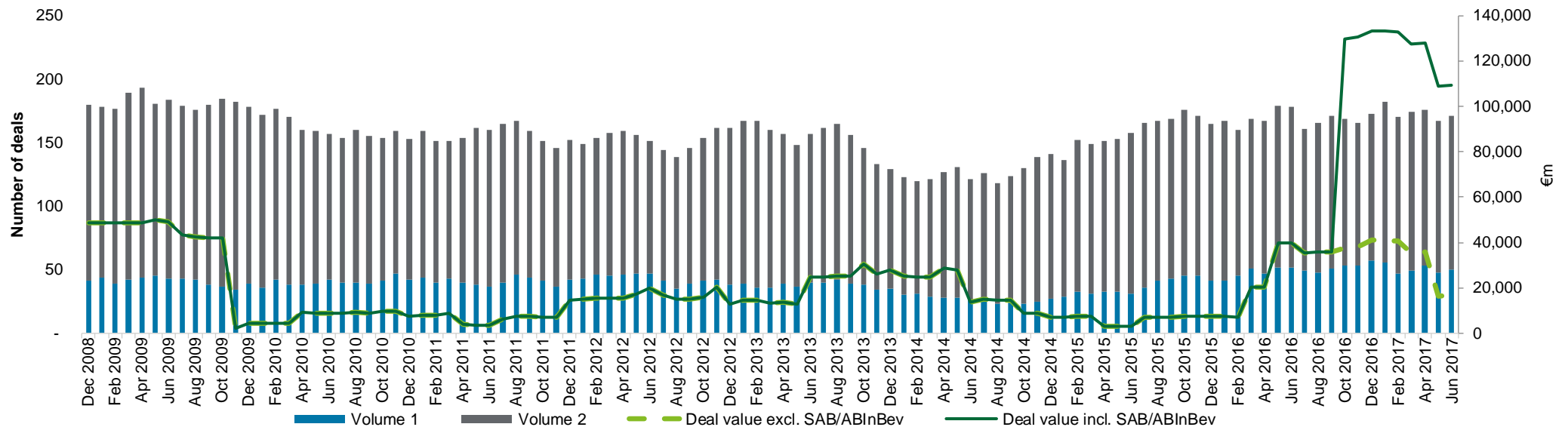
## Top 10 Food deals in 12 months to June 2017

Date	Target	Target Nation	Value (€m)	Acquirer	Acquirer Nation	Deal rationale	Deal status
Jun-17	Mead Johnson Nutrition Co	United States	15,467	Reckitt Benckiser Group PLC	United Kingdom	Acquisition of US infant nutrition business with access to Chinese markets with adjacent categories to consumer healthcare	Completed
Apr-17	The WhiteWave Foods Co	United States	10,880	Danone SA	France	Access to the US non-dairy market as well as the world's largest organic market	Completed
Apr-17	Weetabix Ltd	United Kingdom	1,652	Post Holdings Inc	United States	Ongoing planned consolidation of the cereals and snacks market and access to European market for Post's products	Completed *
Dec-16	Peacock Foods LLC	United States	696	Greencore Group PLC	Ireland	Addition of significant scale to US convenience food business	Completed
Mar-17	Parmalat SpA	Italy	637	Groupe Lactalis	France	Attempt to buyout minority interests	Completed
Jun-17	Irca S.p.A.	Italy	520	The Carlyle Group	United States	Acquisition of artisanal pastry and ice cream business to grow internationally	Pending
May-17	Banvit Bandirma Vitaminli Yem Sanayii	Turkey	419	BRF SA	Brazil	Acquisition of Turkey's largest poultry producer to drive international expansion	Completed
Mar-17	Ready Pac Produce Inc	United States	386	Bonduelle SA	France	Expanding US presence in the fresh food sector	Completed
Sep-16	Crisps Topco Ltd	United Kingdom	354	Amplify Snacks Inc.	United Kingdom	Acquisition of Tyrrells upmarket crisp business for potential US expansion	Completed
Nov-16	ACH Food Companies, Inc. (US subsidiary of Associated British Foods PLC)	United Kingdom	327	B&G Foods	United States	Broaden existing spices and seasoning range	Completed
<b>Total value</b>			<b>31,338</b>				

\* Deal completion post 30 June 2017

# M&A Market - Beverage sector

**Beverage completed deals - rolling last four quarters**



Note: Volumes (1) denotes volumes of deals where value is disclosed. Volumes (2) denotes volumes where deal values are not disclosed.

Source: Thomson Reuters, Deloitte Analysis

## At a glance

Ongoing M&A activity in the next 12 months in the beverage sector is likely to be driven by:

- increased consolidation in some of the more fragmented beverage categories such as wine, flavoured drinks;
- high levels of consumer interest continuing to favour craft and premium products; and
- strengthening focus on consumer diet and health, driving interest in naturally healthy and functional drinks (i.e. plant water).

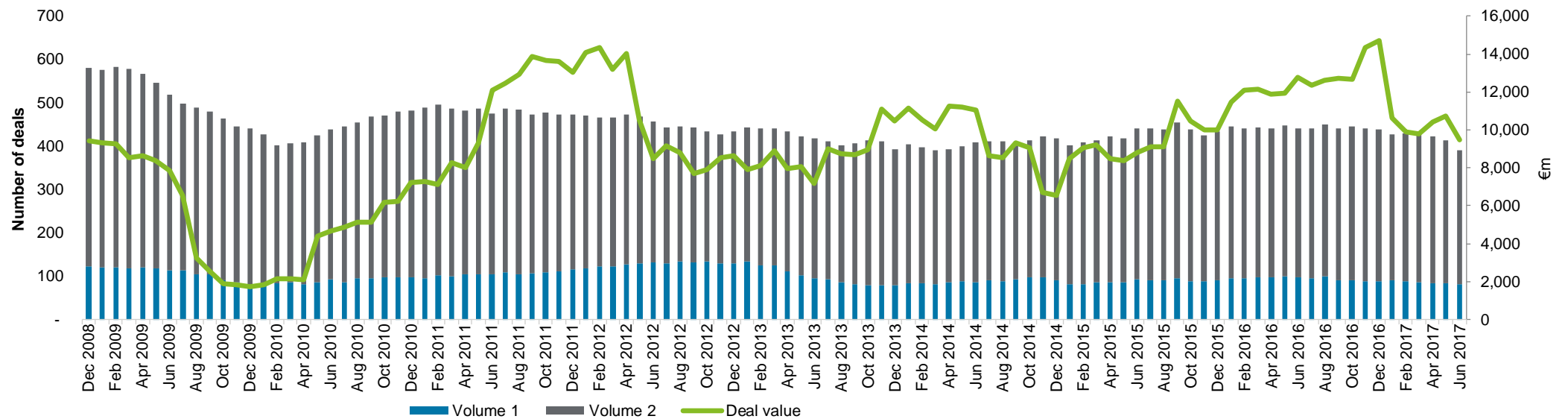
## Top 10 Beverage deals in 12 months to June 2017

Date	Target	Target Nation	Value (€m)	Acquirer	Acquirer Nation	Deal rationale	Deal status
Oct-16	SABMiller PLC	United Kingdom	92,065	Anheuser-Busch Inbev SA/NV	Belgium	Creation of a truly global beer company with an African footprint	Completed
Oct-16	Miller Coors LLC, subsidiary of SABMiller PLC	United Kingdom	11,184	Molson Coors Brewing Company	United States	Obtain global rights to Miller brands and strengthen position in US beer market	Completed
Mar-17	ABInBev NV (Central and East European Beer Business)	Czech Republic, Slovak Republic, Poland, Hungary & Romania	7,300	Asahi Group Holdings Ltd	Japan	Strengthen position to become the third largest player in the European beer market and global beer presence	Completed
Dec-16	Coca-Cola Beverages Africa	South Africa	3,025	The Coca-Cola Company	United States	Initial move to take back bottling business prior to re-franchising	Completed *
Oct-16	Birra Peroni Srl	Italy	2,550	Asahi Europe Ltd	Japan	Acquisition of leading Italian (Peroni) and Dutch (Grolsch) brands to build European scale	Completed
Oct-16	China Resources Snow Breweries Limited, subsidiary of SABMiller PLC	United Kingdom	1,472	China Resources Beer (Holdings) Company	China	Regulator triggered divestment of minority stake to existing shareholder	Completed
Jun-17	Brasil Kirin Holding SA	Brazil	1,025	Heineken B.V.	Netherlands	Opportunity to make a step change in scale in the Brazilian beer market	Completed
Nov-16	Super Group Limited	Singapore	897	Jacobs Douwe Egberts	Netherlands	Acquisition of Singapore listed instant coffee, tea and cereals business to access customers and consumers in the Asian market	Completed
Jun-17	Casamigos Spirits Co	United States	895	Diageo plc	United Kingdom	Extend existing presence in the high growth premium tequila sector	Completed *
Jul-16	SPML SA	France	652	Davide Campari-Milano SpA	Italy	Acquisition of Grand Marnier parent company, to drive growth of the brand	Completed
	<b>Total value</b>		<b>121,065</b>				

\* Deal completion post 30 June 2017

# M&A Market – Personal, Household, Apparel and Other (“PHAO”) sectors

Personal & Household Products, Apparel and Other completed deals - rolling last four quarters



Note: Volumes (1) denotes volumes of deals where value is disclosed. Volumes (2) denotes volumes where deal values are not disclosed.

Source: Thomson Reuters, Deloitte Analysis

## At a glance

M&A activity in the next 12 months in the sector is likely to be driven by:

- focus on improving market position in existing territories or gaining access to new markets, channels of distribution and complementary capabilities; and
- access to nimble, innovative businesses that offer access to a loyal growing customer bases either through a product, platform or experience.

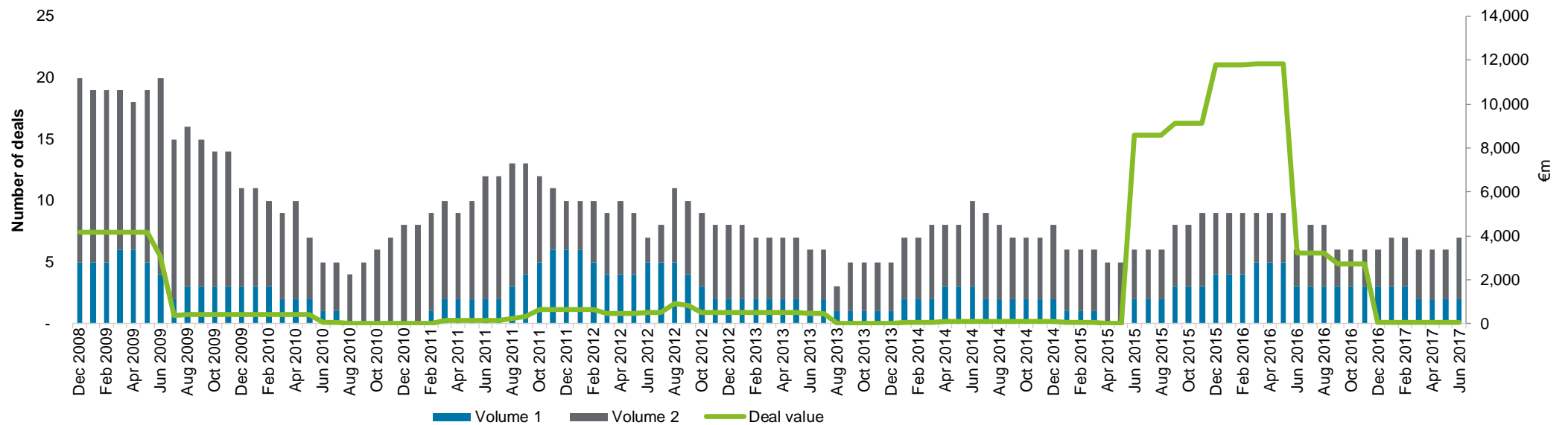
## Top 10 Personal, Household, Apparel &amp; Other deals in 12 months to June 2017

Date	Target	Target Nation	Value (€m)	Acquirer	Acquirer Nation	Deal rationale	Deal status
Jan-17	Luxottica Group SpA	Italy	23,965	Essilor International SA	France	Leadership position in fast growing consumer eyewear market	Pending
Sep-16	Sun Products Corp	United States	3,232	Henkel Consumer Goods Inc	Germany	Building scale in the North American laundry care market	Completed
Nov-16	WMF Group GmbH	Germany	1,585	Seb SA	France	Strengthen global leadership by becoming number one player in German automatic coffee machines and cookware	Completed
Mar-17	Valeant Pharmaceuticals International, Inc. (CeraVe, AcneFree and Ambi Skincare Brands)	United States	1,228	L'Oreal SA	France	Strengthen position in the North American region adding CeraVe, AcneFree and Ambi Skincare brands and move into skincare/consumer health	Completed
Aug-16	IT Cosmetics, LLC	United States	1,090	L'Oreal SA	France	Portfolio expansion to meet the increasing demand for premium make-up as well as skincare	Completed
Aug-16	Dollar Shave Club LLC	United States	908	Unilever PLC	United Kingdom	Purchase of fast growing disruptive direct to consumer personal care business	Completed
Apr-17	Breitling SA	Switzerland	800	CVC Capital Partners	United Kingdom	Geographical expansion of iconic watch brand following divestment by family office	Pending
Oct-16	RIMOWA GmbH	United Kingdom	640	LVMH	France	Acquisition of innovative luxury German high end luggage business	Completed *
Oct-16	Seventh Generation Inc.	United States	600	Unilever PLC	United Kingdom	Entry into US eco-friendly household products	Completed
Nov-16	ghd Hair	United Kingdom	465	Coty Inc.	United States	Strengthening of global position in the professional haircare category	Completed
	<b>Total value</b>		<b>34,513</b>				

\* Deal completion post 30 June 2017

# M&A Market – Tobacco sector

Tobacco completed deals - rolling last four quarters



Note: Volumes (1) denotes volumes of deals where value is disclosed. Volumes (2) denotes volumes where deal values are not disclosed.  
 Source: Thomson Reuters, Deloitte Analysis

## At a glance

M&A activity in Tobacco sector has always tended to be volatile and triggered by competitor moves. Over the next 12 months activity in the Tobacco sector is likely to be driven by:

- targeting of players in developing markets particularly by the tobacco super-majors;
- ongoing search for next-generation vapour and tobacco-heating products to offset declining cigarette volumes; and
- investment in innovative businesses offering nicotine-based alternatives that allow for penetration of the non-smoker category.

**Top Tobacco deals in 12 months to June 2017**

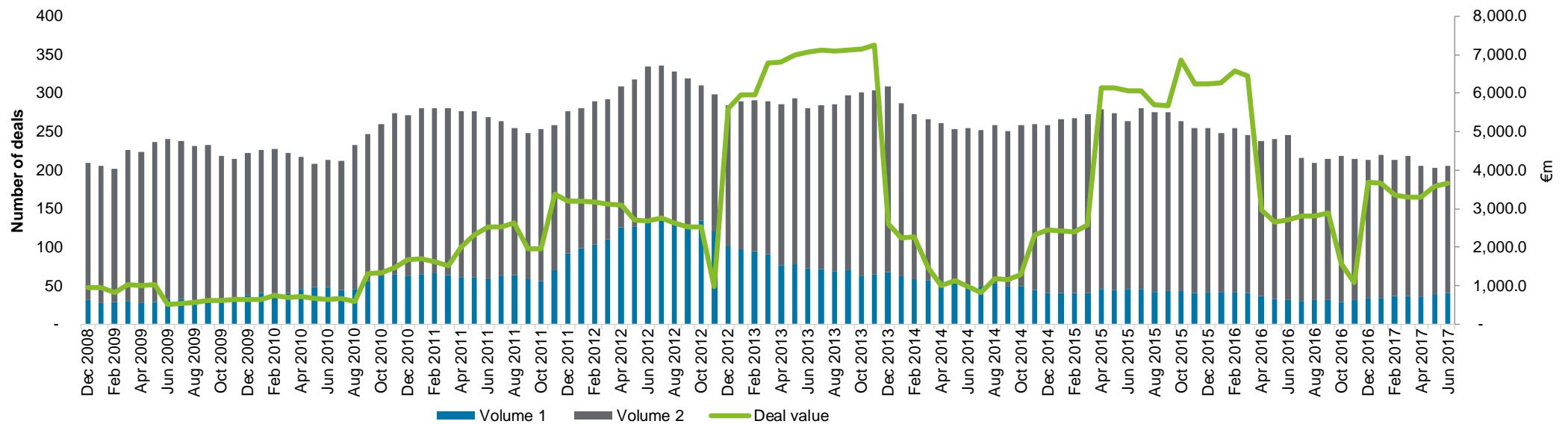
Date	Target	Target Nation	Value (€m)	Acquirer	Acquirer Nation	Deal rationale	Deal status
Jan-17	Reynolds American Inc. (57.83% stake)	United States	56,822	British American Tobacco PLC	United Kingdom	Access to the US market to create a global tobacco business	Completed*
Jan-17	Fabrika duhana Sarajevo d.d.	Bosnia-Herzegovina	55	CID Adriatic Investments GmbH	Austria	Support opportunities for future growth and performance	Completed
Nov-16	Revolmer PLC-Nicotine Gum Business	United Kingdom	1	Alkalon A/S	Denmark	Support geographical expansion and leverage economies of scale	Pending
<b>Total value</b>			<b>56,878</b>				

\* Deal completion post 30 June 2017



# M&A Market – Agriculture and Livestock sector

**Agriculture & Livestock completed deals - rolling last four quarters**



Note: Volumes (1) denotes volumes of deals where value is disclosed. Volumes (2) denotes volumes where deal values are not disclosed.

Source: Thomson Reuters, Deloitte Analysis

## At a glance

The following factors are likely to fuel M&A activity in the agriculture & livestock sector in the next 12 months:

- geographic portfolio expansion as a means of building dominance and securing supply source;
- Vertical integration by food producers and or distributors;
- industry consolidation by larger players to strengthen market position, reduce costs and leverage R&D scale economies; and
- increasing global demand for animal protein, supported by more humane / sustainable livestock farming practices and new product development.

## Top 10 Agriculture and Livestock deals in 12 months to June 2017

Date	Target	Target Nation	Value (€m)	Acquirer	Acquirer Nation	Deal rationale	Deal status
Feb-17	Fyffes PLC	Ireland	850	Sumitomo Corporation	Japan	Distribution for existing agriproducts and vertical integration	Completed
Aug-16	HAVFISK ASA	Norway	424	Leroy Seafood Group ASA	Norway	Strengthen position in European whitefish segment	Completed
Oct-16	Compac Holding Ltd	New Zealand	191	TOMRA Sorting AS	Norway	Creation of unique proposition for customers with sorting fresh and processed foods	Completed
Apr-17	Midt Norsk Havbruk AS	Norway	157	NTS ASA	Norway	Consolidate market position as a leading aquaculture company	Completed
Jun-17	Ukrainian Agrarian Investments Ltd.	Ukraine	127	Kernel Holding SA	Ukraine	Acquisition of farming business	Completed
Aug-16	Fjordlaks Aqua AS	Norway	106	Yokorei Co., Ltd,	Japan	Vertical integration of salmon processing and sales business in Norway	Completed
Apr-17	Ooo, NAPKO	Russia	96	Cherkizovo Group PJSC	Russia	Strengthen vertical integration, supply chain and business model	Completed
Jan-17	Banvit Bandirma Vitaminli Yem	Turkey	62	TBQ Foods GmbH	Austria	Geographical expansion, operational and commercial synergies	Completed *
Sep-16	All Seasons Mushroom Inc.	Canada	41	Fyffes PLC	Ireland	Provide national coverage to combined customer base	Completed
Feb-17	Bonifiche Ferraresi SpA	Italy	41	BF Holding SpA	Italy	Acquisition of minority stake in Italian agricultural business	Completed
<b>Total value</b>			<b>2,095</b>				

\* Deal completion post 30 June 2017

# Our Consumer Products M&A specialists

Our team of M&A experts across the firm have extensive experience in providing innovative industry specific solutions to the Consumer Products industry. If you would like to discuss any of the findings in this survey or find out more about our services to the Consumer Products industry, please contact one of the specialists listed below:

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