



Consumer Quarterly Update

Q3 2023



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DCF's consumer practice

Deloitte Corporate Finance LLC (DCF) is a leading global middle-market M&A adviser. Our professionals have extensive knowledge in the Consumer & Retail industry and use their experience to help clients enhance value.



Consumer Leadership



Matt Preece
Managing Director
Head of Consumer
Charlotte, NC
mpreece@deloitte.com
Deloitte Corporate Finance LLC



Nick Hansell
Managing Director
Consumer
Charlotte, NC
nhansell@deloitte.com
Deloitte Corporate Finance LLC



Harris Waqar
Vice President
Consumer
Charlotte, NC
hawaqar@deloitte.com
Deloitte Corporate Finance LLC



Organization Overview

#1

2022 Global M&A
Advisor by deals
completed ⁽¹⁾.

704

Completed deals
in 2022.

- Deep relationships in place to gain **critical strategic intelligence** and effectively market businesses.
- Worldwide, DCF has **2,400 Corporate Finance professionals** throughout the Deloitte Touche Tohmatsu Limited network of member firms in 60 countries that complement the North American team.
- **Top global M&A advisor by deals completed** in 2022, according to Mergermarket ⁽¹⁾.



Sector Focus

- Food and beverage
- Vitamins, minerals, and supplements (or VMS)
- Multi-unit and consumer services
- Supply chain and ingredients

Footnote(s): (1) Recognized by Mergermarket as the #1 Global M&A Financial Advisor for 2022. Measured by deal volume.

Deloitte thought leadership

Deloitte thought leadership

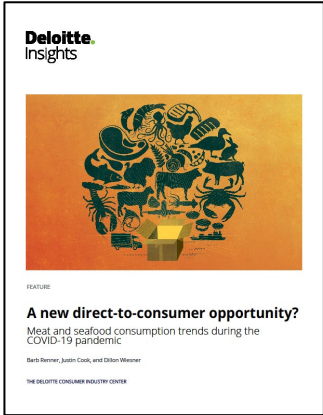
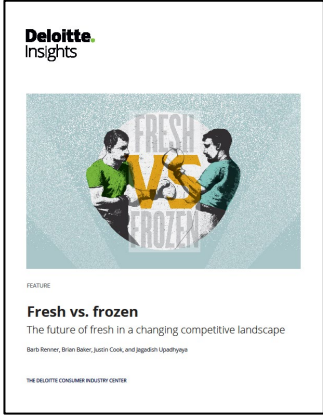
- Deloitte stays abreast of industry trends and makes significant investments in producing cutting-edge thought leadership.
- Deloitte is deeply committed to providing insights that help keep clients on the forefront of critical trends.
- Focused research on industry drivers and trends helps enable Deloitte to demonstrate eminence in the consumer and retail market by redefining the lens through which industry leaders operate.

Extensive knowledge network

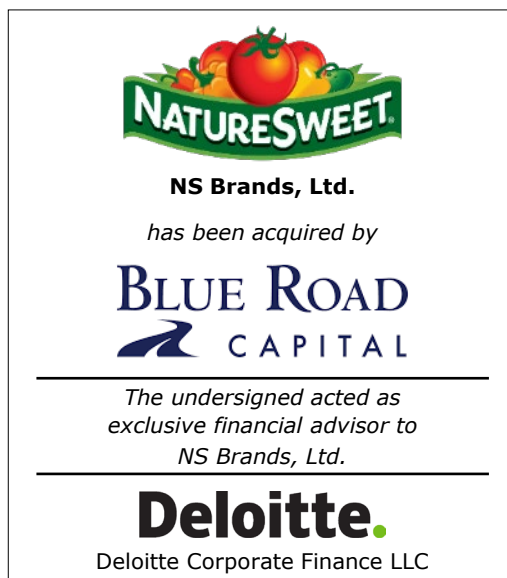
DCF leverages its expansive cross-business knowledge network, extensive consulting reports, and in-depth industry research to drive results and provide differentiated insights for our clients.



Recent insights



DCF advised NatureSweet on its sale to Blue Road Capital



Client Overview

- Founded in 1990 and headquartered in San Antonio, TX, NS Brands, Ltd. (NatureSweet or the Company) is one of the largest producers of greenhouse-grown, branded snacking tomatoes and other fresh produce, known for its iconic yellow clamshell packaging.
- The Company has differentiated itself from competitors and has cultivated its brand through high-quality produce offerings sourced ethically and sustainably from Mexico.
- Through its vertically-integrated operations and loyal customer base, NatureSweet has established itself as a category leader in the greenhouse-grown vegetable market.

Blue Road Management, L.P.




- Based in New York, Blue Road Management, L.P. (or Blue Road Capital) is a private equity firm specializing in food, agriculture, and agribusiness investments.
- Blue Road Capital focuses on control or influential minority investments globally, with a preference for opportunities in the Americas.

DCF Role

- Deloitte Corporate Finance LLC (DCF) worked closely with Silver Ventures, Inc. (Silver Ventures), the family office owner of NatureSweet, to explore strategic alternatives for NatureSweet and find a partner to preserve culture and accelerate growth for NatureSweet, while maximizing proceeds.
- DCF added significant value by:
 - Developing detailed marketing materials to clearly highlight NatureSweet's primary investment merits and growth opportunities.
 - Running a competitive marketing process, leveraging DCF's experience in produce and packaged foods to contact highly relevant strategic acquirors and financial sponsors.
 - Working alongside the Company's management team to facilitate a thorough diligence process spanning US and Mexico operations and regulations.
 - Assisting in negotiations of deal terms and proposing creative and flexible deal structures.
 - Providing sellside advisory and conducting quality of earnings analysis to help Silver Ventures achieve its liquidity objectives.

Prior engagement performance is no guarantee of future performance and may not be representative of the experience of other clients. This communication is for informational purposes only and is not intended as an offer or solicitation for the purchase or sale of a security.

Notable recent M&A transactions

Food and beverage 	The J.M. Smucker Co.'s acquisition of Hostess Brands <ul style="list-style-type: none"> Hostess Brands develops and distributes snack products throughout the USA and Canada with a focus on packaged snacks. The J.M. Smucker Company boasts a portfolio of successful fruit spreads, peanut butter, and packaged natural food products. The acquisition of Hostess Brands expands J.M. Smucker Co.'s family of brands and allows the brands to accelerate their focus on differentiated meal and snacking options for their large and growing customer base in North America and beyond. 	Announced Date: September 2023 EV: \$5.600.0M Rev: \$1.365.9M EV/Rev: 4.1x EV/EBITDA: 18.5x
	Campbell Soup's acquisition of Sovos Brands Inc. <ul style="list-style-type: none"> Sovos Brands, Inc. offers consumer-packaged food products, leveraging brands such as: Rao's Homemade, Noosa, and more. Based in the USA, Campbell Soup's acquisition of Sovos Brands, Inc. aligns with their desired geography and vertical industry expansion, offering Campbell Soup's top brands to continue to leverage in the North American market. The investment aims to strengthen and diversify Campbell's portfolio through increased brand and subcategory vehicles. 	Announced Date: August 2023 EV: \$2,700.0M Rev: \$941.0M EV/Rev: 2.9x EV/EBITDA: 16.1x
VMS 	L Catterton Partners acquisition of Thorne HealthTech Inc. <ul style="list-style-type: none"> L Catterton Partners is an international private equity group investing in consumer brands with roughly \$30B in AUM. Thorne HealthTech Inc. is a leading provider of health diagnostics and personalized wellness products. This tender offer expands L Catterton Partner's VMS holdings and allows Thorne HealthTech Inc. to capitalize on operational synergies and a broad network of connections offered by L Catterton's portfolio of companies. 	Announced Date: August 2023 EV: \$729.5 Rev: \$258.0 EV/Rev: 2.8x EV/EBITDA: 30.3x
	E.l.f Beauty's acquisition of Naturium <ul style="list-style-type: none"> E.l.f Beauty distributes makeup and skincare products internationally through its websites and retailers. Based in California, Naturium manufactures and distributes a variety of skincare and body care products. The acquisition aims to bolster E.l.f Beauty's existing skincare portfolio brand, E.l.f Skin, and allow Naturium to continue its growth. 	Announced Date: August 2023 EV: \$355.0M Rev: \$90.0M EV/Rev: 3.9x EV/EBITDA: 20.9x
Multi-unit 	Roark Capital Management LLC's acquisition of Subway IP LLC <ul style="list-style-type: none"> Subway IP LLC is a restaurant franchise business that specializes in sub sandwiches. Headquartered in Atlanta, Roark Capital is a financial sponsor with \$37,000.0M AUM and specialization in the restaurant franchising sector. This acquisition extends Roark's portfolio of branded restaurant franchises including Dunkin', Arby's, and Buffalo Wild Wings. 	Announced Date: August 2023 EV: \$9,550.0M Rev: \$17,500.0M EV/Rev: 0.6x EV/EBITDA: 12.8x
	Sycamore Partners Management, L.P.'s acquisition of Chico's FAS, Inc. (NYSE: CHS) <ul style="list-style-type: none"> Chico's FAS, Inc. (NYSE: CHS) is a retailer of a portfolio of private-label brands that cater to women. Its brands include Chico's, White House/Black Market, and Soma Intimates. Sycamore Partners Management, L.P. is a private equity firm based out of New York City that mainly targets the consumer, retail, and distribution sectors. 	Announced Date: September 2023 EV: \$1,000.0M Rev: \$2,122.3M EV/Rev: 0.5x EV/EBITDA: 5.6x

Food and beverage

Sector trends ⁽¹⁾

- In September 2023, inflation was 3.7%, largely under 2022’s highest levels which was 9.1% at peak.
- The Consumer Price Index (CPI) US city average for food and beverages has steadily risen since July 2020. The metric has increased 5.1% between July 2022 and July 2023.
- Food price increases slowed through Q3 2023, but remain above historical averages. The CPI for all food in September 2023 was 3.7% higher than in September 2022. As food costs continue to increase, restaurants (food away from home) have experienced higher price spikes than grocery stores (food at home).
- Through Q3 of 2023, strategic buyers have remained the most active in M&A, taking advantage of adverse economic climates to accelerate growth opportunities through synergies and brand expansion.

Select recent M&A activity ⁽²⁾

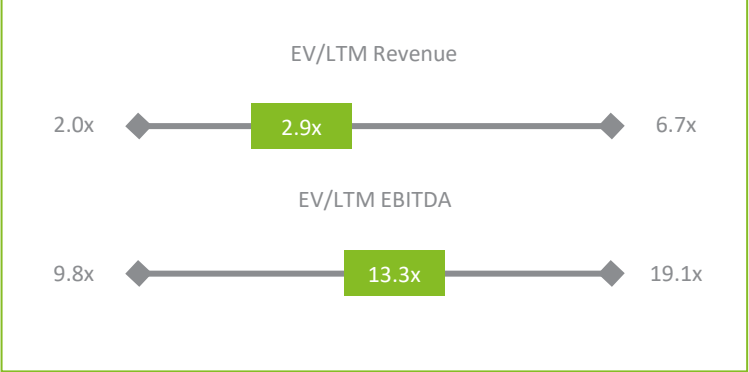
Close Date	Target	Acquiror	Implied EV (MM)
09/2023	CJ America	Schwan’s Company	\$750.0
09/2023	Sahale Snacks	Second Nature Brands, Inc.	\$34.0
08/2023	Kevin’s Natural Foods	Mars, Inc.	\$810.0
07/2023	United Malt Group Limited (ASX: UMG)	Malteries Soufflet SAS	\$1,006.5
07/2023	Bang Energy	Monster Beverages (Nas: MNST)	\$362.0



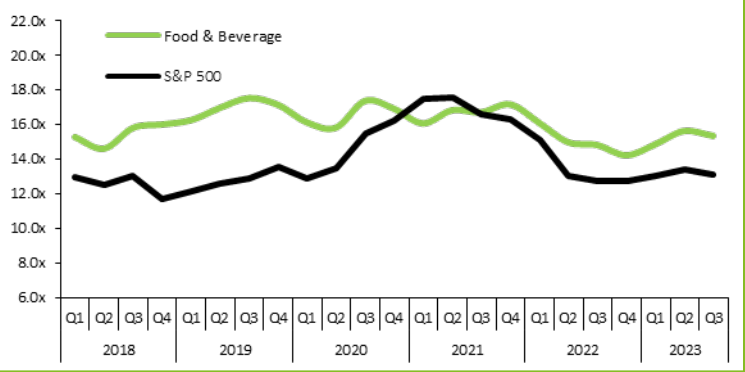
Select public comparables ⁽³⁾

Company Name	Enterprise Value (MM)
Nestlé S.A.	\$359,858.5
The Coca-Cola Company	\$271,116.8
Mondelez International, Inc.	\$113,976.6
General Mills, Inc.	\$49,240.6
Hormel Foods Corp.	\$23,408.1
Conagra Brands, Inc.	\$22,547.5

Median trading metrics ⁽⁴⁾



Average historical EV/EBITDA multiples ⁽⁵⁾



Vitamins, minerals, and supplements

Sector trends ⁽¹⁾

- Consumer willingness to spend on vitamins, minerals, and supplements (VMS) is driven by disposable income. Real disposable personal income was 3.7% higher in August 2023 compared to August 2022, allowing for increased spending in the VMS segment.
- Direct-to-consumer brands and e-commerce sales drove VMS market growth through Q3 2023. As of September 2023, e-commerce sales account for 33.6% of the market.
- According to Google Search Trends, online consumer engagement for vitamins was 2.9% higher in Q3 2023 as compared to Q3 2022.
- The healthy eating index fell during COVID-19 and recovered slightly in 2022. In the first three quarters of the fiscal year 2023, the healthy eating index has decreased by 0.7% to 64.9%, showing a slight decrease in the quality of the average American's diet.

Select recent M&A activity ⁽²⁾

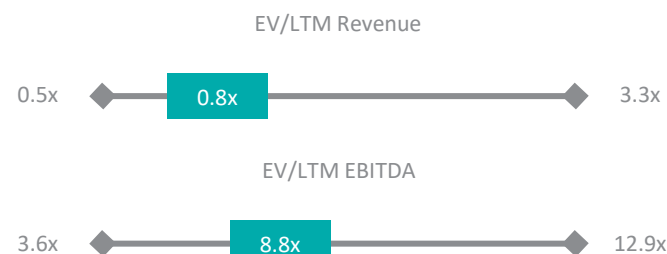
Close Date	Target	Acquiror	Implied EV (MM)
09/2023	Quten Research Institute LLC	Sanofi	\$1,400.0
08/2023	Aesop Retail	L'Oreal	\$2,525.0
08/2023	Blackmores Limited	Kirin Health Science Australia Pty Ltd	\$1,218.5
08/2023	GBB Drink Lab Inc.	Jupiter Wellness, Inc. (Nas: SHOT)	\$7.5
07/2023	Plix	Marico	\$45.0



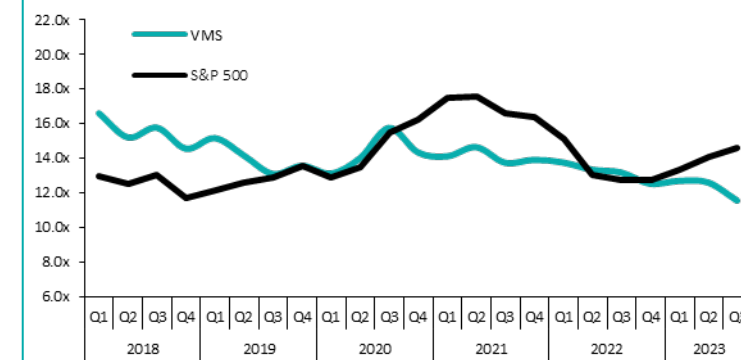
Select public comparables ⁽³⁾

Company Name	Enterprise Value (MM)
Reckitt Benckiser Group plc	\$59,763.6
Glanbia plc	\$4,871.1
Herbalife Ltd.	\$3,702.1
Jamieson Wellness, Inc.	\$1,046.4
Medifast, Inc.	\$682.5
Nature's Sunshine Products, Inc.	\$270.0

Median trading metrics ⁽⁴⁾



Average historical EV/EBITDA multiples ⁽⁵⁾



Multi-unit and consumer services

Sector trends ⁽¹⁾

- American consumer spending on the retail and food services sectors rose 3.8% year-over-year from September 2022 to September 2023.
- Overall consumer spending increased by 5.8% year-over-year in August 2023, outpacing the inflation rate of 4.0%.
- Dollar General, a leading discount retailer, experienced sales growth of 4.9% from Q2 2023 indicating strength in the financial health of the American consumer.
- Deloitte’s financial well being index, a measure of consumer feelings towards saving, income, and future expectations, rose from 95.9% in June to 98.3% in August indicating a slight growth in the optimism of consumers from the previous quarter.

Select recent M&A activity ⁽²⁾

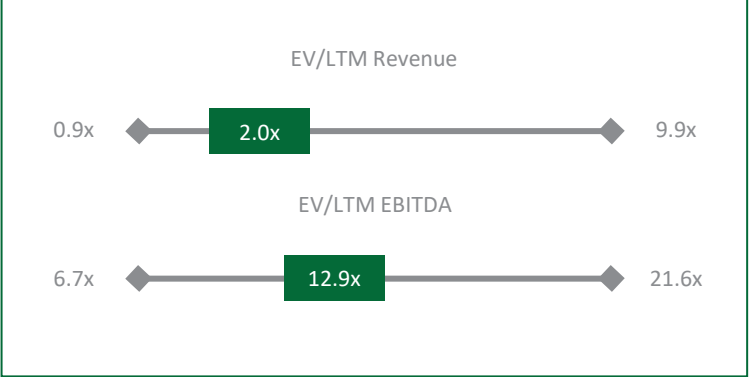
Close Date	Target	Acquiror	Implied EV (MM)
09/2023	Chico’s FAS	Sycamore Partners Management	\$1,000.0
09/2023	Lucky Strike Entertainment	Bowlero (NYS: BOWL)	\$90.0
08/2023	Subway	Roark Capital	\$9,550.0
08/2023	Franchise Group	B. Riley Financial, Irradiant Partners, Brian Kahn	\$2,600.0
08/2023	Fogo de Chao	Bain Capital	\$1,100.0



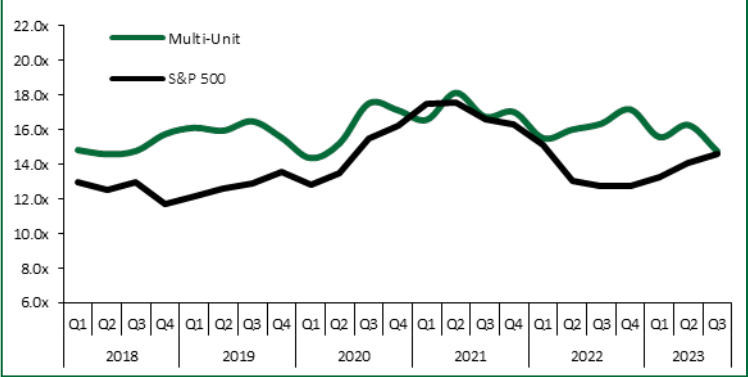
Select public comparables ⁽³⁾

Company Name	Enterprise Value (MM)
McDonald’s Corporation	\$238,906.5
Dollar General Corporation	\$40,903.4
Planet Fitness, Inc.	\$6,164.4
Papa Johns International, Inc.	\$3,211.0
Carrols Restaurant Group, Inc.	\$1,592.8
Regis Corporation	\$573.2

Median trading metrics ⁽⁴⁾



Average historical EV/EBITDA multiples ⁽⁵⁾



Appendix

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