

Consumer Quarterly Update

Q4 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.



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Organization Overview

#2

2023 Global M&A
Advisor by deals
completed ⁽¹⁾.

542

Completed deals
in 2023.

- Deep relationships in place to gain **critical strategic intelligence** and effectively market businesses.
- Worldwide, DCF has access to **2,400 Corporate Finance professionals** throughout the Deloitte Touche Tohmatsu Limited network of member firms in 60 countries that complement the North American team.
- **Second ranked global M&A advisor by deals completed** in 2023, according to Mergermarket ⁽¹⁾.



Sector Focus

- Food and beverage
- Vitamins, minerals, and supplements (VMS)
- Multi-unit and consumer services
- Food supply chain and ingredients
- Pet products and services

Footnote(s): (1) Recognized by Mergermarket as the #2 Global M&A Financial Advisor for 2023. Measured by deal volume.

Deloitte thought leadership

Deloitte thought leadership

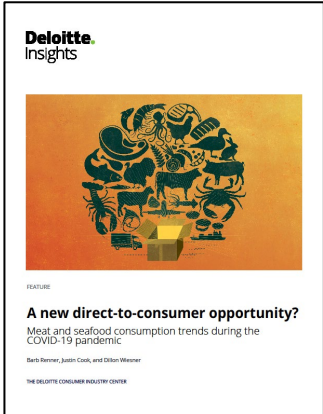
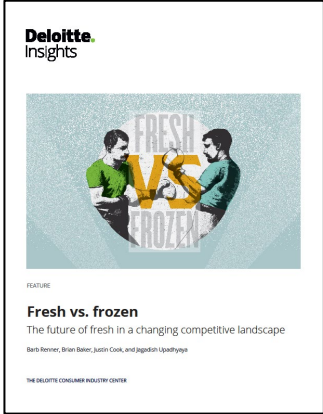
- Deloitte stays abreast of industry trends and makes significant investments in producing cutting-edge thought leadership.
- Deloitte is deeply committed to providing insights that help keep clients on the forefront of critical trends.
- Focused research on industry drivers and trends helps enable Deloitte 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 help drive results and provide differentiated insights for our clients.



Recent insights



Notable recent M&A transactions

Food and beverage 	Chobani, LLC and Healthcare of Ontario Pension Plan acquisition of La Colombe Torrefaction, Inc. <ul style="list-style-type: none"> La Colombe Torrefaction, Inc. is a leading roaster and retailer of coffee blends and premade coffee products. Chobani is a healthy food company known for its signature Greek yogurt. Chobani aims to deliver cost synergies through improved procurement practices, improving overall financial performance. 	Announced Date: December 2023 EV: \$900.0MM Rev: N/A EV/Rev: N/A EV/EBITDA: N/A
	Redwood Holdings' acquisition of Newly Wed Foods, Inc. <ul style="list-style-type: none"> With over 29 global facilities, Chicago-based Newly Wed Foods, Inc. produces custom food coatings and seasonings. Redwood Holdings is a family office investment firm based in Washington, D.C. The acquisition adds to Redwood Holdings' food and beverage portfolio, which includes beverage distributor Heidelberg Distribution Co. (Deloitte Corporate Finance acted as exclusive financial advisor to Heidelberg.) 	Announced Date: October 2023 EV: \$4000.0MM Rev: \$2,500.0MM EV/Rev: 1.6x EV/EBITDA: N/A
VMS 	PYFA Australia Pty Ltd.'s acquisition of Probiotec Limited <ul style="list-style-type: none"> Based in Australia, Probiotec Limited manufactures and sells over-the-counter health products internationally. PYFA Australia Pty Ltd., a subsidiary of PT Pyridiam Farma Tbk, produces self medication and pharmaceutical products. Through this transaction, PYFA Australia Pty Ltd. hopes to leverage Probiotec Limited's leading technology/R&D capabilities and increase the company's international market share. 	Announced Date: November 2023 EV: \$216.3MM Rev: \$142.5MM EV/Rev: 1.5x EV/EBITDA: 9.4x
	Shiseido Americas Corporation's acquisition of Dr. Dennis Gross Skincare LLC <ul style="list-style-type: none"> Dr. Dennis Gross Skincare LLC produces cruelty-free skin care products, including peel off masks and LED anti-aging devices. Based in New York, Shiseido Americas Corporation is a global beauty company with over 25 unique brands. The acquisition will help complement Shiseido's existing portfolio and drive the Company's growth in the Americas, a strong performance region for many Shiseido brands. 	Announced Date: December 2023 EV: \$450.0MM Rev: \$80.0M M EV/Rev: 5.6x EV/EBITDA: N/A
Multi-unit 	Six Flags Entertainment Corporation's (NYSE: SIX) merger with Cedar Fair, L.P. (NYSE: FUN) <ul style="list-style-type: none"> Cedar Fair, L.P. (NYSE: FUN) owns and operates 13 amusement parks, water parks, and resort facilities in the US and Canada. Six Flags Entertainment Corporation (NYSE: SIX) owns and operates 27 theme and water parks in the US, Canada, and Mexico. Six Flags Entertainment Corporation (NYSE: SIX) management cited cost savings, an attractive revenue profile, and enhanced ability to generate cash flow as reasons for the acquisition. 	Announced Date: November 2023 EV: \$8,000.0MM Rev: \$1,413.2MM EV/Rev: 5.7x EV/EBITDA: 18.6x
	Mars, Incorporated's acquisition of Hotel Chocolat Group, plc <ul style="list-style-type: none"> Hotel Chocolat Group, plc manufactures and sells chocolate products out of 126 stores in the UK. Mars, Incorporated is a wholesaler of confectionary products and pet food based in Virginia. The partnership provides Hotel Chocolat Group, plc with the support necessary to expand in existing markets in the UK as well as new markets globally. 	Announced Date: November 2023 EV: \$652.7MM Rev: \$246.0MM EV/Rev: 2.7x EV/EBITDA: 33.6x

Food and beverage

Sector trends ⁽¹⁾

- The Producer Price Index for Food and Beverage Retailers declined from 264.9 to 262.2 from September 2023 to December 2023.
- The Consumer Price Index (CPI) US city average for food and beverages has steadily risen since July 2020, increasing 2.7% between December 2022 and December 2023.
- Food price increases slowed through Q4 2023, but remain above historical averages. The CPI for all food in December 2023 was 5.8% higher than in December 2022. As food costs continue to increase, restaurants (food away from home) have experienced higher price spikes than grocery stores (food at home).
- Spending at Food and Beverage stores increased 0.8% from \$246.9M to \$248.8M from Q3 to Q4 2023 according to the St. Louis Fed.

Select recent M&A activity ⁽²⁾

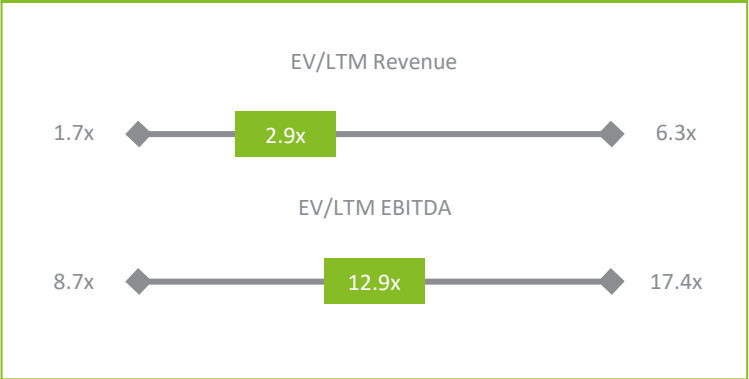
Close Date	Target	Acquiror	Implied EV (MM)
12/2023	Xuwen Xinhao Agriculture and Animal Husbandry Co., Ltd.	New Hope Group Co., Ltd.	\$69.4
11/2023	Finlandia Vodka, LTD.	Coca-Cola Hellenic Bottling Company (LON: CCH)	\$34.0
10/2023	Mile Hi Foods, Co.	Grupo Bimbo	\$82.0
10/2023	Bazooka Candy Brands International Limited	Apax Partners LLP	\$700.0
10/2023	Extra Power energy drink brand	Britvic (LON: BVIC)	\$50.9



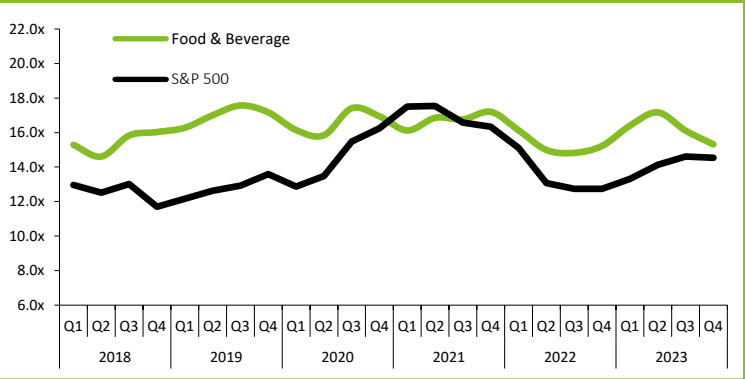
Select public comparables ⁽³⁾

Company Name	Enterprise Value (MM)
Nestlé S.A.	\$312,613.2
The Coca-Cola Company	\$283,689.2
Mondelez International, Inc.	\$120,253.7
General Mills, Inc.	\$48,921.9
Hormel Foods Corp.	\$19,330.5
Conagra Brands, Inc.	\$23,265.5

Median trading metrics ⁽⁴⁾



Average historical EV/EBITDA multiples ⁽⁵⁾



Footnote(s): FRED, USDA, The Wall Street Journal, Deloitte, S&P Capital IQ
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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 4.2% higher in December 2023 compared to December 2022, enabling consumers to spend in the VMS segment.
- Direct-to-consumer brands and e-commerce sales drove VMS market growth through Q4 2023. As of October 2023, e-commerce sales account for 36.5% of the market.
- According to Google Search Trends, online consumer engagement for vitamins was 2.9% higher in Q4 2023 as compared to Q4 2022.
- The U.S. accounts for just over one third of the \$183B global supplement market, marking the industry as one to watch with increased prioritization on physical and mental health initiatives globally.

Select recent M&A activity ⁽²⁾

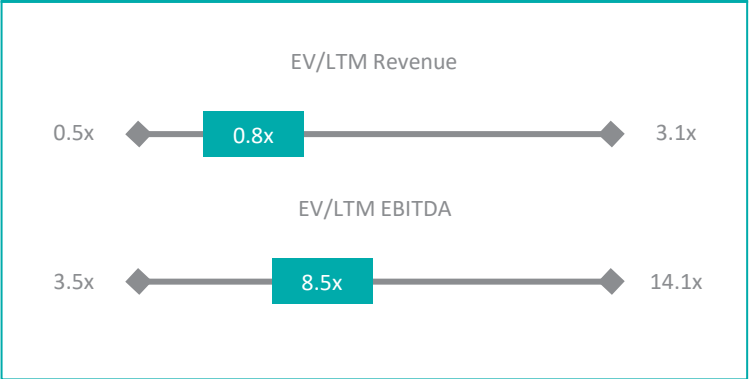
Close Date	Target	Acquiror	Implied EV (MM)
12/2023	The Body Shop International Limited	AURELIUS Equity Opportunities SE & Co. KGaA	\$258.3
11/2023	Bonafide Health, LLC	Pharmavite, LLC	\$425.0
10/2023	The Center Brands	e.l.f. Cosmetics, Inc.	\$332.2
10/2023	Thorne HealthTech, Inc.	L Catterton Partners	\$729.5
10/2023	Creed Fragrances	Kering SA	\$3,819.3



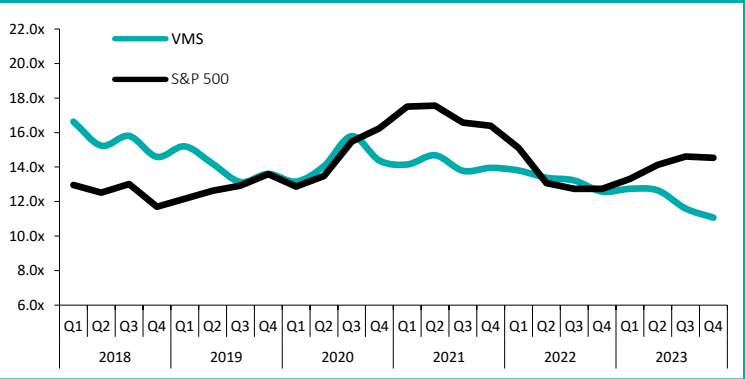
Select public comparables ⁽³⁾

Company Name	Enterprise Value (MM)
Reckitt Benckiser Group plc	\$58,685.7
Glanbia plc	\$4,822.3
Herbalife Ltd.	\$3,781.1
Jamieson Wellness, Inc.	\$1,304.5
Medifast, Inc.	\$589.0
Nature's Sunshine Products, Inc.	\$274.9

Median trading metrics ⁽⁴⁾



Average historical EV/EBITDA multiples ⁽⁵⁾



Footnote(s): FRED, IBIS World, Google Trends, Glanbia Nutritionals, S&P Capital IQ, Pitchbook
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Multi-unit and consumer services

Sector trends ⁽¹⁾

- American consumer spending in the retail and food services sectors rose 5.6% year-over-year from December 2022 to December 2023.
- Data from Mastercard Incorporated shows restaurant sales increased by 7.8% from the beginning of November 2023 to the end of December 2023.
- Sales in the Hospitality industry increased by 5.7% year-over-year in Q4 2023. This was largely driven by consumers splurging during the holidays.
- Personal consumption spending increased 2.8% in Q4 2023. While consumer spending remains strong, consumers are increasingly opting for discount retailers such as Aldi Inc. and club stores such as Costco Wholesale Corporation.

Select recent M&A activity ⁽²⁾

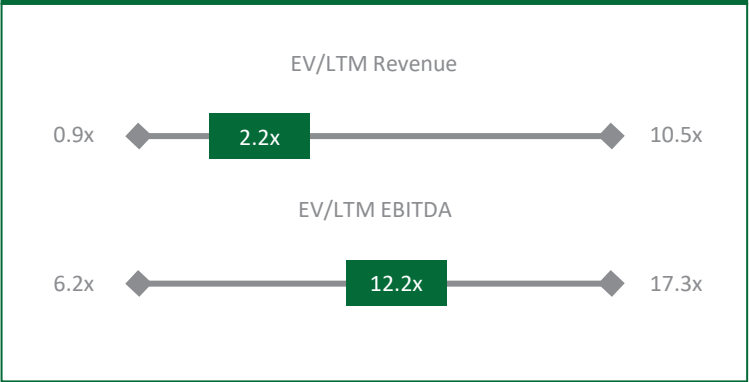
Close Date	Target	Acquiror	Implied EV (MM)
11/2023	Young & Co.'s Brewery, plc	The City Pub Group, plc	\$200.2
11/2023	D&D London Ltd.	Breal Group Limited, Calveton	\$73.8
11/2023	MAPCO Express, Inc.	Majors Management, LLC	\$725.0
10/2023	Bluefit Academias de Ginastica e Participacoes S.A.	Mubadala Investment Company	\$91.6
10/2023	Apex Service Partners, LLC	Alpine Investors, LP	\$3,400.0



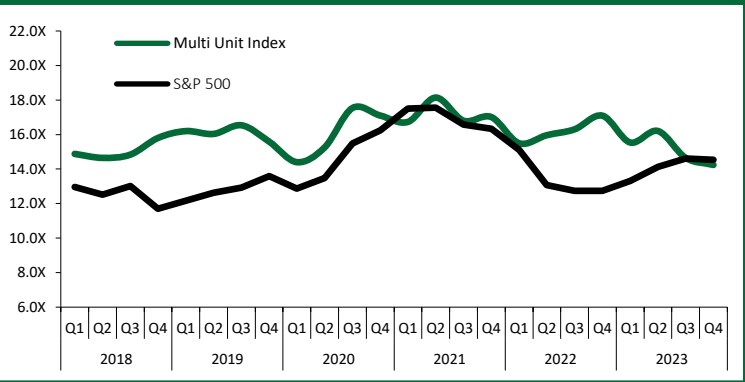
Select public comparables ⁽³⁾

Company Name	Enterprise Value (MM)
McDonald's Corporation	\$261,398.9
Dollar General Corporation	\$47,561.9
Planet Fitness, Inc.	\$8,202.5
Driven Brands Holdings Inc.	\$6,370.9
Papa Johns International, Inc.	\$3,474.2
Carrols Restaurant Group, Inc.	\$1,617.0

Median trading metrics ⁽⁴⁾



Average historical EV/EBITDA multiples ⁽⁵⁾



Footnote(s): The US Census Bureau, Nations Restaurant News, Dollar General Investor Relations, CNBC, S&P Capital IQ
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Appendix

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