

Consumer Quarterly
Update

Q1 2024



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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 transaction experience in the Consumer & Retail industry, having helped hundreds of clients achieve successful outcomes.



Consumer Leadership



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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 production, processing, and distribution
- 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

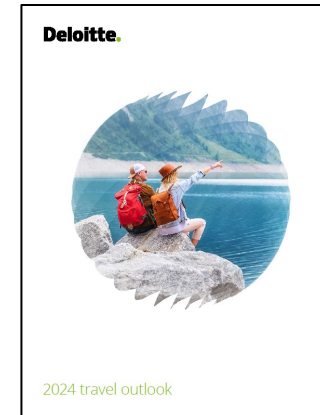
- Deloitte stays abreast of industry trends and makes significant investments in producing cutting-edge thought leadership.
- Deloitte is deeply committed to providing insights that help keep clients on the forefront of critical trends.
- Focused research on industry drivers and trends helps enable Deloitte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



April 2024 - DCF advised Prime Meats on its sale to Shoreline Equity Partners



Norsan Meats, LLC

has been acquired by



Shoreline Equity Partners, LLC

*The undersigned acted as
exclusive financial advisor to
Norsan Meats, LLC*

Deloitte.

Deloitte Corporate Finance LLC

Client overview

- Founded in 1992 and headquartered in Duluth, Georgia, Norsan Meats, LLC (Prime Meats, or the Company) is a processor and distributor of high-quality meat products sold primarily to Hispanic restaurants and grocery stores across the Southeastern United States.
- The Company has established a track record of providing quality products and offering diverse, value-added processing capabilities, driving competitive differentiation, customer loyalty, and new customer growth.
- Prime Meats continues to expand its growth rates and margins, further bolstered by a new state-of-the-art distribution facility, a new direct-to-consumer e-commerce offering, investments in its sales force, and distribution into new geographies.

Investor overview




- Based in Jacksonville, Florida, Shoreline Equity Partners, LLC (Shoreline) is a middle market private equity firm focused on high-quality investments in the Southeast.
- Shoreline has significant experience in the food and beverage distribution industry, targeting companies with a history of growth and clear competitive differentiation.

DCF role

- Deloitte Corporate Finance LLC (DCF) worked closely with Prime Meats to explore strategic alternatives and select the right partner to help accelerate growth and preserve its strong company culture.
- DCF added significant value by:
 - Developing detailed marketing materials to clearly highlight Prime Meats' primary investment merits and growth opportunities.
 - Building a detailed financial operating model driven by volume per protein type by state by channel.
 - Running a competitive marketing process, leveraging DCF's experience in food distribution to contact highly relevant strategic acquirors and financial sponsors which resulted in double-digit indications of interest.
 - Facilitating a streamlined due diligence process while advising Company ownership on purchase agreement terms and negotiations, enabling an accelerated timeline to close.

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⁽¹⁾⁽²⁾⁽³⁾

<p>Food and beverage</p> 	<p>Peak Rock Capital LLC's acquisition of California Custom Fruits & Flavors, Inc. ("CCFF")</p> <ul style="list-style-type: none"> Based in Irwindale, CA, California Custom Fruits & Flavors, Inc. develops, produces, and supplies fruit and flavor formulas. Peak Rock Capital LLC invests \$30 - \$500M per acquisition focusing on the consumer, tech, industrials, and healthcare sectors. Mike Mulhausen, CEO of CCFF, said of the acquisition "Peak Rock truly appreciates our extraordinary culture, customers, and growth opportunities." <p>Kagome Co., Ltd.'s acquisition of Ingomar Packing Company LLC</p> <ul style="list-style-type: none"> Based in Los Banos, CA, Ingomar Packing Company LLC is the fourth largest processor of tomatoes worldwide. Kagome Co., Ltd. is a manufacturer and seller of condiments, foods, and beverages in Japan. The strategic move solidifies Kagome's position as a player in the global tomato processing industry and marks a significant milestone in its pursuit of a sustainable global tomato processing business model rooted in agriculture and primary processing. 	<p>Announced Date: February 2024 EV: N/A Rev: N/A EV/Rev: N/A EV/EBITDA: N/A</p> <p>Announced Date: January 2024 EV: \$486.7MM Rev: \$310.5MM EV/Rev: 1.6x EV/EBITDA: N/A</p>
<p>Health & Personal Care</p> 	<p>Compass Diversified's (NYSE:CODI) acquisition of The Honey Pot Co.</p> <ul style="list-style-type: none"> Based in Atlanta, GA, The Honey Pot Co. manufactures and sells plant-derived female personal care products. Compass Diversified is a publicly-traded holding company with \$3.3B AUM, investing in lower middle market companies. Compass Diversified cited a strong leadership team, an efficacious line of products, and an impressive history of innovation as key investment merits. <p>Suave Brands Company LLC's acquisition of ChapStick Brand of Haleon plc</p> <ul style="list-style-type: none"> ChapStick Brand of Haleon plc pioneered the lip balm segment in 1880 and manufactures and sells natural lip balms. Suave Brands Company LLC, a portfolio company of Yellow Wood Partners, sells hair, body, and antiperspirant personal care products through the retail and e-commerce channels. Suave aims to leverage ChapStick's brand to further grow the business. 	<p>Announced Date: January 2024 EV: \$380.0MM Rev: \$121.0MM EV/Rev: 3.1x EV/EBITDA: 13.1x</p> <p>Announced Date: January 2024 EV: \$510.0MM Rev: \$142.7MM EV/Rev: 3.7x EV/EBITDA: N/A</p>
<p>Multi-unit</p> 	<p>The ONE Group Hospitality, Inc. acquisition of Safflower Holdings Corp.</p> <ul style="list-style-type: none"> Safflower Holdings Corp. is the parent company of Benihana, an experiential dining Sushi & Steakhouse chain. The ONE Group Hospitality, Inc. is the operator of STK, a modern American steakhouse chain, and Kona Grill, a bar-centric seafood, sushi, and steakhouse chain. The acquisition of Safflower Holdings Corp. represents the second largest restaurant transaction of 2024 YTD. <p>Trive Capital Management, LLC's acquisition of Ten Entertainment Group plc</p> <ul style="list-style-type: none"> Ten Entertainment Group plc (or Tenpin) is a bowling and entertainment center with 53 locations in the United Kingdom that offers a mix of bowling, arcade games, karaoke, and other activities. Trive Capital Management, LLC is a generalist private equity firm based in Dallas, TX that makes control investments. The acquisition aims to accelerate Tenpin's expansion through strategic investments in new and existing locations to enhance customer experience. 	<p>Announced Date: March 2024 EV: \$365.0MM Rev: \$514.0 EV/Rev: 0.7x EV/EBITDA: 5.2x</p> <p>Announced Date: January 2024 EV: \$484.3MM Rev: \$127.4MM EV/Rev: 3.8x EV/EBITDA: 9.4x</p>

Source(s): (1)S&P Capital IQ, (2)PitchBook, (3)Mergermarket

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Food and beverage

Sector trends ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾

- The Producer Price Index for Food and Beverage Retailers increased from 269.6 to 270.9 from January 2024 to March 2024.
- The Consumer Price Index (CPI) U.S. city average for food and beverages has steadily risen since July 2020, increasing 2.2% between February 2023 and February 2024.
- According to a survey conducted by Purdue University in February 2024, most consumers predict food prices to rise in the next year.
- In Q1 2024, Food and Beverage transactions saw an average EV/EBITDA multiple of 12.3x for strategic acquirers, an increase from 9.6x for FY 2023.

Select recent M&A activity ⁽⁶⁾

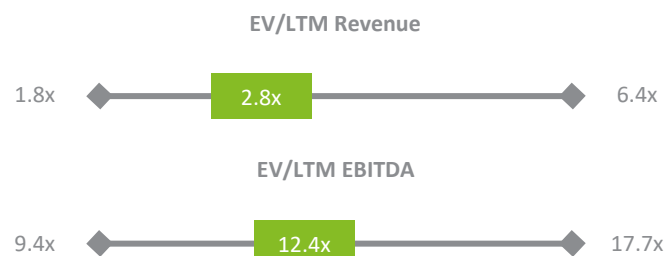
Close Date	Target	Acquiror	Implied EV (MM)
3/2024	Kibun Foods Inc. (TSE:2933)	Maruha Nichiro Corporation (TSE:1333)	\$318.2
2/2024	Courvoisier S.A.S.	Davide Campari-Milano N.V. (BIT:CPR)	\$1,320.0
2/2024	Forno d'Asolo S.p.A	InvestIndustrial; Sammontana S.p.A.	\$1,196.0
2/2024	Benson Hill Ingredients, LLC	White River Soy Processing, LLC	\$70.0
1/2024	Organic India Private Limited	Tata Consumer Products Limited (NSEI:TATACONSUM)	\$229.5



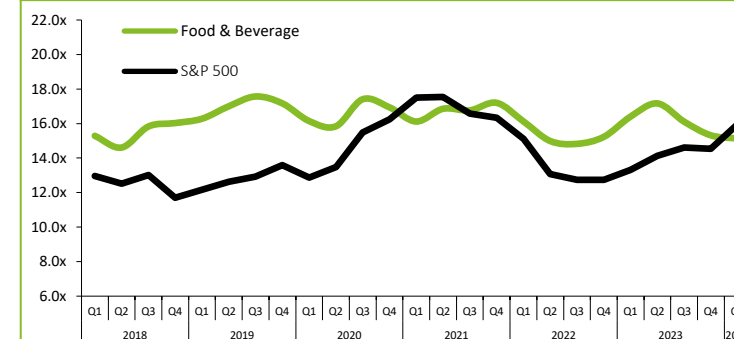
Select public comparables ⁽⁵⁾

Company Name	Enterprise Value (MM)
Nestlé S.A.	\$301,025.1
The Coca-Cola Company	\$294,023.0
Mondelez International, Inc.	\$112,264.3
General Mills, Inc.	\$51,771.7
Conagra Brands, Inc.	\$23,265.5
Hormel Foods Corp.	\$21,491.8

Median trading metrics ⁽⁵⁾



Average historical EV/EBITDA multiples ⁽⁵⁾



Source(s): (1)FRED, (2)U.S. Bureau of Labor Statistics, (3)USDA, (4)Purdue University (5)S&P Capital IQ, (6)PitchBook,

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Health & personal care

Sector trends ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾

- Consumer willingness to spend on vitamins, minerals, and supplements (VMS) is driven by disposable income. Real disposable personal income was 1.7% higher in February 2024 compared to February 2023, enabling consumers to spend more on VMS products.
- Direct-to-consumer brands and e-commerce sales drove VMS market growth through Q1 2024. As of February 2024, e-commerce sales account for 36.7% of the market.
- The U.S. accounts for just over one-third of the \$183.0B global supplement market, marking the industry as one to watch with increased prioritization of global physical and mental health initiatives.
- In Q1 2024, skincare and makeup products were the most frequently purchased subsectors among Amazon's top 25 personal care products, highlighting consumer focus on the segment.

Select recent M&A activity ⁽⁶⁾

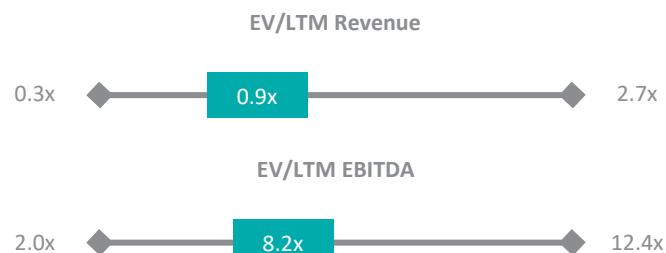
Close Date	Target	Acquiror	Implied EV (MM)
3/2024	Vinda International Holdings	Asia Pacific Resources International Holdings	\$1,866.1
3/2024	Group Fourteen Holdings Pty Ltd.	Lavender Investments Limited	\$30.5
2/2024	Dr. Dennis Gross Skincare LLC	Shiseido Americas Corporation	\$450.0
1/2024	StarChem, LLC	Aimia, Inc.	\$24.0
1/2024	Sukin Australia Pty Ltd.	PNB Consolidated Pty Ltd.	\$46.6



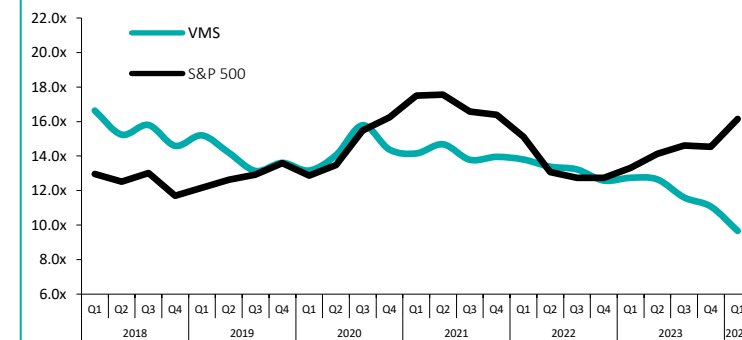
Select public comparables ⁽⁵⁾

Company Name	Enterprise Value (MM)
Reckitt Benckiser Group plc	\$49,203.1
Glanbia plc	\$5,501.1
Herbalife Ltd.	\$3,197.2
Jamieson Wellness, Inc.	\$1,139.4
Nature's Sunshine Products, Inc.	\$328.9
Medifast, Inc.	\$285.1

Median trading metrics ⁽⁵⁾



Average historical EV/EBITDA multiples ⁽⁵⁾



Source(s): (1)FRED, (2)IBIS World, (3)GoogleTrends, (4)Beauty Matter, (5)S&P Capital IQ, (6)Pitchbook

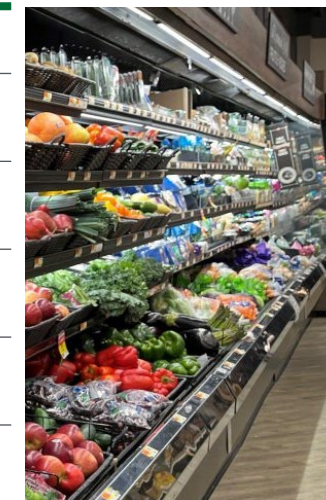
Multi-unit and consumer services

Sector trends ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾

- American consumer spending in the retail and food services sectors rose 4.0% year-over-year from March 2023 to March 2024.
- Restaurant sales are expected to hit an all time high of \$1.1T in 2024 according to the National Restaurant Association.
- Online ordering continues to pose a strong source of growth for retailers as U.S. online grocery sales are expected to exceed \$187.0B in the U.S. in 2024 according to Deloitte.
- Retailers increasingly rely on customer data to anticipate future behavior and provide more value to customers. The Restaurant Technology Landscape Report found that 96% of loyalty program users believe they are a good way to earn more value.

Select recent M&A activity ⁽⁵⁾

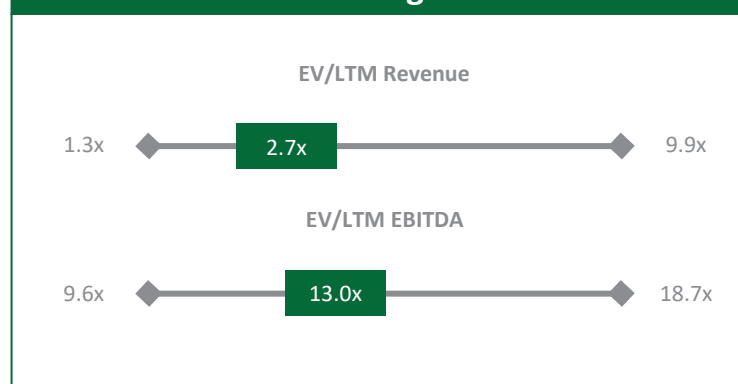
Close Date	Target	Acquiror	Implied EV (MM)
3/2024	Jollyes Group Limited	TDR Capital LLP	\$115.0
3/2024	Graduate Hotel Holdings Inc.	Hilton Worldwide Holdings Inc.	\$210.0
2/2024	Carrols Restaurant Group, Inc.	Restaurant Brands International, Inc.	\$1,709.1
1/2024	Casino, Guichard-Perrachon S.A. (ENXTPA:CO)	EP Equity Investment, Fimalac Group, Attestor Capital	\$1,320.0
1/2024	Safflower Holdings Corp.	The ONE Group Hospitality, Inc.	\$365.0



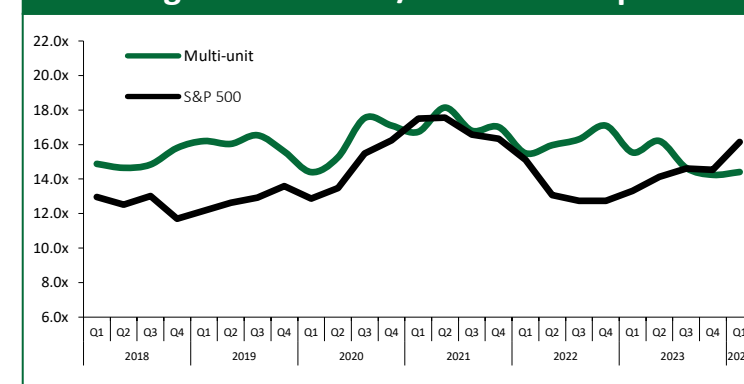
Select public comparables ⁽⁵⁾

Company Name	Enterprise Value (MM)
McDonald's Corporation	\$202,158.4
Dollar General Corporation	\$34,560.2
Texas Roadhouse, Inc.	\$10,367.5
Driven Brands Holdings Inc.	\$6,766.2
Planet Fitness, Inc.	\$5,648.9
Papa Johns International, Inc.	\$3,135.9

Median trading metrics ⁽⁵⁾



Average historical EV/EBITDA multiples ⁽⁵⁾



Source(s): (1)The US Census Bureau, (2)Restaurant Business, (3)National Restaurant Association, (3)WorkDay, (4)Deloitte, (5)S&P Capital IQ

Appendix

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Page 6:

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