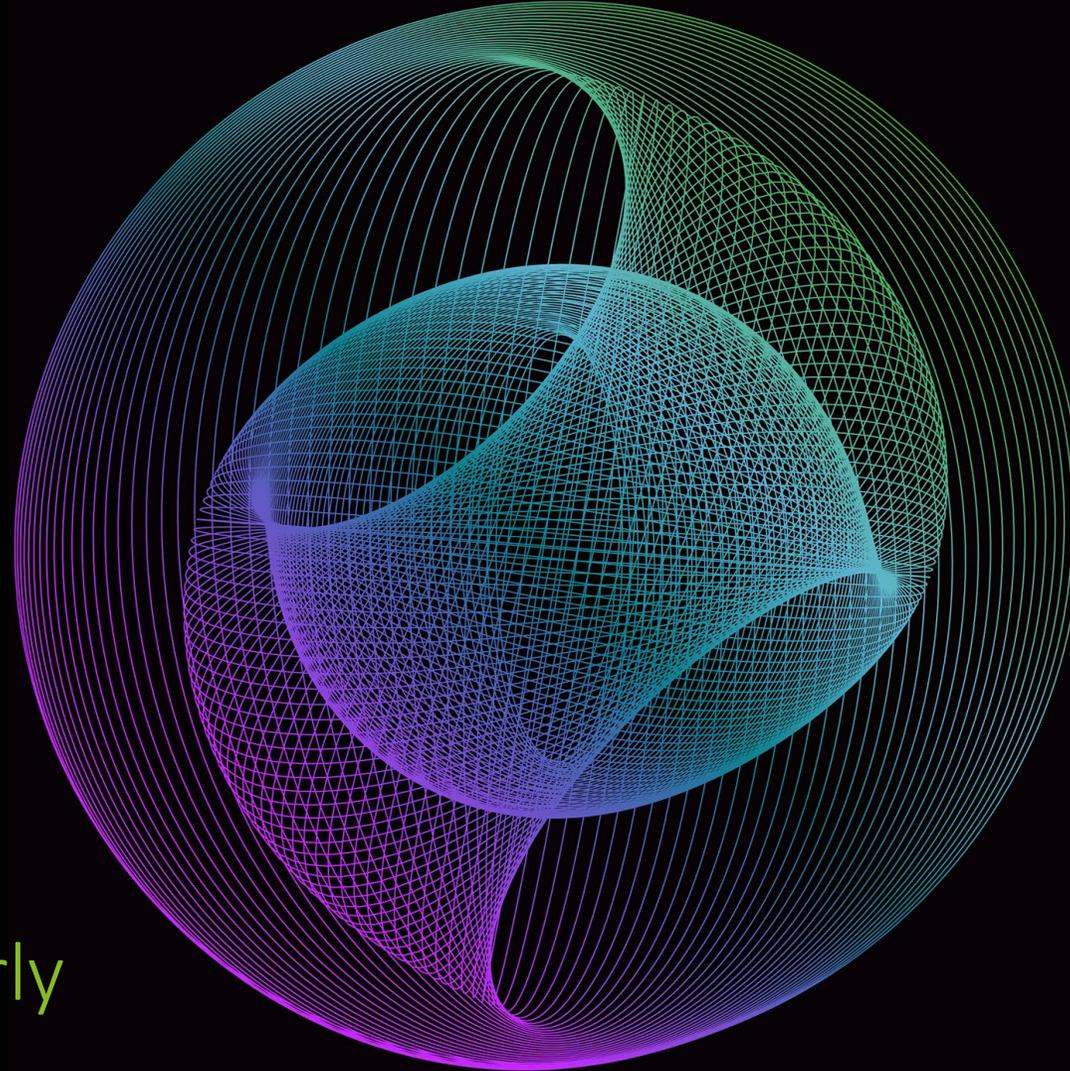


Deloitte.



Consumer Quarterly Update

Q1 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



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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 franchised concepts and 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

Deloitte Insights

FEATURE

Fresh vs. frozen
The future of fresh in a changing competitive landscape
Barb Renner, Brian Baker, Justin Cook, and Jagadeesh Upadhyaya

THE DELOITTE CONSUMER INDUSTRY CENTER

Deloitte Insights

FEATURE

Future of work: The state of the food industry
Change is coming, but is everyone ready?
Barb Renner, Kimberly Brice, and Justin Cook

A DELOITTE SERIES ON THE FUTURE OF WORK IN THE FOOD INDUSTRY

Deloitte Insights

FEATURE

A new direct-to-consumer opportunity?
Meat and seafood consumption trends during the COVID-19 pandemic
Barb Renner, Justin Cook, and Dillon Wenzner

THE DELOITTE CONSUMER INDUSTRY CENTER

Deloitte Insights

FEATURE

The future of fresh
Patterns from the pandemic
Barb Renner, Brian Baker, Justin Cook, and Josh Mellinger

THE DELOITTE CONSUMER INDUSTRY CENTER

Notable recent M&A transactions

<p>Food and beverage</p> 	<p>Malteries Soufflet SAS's acquisition of United Malt Group Limited</p> <ul style="list-style-type: none"> United Malt Group processes and supplies malt and craft ingredients to brewers, distillers, and food markets in North America, Europe, Australia, and Asia. Malteries Soufflet SAS, headquartered in France, owns and operates malt and caramel factories. The acquisition will create a global platform that combines the complementary assets of the two companies. <p>Post Holdings, Inc.'s acquisition of The J.M. Smucker Company's Pet Food Business</p> <ul style="list-style-type: none"> The J.M. Smucker Company's pet food business includes the following brands: Rachael Ray, Nutrish, 9Lives, Kibbles 'n Bits, Nature's Recipe, and Gravy Train. Post Holdings manufactures, markets, and distributes ready-to-eat cereals, snacks, and active nutrition products in the US The acquisition adds to Post Holdings' strategy of creating value with a buy-and-build approach. 	<p>Announced Date: March 2023 EV: \$1,309.4M Rev: \$957.2M EV/Rev: 1.4x EV/EBITDA: 23.4x</p> <p>Announced Date: February 2023 EV: \$1,209.6M Rev: \$1,400.0M EV/Rev: 0.9x EV/EBITDA: N/A</p>
<p>VMS</p> 	<p>Donev Investments Holding AD's acquisition of Sopharma AD</p> <ul style="list-style-type: none"> Sopharma researches, develops, and produces finished drug forms and food supplements in Bulgaria and internationally. As part of Sopharma's food supplements practice, it purchases, grows, and produces herbs and medicinal plants. Donev Investments is a Bulgarian holding company that owns a portfolio of diverse companies. This acquisition should boost Sopharma's product selection and expand its pharmacy retail chain. <p>Logistics Development Group plc's acquisition of Alliance Pharma plc</p> <ul style="list-style-type: none"> Alliance Pharma is a global pharmaceutical company that markets and distributes consumer healthcare products such as medicines, food supplements, and cosmetics. Logistics Development Group is a London-based investment company that acquired equity stake in Alliance Pharma. This investment aims to accelerate growth of Alliance Pharma's portfolio of consumer brands. 	<p>Announced Date: February 2023 EV: \$821.8M Rev: \$1,643.6M EV/Rev: 0.5x EV/EBITDA: 5.2x</p> <p>Announced Date: February 2023 EV: \$225.2M Rev: \$187.7M EV/Rev: 1.2x EV/EBITDA: 5.5x</p>
<p>Specialty retail</p> 	<p>Carsales.com Ltd.'s acquisition of Webmotors S.A.</p> <ul style="list-style-type: none"> Webmotors offers marketplace services across dealer leads and subscriptions, private party sellers, and advertisers in Brazil. Carsales.com Ltd operates online automotive, motorcycle, and marine classifieds business globally. The acquisition is in line with Carsales.com's strategy of acquiring a minority stake in attractive international markets and moving to control positions over time. <p>Delta Israel Brands Ltd.'s acquisition of Golf & Co Group Ltd.</p> <ul style="list-style-type: none"> Golf & Co Group Ltd operates as a retail company in the field of fashion, home styling, and apparel in Israel. Delta Israel Brands Ltd. engages in the design, marketing, and sale of clothing and lingerie products in Israel. The acquisition should help Delta to broaden its retail portfolio beyond clothing and footwear and expand into the Israeli homeware space. 	<p>Announced Date: March 2023 EV: \$604.3M Rev: \$71.9M EV/Rev: 8.8x EV/EBITDA: 21.7x</p> <p>Announced Date: February 2023 EV: \$294.3M Rev: \$264.9M EV/Rev: 1.1x EV/EBITDA: 8.2x</p>

Food and beverage

Sector trends ⁽¹⁾

- The Russia-Ukraine conflict heightened the price volatility of commodities and input products, elevating overall food prices. Ukraine expects farmers to produce up to 15% less grain in 2023 than 2022.
- The Consumer Price Index US city average for food and beverages has steadily risen since July 2020. In Q1 2023, the metric rose from 315.7 to 318.4, representing a 0.9% increase.
- As food costs continue to increase, many restaurants and food producers have begun announcing layoffs and plant closures.
- Given the increasing importance of personal health among consumers, several companies published their Health Star Rating and announced goals to increase nutritional value across their portfolios in the next few years.

Select recent M&A activity ⁽²⁾

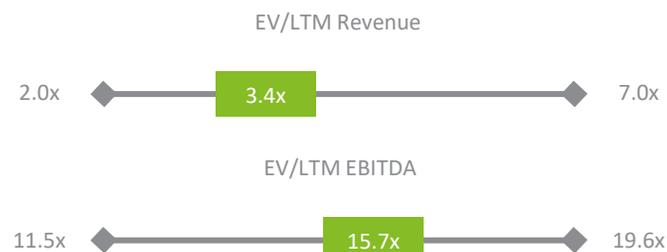
Close Date	Target	Acquiror	Implied EV (MM)
03/2023	Don Papa Rum	Diageo plc	\$548.2
02/2023	Jefferson Vineyards	Monticello AG Center	\$11.8
02/2023	Tofurky	Morinaga Nutritional Foods	\$12.4
01/2023	Seattle's Best Coffee	Nestlé	\$7,150.0
01/2023	Royal Crown Cola	Macay Holdings	\$21.4



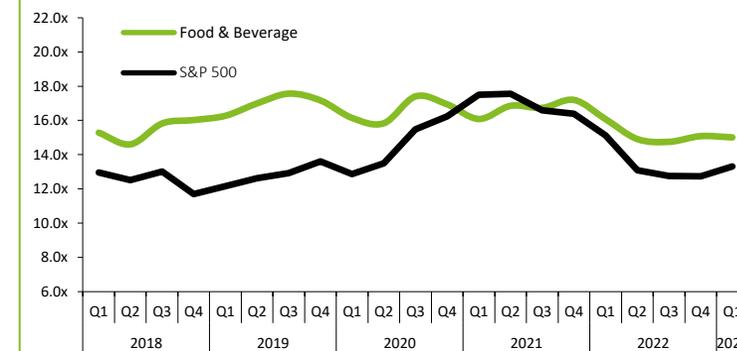
Select public comparables ⁽³⁾

Company Name	Enterprise Value (MM)
Nestlé S.A.	\$389,453.8
The Coca-Cola Company	\$303,585.1
Mondelez International, Inc.	\$117,870.3
General Mills, Inc.	\$61,935.8
Hormel Foods Corp.	\$24,670.6
Conagra Brands, Inc.	\$27,411.6

Median trading metrics ⁽⁴⁾



Average historical EV/EBITDA multiples ⁽⁵⁾



Vitamins, minerals, and supplements

Sector trends ⁽¹⁾

- Disposable income is a driving factor for vitamin, mineral, and supplement (VMS) sales. Real disposable income increased by 1.7% from December 2022 to February 2023, a greater rate of increase relative to Q4 2022.
- Direct-to-consumer brands and e-commerce sales exploded in popularity within the VMS market. As of the beginning of Q1 2023, e-commerce sales account for 33.6% of the market.
- In Q1 2023, online consumer engagement for vitamins, according to Google Shopping Trends, increased by 12.2%, which is significantly higher than the engagement increase in the prior quarter of 2.3%.
- The healthy eating index plummeted during COVID-19 and recovered slightly in 2022. In 2023, the healthy eating index is expected to continue improving to surpass 2019 levels.

Select recent M&A activity ⁽²⁾

Close Date	Target	Acquiror	Implied EV (MM)
03/2023	Provention Bio, Inc.	Sanofi	\$2,677.9
02/2023	Oak Street Health	CVS Health	\$10,600.0
02/2023	Jamieson Wellness China	DCP Group	\$105.1
01/2023	Lyka Labs	Ipca Laboratories Limited	\$54.8
01/2023	Amryt Pharma plc	Highbridge Capital Management	\$1,231.4



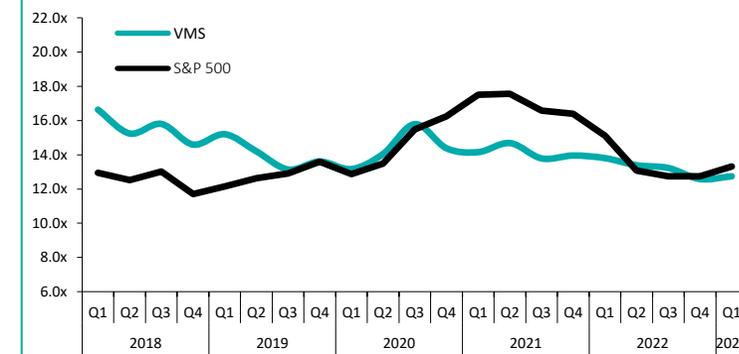
Select public comparables ⁽³⁾

Company Name	Enterprise Value (MM)
Reckitt Benckiser Group plc	\$65,644.7
Herbalife Nutrition Ltd.	\$3,865.9
Glanbia plc	\$4,681.6
Jamieson Wellness, Inc.	\$1,311.4
Medifast, Inc.	\$984.1
Nature's Sunshine Products, Inc.	\$164.0

Median trading metrics ⁽⁴⁾



Average historical EV/EBITDA multiples ⁽⁵⁾



Specialty retail

Sector trends ⁽¹⁾

- The US economy grew at solid pace during Q1 2023, experiencing a 2.5% growth rate for GDP, driven by a surge in January retail spending.
- Americans cut retail spending in both February and March, as the Fed raised its benchmark interest rate between 4.75% and 5%, marking the fastest pace of rate increases in approximately 40 years.
- Lower tax refunds compared to 2022 held down consumer spending in March, landing 10.4% lower than a year ago, according to the Internal Revenue Service.
- With the threat of recession looming amid record-breaking inflation and aggressive rate hikes, “consumers may be tempted to save more in 2023,” says Jitender Migliani, a research analyst at the Fed, suggesting that retail spending will continue to tighten as it did during the tail-end of Q1 2023.

Select recent M&A activity ⁽²⁾

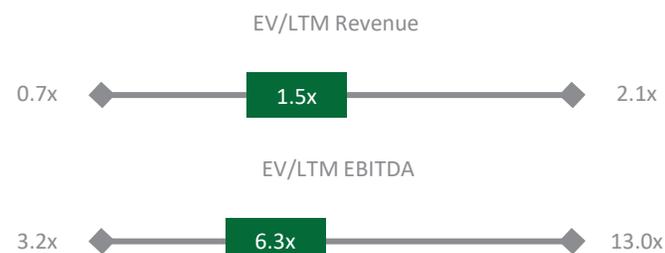
Close Date	Target	Acquiror	Implied EV (MM)
03/2023	XXL ASA.	DNB Bank ASA	\$392.4
03/2023	ISE Commerce Co Ltd	KUKBO Logistics Co., Ltd	\$175.9
03/2023	Sosyopix	Kiliaro AB	\$8.0
02/2023	Viking Blues Pty Ltd	Vimian Group AB	\$61.9
01/2023	Makeup by Mario	Silas Capital, Provenance	\$40.0



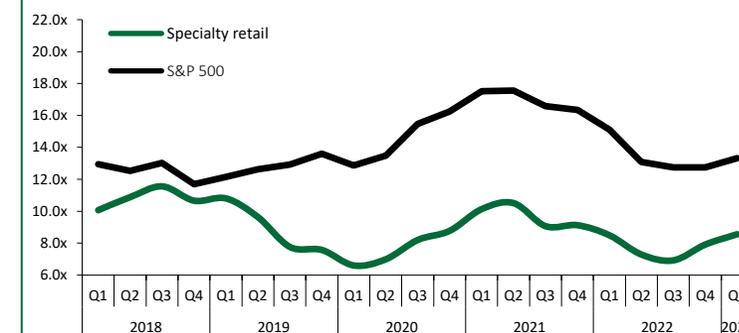
Select public comparables ⁽³⁾

Company Name	Enterprise Value (MM)
Tractor Supply Company	\$29,897.5
Ralph Lauren Corporation	\$8,822.7
Hanesbrands Inc.	\$5,899.7
Columbia Sportswear Company	\$5,559.2
Oxford Industries, Inc.	\$2,070.3
Guess?, Inc.	\$1,972.5

Median trading metrics ⁽⁴⁾



Average historical EV/EBITDA multiples ⁽⁵⁾



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