

Consumer Quarterly Update

Q2 2022



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

2021 Global M&A
Advisor by deals
completed ⁽¹⁾.

662

Completed deals
in 2021.

- 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 middle-market financial advisor** in 2021 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 #2 Global M&A Financial Advisor for 2021. Measured by deal volume.
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Case study


DCF advised GSI Outdoors, Inc. on its sale to Pelican International Inc.



GSI Outdoors, Inc.
has been acquired by



*The undersigned acted as exclusive
financial advisor to
GSI Outdoors, Inc.*



Deloitte
Deloitte Corporate Finance LLC

Client Overview

- Founded in 1985 and headquartered in Spokane, WA, GSI Outdoors, Inc. (GSI or the Company) is a family-owned outdoor lifestyle company that manufactures and distributes a full suite of branded camping cookware and adjacent consumer outdoors accessories.
- The Company has differentiated itself from competitors through 35+ years of in-house design, patented materials, and commitment to quality, demonstrated by a host of industry awards.
- GSI products have developed a reputation for quality and applicability among backpackers and retailers throughout the outdoor gear industry.

Situation Overview

- Deloitte Corporate Finance LLC (DCF) was engaged by the founders of GSI to explore strategic alternatives and find a partner that could provide shareholder liquidity as well as offer strategic guidance to accelerate future growth.
- DCF added significant value by:
 - Running a highly competitive marketing process, leveraging its expertise in active lifestyle products to contact strategic acquirors and financial sponsors with expressed interest in branded outdoor products.
 - Working alongside the Company’s management team to facilitate an effective diligence process while assisting in negotiations of deal terms and structure.
 - Advising GSI’s shareholders on achieving their liquidity objectives while finding an optimal partner to help accelerate the Company’s growth initiatives.

Key Takeaways

- Through DCF’s extensive deal marketing efforts and positioning of GSI’s robust growth history and potential, GSI’s shareholders are positioned to achieve their liquidity objectives via a transaction, which can help preserve the operation and legacy of the Company.

Deal Contacts

Lorin DeMordaunt, Garrett Poston, and Matt Preece

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Consumer Quarterly Update

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Deloitte thought leadership

Deloitte thought leadership

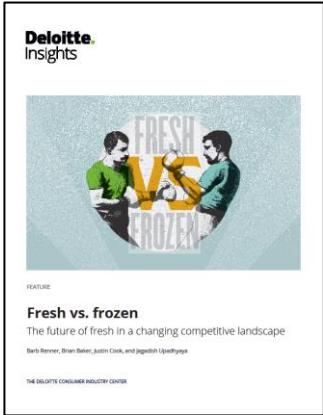
- Deloitte stays abreast of industry trends and makes significant investments in producing cutting-edge thought leadership.
- Deloitte is deeply committed to providing insights that help keep clients on the forefront of critical trends.
- Focused research on industry drivers and trends helps enable Deloitte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



Notable recent M&A activity

Food and beverage 	Mondelez International Inc.'s acquisition of Clif Bar & Company <ul style="list-style-type: none"> Mondelez International Inc. is a global manufacturer and distributor of snack products. Clif Bar & Company produces nutritious energy bars and drinks for customers with an active lifestyle. The acquisition enhances the scale of Mondelez's high-growth snack bar business. 	Announced Date: June 2022 ⁽¹⁾ EV: \$2,900.0M Rev: \$805.6M EV/Rev: 3.6x EV/EBITDA: -
	Darling Ingredients' acquisition of Valley Proteins, Inc. <ul style="list-style-type: none"> Darling Ingredients, Inc. is a US-based natural ingredient producer. Valley Proteins, Inc is a US-based company that engages in the recovery, rendering, and recycling of animal by-products. The transaction expands Darling Ingredients' rendering capabilities and strengthens their renewable diesel business. 	Close Date: May 2022 EV: \$1,100.0M Rev: \$550.0M EV/Rev: 2.3x EV/EBITDA: -
VMS 	Balchem Corporation's acquisition of Kappa Bioscience AS <ul style="list-style-type: none"> Kappa Bioscience AS manufactures specialty vitamin K2 for the human nutrition industry. Balchem is a global specialty ingredients company focused on nutrition and health. The acquisition should help accelerate Balchem's strategy to expand its portfolio of science-based specialty nutrients with leading positions in growing markets. 	Close Date: June 2022 EV: \$338.0M Rev: \$53.0M EV/Rev: 6.4x EV/EBITDA: 18.0x
	Stone Point Capital's acquisition of Tivity Health <ul style="list-style-type: none"> Tivity Health provides fitness, nutrition, and alternative medicine solutions. Stone Point Capital is a private equity firm with investments in solutions companies. The acquisition should help accelerate StonePoint Capital's investment in health improvement platforms. 	Close Date: June 2022 EV: \$2,000.0M Rev: \$500.7M EV/Rev: 4.0x EV/EBITDA: 12.7x
Specialty retail 	GoDigital Media Group's acquisition of Bob's Stores and Eastern Mountain Sports <ul style="list-style-type: none"> Bob's Stores and Eastern Mountain Sports are apparel and footwear retailers previously owned by Frasers Group. GoDigital Media Group is a conglomerate created to address the convergence of media and technology. The acquisition should help GoDigital Media Group further expand their commerce division. 	Close Date: May 2022 EV: \$70.0M Rev: - EV/Rev: - EV/EBITDA: -
	Helen of Troy's acquisition of Curlsmith Prestige Hair Care Products <ul style="list-style-type: none"> Curlsmith is an industry leader in the rapidly growing market for specialized haircare products for textured hair. Helen of Troy is a worldwide designer, developer, and marketer of brand-name consumer products in the home, outdoor, health, wellness, and beauty products spaces. The acquisition should make Curlsmith the most profitable brand under the Helen of Troy umbrella. 	Announced Date: April 2022 EV: \$150.0M Rev: \$41.0M EV/Rev: 3.7x EV/EBITDA: 15.0x

Footnote(s): (1) Deal closed August 2022.

Food and beverage

Sector trends ⁽¹⁾

- Inflationary pressure is causing restaurants and supermarket brands to compete for price-conscious consumers.
- US grocery sales jumped 14% year over year in June as consumers opt to eat at home rather than restaurants given current market conditions.
- Increasing labor and ingredient expenses are driving up prices for food and beverage companies.
- Geopolitical conflict is impacting farming regions, straining global grain supplies.
- Consumers are buying more private brands, as units per household in private label increased significantly in June, up 12.4% over last year.

Select recent M&A activity ⁽²⁾

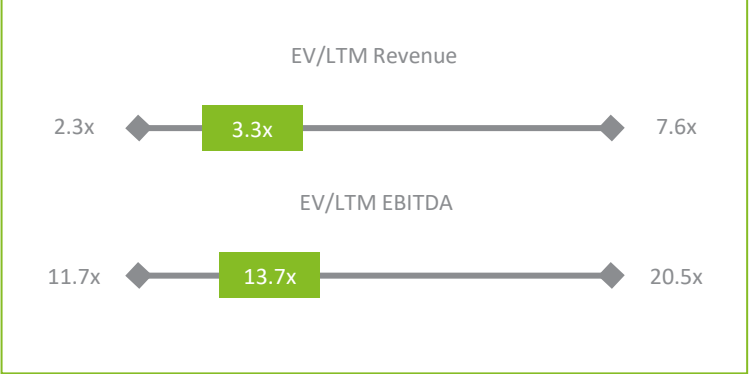
Close Date	Target	Acquiror	Implied EV (MM)
06/2022	Dippin’ Dots, LLC	J&J Snack Foods Corp.	\$222.0
06/2022	Silverado Vineyards	Foley Family Wines	\$150.0
05/2022	Valley Proteins, Inc.	Darling Ingredients Inc.	\$1,100.0
04/2022	Riverview Acquisition	Westrock Coffee Company	\$1,086.0
04/2022	Primient	KPS Capital Partners	\$1,700.0



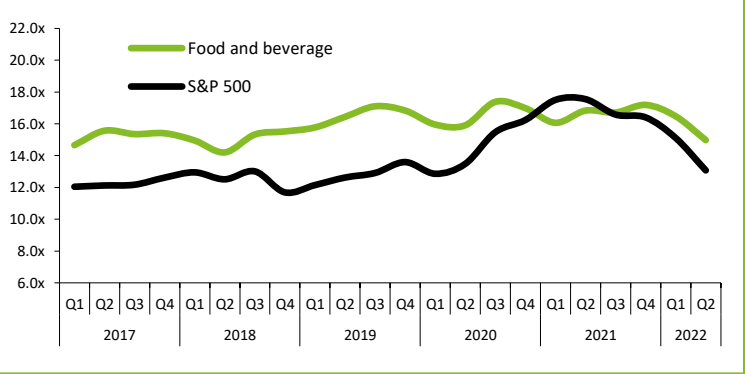
Select public comparables ⁽³⁾

Company Name	Enterprise Value (MM)
The Coca-Cola Company	\$306,499.7
Conagra Brands, Inc.	\$25,588.1
General Mills, Inc.	\$56,457.4
Hormel Foods Corp.	\$28,302.7
Mondelez International, Inc.	\$104,221.8
Nestlé S.A.	\$350,454.3

Trading metrics ⁽⁴⁾



Historical EV/EBITDA multiples ⁽⁵⁾



Vitamins, minerals, and supplements

Sector trends ⁽¹⁾

- Continued focus on immunity due to COVID-19 has bolstered demand for nutrients such as Vitamin D, Zinc, Selenium, and Vitamin C.
- Vitamin and supplement sales in Q2 of 2022 continued to increase, with the global market reaching \$37.2B in June, representing a 1.6% CAGR over the past five years.
- The proteins and amino acids segment is being positively driven by an increasing number of sports enthusiasts and bodybuilders, coupled with increasing consumer health awareness through influencers.
- Compared to the end of Q1 2022, online consumer engagement measured by Google Shopping Trends increased by 2.3% at the end of Q2 2022.

Select recent M&A activity ⁽²⁾

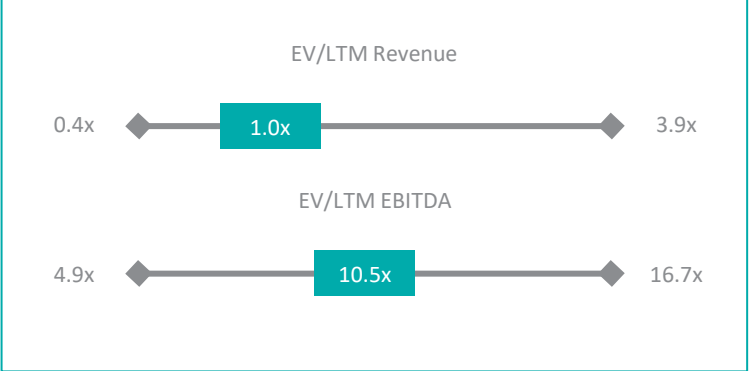
Close Date	Target	Acquiror	Implied EV (MM)
06/2022	Kappa Bioscience AS	Balchem Corporation	\$318.0
06/2022	Stone Point Capital	Tivity Health	\$2,000.0
04/2022	Health Wright Products	International Flavors & Fragrances	\$157.0
04/2022	Microbe Formulas	Kainos Capital	\$92.2
04/2022	Natreon, Inc.	Kerry Group plc	\$50.0



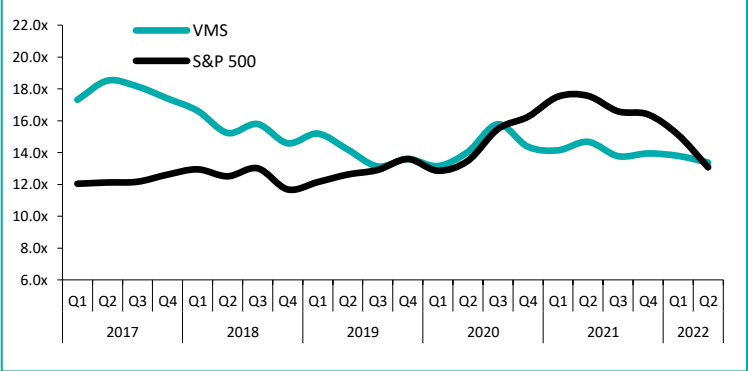
Select public comparables ⁽³⁾

Company Name	Enterprise Value (MM)
Glanbia plc	\$3,997.8
Herbalife Nutrition Ltd.	\$5,133.1
Jamieson Wellness, Inc.	\$1,336.2
Medifast, Inc.	\$1,375.7
Nature's Sunshine Products, Inc.	\$174.1
Reckitt Benckiser Group plc	\$68,228.0

Trading metrics ⁽⁴⁾



Historical EV/EBITDA multiples ⁽⁵⁾



Specialty retail

Sector trends ⁽¹⁾

- General retail and neighborhood centers benefitted from the strong growth in demand from restaurants, grocers, discounters, and big-box retailers, which led to 19 million square feet of space absorbed in Q2 2022.
- From April to May 2022, retail sales fell at a 0.3% seasonally adjusted rate.
- There has been a shift in spending habits with fewer people interested in buying retail goods and preferring to spend on travel.
- With the job market expanding, along with a large portion of household disposable income on the balance sheet, Americans will likely continue to increase their purchases in the coming months.
- Inflation is driving most of the current growth in retail with overall sales increasing by 8.9% over the prior year in June as consumers begin to cut back on discretionary purchases.

Select recent M&A activity ⁽²⁾

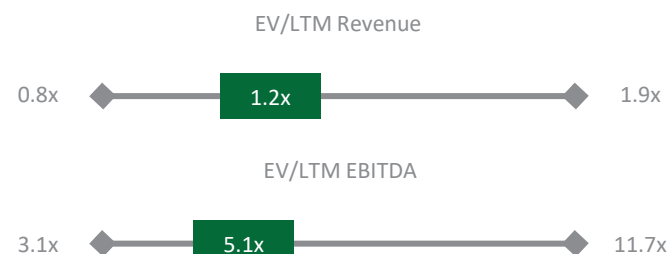
Close Date	Target	Acquiror	Implied EV (MM)
05/2022	Office Depot Israel	Universal Motors Israel Ltd	\$24.4
05/2022	Anomalie	David's Bridal	-
04/2022	SuperStroke USA	DAOL Ventures	\$250.0
04/2022	Denison Yacht Sales, Inc.	OneWater Marine, Inc.	\$48.2
04/2022	Interbond Corp. of America	Aaron's Retail Solutions, LLC	\$230.0



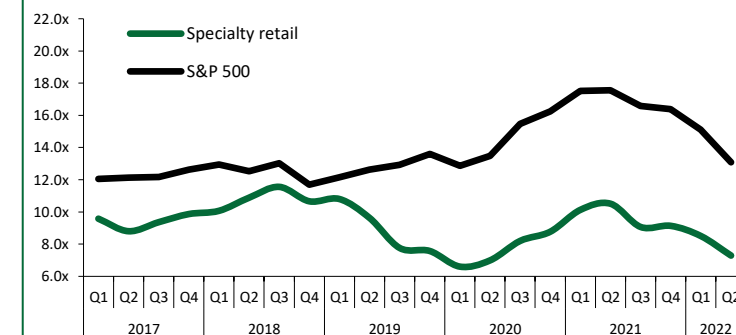
Select public comparables ⁽³⁾

Company Name	Enterprise Value (MM)
Columbia Sportswear Company	\$4,279.3
Guess?, Inc.	\$2,061.8
Hanesbrands Inc.	\$7,081.4
Oxford Industries, Inc.	\$1,487.5
Ralph Lauren Corporation	\$7,042.9
Tractor Supply Company	\$25,199.8

Trading metrics ⁽⁴⁾



Historical EV/EBITDA multiples ⁽⁵⁾



Appendix

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