

Consumer Quarterly  
Update

Q2 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 <sup>(1)</sup>.

**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 <sup>(1)</sup>.



## 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

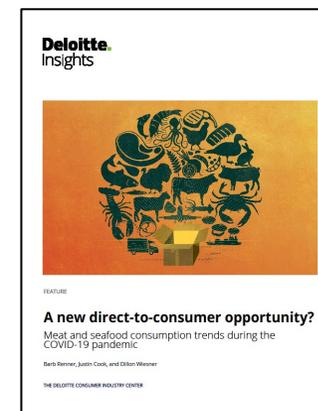
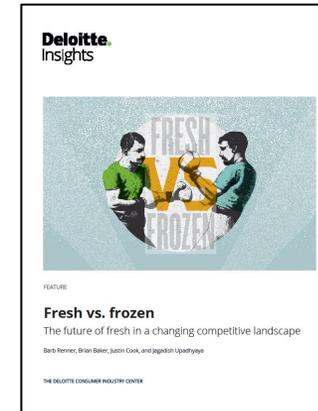
- Deloitte stays abreast of industry trends and makes significant investments in producing cutting-edge thought leadership.
- Deloitte is deeply committed to providing insights that help keep clients on the forefront of critical trends.
- Focused research on industry drivers and trends helps enable Deloitte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



# Notable recent M&A transactions

<p><b>Food and beverage</b></p> 	<p><b>Sababa Holdings FREE, LLC's acquisition of Whole Earth Brands</b></p> <ul style="list-style-type: none"> <li>Whole Earth Brands is based in the United States and manages a portfolio of consumer-facing brands focused on plant-based sweeteners and low-calorie sugar alternatives, including Pure Via, Wholesome, Swerve, Equal, and Canderel.</li> <li>Sababa Holdings is an affiliate of the Franklin family office, Mariposa Capital, headquartered in Miami, FL.</li> <li>The acquisition makes Sababa Holdings the largest individual holder of Whole Earth Brands.</li> </ul> <p><b>Namsen Limited's acquisition of Kernel Holding S.A.</b></p> <ul style="list-style-type: none"> <li>Kernel Holdings is a global leader in farming and exporting grains and sunflower oil.</li> <li>Based in Ukraine, Kernel Holdings delivers oilseed and grain products to over 80 countries and markets its products under the following portfolio brands: Domashnya, Stozhar, Schedry Dar, and Zolota.</li> <li>The investment aims to increase operations, scale, and sustainability efforts utilized in Kernel Holdings' business model.</li> </ul>	<p><b>Announced Date:</b> June 2023  <b>EV:</b> \$603.1M  <b>Rev:</b> \$540.1M  <b>EV/Rev:</b> 1.1x  <b>EV/EBITDA:</b> 12.2x</p> <p><b>Announced Date:</b> May 2023  <b>EV:</b> \$1,179.1M  <b>Rev:</b> \$3,131.0M  <b>EV/Rev:</b> 0.4x  <b>EV/EBITDA:</b> 2.4x</p>
<p><b>VMS</b></p> 	<p><b>Symrise AG's acquisition of Swedencare AB</b></p> <ul style="list-style-type: none"> <li>Swedencare AB develops, manufactures, markets, and sells pet health products, including animal nutritional supplements and vitamins.</li> <li>Symrise AG is a global supplier of fragrances, flavors, food, nutrition, and cosmetic ingredients. The investment should strengthen Symrise AG's pet health segment.</li> </ul> <p><b>Kirin Holdings Company, Ltd.'s acquisition of Blackmores Ltd.</b></p> <ul style="list-style-type: none"> <li>Blackmores Ltd. is an Australia-based company offering vitamins and nutritional supplements.</li> <li>Based in Japan, Kirin Holdings Company operates food and beverage, pharmaceuticals, and life science businesses globally.</li> <li>This acquisition allows Kirin Holdings Company to expand its vitamin and nutrition holdings and diversify from its alcohol businesses.</li> </ul>	<p><b>Announced Date:</b> June 2023  <b>EV:</b> \$700.7M  <b>Rev:</b> \$184.4M  <b>EV/Rev:</b> 3.8x  <b>EV/EBITDA:</b> 20.0x</p> <p><b>Announced Date:</b> April 2023  <b>EV:</b> \$1,218.5M  <b>Rev:</b> \$420.2M  <b>EV/Rev:</b> 2.9x  <b>EV/EBITDA:</b> 23.0x</p>
<p><b>Multi-unit</b></p> 	<p><b>Global Auto Holdings, Ltd.'s acquisition of Lookers Plc.</b></p> <ul style="list-style-type: none"> <li>Lookers Plc. is a UK-based provider of new and used cars along with after-market auto services.</li> <li>Global Auto Holdings focuses on the consolidation and operation of car dealerships on a global scale.</li> <li>This acquisition helps enables Global Auto Holdings to enter the UK market, expanding its international presence.</li> </ul> <p><b>Tempur Sealy International, Inc.'s acquisition of Mattress Firm Group Inc.</b></p> <ul style="list-style-type: none"> <li>Mattress Firm is a leading retailer of mattresses with 2,300 brick and mortar locations and an integrated e-commerce platform.</li> <li>Tempur Sealy develops, manufactures, markets, and distributes bedding products.</li> <li>The investment will likely further expand Tempur Sealy's touch points with customers, which should enable it to better capture customers' preferences and improve the shopping experience.</li> </ul>	<p><b>Announced Date:</b> June 2023  <b>EV:</b> \$1,212.6M  <b>Rev:</b> \$5,491.4M  <b>EV/Rev:</b> 0.2x  <b>EV/EBITDA:</b> 6.1x</p> <p><b>Announced Date:</b> May 2023  <b>EV:</b> \$4,000.0M  <b>Rev:</b> \$4,200.0M  <b>EV/Rev:</b> 1.0x  <b>EV/EBITDA:</b> 9.3x</p>

# Food and beverage

## Sector trends <sup>(1)</sup>

- Food & beverage companies have offset recent declines in sales volume by increasing prices.
- The Consumer Price Index (CPI) US city average for food and beverages has steadily risen since July 2020. The metric has increased 3.1% between Q2 2022 and Q2 2023.
- Food price increases slowed through Q2 2023, but remain above historical averages. The CPI for all food in June 2023 was 5.7% higher than in June 2022. As food costs continue to increase, restaurants (food away from home) have experienced higher price spikes than grocery stores (food at home).
- Through the first two quarters of the fiscal year 2023, grocery stores have decreased inventory, leading to decreased top-line sales for major ambient product providers.

## Select recent M&A activity <sup>(2)</sup>

Close Date	Target	Acquiror	Implied EV (MM)
06/2023	Hortifrut S.A.	Public Sector Pension Investment Board	\$1,776.4
06/2023	Penelope Bourbon LLC	Luxco, Inc.	\$215.8
05/2023	Emerald Nuts	Flagstone Foods, Inc.	\$40.0
04/2023	Bodegas Williams & Humbert	The Keepers Holdings	\$177.8
04/2023	Devro plc	SARIA SE & Co. KG	\$759.4



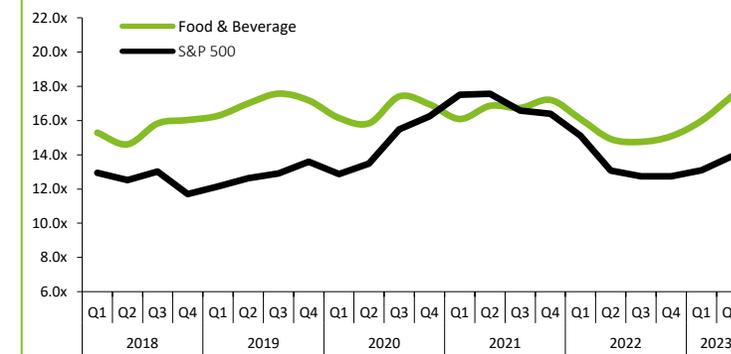
## Select public comparables <sup>(3)</sup>

Company Name	Enterprise Value (MM)
Nestlé S.A.	\$381,518.8
The Coca-Cola Company	\$293,162.7
Mondelez International, Inc.	\$117,299.6
General Mills, Inc.	\$55,097.4
Hormel Foods Corp.	\$24,195.2
Conagra Brands, Inc.	\$24,800.8

## Median trading metrics <sup>(4)</sup>



## Average historical EV/EBITDA multiples <sup>(5)</sup>



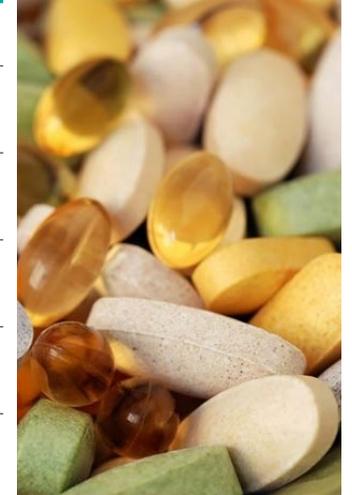
# Vitamins, minerals, and supplements

## Sector trends <sup>(1)</sup>

- Consumer willingness to spend on vitamins, minerals, and supplements (VMS) is driven by disposable income. Real disposable personal income was 4.1% higher in Q2 2023 compared to Q2 2022, allowing for increased spending in the VMS segment.
- Direct-to-consumer brands and e-commerce sales drove VMS market growth through Q2 2023. As of April 2023, e-commerce sales account for 33.6% of the market.
- According to research, online consumer engagement for vitamins increased by 4.9% in Q2 2023, which is lower than the engagement increase in the prior quarter of 12.2%.
- The healthy eating index fell during COVID-19 and recovered slightly in 2022. In the first two quarters of the fiscal year 2023, the healthy eating index has increased by 0.7% and is expected to continue improving.

## Select recent M&A activity <sup>(2)</sup>

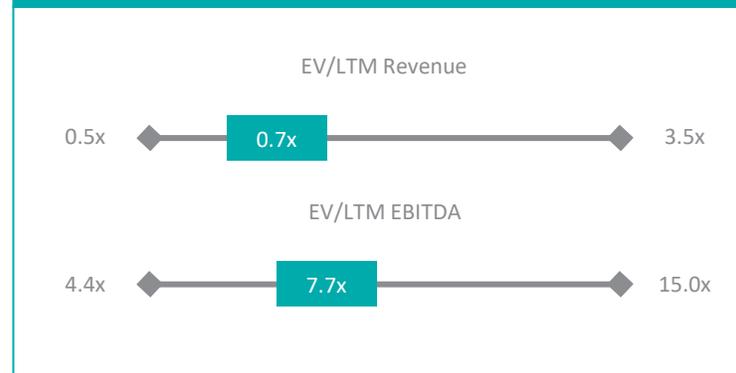
Close Date	Target	Acquiror	Implied EV (MM)
06/2023	Vita Actives Limited	Dairygold	N/A
05/2023	KIANO Life, AB	Nicoya, AB	N/A
04/2023	Everly Wellness	Gruum	N/A
04/2023	Country Life, LLC	Lion Equity Partners	N/A
04/2023	Amino Mints, Inc.	Marque Group	N/A



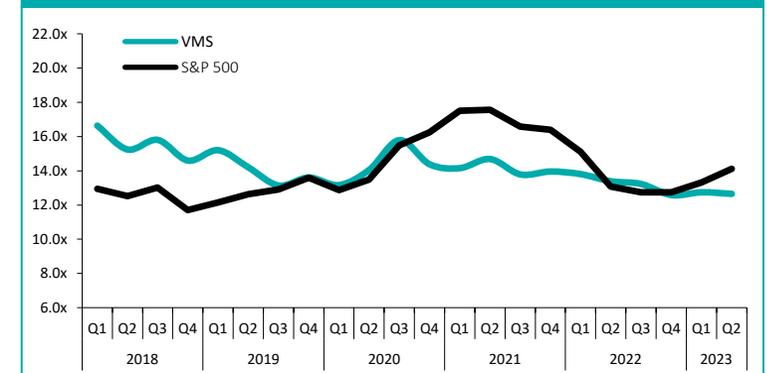
## Select public comparables <sup>(3)</sup>

Company Name	Enterprise Value (MM)
Reckitt Benckiser Group plc	\$64,693.2
Glanbia plc	\$4,729.3
Herbalife Ltd.	\$3,708.1
Jamieson Wellness, Inc.	\$1,239.5
Medifast, Inc.	\$894.3
Nature's Sunshine Products, Inc.	\$217.8

## Median trading metrics <sup>(4)</sup>



## Average historical EV/EBITDA multiples <sup>(5)</sup>



# Multi-unit and consumer services

## Sector trends <sup>(1)</sup>

- Between June 2022 and June 2023, consumer spending at restaurants grew by 8.4%, compared to a 0.5% increase in non-restaurant retail. Sales from fast-food franchises make up roughly 70% of all fast-food sales in the US.
- Inflation adjusted average hourly wages rose by 1.4% year-over-year in June, the greatest increase in the last two years. Rising labor costs remain a pressure point for service-oriented businesses.
- Key multi-unit companies saw significant sales growth in Q2 2023.
- Consumer sentiment in July 2023 increased by 11.2% month-over-month, and 39.0% year-over-year. Despite an overall increase, the retail sector has not benefited from increased consumer optimism.

## Select recent M&A activity <sup>(2)</sup>

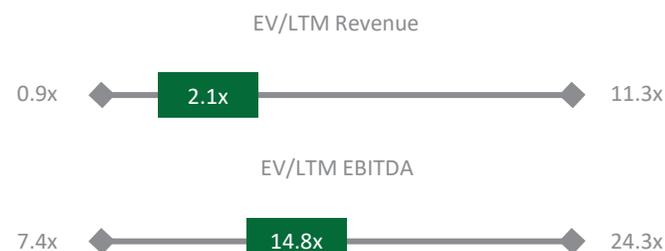
Close Date	Target	Acquiror	Implied EV (MM)
06/2023	Three Franchised Dealerships	Sonic Automotive, Inc.	\$52.3
06/2023	Ruth's Hospitality Group, Inc.	Darden Restaurants, Inc.	\$950.0
05/2023	National Corporation for Tourism and Hotels	Alpha Dhabi Holding PJSC	\$549.6
04/2023	Four Franchises in FL	Planet Fitness, Inc.	\$26.3
04/2023	Seraphine Group PLC	Mayfair Equity Partners LLP	\$28.8



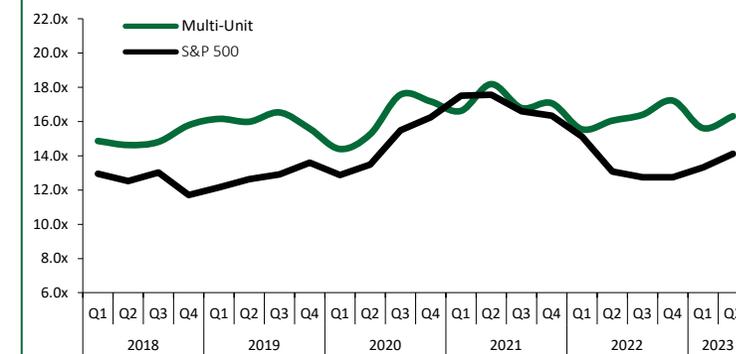
## Select public comparables <sup>(3)</sup>

Company Name	Enterprise Value (MM)
McDonald's Corporation	\$264,158.9
Dollar General Corporation	\$54,917.0
Planet Fitness, Inc.	\$7,628.6
Papa Johns International, Inc.	\$3,398.0
Carrols Restaurant Group, Inc.	\$1,548.5
Regis Corporation	\$621.8

## Median trading metrics <sup>(4)</sup>



## Average historical EV/EBITDA multiples <sup>(5)</sup>



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