

Consumer Quarterly Update

Q2 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
- Health and personal care
- 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

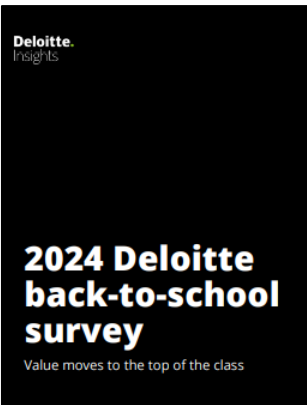
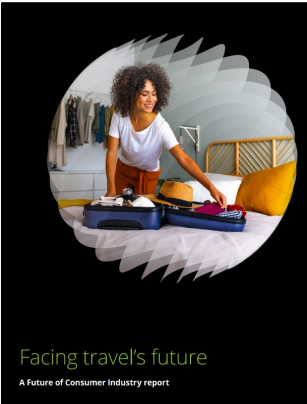
- Deloitte stays abreast of industry trends and makes significant investments in producing cutting-edge thought leadership.
- Deloitte is deeply committed to providing insights that help keep clients on the forefront of critical trends.
- Focused research on industry drivers and trends helps enable Deloitte 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 ⁽¹⁾⁽²⁾⁽³⁾

Food & beverage 	<p>Lassonde Industries, Inc.’s acquisition of Summer Garden Food Manufacturing</p> <ul style="list-style-type: none"> Based in Boardman, OH, Summer Garden Food Manufacturing develops, manufactures, and markets sauces and condiments. Lassonde Industries, Inc., alongside its subsidiaries, develops, manufactures, and markets ready-to-drink beverages, fruit-based snacks, and frozen juice concentrates internationally. Lassonde’s acquisition aligns with its strategic objective to expand its specialty food business in North America. <p>Glanbia plc’s acquisition of Flavor Producers LLC</p> <ul style="list-style-type: none"> Based in Valencia, CA, Flavor Producers LLC produces and sells organic, natural, and plant-based food products and beverages. Glanbia plc is an international manufacturer and marketer of sports and lifestyle nutrition products. Glanbia seeks to operate Flavor Producers within its nutritional solutions business to grow its Better Nutrition platform and improve alignment with long term consumer trends. 	<p>Announced Date: June 2024 EV: \$280.0MM Rev: \$147.4MM EV/Rev: 1.9x EV/EBITDA: 10.0x</p> <p>Announced Date: April 2024 EV: \$355.0MM Rev: \$86.6MM EV/Rev: 4.1x EV/EBITDA: 18.0x</p>
Health & personal care 	<p>The Estée Lauder Companies’, Inc. acquisition of Deciem Beauty Group, Inc. (“Deciem”) ⁽⁴⁾</p> <ul style="list-style-type: none"> Based in Toronto, Canada, Deciem manufactures and sells beauty products through retail outlets and its online store. The Estée Lauder Companies Inc. produces and sells skin care, fragrance and haircare products worldwide. Estée Lauder initially invested in Deciem in 2017, became majority owner in 2021, and exercised options to purchase the remaining interest in Deciem in May 2024. <p>Clariant AG’s acquisition of Lucas Meyer Cosmetics Canada, Inc. ⁽⁵⁾</p> <ul style="list-style-type: none"> Based in Quebec, Canada, Lucas Meyer Cosmetics Canada, Inc. manufactures ingredients for cosmetics. Clariant AG develops, manufactures, and distributes specialty chemicals worldwide. Clariant’s acquisition serves as a step forward in its Care Chemicals segment, which includes personal care ingredients such as emollients, emulsifiers, and mild surfactants. 	<p>Announced Date: May 2024 EV: \$860.0MM Rev: N/A EV/Rev: N/A EV/EBITDA: N/A</p> <p>Announced Date: April 2024 EV: \$810.0MM Rev: \$100.0MM EV/Rev: 8.1x EV/EBITDA: 16.3x</p>
Multi-unit 	<p>Fielmann’s USA, Inc. acquisition of Shoptikal LLC ⁽⁶⁾⁽⁷⁾</p> <ul style="list-style-type: none"> Shoptikal LLC, doing business in the Upper Midwest as Shopko Optical, is an optical retailer with 140 stores across 13 U.S. states, offering a broad selection of eyewear, vision consultations, and personalized solution services. Fielmann’s USA Inc., subsidiary of the Fielmann Group, entered the U.S. market in 2023 with the acquisition of SVS Vision. The latest acquisition aims to support the Fielmann Group’s pursuit of international expansion by growing its U.S. presence. <p>TGI Friday’s, Inc. acquisition of Hostmore plc</p> <ul style="list-style-type: none"> Hostmore plc is the England-based owner of the TGI Friday’s Brand, operating American-themed fast-casual and casual dining restaurants in the UK. TGI Friday’s, Inc. owns and operates a chain of American casual dining bar restaurants in the United States and internationally. Following the acquisition, TGI Friday’s, Inc. aims to revitalize the brand and optimize its restaurant portfolio. 	<p>Announced Date: June 2024 EV: \$290.0MM Rev: \$170.6MM EV/Rev: 1.7x EV/EBITDA: N/A</p> <p>Announced Date: April 2024 EV: \$220.1MM Rev: \$307.2MM EV/Rev: 0.6x EV/EBITDA: 5.4x</p>

Source(s): (1)S&P Capital IQ, (2)PitchBook, (3)Mergermarket, (4)Estée Lauder Companies, (5)Clariant Specialty Chemicals, (6)O’Melveny, (7)Shopko Optical.

Food & beverage

Sector trends ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾

- The Producer Price Index for food & beverage retailers decreased slightly from 270.9 to 270.5 between March 2024 and June 2024.
- The Consumer Price Index (CPI) U.S. city average for food & beverages has increased by 2.2% from June 2023 to June 2024.
- According to a survey published by Restaurant365 in May 2024, 76% of restaurant operators expect food costs to continue to rise.
- In Q2 2024, food & beverage transactions saw an average EV/EBITDA multiple of 8.8x for strategic acquirers, decreasing from 9.6x year-over-year from FY 2023.
- Throughout the remainder of 2024, the food & beverage industry is expected to continue facing challenges regarding recruiting and retaining staff as labor costs rise and unemployment falls.

Select recent M&A activity ⁽⁵⁾⁽⁶⁾⁽⁷⁾

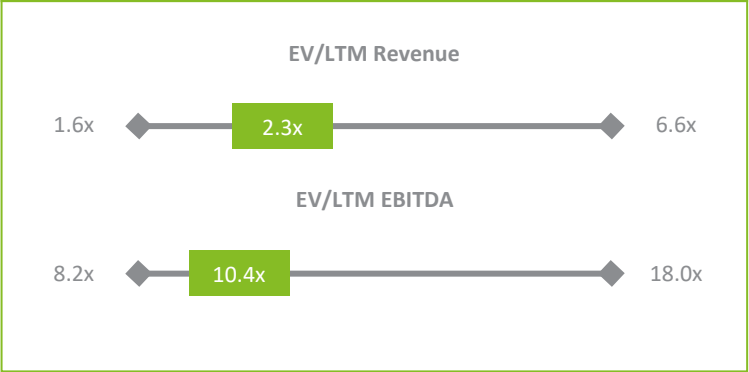
Close Date	Target	Acquiror	Implied EV (MM)
6/2024	Britvic plc	Carlsberg UK Holdings Limited	\$5,192.5
6/2024	Sea Smoke Estate Vineyards	Constellation Brands, Inc. (NYSE:STZ)	\$170.0
6/2024	Primary Products Ingredients Americas LLC	KPS Capital Partners	\$704.2
5/2024	Princes Limited	Newlat Food S.p.A	\$894.5
4/2024	Sonoma-Cutrer Vineyards, Inc.	The Duckhorn Portfolio, Inc. (NYSE:NAPA)	\$391.5



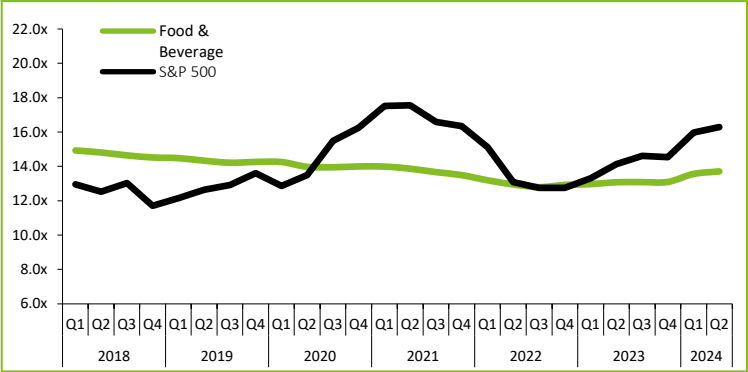
Select public comparables ⁽⁶⁾

Company name	Enterprise value (MM)
The Coca-Cola Company	\$302,566.4
Mondelez International, Inc.	\$106,002.5
The Kraft Heinz Company	\$59,509.0
General Mills, Inc.	\$48,457.2
Conagra Brands, Inc.	\$22,255.9
Hormel Foods Corp.	\$19,028.7

Median trading metrics ⁽⁶⁾



Average historical EV/EBITDA multiples ⁽⁶⁾



Source(s): (1)FRED, (2)U.S. Bureau of Labor Statistics, (3)USDA, (4)Restaurant365, (5)PitchBook, (6)S&P Capital IQ, (7)Mergermarket.

Health & personal care

Sector trends ⁽¹⁾⁽²⁾⁽³⁾

- Consumer willingness to spend on vitamins, minerals, and supplements (VMS) is driven by disposable income. Real disposable personal income was 1.1% higher in May 2024 compared to May 2023, helping enable consumers to spend more on VMS products.
- According to a survey published May 2024 by Leger, 81% of respondents prioritize physical health and 75% of respondents buy vitamins to improve quality of life.
- Discrete wearable devices that monitor vital signs, provide personal health insights, and track fitness goals are expected to gain market share throughout 2024, reflecting shifts in consumer lifestyles.
- Increasing consumer awareness of vitamin and mineral deficiencies propels consumer demand for at-home testing kits and more clinically effective, clean ingredient supplements.

Select recent M&A activity ⁽⁴⁾⁽⁵⁾

Close Date	Target	Acquiror	Implied EV (MM)
6/2024	Pruvit Ventures, Inc.	Adventures Capital	\$107.0
5/2024	Activ Nutritional LLC	Doctor's Best, Inc.	\$17.2
5/2024	Tirtir Inc.	Goodai Global, Inc.	\$109.4
4/2024	Mented Cosmetics, Inc.	West Lane Capital Partners	N/A
4/2024	PATCO Products	Kingswood Capital Management, L.P.	\$362.0



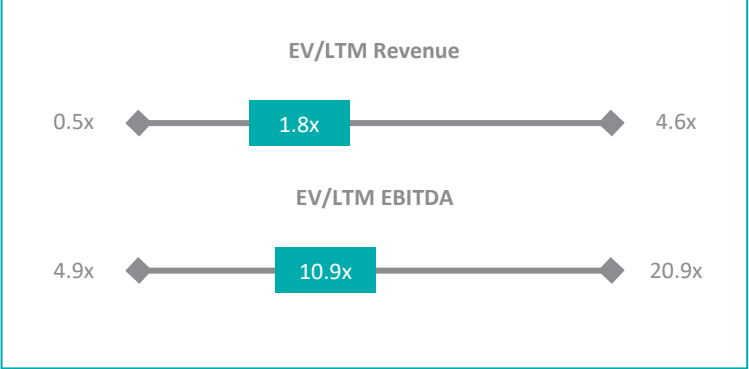
Select public comparables ⁽⁵⁾

Company name	Enterprise value (MM)
Reckitt Benckiser Group plc	\$48,172.5
Church & Dwight Co., Inc.	\$27,429.4
Glanbia plc	\$5,512.0
Herbalife Ltd.	\$3,248.4
Jamieson Wellness, Inc.	\$1,224.7
Nature's Sunshine Products, Inc.	\$230.0

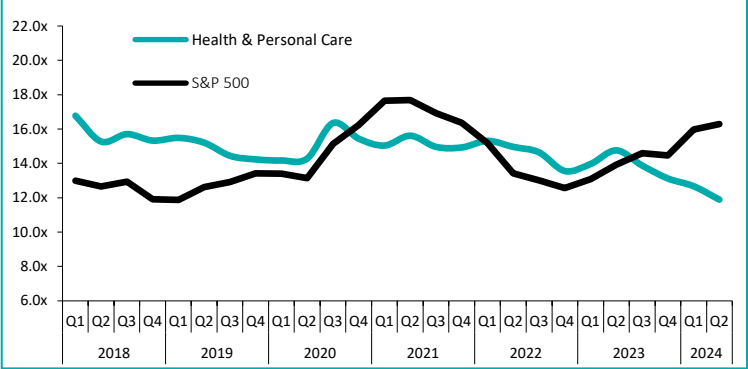
Source(s): (1)FRED, (2)Leger, (3)McKinsey, (4)Pitchbook, (5)S&P Capital IQ.

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Median trading metrics ⁽⁵⁾



Average historical EV/EBITDA multiples ⁽⁵⁾



Multi-unit and consumer services

Sector trends ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾

- American consumer spending in the retail and food services sectors rose 2.3% year-over-year from June 2023 to June 2024.
- Primarily driven by a culture shift that celebrates food and togetherness, U.S. restaurant sales are expected to exceed \$1.1T in 2024, increasing 5.4% from the record breaking high in 2023.
- The rising number of pet owners and significant growth in the animal care sector indicates a strong opportunity for pet franchise acquisitions moving forward.
- Following the FTC’s decision to ban many non-compete agreements, franchises must allocate resources to reassess and adapt employment contracts in the upcoming months.

Select recent M&A activity ⁽⁵⁾⁽⁶⁾

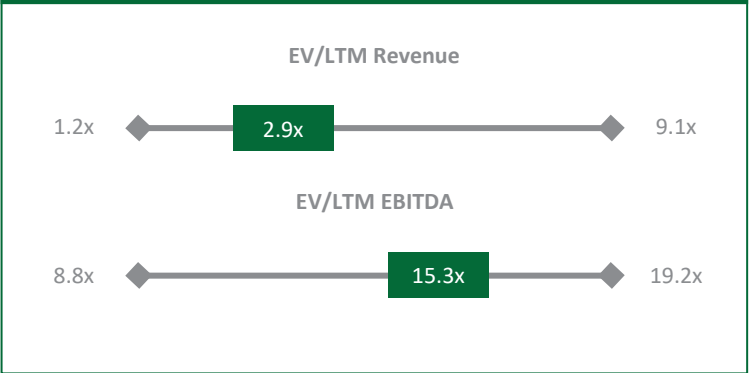
Close Date	Target	Acquiror	Implied EV (MM)
6/2024	Tropical Smoothie Café LLC	Blackstone Inc.	\$2,000.0
5/2024	MSR Resort Lodging Tenant LLC	Henderson Park Capital Management	\$705.0
4/2024	Doctor's Associates, Inc.	Roark Capital Management LLC	\$10,000.0
4/2024	Hyatt Regency San Antonio Riverwalk Hotel	Sunstone Hotel Investors, Inc. (NYSE:SHO)	\$221.8
4/2024	Hilton Boston Back Bay	Certares Management LLC; Belcourt Capital Partners	\$171.0



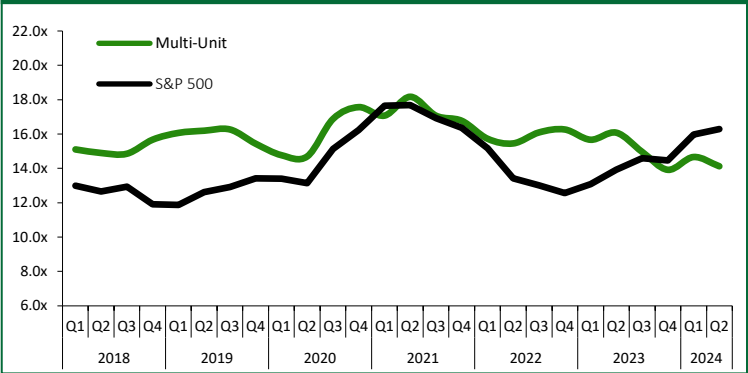
Select public comparables ⁽⁶⁾

Company name	Enterprise value (MM)
McDonald’s Corporation	\$233,765.5
Dollar General Corporation	\$46,477.8
Texas Roadhouse, Inc.	\$12,065.2
Planet Fitness, Inc.	\$8,400.4
Shake Shack, Inc.	\$3,677.2
Papa Johns International, Inc.	\$2,501.2

Median trading metrics ⁽⁶⁾



Average historical EV/EBITDA multiples ⁽⁶⁾



Source(s): (1)The US Census Bureau, (2)National Restaurant Association, (3)U.S. Bureau of Labor Statistics, (4)Saxton & Stump, (5)Pitchbook, (6)S&P Capital IQ.

Appendix

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