

Consumer Quarterly Update

Q4 2022



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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 middle-market financial advisor** 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

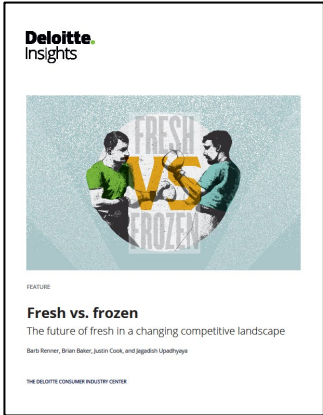
- Deloitte stays abreast of industry trends and makes significant investments in producing cutting-edge thought leadership.
- Deloitte is deeply committed to providing insights that help keep clients on the forefront of critical trends.
- Focused research on industry drivers and trends helps enable Deloitte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



Notable recent M&A transactions

Food and beverage 	SARIA SE & Co. KG's acquisition of Devro plc <ul style="list-style-type: none"> Devro plc manufactures and supplies collagen casings for sausage and other meat products. The company is based out of the United Kingdom. Saria SE & Co. KG manufactures ingredients for human and animal consumption across Europe. The acquisition expands Devro plc's manufacturing capabilities across Europe. 	Announced Date: November 2022 EV: \$756.2M Rev: \$315.1M EV/Rev: 2.4x EV/EBITDA: 10.4x
	Carlsberg Canada Inc.'s acquisition of Waterloo Brewing Ltd. <ul style="list-style-type: none"> Waterloo Brewing Ltd. is headquartered in Canada. The company sells, markets, and distributes premium beer and other alcohol-based products. Carlsberg Canada Inc. is a beer brewing company based out of Canada. The transaction expands Carlsberg Canada Inc's product base. 	Announced Date: December 2022 EV: \$158.5M Rev: \$79.3M EV/Rev: 2.0x EV/EBITDA: 15.5x
VMS 	Alcon Research Ltd.'s acquisition of Aerie Pharmaceuticals, Inc. <ul style="list-style-type: none"> Aerie Pharmaceuticals is a U.S.-based pharmaceutical company that focuses on the development and commercialization of eye therapies and eye disease treatment. Alcon, an American-Swiss company, is a global leader in eye care products. This acquisition helps bolster Alcon's presence in the pharmaceutical space with a growing portfolio of products. 	Close Date: November 2022 EV: \$904.0M Rev: \$157.0M EV/Rev: 5.8x EV/EBITDA: NM
	NB Aurora S.A. and Credem Private Equity SGR S.p.A's acquisition of Finlogic S.p.A. <ul style="list-style-type: none"> Based in Italy, Finlogic labels products in the pharmaceutical, healthcare, and cosmetics sectors. With customers internationally, Finlogic offers design and manufacturing capabilities for labels in the VMS sector. NB Aurora and Credem Private Equity co-invested in Finlogic in a public-to-private LBO. 	Close Date: December 2022 EV: \$94.0M Rev: \$64.2M EV/Rev: 1.5x EV/EBITDA: 9.4x
Specialty retail 	FEMSA's acquisition of Valora Holding AG <ul style="list-style-type: none"> Valora Holding AG is a Swiss retail and food service holding company. FEMSA produces, markets, and distributed Coca-Cola trademark beverages in Mexico and South America. The transaction will create a formidable player in the European convenience store and food services market catering to an increasingly mobile and digital clientele. 	Close Date: October 2022 EV: \$2,105.7M Rev: \$2,015.4M EV/Rev: 1.0x EV/EBITDA: 7.5x
	Metro Brands Ltd.'s acquisition of Cravatex Ltd. <ul style="list-style-type: none"> Cravatex Limited is a global platform for retail, brand licensing, and distribution of sporting goods products in India and internationally. Metro Brands Limited is a footwear specialty retailer based out of Mumbai, India. The acquisition allows Metro Brands to serve the growing need of the consumer in the sports and athleisure category. 	Close Date: December 2022 EV: \$40.9M Rev: \$84.2M EV/Rev: 0.5x EV/EBITDA: 33.2x

Food and beverage

Sector trends ⁽¹⁾

- The Russia-Ukraine conflict, which heightened price volatility for commodities, keeps food prices elevated with a downward trend.
- The Consumer Price Index US city average for food and beverages rose from 312.5 to 315.0 in Q4 2022, a 0.8% increase.
- Increasing labor and ingredient expenses are driving up costs for food and beverage companies and prices for customers.
- Despite inflation and recessionary risks, food and beverage retailers still plan to maintain elevated prices on premium goods.
- Although food and beverage retailers plan to maintain elevated prices, 60% of US consumers will be focused on getting better value from their money as concerns over the economy and rising living costs increase.

Select recent M&A activity ⁽²⁾

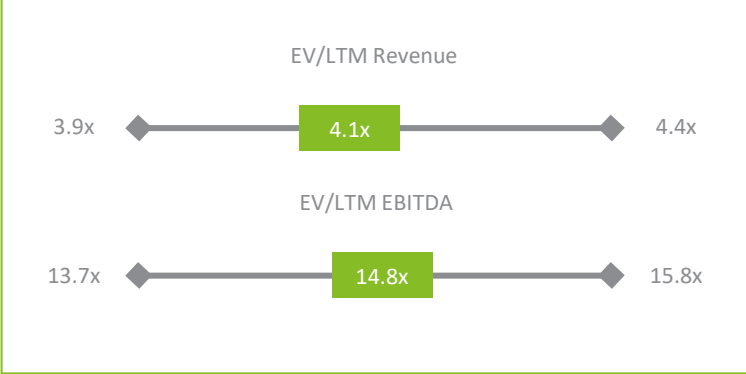
Close Date	Target	Acquiror	Implied EV (MM)
11/2022	Kohana Coffee, LLC	Westrock Beverage Solutions, LLC	\$39.4
11/2022	Wetzel's Pretzels, LLC	MTY Franchising USA, Inc.	\$207.0
11/2022	Montauk Brewing Company, Inc.	Tilray Brands, Inc.	\$45.4
10/2022	Arctic Fish Holding AS	Mowi ASA	\$408.4
10/2022	Assets of Smithfield Foods, Inc.	Solina Group SAS	\$587.5



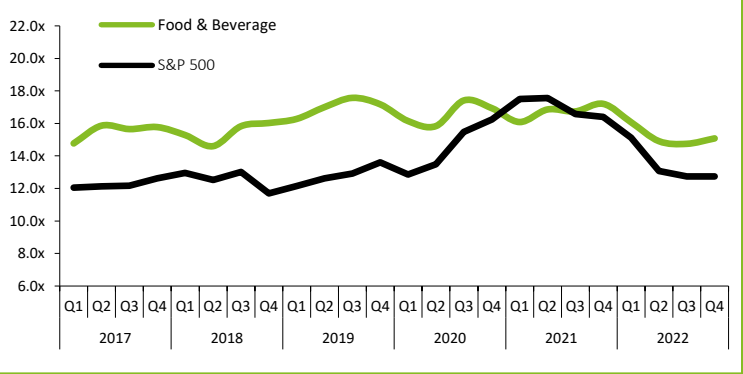
Select public comparables ⁽³⁾

Company Name	Enterprise Value (MM)
Nestlé S.A.	\$360,874.7
The Coca-Cola Company	\$290,067.4
Mondelez International, Inc.	\$107,932.2
General Mills, Inc.	\$56,982.9
Hormel Foods Corp.	\$26,780.6
Conagra Brands, Inc.	\$27,522.0

Trading metrics ⁽⁴⁾



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. In Q4 2022, real disposable income increased by 0.4% and 0.3% in October and January; a similar rate of increase was seen in Q3 2022.
- Direct-to-consumer (DTC) brands and e-commerce sales exploded in popularity within the VMS market in 2022. Online sales for VMS are expected to continue growing at 5.3% between 2022-2023, although less than the 12.7% growth seen from 2021-2022.
- In Q4 2022, online consumer engagement for vitamins measured by Google Shopping Trends increased by 5.6%. This increase is slightly higher than the engagement increase in the prior quarter (5.1%).
- The healthy eating index plummeted during COVID-19 but saw a resurgence in 2022 back to pre-COVID levels. 2023's healthy eating index is expected to stay flat relative to 2022, indicating a possible slowdown of VMS sales growth.

Select recent M&A activity ⁽²⁾

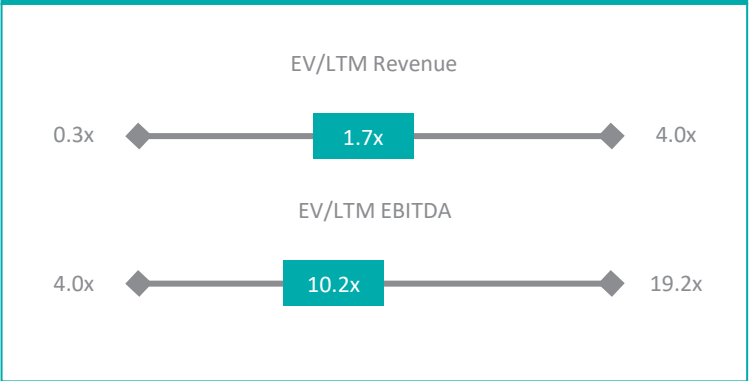
Close Date	Target	Acquiror	Implied EV (MM)
12/2022	Wolfson Brands Limited	Original Fit Factory Limited	\$137.0
12/2022	Tata Harper Skincare, LLC.	The Amorepacific Group	\$128.0
12/2022	Wellous Group Limited	Kairous Acquisition Corp.	\$270.0
10/2022	Better Health Company, LLC.	Nestle USA, Inc.	\$375.0
10/2022	Metrics, Inc.	Catalent, Inc.	\$475.0



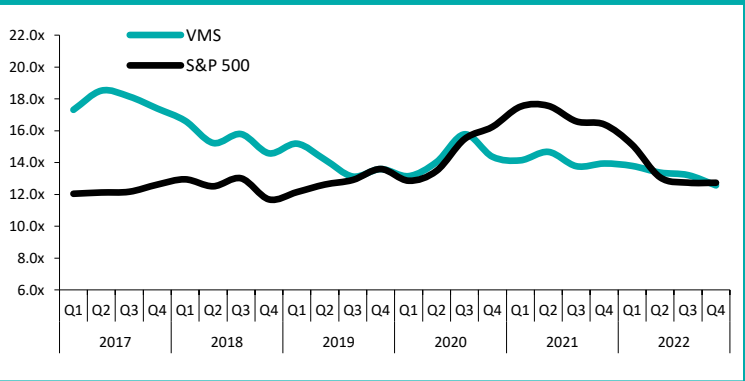
Select public comparables ⁽³⁾

Company Name	Enterprise Value (MM)
Reckitt Benckiser Group plc	\$61,898.5
Herbalife Nutrition Ltd.	\$4,140.2
Glanbia plc	\$4,271.8
Jamieson Wellness, Inc.	\$1,459.1
Medifast, Inc.	\$1,258.3
Nature's Sunshine Products, Inc.	\$149.1

Trading metrics ⁽⁴⁾



Historical EV/EBITDA multiples ⁽⁵⁾



Specialty retail

Sector trends ⁽¹⁾

- The retail sector struggled in Q4, missing economic growth estimates by 50 basis points, as rising interest rates and concerns about a slowing economy pinched American consumers.
- 2022 holiday sales grew by 5.3% to \$936.3B, falling short of the National Retail Federation's forecast of a 6% - 8% increase.
- Retailers continue to expand, seeing 20.7 million square feet of net absorption in Q4, lowering the national vacancy rate to 4.2%, the lowest it has been in 15 years.
- Despite signs that inflation has started to recede, economists predict that higher interest rates will push the U.S. economy into recession, further pressuring the retail sector as consumers tighten their spending.

Select recent M&A activity ⁽²⁾

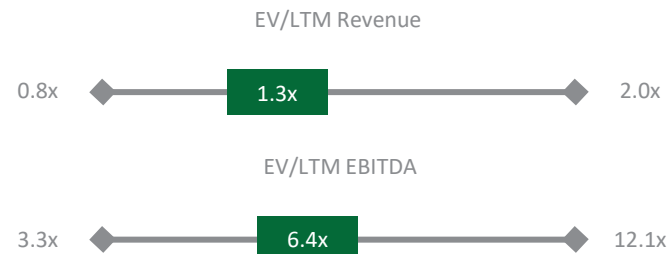
Close Date	Target	Acquiror	Implied EV (MM)
12/2022	Petspiration Group	Woolworths Group	\$2,100.0
12/2022	Media-Saturn-Holding	Ceconomy AG	\$4,141.5
11/2022	Cravatex Brands Ltd.	Metro Brands Ltd.	\$40.9
10/2022	EDION Corp.	Nitori Holdings Co., Ltd	\$999.7
10/2022	Valora Holding AG	FEMSA	\$2,105.7



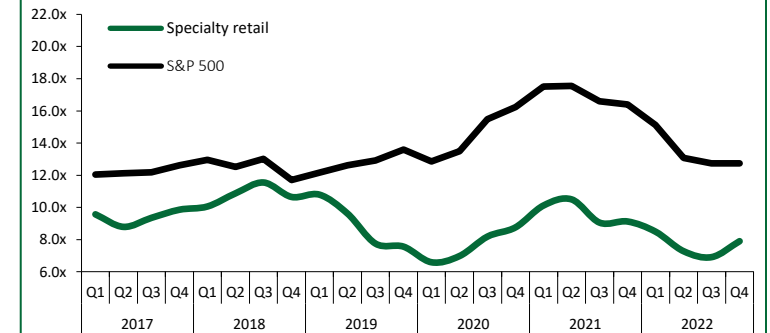
Select public comparables ⁽³⁾

Company Name	Enterprise Value (MM)
Tractor Supply Company	\$27,581.6
Ralph Lauren Corporation	\$9,677.4
Hanesbrands Inc.	\$6,803.8
Columbia Sportswear Company	\$5,852.2
Guess?, Inc.	\$2,258.7
Oxford Industries, Inc.	\$2,009.3

Trading metrics ⁽⁴⁾



Historical EV/EBITDA multiples ⁽⁵⁾



Appendix

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