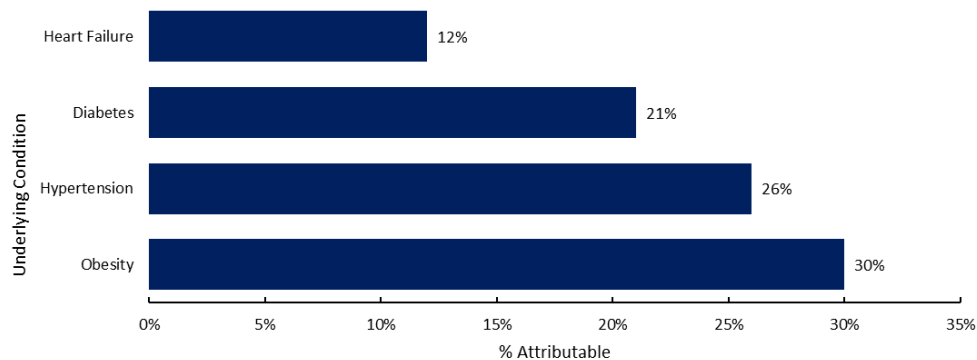


# HEALTH & WELLNESS M&A ACTIVITY— Q1 2021

## COVID-19 SPURS INCREASE IN SELF-CARE

Out of the 907,000+ COVID-19 hospitalizations in the United States, the following underlying conditions constituted the majority of COVID-19-related hospitalizations: **obesity (30%), high blood pressure (26%), diabetes (21%) and heart failure (12%)<sup>1</sup>**. As more than half of the U.S. population has an underlying condition, widespread COVID-19 cases have sparked preventative self-care initiatives among all demographic segments, albeit to a varying degree. It is no question those with underlying conditions are most at-risk if the virus is contracted, but even the population not ‘at-risk’ is taking preventative lifestyle measures in hopes of increased immunity.

**Covid-19 Hospitalizations Attributable to Underlying Conditions<sup>1</sup>**

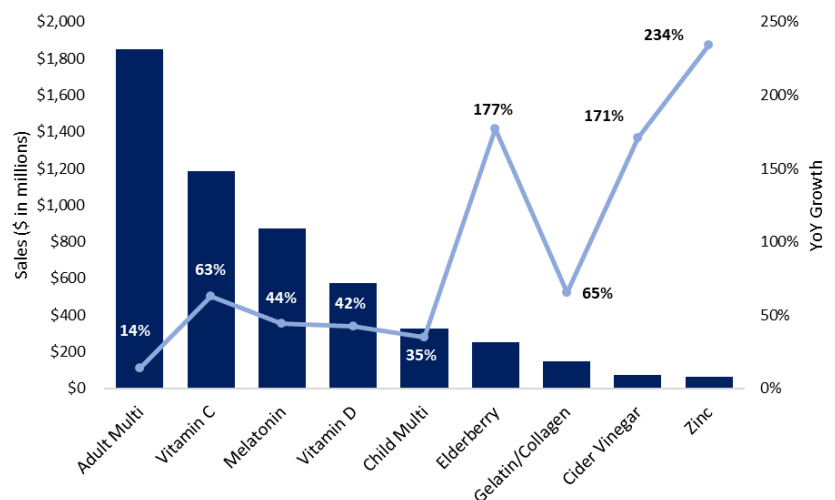


### Self-Care Initiatives

During a period with many unknowns, Americans have taken it upon themselves to prioritize personal wellbeing. Specifically, in an environment lacking viable pharmaceutical vaccination for the better part of a year, Americans turned to vitamins, minerals and supplements (VMS) as an alternative to boost immunity and/or limit symptoms of the coronavirus. **Zinc, Elderberry and Cider Vinegar have experienced triple-digit growth YoY as they contain immunity boosting antioxidants and vitamins<sup>2</sup>**.

- **34% of Gen Z/Younger Millennials** incorporate VMS products in their daily routine to boost immune response, compared to only **11% of Baby Boomers<sup>2</sup>**.
- **VMS products witnessed an uptick in sales growth in Q1 2021**, similar to that experienced in Q1 2020 when COVID-effected consumer purchasing activity emerged for the first time.

**Vitamin & Supplement Purchasing Growth YoY<sup>2</sup>**



**Self-care is not a cut and dry concept. It could mean incorporating VMS products into one’s daily routine, more frequent/more deliberate handwashing, or even implementing a regular workout regiment complemented by a plant-based diet. In any case, the goal is to promote overall wellbeing.**

(1) Journal of the American Heart Association, (2) IRI Consulting

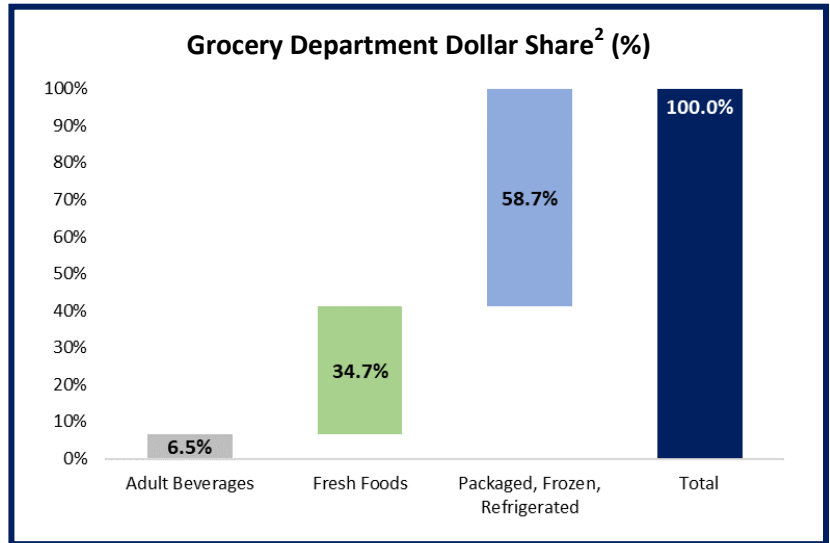
**COVID-19 SPURS INCREASE IN SELF-CARE**

**Preventative Lifestyle Measures**

As immunity and overall wellbeing become top of mind, attention to the quality of food products consumed has heightened. Noteworthy, 60% of Americans have chronic underlying conditions associated with increased COVID-19 risk, while 40% of Americans have two or more<sup>3</sup>. As the pandemic has led to an increase in consumer preference for home-cooked meals (vs. dining out), Americans are **(i) allocating more time to meal preparations, (ii) paying closer attention to food labels, and (iii) aligning shopping lists with health as a primary purchasing driver**. Compared to the same period a year ago, the grocery department dollar % growth is as follows:

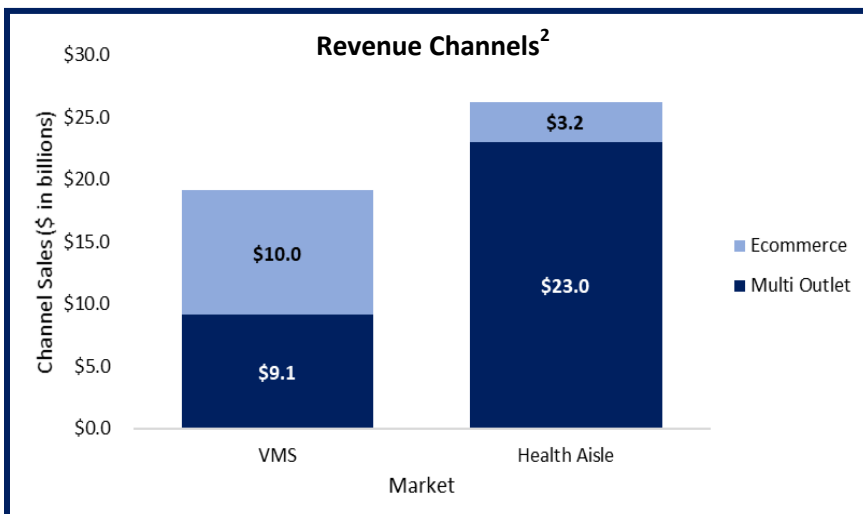
- Fresh Foods (+10.5%); and
- Packaged, Frozen, Refrigerated (+13.6%).

The Food & Beverage industry’s better-for-you segment has resonated favorably among younger consumers. Gen Z and Millennials in particular are strong subscribers to preventative measures (e.g., exercise and better-for-you foods and beverages, among others), while Baby Boomers are more likely to turn to traditional medical care and prescription remedies.



**Alternative Revenue Channels**

The channels in which consumers interact with health and wellness-focused brands and products are diverse across the industry (see Revenue Channels chart). For example, VMS sales are near evenly split among ecommerce and multi outlet, while Health Aisle\* sales are heavily reliant on multi-outlet accessibility. Noteworthy, **Health Aisle sales have increased nearly 100% while VMS sales are up 46% compared to 2019<sup>2</sup>**.



**Grocery foods have also benefitted from ecommerce channel migration tailwinds:**

- When surveyed by IRI Consulting, nearly 1 in 5 (17%) of households identified online shopping as the preferred method.
- Fresh foods in particular represented \$4B in ecommerce sales during the second half of 2020 (+99% YoY).

*\*Health Aisle captures non-VMS health-related products including, but not limited to, plant-based ingredients, low-glycemic and unsweetened foods, microbiome (gut) health, and nutrient-dense foods.*

Source: (2) IRI Consulting, (3) CDC

**COVID-19 SPURS INCREASE IN SELF-CARE**

**Trust & Brand Recognition**

As retail locations shuttered for much of 2020, consumers turned to brands they could trust across digital channels. This countered a pre-pandemic, decade-long trend where niche and private-label products grabbed market share from branded items. However, **safety and security factors have become increasingly critical in consumers’ decision-making processes**, which has led to a sales resurgence in trusted name brands in recent months.

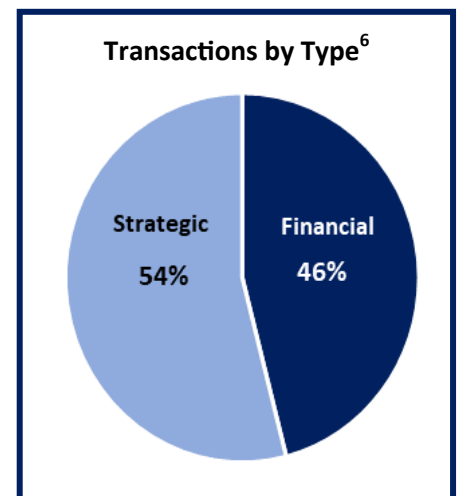
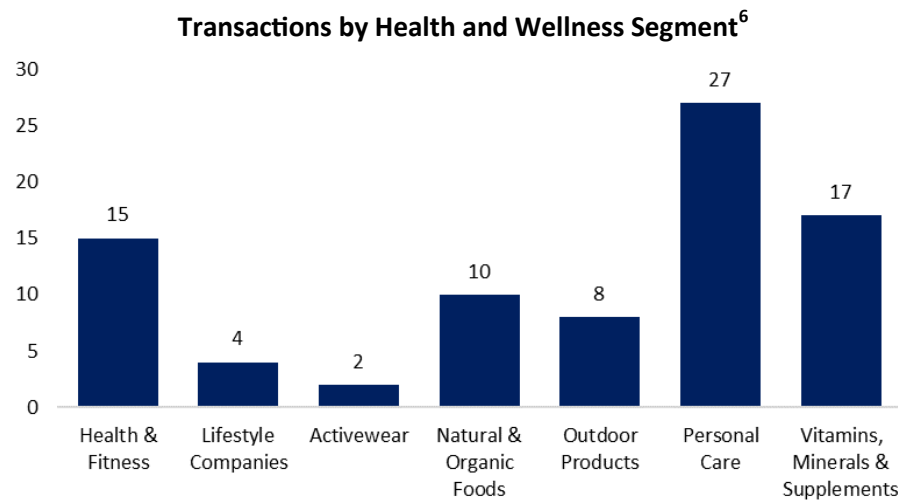
For example, Deloitte conducted a study during the pandemic to observe the relationship between brand trust and concern for both physical and financial wellbeing. **Physical and financial wellbeing concerns explained 85% of the movement in consumers’ propensity to purchase name brands they have come to trust<sup>4</sup>.**



**Investor Attraction**

Companies operating in health and wellness have drawn interest from both strategic and financial buyers. Strategic buyers slightly outpaced private equity in the second half of 2020 constituting 54% of total transactions across health and wellness segments. Within the health and wellness space, **private equity was particularly active in the VMS category in 2020, representing 21% of total deal volume.** Buyers have demonstrated particular interest in companies with:

- Strong brand recognition;
- Recurring revenue; and
- Digitally native DTC competencies<sup>5</sup>.



Sources: (4) Deloitte, (5) Nutrition Business Journal (NBJ), (6) PitchBook Financial Data and Analytics

**COVID-19 SPURS INCREASE IN SELF-CARE****Select M&A Transactions (LTM through March 2021)**

Date	Target	Target Description	Acquirer	Deal Value (\$M)
3/21	FoodScience Corp.	Manufacturer of nutritional supplements	Wind Point Partners	N/A
1/21	Eu Natural	Digitally native VMS wellness brand	American Pacific Group	N/A
12/20	Double Wood	Manufacturer of dietary supplements	Boyne Capital Partners	N/A
12/20	MyFitnessPal	Developer of a health fitness application	Francisco Partners	\$345
12/20	Ladder	Manufacturer of premium supplements	Openfit	N/A
11/20	SmartyPants	Producer of nutritional supplements	Unilever	N/A
10/20	C.A. Standard Hemp	Producer of CBD products	Real Brands	N/A
10/20	Nutrisystem	Provider of weight management products	Kainos Capital	\$494
9/20	HiLo Nutrition	Owner and operator of a sports nutrition brand	Bettera Brands	N/A
9/20	Jarrow Formulas	Producer of nutritional supplements	New Mountain Capital	N/A
8/20	Next Frontier Biosciences	Manufacturer of cannabis derivatives	HHL Holdings	N/A
8/20	General Nutrition Centers	Retailer of vitamins, minerals and supplements	Harbin Pharmaceutical	\$760
7/20	Cascade Coffee	Provider of specialty coffee roasting	Westward Partners	N/A
7/20	Dr. Emil Nutrition	Provider of health and wellness supplements	Brand Holdings	N/A
7/20	PEsciences	Producer of health and wellness supplements	Kirtland Capital Partners	N/A
6/20	Nova Mentis Biotech	Portfolio of health and wellness businesses	Liberty Leaf Holdings	N/A
5/20	Bodybuilding.com	Retailer of nutritional supplements	The Najafi Companies	N/A
2/20	OMID Holdings	CBD health and wellness holding company	AV1 Group	N/A
2/20	OneQor Pharmaceutical	Developer of plant-derived products	Terra Tech	N/A

Source: Pitchbook, CapitalIQ

## HEALTH &amp; WELLNESS M&amp;A ACTIVITY — Q1 2020

## COVID-19 SPURS INCREASE IN SELF-CARE

## Public Company Trading Data

## Vitamins, Minerals and Supplements (VMS)

Company Name	Market Data				TTM			EV / LTM	
	Price 4/12/2021	% 52 Wk High	Market Cap (\$M)	EV (\$M)	Revenue (\$M)	EBITDA (\$M)	Margin (\$M)	Revenue x	EBITDA x
Herbalife Nutrition, Ltd.	\$45.64	77.4%	\$530.3	\$6,927.7	\$5,541.8	\$835.5	15.1%	1.3x	8.3x
Medifast	\$221.23	79.2%	\$2,604.9	\$2,441.5	\$934.8	\$148.3	15.9%	2.6x	16.5x
USANA Health Sciences	\$99.89	97.4%	\$2,060.1	\$1,756.8	\$1,134.6	\$198.4	17.5%	1.5x	8.9x
Greencore Group	\$217.67	82.0%	\$562.5	\$1,030.0	\$1,611.1	\$108.9	6.8%	0.6x	9.5x
Jamieson	\$30.44	84.2%	\$1,213.5	\$1,329.5	\$300.8	\$63.9	21.3%	4.4x	20.8x
<b>Mean</b>							<b>15.3%</b>	<b>2.1x</b>	<b>12.8x</b>
<b>Median</b>							<b>15.9%</b>	<b>1.5x</b>	<b>9.5x</b>
Harmonic							13.1%	1.4x	11.2x
High							21.3%	4.4x	20.8x
Low							6.8%	0.6x	8.3x

## Natural Foods

Company Name	Market Data				TTM			EV / LTM	
	Price 4/12/2021	% 52 Wk High	Market Cap (\$M)	EV (\$M)	Revenue (\$M)	EBITDA (\$M)	Margin (\$M)	Revenue x	EBITDA x
Hain Celestial Group	\$43.35	95.4%	\$4,252.0	\$4,582.7	\$2,092.1	\$205.9	9.8%	2.2x	22.3x
United Natural Foods	\$35.30	96.2%	\$1,987.3	\$5,522.4	\$27,917.8	\$836.9	3.0%	0.2x	6.6x
SunOpta	\$14.86	87.1%	\$1,534.3	\$1,756.0	\$789.2	\$42.8	5.4%	2.2x	41.0x
BellRing Brands	\$24.23	91.3%	\$945.1	\$3,934.0	\$1,026.7	\$169.0	16.5%	3.8x	23.3x
Natural Grocers	\$17.06	91.0%	\$38.2	\$789.4	\$1,071.9	\$49.2	4.6%	0.7x	16.0x
<b>Mean</b>							<b>7.9%</b>	<b>1.8x</b>	<b>21.8x</b>
<b>Median</b>							<b>5.4%</b>	<b>2.2x</b>	<b>22.3x</b>
Harmonic							5.6%	0.7x	15.3x
High							16.5%	3.8x	41.0x
Low							3.0%	0.2x	6.6x

Source: PitchBook as of 4/12/2021

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Our Team is made up of finance and accounting experts, operators, C-Suite and Board professionals, lawyers, consultants, and marketing professionals. These diverse experiences and skills drive extraordinary results for our clients.



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