



M&A sector report

Consumer – Nordics

H1 2023

Executive summary: Both opportunities and challenges ahead for H2 2023



Economic challenges and opportunities define H2 2023 M&A outlook

- Economic and financing hurdles could make H2 2023 challenging for M&A, with more complex structures anticipated
- A key success factor will be preparation, capitalising on the right opportunities, and delivering on strategic objectives
- M&A activity will be centred around sectors showing resilience and those undergoing consolidation
- With valuation multiples declining due to economic uncertainty, well-capitalized firms and private equity entities with substantial dry powder are presented with appealing M&A opportunities



Consumer financial health improves with shifts in spending

- Consumers showed signs of improved financial wellbeing in H1 2023, driven by the stabilisation of inflation, interest rates, and energy prices
- Fundamental costs like housing and food are claiming a larger share of consumers' wallets, with an uptick in savings as a precaution against potential recession, leading to decreased spending on other consumer goods
- Despite some consumers becoming more cost-focused, shopping behaviours remain largely unchanged



EU wholesale turnover slows down, while retail turnover continues to grow due to price effects

- Post-COVID-19 inflation-driven growth in EU27 wholesale and retail trade turnover has started to decelerate - wholesale and retail turnover slows down in the last 6 months as prices stabilise and volumes continue stagnating trend post-covid-19
- Wholesale turnover slows down as price increases start to stagnate, while retailers continue transferring costs to consumers
- Wholesale and retail food commodities face greater price increases than non-food, with wholesale food & agro sectors bearing the brunt of inflation, while similar trend is evident in the retail food and beverages sector



H1 2023 sees normalisation of consumer industry deal activity, however with decrease in valuation multiples

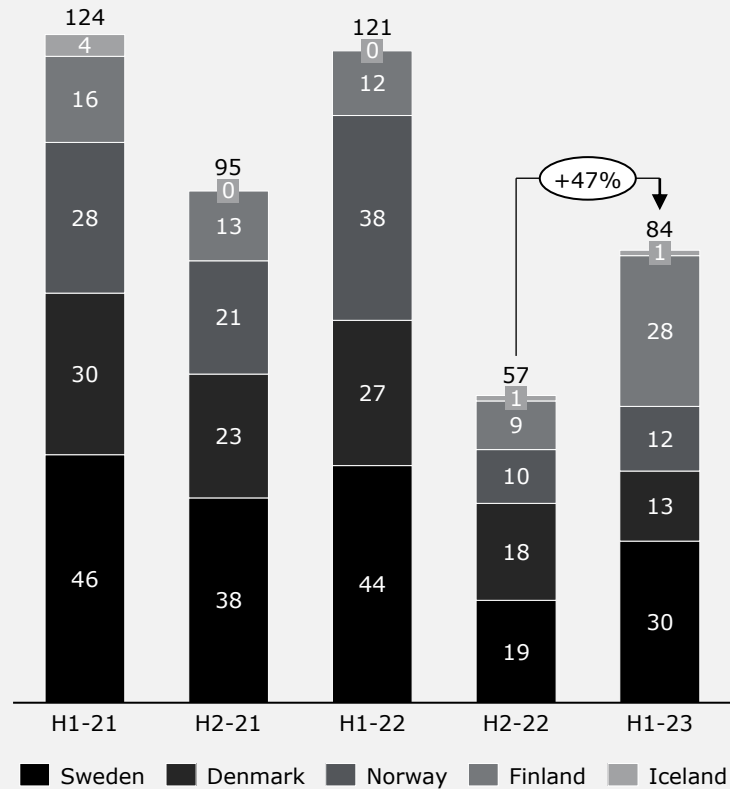
- Deal activity in the Nordic consumer industry has shown signs of stabilisation in H1 2023 after experiencing a below-normal level in H2 2022 and a highly active H1 2022
- The number of Nordic transactions has increased by approximately ~50% from H2-22 to H1-23, while deal activity decreased by approximately ~30% from H1-22 to H1-23. Meanwhile, EV/EBITDA multiples have dropped to 8.4x from around 10x in FY22.
- Valuation multiples declined in H1 2023, being affected by macroeconomic uncertainties, rising interest rates, and a somewhat lower appetite for consumer businesses among financing providers

Executive summary: Uptick in H1-23 M&A deal volume, while multiples have decreased

Decrease in M&A consumer deal volume from H1-22

31% drop in deal volume for the Nordics overall from H1-22 to H1-23, despite Finnish volume having increased by 2.3x

Number of transactions per year



Consumer transaction multiples down to 8.4x EBITDA

Recent European consumer transactions indicate a reduction in enterprise value, from 10.3x EBITDA in FY22 to 8.4x in H1-23

Transaction multiples (median) in Europe¹



Trading multiples still well below historical average

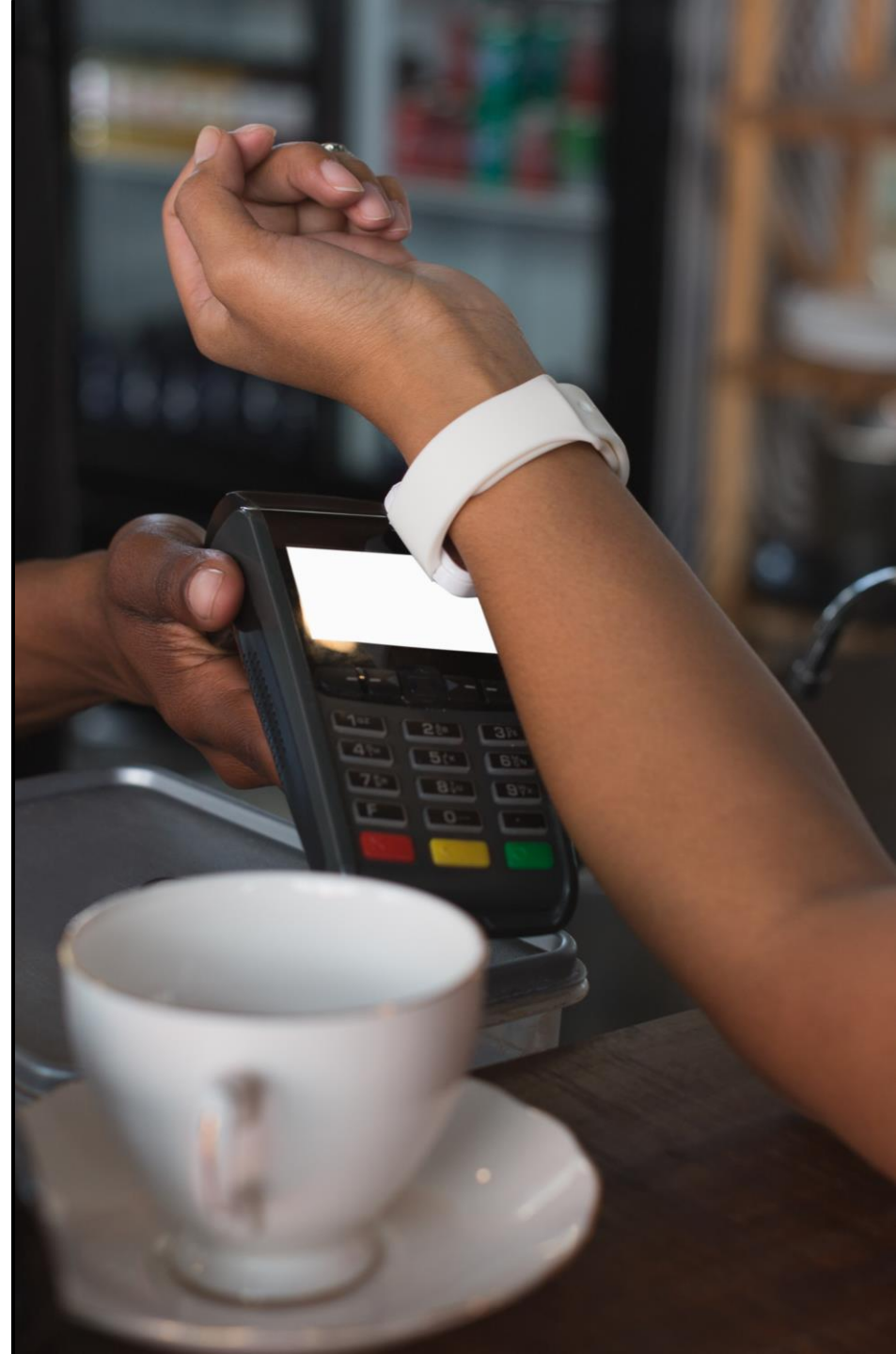
Listed consumer companies across the Nordics trading at 8.4x EBITDA; well below historical average of 10.3x

The Deloitte Nordic Consumer Index²



Notes: 1) EV/EBITDA multiple shown at Europe level for sufficient sample size; 2) Deloitte's Nordic Consumer Index comprises 75 Nordic listed consumer companies
Sources: Mergermarket; S&P Capital IQ; Deloitte analysis

- 1 Introduction
- 2 Nordic consumer M&A activity
- 3 Nordic consumer market development
- 4 Deloitte Nordic consumer team & credentials





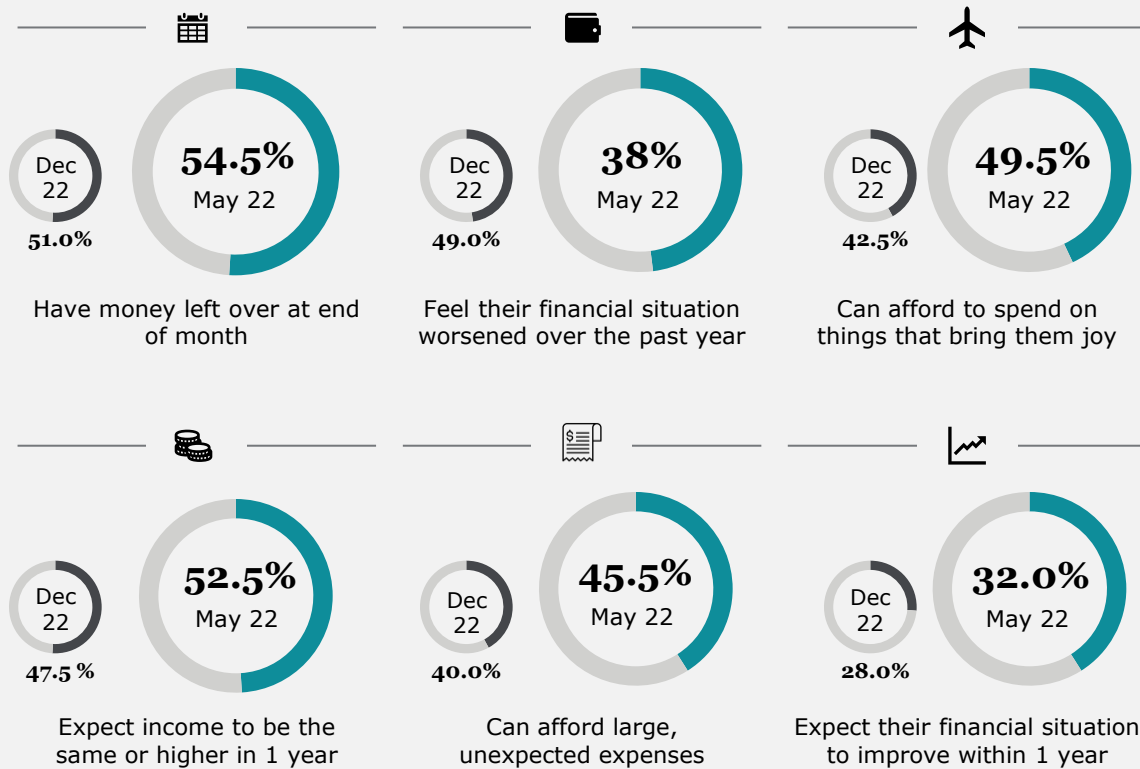
1. Introduction

Consumers' financial wellbeing improves, while savings' share of wallet increases

Financial wellbeing

There were indications of improved financial wellbeing during H1-23, driven by the stabilisation of inflation, interest rates, and energy prices

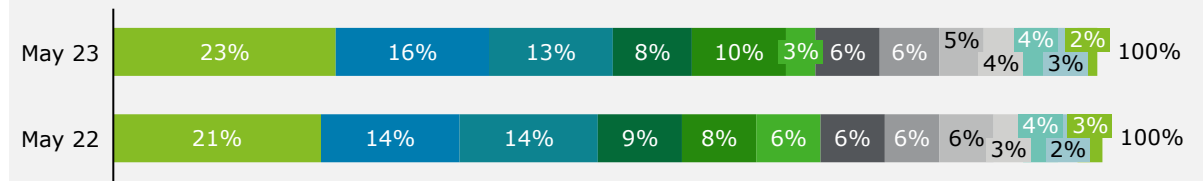
Consumers' perceived current financial wellbeing and future expectations



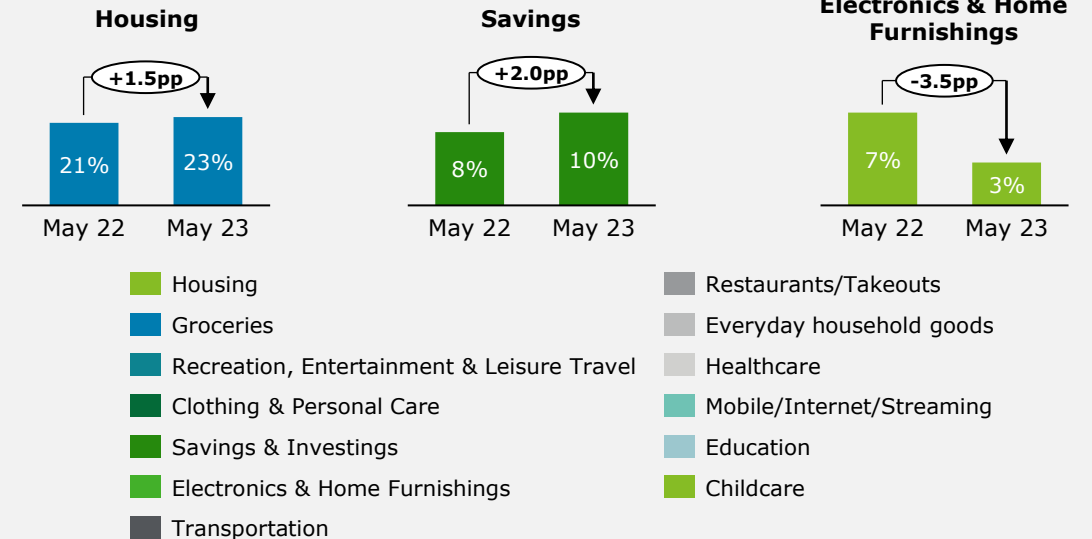
Share of wallet

The increased costs of essentials such as housing and food have enlarged the share of consumers' wallets dedicated to them. Due to fear of recession, there's an increase in savings' share of wallet, leading to decreased spending on other consumer goods

Planned spend by category next four weeks



Categories exhibiting largest YoY change



Note: 1) Monthly online panel survey. Survey data from Denmark and Sweden is represented in the sample (N = 2000)

Sources: [Consumer behavior trends state of the consumer tracker | Deloitte Insights](#); Deloitte analysis

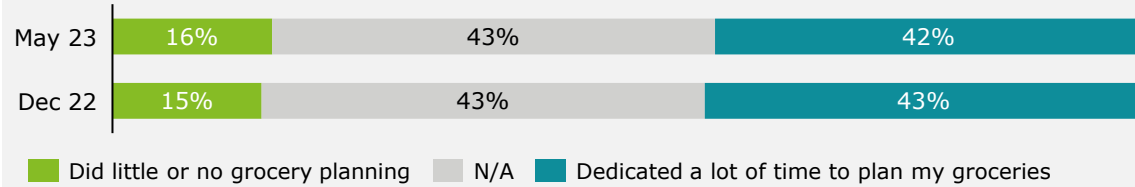
No clear changes in shopping behavior, but increase in international travel post-covid noted

Shopping behaviour

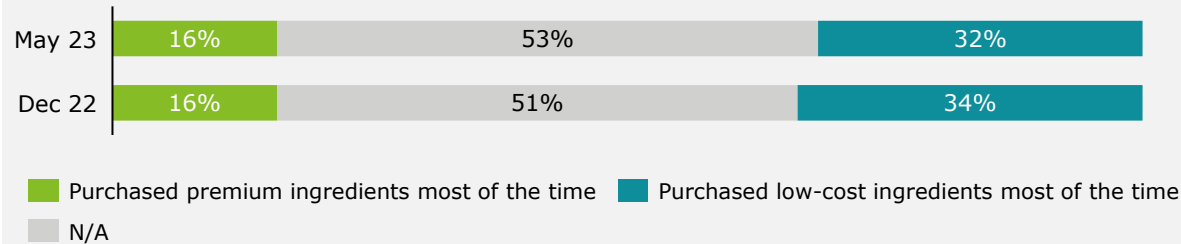
Some consumers have become more cost-focused in an attempt to offset rising prices, but there are no clear indications of significant changes in consumer behavior

Impact of rising prices on shopping behaviour²

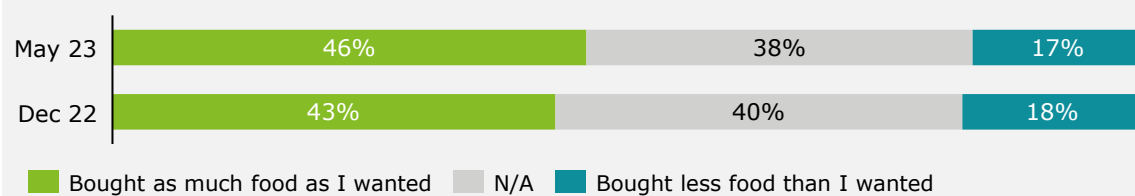
Time and effort



Preference and Trade-offs



Economise

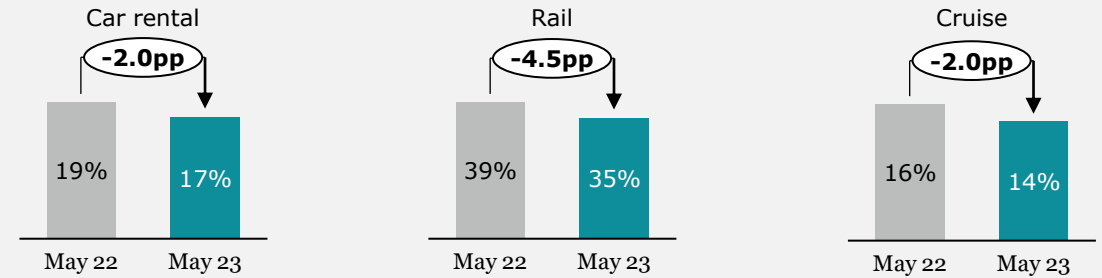


Travel & Hospitality

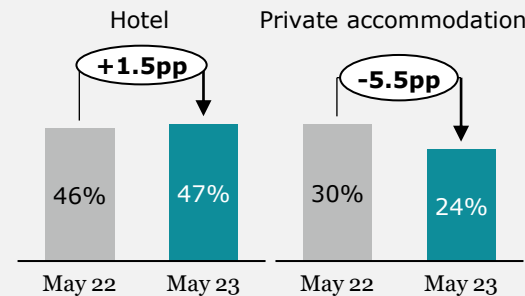
Post-pandemic, consumers have been making more long-distance international vacation travels, resulting in increased international flights and hotel bookings, and a decrease in other forms of transportation

Travel leisure plans, next 3 months

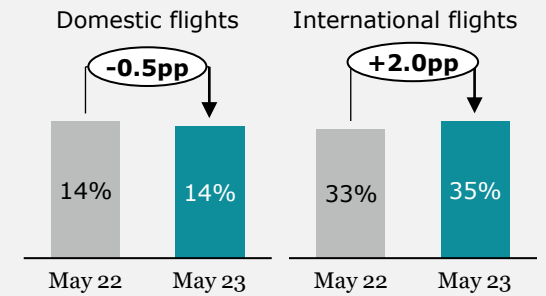
Transportation



Accommodation



Flights



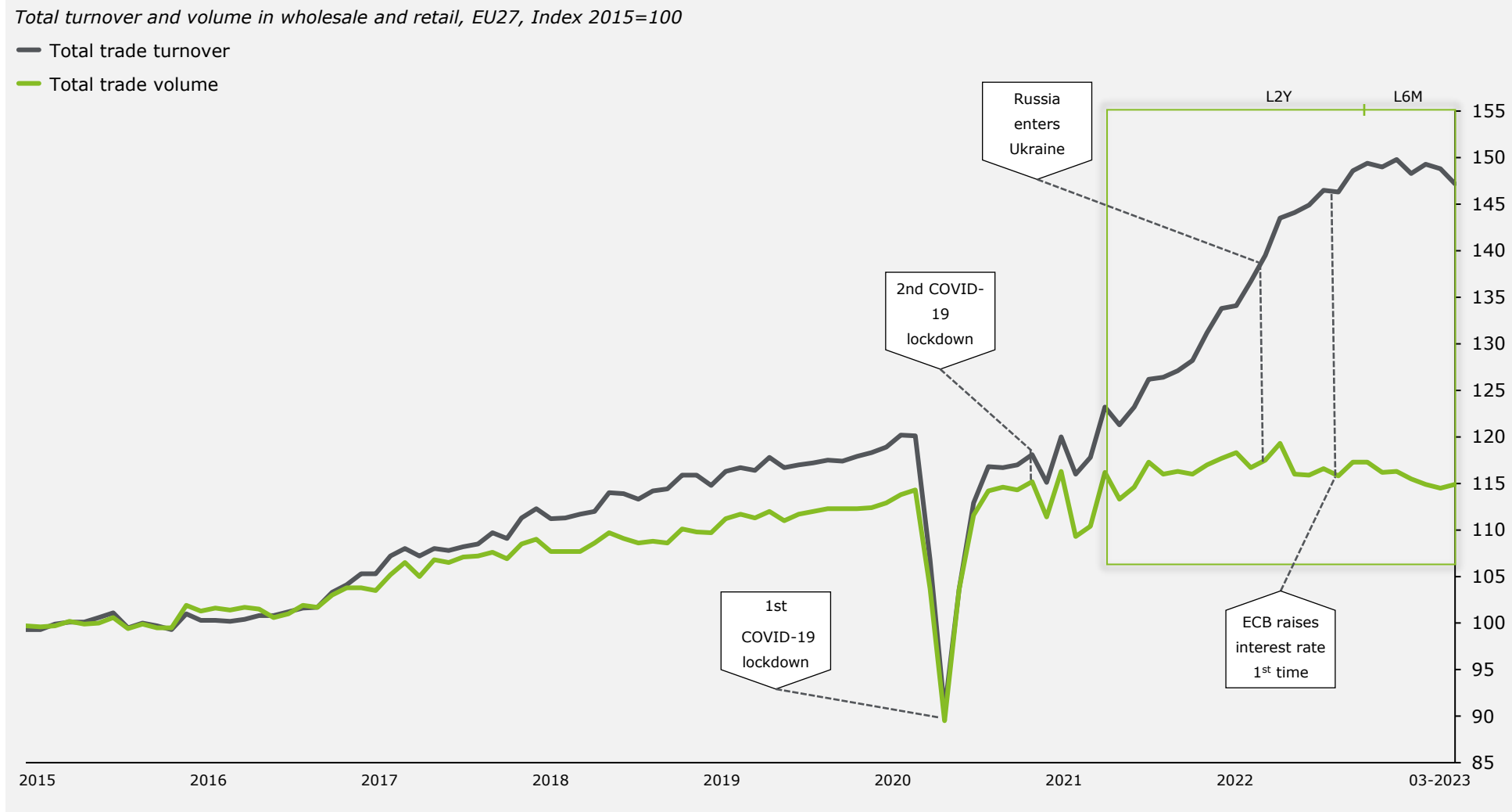
Notes: 1) Monthly online panel survey. Survey data from Denmark and Sweden is represented in the sample (N = 2000)

2) Respondents were shown paired statements separated by a 6-point scale. Figure shown reflect % of respondents who selected the two rightmost (Trying to save costs) and two leftmost (Shopping with confidence) points on the scale

Sources: [Consumer behavior trends state of the consumer tracker | Deloitte Insights](#); Deloitte analysis

European consumer turnover experiences slowdown due to diminishing price effects

EU wholesale and retail turnover slows down in the last 6 months as prices stabilise and volumes continue stagnating trend post-covid-19



- Post-COVID-19, total EU27 wholesale and retail trade turnover has been on a rapid incline (CAGR of approx. 9.5% in the last two years). This surge is primarily driven by price effects from increased inflationary pressure on input energy and commodities, coupled with monetary and fiscal stimuli
- On the other hand, trade volume has remained relatively stable during the same period, declining at a CAGR of -0.6 % over the past two years. While trade volume experienced minor growth in 2021, it has since receded towards early 2021 levels. The ongoing economic downturn, high prices and declining real wages continue to impact trade volume
- The short-term outlook for wholesale and retail trade in the EU is marked by continued low or stagnant growth, influenced by similar trends observed over the last 6 months

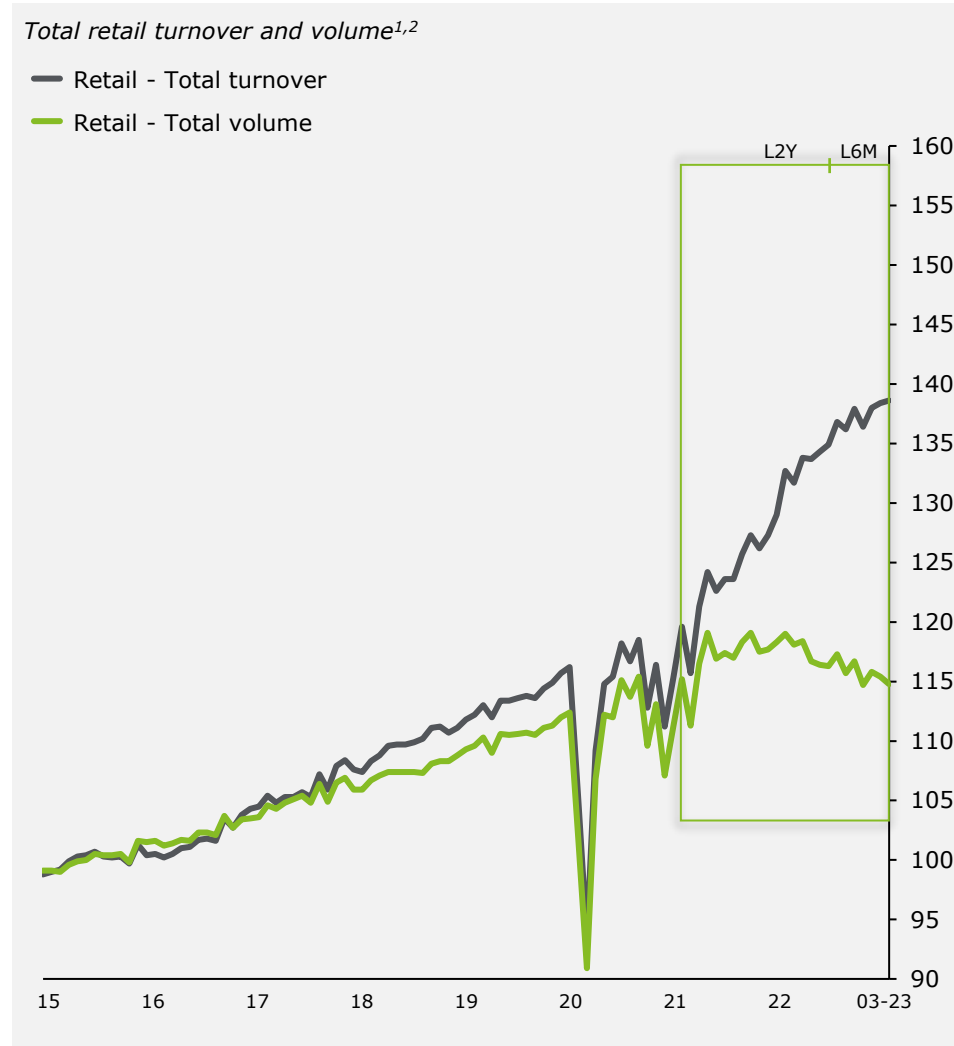
1) EU27 - Index 2015=100. Seasonally and calendar adjusted
Eurostat, Nationalbanken

EU wholesale turnover slows down, while retail turnover continues to grow due to price effects

Wholesale turnover slows down as price increases start to stagnate...



...meanwhile, retailers continue transferring costs to consumers

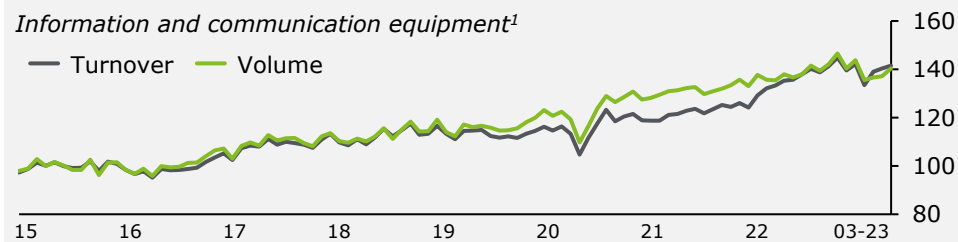
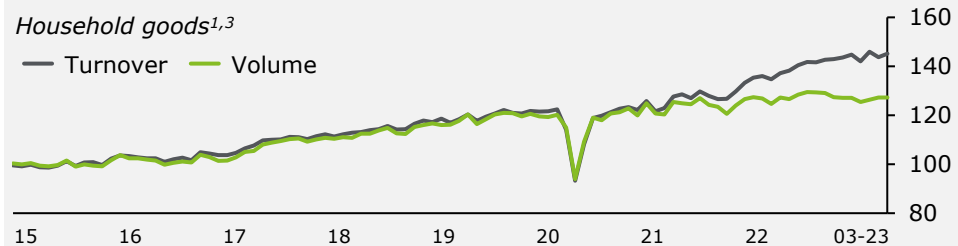
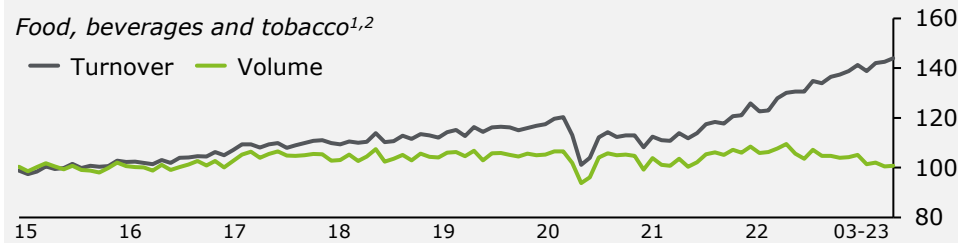
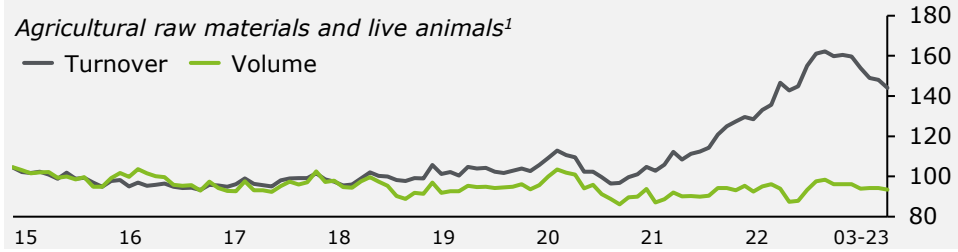


- There has been a significant increase in wholesale turnover in the last two years, growing at a CAGR of approximately 10%. Price effects have been a driving factor, as inflationary pressures have compelled wholesalers to pass costs onto consumers
- However, as inflation drivers, such as energy prices and supply chain disruptions, begin to stabilise, turnover has slowed down over the last six months
- Additionally, a decrease in wholesale volume since the start of 2022 has contributed to this slowdown
- Retail turnover has consistently grown over the past two years, although at a slightly lower CAGR of 7.6%
- On the whole, retail volume has remained stable throughout this period, generally mirroring the growth rates seen in wholesale

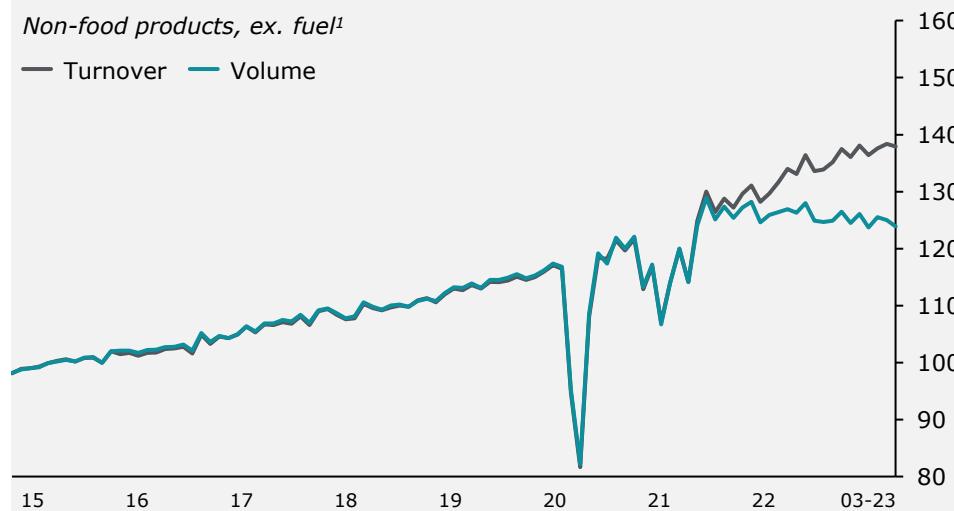
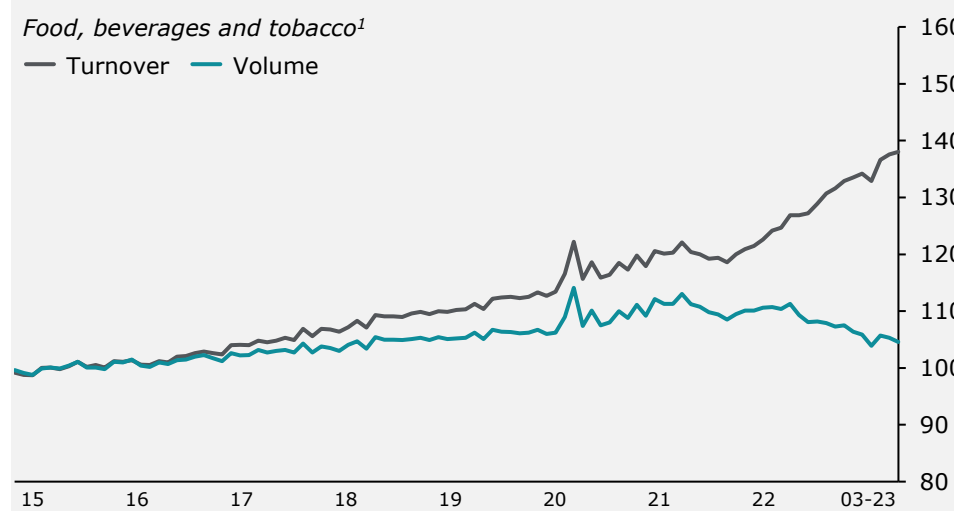
1) EU27 - Index 2015=100. Seasonally and calendar adjusted; 2) except motor vehicles and motorcycles
Eurostat

Both wholesale and retail food commodities face greater price increases than non-food

Wholesale food and agro sectors bear the brunt of inflation...



...while similar trend evident in retail food and beverages sector



- Wholesale agricultural and food sector are witnessing the largest turnover growth within the consumer industry. Volumes are stagnating, and growth is primarily driven by inflation
- These industries are heavily reliant on raw materials and energy, and the relative transportation costs are high. However, there are signs of a slowdown within the agricultural sector, primarily due to the stabilisation of energy prices
- Non-food wholesale sectors have been less affected by inflation, as their products are less commoditised and cost-sensitive. Thus, these sectors show no signs of a slowdown
- Retail food sectors mirror the trends seen in wholesale food with turnover having grown rapidly over the last two years, while volumes have declined - albeit with a slight lag.
- Retail non-food industries follow patterns similar to non-food goods within wholesale; they are less impacted by macroeconomic changes

Notes: 1) EU27 - Index 2015=100. Seasonally and calendar adjusted; 2) Euro Area 20 used as proxy for EU27; 3) Germany, France, Norway used as proxy for EU27
Eurostat

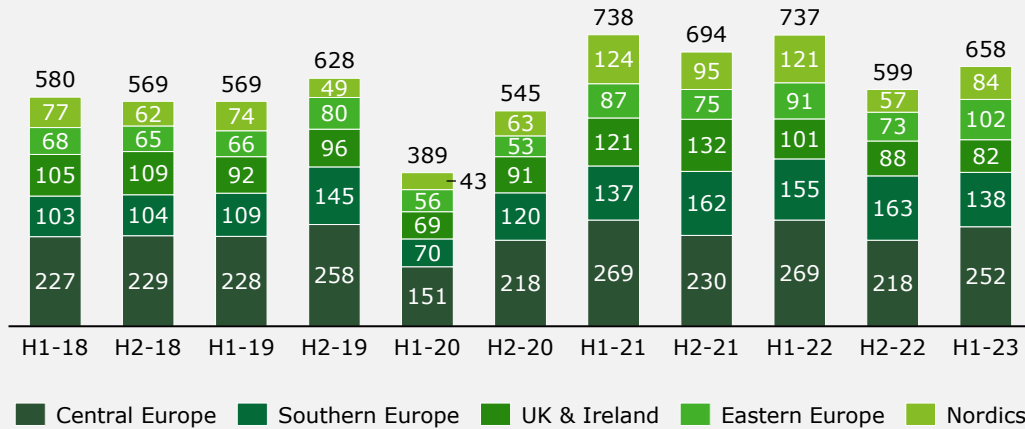


2. Nordic consumer M&A activity

H1 2023 sees normalisation of Nordic consumer industry deal activity and decrease in valuation multiples

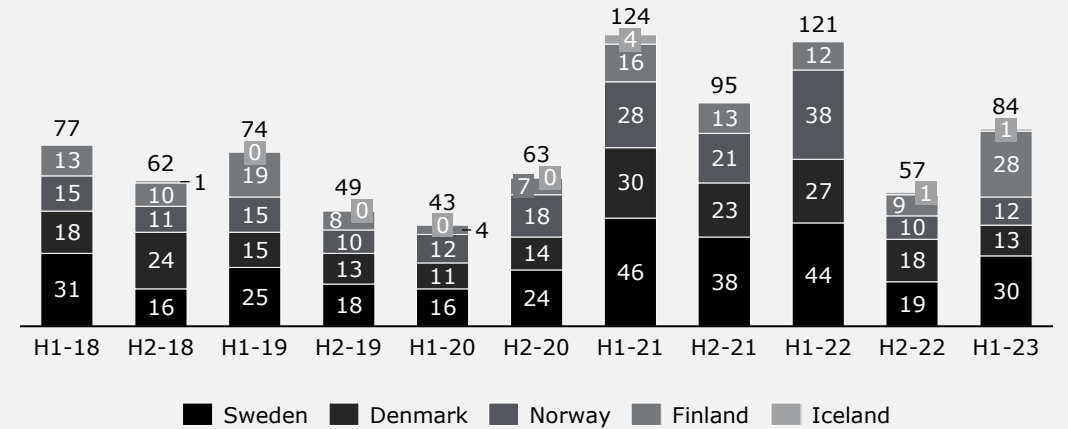
Consumer transactions in Europe

Number of transactions in Europe

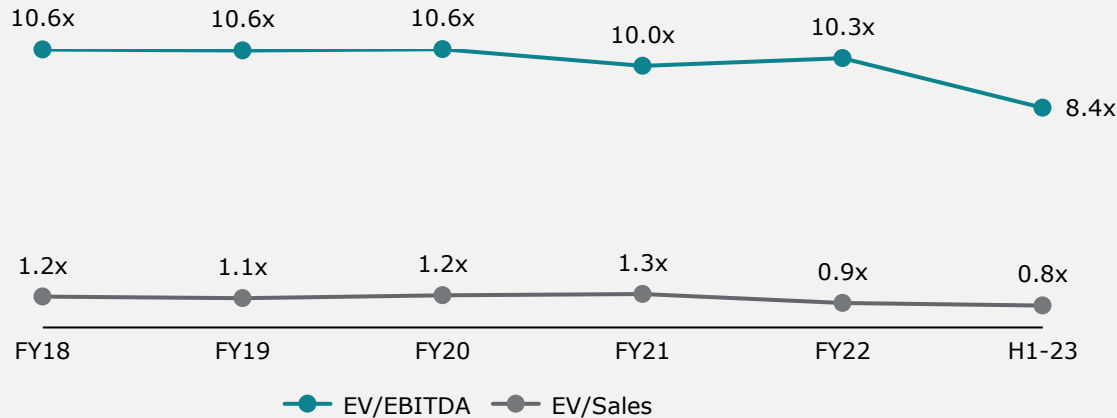


Consumer transactions in the Nordics

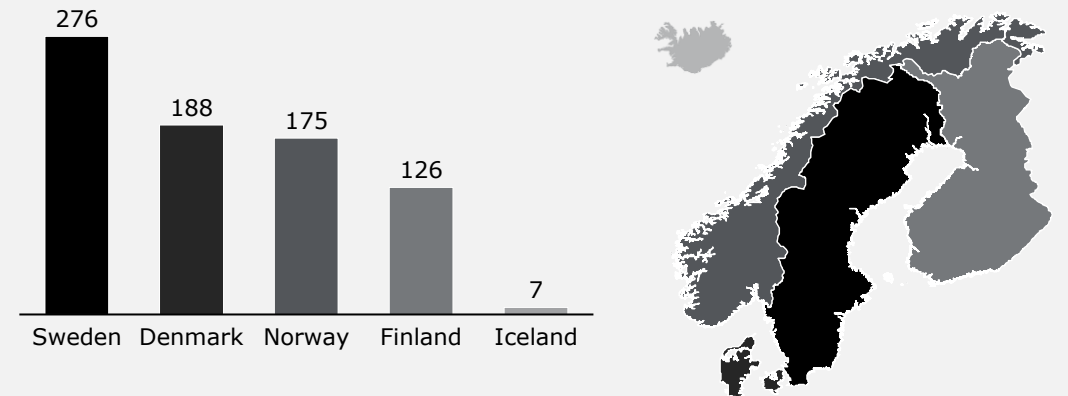
Number of transactions in the Nordics



Transaction multiples (median) in Europe^{2,3}

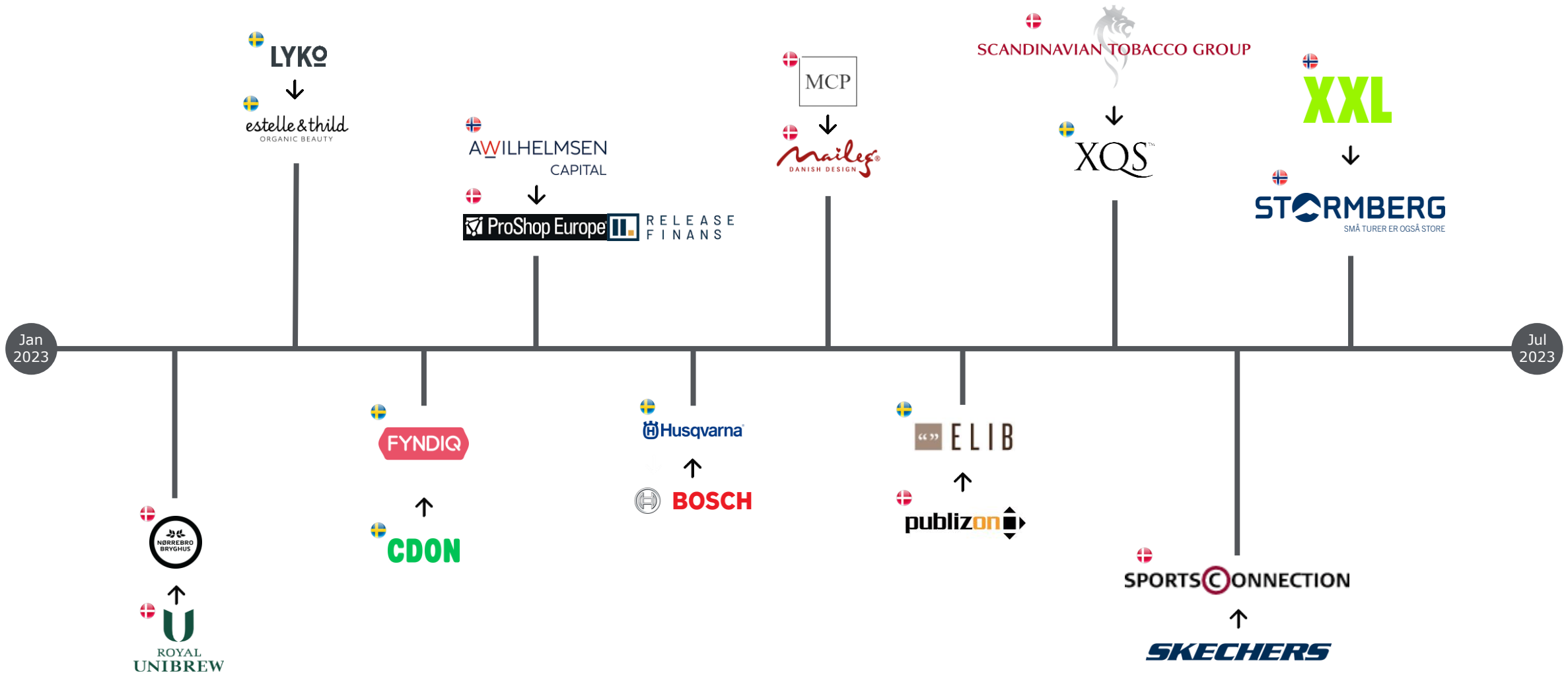


Total number of transactions per country (Jul-18 to Jun-23)

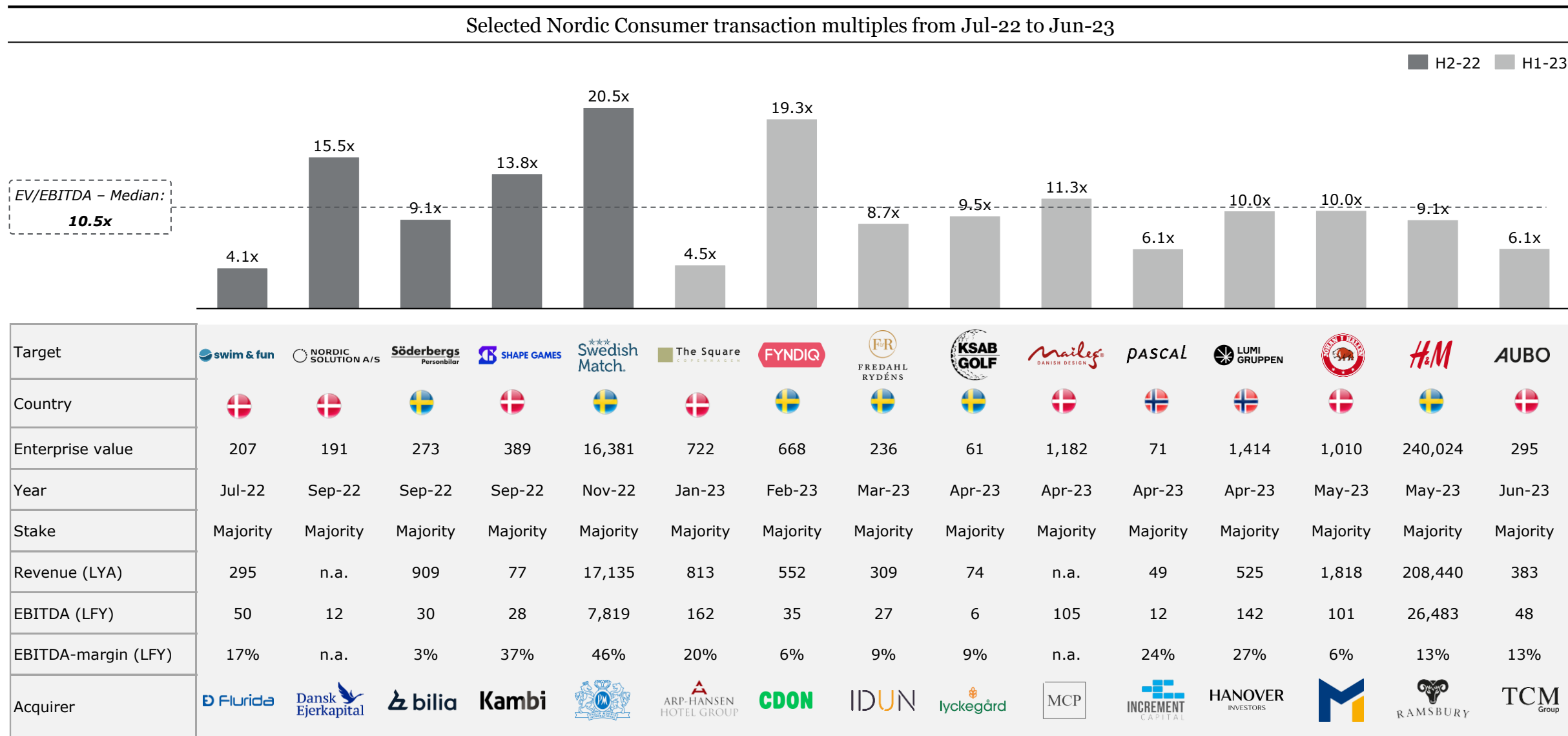


Notes: 1) EV/EBITDA multiple shown at Europe level for sufficient sample size, 2) H1-23 transaction sample size: EV/Sales: 18, EV/EBITDA: 14, EV/EBIT: 13, 3) 2018-2022 avg. sample size: EV/Sales: 113, EV/EBITDA: 75, EV/EBIT: 51
Sources: Mergermarket, Deloitte analysis

Still notable M&A activity from both financial and strategic buyers during H1-23



Selected Nordic Consumer H2-22 and H1-23 transactions indicate an EV of ~10.5x EBITDA, with some variation



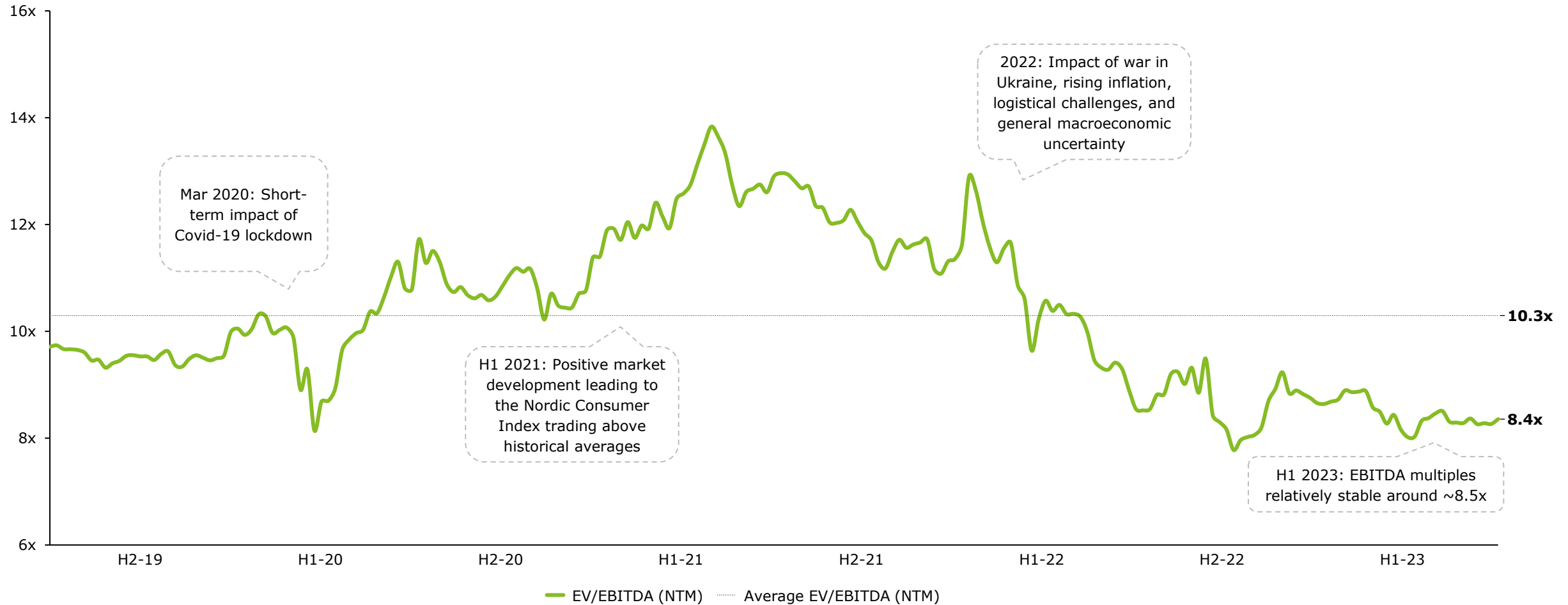
Note: 1) Only a subset of Nordic Consumer transactions from 2022/23 selected based on availability of deal values
 Sources: Mergermarket, Nordic Knowledge Partners, Deloitte analysis



3. Nordic consumer market development

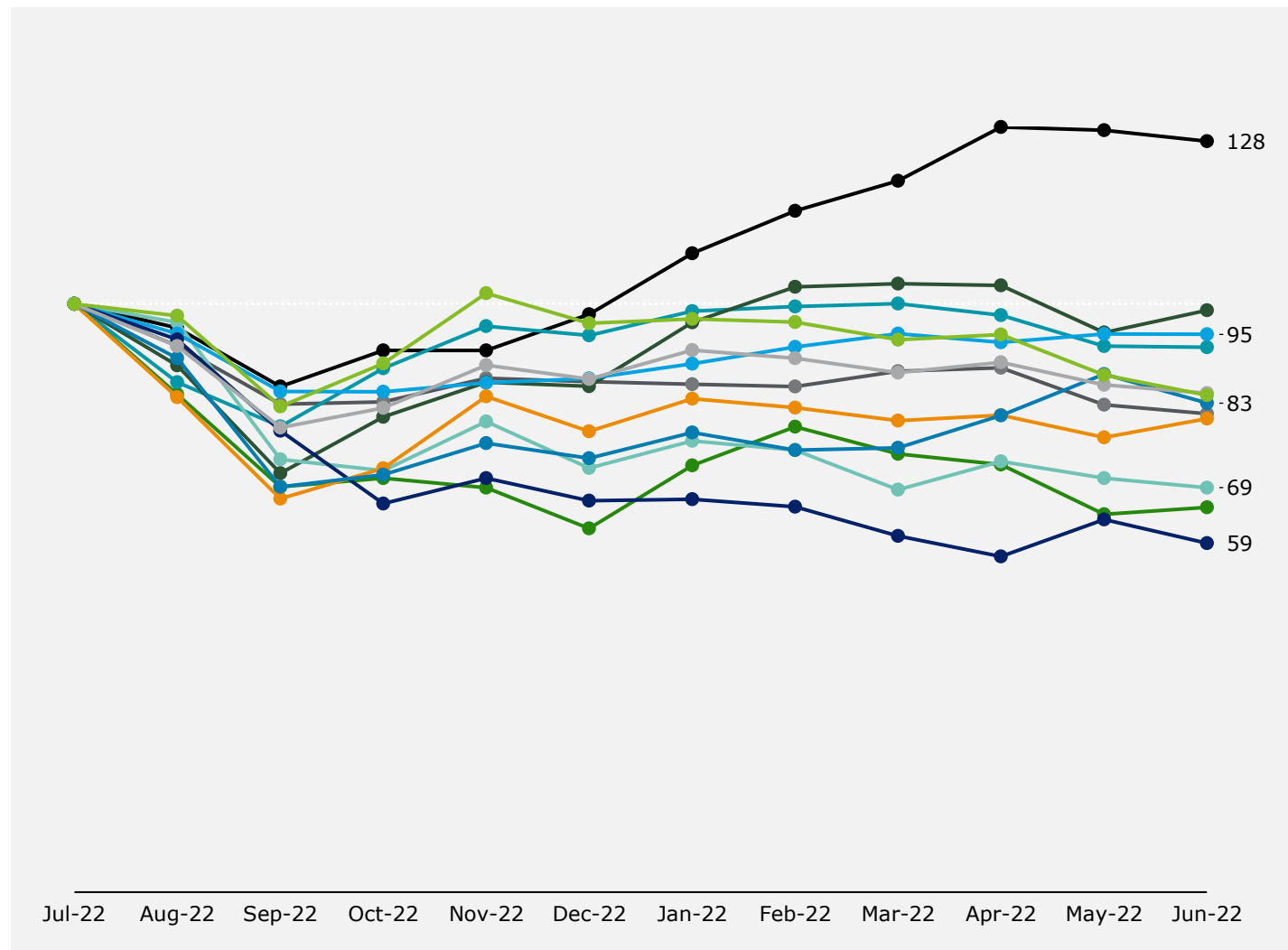
The Nordic Consumer Index trading at 8.4x EBITDA; well below historical average of 10.3x

The Nordic Consumer Index¹



Share price value have decreased for all sub-sectors except Casino & Gaming since July 2022

The Nordic Consumer Index¹ | Sub-sector breakdown (indexed, July 2022)



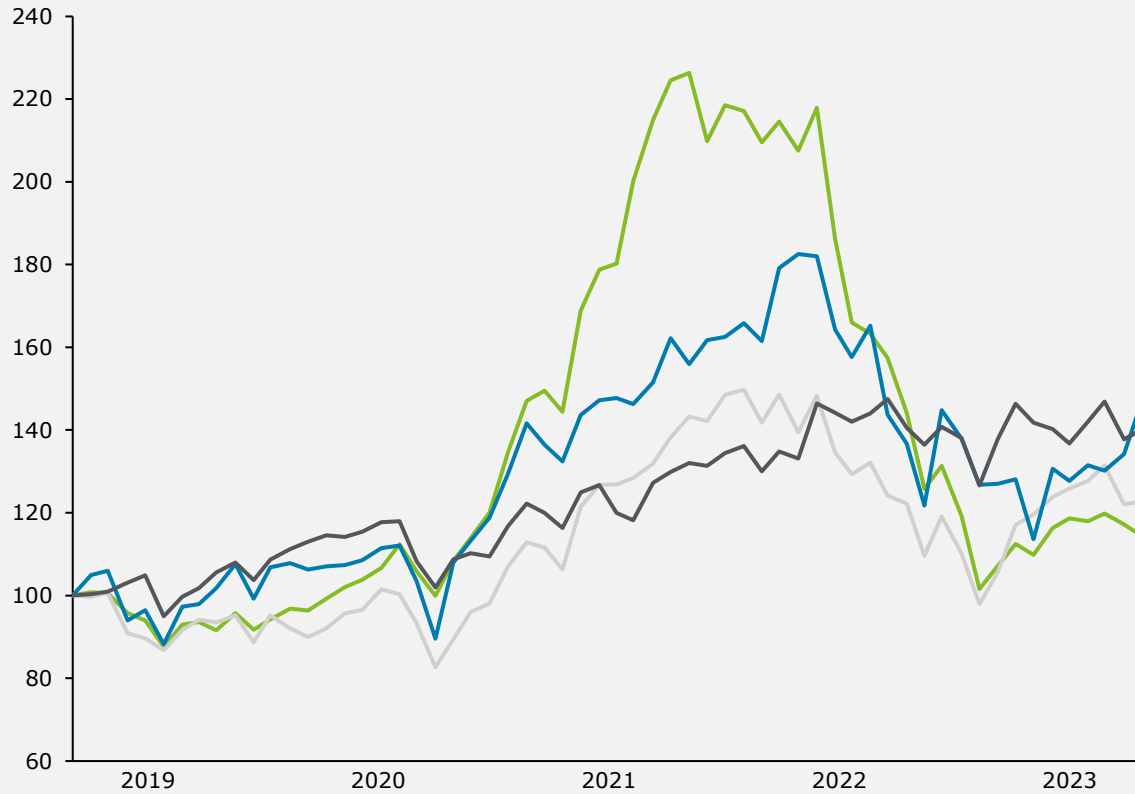
Sub-sectors & selected companies included	CAGR (L3Y)
Alcohol & Tobacco	(7.0%)
Automotive & Transport	(8.7%)
Casino & Gaming	3.1%
Clothing & Apparel	6.3%
Cosmetics & Luxury	3.5%
Electronic equipment	(18.6%)
Grocery	(5.5%)
Healthcare products	(10.8%)
Home & Furniture	(6.0%)
Leisure & Hospitality	(3.4%)
Other retail	4.6%
eCommerce	(24.2%)

Note: 1) Deloitte's Nordic Consumer Index comprises 75 Nordic listed consumer companies. The index is calculated based on average price of the companies included. Please find list of companies included in the Appendix
 Sources: S&P Capital IQ; Deloitte analysis

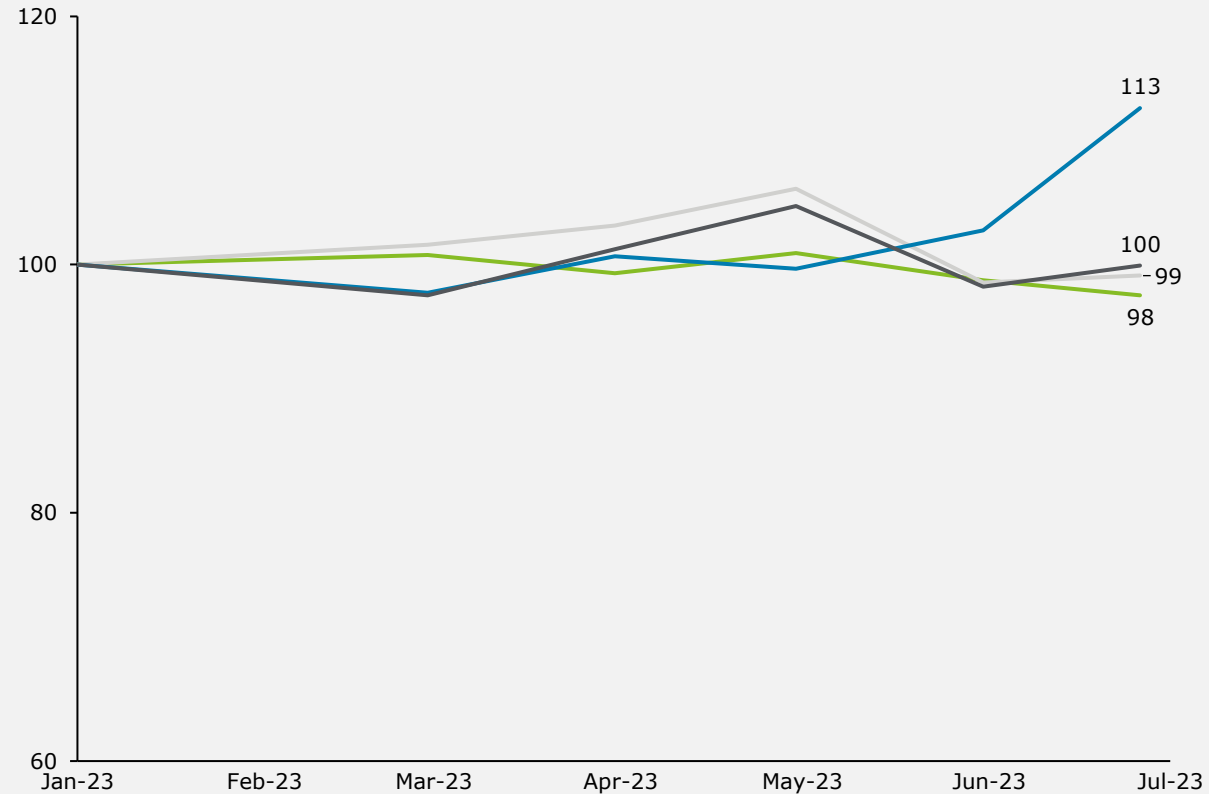
All consumer indices have shown signs of recovery since low point in Sep-22

Development in four indices (L5Y and L6M, indexed)²

Nordic Consumer Index vs. three other consumer indices, last 5 years



Nordic Consumer Index vs. three other consumer indices, last 6 months



— Deloitte Nordic Consumer Index¹ — MSCI Nordic Countries Index — S&P Consumer Staples 30 — S&P Consumer Discretionary 25

Notes: 1) Deloitte's Nordic Consumer Index comprises 75 Nordic listed consumer companies. The index is calculated based on average price of the companies included; 2) Please find index descriptions in the Appendix.
Sources: S&P Capital IQ; Deloitte analysis



4. Deloitte Nordic consumer team & credentials

Deloitte is an experienced M&A advisor in the Nordic consumer market

Selected Deloitte Nordic Consumer M&A deal credentials

Other credentials

<p>M&A advisor to</p> <p>in the sale to</p> <p>CATACAP</p>	<p>M&A advisor to</p> <p>in Geia Food A/S' acquisitions of</p>	<p>M&A advisor to</p> <p>in the acquisition of</p> <p>SOFACOMPANY</p>	<p>M&A advisor to</p> <p>in the acquisition of</p>	<p>M&A advisor to</p> <p>in the sale to</p>	<p>Integration Support</p> <p>in CBRE's acquisitions of</p>
<p>M&A advisor to</p> <p>in Bettcher Industries' acquisition of</p> <p>FRONTMATEC</p>	<p>M&A advisor to</p> <p>in the acquisition of</p>	<p>M&A advisor to</p> <p>in the acquisition of</p>	<p>M&A advisor to</p> <p>in the sale to</p> <p>PERWYN</p>	<p>M&A advisor to</p> <p>in the sale to</p> <p>Magic Carpet Group</p>	<p>Integration Support</p> <p>in Flokk's acquisition of</p>
<p>M&A advisor to</p> <p>in the sale of Frontmatec to</p> <p>KKR and </p>	<p>M&A advisor to</p> <p>IK Partners</p> <p>in the acquisition of</p> <p>LABELCO SELVKLÆBENDE ETIKETTER</p>	<p>M&A advisor to</p> <p>in the sale of their Swedish business to</p> <p>Eyja Fjárfestingafélag ehf.</p>	<p>M&A advisor to</p> <p>in the acquisition of</p> <p>CONNECTBUS</p>	<p>M&A advisor to</p> <p>in the sale to</p>	<p>Integration Support</p> <p>in Tide's acquisition of</p> <p>KEOLIS</p>
<p>M&A advisor to</p> <p>in the sale to</p>	<p>M&A advisor to</p> <p>in the sale to</p> <p>Axfood</p>	<p>M&A advisor to</p> <p>in the acquisition of</p> <p>KITCHENTIME</p>	<p>M&A advisor to</p> <p>in the acquisition of</p>	<p>M&A advisor to</p> <p>in the sale to</p> <p>MALOUF*</p>	<p>Integration Support</p> <p>in Flokk's acquisition of</p>
<p>M&A advisor to</p> <p>in the sale to</p>	<p>M&A advisor to</p> <p>JS/WORLD MEDIA</p> <p>in the sale to</p> <p>SoLiX</p>				

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Further insights into market trends can be found in other Deloitte publications

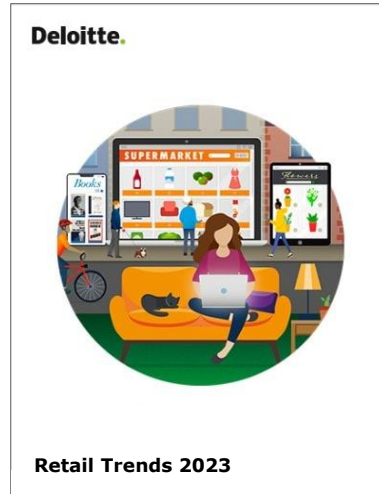


Global State of the Consumer Tracker

Global State of the Consumer Tracker

The Deloitte Consumer Industry Center has been tracking consumer sentiments by country, providing a compact view of timely data and trends, highlighting evolving trends such as consumer anxiety, net spending intent and consumption patterns

[Explore Deloitte's dashboard](#)



Retail Trends 2023

Retail Trends 2023

Key trends within retail for 2023; Despite economic downturns, several positive factors such as artificial intelligence (AI), the transition to renewable energy and greater demand for physical stores, provide new opportunities for retail to develop business in the years ahead

[Download the report](#)



Digital Consumer Trends 2022 The Scandinavian 'cut'

Digital Consumer Trends

A dive into the digital consumer and the online customer experience. We explore streaming habits, changing ways of getting news, new tech gadgets and more. It also includes four spotlights on Scandinavian industry trends in Retail, Telecom, Public and Financial Services

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Global Powers of Retailing 2022 Resilience despite challenges

Global Powers of Retailing

The pandemic was the catalyst for change as luxury goods companies adopted new paradigms of value creation. These paradigms include incorporating sustainability and digitalization into their strategies, to align with consumers' and regulatory demands

[Download the report](#)



Podcast – How the pandemic changed consumer habits

i loopen – Podcast

In this episode of Deloitte weekly podcast, Elisabeth Marie Myhre, CEO of Foodora, and Britt Myrset, Consumer Lead for Deloitte Norway, discuss how our shopping habits have changed, and the impact of instant gratification

[Listen to the podcast](#)





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Appendix

Consumer index descriptions

<i>Index name</i>	<i>Description</i>
Deloitte Nordic Consumer Index	Comprises of 75 listed Nordic consumer companies with the aim of capturing the Nordic consumer market
MSCI Nordic Countries Index	Captures large and mid cap representation across four Developed Markets countries: Norway, Denmark, Sweden and Finland
S&P Consumer Staples 30	Comprises companies included in the S&P 500 that are classified as members of the GICS® consumer staples sector
S&P Consumer Discretionary 25	Comprises companies included in the S&P 500 that are classified as members of the GICS® consumer discretionary sector

Deloitte Nordic Consumer Index consists of 75 listed companies divided into 12 sub-sectors

Deloitte Nordic Consumer Index companies and categorisation

Sub-sector	Company	eComm (Y/N)	Sub-sector	Company	eComm (Y/N)
Alcohol & Tobacco	Anora Group Oyj		Food & Grocery	Fodelia Oyj	
Alcohol & Tobacco	Carlsberg A/S		Food & Grocery	HKScan Oyj	
Alcohol & Tobacco	Mackmyra Svensk Whisky AB (publ)		Food & Grocery	LMK Group AB (publ)	
Alcohol & Tobacco	Olvi Oyj		Food & Grocery	Orkla ASA	
Alcohol & Tobacco	Royal Unibrew A/S		Food & Grocery	Raisio plc	
Alcohol & Tobacco	Scandinavian Tobacco Group A/S		Food & Grocery	AAK AB (publ.)	
Automotive & Transport	Bilia AB (publ)		Healthcare products	Midsona AB (publ)	
Automotive & Transport	GreenMobility A/S		Healthcare products	Nosium AB (publ)	
Automotive & Transport	Kamux Oyj		Healthcare products	Suominen Oyj	
Automotive & Transport	Nimbus Group AB (Publ)		Healthcare products	Swedencare AB (publ)	
Casino & Gaming	Acroud AB (publ)		Home & Furniture	BHG Group AB (publ)	eComm
Casino & Gaming	Betsson AB		Home & Furniture	Duni AB (publ)	
Casino & Gaming	Evolution AB (publ)		Home & Furniture	Fiskars Oyj Abp	
Casino & Gaming	Fantasma Games AB (publ)		Home & Furniture	Harvia Oyj	
Casino & Gaming	G5 Entertainment AB (publ)		Home & Furniture	Husqvarna AB (publ)	
Casino & Gaming	Game Chest Group AB (publ)		Home & Furniture	Martela Oyj	
Casino & Gaming	Paradox Interactive AB (publ)		Home & Furniture	Nobia AB (publ)	
Casino & Gaming	Thunderful Group AB		Home & Furniture	Orthex Oyj	
Clothing & Apparel	Bambuser AB (publ)		Home & Furniture	Rugvista Group AB (publ)	
Clothing & Apparel	Björn Borg AB (publ)		Leisure & Hospitality	Canopy Holdings AS	
Clothing & Apparel	Boozt AB (publ)	eComm	Leisure & Hospitality	NoHo Partners Oyj	
Clothing & Apparel	H & M Hennes & Mauritz AB (publ)		Leisure & Hospitality	Sats ASA	
Clothing & Apparel	Marimekko Oyj		Leisure & Hospitality	Scandic Hotels Group AB (publ)	
Clothing & Apparel	Pierce Group AB (publ)	eComm	Leisure & Hospitality	SkiStar AB (publ)	
Clothing & Apparel	RVRC Holding AB (publ)		Other retail	Byggmax Group AB (publ)	
Clothing & Apparel	Stockmann Oyj Abp		Other retail	Clas Ohlson AB (publ)	
Cosmetics & Luxury	Lyko Group AB (publ)		Other retail	Europris ASA	
Cosmetics & Luxury	Matas A/S		Other retail	Kesko Oyj	
Cosmetics & Luxury	Pandora A/S		Other retail	Kid ASA	
Electronic equipment	AB Electrolux (publ)		Other retail	Musti Group Oyj	
Electronic equipment	Bang & Olufsen a/s		Other retail	New Wave Group AB (publ)	
Electronic equipment	Elon AB (publ)		Other retail	Puulo Oyj	
Electronic equipment	Komplett ASA	eComm	Other retail	Re:NewCell AB (publ)	
Electronic equipment	Verkkokauppa.com Oyj	eComm	Other retail	Spinnova Oyj	
Electronic equipment	Xplora Technologies AS		Other retail	Thule Group AB (publ)	
Food & Grocery	Apetit Oyj		Other retail	Tokmanni Group Oyj	
Food & Grocery	Atria Oyj		Other retail	XXL ASA	
Food & Grocery	Axfood AB (publ)				



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