

Smithfield Foods to acquire hot dog brand Nathan's Famous

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Smithfield Foods, an American food company and an industry leader in value-added packaged meats and fresh pork, and Nathan's Famous, (Nathan's Famous), announced that they have entered into a definitive merger agreement for Smithfield Foods to acquire all of Nathan's Famous issued and outstanding shares for \$102.00 per share in cash, which represents an enterprise value of approximately \$450 million¹.

Since March 2014, Smithfield Foods has held an exclusive license from Nathan's Famous within the United States, Canada and Sam's Clubs in Mexico for Smithfield to manufacture, distribute, market and sell Nathan's Famous branded hot dogs, sausages, corned beef and certain other ancillary products through the retail channel, and to manufacture and distribute Nathan's Famous branded hot dog and sausage products for the foodservice channel. The license is scheduled to expire in March 2032.

Successfully closing the acquisition will secure Smithfield's rights to this iconic brand into perpetuity and enable it to maximise the Nathan's Famous brand growth across the retail and foodservice channels.

The Nathan's Famous acquisition is a meaningful step in the progression of Smithfield Foods, allowing us to own all of the top brands in our Packaged Meats portfolio and unlock new growth opportunities for our largest segment," said Smithfield President and CEO Shane Smith. "Since entering into our licensing agreement in 2014, we have made significant investments to build and grow the Nathan's Famous brand. With our manufacturing scale, marketing strength, product innovation capabilities, and retail and foodservice channel expertise, acquiring Nathan's Famous will allow us to take the brand to new heights."

The transaction represents a valuation of approximately 12.4x Nathan's Famous's LTM adjusted EBITDA² and a multiple of approximately 10.0x post-synergies. Smithfield Foods expects to achieve annual cost synergies of approximately \$9 million by the second anniversary of the deal closing.

Eric Gatoff, CEO of Nathan's Famous, said, "This combination is a natural fit and provides a compelling valuation for Nathan's Famous stockholders. As a long-time partner, Smithfield has demonstrated an outstanding commitment to

investing in and growing our brand while maintaining the utmost quality and customer service standards.â