



Smart & Final[®]

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Smart & Final acquired by Mexican retail giant for \$620M

Bodega Latina Corp., a subsidiary of Grupo Comercial Chedraui, has entered into a definitive agreement to acquire Smart & Final Holdings Inc. from funds managed by affiliates of Apollo Global Management Inc. for approximately \$620 million, including the assumption of certain indebtedness.

Smart & Final, a smaller, faster grocery warehouse store for household and business customers, provides one-stop shopping with an assortment of both club and traditionally sized groceries, fresh foods and supplies without a paid membership and at great values. Celebrating its 150th anniversary in 2021 and headquartered in Commerce, CA, Smart & Final operates more than 250 stores under two banners: Smart & Final and Smart & Final Extra!, in California, Arizona and Nevada. There are an additional 16 stores in northwestern Mexico operated through a joint venture. Smart & Final stores service both household and business customers, representing approximately 70 percent and 30 percent of revenues, respectively. For the fiscal year ended Jan. 3, 2021, Smart & Final generated U.S. GAAP revenues of approximately \$4.1 billion and adjusted EBITDA of \$167 million.

"We are excited about the combination of Grupo Comercial Chedraui and Bodega Latina with Smart & Final, which further scales and expands our U.S. footprint," said José Antonio Chedraui Eguía, CEO of Chedraui. "This acquisition is aligned with our long-term strategy to find financially attractive and accretive opportunities, while maintaining consolidated indebtedness at prudent ranges. With financing for the transaction occurring at the BLC level, GCC retains ample financial flexibility for continued growth in Mexico as well. More fundamentally, this transaction reflects our continued commitment to serve customers, families and businesses in both the U.S. and Mexico. It benefits stakeholders in both countries, including our employees, around 40,000 in Mexico and over 13,000 in the U.S., suppliers, vendors, customers and their families. As just one example, via our money remittance partnerships and network of stores, we currently help customers looking to provide support when needed to family living elsewhere; this transaction will only strengthen our ability to provide that type of support and value to many more customers and families."

"Smart & Final, with a unique go-to-market and operating strategy, is an attractive fit that is aligned with our business strategy in the U.S., utilizing differentiated formats to focus on growing, but underserved markets," said Carlos Smith, president and CEO of Bodega Latina. "With a brand that resonates with consumers, geographic fit in key markets, and a consistent record of profitable growth, Smart & Final will complement the platform we've built with El Super and Fiesta. We look forward to welcoming Smart & Final's talented team of over 11,000 employees in working together to create a premier food retail platform in our markets."

"The transaction is a testament to the strength of Smart & Final's franchise, the quality of our store banners and the talent and expertise that support the business," said David Hirz, Smart & Final's CEO. "Under the ownership of Grupo Comercial Chedraui and Bodega Latina, Smart & Final will benefit from their guidance given their recognized and established position in the food retail space while contributing our own best practices and experience. Together we will further accelerate our collective growth. We are excited about the future as we embark on a new chapter in our history with a partner that is aligned and understands our strengths, culture and customer-centric philosophy. We would like to thank Apollo for its partnership and support in helping us grow our business to where we are today."

“We are pleased to have supported the evolution of Smart & Final through two investment cycles since 2007 and believe that the combination with Grupo Chedraui will set the stage for continued growth of Smart & Final,” said Andrew Jhavar, private equity senior partner at Apollo. “We thank Dave Hirz, Rick Phegley, Scott Drew, and the entire Smart & Final team for their leadership.”

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