

KROLL

Food and Beverage

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Industry Insights

Winter 2024



Executive Summary

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271 food and beverage deals announced in TTM December 2023



84% were completed by privately owned buyers



78% were strategic transactions

M&A Market Overview

Overview

The food and beverage space saw 62 deals announced in the fourth quarter (Q4) of 2023, representing a slight increase in transaction count from the previous quarter. For the trailing twelve months (TTM) ending December 31, 2023, 271 deals were announced in the space—39 fewer transactions compared to the prior TTM period. Overall, deal activity decreased year over year by 13% and increased 7% quarter over quarter. The decline in transaction activity can be largely attributed to high interest rate levels, which continue to drive hesitancy in the buy-side M&A market.

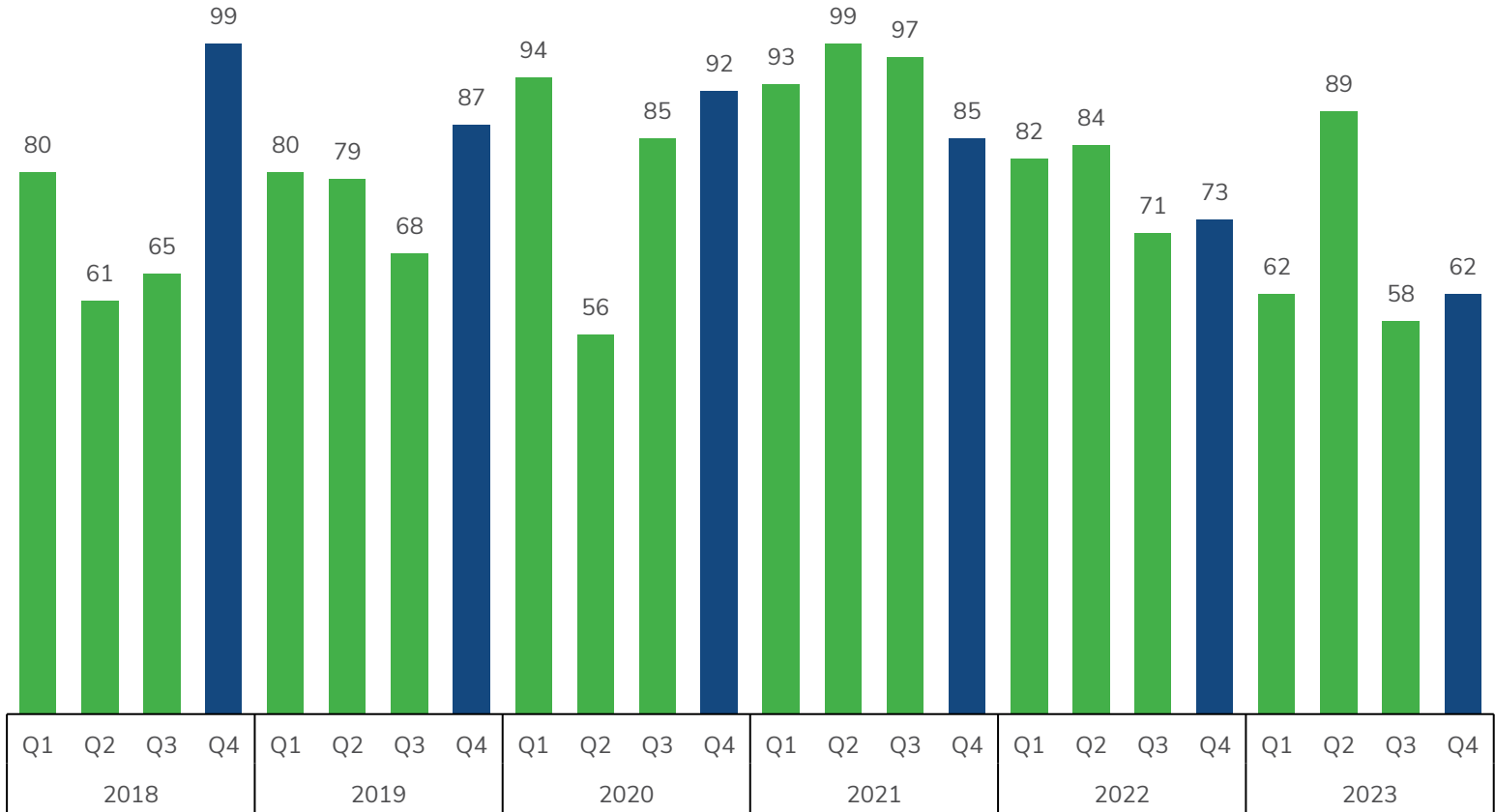
Q4 2023 saw several significant North American deals in the alcoholic and nonalcoholic beverage spaces. Notable transactions within these areas include Treasury Wine Estates Limited's acquisition of Daou Vineyards LLC; Chobani Inc.'s acquisition of La Colombe Torrefaction Inc.; and The Duckhorn Portfolio Inc.'s acquisition of Sonoma-Cutrer Vineyards Inc. The alcoholic beverages, general, better-for-you, produce and specialty-pet categories were the most active in terms of deal volume, representing 69% of total transactions in the quarter.

M&A activity in the food and beverage sector in TTM December 2023 remained predominantly driven by strategic buyers (including companies primarily owned by private equity investors), with strategic transactions representing 78% of total deal volume. Of the 271 deals announced over the year, 228 (84%) were completed by privately owned buyers.

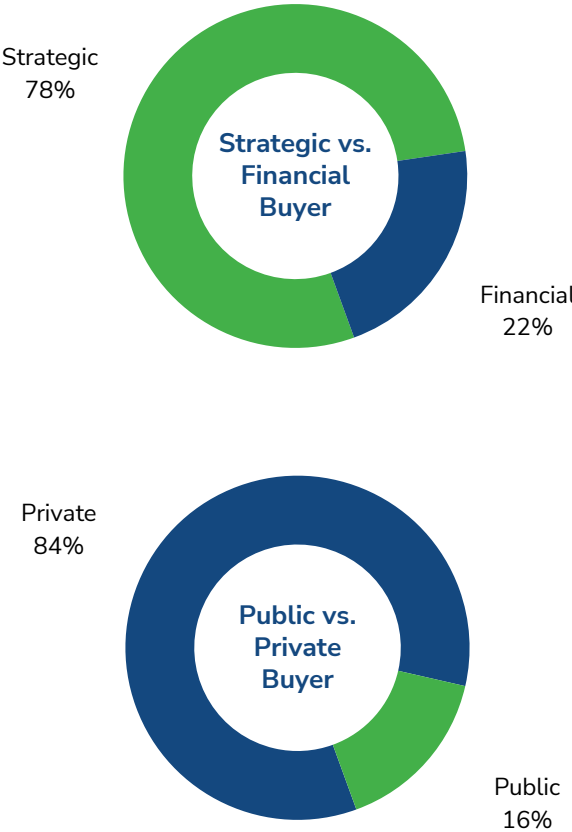
In Q4 2023, transaction volumes in the food and beverage industry remained relatively consistent with levels experienced in Q3 2023 but decreased by 15% compared to Q4 2022, primarily due to high interest rate levels, the escalation of global conflicts and general economic uncertainty. Strategic buyers represented 82% of deal activity in the food and beverage industry this quarter, which is above the TTM level and has been driven by the abundance of cash on the balance sheets of large corporations. However, despite large amounts of dry powder, financial buyer activity has slowed due to the scarcity of affordable debt, which has resulted in a slowdown of private equity fundraising and prolonged holding periods of portfolio companies. As Canada and the U.S. continue to experience substantial decreases in inflation levels, we anticipate that expected interest rate cuts in 2024 could drive an increase in M&A activity within the food and beverage industry.

M&A Market Overview—Cont'd

Number of Announced Deals (as of December 31, 2023)



By Number of Announced Deals (TTM as of December 31, 2023)



Note: Includes food and beverage sector deals where the target was based in the U.S. or Canada.
 Source: S&P Capital IQ. Transactions with more than 50% of the company acquired are included in the analysis.

Select Recent Transactions¹

Treasury Wine Estates Limited (ASX:TWE) Acquired Daou Vineyards LLC



On December 13, 2023, Treasury Wine Estates acquired Daou Vineyards, a leading luxury U.S. wine business, for **\$1.0 billion**. “The U.S. is the world’s largest wine market and we’re beyond thrilled to add Daou to our portfolio, cementing our position as a global luxury wine leader. This is a transformative acquisition that accelerates the growth of our luxury portfolio globally and paves the way for new luxury consumer experiences,” said Tim Ford, CEO of Treasury Wine Estates.

The Duckhorn Portfolio Inc. (NYSE:NAPA) Agreed to Acquire Sonoma-Cutrer Vineyards Inc.



On November 16, 2023, The Duckhorn Portfolio entered into an agreement to acquire Sonoma-Cutrer Vineyards from Brown-Forman Corporation (NYSE:BF.B) for **\$391 million**. “Sonoma-Cutrer is an iconic, highly acclaimed winery brand with a long history of crafting exceptional wines in a timeless style and is a perfect addition to our thoughtfully curated portfolio of luxury wines,” said Deirdre Mahlan, Interim President, CEO and Chairperson of The Duckhorn Portfolio.

Nature's Touch Frozen Foods LLC Acquired Certain Assets of Sunrise Growers Inc.



On October 12, 2023, Nature’s Touch acquired certain assets of Sunrise Growers, SunOpta Inc.’s (NasdaqGS:STKL) frozen fruit operations, for **\$141 million**. “This acquisition puts us in the unique position of providing North American consumers with the most expansive network of freezing and distribution on the continent. Together, our combined strengths will propel us to new heights, quicker and with renewed vigor,” said John Tentomas, CEO of Nature’s Touch.

Chobani Inc. Acquired La Colombe Torrefaction Inc.



On December 15, 2023, Chobani acquired La Colombe Torrefaction, a ready-to-drink coffee company, for **\$900 million**. The acquisition was financed through a newly issued \$550 million term loan, cash, and the exchange of Keurig Dr Pepper’s (NasdaqGS:KDP) minority equity stake in La Colombe into Chobani equity. “We have never been stronger or better positioned to chart our next chapter of growth,” said Hamdi Ulukaya, Founder and CEO of Chobani.

Post Holdings Inc. (NYSE:POST) Acquired the Assets of Perfection Pet Foods LLC



On December 1, 2023, Post Holdings acquired all the assets of Perfection Pet Foods, a manufacturer and packager of private-label and co-manufactured pet foods and baked treat products, for **\$235 million**. The acquisition includes two manufacturing facilities located in California, which are said to provide Post with additional manufacturing capacity to insource a portion of its pet food business and an entry point into the private-label and co-manufacturing pet food category.

Central Garden & Pet Company (NasdaqGS:CENT) Acquired TDBBS LLC



On November 3, 2023, Central Garden & Pet Company acquired TDBBS, a provider of premium natural dog chews and treats under the Best Bully Sticks, Barkworthies and Paw Love brands, from Bregal Partners LP for **\$60 million**. “Adding TDBBS’s established brands and digital capabilities solidifies our position in the large and growing dog treats and chews category and will strengthen our footprint with key customers,” said Beth Springer, Interim CEO of Central Garden & Pet Company.

¹Deals in the U.S. and Canada, closed or announced over Q4 2023, selected subjectively based on being representative of recent market activity, excluding bankruptcy sales. All figures are denoted in USD. Sources: S&P Capital IQ, Mergermarket, company press releases and various news sources (e.g., PR Newswire, GlobeNewswire, Business Wire). Note: All trademarks, trade names or logos referenced herein are the property of their respective owners.

Select Recent Transactions¹—Cont'd

Clayton, Dubilier & Rice LLC Agreed to Acquire Shearer's Foods LLC



On December 13, 2023, Clayton, Dubilier & Rice entered into a definitive agreement to acquire Shearer's Foods, a leading contract manufacturer and private-label supplier serving the snack industry, from Ontario Teachers' Pension Plan Board for a price tag rumored to be near the **\$3.0 billion** mark. "Our goal is to support the team in further scaling operations and capturing the many opportunities ahead to better serve Shearer's customers," said J.L. Zrebiec, Partner at Clayton, Dubilier & Rice.

Sunny Sky Products LLC Acquired Bevolution Group



On November 6, 2023, Sunny Sky Products, a portfolio company of TJC LP, acquired Bevolution Group, a leading manufacturer and supplier of innovative beverage solutions previously owned by Highlander Partners LP. "The addition of Bevolution, with its highly complementary food service customer base, will create significant synergies and growth opportunities for years to come," said W. Ashley Edens, President and CEO of Sunny Sky.

Redwood Capital Investments LLC Agreed to Acquire Newly Weds Foods Inc.



On October 18, 2023, Redwood Capital Investments, entered into an agreement to acquire Newly Weds Foods, a manufacturer of food coatings, seasonings and functional ingredients for the food processing and food service industries in the U.S. and internationally. The terms of the deal were not disclosed; however, industry speculation pegs the deal to be around the **\$4.0 billion** mark.

Archer-Daniels-Midland Company (NYSE:ADM) Agreed to Acquire Revela Foods LLC



On December 18, 2023, Archer-Daniels-Midland announced an agreement to acquire Revela Foods, a Wisconsin-based developer and manufacturer of innovative dairy flavor ingredients and solutions with projected 2023 sales of almost **\$240 million**. "Our flavors business is an important pillar of our Nutrition growth strategy, and we are continuing to add to our flavors pantry to ensure we remain the partner of choice for customers around the globe," said Ian Pinner, President of ADM Nutrition.

Grupo Bimbo SAB de CV (BMV:BIMBO A) Acquired Mile Hi Foods Co.



On October 26, 2023, Grupo Bimbo announced the acquisition of Mile Hi Foods Co. in connection with its Q3 results. Mile Hi Foods operates as a bakery that produces buns and muffins for the quick-service restaurant (QSR) channel. "This strategic acquisition strengthens our geographic presence in this high-growth industry and opens doors to new QSR customers in the U.S.," said Rafael Pamias, COO of Grupo Bimbo.

Ferrara Candy Company Inc. Acquired Jelly Belly Candy Company



On November 30, 2023, Ferrara Candy Company acquired Jelly Belly Candy Company through CTH Invest, the lead holding company of Ferrara. "Our dedication to creating high-quality, innovative sugar confections for the world and our deep relationships with retailers aligns perfectly with the Jelly Belly track record and passion for quality, reliability, and customer service. We look forward to working together to build on the success of all our brands," said Marco Capurso, CEO of Ferrara.

¹Deals in the U.S. and Canada, closed or announced over Q4 2023, selected subjectively based on being representative of recent market activity, excluding bankruptcy sales. All figures are denoted in USD.

Sources: S&P Capital IQ, Mergermarket, company press releases and various news sources (e.g., *Business Wire*, *Reuters*, *Baking Business*).

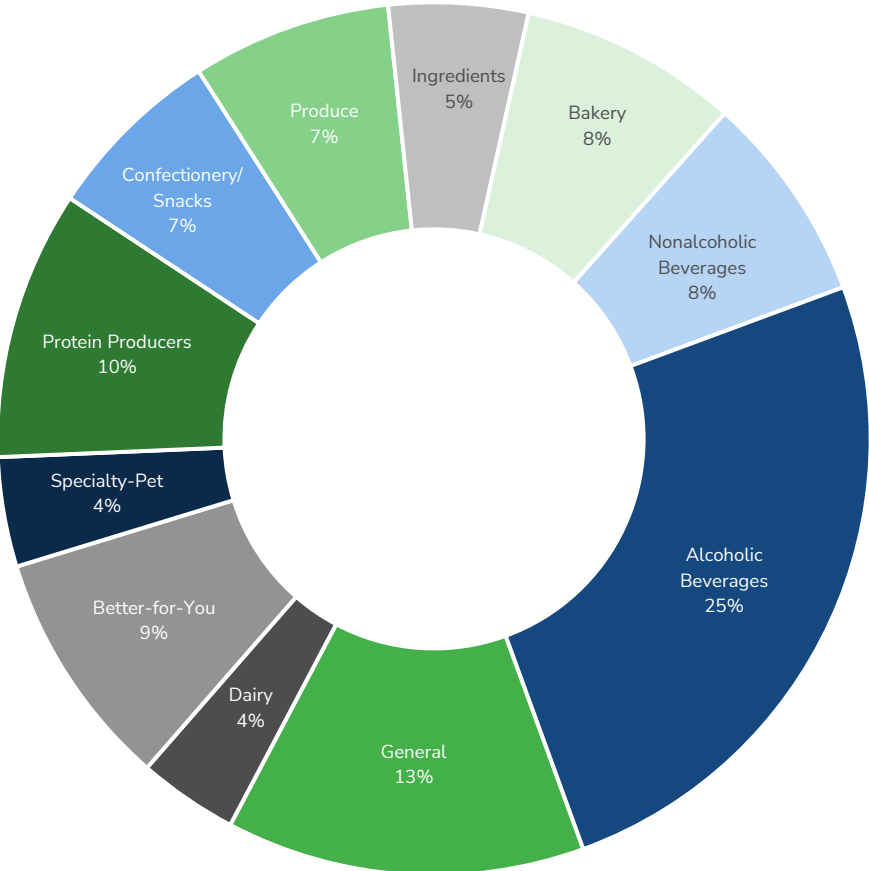
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Recent North American M&A Activity by Subsector

Food and Beverage Subsector Definitions

- Bakery:**
Production and distribution of baked goods
 - Better-for-You:**
Differentiated food products with health benefits
 - Confectionery/Snacks:**
Chocolate, candy, nuts and other convenient snack foods
 - Dairy:**
Production and distribution of dairy or dairy by-products, such as cheese or yogurt
 - General:**
Conglomerates and general food businesses
 - Ingredients:**
Goods used in the production of other food-related items
 - Produce:**
Fresh produce or other agricultural products
 - Protein Producers:**
Meat and seafood producers and distributors
 - Specialty-Pet:**
Producers of pet food and treats
-
- Alcoholic Beverages:**
Wine, beer and spirits
 - Nonalcoholic Beverages:**
Beverages that do not contain alcohol

Deals by Subsector (TTM as of December 31, 2023)



























TTM = Trailing 12 months.

Select Kroll Corporate Finance Food and Beverage Experience

<p>SELL-SIDE ADVISOR 🇨🇦</p>  <p>has been acquired by</p> 	<p>SELL-SIDE ADVISOR 🇨🇦</p>  <p>has been acquired by</p> 	<p>SELL-SIDE ADVISOR 🇨🇦</p>  <p>Gum Products International</p> <p>has been acquired by</p>  <p>Benford Capital Partners</p>	<p>SELL-SIDE ADVISOR 🇨🇦</p>  <p>has been acquired by</p> 	<p>FINANCIAL ADVISOR 🇨🇦</p>  <p>has secured senior debt financing from</p> 
<p>SELL-SIDE ADVISOR 🇨🇦</p>  <p>has been acquired by</p> 	<p>SELL-SIDE ADVISOR 🇨🇦</p>  <p>has been acquired by</p>  <p>a portfolio company of</p> 	<p>SELL-SIDE ADVISOR 🇺🇸</p>  <p>has been acquired by</p>  <p>a portfolio company of</p> 	<p>SELL-SIDE ADVISOR 🇨🇦</p>  <p>has been acquired by</p> 	<p>SELL-SIDE ADVISOR 🇨🇦</p>  <p>has been acquired by</p> 

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<p>BUY-SIDE ADVISOR</p>  <p>ErieMeats est. 1977</p> <p>has acquired</p> 	<p>FINANCIAL ADVISOR</p>   <p>has secured senior debt financing from a consortium of lenders</p>	<p>SELL-SIDE ADVISOR</p>  <p>TROPICS MIXOLOGY</p> <p>a division of</p> <p>BEVERAGE INNOVATIONS</p> <p>has been acquired by</p> 	<p>SELL-SIDE ADVISOR</p>  <p>SEAJOY</p> <p>has been acquired by</p> 	<p>SELL-SIDE ADVISOR</p>   <p>has been acquired by</p> 
<p>BUY-SIDE ADVISOR</p>   <p>has acquired</p> 	<p>SELL-SIDE ADVISOR</p>  <p>VeggieLand™</p> <p>has been acquired by</p> 	<p>SELL-SIDE ADVISOR</p>  <p>Mama Mia's</p> <p>portfolio companies of</p>  <p>have been acquired by</p> 	<p>SELL-SIDE ADVISOR</p>  <p>Mariner Seafood</p> <p>has been acquired by</p> 	<p>BUY-SIDE ADVISOR</p>   <p>has been acquired by</p> 

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Select Kroll Corporate Finance Food and Beverage Experience—Cont'd

<p>SELL-SIDE ADVISOR </p> <p>freshdirect™ has merged with</p> <p>brakes a portfolio company of</p> <p>BainCapital</p>	<p>SELL-SIDE ADVISOR </p> <p>SK FOODS</p> <p>has been acquired by</p> <p>OLAM International Ltd.</p>	<p>SELL-SIDE ADVISOR </p> <p>Lincoln Poultry Complete Food Service Distribution</p> <p>has been acquired by</p> <p>Sysco</p>	<p>SELL-SIDE ADVISOR </p> <p>Humboldt CREAMERY</p> <p>has been acquired by</p> <p>Foster Farms DAIRY</p>	<p>SELL-SIDE ADVISOR </p> <p>SILVER EAGLE DISTRIBUTORS</p> <p>has been acquired by</p> <p>REDWOOD</p>
<p>SELL-SIDE ADVISOR </p> <p>NEOCELL</p> <p>has been acquired by</p> <p>wellnext</p>	<p>SELL-SIDE ADVISOR </p> <p>SOUTH BEACH diet</p> <p>has been acquired by</p> <p>Nutrisystem</p>	<p>SELL-SIDE ADVISOR </p> <p>Hampshire PET PRODUCTS</p> <p>a portfolio company of</p> <p>CATTERTON</p> <p>has been acquired by</p> <p>ARBOR INVESTMENTS RED COLLAR PET FOODS</p>	<p>SELL-SIDE ADVISOR </p> <p>VITATECH NUTRITIONAL SCIENCES, INC.</p> <p>has been acquired by</p> <p>金达威集团 KINGDOMWAY</p>	<p>SELL-SIDE ADVISOR </p> <p>Solstice</p> <p>has been acquired by</p> <p>Reynolds more than just a greenkeeper</p>

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Select Kroll Corporate Finance Food and Beverage Experience—Cont'd

<p>VALUATION OPINION </p> <p>Driscoll's, Inc.</p>  <p>Financial advisor to Driscoll's, Inc.</p>	<p>SOLVENCY OPINION </p>  <p>has completed the spinoff</p> 	<p>ESOP ADVISORY </p> <p>Cargill, Incorporated</p>  <p>Financial advisor to the trustee of the of Cargill, Incorporated Employee Stock Ownership Plan (ESOP)</p>	<p>FAIRNESS OPINION </p> <p>ROSKAM BAKING + COMPANY +</p> <p>has been acquired by</p> 	<p>TRANSACTION ADVISORY </p>  <p>has been acquired by</p>  <p>Performed financial and tax due diligence on behalf of the Buyer</p>
<p>TRANSACTION ADVISORY </p>  <p>has been acquired by</p>  <p>Performed financial and tax due diligence on behalf of the Buyer</p>	<p>SOLVENCY OPINION </p>  <p>has completed the sale of</p> 	<p>TRANSACTION ADVISORY </p>  <p>has been acquired by</p>  <p>Performed financial and tax due diligence on behalf of the Buyer</p>	<p>SOLVENCY OPINION </p>  <p>(nka)</p>  <p>has completed the spinoff of</p> 	<p>FAIRNESS OPINION </p>  <p>has been acquired by</p>  <p>Financial advisor to the board of managers of The Bardstown Bourbon Company LLC</p>

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Download Our Exclusive Valuation Data to Learn More:

[Kroll.com/Food-and-Beverage-Winter-2024](https://kroll.com/Food-and-Beverage-Winter-2024)





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