

KROLL

Food & Beverage

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Industry Insights

Spring 2023



Executive Summary

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290 food and beverage deals announced in TTM March 2023



77% were completed by privately owned buyers



80% were strategic transactions

M&A Market Overview

Overview

The food and beverage space saw 62 deals completed in the first quarter of 2023, compared to 73 in the prior quarter. For the trailing twelve months (TTM) ending March 31, 2023, 290 deals were announced in the space, 73 fewer transactions compared to the prior year. Overall, deal activity decreased year over year and quarter over quarter by 20% and 15%, respectively.

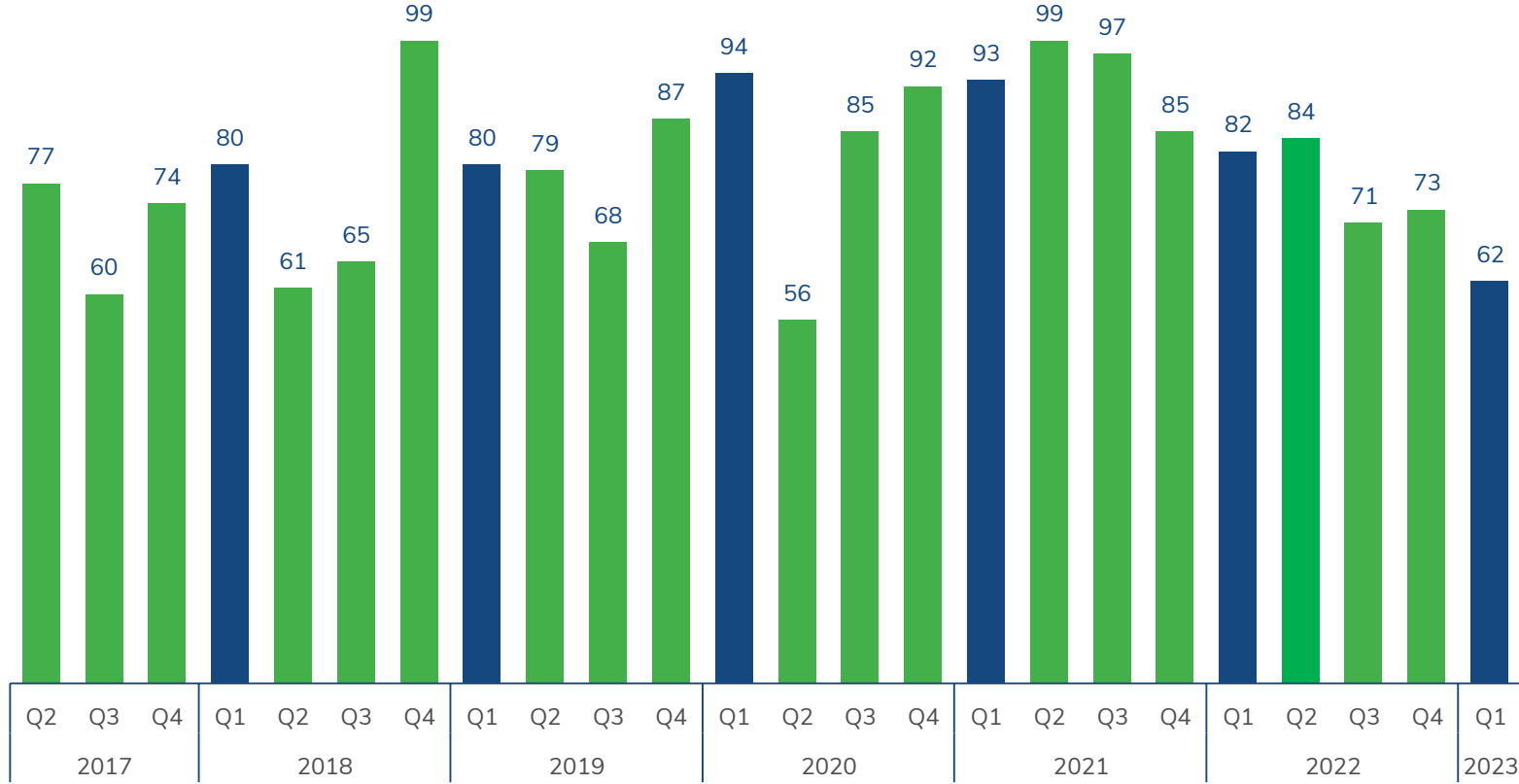
Q1 2023 saw several significant North American deals in the alcoholic beverages and protein producer spaces. Notable transactions within these areas include Malteries Soufflet's acquisition of United Malt Group and Silver Bay Seafoods' acquisition of Orca Bay Foods. Alcoholic beverages, protein producers, general, nonalcoholic beverages and produce categories were the most active in terms of deal volume, representing 71% of total transactions in the quarter.

M&A activity in the food and beverage sector in TTM March 2023 remains predominantly driven by strategic buyers (including companies primarily owned by private equity investors), with strategic transactions representing 80% of total deal volume. Of the 290 deals announced over the year, 224 (77%) were completed by privately owned buyers.

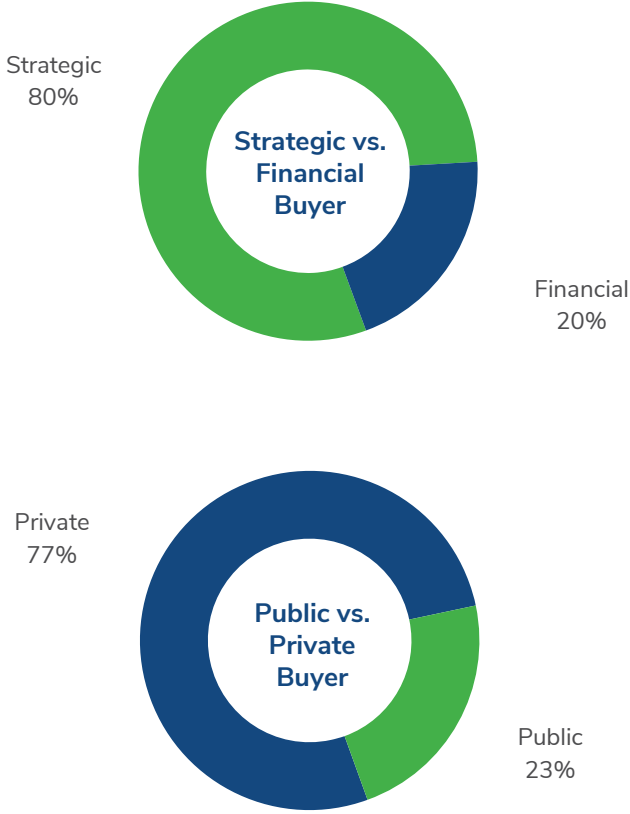
Deal flow in the North American food and beverage space experienced a slowdown in Q1 2023, likely a direct response to rising interest rates, cautious investors and general market uncertainties. Rising costs of raw materials and labor remain a priority issue for food & beverage companies. Consumers are beginning to push back on rising prices, indicating further price increases are becoming more difficult to implement. Businesses continue to focus on core competencies while remaining conservative on growth projects. Interest rates have increased significantly over the last year, which have raised financing costs, leading to less aggressive leveraged buyout structures. There continues to be an abundant amount of capital in the market from excess cash on balance sheets of public companies and private equity firms. Deal activity in the food and beverage space has proven to be resilient in times of market uncertainty—we expect the appetite for deals in the F&B space to increase in the remainder of 2023.

M&A Market Overview, continued

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



By Number of Announced Deals (TTM March 31, 2023)



Note: Includes food and beverage sector deals where the target was based in North America.
 Source: S&P Global Market Intelligence. Transactions with more than 50% of the company acquired are included in the analysis.

Select Recent Transactions¹

Bacardi Limited acquired D'Ussé Cognac



On February 3, 2023, Bacardi Limited acquired D'Ussé Cognac for reportedly USD 1,500 million. "Growing D'Ussé over the past decade from an idea to one of the fastest-selling spirits in history has been a blessing. The next phase of this journey will further cement D'Ussé's legacy as one of the world's most respected brands. I am excited to renew this partnership with Bacardi," said Shawn "Jay-Z" Carter, who continues to hold a 25% minority interest in D'Ussé Cognac.

Macay Holdings Inc. acquired Royal Crown Company Inc.



On January 19, 2023, Macay Holdings acquired Royal Crown Company for USD 46 million. According to Macay Holdings, the acquisition will provide the company with a global platform and foreign currency revenues, as well as geographic and political risk diversification. "The acquisition is also immediately financially accretive to Macay and will strengthen the food & beverage investments portfolio of Macay," said Antonio Panajon, President of Macay Holdings.

Hometown Food Company acquired Birch Benders LLC



On January 9, 2023, Hometown Foods acquired Birch Benders LLC for USD 40 million. "The Birch Benders acquisition is a wonderful addition to Hometown Food Company's portfolio of brands and it increases our footprint in the better-for-you, breakfast and baking categories—we are truly delighted to have the opportunity to support Birch Benders in its next phase of growth," said Tom Polke, President and CEO of Hometown Food Company.

Malteries Soufflet SAS agreed to acquire United Malt Group Limited (ASX:UMG)



On March 28, 2023, Malteries Soufflet SAS announced an agreement to acquire United Malt Group Limited for USD 1,310 million. "The acquisition of United Malt is a unique opportunity to reinforce our presence in the high-value craft beer market, expand our geographical footprint to new strategic markets, and accelerate our ambitious strategy in the malt sector," said Thierry Blandinières, Chairman of Malteries Soufflet.

AgriFORCE Growing Systems agreed to acquire Berry People LLC



On January 24, 2023, AgriFORCE Growing Systems agreed to acquire Berry People LLC for USD 40 million. "We aim to maximize commercial synergies between Berry People and UN(THINK), in terms of distribution, to retail, foodservice and other areas. We anticipate that the additional volume coming in the next year from their new grower relationships in Mexico should drive robust growth in 2023," said Mauro Pennella, President of AgriFORCE.

Starco Brands Inc. acquired Soylent Nutrition Inc.



On February 22, 2023, Starco Brands Inc. acquired Soylent Nutrition Inc. for USD 29 million. "Soylent is one of those rare brands that successfully transitioned from Silicon Valley tech start-up to mainstream with mass distribution—when combined with Starco Brands' portfolio of formulas, access to commercial manufacturing facilities, and disruptive marketing, Soylent's potential to grow its base and expand in adjacent category whitespaces will be game-changing," said Ross Sklar, CEO of Starco Brands.

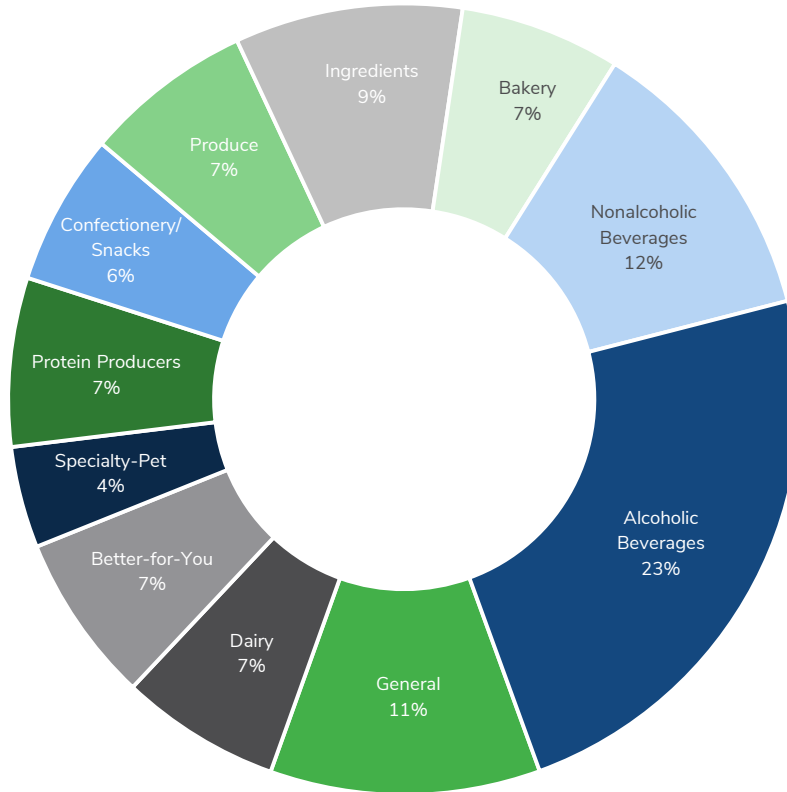
¹Deals in the U.S. and Canada, closed or announced over Q1 2023, selected subjectively based on being representative of recent market activity, excluding bankruptcy sales. Sources: S&P Global Market Intelligence, Mergermarket, company press releases and various news sources (e.g., Newswire, Businesswire, GlobeNewswire). Note: All trademarks, trade names, or logos referenced herein are the property of their respective owners.

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 March 31, 2023)

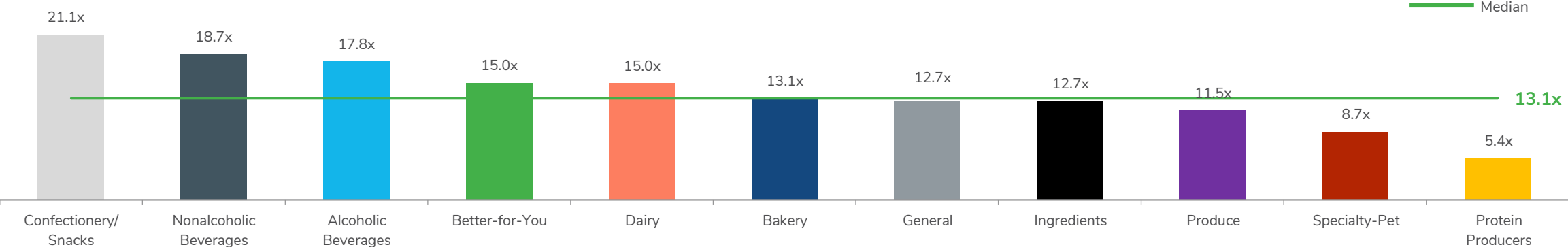


TTM = Trailing 12 months.

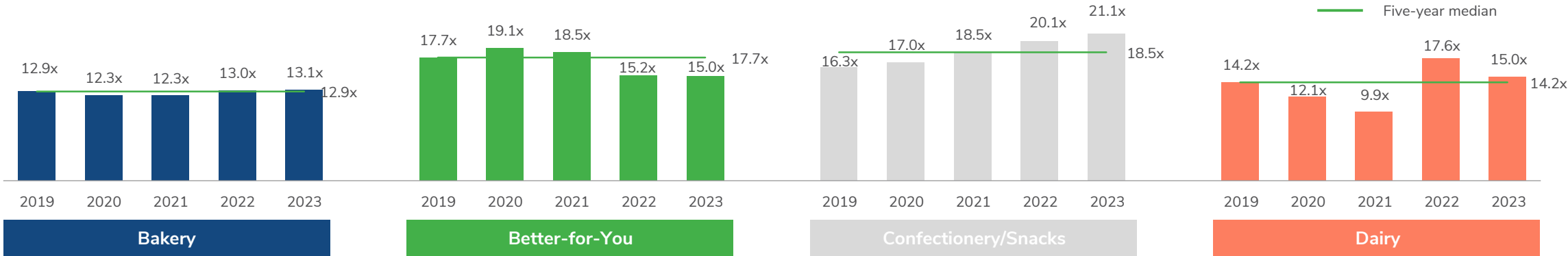
Public Company Trading Multiples

Public Company Trading Multiples

EV/TTM EBITDA Median Multiples by Subsector (as of March 31, 2023)



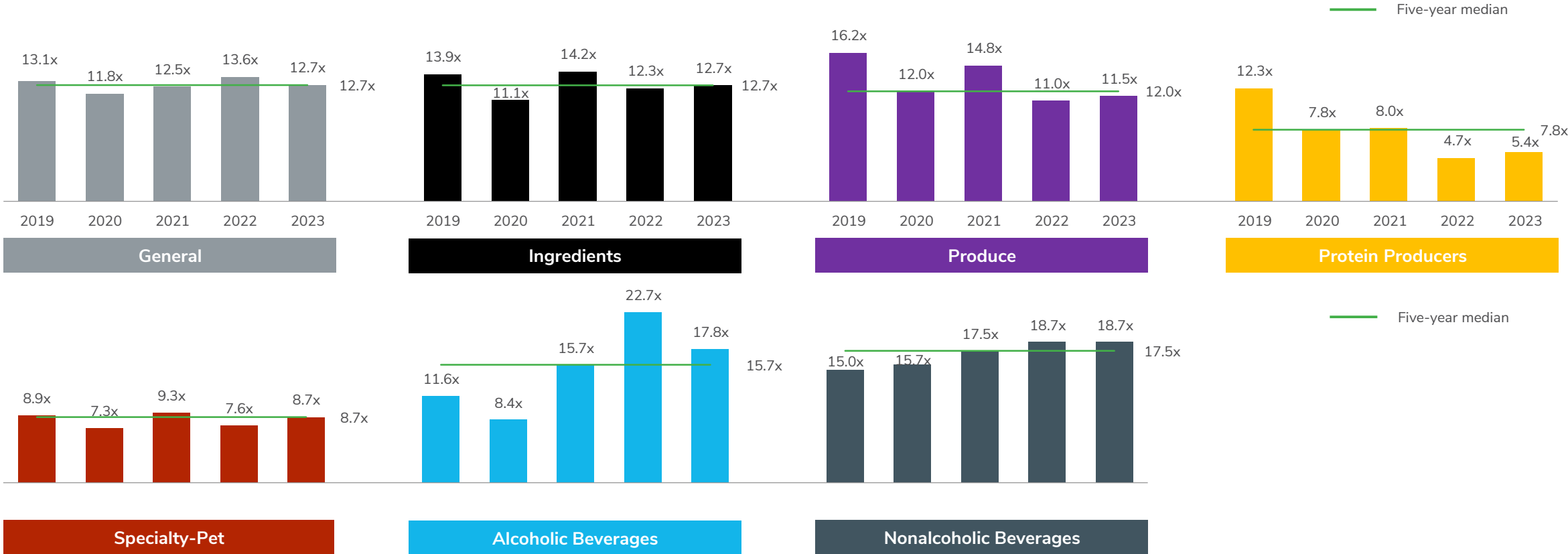
EV/TTM EBITDA Median Multiples – Food and Beverage Subsectors (as of March 31, 2023)



Note: Sector constituents based on selected comparable companies with market capitalization greater than or equal to USD 25 million; certain periods exclude outliers based on Kroll analysis; EBITDA: Earnings before interest, taxes, depreciation and amortization. EBITDA does not reflect adjustments for extraordinary items. EV = Enterprise value = market capitalization + total debt + preferred equity – cash and short-term investments. TTM = Trailing 12 months. Source: S&P Global Market Intelligence.

Public Company Trading Multiples

EV/TTM EBITDA Median Multiples – Food and Beverage Subsectors (as of March 31, 2023)

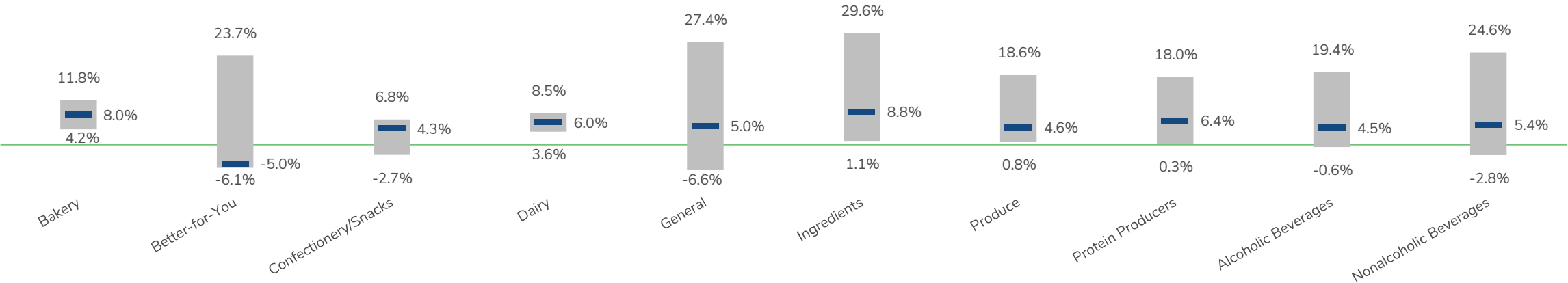


Note: Sector constituents based on selected comparable companies with market capitalization greater than or equal to USD 25 million; certain periods exclude outliers based on Kroll analysis; EBITDA: Earnings before interest, taxes, depreciation and amortization. EBITDA does not reflect adjustments for extraordinary items. EV = enterprise value = market capitalization + total debt + preferred equity – cash and short-term investments. TTM = trailing 12 months. Source: S&P Global Market Intelligence.

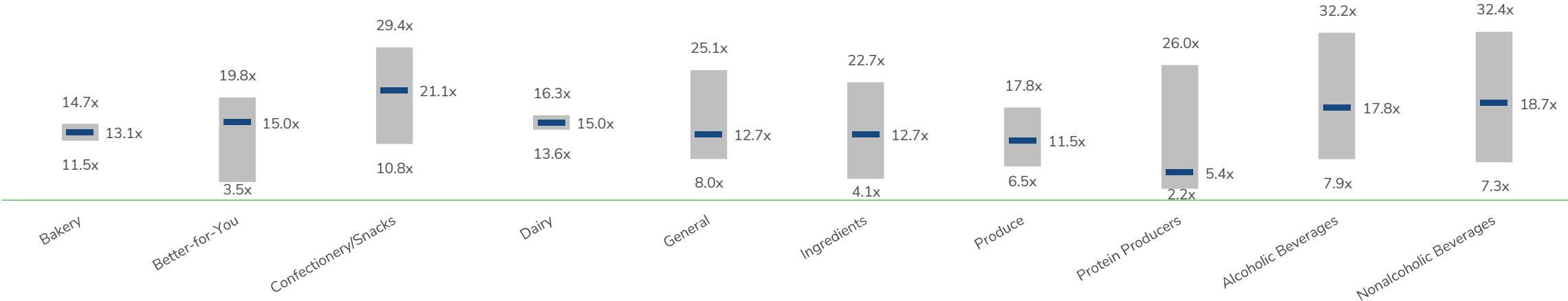
Public Company Trading Statistics

Select Public Company Operating and Trading Statistics

Five-Year Revenue Growth Rate (CAGR)¹ – Range and Median (as of March 31, 2023)*



Enterprise Value/TTM EBITDA (by sector)¹ – Range and Median (as of March 31, 2023)*



Note: Sector constituents based on selected comparable companies with market capitalization greater than or equal to USD 25 million; certain sectors exclude outliers based on Kroll analysis;
 *Specialty-Pet companies were excluded due to insufficient data.
¹The values above represent high, median and low data points for each category as of March 31, 2023.
 Source: S&P Global Market Intelligence.
 CAGR: Compound annual growth rate.

Select Kroll Corporate Finance Food and Beverage Experience

<p>SELL-SIDE ADVISOR </p> <p></p> <p>has been acquired by</p> <p></p> <p>a portfolio company of</p> <p></p>	<p>SELL-SIDE ADVISOR </p> <p></p> <p>has been acquired by</p> <p></p> <p>a portfolio company of</p> <p></p>	<p>SELL-SIDE ADVISOR </p> <p></p> <p>has been acquired by</p> <p></p>	<p>SELL-SIDE ADVISOR </p> <p></p> <p>has been acquired by</p> <p></p>	<p>FINANCIAL ADVISOR </p> <p></p> <p>has secured senior debt financing from a consortium of lenders</p>
<p>SELL-SIDE ADVISOR </p> <p></p> <p>has been acquired by</p> <p></p>	<p>SELL-SIDE ADVISOR </p> <p></p> <p>Gum Products International</p> <p>has been acquired by</p> <p></p>	<p>SELL-SIDE ADVISOR </p> <p></p> <p>has been acquired by</p> <p></p>	<p>SELL-SIDE ADVISOR </p> <p></p> <p>has been acquired by</p> <p></p>	<p>FINANCIAL ADVISOR </p> <p></p> <p>has secured senior debt financing from</p> <p></p>

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Select Kroll Corporate Finance Food and Beverage Experience

<p>BUY-SIDE ADVISOR </p> <p>ErieMeats est. 1977</p> <p>has acquired</p> <p></p>	<p>SELL-SIDE ADVISOR </p> <p><i>Mariner Seafood</i></p> <p>has been acquired by</p> <p></p>	<p>SELL-SIDE ADVISOR </p> <p>BoDeans baking group</p> <p>has been acquired by</p> <p>Joy</p>	<p>SELL-SIDE ADVISOR </p> <p><i>Mama Mary's</i></p> <p>portfolio companies of</p> <p> LINEALATA CAPITAL PARTNERS</p> <p>has been acquired by</p> <p></p>	<p>SELL-SIDE ADVISOR </p> <p>SEAJOY</p> <p>has been acquired by</p> <p>Cooke</p>
<p>SELL-SIDE ADVISOR </p> <p>VeggieLand™</p> <p>has been acquired by</p> <p></p>	<p>BUY-SIDE ADVISOR </p> <p> PACIFIC COAST PRODUCERS</p> <p>has acquired</p> <p>OREGON CHERRY GROWERS INC.</p>	<p>SELL-SIDE ADVISOR </p> <p> COUNTRY FRESH</p> <p>has been acquired by</p> <p> KAINOS KAINOS CAPITAL, LLC</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>TROPICS MIXOLOGY</p> <p>a division of</p> <p>BEVERAGE INNOVATIONS</p> <p>has been acquired by</p> <p>bevolution group</p>

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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>VITATECH NUTRITIONAL SCIENCES, INC.</p> <p>has been acquired by</p> 	<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>a portfolio company of</p>  <p>has been acquired by</p> 
<p>SELL-SIDE ADVISOR </p> <p>NEOCELL</p> <p>has been acquired by</p> 	<p>SELL-SIDE ADVISOR </p>  <p>has merged with</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> 	<p>SELL-SIDE ADVISOR </p>  <p>has been acquired by</p> 

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<p>VALUATION OPINION </p> <p>Driscoll's, Inc.</p>  <p>Financial advisor to Driscoll's, Inc.</p>	<p>ESOP ADVISORY </p> <p>Cargill, Incorporated</p>  <p>Financial advisor to the trustee of the of Cargill, Incorporated Employee Stock Ownership Plan</p>	<p>SOLVENCY OPINION </p>  <p>has completed the spinoff</p> 	<p>SOLVENCY OPINION </p> <p>Ocean Spray Cranberries, Inc. has completed a share redemption transaction</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>
<p>SOLVENCY OPINION </p>  <p>has completed the sale of</p> 	<p>FAIRNESS OPINION </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>TRANSACTION ADVISORY </p>  <p>has been acquired by</p>  <p>Performed financial and tax due diligence on behalf of the Buyer</p>

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