

Food & Beverage M&A Recap

January 2023

Sustainability is being driven by consumers, brands, employees and investors in addition to regulators and governments

Companies are increasingly focused on creating long-term value for shareholders and stakeholders, including financial returns, sustainability and impacts on ESG. In contemplating a transaction, business owners must articulate sustainability KPIs alongside financial returns to investors. The table below lists examples of select KPIs that may be important for food and beverage industry stakeholders. In advance of engaging in a potential transaction, business owners should identify which KPIs are most material for their company and identify measurable and attainable criteria for evaluation.

 Traditional focus: shareholders Companies have traditionally focused on financials and shareholder returns.	Consumers	Consumers want sustainable products, with the growth of sustainably-marketed products outpacing growth in 90% of product categories.
	Brands	Brands with sustainable impact grow faster than their counterparts.
	Employees	Employees who are mission driven strengthen their company's brand and increase productivity, in some cases accounting for 2% of stock price increases.
	Investors	Most investors say ESG information plays a pivotal role in making investment decisions and will impact valuations.
	Regulators	Regulators are imposing a duty of care on companies to disclose their actions.
	Governments	Governments are accelerating regulation through measures like green taxes, plastics bans and sustainability disclosures.
 Evolving focus: shareholders <u>and</u> stakeholders Companies are increasingly focused on creating long-term value for shareholders and stakeholders, including financial returns, sustainability and impacts on ESG.		

Illustrative KPIs for food and beverage companies:

Sustainability KPIs	1. Innovation and research	2. Product design	3. Source	4. Manufacture	5. Package	6. Transport and store	7. Sell and use	8. Return and dispose
	<div>% products meeting volatile organic compound emissions standards</div> <div>% products made without hazardous chemicals or waste</div>	<div>% of revenue from land meeting NRCS¹ criteria</div> <div>% sustainably grown products created with eco-friendly practices</div>	<div>% suppliers with full traceability</div> <div>% land use covered by sustainability certification or regenerative ag principles</div> <div>% sourced products certified through third-party environmental or social standard</div> <div>% of diverse supplier spend</div>	<div>CO₂ emissions</div> <div>% of waste recycled</div> <div>Total water withdrawn / total water consumed</div> <div>% products sourced from GFSI²-certified suppliers</div> <div>% animal production not receiving growth hormones</div> <div>Tons of fertilizer consumed per acre</div>	<div>Refillable products / total products</div> <div>% recycled materials or plastics (marine or PCR) used</div> <div>% packaging made from biodegradable materials</div> <div>% food waste due to packaging</div>	<div>% of carbon emissions from logistics process</div> <div>% renewable fleet fuel consumed</div> <div>% energy efficient warehouse use</div> <div>% product lost in transit</div>	<div>% of product portfolio that is sustainable products</div> <div>% revenue from sustainable products</div> <div>Net brand trust score</div> <div>\$ losses to product safety issues (e.g., foodborne illness)</div> <div># of product recalls / total products</div> <div>GFSI² Score</div>	<div>% of post-consumer recyclable content</div> <div>% of products donated</div> <div>% of biodegradable products</div>

Sources: EY Institutional Investor survey, Future Consumer Index, Morningstar, IR Magazine, UN, European Commission, Edie

¹Natural Resources Conservation Science

²Global Food Safety Initiative

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Food and beverage recent announced transactions

Select announced transactions in Q4 2022

All figure in USD, unless otherwise noted















Announced Date	Target	Target HQ	Target Description	Buyer	Buyer HQ
Alcoholic Beverages					
Oct 13, 2022	Sovereign Brands LLC		Producer of wine and spirits products offering white, red, sparkling and rose wines.	Pernod Ricard SA (ENXTPA:RI)	
Oct 31, 2022	Wilderness Trail Distillery, LLC		Operator of a beverage distillery offering handcrafted products and spirits. <ul style="list-style-type: none">▶ EV – \$600m▶ EV/Revenue – 14.7x▶ EV/EBITDA – 26.4x	Davide Campari-Milano N.V. (BIT:CPR)	
Nov 07, 2022	Montauk Brewing Company, Inc.		Producer and distributor of craft beer which sells through retailers such as Target, Whole Foods, Trader Joe's, Stop & Shop.	Tilray Brands, Inc. (NasdaqGS:TLRY)	
Nov 10, 2022	FitVine Wine, LLC		Producer and seller of red and white wines which sells through stores as well as online channel.	O'Neill Beverages Co. LLC	
Dec 09, 2022	Heritage Distilling Company, Inc.		Operator of craft distilleries and produces whiskey, vodka, gin, and rum. <ul style="list-style-type: none">▶ EV – \$107.5m	Better World Acquisition Corp. (Nasdaq: BWAC)	

Announced Date	Target	Target HQ	Target Description	Buyer	Buyer HQ
Alcoholic beverages					
Dec 14, 2022	Waterloo Brewing Ltd. (TSX:WBR)		Producer, seller and distributor of bottled, canned, and draft premium beer which sells through grocery stores. <ul style="list-style-type: none">▶ EV – CAD \$214.9m▶ EV/Revenue – 2.0x▶ EV/EBITDA – 15.7x	Carlsberg Breweries A/S	
Bakery					
Oct 10, 2022	Bake Crafters Food Company		Manufacturer and distributor of breakfast and other baked food products primarily to the K-12 foodservice channel.	Murray's Inc.	
Oct 31, 2022	Dianne's Fine Desserts, Inc.		Producer of frozen thaw-and-serve desserts offering cheesecakes, layer cakes, pies and tarts, brownies/bars for the food service and in-store retail industries.	Dessert Holdings	
Nov 15, 2022	King's Pastry Inc.		Manufacturer and seller of cakes, pastries, and other desserts for grocery, restaurant, and hospitality providers.	Ironbridge Equity Partners Limited	
Dec 06, 2022	Brownie Brittle, LLC		Manufacturer of brownie products including chocolate chip brownie, easter egg brownie truffle which sells through restaurants, club stores and theme parks.	Second Nature Brands	
Dec 13, 2022	Papa Pita Bakery		Manufacturer and distributor of bagels, tortillas, breads, buns, English muffins and flat breads.	Flowers Foods, Inc. (NYSE:FLO)	
Beverages					
Oct 12, 2022	Crystal Spring Water Company		Manufacturer and distributor of spring water.	Primo Water Corporation	











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Beverages					
Nov 09, 2022	Flow Beverage Corp. (TSX: FLOW)		Producer and distributor of original, flavored, unflavored and collagen-infused alkaline spring water through direct sales & store, broker and e-commerce channels. <ul style="list-style-type: none"> EV – \$19.5m 	BioSteel Sports Nutrition Inc.	
Nov 14, 2022	Kohana Coffee, LLC		Producer of specialty coffee and cold brew concentrate offering an alternative to sugary sports drinks. <ul style="list-style-type: none"> EV – \$39.4m 	Westrock Beverage Solutions, LLC	
Confectionery					
Dec 19, 2022	Mondelez International's developed market Gum Business		Manufacturer of chewing gum, including brands Trident, Dentyne, Stimorol, Hollywood, V6, Chiclets, Bubbaloo and Bubblicious. <ul style="list-style-type: none"> EV – \$1,350m EV/EBITDA – 15.0x 	Perfetti Van Melle Group	
Dec 19, 2022	Tru Fru, LLC		Provider of a range of frozen and shelf-stable products featuring fruit coated in chocolate.	Mars Inc.	
Dairy Products					
Dec 07, 2022	Wells Enterprises, Inc.		Producer of ice creams and water ice products and frozen desserts, novelties, and yogurts which sells through grocery, convenience and club stores.	Ferrero S.p.A.	
Distribution					
Oct 31, 2022	Lipari Foods, LLC		Distributor of food products in various categories, such as bakery, confections, dairy/frozen serving supermarkets, convenience & foodservice stores.	Littlejohn & Co., LLC	
Nov 02, 2022	Lombardi Brothers Meat Packers Inc.		Distributor of meat products offering strip, ribeye, t-bone, and sirloins steaks which serves through hotels, restaurants, resorts and clubs.	Armand Agra, Inc.	



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Food Retail					
Oct 14, 2022	Albertsons Companies, Inc. (NYSE:ACI)		Operator of food and drug retail stores offering grocery products & general merchandise and also manufactures and processes food products for sale in stores. <ul style="list-style-type: none">▶ EV – \$30.6b▶ EV/Revenue – 0.4x▶ EV/EBITDA – 5.7x	The Kroger Co. (NYSE:KR)	
Ingredients					
Oct 03, 2022	Saratoga Foods Specialty (division of Smithfield Foods Inc.)		Manufacturer of food spices and sauces which sells through supermarket chains, wholesale distributors and the foodservice industry. <ul style="list-style-type: none">▶ EV – \$587.5m▶ EV/Revenue – 2.1x	Solina Group SAS	
Oct 03, 2022	Denali Ingredients, LLC		Developer and manufacturer of ingredient solutions for the US ice cream industry. <ul style="list-style-type: none">▶ EV – \$200m	Orkla Food Ingredients AS	
Dec 20, 2022	Savory Solutions Group		Provider of savoury ingredients and blends used by food manufacturers, butchers & food service players. <ul style="list-style-type: none">▶ EV – \$900m▶ EV/Revenue – 1.9x	PAI Partners	
Pet food					
Nov 01, 2022	Champion Petfoods LP		Producer of pet food offering meat ingredients, protein-based product which sells through pet specialty shops & retailers and veterinary clinics. <ul style="list-style-type: none">▶ EV – \$2.0b	Mars Petcare US, Inc.	
Protein					
Nov 28, 2022	Owensboro Grain Company, LLC		Producer of soy products and edible oils including protein meal and hull pellets for animal feeds serving food, feed and renewable fuel markets.	Cargill, Incorporated	
Nov 28, 2022	Rise Bar		Manufacturer and seller of pea protein bars, vegan protein bars, and mini bars.	USANA Health Sciences, Inc. (NYSE:USNA)	



Announced Date	Target	Target HQ	Target Description	Buyer	Buyer HQ
Restaurants					
Nov 02, 2022	Wetzel's Pretzels, LLC		Franchisor and owner of quick service restaurants offering baked soft pretzels, Wetzel Dogs, Wetzel Bitz and beverages. <ul style="list-style-type: none">▶ EV – \$207m▶ EV/Revenue – 0.8x▶ EV/EBITDA – 9.0x - 10.0x	MTY Food Group Inc. (TSX:MTY)	
Dec 19, 2022	Freshii Inc.		Developer, franchiser and operator of quick-serve restaurants offering salads, bowls, burritos, wraps, soups, juices, smoothies, frozen yogurt & others. <ul style="list-style-type: none">▶ EV – CAD \$59.6m▶ EV/Revenue – 1.5x	Foodtastic Inc.	
Snacks					
Oct 18, 2022	AOG, LLC d/b/a TruFood Manufacturing		Manufacturer of snack food including private-label nutrition bars, protein bars, chocolate moulded products, and baked goods. <ul style="list-style-type: none">▶ EV – \$212m	Mubadala Capital	
Dec 08, 2022	popchips, inc.		Manufacturer and supplier of snack food products offering popped potato chips through a network of retail stores and online channel.	From The Ground Up, Inc.	

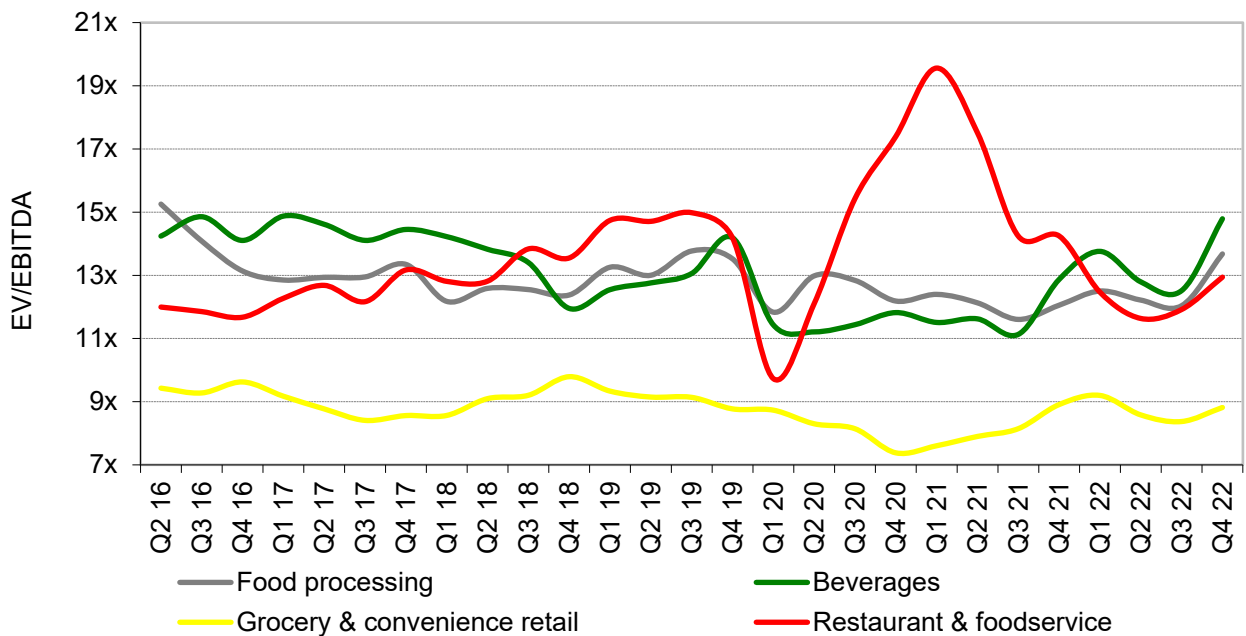


Our food and beverage index consists of the following publicly traded companies:

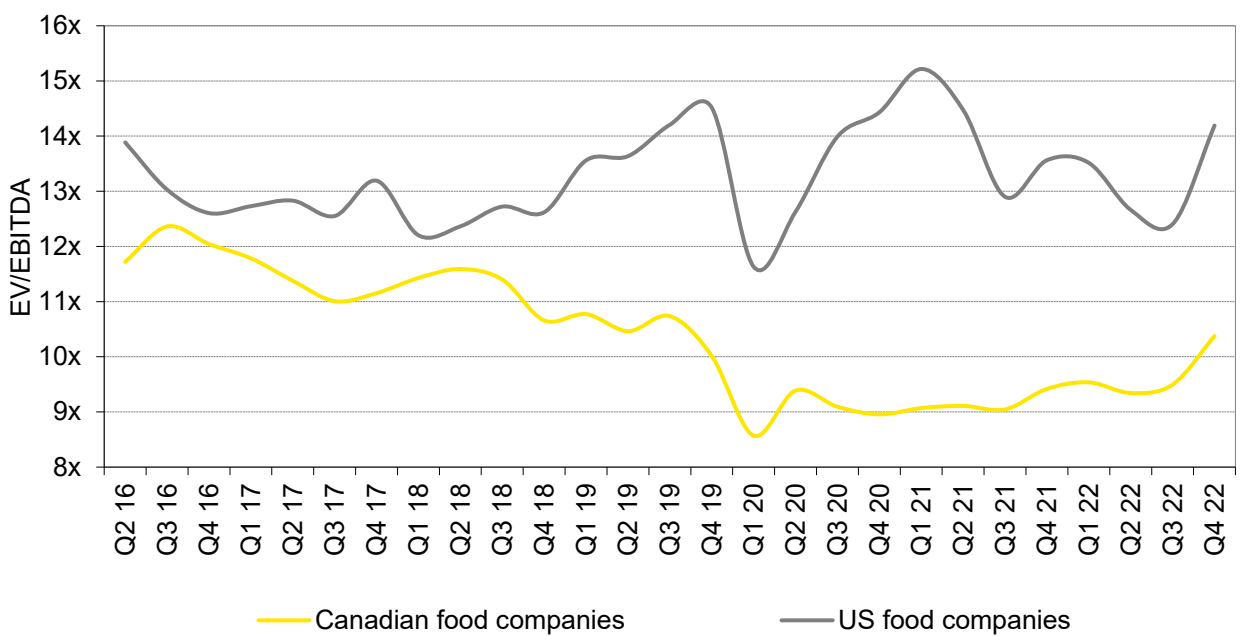
US food and beverage companies	Ticker symbol
Food processing	
Tyson Foods	TSN
The Kraft Heinz Company	KHC
Mondelez International, Inc.	MDLZ
General Mills, Inc.	GIS
ConAgra Brands, Inc.	CAG
Campbell Soup Company	CPB
McCormick & Company, Incorporated	MKC
Hormel Foods Corporation	HRL
The Hershey Company	HSY
Kellogg Company	K
Beverages	
The Coca-Cola Company	KO
Pepsico, Inc.	PEP
Constellation Brands Inc.	STZ
Grocery and convenience retail	
The Kroger Co.	KR
Weis Markets, Inc.	WMK
Restaurant and foodservice	
Starbucks Corporation	SBUX
McDonald's Corp.	MCD
Jack in the Box Inc.	JACK
Yum! Brands, Inc.	YUM
Darden Restaurants, Inc.	DRI
Brinker International, Inc.	EAT
Dine Brands Global, Inc.	DIN
Canadian food and beverage companies	
Food processing	
Maple Leaf Foods Inc.	MFI
George Weston Limited	WN
Saputo Inc.	SAP
High Liner Foods Inc.	HLF
Beverages	
Molson Coors Brewing Company	TAP
Primo Water Corporation	PRMW
Lassonde Industries Inc.	LAS.A
Andrew Peller Limited	ADW.A
Corby Spirit & Wine Limited	CSW.A
Grocery and convenience retail	
Loblaw Companies	L
Metro Inc.	MRU.A
Alimentation Couche-Tard Inc.	ATD.B
Restaurant and foodservice	
MTY Food Group Inc.	MTY

EY Food and Beverage Index

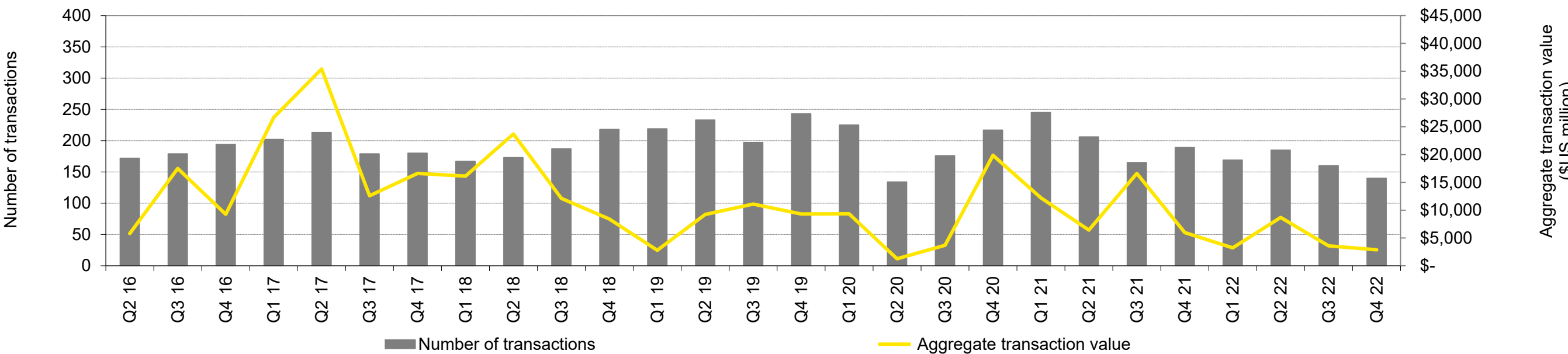
Enterprise value trends by sector



Enterprise value trends by country



North American transaction volume and size¹



¹Note: the Kroger/Albertsons transaction announced in Q4 - 2022 at an approximate value of \$34 billion is not included.

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