

Food & Beverage M&A Recap

Q4 2023

EDITORS



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The current market is being shaped by six interdependent disruptive forces that are creating new challenges and opportunities for food and beverage companies

State of the market: A post-pandemic environment where growth has been challenged due to inflationary headwinds. For many food and beverage companies, revenue growth has largely been driven by pricing.

Priorities for today: Markets are being reshaped by six primary forces, as outlined below.

Priorities for tomorrow: Food and beverage companies must adapt to evolving consumer priorities. Consumers tend to gravitate towards brands that resonate with their personal values and health objectives and fit into their busy schedules, resulting in a growing demand for personalized and convenient services.



Geopolitical and economic uncertainty

- ▶ More frequent disruptions, including **geopolitical conflicts** and the **pandemic**.
- ▶ **Supply chain disruptions** continue to cause product shortages.
- ▶ Switch from global to **local supplier networks** offsets risks and trade tensions.
- ▶ **High inflation** reduces companies' profits and consumers' buying power.
- ▶ Rising **unemployment** could impact consumers' purchasing power.



Evolving consumer priorities

- ▶ **Mass personalization** of products and services.
- ▶ **Private label** taking more share of brands.
- ▶ Demand for **ethical, environmental, and health-focused** products (e.g., plant based).
- ▶ More **conscious consumption**, encouraging companies to develop new packaging solutions.
- ▶ **Emerging population groups** with different consumption patterns, from the current Generation M to the growing aging populations.



Rapid technological change

- ▶ Improving **consumer experience** through use of data and analytics and emerging technologies such as blockchain, 3D printing, AR and VR.
- ▶ Evolving **digital channels** and **AI solutions**.
- ▶ New digital goods/services, web 3.0 and **metaverse** are being explored.
- ▶ Increased value chain **agility and transparency**.
- ▶ Growing importance of **cybersecurity**.
- ▶ Increasing relevance of **ChatGPT** (e.g., TasteGPT) to develop unique products and enhance experience.



Sector convergence

- ▶ Food companies are diversifying into the **tech and health** sectors.
- ▶ Shift from products to services and lifestyle curation as consumers increasingly value **experiences**.
- ▶ **Ecosystem partnerships** enable quick expansion of offering.
- ▶ Consumers are more engaged with brands, products and services through **gamification**.
- ▶ **Data** is becoming more important and **traded** by consumers, retailers and food companies.



Accelerating interest in sustainability

- ▶ End-to-end supply chain **transparency/traceability** through technological and operational changes.
- ▶ **Decarbonization** of the value chain.
- ▶ **Circularity** for products and packaging.
- ▶ Growing concerns about **food waste**.
- ▶ **Diversity and Inclusion** among suppliers in the value chain.



Increasing tax and regulatory complexity

- ▶ Implementation of **new taxes and regulations**: carbon border, plastic packaging, labelling, ingredients, sin taxes.
- ▶ Accountability for supplier and product **transparency**.
- ▶ **Labour laws** and minimum wages.
- ▶ Increased consumer demand for **data protection**.
- ▶ **Global and local** requirements need to be balanced.

EY transaction snapshot



acquired the **US and Mexican frozen fruit operations** and **certain assets of a participant in the private label frozen fruit sector in the USA** and completed a syndicated debt financing for the purposes of financing both the acquisition and future growth

EY* acted as the exclusive financial advisor to Nature's Touch in connection with the acquisition, the acquisition financing and the overall refinancing of the company



* Ernst and Young Orenda Corporate Finance Inc.

Companies Involved

Founded in 2004, Nature's Touch (the "Company") is a leader in the frozen organic and conventional fruit industry that has freezing and packaging facilities in Canada and the US, and is dedicated to providing high-quality, affordable, and diverse frozen fruit to consumers worldwide. The Company acquired the frozen fruit operations, including certain assets in the US and Mexico, focused on the private label frozen fruit sector in the US offering premium, affordable frozen food products and promoting healthy eating habits.

The Story

The acquisition marks a significant milestone in the Company's growth within the North American frozen food category. Together with its recent investment in a re-packing facility in Virginia, the acquired business aligns perfectly with Nature's Touch's vision for creating value for consumers through synergies in scale, product diversity, innovation, geographic reach, and growth prospects.

EY's Role in the Transaction

EY advised Nature's Touch on the acquisition of the frozen fruit operations of a participant in the private label frozen fruit sector in the US.

TO LEARN MORE



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Food and beverage recent announced transactions

Select announced transactions in Q4 2023

All figures in USD, unless otherwise noted

Announced Date	Target	Target HQ	Target Description	Buyer	Buyer HQ
Bakery					
Dec 05, 2023	Two Pie Facilities from Wonder Brands Holdings and FGF Brands (USA) Inc.		Operates a full-line pies platform servicing the retail channel across North America with two facilities in Washington and Ontario.	Rise Baking Company	
Dec 28, 2023	St-Method Bakery		Producer and supplier of healthy, value-add fresh bread products.	Swander Pace Capital	
Beverages					
Oct 30, 2023	Daou Vineyards, LLC		Producer and retailer of wine which sells through online channel. <ul style="list-style-type: none"> ▶ EV – \$1.0B ▶ EV/EBITDA – 20.9x 	Treasury Wine Estates Limited	
Nov 16, 2023	Sonoma-Cutrer Vineyards, Inc.		Manufacturer and distributor of Chardonnay and Pinot Noir wines which markets under the brands Russian River Ranches, The Cutrer, Les Pierres and others. <ul style="list-style-type: none"> ▶ EV – \$391.5m ▶ EV/Revenue – 4.7x 	The Duckhorn Portfolio, Inc.	

Announced Date	Target	Target HQ	Target Description	Buyer	Buyer HQ
Beverages					
Dec 15, 2023	La Colombe Terrefaction, Inc.		Producer of packaged coffee products such as Corsica, Nizza, Phocea and owns & operates 32 cafes. ▶ EV – \$900.0m	Chobani Inc.	
Dairy					
Oct 30, 2023	Mt. Vikos, Inc.		Provider of Greek speciality cheeses and spreads produced using non-GMO sheep and goat milk.	Atalanta Corporation, Inc.	
Distribution					
Nov 09, 2023	Saladino's, Inc.		Operates as a distributor of products including beverages, fresh produce and grocery, among others.	US Foods Holding Corp.	
Frozen					
Oct 13, 2023	SunOpta Frozen Fruit Business		Provider of conventional and organic fruits available in quick frozen whole fruit & segment cuts and solid packs, among others. ▶ EV – \$141.0m ▶ EV/Revenue – 0.5x ▶ EV/EBITDA – 9.4x	Nature's Touch Frozen Foods, LLC*	
Ingredients					
Oct 11, 2023	J&K Ingredients, Inc.		Producer of baked goods ingredients for global bakery customers, commercial bakeries and bakery product wholesalers & distributors.	SK Capital Partners, LP	
Oct 19, 2023	Newly Weds Foods, Inc.		Producer of premium batters, breading, coatings, spices and seasonings for the processed food industry. ▶ EV – \$4.0B	Redwood Capital Investments, LLC	
Nov 30, 2023	Summit Hill Foods		Producer and supplier of ingredients to foodservice distributors, manufacturers and restaurants.	EagleTree Capital	



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Announced Date	Target	Target HQ	Target Description	Buyer	Buyer HQ
Pet Food					
Oct 10, 2023	Perfection Pet Foods LLC		Manufacturer and packager of private label and co-manufactured pet food and baked treat products. ▶ EV – \$235.0m	Post Holdings Inc.	
Sauces & Dips					
Nov 21, 2023	General Assembly Holdings Limited		Operates fast casual premium restaurants which manufactures and distributes frozen pizza directly to consumers through the subscription offer as well as through specialty grocery stores. ▶ EV – \$10.9m	CanPR Technology Inc	
Dec 26, 2023	Yai's Thai, LLC		Producer of Thai-flavored sauces that are non-GMO, paleo-friendly, gluten-free and made from natural ingredients.	DDC Enterprise Limited	
Seafood					
Nov 14, 2023	Menu-Mer Ltée		Producer and seller of fresh and frozen fish & seafood products.	Premium Brands Holdings Corporation	
Snacks					
Oct 11, 2023	Cibo Vita Inc.		Operates as a better-for-you snack company offering various combinations of nuts, seeds, dried fruit, trail mixes, coated nuts and confectionery.	Citation Capital Management, LLC	
Dec 11, 2023	Benestar Brands, LLC		Producer of branded, co-packed and private-label pork snacks offering pork-based crisps, pork skins and pretzel bread.	Palmex Alimentos, S.A. de C.V.	
Dec 13, 2023	1440 Foods		Operator of sports and active nutrition portfolio consisting of protein-packed snacks, drinks and protein bars.	Bain Capital Private Equity	
Dec 13, 2023	Shearer's Foods, LLC		Manufacturer and distributor of salty snacks, cookies and crackers including kettle-cooked potato chips and traditional potato chips, among others.	Clayton, Dubilier & Rice, LLC.	



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

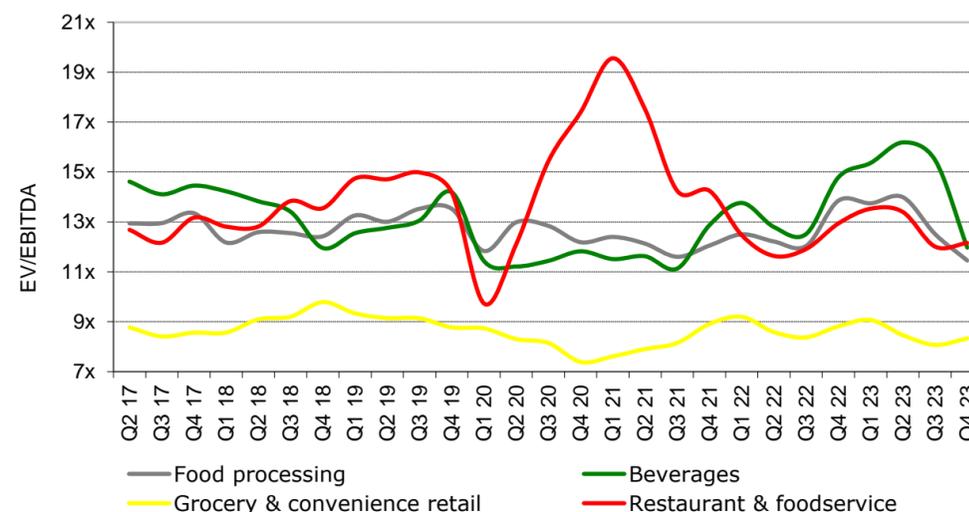
Loblaw Companies	L
Metro Inc.	MRU.A
Alimentation Couche-Tard Inc.	ATD.B

Restaurant and foodservice

MTY Food Group Inc.	MTY
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EY Food and Beverage Index

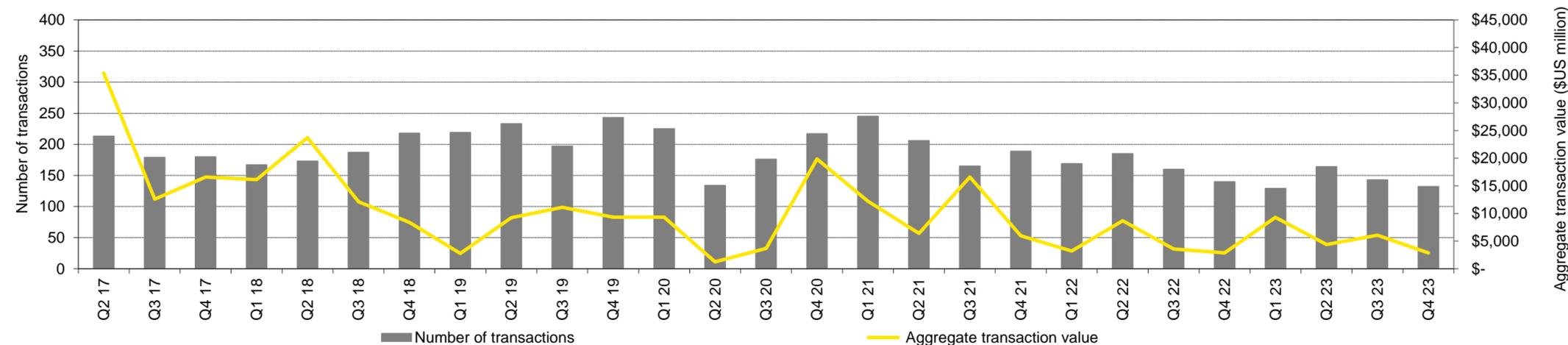
Enterprise value trends by sector



Enterprise value trends by country



North American transaction volume and size¹



¹Note: The Kroger Co. acquisition of Albertsons Companies Inc. announced in Q4, 2022, at an approximate value of \$34 billion, is not included. The Berkshire Hathaway Inc. acquisition of an additional 41.4% of Pilot Travel Centers LLC transaction closed in Q1, 2023, at an approximate value of \$8 billion, is not included.



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