



Food and Beverage

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Industry Insights

Kroll Investment Banking

SUMMER 2024



Executive Summary

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272 food and beverage deals were announced in TTM June 2024



88% were completed by privately owned buyers



78% were strategic transactions

M&A Market Overview

Overview

In Q2 2024, 82 transactions were announced in the food and beverage industry, representing a strong 17% increase in transaction count when compared with the previous quarter. For the trailing 12 months (TTM) period ending June 30, 2024, 272 deals were announced in the space, marking an 8% decrease in comparison to the prior TTM period. Although decreasing on a year-over-year basis, the rebound in quarter-over-quarter M&A activity is encouraging.

Q2 2024 saw many North American deals in the alcoholic beverages and general food spaces. Notable transactions announced within these areas include Constellation Brands Inc.'s acquisition of Sea Smoke Estate Vineyards and Lassonde Industries Inc.'s impending acquisition of Summer Garden Food Manufacturing. The alcoholic beverages, bakery, general and protein producers categories were the most active in terms of deal volume, representing 67% of the total transaction count this quarter.

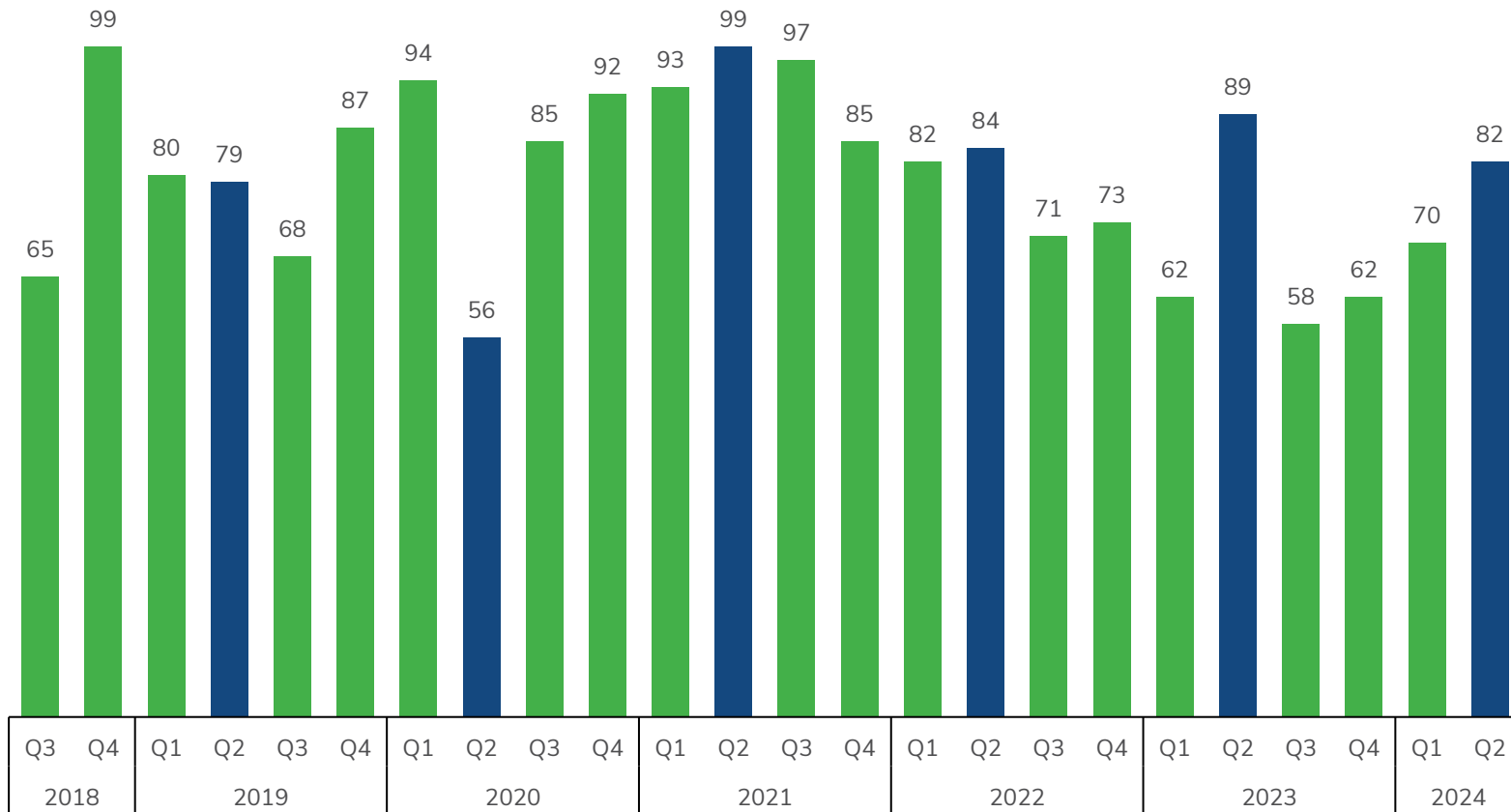
TTM June 2024 M&A activity in the food and beverage sector remained predominantly driven by strategic buyers (including companies primarily owned by private equity investors), with strategic transactions representing 78% of total deal volume. Of the 272 deals announced over the TTM period, 239 (88%) were completed by privately owned buyers.

The sharp ramp-up in Q2 2024 food and beverage deals represents the third consecutive quarterly increase in M&A activity. The increase in deal flow is likely driven by the significant amounts of cash on the balance sheets of large corporations, creating opportunities for these strategic buyers to realize synergies through M&A. However, despite record levels of dry powder, private equity firms have been slow to enter and exit investments because of elevated borrowing costs and unmet valuation expectations, shifting the interest of some groups towards smaller strategic add-on acquisitions and the use of more flexible private credit financing.

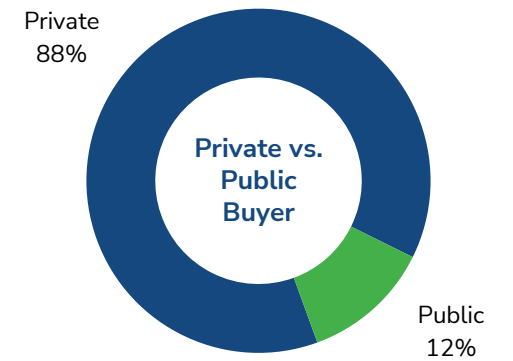
Although inflation rates have stabilized, retail prices of food and beverage products remain high, and companies will need to continue being mindful of changing consumer preferences, away from high quality to best value. As the market prepares for further Canadian interest rate cuts and initial cuts in the U.S., we expect food and beverage M&A activity to remain strong in the back half of 2024.

M&A Market Overview—Cont'd

Number of Announced Deals (as of June 30, 2024)



By Number of Announced Deals (TTM as of June 30, 2024)



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

Select Recent Transactions¹

BlueTriton Brands and Primo Water Corporation Agreed to Merge



On June 17, 2024, BlueTriton Brands and Primo Water Corporation (TSX:PRMW) announced that the two companies will combine to create a leading healthy hydration company, with Primo Water's valuation implied at **\$4.7 billion**. "The combined company will benefit from a diversified portfolio of iconic brands, a national footprint and the strength of the combined delivery platform to better serve customers anywhere and anyway they hydrate," said Robbert Rietbroek, Chief Executive Officer of Primo Water.

Glanbia plc Successfully Acquired Flavor Producers LLC



On April 26, 2024, Glanbia plc (ISE:GL9) completed the acquisition of Flavor Producers LLC, a manufacturer of organic, natural and plant-based flavors and extracts, for **\$355 million**, including an earnout conditional on 2024 performance. "Our combined capabilities will make us an industry-leading innovation partner for our valued customers. With this great team, we look forward to an exciting future ahead," said Michael O'Neill, CEO of Flavor Producers.

The Simply Good Foods Company Acquired Only What You Need Inc.



On June 13, 2024, The Simply Good Foods Company (NasdaqCM:SMPL) completed the acquisition of Only What You Need Inc. (dba: OWYN), a producer of plant-based ready-to-drink protein shakes, previously owned by Purchase Capital, for **\$280 million**. "This transaction will enable OWYN to leverage Simply Good Foods' sales, marketing and go-to-market capabilities and positions the brand to reach the next level of growth," said Nicholas J. Singer, Founder and Managing Partner of Purchase Capital.

Tate & Lyle plc Agreed to Acquire CP Kelco



On June 20, 2024, Tate & Lyle plc (LSE:TATE) announced that it has entered into a definitive agreement to acquire CP Kelco, a leading ingredient solutions company, and its subsidiaries from J.M. Huber Corporation for **\$1.9 billion**, including deferred consideration. "With our complementary portfolio and deep technical expertise, we will bring new value to our customers and new opportunities for our employees. This is an exciting time for our combined businesses," said Didier Viala, President of CP Kelco.

Lassonde Industries Inc. Agreed to Acquire Summer Garden Food Manufacturing



On June 21, 2024, Lassonde Industries Inc. (TSX:LAS.A) signed a definitive agreement to acquire Summer Garden Food Manufacturing, a producer of sauces, condiments and dressings, for **\$280 million**. "This partnership ensures our legacy will continue to thrive," said Thomas Zidian, President and Chief Executive Officer of Summer Garden. "We are confident it will benefit our customers through enhanced products and will offer our employees new opportunities for development and advancement."

Constellation Brands Inc. Acquired Sea Smoke Estate Vineyards



On June 30, 2024, Constellation Brands Inc. (NYSE:STZ) acquired Sea Smoke Estate Vineyards, a California-based producer of high-quality wines, for **\$170 million**. "We are extremely excited to collaborate with Constellation Brands as we begin writing a new chapter in the Sea Smoke story. They have the right team with the right resources and the expertise to help us grow and thrive in a highly competitive market," said Victor Gallegos, VP/GM and Director of Winemaking at Sea Smoke.

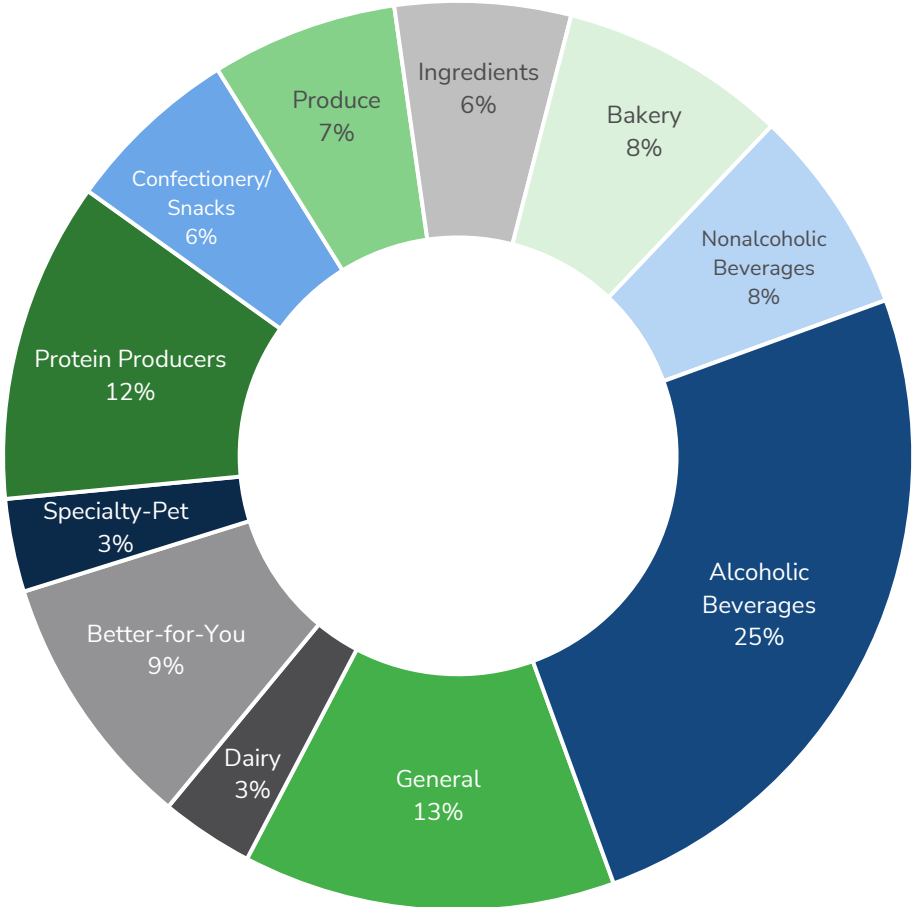
¹ Deals in the U.S. and Canada, closed or announced over Q2 2024, selected subjectively based on being representative of recent market activity. All figures are denoted in US\$. Sources: S&P Capital IQ, Mergermarket, company press releases and various news sources (e.g., Newswire). Note: All trademarks, 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 June 30, 2024)



TTM = Trailing 12 months.

Select Kroll Investment Banking Food and Beverage Experience

<p>SELL-SIDE ADVISOR </p>  <p>TreeHouse</p> <p>has acquired certain assets of</p> 	<p>SELL-SIDE ADVISOR </p>  <p>YaYa FOODS CORP.</p> <p>has been acquired by</p> 	<p>SELL-SIDE ADVISOR </p>  <p>Pillers</p> <p>has been acquired by</p>  <p>Premium Brands</p>	<p>BUY-SIDE ADVISOR </p>  <p>ErieMeats est. 1977</p> <p>has acquired</p> 	<p>FINANCIAL ADVISOR </p>  <p>FROM THE HEARTH</p> <p>has secured senior debt financing from a consortium of lenders</p>	<p>SELL-SIDE ADVISOR </p>  <p>GPI CREATIVITY. ENERGY. SOCIAL.</p> <p>Gum Products International</p> <p>has been acquired by</p> 
<p>SELL-SIDE ADVISOR </p>  <p>B BÄCKERHAUS YVET</p> <p>has been acquired by</p> 	<p>SELL-SIDE ADVISOR </p>  <p>Stonemill Slow Crafted BAKEHOUSE</p> <p>has been acquired by</p> 	<p>SELL-SIDE ADVISOR </p>  <p>SuperPuff</p> <p>has been acquired by</p>  <p>SHEARERS</p> <p>a portfolio company of</p> 	<p>SELL-SIDE ADVISOR </p>  <p>Family Farms Furlani</p> <p>has been acquired by</p> 	<p>SELL-SIDE ADVISOR </p>  <p>pace PROCESSING</p> <p>has been acquired by</p> 	<p>SELL-SIDE ADVISOR </p>  <p>VeggieLand™</p> <p>has been acquired by</p> 
<p>SELL-SIDE ADVISOR </p>  <p>Mama Mary's</p> <p>a portfolio company of</p>  <p>LINSALATA CAPITAL PARTNERS</p> <p>have been acquired by</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>Mariner Seafood</p> <p>has been acquired by</p> 	<p>BUY-SIDE ADVISOR </p>  <p>Joy</p> <p>has acquired</p> 	<p>SELL-SIDE ADVISOR </p>  <p>COUNTRY FRESH</p> <p>has been acquired by</p> 	<p>SELL-SIDE ADVISOR </p>  <p>Humboldt CREAMERY</p> <p>has been acquired by</p> 























































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<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> 	<p>SELL-SIDE ADVISOR </p>  <p>a portfolio company of</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>a portfolio company of</p> 
<p>FINANCIAL 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> 	<p>BUY-SIDE ADVISOR </p>  <p>has acquired</p> 	<p>SELL-SIDE ADVISOR </p>  <p>has been acquired by</p> 	<p>BUY-SIDE ADVISOR </p>  <p>has acquired</p> 
<p>FINANCIAL ADVISOR </p>  <p>has acquired</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> 	<p>BUY-SIDE ADVISOR </p>  <p>has acquired</p> 

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Select Kroll Investment Banking Food and Beverage Experience

<p>FINANCIAL 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> 	<p>FINANCIAL ADVISOR </p>  <p>has been acquired by</p> 	<p>SELL-SIDE ADVISOR </p>  <p>has acquired</p>  <p>a portfolio company of</p> 	<p>SELL-SIDE ADVISOR </p>  <p>has sold certain assets to</p> 
<p>SELL-SIDE ADVISOR </p>  <p>has been acquired by</p> 	<p>SELL-SIDE ADVISOR </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>SOLVENCY OPINION </p>  <p>has completed the spinoff 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>ESOP ADVISORY </p> <p>Cargill, Incorporated</p>  <p>Financial advisor to the trustees of Cargill, Incorporated Employee Stock Ownership Plan (ESOP)</p>
<p>SOLVENCY OPINION </p>  <p>has completed the sale of</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>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>Food Technology and Design, LLC (dba FoodPharma) has completed a recapitalization transaction</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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