

KROLL

Food and Beverage

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Industry Insights

Fall 2023



Executive Summary

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283 food and beverage deals announced
in TTM September 2023



84% were completed by privately owned
buyers



78% were strategic transactions

M&A Market Overview

Overview

The food and beverage space saw 59 deals completed in Q3 2023, which is the lowest transaction count in the space since Q2 2020. For the trailing twelve months (TTM) ending September 30, 2023, 283 deals were announced in the space, 39 fewer transactions compared to the prior TTM period. Overall, deal activity decreased year over year by 17%; and 34% quarter over quarter. The decrease in transaction activity can largely be explained by the lagging effect of business owners postponing sale processes—most attributed to the volatility in interest rates.

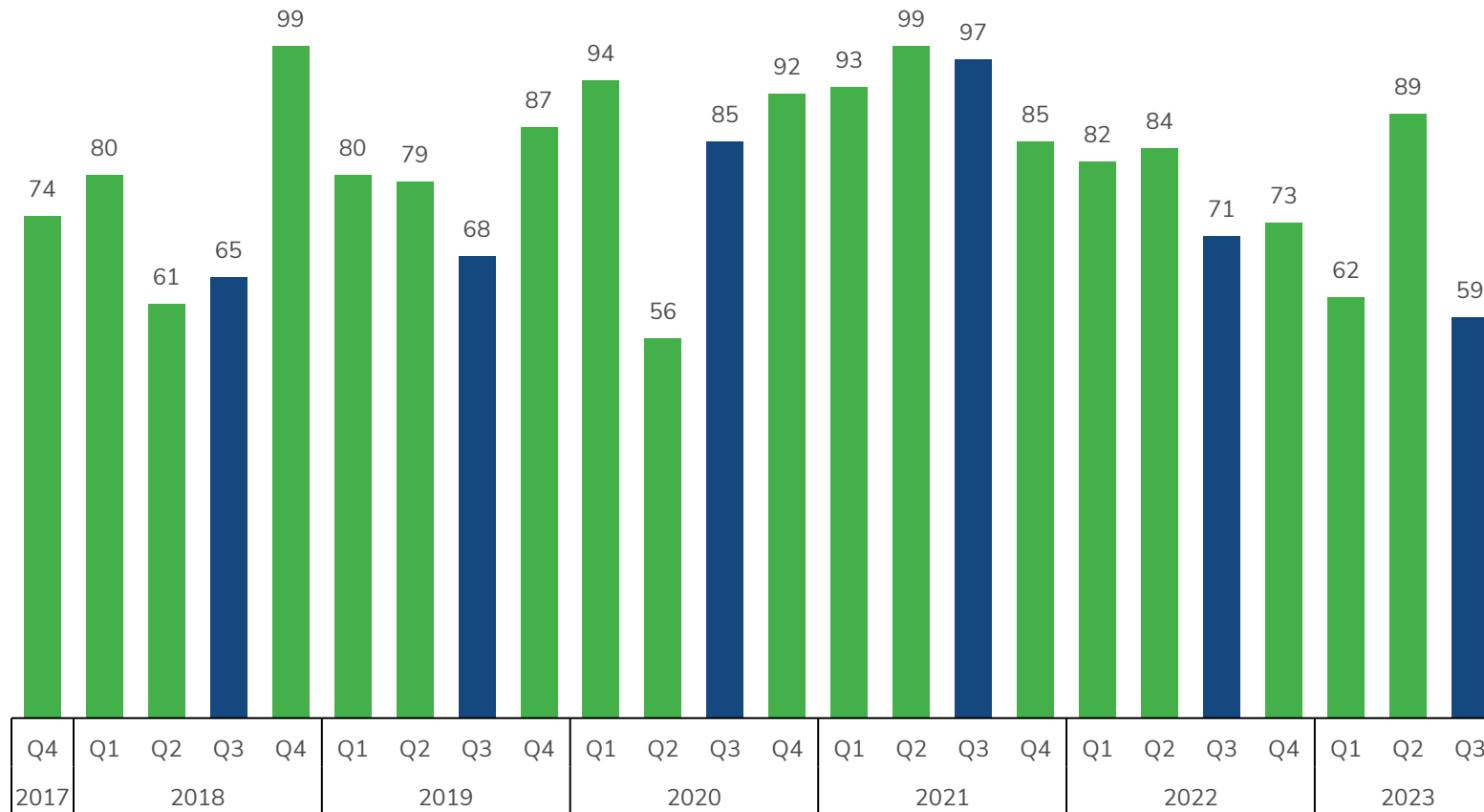
Q3 2023 saw several significant North American deals in the alcoholic beverages and general categories. Notable transactions within these areas include Campbell Soup Company's proposal to acquire Sovos Brands and Tilray Brands' acquisition of Anheuser-Busch Companies' assets. The alcoholic beverages, general, confectionery/snacks and protein producer categories were the most active in terms of deal volume, representing 63% of total transactions in the quarter.

M&A activity in the food and beverage sector in TTM September 2023 remains predominantly driven by strategic buyers (including companies primarily owned by private equity investors), with strategic transactions representing 78% of total deal volume. Of the 283 deals announced over the year, 238 (84%) were completed by privately owned buyers.

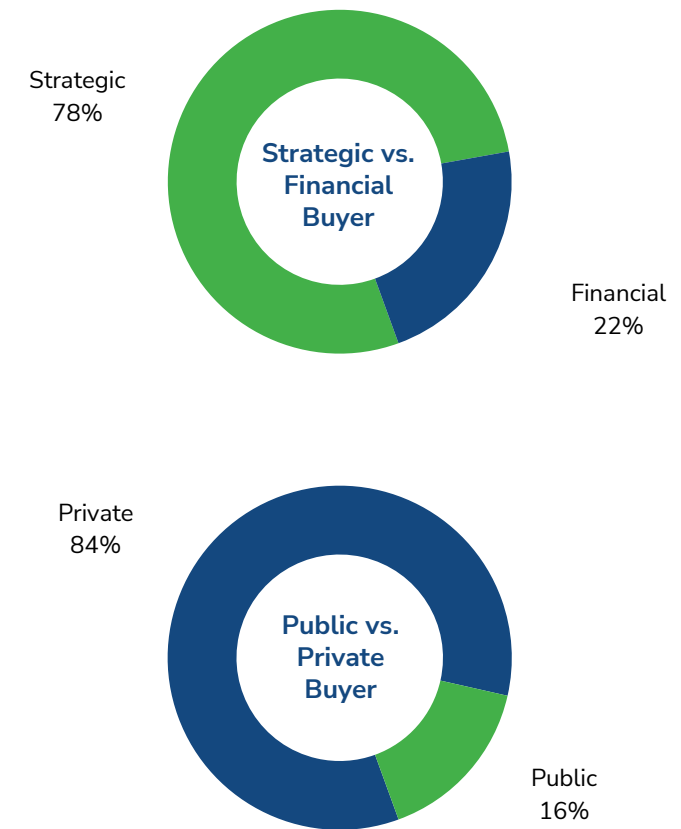
In Q3 2023, deal activity declined in the food and beverage industry with transaction volumes near pandemic lows. Although interest rates hikes seem to have tapered off, the high-rate environment has decreased buyer leverage leading to lower valuations. Companies are moving away from expansion prospects and have shifted to driving efficiencies in core operations. Similarly, investors have trended away from high-growth opportunities in favor of businesses with consistent and stable cash flows. As global inflation persists, companies have implemented hedging strategies to manage pricing on the supply of raw materials. Corporations and private equity funds continue to sit on large cash balances, ready to deploy for cash flow generating assets.

M&A Market Overview—Cont'd

Number of Announced Deals (as of September 30, 2023)



By Number of Announced Deals (TTM September 30, 2023)



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

Select Recent Transactions

The J. M. Smucker Company (NYSE:SJM) Agreed to Acquire Hostess Brands Inc. (NASDAQ:TWNK)



On September 11, 2023, Hostess Brands entered into an agreement with The J.M. Smucker Co. to acquire all of the outstanding shares of Hostess Brands in a cash and stock transaction valued at \$34.25 per Hostess Brands share, representing a transaction value of approximately \$5.6 billion. “[Hostess Brands is] a unique opportunity to accelerate our focus on delighting consumers with convenient solutions,” said Mark Smucker, CEO of The J.M. Smucker Co.

Mars Incorporated Acquired Kevin’s Natural Foods



On September 11, 2023, Mars Incorporated acquired Kevin’s Natural Foods for approximately \$800 million. “Kevin’s products are of a very high quality, nutritious, and convenient, without compromising on flavor, and are enjoyed by an engaged and loyal customer base across North America. The Kevin’s Natural Foods team has delivered impressive growth since it was founded four years ago, and we look forward to drawing on our experience of nurturing and scaling founder-led brands,” said Shaid Shah, Global President, Mars Food & Nutrition

John B. Sanfilippo & Son Inc. (NASDAQ:JBSS) Acquired Snack Bars Assets of Treehouse Foods Inc. (NYSE:THS)



On September 29, 2023, John B. Sanfilippo & Son acquired certain assets relating to the snack bars business unit of Treehouse Foods for \$63 million. “This is a momentous day for our Company as we close the largest and most transformational acquisition in our history. This acquisition significantly accelerates our product diversification strategy and allows us to offer our private label customers a complete offering of snack bars,” said Jeffrey Sanfilippo, CEO of John B. Sanfilippo & Son.

Campbell Soup Company (NYSE:CPB) Agreed to Acquire Sovos Brands Inc. (NASDAQ:SOVO)



On August 7, 2023, Campbell Soup Company agreed to acquire Sovos Brands, Inc. for \$23 per share in cash, representing a total enterprise value of approximately \$2.7 billion. “This acquisition fits perfectly with and accelerates our strategy of focusing on one geography, two divisions and select key categories that we know well. Our focused strategy has enabled us to deliver strong results over the last five years ... [and] enhance our brands and capabilities,” said Mark Clouse, CEO of Campbell

Tilray Brands (TSX:TLRY) Acquired Assets of Anheuser-Busch Companies LLC (NYSE: BUD)



On September 29, 2023, Tilray Brands acquired eight beer and beverage brands from Anheuser-Busch for \$83 million. The acquired businesses include Shock Top, Breckenridge Brewery, Blue Point Brewing Company, 10 Barrel Brewing Company, Redhook Brewery, Widmer Brothers Brewing, Square Mile Cider Company, and HiBall Energy. “I am confident that we will successfully integrate our current beer assets,” said Irwin Simon, CEO of Tilray Brands.

Kar Nut Products Company Acquired Sahale Snacks Inc.



On September 27, 2023, Kar Nut Products Company entered into a definitive agreement to acquire Sahale Snacks, Inc. from The J. M. Smucker Company (NYSE:SJM) for approximately \$34 million. “Sahale Snacks adds a fantastic super-premium product to our range, considerably broadens our snack mix & nut portfolio and unlocks significant new opportunities for us to help grow the category, which we are very excited about,” said Victor Mehren, CEO of Second Nature Brands, the parent company of Kar Nut Products.

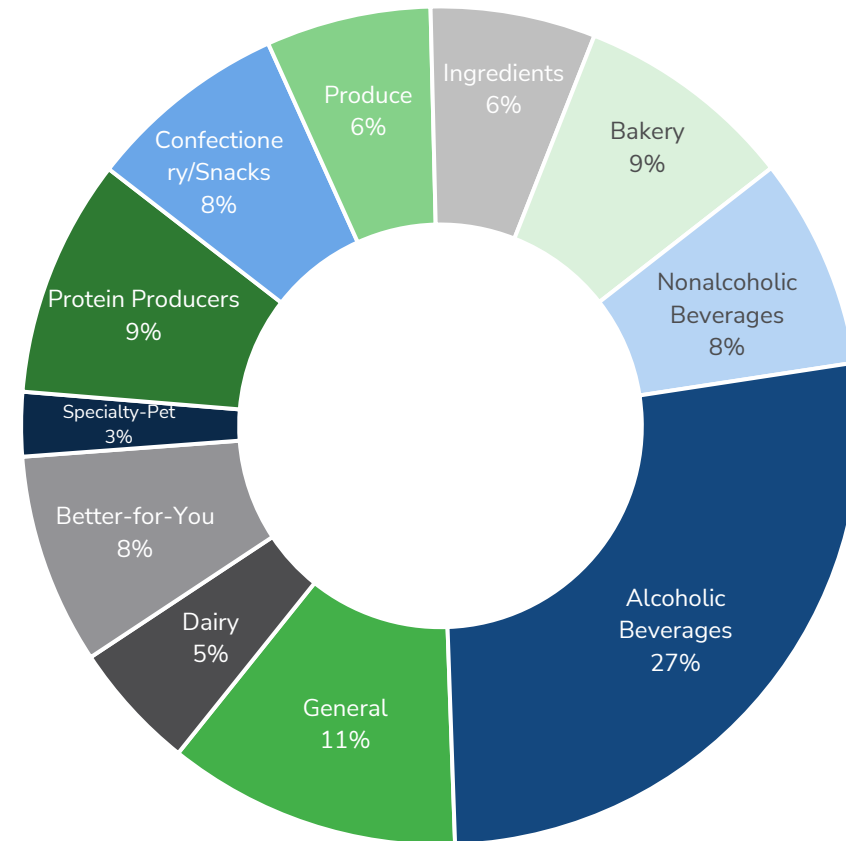
¹Deals in the U.S. and Canada, closed or announced over Q3 2023, selected subjectively based on being representative of recent market activity, excluding bankruptcy sales. All figures are denoted in USD. Sources: S&P Capital IQ, Mergermarket, company press releases and various news sources (e.g., *NewsWire*, *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

Food	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
Beverages	Nonalcoholic Beverages: Beverages that do not contain alcohol

Deals by Subsector (TTM as of September 30, 2023)



TTM = Trailing 12 months.


Select Food and Beverage Experience


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>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>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>Gum Products International</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>BUY-SIDE ADVISOR 🇨🇦</p>  <p>has acquired</p> 

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

FINANCIAL ADVISOR 



has secured senior debt financing from a consortium of lenders

FINANCIAL ADVISOR 



has secured senior debt financing from





BUY-SIDE ADVISOR 



has acquired




SELL-SIDE ADVISOR 





portfolio companies of




has been acquired by





SELL-SIDE ADVISOR 




has been acquired by



SELL-SIDE ADVISOR 



has been acquired by



BUY-SIDE ADVISOR 



has been acquired by





SELL-SIDE ADVISOR 




has been acquired by





SELL-SIDE ADVISOR 



has been acquired by




SELL-SIDE ADVISOR 



a division of

BEVERAGE INNOVATIONS

has been acquired by



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

<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>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>Solstice a brand of H&M Foods</p> <p>has been acquired by</p> <p>Reynolds more than just a grocery</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>NEOCELL</p> <p>has been acquired by</p> <p>wellnext</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>SOUTH BEACH diet</p> <p>has been acquired by</p> <p>Nutrisystem</p>	<p>SELL-SIDE ADVISOR </p> <p>freshdirect</p> <p>has merged with</p> <p>brakes</p> <p>a portfolio company of</p> <p>BainCapital</p>	<p>SELL-SIDE ADVISOR </p> <p>SILVER EAGLE DISTRIBUTORS</p> <p>has been acquired by</p> <p>REDWOOD</p>

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

<p>SOLVENCY OPINION </p> <p><i>Kellogg's</i> (nka) <i>Kellanova</i></p> <p>has completed the spinoff of</p> <p><i>WK Kellogg Co</i></p>	<p>ESOP ADVISORY </p> <p>Cargill, Incorporated</p> <p><i>Cargill</i></p> <p>Financial advisor to the trustee of the of Cargill, Incorporated Employee Stock Ownership Plan</p>	<p>SOLVENCY OPINION </p> <p><i>Post</i></p> <p>has completed the spinoff</p> <p>bellring^{brands}TM</p>	<p>TRANSACTION ADVISORY </p> <p>OC FlavorsTM</p> <p>has been acquired by</p> <p> SHORE Capital Partners</p> <p>Performed financial and tax due diligence on behalf of the Buyer</p>	<p>FAIRNESS OPINION </p> <p> BARDSTOWN BOURBON COMPANY</p> <p>has been acquired by</p> <p>PRITZKER PRIVATE CAPITAL</p> <p>Financial advisor to the board of managers of The Bardstown Bourbon Company LLC</p>
<p>SOLVENCY OPINION </p> <p> stripes</p> <p>has completed the sale of</p> <p> Stella & Chewy's Only the good stuffSM</p>	<p>TRANSACTION ADVISORY </p> <p> H2O care</p> <p>has been acquired by</p> <p> SHORE Capital Partners</p> <p>Performed financial and tax due diligence on behalf of the Buyer</p>	<p>FAIRNESS OPINION </p> <p>ROSKAM BAKING + COMPANY +</p> <p>has been acquired by</p> <p></p>	<p>VALUATION OPINION </p> <p>Driscoll's, Inc.</p> <p> Driscoll's Only the Finest BerriesSM</p> <p>Financial advisor to Driscoll's, Inc.</p>	<p>TRANSACTION ADVISORY </p> <p> MOESLE MEAT EST. 1847</p> <p>has been acquired by</p> <p> SHORE Capital Partners</p> <p>Performed financial and tax due diligence on behalf of the Buyer</p>

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