



MERIDIAN CAPITAL
INVESTMENT BANKERS

FOOD AND BEVERAGE OVERVIEW | Winter 2019
M&A UPDATE AND INDUSTRY PARTICIPANTS

Meridian Capital Overview



MERIDIAN CAPITAL
INVESTMENT BANKERS

Exceptional Results Delivered

Transaction Expertise

- M&A
- Equity/Debt Capital Raises
- Strategic Advisory

Customized Processes

- High Touch Approach
- Multidisciplinary Deal Team
- End-to-end Service

Deep Industry Insights

- Dedicated industry teams
- Holistic industry coverage
- Deep buyer relationships

CONSUMER EXPERTISE



FOOD AND BEVERAGE



HOUSEWARES



ACTIVE LIFESTYLE
AND OUTDOOR



HEALTH AND BEAUTY

- Over \$6B in transaction experience
- Trusted advisor to leading middle market companies
- Focus on businesses with \$25M to \$600M+ in enterprise value
- 20+ years experience with complex corporate finance and M&A challenges
- 24 seasoned professionals with finance, operational and legal backgrounds



Food and Beverage Team

Transaction Leadership & Execution

Michael Barber
Managing Director



Head of Food and Beverage

Nick Colmenero
Vice President



Hayley Koellen
Analyst



Sean Maier
Analyst



Years Experience

15 years – M&A and
Corporate Development

7 years – Investment
Banking and Corporate
Development

3 years – Corporate
Banking and
Investment Banking

1 year – Investment
Banking

Background

- Southern Methodist (JD)
- Northwestern (MBA)

- Washington (BBA)

- Washington (BBA)

- Washington (BBA)

Prior Experience

- Nordstrom (Corporate Development)
- Johnsonville Sausage (Corporate Development)
- Thompson & Knight



























- Starbucks (Corporate Development)
- JP Morgan

- Bank of America
Merrill Lynch

- Exvere
- Ignition Partners



Meridian's Select Industry Experience

 <p>Artisanal Food Company</p> <p>- Acquired By -</p> 	 <p>Espresso machine manufacturer</p> <p>- Minority Recapitalization -</p> <p>Private Investors</p>	 <p>Artisanal Greek Yogurt</p> <p>- Strategic Advisory and Growth Financing -</p> 	<p>SMITH AND GREENE</p> <p>Foodservice equipment and supplies distributor</p> <p>- Acquired By -</p> 	 <p>Artisanal Greek Yogurt</p> <p>- Debt Financing -</p> 	 <p>Producer of natural, dairy-free creamers</p> <p>- Strategic Advisory and Growth Financing -</p> 
 <p>Manufacturer of branded gluten-free food products</p> <p>- Acquired By -</p> 	 <p>Leading brand of protein products</p> <p>- Buy-Side Advisory -</p>	 <p>Leading producer of poultry products</p> <p>- Buy-Side Advisory -</p>	 <p>Leading manufacturer of bulk fresh apple juice</p> <p>- Capital Raise By -</p> 	 <p>Craft distillery and pub chain</p> <p>- Acquired By -</p> <p>Private Investors</p>	 <p>Manufacturer of food and beverage containers</p> <p>- Strategic Advisory -</p> 
 <p>Global leading coffee company</p> <p>- Strategic Advisory -</p>	 <p>76-unit casual seafood and chowder chain (Owner and Operator)</p> <p>- Acquired By -</p> <p>Private Investors</p>	 <p>Quick service Mexican restaurant with 100+ locations</p> <p>- Strategic Advisory -</p>	 <p>Distributor of Wine and Spirits</p> <p>- Debt Financing and Strategic Advisory -</p>	 <p>Leading coffee company</p> <p>- Acquired By -</p> 	<p>STANLEY</p> <p>Manufacturer of branded beverageware products</p> <p>- Acquired By -</p> 

*Includes transactions completed by Meridian principals at Meridian or prior firms





M&A Activity and Public Market Metrics

M&A Trends

Food Companies are Hungry for Healthy Snacking Opportunities

- ❑ The market for healthier snacks continues to evolve at a rapid pace as consumers display increased demand for products that satisfy more holistic health needs. Driven by the growing need for convenient food items alongside health and environmental concerns, global sales of healthy snacks are forecasted to reach \$32.8B by 2025¹. To capitalize on this growing market many brands have sought to differentiate themselves through the introduction of functional ingredients, focus on naturally healthy and organic ingredients, reimagined portable (and better-for-you) snacks, use of innovative packaging, and through increased emphasis on strengthening of ecommerce capabilities.
- ❑ From an M&A perspective, the snack space continues to be highly active with a broad base of both domestic and international acquirers and investors.
- ❑ Notable transactions include Unilever's acquisition of Mae Terra, PepsiCo's \$200M acquisition of Bare Foods and acquisition of Health Warrior, Hershey's acquisition of Pirate Brands, Lotus Bakeries' acquisition of Kiddylicious, and Conagra's \$250M acquisition of Angie's Artisan Treats (Boomchickapop).

Specialty Coffee Brewing with Investment Activity

- ❑ The specialty coffee segment remains an active sector buoyed by a wave of investment activity in 2018 exceeding \$22B in reported transaction value¹. Investments have been made across the industry's supply chain, ranging from independent roasters/wholesalers to publicly traded, multi-national retailers. The robust level of investor activity continues to reshape the coffee landscape as newer entrants seek capital to fuel growth and as mature CPG conglomerates seek to diversify their portfolio of legacy brands with higher-growth specialty coffee assets.
- ❑ Notable transactions include TSG Consumer's private placement in 300-unit coffee retailer Dutch Bros, Lavazza's \$650M acquisition of Mar's coffee division, Kraft Heinz's acquisition of specialty coffee wholesaler Ethical Bean, and Coca-Cola's \$5.1B acquisition of 4,000-unit coffee retailer Costa Coffee.

Better-for-you Brands Driving M&A in Beverage Space

- ❑ In 2018, M&A activity in the non-alcoholic beverage segment centered around the current health and wellness movement mainly driven by millennial consumers. Consumer tastes continue to shift towards a desire for "better-for-you", natural, authentic, and high quality products that provide a unique experience or purpose. Throughout the course of 2018, 34 transactions were completed in the better-for-you beverage space¹.
- ❑ The market has seen producers of non-alcoholic craft beverages and natural teas targeted by large industry operators, even those that have traditionally operated solely in the alcoholic beverage segment. Many acquirers are targeting companies that fill a niche in their product portfolio and will pay a premium to compete with other potential buyers.
- ❑ Notable transactions include PepsiCo's \$3.2B acquisition of sparkling water developer SodaStream, Cavu's \$20M investment in organic herb-infused coconut milk beverage Rebbi, and Coca Cola's minority stake in premium sports beverage BodyArmor.
- ❑ Other transactions of interest include Molson Coors' acquisition of an organic and light kombucha producer Clearly Kombucha, Dunn's River Brands acquisition of BFY whole-root turmeric beverages Temple Turmeric, and All Market's (Vita Coco) acquisition of RUNA, a producer of guayusa-based organic energy drinks.

1) Source: Pitchbook

Select Case Studies

LANDEC



**YUCATAN
Guacamole**

Acquired in December 2018

<u>Deal Size</u>	<u>EV/Rev</u>	<u>EV/EBITDA</u>
\$80	1.4x	11.4x
<p>Target Description: Producer and distributor of packaged avocado based food products primarily, guacamole dips.</p> <p>Investment Rationale: The acquisition will enable Landec Natural Foods to grow, strengthen and stabilize its position in the natural foods market, and create critical mass.</p> <p>Buyer Quote: “The acquisition of Yucatan Foods accelerates the transformation of our vision of becoming a natural foods company even further.” – Molly Hemmeter, CEO of Landec Corporation</p>		



PEPSICO



**HEALTH
WARRIOR**

Acquired in October 2018

<u>Deal Size</u>	<u>EV/Rev</u>	<u>EV/EBITDA</u>
-	-	-
<p>Target Description: Manufacturer of plant-based nutrition bars and other snacks with natural ingredients such as chia and pumpkin seeds.</p> <p>Investment Rationale: The deal furthers PepsiCo’s evolution into healthier items as customers increasingly demand alternatives to sugary beverages and junk food.</p> <p>Buyer Quote: “This acquisition helps us increase our presence in the nutrition bar category, which is an attractive growth space.” – Al Carey, CEO of PepsiCo North America</p>		



PEPSICO



sodastream

Acquired in August 2018

<u>Deal Size</u>	<u>EV/Rev</u>	<u>EV/EBITDA</u>
\$3,200	4.9x	23.7x
<p>Target Description: Developer of beverage carbonation systems designed to transform ordinary tap water into sparkling water.</p> <p>Investment Rationale: The acquisition will enable PepsiCo to make more nutritious products while limiting their environmental footprint.</p> <p>Buyer Quote: “With its customizable options, SodaStream empowers consumers to personalize their preferred beverage in an environmentally friendly way and provides PepsiCo with a significant presence in the at-home market place.” – Ramon Laguarda, CEO of PepsiCo</p>		

Coca-Cola



Acquired in August 2018

<u>Deal Size</u>	<u>EV/Rev</u>	<u>EV/EBITDA</u>
\$5,100	3.0x	16.0x
<p>Target Description: U.K. based coffeehouse chain with an international footprint of ~4,000 retail cafes.</p> <p>Investment Rationale: The acquisition provides Coca-Cola with strong expertise across the coffee supply chain as consumers shift away from sugary soft drinks. Global coffee sales are forecasted to grow 16% by 2022.</p> <p>Buyer Quote: “The Costa brand has potential for expansion into ready-to-drink coffee across markets globally.” – James Quincy, CEO of Coca-Cola</p>		

1) Source: Pitchbook



Notable Recent M&A Transactions

Date	Target	Description	Buyer	Deal Size (M)	EV/EBITDA	EV/Revenue
Dec-18	Bite Squad	Food Delivery Platform	Waitr	\$321	-	-
Dec-18	Nutrisystem, Inc.	Nutritional Foods	Tivity Health Inc.	\$1,400	-	-
Dec-18	Yucatan Foods	Guacamole	Landec	\$80	11.4x	1.4x
Nov-18	Keystone Foods	Food Distributor	Tyson Foods	\$2,160	10.2x	0.9x
Nov-18	Primal Kitchen	Paleo Condiments	Kraft Heinz	\$200	-	4.0x
Nov-18	Noosa Yoghurt	Premium Yogurt	Sovos Brands	-	-	-
Nov-18	SlimFast	Nutritional Foods	Glanbia	\$350	-	-
Nov-18	Waitr	Food Delivery Platform	Lancadia Holdings	\$308	-	-
Nov-18	Schwan's Company	Frozen Food	CJ CheilJedang	\$1,840	-	-
Nov-18	Stirrings	Cocktail Mixers	Sazerac Company	-	-	-
Nov-18	Peligroso Tequila	Spirits	Sazerac Company	-	-	-
Nov-18	Canyon Bakehouse	Gluten-Free	Flowers Foods	\$205	-	-
Nov-18	Kraft Heinz Canada (Natural Cheese Business)	Cheese Products	Parmalat	\$1,243	-	-
Oct-18	Health Warrior	Plant-Based Nutrition Bar	Pepsico	-	-	-
Oct-18	Pinnacle Foods	Food Manufacturer	Conagra Brands	\$10,900	24.6x	4.3x
Oct-18	Tapingo	Food Delivery Platform	GrubHub	\$150	-	-
Oct-18	Fleischmann's Vinegar Company	Vinegars	Kerry Group	\$350	-	-
Oct-18	Bantam Bagels	Frozen Breakfast	Lancaster Colony	\$34	-	1.7x
Oct-18	Cericola Farms	Poultry Products	Maple Leaf Foods	-	-	-
Oct-18	Robert's American Gourmet Foods (Pirate Brands)	Snack Foods	Hershey	\$420	-	-
Oct-18	Mars (Coffee Business)	Beverages	Luigi Lavazza	\$650	-	-
Sep-18	CIRQ Winery	Wine	Michael Browne	\$200	-	-
Sep-18	Jamba Juice	Smoothies	Focus Brands	\$200	123.7x	2.4x
Aug-18	The J.M. Smucker Company (U.S. Baking Business)	Packaged Food	Brynmood Partners	\$375	0.1x	0.0x
Aug-18	Costa Coffee	Coffee	Coca-Cola	\$5,100	16.0x	-
Aug-18	SodaStream International (NAS: SODA)	Flavored Sparkling Water	Pepsico	\$3,200	23.7x	4.9x
Jul-18	SGA's Food Group of Companies	Holding Firm	US Foods	\$1,800	14.6x	-
Jul-18	Rise Baking Company	Bread	Olympus Partners	\$550	11.0x	1.7x
Jul-18	Four Corners Brewing	Craft Beer	Constellation Brands	-	-	-
Jul-18	Keurig Dr Pepper (NYS: KDP)	Coffee & Beverage	Keurig Green Mountain/JAB Holding Company	\$21,000	-	-
Jul-18	Good Karma Foods	Plant-based Beverages	Dean Foods	\$36	-	-
Jun-18	Runa (Beverages)	Energy & Sports Drinks	Vita Coco	-	-	-
Jun-18	Tate's Bake Shop	All-Natural Bakery	Mondelez International	\$500	-	-
Jun-18	National Beef Packing Company	Meat Processor	Marfrig Global Foods	\$969	-	-
Jun-18	Starbuck (Brands Distribution Rights)	Coffee & Tea	Nestlé	\$7,150	-	-
Jun-18	Clearly Kombucha	Kombucha	Molson Coors Brewing	-	-	-
May-18	Old Orchard Brands	Juices	Lassonde Industries	\$156	9.9x	-
May-18	Pret A Manger	Sandwich Shops	JAB Holding Company	\$2,022	22.9x	3.3x
May-18	Bare Snacks	Snack Foods	Pepsico	\$200	-	-
May-18	Hearthside Food Solutions	Bakery	Charlesbank Capital Partners	\$2,400	10.7x	1.6x
May-18	Home Chef	Meal-Kit Delivery Service	Kroger	\$700	-	2.8x
May-18	Carolina Beverage Group	Draft Beer	Brynmood Partners	-	-	-
Apr-18	Patron Spirits	Spirits	Bacardi	\$3,570	-	7.6x
Apr-18	Blue Buffalo	Pet Food	General Mills	\$8,000	24.6x	6.1x
Apr-18	Zesty	Food Delivery Platform	Square	\$90	-	-
Apr-18	Oberto Brands	Snack Foods	Premium Brands	\$188	-	-
Apr-18	Nestle (Confectionary Business)	Confectionary Foods	Ferrero International	\$2,800	-	-
Mar-18	Snyder's-Lance	Packaged Food	Campbell Soup Company	\$6,112	44.6x	2.7x

1) Source: Pitchbook

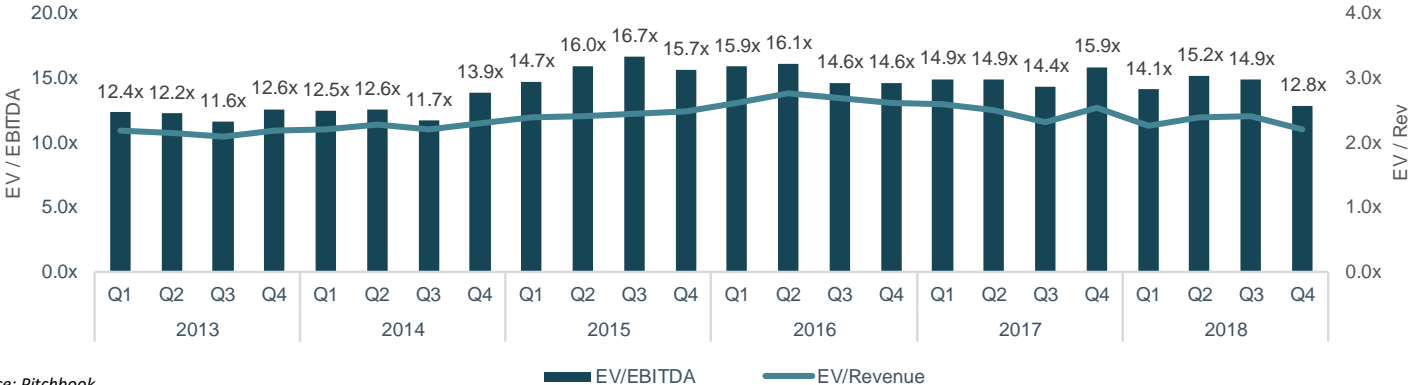
Median	\$550	15.3x	2.7x
Average	\$2,255	24.9x	3.0x



Select Public Food and Beverage Companies

Company	Gross Margin	1 Yr Revenue Growth	Market Cap	Net Debt	Enterprise Value	Revenue	EBITDA	EV / Revenue	EV / EBITDA
Beverage									
Nestle (SWX:NESN)	50%	0%	\$243,840	\$18,350	\$274,036	\$91,534	\$13,543	3.0x	20.2x
The Coca-Cola Company (NYSE:KO)	64%	(15%)	\$199,801	\$25,990	\$227,705	\$32,310	\$9,840	7.0x	23.1x
Pepsico, Inc. (NYSE:PEP)	54%	1%	\$152,915	\$21,219	\$174,237	\$64,663	\$12,904	2.7x	13.5x
Keurig Dr Pepper (NYSE:KDP)	49%	4%	\$36,519	\$16,276	\$52,795	\$5,799	\$1,297	9.1x	40.7x
Constellation Brands (NYS:STZ)	50%	3%	\$30,626	\$10,096	\$40,610	\$7,585	\$2,969	5.4x	13.7x
Monster Beverage (NAS:MNST)	63%	10%	\$27,217	(\$1,202)	\$26,045	\$3,369	\$1,251	7.7x	20.8x
Snack & CPG									
Mondelez International (NAS:MDLZ)	39%	(0%)	\$58,197	\$16,891	\$76,963	\$25,896	\$4,336	3.0x	17.7x
The Kraft Heinz Company (NasdaqGS:KHC)	36%	(1%)	\$52,789	\$31,010	\$83,992	\$26,359	\$6,697	3.2x	12.5x
General Mills, Inc. (NYSE:GIS)	34%	(2%)	\$22,927	\$14,723	\$37,977	\$16,278	\$2,982	2.3x	12.7x
Kellogg Company (NYSE:K)	38%	(1%)	\$19,832	\$8,614	\$29,013	\$13,484	\$2,802	2.2x	10.4x
Tyson Foods, Inc. (NYSE:TSN)	13%	6%	\$19,035	\$9,603	\$28,646	\$40,052	\$4,031	0.7x	7.1x
The Hershey Company (NYSE:HSY)	45%	2%	\$15,759	\$3,882	\$19,656	\$7,743	\$1,747	2.5x	11.3x
The J. M. Smucker Company (NYSE:SJM)	38%	(1%)	\$10,782	\$6,104	\$16,886	\$7,609	\$1,448	2.2x	11.7x
Conagra Brands, Inc. (NYSE:CAG)	29%	(5%)	\$10,407	\$11,121	\$21,528	\$8,179	\$1,139	2.6x	18.9x
Campbell Soup Company (NYSE:CPB)	31%	(1%)	\$10,310	\$9,641	\$19,960	\$9,218	\$841	2.2x	23.7x
Post Holdings, Inc. (NYSE:POST)	30%	8%	\$5,890	\$6,265	\$12,165	\$6,257	\$1,050	1.9x	11.6x
B&G Foods, Inc. (NYSE:BGS)	24%	21%	\$2,010	\$2,049	\$4,059	\$1,731	\$255	2.3x	15.9x
The Hain Celestial Group, Inc. (NasdaqGS:HAIN)	19%	11%	\$1,643	\$666	\$2,309	\$2,588	\$116	0.9x	19.8x
Median	38%	1%	\$21,380	\$9,869	\$28,830	\$8,698	\$2,274	2.6x	14.8x
Average	39%	2%	\$51,139	\$11,739	\$63,810	\$20,592	\$3,847	3.4x	17.0x

Valuation Multiples²



1) Source: Pitchbook
 2) Multiples represent company set presented above



Exceptional Results Delivered



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