




# Consumer Market Monitor







## Branded Food & Beverage Spotlight

# BRANDED FOOD & BEVERAGE MARKET INSIGHTS

## Branded Food and Beverage M&A Remains Strong Despite Slowed Deal Activity

- 
 Overall deal activity in branded food and beverage is down 11% YoY with 1,970 deals completed in the trailing twelve-month period ending in Q2 2023
- 
 Inorganic growth and product expansion appetites drove acquisition activity with over 80% of acquisitions completed by strategic and private equity-backed companies
- 
 Frozen food represented one of the most active sectors so far in 2023 with more than 20 transactions completed in the first six months of the year

## Specialty and Better-For-You Categories Continue to Standout

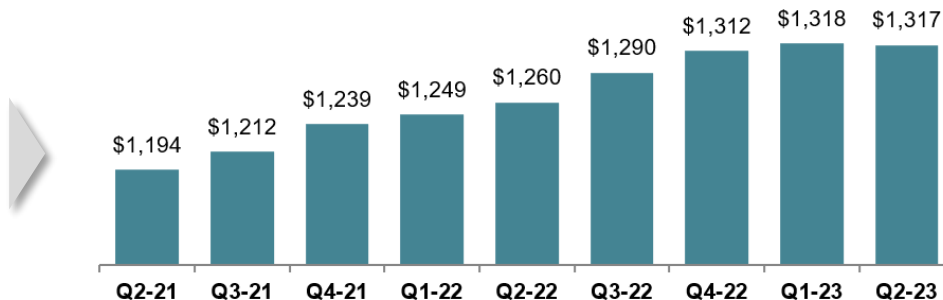
- 
 In the recent inflationary and 'brink of recession' environment, dairy alternatives, better-for-you sweeteners, and canned/dry soup have been top-selling categories
- 
 Organic food and beverage category sales have nearly doubled since 2014, surpassing the \$50B mark, representing a sustained, 10-year shift in consumer spending habits
- 
 As showcased earlier this year at Expo West, emerging categories gaining traction with consumers include plant-based products, products focused on digestive health, alternatives to alcoholic beverages, and functional products including supplements, healthier soft drinks, and all things 'biotics' pre, post, and pro
- 
 The specialty food market, encompassing products such as chips, pretzels, and snacks, continues to be popular with consumers, and with ~7% YoY growth, is outpacing food and beverage personal consumption

## Consumer Spending Habits Shift Among Rising Prices and Inflation

- Shoppers concerned about rising prices continue to search for deals to stretch spending as weekly grocery spend increases
- According to FMI's 2023 US Grocery Shopper Spend Report, 32% of consumers indicated they were buying fewer items at the grocery store
- With the decrease in items purchased, 78% of consumers surveyed still reported they were spending more due to rising prices in general and on specific items

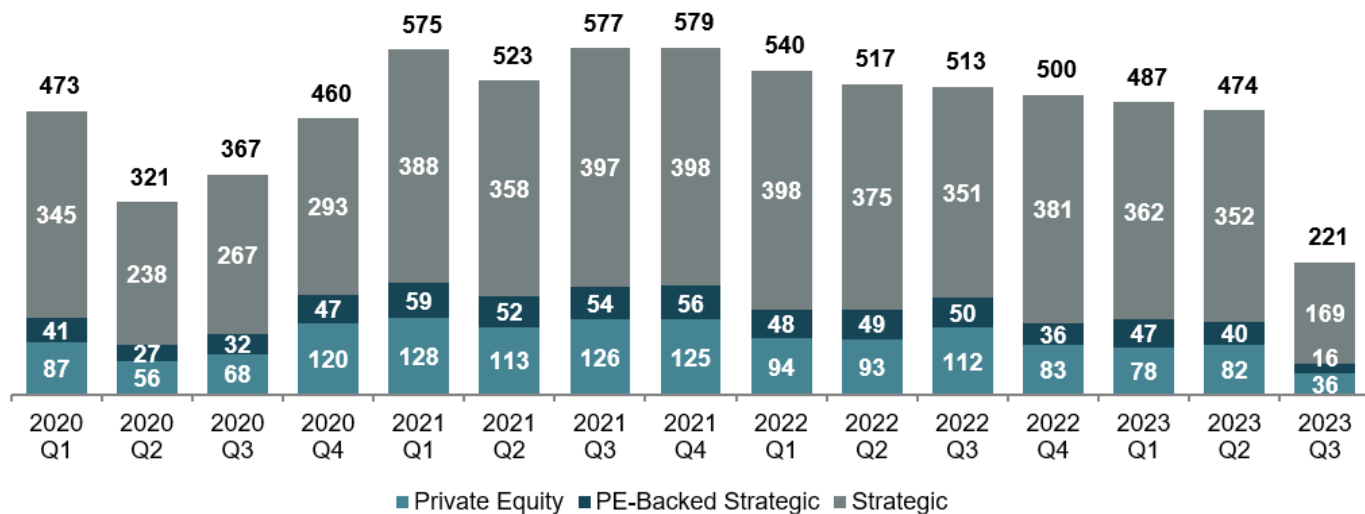
### Food and Beverage Personal Consumption (in USD \$B)

Spending on food and beverage products has increased **10%** since Q2 2021, largely attributed to inflation elevating prices



# BRANDED FOOD & BEVERAGE MIDDLE MARKET M&A ACTIVITY & TRENDS

## Recent Transaction Activity (M&A Deal Count)



## Recent Transaction Spotlights

**Buyer**

July 2023

**Target**

**Description:** Kevin's Natural Foods is a manufacturer of health-forward food products, specializing in vacuum-chilled meat, vegetable snacks, and a complementary line of sauces.

**Rationale:** Mars' acquisition of Kevin's Natural Foods aligns with Mars' strategy to grow into a delicious and healthier food segment. This acquisition will complement Mars' core portfolio and recent product innovations, helping them gain market share in the broader food sector.

June 2023

**Description:** Manufacturer of frozen Asian food products based in Tualatin, Oregon. Lucky's products include spring rolls, gluten-free food, Korean and fusion sauces, bbq sauces, ginger, pancakes and other related products.

**Rationale:** Daesang completed its Los Angeles factory last year. With the acquisition of Lucky Foods, Daesang plans to utilize the added capacity to expand its business in core categories including Kimchi, sauces and home meal replacement products.

May 2023

**Description:** First Place Foods, located in Garland, Texas, is a producer of fresh pickles, fermented pickles, relish, and other pickled vegetables primarily for the foodservice and institutional channels.

**Rationale:** "The First Place Foods acquisition is a transformative opportunity allowing Patriot Pickle to expand geographically, capitalize on national sales opportunities, and provide our customers with dual source manufacturing", said Bill McEntee, CEO of Patriot Pickle.

## SELECT ACTIVE INVESTORS & PLATFORMS

### Swander Pace Progresses with Active Add-on Acquisitions Through Patriot Pickle

In early 2021, Swander Pace Capital acquired Patriot Pickle which offers a wide range of pickles including kosher dill, half-sour, full sour, sweet horseradish, and sweet candied pickles. In the last 18 months, Patriot Pickle also acquired Farm Ridge Foods and First Place Foods, enhancing the product breadth and strengthening the position in the category.

As the platform looks to M&A priorities for the next few years, CEO Bill McEntee said, “We will continue to look for interesting investment opportunities within the fermented foods and pickled vegetable category to further establish Patriot Pickle as a leading fermented foods platform”.



### KKR Continues to be an Active Investor in the Global Beverage Space

In April 2023, KKR invested in Raskik, a producer of fusion beverages intended to offer healthy refreshment alternatives, via its platform Reliance Retail. KKR initially invested into Reliance in 2020 and has since added 12 companies to the platform.

In late 2022, KKR also invested in Tru Blu Beverages, the third largest non-alcoholic, non-dairy beverage manufacturer in Australia. The acquisition of Tru Blu accelerates growth and expands the range of products while also entering new categories. The addition of Tru Blu strengthens and expands Refresco's global footprint within the broader Australian market.



### Pernod Ricard Continues to Expand Portfolio with Unique Brands

In March of 2023, French producer of wines and spirits, Pernod Ricard, announced that it acquired a majority stake in Skrewball, a super-premium peanut butter-flavored American whiskey brand, based in San Diego, CA.

In October 2022, Pernod Ricard also acquired a majority stake in Código 1530 Tequila, a Colorado-based ultra premium tequila brand.

These acquisitions represent Pernod's continued focus on consumer preference for flavored and unique liquors and spirits while adding to Pernod's portfolio of iconic brands.





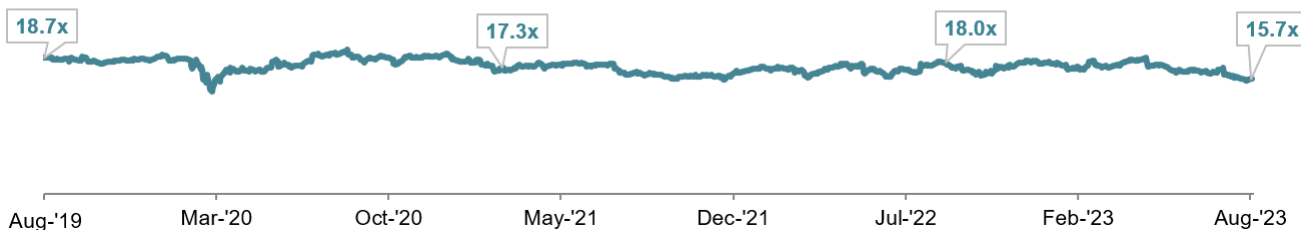
# PUBLIC COMPANY VALUATIONS

Updated as of Aug 31, 2023

Company Name	Equity Market Cap	Enterprise Value	3 Yr Rev Growth CAGR	FY 2023E Revenue	FY 2023E EBITDA	EV / FY 2023E Rev	EV / FY 2023E EBITDA
Coca-Cola	\$259,902	\$285,833	8.7%	\$45,027	\$13,519	6.3x	21.1x
Pepsico	\$246,241	\$283,408	10.0%	\$85,309	\$15,150	3.3x	18.7x
Mondelez International	\$97,947	\$118,183	9.7%	\$31,135	\$6,074	3.8x	19.5x
Keurig Dr Pepper	\$47,798	\$61,685	8.9%	\$14,038	\$4,047	4.4x	15.2x
Hershey	\$44,259	\$49,091	11.0%	\$10,343	\$2,700	4.7x	18.2x
General Mills	\$40,677	\$52,039	4.5%	\$20,232	\$4,006	2.6x	13.0x
Kraft Heinz	\$40,589	\$59,639	2.2%	\$26,360	\$5,911	2.3x	10.1x
McCormick & Company	\$22,149	\$26,885	6.3%	\$6,422	\$1,175	4.2x	22.9x
Hormel Foods	\$21,218	\$23,924	8.5%	\$12,551	\$1,557	1.9x	15.4x
Kellogg's	\$21,088	\$28,110	5.6%	\$15,145	\$2,301	1.9x	12.2x
The J.M. Smucker Co.	\$15,252	\$19,044	1.9%	\$8,473	\$1,607	2.2x	11.8x
Conagra Brands	\$14,363	\$23,695	3.6%	\$12,309	\$2,350	1.9x	10.1x
Campbell Soup	\$12,427	\$16,963	3.5%	\$9,351	\$1,747	1.8x	9.7x
Post Holdings	\$5,921	\$11,899	5.0%	\$5,928	\$938	2.0x	12.7x
Flowers Foods	\$5,026	\$6,388	5.5%	\$4,826	\$507	1.3x	12.6x
Lancaster Colony	\$4,537	\$4,479	11.0%	\$1,849	\$226	2.4x	19.8x
J&J Snack Foods	\$3,126	\$3,232	11.9%	\$1,364	\$119	2.4x	27.2x
B&G Foods	\$919	\$3,189	5.1%	\$2,123	\$292	1.5x	10.9x
<b>Mean</b>	<b>\$50,191</b>	<b>\$59,871</b>	<b>6.8%</b>	<b>\$17,377</b>	<b>\$3,568</b>	<b>2.8x</b>	<b>15.6x</b>
<b>Median</b>	<b>\$21,153</b>	<b>\$25,404</b>	<b>6.0%</b>	<b>\$11,326</b>	<b>\$2,024</b>	<b>2.3x</b>	<b>14.1x</b>

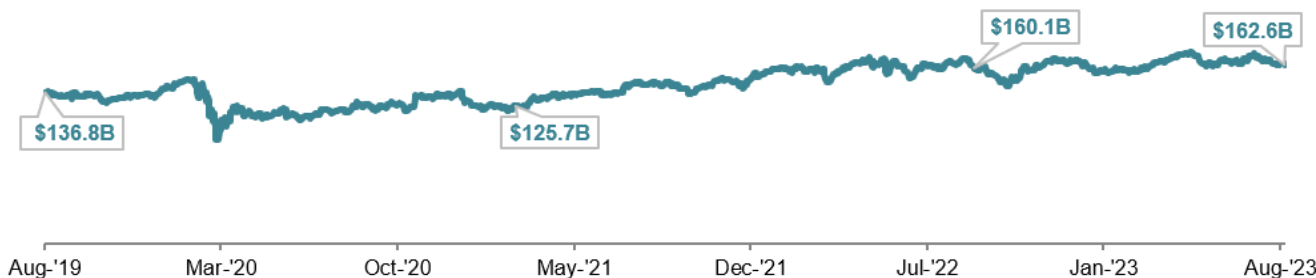
## Public Market Valuations (TTM - EV/EBITDA)

Average	L3Y	L2Y	TTM	Since COVID-19 <sup>1</sup>	YTD
<b>Branded Food &amp; Bev Index</b>	<b>17.5x</b>	<b>17.1x</b>	<b>17.4x</b>	<b>17.4x</b>	<b>17.5x</b>



## U.S. Branded Food and Beverage Market Capitalization (in \$USD B)

Performance (%)	L3Y	L2Y	TTM	Since COVID-19 <sup>1</sup>	YTD
<b>Branded Food &amp; Bev Index</b>	<b>30.4%</b>	<b>12.1%</b>	<b>2.1%</b>	<b>9.6%</b>	<b>(1.8)%</b>



# SELECT BRANDED FOOD & BEVERAGE M&A TRANSACTIONS

Date Announced	Target	Acquirer	Target Description	Enterprise Value		
				EV	Revenue	EBITDA
Announced	Berry People	AgriFORCE	Producer of branded organic and conventional berries.	\$28.0	0.8x	-
Aug-23	Superior Foods	Viru Group	Producer of canned vegetables.	-	-	-
Aug-23	Breckenridge Brewery	Tilray	Producer of alcoholic beverages.	-	-	-
Aug-23	Bazooka Candy Brands	Apax Partners	Manufacturer of a confectionery company	-	-	-
Aug-23	Hiball	Tilray	Producer of organic energy drinks.	-	-	-
Aug-23	Sovos Brands	Campbell Soup	Operator of a brands including pasta and pizza sauce.	-	-	-
Jul-23	Nature's One	Bobbie	Producer of organic baby nutrition products.	-	-	-
Jul-23	Kevin's Natural Foods	Mars	Manufacturer and supplier of health-forward food products.	\$800.0	-	-
Jul-23	Bang Energy	Monster Beverage	Producer of sports nutrition drinks.	\$362.0	0.07x	-
Jun-23	Nuvo Sparkling Liqueur	Lucas Bols	Producer of sparkling liqueur.	\$5.7	-	-
Jun-23	Theo Chocolate	American Licorice	Manufacturer of organic chocolate candies.	-	-	-
Jun-23	Sapientia Technology	Superlatus	Producer of plant-based food products.	\$10.0	-	-
Jun-23	Alaska Seafood Company	Tlingit Haida	Provider of canned food products.	-	-	-
Jun-23	Heartland Waffles	Arbor Investments	Producer of waffle and pancake mixes	-	-	-
Jun-23	Lucky Foods	Daesang	Manufacturer of frozen Asian food.	\$29.6	-	-
Jun-23	Nona Lim	DayDayCook	Producer of organic packaged food products	-	-	-
Jun-23	Holy Cow Foods Inc.	Undisclosed	Producer of food products.	\$0.8	-	-
Jun-23	Yasso	Unilever	Producer of frozen Greek yogurt.	-	-	-
Jun-23	Festive Foods	Bernatello's	Manufacturer of thin crust pizzas, sandwiches, and fruit pies	-	-	-
Jun-23	Pear's Snacks	Marathon Ventures (Promise Holdings)	Producer of premium nuts, seeds, grains, fruits and pulses.	-	-	-
May-23	Emerald Nuts	Flagstone Foods (Atlas Holdings)	Producer of almonds, salted and unsalted walnuts.	-	-	-
May-23	First Place Foods	Patriot Pickle (Swander Pace Capital)	Producer of fresh pickles, and other pickled vegetables.	-	-	-
May-23	Savory Solutions	PAI Partners	Provider of food products.	\$900.0	1.9x	14.1x
May-23	Williams Sausage Company	Tyson Foods	Provider of branded sausage, bacon and sandwiches.	-	-	-
May-23	Furlani Foods	Entrepreneurial Equity Partners	Producer of bread, breadsticks, garlic toast, rolls, and biscuits.	-	-	-
Apr-23	Raskik	KKR	Producer of fusion beverages.	-	-	-
Mar-23	Kerry Group (Sweet Ingredients Portfolio)	IRCA Group (Advent International)	Manufacturer of sweet and cereal products.	\$540.0	1.2x	12.2x
Mar-23	Skrewball	Pernod Ricard	A super-premium peanut butter flavored whiskey brand.	-	-	-
Mar-23	R.M. Palmer	Union Capital	Producer of branded chocolates, candies and other products.	-	-	-
Mar-23	Good Karma Foods	Kellogg's	Producer of flax-based health drinks.	\$200.0	-	-
Feb-23	Tofurky	Morinaga Nutritional Foods	Producer of vegan food products.	\$50.0	-	-
Feb-23	Yucatan Foods	BlackRock	Producer of packaged avocado-based food products.	\$17.5	-	-
Jan-23	Wells Enterprises	Ferrero International	Manufacturer of ice cream and specialty frozen desserts.	-	-	-
Jan-23	Frieda's Branded Produce	Legacy Farm (Silver Oak Services Partners)	Retailer of organic and packaged fruits and vegetables.	-	-	-
Jan-23	Back To Nature Foods	Barilla Group	Producer of organic and healthy foods.	-	-	-
Average				\$226.8	1.3x	13.1x
Median				\$29.6	1.2x	13.1x

# CONSUMER PRACTICE OVERVIEW

## Meridian Capital Sector Coverage

- Branded Food & Beverage
- Retail
- Consumer Services
- Distribution
- Ecommerce
- Home and Garden
- Housewares
- Juvenile
- Outdoor and Active
- Personal Care and Wellness
- Apparel and Footwear

## Meridian Capital Transaction Experience

<p>La Panzanella</p>  <p>- Acquired by -</p> 	<p>Monson Fruit Co.</p> <p>MONSON FRUIT CO.</p>  <p>- Has Received an Investment From -</p> 	<p>Ellenos Greek Yogurt</p> <p>ELLENOS</p> <p>- Growth Equity Financing -</p> 	<p>nutpods</p>  <p>- Growth Equity Financing -</p> 	<p>Smith and Green</p> <p>SMITH AND GREENE</p> <p>- Acquired by -</p>  Edward Don & Company
<p>Johnsonville</p>  <p>- Strategic Advisory -</p> 	<p>Hood River Juice</p>  <p>- Capital Raise by -</p> 	<p>La Marzocco</p>  <p>la marzocco</p> <p>- Minority Recap -</p> <p>Undisclosed Buyer</p>	<p>BioFilm</p> <p>BIOFILM, INC.</p> <p>- Acquired by -</p> <p>COMBE</p>	<p>Good Clean Love</p>  <p>- Received Growth Capital From -</p> <p>CORBEL CAPITAL PARTNERS</p>
<p>30 SECONDS Cleaners*</p>  <p>- Acquired by -</p> <p>Undisclosed Buyer</p>	<p>Etonic</p>  <p>- Acquired by -</p> 	<p>Chef'n Corporation</p>  <p>- Acquired by -</p> 	<p>Pacific Market International</p>  <p>- Acquired by -</p> 	<p>Classic Accessories</p>  <p>- Acquired by -</p> 
<p>C3 Worldwide</p>  <p>- Strategic Advisory -</p> 	<p>Performance Tool</p>  <p>- Acquired By -</p> 	<p>Tedder Industries</p>  <p>- Acquired by -</p> 	<p>Jacob Ash</p>  <p>JACOB ASH / EMANUEL GERALDO</p> <p>- Recapitalized by -</p>   	<p>Stanley</p> <p>STANLEY</p> <p>- Acquired by -</p> 



\* Transactions completed by Meridian bankers while at previous firms



**MERIDIAN CAPITAL**  
INVESTMENT BANKERS

Helping **middle market business** owners with their M&A and corporate finance goals **since 1995.**

## Meridian Capital's Consumer Team



**BRIAN MURPHY**  
President, Managing Director  
bmurphy@meridianllc.com



**RANDY MOE**  
Managing Director  
rmoe@meridianllc.com  
*Team Leadership*



**BENTON STURT**  
Director  
bsturt@meridianllc.com



**GREG RYAN**  
Associate  
gryan@meridianllc.com



**KENDELL JENSEN**  
Senior Analyst  
kjensen@meridianllc.com



**MATEO ZAPATA**  
Analyst  
mzapata@meridianllc.com



**KIERAN VRKLAN**  
Analyst  
kvrklan@meridianllc.com

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### Transaction Expertise

Mergers & Acquisitions  
Growth Capital  
Strategic Advisory



### Tailored Processes

High-Touch Approach  
Multidisciplinary Deal Team  
End-to-End Services

A leading middle market investment bank and M&A advisory firm, which has served as a trusted advisor to business owners on complex corporate finance, M&A, and strategic challenges for over 28 years. The firm differentiates itself through its deep industry insights, highly customized service approach, and end-to-end commitment to execution.

## Contact Us



1809 Seventh Avenue  
Suite 1330  
Seattle, WA 98101

500 NW 116<sup>th</sup> Ave  
#180  
Portland, OR 97229

10 W Broadway  
Floor 7  
Salt Lake City, UT 84101

t: (206) 623-4000  
e: info@meridianllc.com  
meridianllc.com