

Food & Beverage M&A Recap

Q1 2024

Volume growth will be challenged by increased price-sensitivity among consumers and customers

The Consumer Analyst Group of New York (CAGNY) conference brings together leaders of publicly traded consumer packaged goods (CPG) companies to share perspectives on strategy and outlook with analysts, investors and industry stakeholders. CPG companies continue to re-evaluate the state of the market and consumer trends to adopt strategies for short-term and long-term top-line and bottom-line growth. Most companies indicated continued growth expectations, driven by improving volume trends, a transition from the price-driven growth of recent years. This shift is primarily due to pushback from consumers and retail partners on increased product prices, compelling companies to employ innovation and advertising spend to increase market share and capitalize on their brand power. To protect margins, companies are using digital technologies to determine optimal price/value mix, reduce supply chain costs, and optimize routes and inventory management.

Companies have also pointed out the importance of digitization and modernization capabilities to facilitate volume growth, and plan to enhance and harness the strength of their brands while simultaneously bolstering cost efficiencies. CPG leaders are increasingly digitizing their supply chains to generate cost efficiencies and enhance agility, ultimately to protect margins as costs and external dynamics fluctuate. Automation in the supply chain is instrumental in reducing waste, controlling product quality and eliminating capacity constraints. Meanwhile, AI is being employed to refine demand forecasting, ensuring sufficient capacity to accommodate demand surges. Marketing departments are also using AI to optimize and generate the highest possible ROI for their advertising investments and efforts. The primary aim is to ultimately aid CPG leaders in achieving their volume goals and ensuring an uninterrupted supply to meet customer needs while efficiently managing costs.

The majority of executives at CAGNY predict an increase in M&A activity through 2024. Companies are particularly interested in deals that are consistent with their existing portfolio strategies, provide operational efficiencies and cost savings, and high-growth and high-margin brands. Through these strategic M&A initiatives – such as entering new high-growth industries or markets, making "bolt-on" acquisitions or undertaking vertical integrations – companies aim to boost their product volumes and variety offered to consumers while also realizing operational and cost synergies.

Key CAGNY 2024 messaging themes

Using traditional levers to meet near-term targets

Focusing on profitable volume growth as pricing normalizes

Showcasing commercial sales capabilities to improve customer relationships

Protecting margins with revenue growth management and productivity initiatives

Staying consumer-centric by innovating to align with local preferences and changing values

How can you increase sales volumes amid reduced consumer spending driven by new values, inflation and ongoing uncertainty?

Unleashing the power of brands to drive category growth

Increasing promotional and media spend to stimulate demand and drive trade up

Growing distribution in new channels and increasing trade spend

Innovating in formats and packaging to capitalize on new occasions and channels

Reshaping portfolios and filling gaps with partnerships and digital-first brands

How do you optimize strategic expenditure and return on investment for your branding efforts?

Modernizing capabilities to deliver executional excellence

Digitizing supply chains to reduce costs and unlock capacity as demand increases

Using technology/AI for speed to market, higher service levels, operational efficiency

Leveraging NextGen media to deliver more effective and efficient messaging

Exploring new technology deployments to drive innovation (gen AI, MVR)

Are you nurturing your organizations' digital literacy enough to maximize the benefits of new technologies?

Preparing to deliver future growth amid constant volatility

Improving supply chain resilience in anticipation of future climate, geopolitical and cost risks

Making sustainability, talent and culture a competitive edge

Pursuing incremental growth and cost synergies through bolt-on M&A

Expanding selectively into new markets and categories

Do you have the strategy to thrive and drive growth or will you merely survive future challenges?

EDITORS



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Senior Vice President



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EY transaction snapshot

inspiredgo

executed a strategic buyout from



EY* acted as the exclusive financial advisor to Inspired Go.



* Ernst and Young Orenda Corporate Finance Inc.

Companies Involved

Inspired Go (the “Company”) is Canada’s fastest growing salad kit delivery business, with operations from Vancouver to Toronto. The Company offers fresh ingredients, pre-portioned and packaged for user-friendly assembly, making it seamless for consumers to enjoy a balanced and nourishing meal at home. The Company focuses on sustainability and is committing to providing Canadians with healthy, tasty, and easy-to-prepare meals.

The Story

Inspired Go, initially launched as a division of its Western Canadian produce partner, Star Produce, quickly emerged as a dynamic business in its own right. The entrepreneurial spirit of the founders of Inspired Go led them to orchestrate a strategic buyout and begin operations as its own entity.

EY’s Role in the Transaction

EY acted as the exclusive financial advisor to the founders of Inspired Go, a division of Star Produce, on its strategic buyout.

TO LEARN MORE



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Food and beverage recent announced transactions













Select announced transactions in Q1 2024

All figures in USD, unless otherwise noted

Announced Date	Target	Target HQ	Target Description	Buyer	Buyer HQ
Alcoholic Beverages					
Jan 05, 2024	Octopi Brewing, LLC		Operates contract beverage facility that produces alcoholic and non-alcoholic beverages.	Asahi Beer U.S.A., Inc.	
Mar 13, 2024	Fermented Sciences, Inc.		Producer and seller of beer offering flavours such as lemon orchard, ginger and oak which are sold through retail stores and online.	JuneShine, Inc.	
Bakery					
Jan 24, 2024	Dirty Dough LLC		Operates as a producer of cookies and sells through online and retail mediums.	Craveworthy Brands	
Beverages					
Jan 25, 2024	Mateina Inc.		Producer and seller of yerba mate tea and beverages offering loose leaf and starter packs & bundles.	Tiny Ltd.	
Feb 08, 2024	Cafe William Spartivento Inc.		Producer of organic and fair-trade coffees such as light roast, medium roast, dark roast, espresso and decaf.	Fonds de Solidarite des Travailleurs du Quebec - FTQ; Fondation CSN	
Dairy					
Jan 01, 2024	Horizon Organic & Wallaby Businesses		Provider of organic dairy products including milk, creamers and whiteners, yogurt, cheese and butter.	Platinum Equity, LLC	

Announced Date	Target	Target HQ	Target Description	Buyer	Buyer HQ
Dairy					
Feb 20, 2024	Crest Foods Co, Inc.		Develops proprietary stabilizer formulations and recipes for dairy products, including cottage cheese, cream cheese, yogurt and dairy protein & plant-based beverages.	Harwood Private Equity LLP	
Distribution					
Jan 17, 2024	J.A. Kirsch Corporation		Operates as an importer and distributor of seafood, fruits and vegetables.	Atalanta Corporation, Inc.	
Food Retail					
Feb 15, 2024	The Bargain Barn, Inc.		Operates retail outlets offering grocery, dairy, frozen, pet food, general merchandise, household and meat products. ▶ EV – \$62.0M	Grocery Outlet Inc.	
Fresh Produce					
Feb 27, 2024	Progressive Produce Corporation		Producer and distributor of conventional & organic produce to the retail, wholesale and foodservice sectors. ▶ EV – \$185.0M ▶ EV/EBITDA – 0.5x	Pacific Trellis Fruit LLC	
Frozen					
Feb 23, 2024	Smith Frozen Foods, Inc.		Producer of frozen vegetables including peas, corn, diced carrots, lima beans, mixed vegetables and green garbanzo beans.	Twin City Foods, Inc.	
Ingredients					
Jan 02, 2024	Graffiti Foods, Ltd.		Supplier and manufacturer of customized liquid blend solutions offering soups, sauces and ingredients for intermediate & regional chain restaurants.	New Horizons Baking Company, Inc.	
Feb 13, 2024	Benson Hill Ingredients, LLC		Producer and seller of ingredients for food, feed and cooking oils. ▶ EV – \$72.0M	White River Soy Processing, LLC	
Mar 07, 2024	Concord Foods, LLC		Supplier of custom ingredients and retail food products, serving supermarkets, food service operators and food manufacturers.	Sugar Foods Corporation	



Announced Date	Target	Target HQ	Target Description	Buyer	Buyer HQ
Ingredients					
Mar 13, 2024	California Custom Fruits & Flavors, Inc.		Developer and manufacturer of custom-formulated specialty ingredients and flavours.	Peak Rock Capital LLC	
Packaged Foods					
Jan 09, 2024	Wickles Pickles		Producer of pickles offering wicked hula pickles and wicked pickle chips.	Fenwick Food Group	
Jan 16, 2024	Patriot Pickle, Inc.		Manufacturer and distributor of pickles and other fermented food products to the foodservice and grocery retail markets.	H.I.G. Capital, LLC	
Jan 22, 2024	Saco Foods Holdings LLC		Producer of packaged food products selling primarily through supermarkets, mass retailers and e-commerce channels.	Fengate Asset Management & Weathervane Investments	
Jan 26, 2024	Ingomar Packing Company LLC		Supplier of industrial tomato products such as tomato paste and diced tomatoes. <ul style="list-style-type: none"> ▶ EV – \$486.7M ▶ EV/Revenue – 1.6x 	Kagome Co., Ltd.	
Jan 31, 2024	Inspired Go		Operates as a salad supplier that specializes in delivering its ready-to-eat meals directly to its customers.	15610541 Canada Inc.	
Feb 27, 2024	Les Recettes Cook It Inc.		Producer and seller of ready-to-make meal kit, which includes ingredients with recipe cards for customers to cook.	Fresh Prep Foods Inc.	
Protein					
Jan 03, 2024	Lake Foods LLC		Provider of portioning facility for raw, sized, marinated, and ready-to-cook chicken products.	Brakebush Brothers Inc.	
Jan 03, 2024	Salm Partners, LLC		Producer of sausage and hot dog products for various brands and retailers.	Johnsonville, LLC	



Announced Date	Target	Target HQ	Target Description	Buyer	Buyer HQ
Protein					
Feb 13, 2024	Hofmann Sausage Co., Inc.		Producer of sausages and meat products offering hot dogs and coneys, deli items, German frankfurters, snappy grillers, among others.	Miami Beef Company, Inc.	
Restaurants					
Jan 05, 2024	OTG Experience LLC		Developer and operator of restaurants, retail markets and food halls in airports.	Oaktree Capital Management LP; CPPIB; Centerbridge Partners; Oak Hill Advisors; Sculptor Capital LP	 
Jan 08, 2024	Via Cibo		Operates as a fast-casual Italian street food chain offering Italian dishes including pasta, entrees, pizza, salads and panini.	Happy Belly Food Group Inc.	
Jan 16, 2024	Carrols Restaurant Group, Inc.		Operates quick service restaurants as a franchisee, operating 1,022 Burger King and 60 Popeyes restaurants in 29 states. <ul style="list-style-type: none"> ▶ EV – \$1,765.9M ▶ EV/EBITDA – 6.7x ▶ EV/Revenue – 1.0x 	Restaurant Brands International Inc.	
Feb 15, 2024	Charcoal of Restaurants		Operator of restaurant brands including the Beertown public house concept.	Walter Capital Partners	
Mar 26, 2024	Benihana Inc.		Operates 88 company-owned restaurants and franchises an additional 17 venues in the Americas. <ul style="list-style-type: none"> ▶ EV – \$365M 	ONE Group Hospitality Inc.	
Snacks					
Jan 04, 2024	Weaver Popcorn Manufacturing, Inc.		Operates as a manufacturer of popcorn and snacking products.	AUA Private Equity Partners, 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

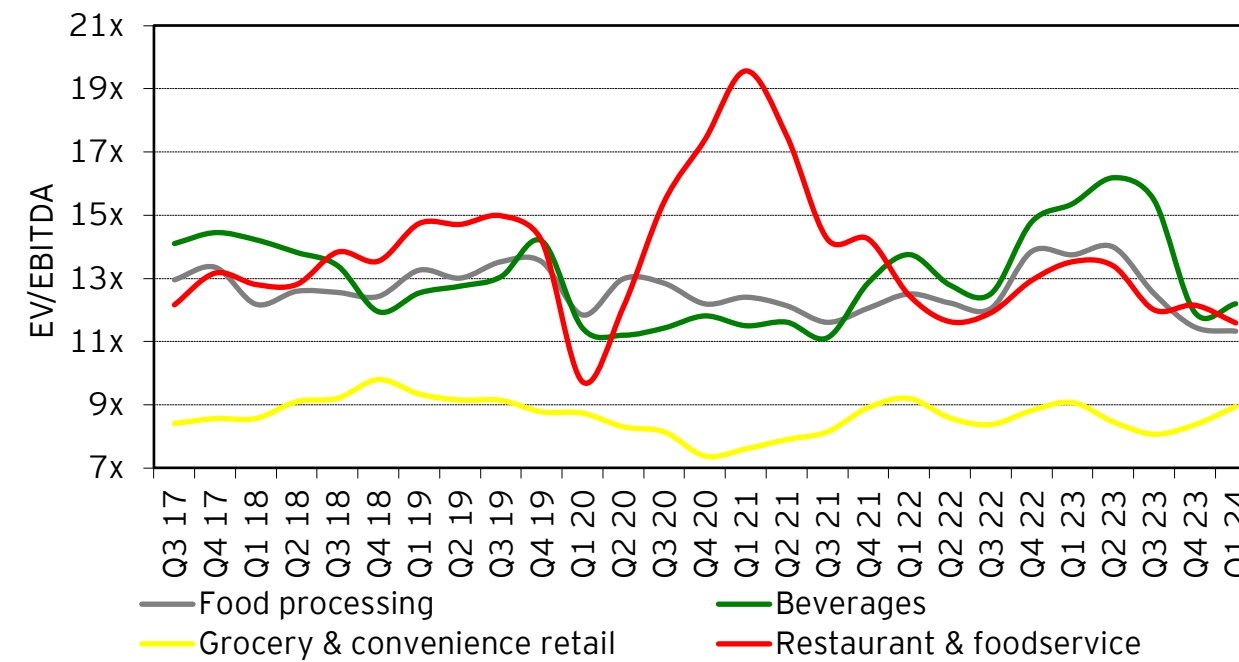
Loblaw Companies	L
Metro Inc.	MRU.A
Alimentation Couche-Tard Inc.	ATD.B

Restaurant and foodservice

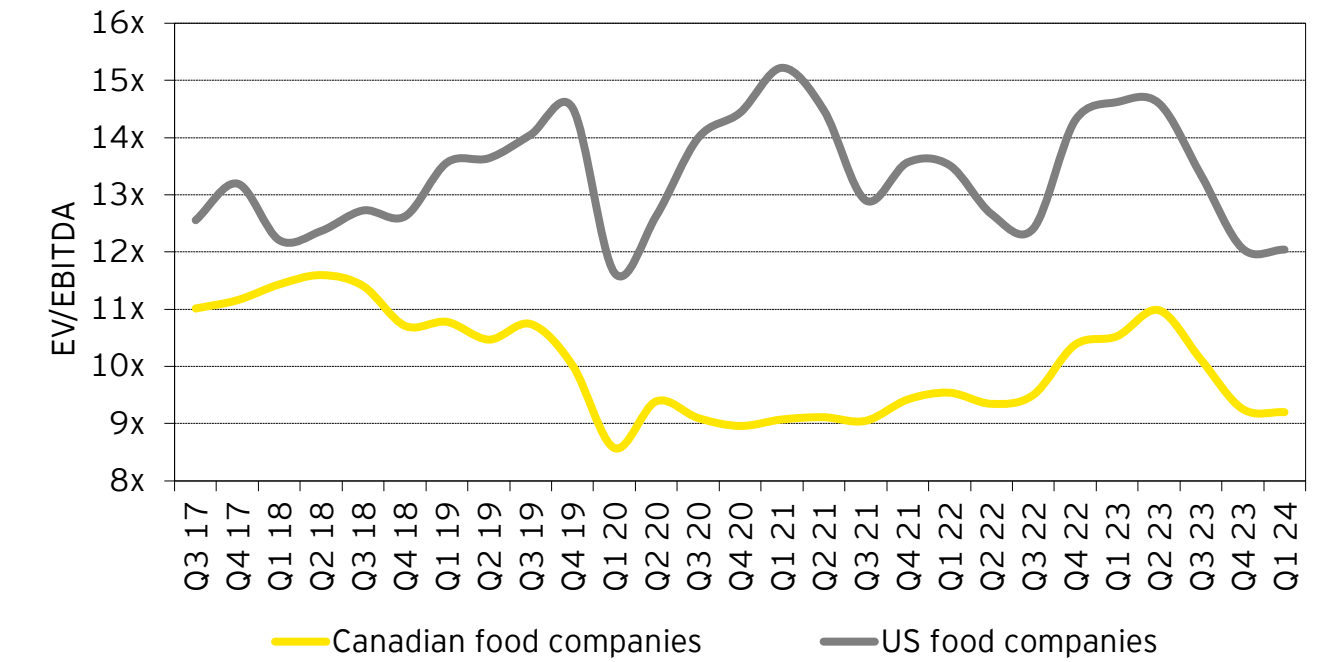
MTY Food Group Inc.	MTY
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EY Food and Beverage Index

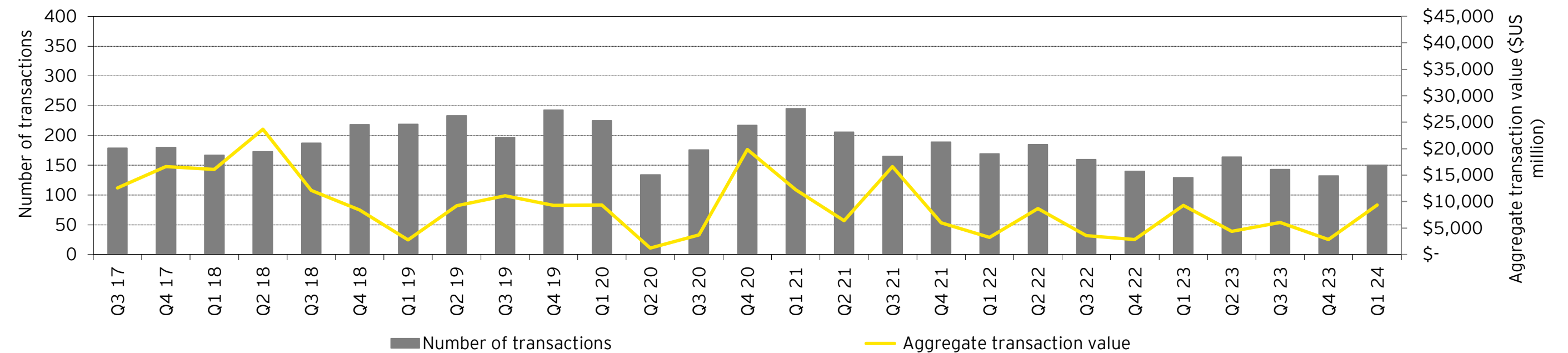
Enterprise value trends by sector



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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