



Q1
2024

M&A Insights
FOOD & BEVERAGE
INDUSTRY UPDATE

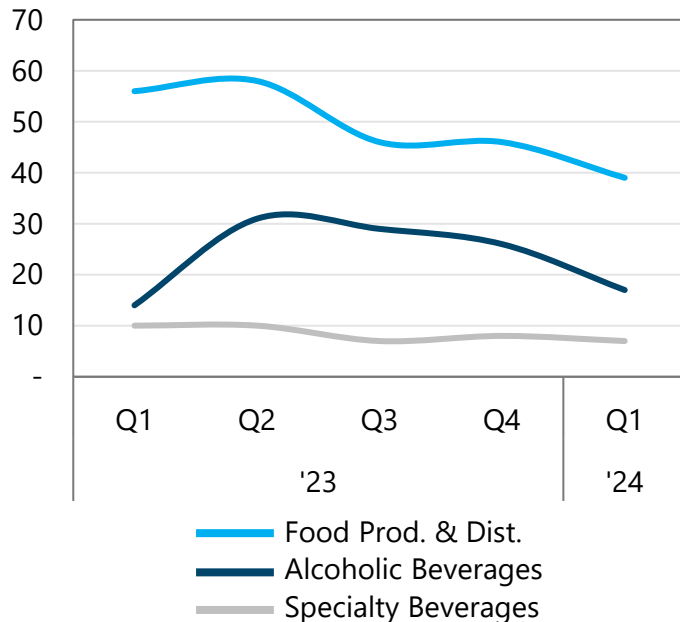


MARKET OVERVIEW

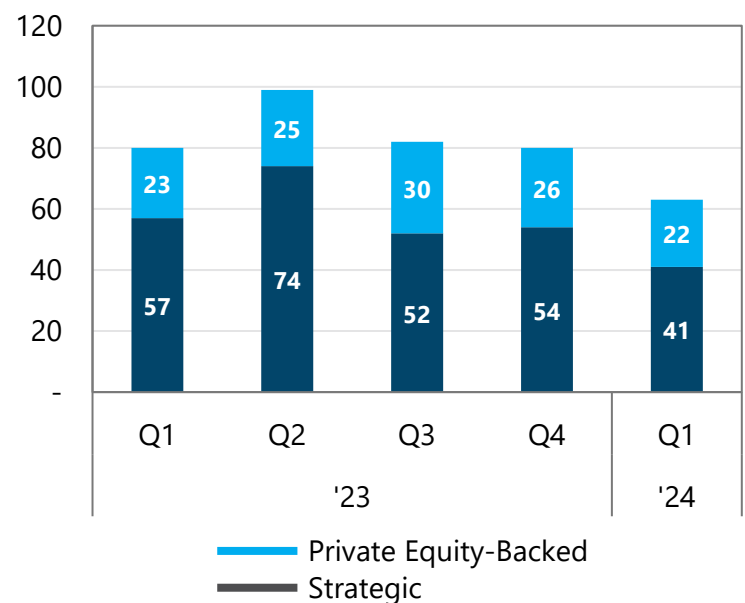
Key Sector Characteristics

In Q1 of 2024, the number of closed deals in the food and beverage sector experienced a decrease of 21.3%, totaling 63 deals compared to 80 in Q4 of 2023. Strategic acquirers remained the most active as opposed to private equity-backed acquirers. There is speculation among analysts that deal volume might see a slight uptick in the upcoming quarters if the inflation stabilizes. Despite the presence of substantial dry powder, activity among financial buyers has diminished due to limited access to cost-effective debt. This has led to a deceleration in private equity fundraising and extended holding periods for portfolio companies. As the U.S. witnesses significant reductions in inflation, it is suspected that anticipated interest rate reductions in the latter half of 2024 may stimulate a surge in M&A activity within the food and beverage sector.

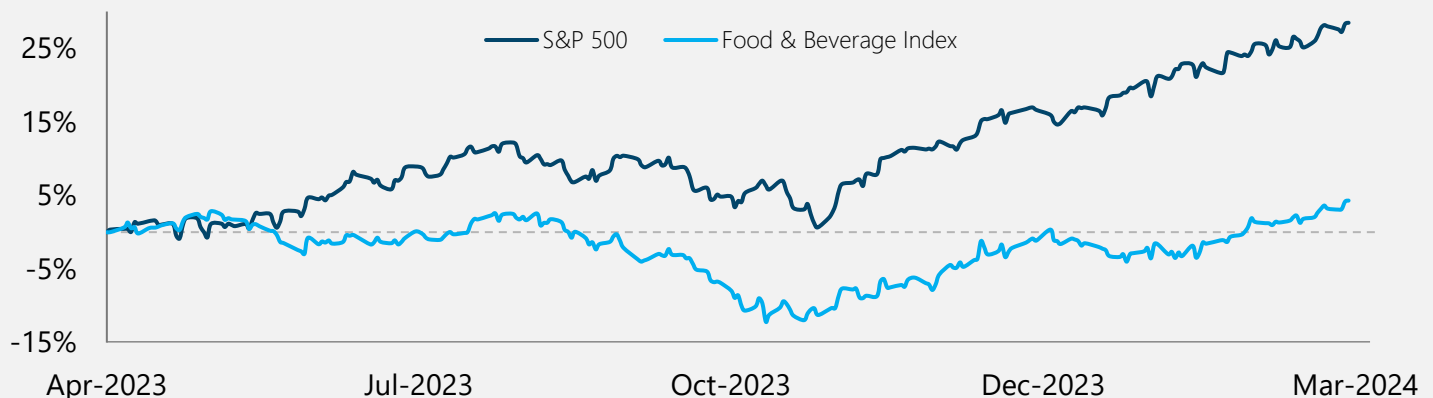
Quarterly Deal Volume by Vertical



PE Deals and Strategic M&A Across All Verticals



Food & Beverage Index Return Performance



INDUSTRY TRENDS

Health & Wellness

- In 2024, there continues to be a growing emphasis on health and wellness, leading consumers to seek out food and drink that offer functional benefits such as improved immunity, digestive health, and mental well-being driving the popularity of **products fortified with vitamins, minerals, and other nutrients**.
- This “Better for you” lifestyle trend also appears in the beverage sector with health-conscious mindsets driving product innovation boosting demand for **low-sugar and functional drinks**.
- A survey conducted by the International Food Information Council reports that 52% of respondents have followed a diet in the last year – up from 38% in 2019. These specific eating and drinking patterns have criteria ranging from a preference for high protein meals to a regimented low-carb diet.

Sustainability

- Consumers are increasingly concerned about the environmental impact of food production and are seeking out sustainable and ethically sourced products in an effort to **support fair trade practices, reduce food waste, and promote minimal packaging that limit plastic usage**.
- Another emerging trend is “upcycling,” where less-than-perfect produce is transformed into new and desirable products such as in chocolate production where companies are developing techniques to extract the sweetness from the fruit to produce syrup and sweeteners rather than fully discarding the fruit and husk of the cacao pod.
- According to the Upcycled Food Association and Foundation, **28% of agricultural land goes to grow food that is never eaten**, and more than half of survey respondents would purchase upcycled food to reduce this type of waste.

Premiumization & Convenience

- Premiumization of products is a growing trend amongst consumers since it **creates an experience and sense of exclusivity**. For premium beer sales, up 9.4% YoY in 2023, this exclusivity is driven by imports and local craft brands.
- The “ready-to-drink” category is also booming. These products **promote variety and convenience** to accommodate the active lifestyles of consumers who prefer beverages that align with their on-the-move schedules.
- On the technology front, the Alcoholic Beverage segment is progressively leveraging AI and automation to refine operations and enhance the consumer experience, particularly as companies navigate ongoing labor shortages. This technological reliance is pivotal in sustaining consistent production levels and expects transform production, distribution, and consumption patterns. Moreover, Technological advancements are being used to **extend the lifespan of products and ensure freshness, boosting efficiency and curtailing waste**.

Select Insights



Beverage Industry – March 2024

[Functionality Fuels Natural, Organic Innovations at Natural Products Expo West](#)



Food Business News – April 2024

[US Dairy Industry on Edge as More Cattle Test Positive for HPAI](#)



CNBC – February 2024

[Consumers are Tired of Inflation. But Some Retailers Fear Falling Prices](#)



Food Business News – March 2024

[AI's Role in Innovation Expanding Rapidly](#)

Source: Pitchbook, Food Insight, International Food Information Council, and Nielsen IQ

PUBLIC TRADING MULTIPLES

Trading Multiples

	Price	% 52-Wk	Market	Net	Tot. Ent.	Total Enterprise Value /					
						Revenues		EBITDA		P / E	
	03/31/24	High	Cap	Debt	Value	LTM	NFY	LTM	NFY	LTM	NFY
Food Prod. & Dist.											
Campbell Soup Company	\$43.30	77%	\$12,908	\$4,651	\$17,559	1.9x	1.8x	10.1x	9.5x	17.0x	14.3x
The Hershey Company	193.74	70%	39,564	4,724	44,288	4.0x	3.9x	15.0x	14.5x	21.4x	20.2x
The Kraft Heinz Company	37.06	89%	45,052	19,329	64,381	2.4x	2.4x	10.1x	9.9x	16.0x	12.2x
Tyson Foods, Inc.	59.05	93%	21,042	8,224	29,266	0.6x	0.6x	14.1x	10.7x	NA	24.7x
General Mills, Inc.	69.79	77%	39,400	12,180	51,580	2.6x	2.6x	12.0x	12.4x	16.0x	15.5x
US Foods Holding Corp.	50.54	92%	12,396	4,932	17,328	0.5x	0.5x	12.1x	10.1x	25.0x	16.2x
Sysco Corporation	76.67	92%	38,169	12,041	50,209	0.6x	0.6x	13.9x	11.8x	18.7x	17.7x
Dole plc	11.70	84%	1,111	1,314	2,424	0.3x	0.3x	7.4x	6.3x	9.0x	9.8x
Mondelez International, Inc.	67.99	87%	91,547	18,334	109,881	3.1x	3.0x	15.3x	14.8x	18.8x	19.3x
PepsiCo, Inc.	169.14	86%	232,484	37,192	269,676	2.9x	2.8x	16.5x	15.0x	25.8x	20.7x
Mean		85%				1.9x	1.8x	12.6x	11.5x	18.6x	17.1x
Median		86%				2.2x	2.1x	13.0x	11.2x	18.7x	17.0x
Specialty Beverages											
Keurig Dr Pepper Inc.	\$30.77	85%	\$42,696	\$14,823	\$57,519	3.9x	3.7x	14.6x	13.0x	19.9x	16.1x
Brady Corporation	59.57	95%	2,879	(71)	2,809	2.1x	2.1x	10.4x	10.4x	15.6x	14.7x
Celsius Holdings, Inc.	83.94	84%	19,541	71	19,611	14.9x	10.5x	72.7x	49.4x	109.0x	76.2x
Monster Beverage Corporation	55.90	91%	58,172	(3,187)	54,984	7.7x	6.9x	26.4x	22.3x	36.3x	30.6x
Zevia PBC	1.04	22%	57	(58)	(1)	0.0x	0.0x	NA	0.1x	NA	NA
National Beverage Corp.	49.61	90%	4,641	(224)	4,417	3.7x	3.7x	18.9x	18.4x	27.4x	26.2x
Mean		78%				5.4x	4.5x	28.6x	18.9x	41.6x	32.8x
Median		88%				3.8x	3.7x	18.9x	15.7x	27.4x	26.2x
Alcoholic Beverages											
Constellation Brands, Inc.	\$265.63	97%	\$48,556	\$11,947	\$60,503	6.2x	6.1x	17.1x	16.4x	32.4x	22.2x
Molson Coors Beverage Company	67.35	95%	14,290	5,805	20,094	1.7x	1.7x	8.8x	8.1x	15.4x	11.9x
Anheuser-Busch InBev SA/NV	59.96	90%	NA	NA	NA	NA	NA	NA	NA	NA	17.9x
The Duckhorn Portfolio, Inc.	9.11	59%	1,051	285	1,336	3.4x	3.3x	9.9x	9.0x	16.0x	14.3x
The Boston Beer Company, Inc.	294.75	75%	3,506	(251)	3,256	1.6x	1.6x	15.5x	13.3x	47.5x	29.8x
Mean		83%				3.2x	3.2x	12.8x	11.7x	27.8x	19.2x
Median		90%				2.5x	2.5x	12.7x	11.2x	24.2x	17.9x

FOOD & BEVERAGE INDUSTRY UPDATE

KEY DEALS SPOTLIGHT

Food Production and Distribution



On March 12, 2024, Campbell's Soup Company (NYSE: CPB) completed its acquisition of Sovos Brands, Inc. ("Sovos Brands") in an all-cash transaction for approximately \$2.7 billion. The acquisition bolsters Campbell's already prominent portfolio of consumer foods. Sovos will provide Campbell's with leading brands in pasta sauces, dry pasta, soups, frozen entrees, and yogurts. "This important milestone in Campbell's history adds several market-leading and scaled premium brands to our company," said Campbell's President and CEO Mark Clouse. "It accelerates Campbell's successful strategy and provides a substantial runway for sustained profitable growth." Campbell anticipates a seamless integration process, with projected annualized cost synergies of approximately \$50 million over the next two years. [Read more about this deal online.](#)

Specialty Beverage



On January 3, 2024, SYSTM Foods acquired Humm Drink Better ("Humm"), a producer of seasonally infused kombucha and probiotic soda. Since its inception, Humm has earned the reputation as one of the fastest growing and most beloved brands in the kombucha space among consumers. This acquisition not only advances SYSTM Foods towards its goal of creating a prominent functional beverage platform, but also allows SYSTM to expand its footprint in the realm of healthier, lower-sugar beverage alternatives that consumers are seeking in 2024. Andy Fathollahi, CEO of SYSTM Foods emphasizes the importance of offering healthier choices, stating, "today's consumers are seeking healthier, lower-sugar beverage options with functional advantages, ranging from digestive health to immune support, that don't sacrifice taste, or quality." [Read more about this deal online.](#)

Alcoholic Beverages



On January 6, 2024, Stamford-based beverage company, CoreBev Group, acquired Continuum Distilling following a successful \$1 million Series A funding round aimed at driving expansion and strategic acquisitions. Continuum Distilling specializes in crafting and distilling gin, rum, and whiskey through processes developed by Continuum's founder and master distiller, Brandon Collins. The acquisition highlights CoreBev's aggressive strategic vision for sustained growth and commitment to environmentally responsible production practices. With Collins remaining as master distiller at Continuum under contract, he expresses his excitement, stating, "The Partnership With CoreBev allows me to direct my talent and energy to distilling quality, handcrafted spirits that are both innovative and sustainable while simultaneously expanding our distribution footprint." [Read more about this deal online.](#)

M&A TRANSACTIONS

Most Active Strategic Acquirers

Company	Q1 Deal Count	Recent Industry Transactions
SAZERAC	3	03/20/24 – Southern Champion (Texas, United States) 06/20/22 – Lough Gill Distillery (Sligo, Ireland) 07/31/20 – Brown Forman (Collingwood, Canada)
US. FOODS	3	02/15/24 – IWC Food Service (Tennessee, United States) 12/01/23 – Saladin's (California, United States) 07/07/23 – Renzi Foodservice (New York, United States)
THE VENTANAS GROUP	2	02/28/24 – Mylo Coffee (Arkansas, United States) 01/01/24 – Leiva's Coffee (Arkansas, United States)
Asahi	2	01/03/24 – Octopi Brewing (Wisconsin, United States) 06/01/20 – Carlton & United Breweries (South Hobar, Australia)

Most Active Private Equity Acquirers

Firm	Q1 Deal Count	Recent Industry Transactions
Platinum Equity	3	01/10/24 – E&A Scheer (Amsterdam, Netherlands) 01/05/24 – Horizon Organic (Colorado, United States) 01/01/24 – Wallaby Organic (Colorado, United States)
Frontenac	3	03/14/24 – Prime Source Foods (New Hampshire, United States) 01/24/22 – Ameriherb International (Iowa, United States) 01/01/21 – Crofter's Organic (Seguin, Canada)
Palladium EQUITY PARTNERS	2	01/04/24 – Skinny Mixes (Florida, United States) 12/12/23 – Del Real Foods (California, United States)

Key Private Equity Exits

Seller:		GMB Capital Partners	
Target:			
Acquirer:	Frontenac		PRITZKER PRIVATE CAPITAL
Date:	March '24	January '24	March '24

Source: Pitchbook

CHARTER TEAM INDUSTRY EXPERTISE

Industry Practice Team



Mark Streekstra

Partner & Managing Director

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Mark has more than 18 years of diversified advisory and deal execution experience, 11 of which were spent in the consulting, technology, and digital services industry. At Charter, Mark primarily focuses on helping clients achieve their goals through sell side and buy side advisory work.

The majority of Mark's career was spent at Accenture, where he led acquisitions in support of Accenture's inorganic growth strategy. During his time in that role, Accenture purchased over 100 companies in the consulting, technology, and digital services space while becoming the most acquisitive company in the world. Mark has personally led transactions with total enterprise value in excess of \$700 million.



Jenny Dakoske

Director

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Jenny Dakoske's professional background of 18 years has centered on assisting privately held companies, private equity firms, family offices and ESOPs with mergers, acquisitions, divestitures, and growth financings. Her experience includes sourcing, underwriting, negotiating, closing, and managing portfolio opportunities across industries including manufacturing, distribution, healthcare, business and financial services, and technology. Prior to joining Charter, Jenny served as Senior Vice President with Huntington National Bank in its National Sponsor Finance Group.



Michael Pohl

Associate

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Michael Pohl is an Associate in the Mergers and Acquisitions practice at Charter. His responsibilities include conducting financial deal analysis, executing industry and financial due diligence, and managing client engagements. Michael has transaction experience across a number of industries including health & wellness, healthcare, and diversified industrials sectors.

In 2022, Michael earned his MBA from the University of Notre Dame where he concentrated in Finance and Investments, graduating with Honors. Prior to joining Charter, Michael worked in the healthcare industry and holds a B.S. in Biology from the University of San Francisco, as well as a Certificate from University of California Berkeley's Health Professions Program.



Kevin Caballero

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Kevin Caballero serves as an Analyst within the Mergers and Acquisitions division at Charter. His M&A duties consists of performing financial modeling, financial analysis, and material creation. Kevin earned his BBA from Grand Valley State University in 2024, majoring in Finance and Accounting. He joined Charter in 2023 as an intern and has since transitioned into his current role as an Analyst.



About Charter

Founded in 1989, Charter Capital Partners is a premier investment banking firm headquartered in Grand Rapids, Michigan. We offer a comprehensive range of investment banking advisory services, including buy-side and sell-side M&A, succession planning, business valuation, and capital raise.

Charter was named one of the top 100 most referred middle-market advisory firms in the US, according to a survey of 1,000 private equity firms, strategic acquirers, and family offices compiled by Axial, a network of middle market investors, advisors, and CEOs. Our mission is to deliver superior professional guidance throughout the complete business lifecycle.

Advisory Services Snapshot

Type	Expertise
M&A Advisory	<ul style="list-style-type: none">Go-to-market sell-side advisoryBuy-side growth strategiesExit planningFairness opinions
Capital Raise	<ul style="list-style-type: none">Equity or debt capital raiseDividend recapitalizationSolvency opinionsMinority investors
Valuation Opinions	<ul style="list-style-type: none">Buy-sell agreementsGift, estate, and income tax mattersShareholder disputesPurchase price allocations
Capital Management	<ul style="list-style-type: none">Licensed Fund ManagementRegistered Investment Advisers

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