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FOOD & BEVERAGE *IQ*

Industry-Specific Overview of Recent M&A and Capital Markets Activity

JANUARY 2023

Recent Market Observations

As public markets grappled with a rapid succession of interest rate hikes through 2022, Food & Beverage businesses exhibited relative outperformance (vs the broader equity market) over the year. Across the board, industry participants were successful in passing along ingredient price increases to their end customers with minimal impact to volume. For instance, PepsiCo (NASDAQ:PEP) raised its earnings guidance in Q4 2022 while reporting a ~17% average increase in prices across all its segments with only a ~1% decline in organic volume. Other manufacturers and retailers in the Food & Beverage industry reported similar dynamics, with plans to continue price increases into 2023 as needed to offset inflationary cost increases from ingredients and labor.

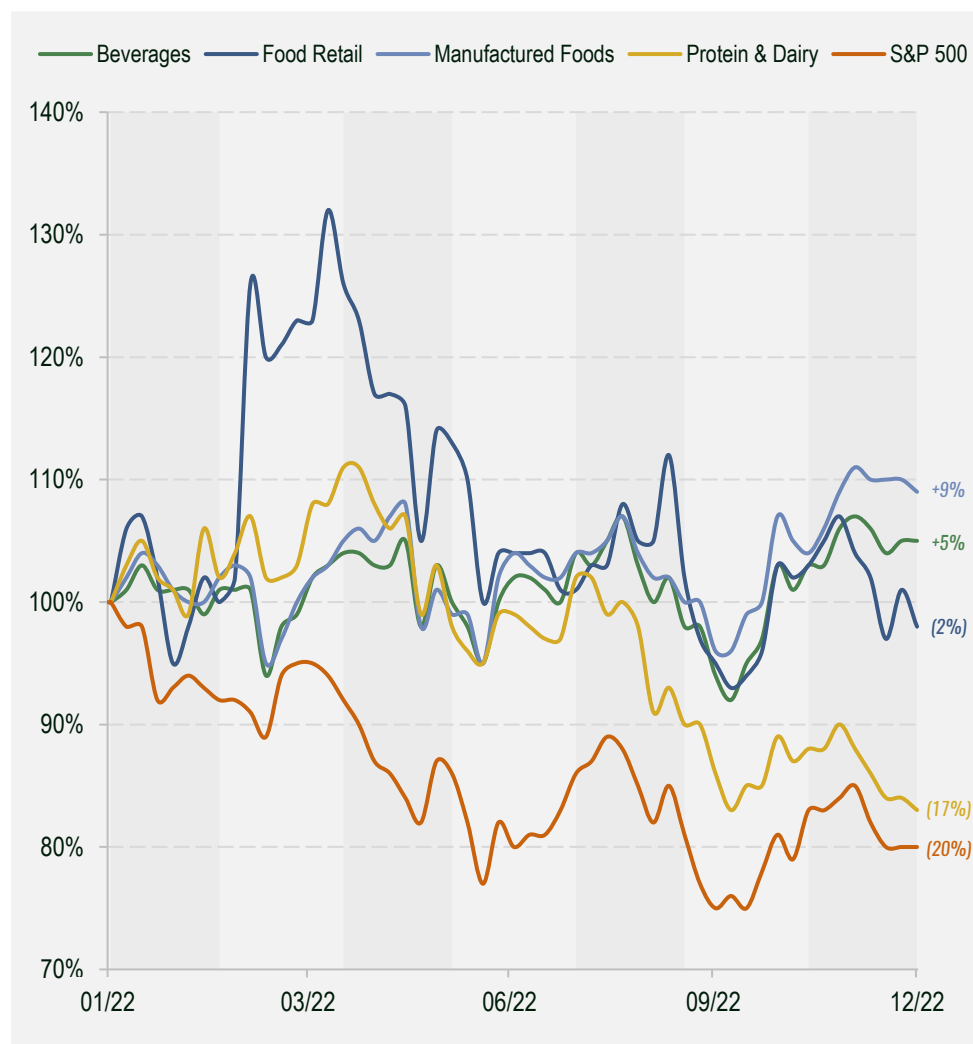
While core CPI increased 5.7% in December 2022 compared to a year earlier, overall food prices increased 10.4% for that period. Significant increases included lettuce (24.9%), flour (23.4%), baked goods (16.3%), coffee (14.3%), and cereal (13.0%). Beverages, Food Retail, and Manufactured Food sectors also benefitted from the inflated prices – which have proven to be relatively sticky.

While there were inflationary increases in the Poultry and Dairy segment, including the ~60% year-over-year increase in the price of eggs, this segment witnessed overall sales and volumes declines. This was primarily attributable to a handful of unique headwinds – outbreak of Avian Influenza (a loss of over 60M birds, making it the worst outbreak in U.S. history), company-specific missteps at Tyson Foods (NYSE:TSN), and consumers' willingness to trade down from premium proteins to lower-cost cuts and qualities of meat.

While customers have been willing to bear the burden of price increases over the past year, analysts expect behaviors to shift in 2023 as anxious consumers feel the impact of heightened inflation along with rising interest rates. Substitution to lower-cost alternatives is expected to play a major role for everyday consumer staples.

Source: Equity Research, U.S. Department of Agriculture, Bureau of Labor Statistics
























Recent Stock Price Performance – Food & Beverage Indices



Source: Capital IQ
Food & Beverage Universe – **Beverage:** FIZZ, KDP, KO, PEP, PRMW | **Food Retail:** IMKT.A, KR, VLGE.A, WMK
Manufactured Foods: BGS, BRID, FLO, GIS, HSY, JJSF, K, KHC, LANC, MDLZ, THS
Protein & Dairy: CALM, HRL, TSN

Public Market Trading Multiples

Food & Beverage Industry Update | January 2023

		(\$ in millions, other than stock price)										
Company	12/31/2022	Quarterly	Market	Total	LTM		Gross	EBITDA	Net Debt /	Enterprise Value / LTM		
	Stock Price	Price Δ	Cap.	EV ⁽¹⁾	Revenue	EBITDA	Margin	Margin	EBITDA	Revenue	EBITDA	
Beverage	 The Coca-Cola Company	\$63.61	14%	\$275,082	\$304,684	\$42,343	\$13,531	58%	32%	2.0x	7.2x	22.5x
	 Keurig Dr Pepper	35.66	(0%)	50,565	63,020	13,645	3,468	52%	25%	3.4x	4.6x	18.2x
	 National Beverage Corp.	46.53	21%	4,344	4,287	1,144	203	34%	18%	NM	3.7x	21.1x
	 PepsiCo	180.66	11%	251,832	284,493	83,644	15,156	53%	18%	2.0x	3.4x	18.8x
	 Primo Water Corporation	15.53	23%	2,482	4,096	2,200	380	58%	17%	3.7x	1.9x	10.8x
Median							53%	18%	2.7x	3.7x	18.8x	
Food Retail	 Ingles Markets	\$96.46	22%	\$1,832	\$2,177	\$5,679	\$493	25%	9%	0.7x	0.4x	4.4x
	 Kroger	44.58	2%	31,911	51,223	146,484	7,507	22%	5%	2.3x	0.3x	6.8x
	 Village Super Market	23.29	20%	338	624	2,087	78	28%	4%	2.1x	0.3x	8.0x
	 Weis Markets	82.29	16%	2,213	2,089	4,497	257	26%	6%	NM	0.5x	8.1x
Median							26%	5%	2.1x	0.4x	7.4x	
Manufactured Foods	 B&G Foods	\$11.15	(32%)	\$799	\$3,230	\$2,112	\$264	19%	12%	8.6x	1.5x	12.3x
	 Bridgford Foods	11.92	(16%)	108	94	262	7	24%	3%	NM	0.4x	13.6x
	 Flowers Foods	28.74	16%	6,068	7,087	4,707	484	48%	10%	1.7x	1.5x	14.6x
	 General Mills	83.85	9%	49,439	60,786	19,171	3,762	33%	20%	2.8x	3.2x	16.2x
	 The Hershey Company	231.57	5%	47,491	52,377	10,093	2,556	43%	25%	1.9x	5.2x	20.5x
	 J&J Snack Foods	149.71	16%	2,878	2,944	1,381	119	27%	9%	0.5x	2.1x	24.7x
	 Kellogg Company	71.24	2%	24,313	31,783	14,902	2,442	30%	16%	2.7x	2.1x	13.0x
	 The Kraft Heinz Company	40.71	22%	49,867	69,301	25,813	5,861	31%	23%	2.7x	2.7x	11.8x
	 Lancaster Colony	197.30	31%	5,436	5,391	1,710	198	21%	12%	NM	3.2x	NM
 Mondelez International	66.65	22%	91,018	111,059	30,459	5,778	36%	19%	3.0x	3.6x	19.2x	
 TreeHouse Foods	49.38	16%	2,769	4,756	4,656	327	15%	7%	5.2x	1.0x	14.6x	
Median							30%	12%	2.7x	2.1x	14.6x	
Protein & Dairy	 Cal-Maine Foods	\$54.45	(2%)	\$2,665	\$2,382	\$2,111	\$411	26%	19%	NM	1.1x	5.8x
	 Hormel Foods Corporation	45.55	0%	24,890	27,191	12,459	1,548	17%	12%	1.2x	2.2x	17.6x
	 Tyson Foods	62.25	(6%)	22,275	30,068	53,282	5,598	12%	11%	1.2x	0.6x	5.4x
Median							17%	12%	1.2x	1.1x	5.8x	

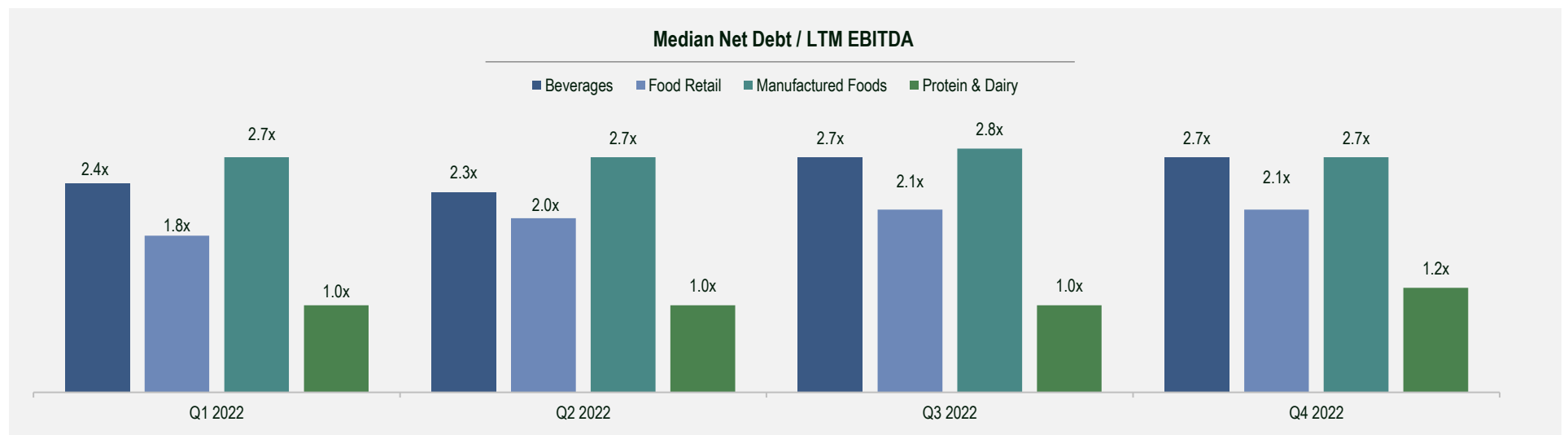
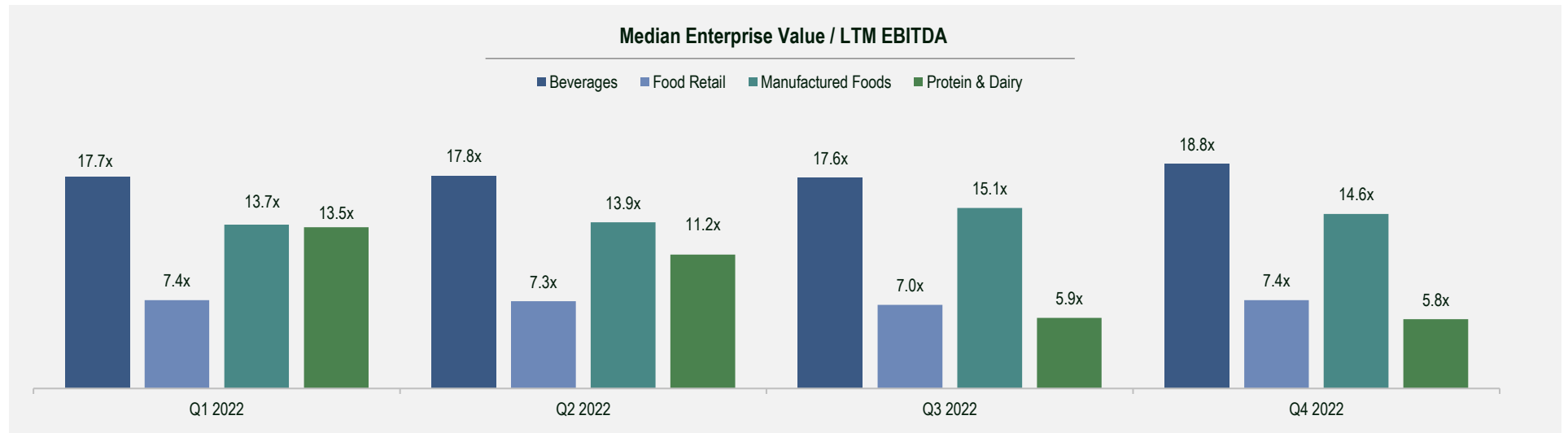
Source: Capital IQ

(1) EV ("Enterprise Value") is defined as market capitalization plus net debt, preferred equity and minority interest.

(2) Median and mean values exclude all non-meaningful values.

Valuation and Debt Multiples

Valuation and debt levels have remained relatively stable across the Food & Beverage industry; however, Protein & Dairy players experienced the most significant compression in valuation multiples



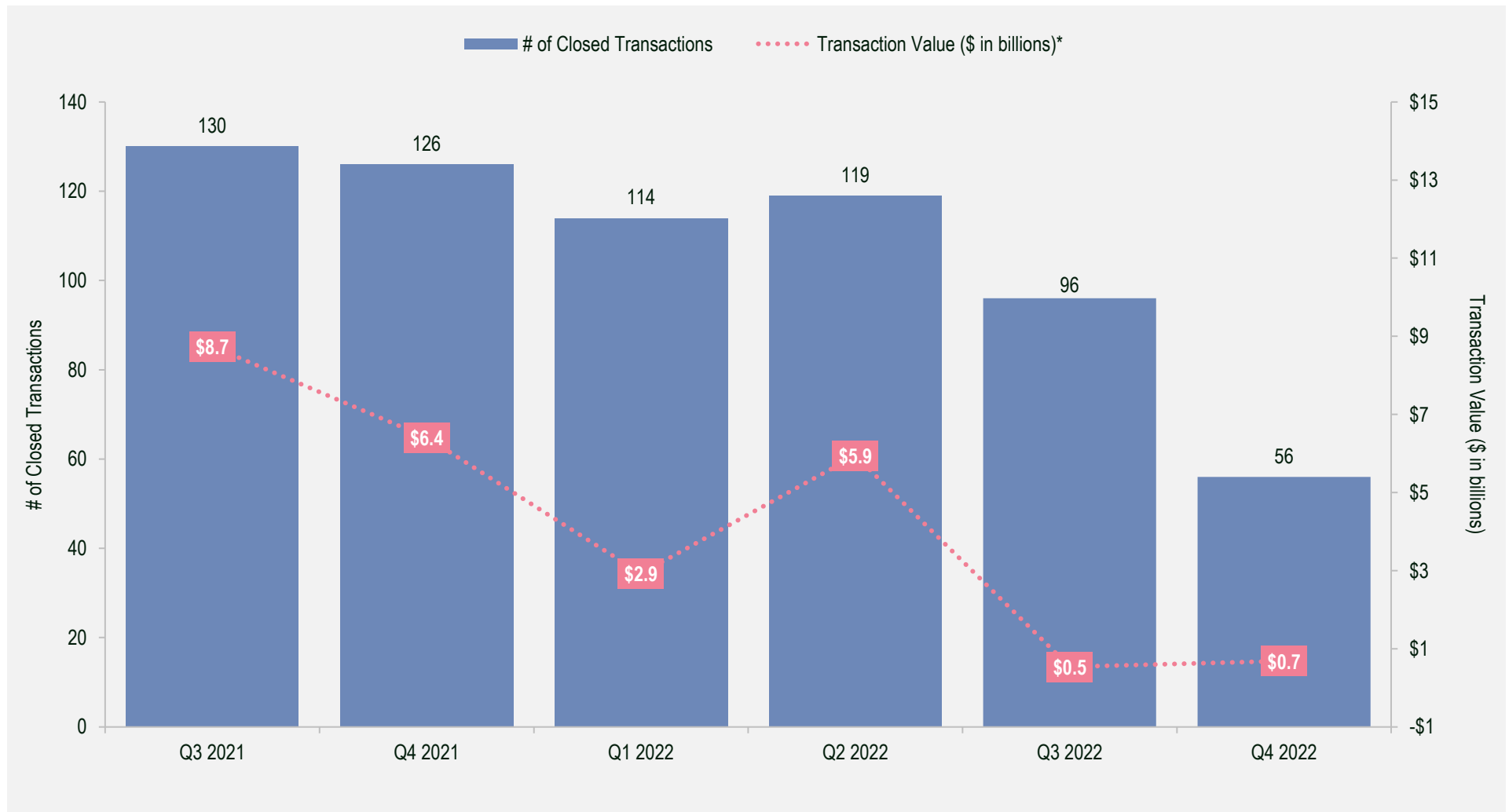
Source: Capital IQ

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U.S. M&A Activity

Aggregate deal value in Q4 2022 decreased to \$700 million, down significantly when compared to Q4 2021 (\$6.4 billion). Year over year deal volume was also lower for the second consecutive quarter, with 56 Food & Beverage reported deals in Q4 2022 as compared to 126 in Q4 2021







































Source: Capital IQ

*Transaction Value represents publicly announced deal terms

Recent Transaction Activity

Food & Beverage Industry Update | January 2023

Date	Target	Acquiror	Enterprise Value (\$M)	Target Description
12/22			Undisclosed	Operates as a brewery of craft beers
11/22			Undisclosed	Operates as a distributing company that offers groceries, tobacco, frozen foods, and more
11/22			Undisclosed	Engages in the production and selling of gourmet sauces and chili-based products
11/22			\$39.4	Processes and distributes coffee and cold brew concentrates
11/22			Undisclosed	Engages in the production and distribution of craft beer
10/22			Undisclosed	Distributes food products such as bakery items, dairy products, meat/seafood, and more
10/22			Undisclosed	Distributes food products for the food service and retail industries
10/22			\$200.0	Manufactures and markets flavors, chocolate coatings, chocolate powders, fudge sauces, and more
10/22			Undisclosed	Operates as a contract manufacturer of private-label nutrition and protein bars
10/22			Undisclosed	Produces vitamin and mineral mixes, feed additives, and biotechnology products
10/22			Undisclosed	Engages in the distribution of food products to restaurants, pubs, schools, daycares, and more
09/22			Undisclosed	Manufactures food and baking products such as coating mixes, cakes, fruit butters, and more
09/22			Undisclosed	Manufactures, refines, and supplies raw materials and ingredients for food, drug, and personal care industries
08/22			Undisclosed	Processes and supplies freeze-dried products including ingredients, pet foods, and more
08/22			Undisclosed	Owens, operates, and franchises a chain of Mexican-themed restaurants
08/22			Undisclosed	Manufactures and distributes frozen Asian-inspired food products for retailers and wholesalers
08/22			\$27.0	Engages in the production, marketing, and distribution of natural sweeteners
07/22			Undisclosed	Operates as a full-service bakery that produces and markets various baked goods

Source: Capital IQ

 Indicates transaction completed by Amherst Partners

Amherst Partners – Representative Transactions

Food & Beverage Industry Update | January 2023

<p>Awrey Bakeries, LLC Livonia, MI</p>  <p>Has been acquired by Monomoy Capital Partners New York, NY</p>  <p>AmherstPartners Acted as advisor to Awrey Bakeries LLC</p>	<p>Avatar Corporation University Park, IL</p>  <p>has been acquired by</p> <p>Caldic B.V. Rotterdam, Netherlands</p>  <p>AmherstPartners Acted as exclusive financial advisor to Avatar Corporation</p>	<p>BarFly Ventures Grand Rapids, MI</p>  <p>Has secured a \$25 million investment from</p>  <p>AmherstPartners Acted as exclusive advisor to BarFly Ventures</p>	<p>Blumefield Foods, LLC Wyandotte, MI</p> <p>Blumefield Foods, LLC</p> <p>Has acquired Weyland's Fisheries, Inc. Wyandotte, MI</p>  <p>AmherstPartners Acted as exclusive advisor to Blumefield Foods, LLC</p>	<p>Coffee Beanery Flushing, MI</p>  <p>Amherst provided financial advisory services</p> <p>AmherstPartners Acted as exclusive advisor to Coffee Beanery</p>	<p>Country Fresh, LLC Grand Rapids, MI</p>  <p>Amherst provided financial advisory services</p> <p>AmherstPartners Acted as exclusive financial advisor to Country Fresh, LLC</p>
<p>Herbruck Poultry Ranch Saranac, MI</p>  <p>Amherst provided management advisory services</p> <p>AmherstPartners Acted as exclusive advisor to Herbruck's Poultry Ranch</p>	<p>Irish Dairy Board Dublin, Ireland</p>  <p>Has acquired Thiel Cheese and Ingredients Hilbert, WI</p>  <p>AmherstPartners Acted as exclusive advisor to the Irish Dairy Board</p>	<p>Marsh Supermarkets, Inc. Indianapolis, IN</p>  <p>Has obtained a senior credit facility from Bank of America Charlotte, NC</p>  <p>AmherstPartners Acted as exclusive financial advisor to Marsh Super Markets⁽¹⁾</p>	<p>Packard Farms Claire, MI</p>  <p>Amherst provided financial advisory services</p> <p>AmherstPartners Acted as exclusive advisor to Packard Farms</p>	<p>Pressed Paperboard Technologies, LLC Bingham Farms, MI</p>  <p>has been acquired by May River Capital Chicago, IL</p>  <p>AmherstPartners Acted as advisor to Pressed Paperboard Technologies, LLC</p>	<p>Spartan Stores, Inc. Grand Rapids, MI</p>  <p>AmherstPartners raised junior and senior debt facilities totaling \$185mm</p> <p>AmherstPartners Acted as exclusive advisor to Spartan Stores, Inc.</p>

(1) Transaction executed by Amherst professionals while employed at previous firms

The Amherst Partners Team

With a track record spanning over 25 years, Amherst Partners is a boutique investment banking firm focused on providing M&A advisory and capital raising services primarily for closely-held businesses

Boutique investment bank with significant Wall Street experience



Giuliani Capital Advisors



The Hackett Group

J.P.Morgan



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Core Execution Team



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Donald Luciani
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Fahad Siddiqui
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Emily Pachla
Controller



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