

# Prairie Industry Perspective

## Food & Beverage Industry

PRAIRIE

December 2020



### Recent Industry Performance

In the roughly eight months since the COVID-19 pandemic began to impact the U.S., it has had an unprecedented effect on businesses throughout the nation, including firms in the food and beverage sector. While some segments of the food and beverage industry have benefitted, others have faced significant challenges. This publication examines how two segments of the food and beverage industry - packaged/branded food and food distribution - have fared in 2020.

### Packaged/Branded Food

Starting in March 2020, COVID-19 had an almost immediate impact on the packaged/branded food and beverage industry. State and local governments throughout the nation issued stay-at-home orders in an effort to slow the spread of the virus, which resulted in shoppers stocking up on cleaning supplies and food to eat at home. At the same time, a number of consumers, concerned about catching COVID-19, made fewer in-person grocery shopping trips, with many switching to online grocery shopping for curbside pickup or delivery.

Some packaged/branded food manufacturers were caught off guard by the

surge in demand for their products during the initial COVID-19 outbreak, which led to shortages of items such as canned food, pasta and toilet paper. *The Wall Street Journal* ("WSJ") reports that, while food manufacturers and grocery retailers "have rebuilt supplies from the early months of the pandemic...they are far from full recovery." Indeed, many retailers report that they still are not receiving their orders of fast-selling products.

In any event, due to these market conditions, many major packaged/branded food and beverage companies have reported a rise in sales in 2020, as seen by the following examples:

- The world's biggest food group, Nestlé SA ("Nestlé"), reported global organic sales growth of 4.9% during the third quarter of 2020. Demand for food and drinks consumed at home remained strong during the quarter, while sales of products consumed outside of the home and on the go - about 15.0% of Nestlé's total sales - fell 26.4%. The company also reported sales growth of 3.5% during the first nine months of 2020, which was higher than the 2.8% that the company expected. Nestlé said much of its success thus far in 2020 is based on sustained momentum in the Americas, which recorded 5.1% organic growth for

“Many major packaged/branded food and beverage companies have reported a rise in sales in 2020”

the nine months through September 2020. Looking forward, Nestlé raised its guidance for 2020 organic sales growth to approximately 3.0%.

- *Kraft Heinz Company's ("Kraft")* sales rose 6.0% to \$6.44 billion in the third quarter, up from \$6.08 billion in the third quarter of 2019. In the U.S., net sales increased 7.0% to \$4.71 billion from \$4.39 billion the prior year. Additionally, U.S. organic net sales in the third quarter increased 12.0% at retail, which compared with a 15.0% gain in the second quarter of 2020. Sales fell 25.0% in foodservice, versus a decline of 46.0% in the second quarter. During the first nine months of 2020, Kraft's overall sales rose to \$19.25 billion from \$18.44 billion during the same period in 2019. Since third quarter 2020 results were better than expected, Kraft indicated it anticipates mid-single-digit organic net sales growth for 2020 as a whole.
- *Tyson Foods ("Tyson")*, the nation's largest meat processor, reports sales increased 5.3% during its fourth fiscal quarter (ended October 3, 2020) to \$11.46 billion, up from \$10.88 billion during its fourth fiscal quarter in 2019. The company reported strong results from its beef, pork and prepared foods segments. At the same time, Tyson reported total sales for fiscal year 2020 reached \$43.19 billion compared to \$42.41 billion in fiscal 2019. For fiscal 2021, Tyson forecasts sales in the range of \$42.0 to \$44.0 billion.
- *The Kellogg Company ("Kellogg")* recorded net sales of \$3.43 billion for the third quarter of 2020, up 1.8% from \$3.37 billion during the third quarter of 2019. During the period, the company gained share in most of its primary U.S. categories. Still, Kellogg reports that third-quarter sales growth was held back by double-digit declines in away-from-home sales. North American business otherwise enjoyed solid mid-single-digit growth. In addition, the company raised its outlook for calendar year 2020 and is forecasting net sales growth of 6.0% for the year, up from a 5.0% projection after the second quarter and 1.0% to 2.0% after the first quarter.
- *Mondelez International ("Mondelez")* saw sales increase 4.9% in the third quarter of 2020, to \$6.67 billion, as compared to \$6.36 billion in the third quarter of 2019. In North America, net sales were \$2.06 billion, up 13.0%

from 2019. "Our third quarter performance was strong across all key metrics, with broad-based revenue growth as demand remained elevated in developed markets and sequentially improved in emerging markets," said Dirk Van de Put, chairman and CEO. Year-to-date, net sales in North America were \$5.98 billion, up 15.0%. For the full year 2020, Mondelez projects organic net revenue sales growth of 3.5%.

- Finally, *PepsiCo ("Pepsi")* reported fiscal third quarter net sales rose by 5.3% to \$18.09 billion. Both its Frito-Lay and Quaker Foods brands reported revenue growth during the quarter. Frito-Lay saw higher sales in its Tostitos, Cheetos and Doritos products, while Quaker Foods' pasta and macaroni and cheese dishes reported double-digit sales growth. Further, Pepsi's North American beverage unit's organic sales rose by 3.0% in the quarter. Year-to-date, Pepsi's net sales were up by 3.0%. The company forecasts approximately 4.0% organic revenue growth for 2020 as a whole.

While these packaged/branded firms have experienced positive results in 2020, grocery executives say that, since the pandemic began, they have found that shoppers care more about buying what they need than about getting a specific company's product. As a result, according to the *WSJ*, many retailers are giving priority to keeping their shelves full and focusing on the key staples instead of offering a variety of choices.

Accordingly, the *WSJ* notes that some supermarkets and grocery stores are currently stockpiling groceries and storing them to prepare for the winter of 2020, as some health experts warn the U.S. will see another widespread outbreak of COVID-19 cases and, possibly, new stay-at-home restrictions. (We are starting to see this occur as we now enter December.) For example, Associated Food Stores recently began building "pandemic pallets" of cleaning and sanitizing products so it always has some inventory in warehouses, said Darin Peirce, vice president of retail operations for the cooperative of more than 400 stores. According to the *WSJ*, "These changes, a reaction to the sudden and massive shortages grocers experienced in the spring, amount to a shift from the just-in-time inventory management practices that have guided the fast-moving retail business for decades."

Meanwhile, manufacturers such as General Mills and Kellogg report that they have been able to rebuild inventory of their fastest-selling products. Others, like Campbell Soup Company, say their overall inventory is about 50.0% restocked, and the company aims to fully catch up by January 2021. According to CEO Mark Clouse, Campbell's is rushing to get its Chunky and condensed soups and Swanson broths back on shelves and is adding production capacity for snacks such as Pepperidge Farm Goldfish crackers and Cape Cod potato chips.

Coca-Cola Co. - which reports overall sales were up by 4.5% in the third quarter of 2020 as compared to the third quarter of 2019 and up 2.2% during the first nine months of 2020 - is producing fewer varieties of its drinks in an effort to satisfy shopper demand for its top beverages. Coca-Cola notes that grocery and e-commerce channels experienced solid demand in the third quarter while its business serving restaurants and other away-from-home venues has recovered only moderately.

### Outlook

According to a recent report from Moody's Investors Service ("Moody's"), sales and earnings within the packaged foods industry are forecast to decline beginning in the first quarter of 2021, falling short of the surge in retail demand that took place early in 2020. Despite the expected decline, Moody's maintains its stable outlook for the packaged foods industry, noting it expects EBIT (earnings before interest and taxes) growth to remain positive over the next 18 months. The residual benefits from the pandemic, especially for large packaged foods companies, will also factor into solid earnings growth for 2022 and beyond, according to Moody's. Large branded food makers are positioned to benefit the most, Moody's noted in its report, citing consumers' tendencies to load up on familiar branded products during the height of the pandemic. According to Moody's, "...the big food producers will be resuming launches of their newest, best product ideas...in order to hold onto as much of their market share gains as possible."

### Food Distribution

As they did early on during the COVID-19 pandemic, food distributors continue to experience varying results,

depending, in large part, on the end-markets they primarily serve. For example, according to food industry consulting firm Pentallact, distributors such as Sysco Corporation ("Sysco") and US Foods Holding Corporation ("US Foods") serve major urban markets which "are struggling far more than suburban and smaller markets due to various shut-downs and restrictions, huge decreases in business travel and tourism, and the like." Meanwhile, Performance Food Group ("PFG") is "somewhat less exposed to the most negatively impacted major urban markets than US Foods and Sysco, especially with [its]...many secondary and tertiary market locations." More specific information regarding the differing results being experienced by the various distributors is delineated below:

- Sysco, a global food distributor and the largest food distributor in the U.S. - which sells to restaurants, healthcare and educational facilities, lodging establishments and other customers who prepare meals away from home - reported that, for its first fiscal quarter of 2021 (ended September 26, 2020), sales decreased 23.0% to \$11.8 billion. In the U.S., sales for the first fiscal quarter were \$7.9 billion, a decrease of 25.7% compared to the same period the prior year. Sysco said that many of its customers, including those in the restaurant, hospitality and education segments, "are operating at a substantially reduced volume due to governmental requirements for closures or other social-distancing measures and a portion of Sysco's customers are closed." Nonetheless, according to Kevin Hourican, Sysco's president and CEO, "We saw improvement in the overall sales environment throughout the quarter..." The company did not provide a forecast for its fiscal year 2021.
- US Foods, the second-largest food distributor in the U.S., serving approximately 300,000 restaurants and food service operators, said net sales in the third quarter of 2020 totaled \$5.8 billion, down 10.5% from the third quarter of 2019. Further, year-to-date net sales decreased 11.9% to \$16.7 billion. Nevertheless, US Foods noted that, since early April 2020, both case volume and net sales have improved "as many of our customers have adjusted to social distancing measures and capacity restrictions put in place on non-essential



businesses as a result of COVID-19.” Still, US Foods indicated that, due to the continued uncertainty associated with COVID-19, it is not providing a financial outlook for 2020.

- During its first quarter of fiscal 2021 (ending September 26, 2020), PFG recorded net sales of \$7.0 billion, up 12.9% from the same quarter in fiscal 2019. The increase in net sales was primarily attributable to PFG’s acquisition of Reinhart Foodservice, LLC, which was completed in December 2019, partially offset by the effects of the COVID-19 pandemic. The acquisition of Reinhart contributed \$1.46 billion to net sales for the first three months of fiscal 2021. PFG did not provide an outlook for fiscal 2021 as a whole.
- *United Natural Foods Inc. (“UNFI”)*, serving natural product superstores, independent retailers, conventional supermarket chains, ecommerce retailers and food service customers, reported net sales in its fourth quarter of fiscal 2020 (ended August 1, 2020) were \$6.75 billion compared to \$6.26 billion in the same period of fiscal 2019. According to UNFI, the increase in sales was driven by strong customer demand as well as benefits from cross-selling. Retail identical store sales for the fourth quarter of fiscal 2020 increased 21.0% compared to the fourth quarter of fiscal 2019. Meanwhile, for fiscal 2020 as a whole, UNFI indicates net sales increased 18.9% to \$26.5 billion. For fiscal 2021, the company forecasts revenue of \$27.0 to \$27.8 billion assuming “...that food-at-home consumption remains elevated and exceeds food consumed away from home...” in fiscal 2021.

Notably, distributors such as Robinson Fresh, the produce division of logistics company C.H. Robinson, are working with retailers to put inventory in multiple locations throughout the country for the winter in case there is a surge in one area and less-than-expected in another. “For years, we built a just-in-time supply chain. Now, we need a just-in-case one,” said Michael Castagnetto, president of Robinson Fresh.

Nonetheless, news outlets report that the foodservice industry may face continued difficulties during the winter of 2020 if COVID-19 cases rise. In fact, a surge of cases in

November led some areas of the country to reimpose tighter restrictions on dining.

### Outlook

Foodservice spending, including food purchased to consume away from home and food purchased to consume at home, typically spikes in the fourth quarter each year. IRI reports that restaurant visits have rebounded since declining more than 83.0% in April 2020, reaching 50.0% of their prior-year level in October. Still, during the fourth quarter, IRI expects the foodservice sector to “continue to feel the pinch as colder weather drives consumers indoors and restaurants face social distancing restrictions.” Similarly, Moody’s said the pace of recovery in the foodservice industry is likely to be moderate as restaurants deal with restricted capacity for some time.

Additionally, a September 2020 forecast by Rabobank, a corporate and institutional bank to the food and foodservice industries, suggests that sales in the institutional foodservice industry – which includes business and industry, healthcare and education - will be down 30.0% to 35.0% in 2020; however, this forecast assumes no major resurgence in U.S. COVID-19 cases, which could alter projections, according to Amit Sharma, executive director of food and foodservice for Rabobank. For 2021, Rabobank anticipates that some sub-sectors of institutional foodservice will perform better than others. Rabobank expects healthcare foodservice to fully return by 2021, given that a relatively small percentage of healthcare employees work from home, along with the return to elective surgeries, Sharma said. Business and industry, along with the sports/leisure sub-categories, are predicted to post the weakest recoveries due to higher unemployment and the work-from-home trend. Education is likely to come back to pre-pandemic levels in 2021 given government support for K-12 and the return to campus for college/university students, according to Rabobank. Plus, government/defense will “remain a bright spot with growing sales,” said Sharma.

Meanwhile, the International Foodservice Distributors Association is pushing for Congress to enact a second stimulus package to help the foodservice industry since potential restaurant closures and restrictions toward the

end of 2020 could be “devastating to the industry that was just beginning to rebound. Also, while the pandemic continues, the winter months, which will greatly impact outdoor dining, are likely to hurt worse than any in recent memory.”

### Food and Beverage M&A Activity

Despite the continued uncertainty resulting from the COVID-19 pandemic’s impact on the industry, or perhaps because of this uncertainty, many food and beverage companies moved ahead with M&A activity, including the following notable transactions:

#### Packaged/Branded Food

- *The Lactalis Group* has agreed to acquire some Kraft Heinz Co. cheese businesses for a purchase price of \$3.2 billion. The transaction, which is expected to close in the first half of 2021 and is subject to regulatory review and approval, includes Kraft Heinz’s natural, grated, cultured and specialty cheese businesses in the U.S., the grated cheese business in Canada and the entire international cheese business, including the Breakstone’s, Knudsen, Polly-O, Athenos, Hoffman’s and Cracker Barrel brands, as well as the Cheez Whiz brand outside of the U.S. and Canada.
- To boost growth, Nestlé expanded its health science business with the \$2.0 billion *Aimmune Therapeutics* acquisition. It intends to double the unit’s sales to four billion Swiss francs (\$4.42 billion) by 2021-2022 versus 2017 levels.
- *B&G Foods, Inc.* agreed to acquire the Crisco oils and shortening business from *The J.M. Smucker Company* in a cash transaction valued at approximately \$550.0 million, subject to a post-closing inventory adjustment. The transaction includes oils and shortening products sold under the Crisco brand, certain trademarks and licensing agreements, dedicated manufacturing and warehouse facilities located in Cincinnati, OH, and approximately 160 employees.
- *Litehouse, Inc.*, maker of refrigerated salad dressings, dips, sauces and more, acquired *Veggiecraft Farms*, a producer of pasta alternatives formulated with cauliflower flour, lentil flour and pea flour. Financial terms of the transaction were not disclosed.
- *Johnsonville LLC* purchased *Vermont Smoke & Cure*, a meat snack manufacturer. The privately-held company will operate as a part of Johnsonville but will maintain its brand, leadership team and operations in Vermont. Financial terms of the transaction were not disclosed.
- *TreeHouse Foods, Inc.* will acquire a majority of the U.S.-branded pasta business of *Riviana Foods* for \$242.5 million. Several regional pasta brands will be part of the transaction, but it will not include Riviana’s Ronzoni national brand. Riviana Foods is a business unit of Ebro Foods in Madrid, Spain.
- In November 2020, it was announced that *Utz Brands, Inc.* (“Utz”) plans to acquire *Truco Enterprises* for \$480.0 million. Truco is a manufacturer of tortilla chips, salsa and queso sold under the On The Border (“OTB”) brand. The OTB brand will provide Utz with scale in the \$6.2 billion retail tortilla chip category, which is the number two sub-category in salty snacks.
- Private equity firm *TPG Growth* has acquired a majority stake in low-sugar candy brand *SmartSweets*. Financial terms of the transaction were not disclosed.
- *Sovos Brands*, a food company backed by global private equity firm *Advent International*, agreed to acquire *Birch Benders, LLC*, a maker of better-for-you pancake and waffle mixes, toaster waffles and pancake and baking cups. Birch Benders will be the fourth brand in the Sovos portfolio, which also includes Rao’s, a line of pasta sauces, soups, frozen entrees and dry pasta; noosa yoghurt; and Michael Angelo’s frozen entrees.
- *Wellness Natural, Inc.*, a newly-formed natural foods company, has acquired *SimplyProtein*, a nutritional snacking brand previously owned by *Simply Good Foods USA, Inc.* Financial terms of the transaction were not disclosed.

- *Crave Better Foods, LLC*, maker of Chipwich ice cream cookie sandwiches, announced a merger with the Solero frozen novelty business owned by *Iris Brands, LLC*. Financial terms of the transaction were not disclosed.

#### Food Distributors

- *US Foods* completed a \$970.0 million all-cash acquisition of *Smart Foodservice Warehouse Stores* (“*Smart Foodservice*”). Founded in 1955 and headquartered in the greater Portland, OR, area, *Smart Foodservice* operates 70 small-format cash and carry stores across California, Washington, Oregon, Idaho, Nevada, Utah and Montana that serve small- and mid-sized restaurants and other food business customers with a broad assortment of products.
- *Amazon* agreed to acquire as many as 5.4 million shares of *SpartanNash*, or 15.0% of the food distributor’s total outstanding stock, as *Amazon* moves further into the grocery business. *SpartanNash* disclosed in a regulatory filing that, as part of a commercial agreement with *Amazon*, it was issuing warrants to the e-tailer of which more than one million would vest immediately, with the rest able to be purchased over the next seven years.
- *Palladium Equity Partners, L.L.C. (along with its affiliates, “Palladium”)*, a middle-market private equity firm reported that one of its affiliated private equity funds has backed *Palladium’s* portfolio company *Quirch Foods, LLC* - a food distribution company servicing large and independent retailers across the U.S., the Caribbean and Central and South America - in its acquisition of *Butts Foods*, an industry leader in fresh protein distribution operating five distribution facilities in Tennessee, Alabama and Mississippi. This is the first acquisition by *Quirch Foods* and represents the company’s commitment to further expanding its geographic footprint following its recent distribution center opening in Greensboro, NC.
- *Mad Mobile, Inc.*, a leading mobile platform for enterprise restaurants and retailers, has acquired *CAKE*, a restaurant technology company owned by *Sysco*. The *CAKE* Point-of-Sale solution serves more than 5,000 restaurant locations.
- *FMS Solutions Inc.* purchased *UNFI’s Retail Accounting Services Division*. Under the terms of the agreement, *UNFI’s* retail accounting teams located in Anniston, AL; Champaign, IL; Hopkins, MN; Pittsburgh, PA; and St Louis, MO, became *FMS* subsidiaries.

## Notable Closed M&amp;A Transactions — Packaged Food &amp; Beverage Products

Year Closed	Target	Acquirer	Target Packaged Food & Beverage Category
	Name:	Name:	
2020	ARYZTA's North American take and bake pizza division	Brynwood Partners Management LLC	Pizza and flatbreads
2020	Built Brands, LLC	USANA Health Sciences, Inc. (NYSE:USNA)	Protein and energy products
2020	Nature's Bakery, LLC	KIND LLC	Bakery snacks
2020	Crisco® Oils Business of The J. M. Smucker Company	B&G Foods North America, Inc.	Vegetable oil and related products
2020	The Cholula Food Company Inc.	McCormick & Company, Incorporated (NYSE:MKC)	Hot sauce
2020	Neesvigs Inc.	Fortune Fish Company Inc.	Meat and seafood products
2020	Old World Spices & Seasonings, Inc.	Shore Capital Partners, LLC	Dry food products and seasonings
2020	Swerve, L.L.C./Swerve IP, L.L.C	Whole Earth Brands, Inc. (NasdaqCM:FREE)	Zero sugar, keto-friendly, and plant-based sweeteners and mixes
2020	SOLERO Organic Fruit Bar Business	Crave Better Foods, LLC	Frozen fruit bars
2020	SmartSweets Inc.	TPG Growth	Candies with no sugar or artificial sweeteners
2020	Miller Baking Company	Benestar Brands	Soft pretzel bread and buns
2020	GeeFree - Gluten Free Crusader, LLC	The Fillo Factory, Inc	Frozen food snack products
2020	Hickey Bottom BBQ Sauce Co., LLC	YUM Distribution LLC	Barbeque sauces and related products
2020	SimplyProtein Brand	Wellness Natural, Inc	Natural snacking products
2020	Indulge Desserts Intermediate Holdings, LLC	Emmi AG (SWX:EMMN)	Gourmet desserts
2020	Foxtail Foods	David's Cookies, Inc.	Bakery products and snacks
2020	VSC Holdings, Inc.	Johnsonville, LLC	Packaged meat snacks
2020	Veggiecraft Farms	Litehouse Inc.	Pasta
2020	Halo Top Brand of Eden Creamery LLC	Wells Enterprises, Inc.	Low calorie ice cream
2020	Birch Benders, LLC	Sovos Brands, Inc	Breakfast and snacking products
2020	Utz Brands Holdings, LLC	Utz Brands, Inc. (NYSE:UTZ)	Snacking products
2020	Creative Food Ingredients, Inc.	Parker Products, LLC	Baked ingredient products
2020	Back Bay Trading Ltd.	Florida Food Products, Inc.	Tea and coffee
2020	Ellison Bakery Inc	Tilia Holdings, LLC	Cookies, crunch toppings, and related products
2020	Cascade Coffee, Inc.	Westward Partners, LLC	Roasted and packaged coffee
2020	Dedinas & Franzak Enterprises, Inc.	Source Capital, LLC; Kilroy Partners	Snacking products
2020	Brach Holdings LLC	TruFood Manufacturing	Chocolate and cocoa products
2020	Gel Spice Co. LLC	Olde Thompson Inc.	Spices, seeds, bakery ingredients, and seasonings
2020	Nearly All of the Assets of Borden Dairy Company	KKR & Co. Inc. (NYSE:KKR); Capitol Peak Partners, LLC	Dairy products, juices, teas and flavored drinks
2020	RSJ Ventures, LLC	Sonoma Brands	Steak and chicken jerkies
2020	Flavors Holdings Inc.	Whole Earth Brands, Inc. (NasdaqCM:FREE)	Sweeteners
2020	North American Buitoni® business of Nestlé USA, Inc.	Brynwood Partners Management LLC	Pasta
2020	Chicago Custom Foods LLC	Sauer Brands, Inc.	Condiments, spices, seasonings, and extracts
2020	Prime Pork, LLC	HyLife Ltd.	Duroc pork products
2020	Krave Pure Foods, Inc.	Sonoma Brands	Culinary-style meat and poultry snacks
2020	A. Zerega's Sons, Inc.	Philadelphia Macaroni Company, Inc.	Custom dry pasta
2020	First Start Holdings Inc.	Grays Peak Capital LP	Organic food and snacking products for children
2020	Casbah Sahara Natural Foods, Inc.	US Durum Products Ltd.	Vegetarian prepared mixes and side dishes
2020	Engelman's Bakery Inc.	Shoreline Equity Partners, LLC	Fresh and frozen bakery products
2020	Sadler's Smokehouse, Ltd.	Hormel Foods Corporation (NYSE:HRL)	Pit-smoked meats
2020	Grecian Delight Foods, Inc.	Kronos Foods Corp.	Mediterranean food products
2020	S&D Coffee, Inc.	Westrock Coffee Company, LLC	Coffee, tea, and extracts

Sources: S&amp;P Capital IQ and public data

## Notable Closed M&A Transactions — Food Distribution

Year Closed	Target	Acquirer	Target Business Description
	Name:	Name:	
2020	Leo's Apples Inc	GrubMarket, Inc.	Distributor of fruits
2020	Higgins & White Inc	Skidmore Sales & Distributing Company, Inc.	Distributor of fruit, nut, and specialty ingredients
2020	Colorado Boxed Beef Company	Quirch Foods, LLC	Distributor of refrigerated and frozen products
2020	Best Fresh Produce Inc.	GrubMarket, Inc.	Distributor of fruits and vegetables
2020	Brands Within Reach, LLC	Zachert Private Equity GmbH	Distributor of food and beverages
2020	Foodservice Business of TMI Trading	Schwan's Food Service, Inc.	Wholesale food distributor
2020	Butts Foods, Inc	Quirch Foods, LLC	Distributor of protein foods
2020	Smart Foodservice Stores LLC	US Foods, Inc.	Wholesale food distributor
2020	Allen Brothers Wholesale Distributors, Inc.	National Convenience Distributors, LLC	Wholesale grocery and convenience products distributor
2020	Rochester Meat Company, Inc.	Latina Boulevard Foods, LLC	Distributor of meats and other food products
2020	Island Natural, Inc.	Nassau Candy, Inc.	Distributor of natural food products
2020	Lancaster Foods, LLC	The Coastal Companies	Distributor of vegetables and fruits
2020	Cawoods Produce, Inc.	Florida Veg Investments LLC	Distributor of dairy and food products
2020	Produce Alliance, LLC	Buyers Edge Platform, LLC	Distributor of produce to food service clients
2020	Sid Wainer & Son, Inc.	The Chefs' Warehouse, Inc. (NasdaqGS:CHEF)	Distributor of specialty food products
2020	Sweet Nature Inc.	Green Boy Group B.V.	Distributor of specialty non-GMO and organic syrups
2020	Seattle Fish Company International	Fortune Fish Company Inc.	Distributor of seafood
2020	Florida Veg Investments LLC	Shoreline Equity Partners, LLC	Distributor of food products
2019	Reinhart FoodService L.L.C.	Performance Food Group Company (NYSE:PFGC)	Distributor of food products to the foodservice sector
2019	Watchung Spring Water Co., Inc.	ReadyRefresh	Distributor of water and other beverages
2019	Green Farms Inc.	Sole Source Capital LLC	Distributor of produce, dairy, and specialty food products
2019	Washington Produce	Caruso Produce, Inc.	Distributor of food products
2019	Golden Greek Fresh/Happy Farm Produce	GrubMarket, Inc.	Distributor of fruits and vegetables
2019	Gold Star Foods Inc.	Good Source Solutions, Inc.	Distributor of food products to schools
2019	Food Group of Companies of Services Group of Amer.	US Foods, Inc.	Distributor of food products
2019	J. Kings Food Service Professionals, Inc.	Sysco Corporation (NYSE:SY)Y	Distributor of food products
2019	Prinova Group LLC	Nagase America Corporation	Distributor of food ingredients
2019	Brands Within Reach, LLC	New Age Beverages Corporation (NasdaqCM:NBEV)	Distributor of food and beverages
2019	FreshPack Produce, Inc.	Creation Gardens, Inc.	Distributor of fruits and vegetables

Sources: S&P Capital IQ and public data



## Publicly Traded Food & Beverage Companies

(\$ in millions) Company	Stock Ticker	Enterprise Value	% of 52- Wk. High	LTM Revenue	LTM EBITDA	Revenue Growth 1 Year	Revenue Growth 3 Years	LTM Margins G. Profit	LTM Margins EBITDA	EV / LTM Revenue	EV / LTM EBITDA	EV / NFY Revenue	EV / NFY EBITDA
<b>Branded Processed &amp; Packaged Foods</b>													
B&G Foods, Inc.	BGS	\$ 3,623	91.4%	\$ 1,928	\$ 369	17.0%	6.6%	24.6%	19.1%	1.9x	9.8x	1.9x	9.9x
Campbell Soup Company	CPB	19,694	82.2%	8,848	1,972	9.4%	4.1%	34.9%	22.3%	2.2x	10.0x	2.4x	11.6x
Conagra Brands, Inc.	CAG	26,535	89.9%	11,343	2,497	12.4%	13.6%	28.7%	22.0%	2.3x	10.6x	2.5x	11.9x
Flowers Foods, Inc.	FLO	5,465	89.1%	4,283	570	4.8%	3.0%	49.6%	13.3%	1.3x	9.6x	1.3x	11.7x
General Mills, Inc.	GIS	48,712	89.0%	17,988	3,997	7.2%	5.1%	35.3%	22.2%	2.7x	12.2x	2.8x	13.6x
The Hershey Company	HSY	34,883	92.5%	8,033	2,093	1.6%	2.1%	45.5%	26.1%	4.3x	16.7x	4.3x	16.0x
Hormel Foods Corporation	HRL	24,737	88.0%	9,608	1,823	1.2%	1.6%	19.8%	19.0%	2.6x	13.6x	2.5x	17.6x
Hostess Brands, Inc.	TWNK	2,835	97.8%	977	202	7.9%	8.8%	34.0%	20.6%	2.9x	14.1x	2.7x	11.5x
John B. Sanfilippo & Son, Inc.	JBSS	931	79.2%	873	94	(1.9%)	1.3%	19.8%	10.8%	1.1x	9.9x	1.1x	n/a
J & J Snack Foods Corp.	JJSF	2,611	80.5%	1,022	94	(13.9%)	(1.9%)	23.3%	9.2%	2.6x	27.8x	2.6x	24.5x
The J. M. Smucker Company	SJM	17,971	92.2%	8,070	1,991	5.5%	3.2%	38.9%	24.7%	2.2x	9.0x	2.4x	11.3x
Kellogg Company	K	28,829	85.0%	13,529	2,438	(1.0%)	2.0%	34.4%	18.0%	2.1x	11.8x	2.2x	12.8x
Lancaster Colony Corporation	LANC	4,545	92.9%	1,347	220	1.4%	3.6%	26.6%	16.3%	3.4x	20.7x	3.3x	19.6x
McCormick & Company, Incorporated	MKC	28,799	88.2%	5,528	1,277	3.7%	6.5%	41.1%	23.1%	5.2x	22.6x	5.0x	23.2x
Mondelez International, Inc.	MDLZ	99,380	95.4%	26,196	6,487	1.8%	0.6%	39.4%	24.8%	3.8x	15.3x	3.7x	17.7x
Nestlé S.A.	NESN	351,583	88.7%	93,504	20,794	(5.1%)	(0.4%)	49.2%	22.2%	3.8x	16.9x	3.7x	16.3x
PepsiCo, Inc.	PEP	234,906	98.3%	68,557	12,583	3.8%	2.6%	55.3%	18.4%	3.4x	18.7x	3.3x	16.6x
<b>Median</b>		<b>\$ 24,737</b>	<b>89.1%</b>	<b>\$ 8,070</b>	<b>\$ 1,972</b>	<b>3.7%</b>	<b>3.0%</b>	<b>34.9%</b>	<b>20.6%</b>	<b>2.6x</b>	<b>13.6x</b>	<b>2.6x</b>	<b>14.8x</b>
<b>Mean</b>		<b>\$ 55,061</b>	<b>89.4%</b>	<b>\$ 16,567</b>	<b>\$ 3,500</b>	<b>3.3%</b>	<b>3.7%</b>	<b>35.3%</b>	<b>19.5%</b>	<b>2.8x</b>	<b>14.7x</b>	<b>2.8x</b>	<b>15.4x</b>

### Private Label Food & Beverage

Lamb Weston Holdings, Inc.	LW	\$ 13,181	79.3%	\$ 3,675	\$ 846	(4.1%)	4.6%	25.1%	23.0%	3.6x	15.6x	3.6x	16.2x
Seneca Foods Corporation	SENE.A	565	86.3%	1,379	168	8.6%	4.6%	14.2%	12.2%	0.4x	3.4x	n/a	n/a
TreeHouse Foods, Inc.	THS	4,458	82.0%	4,312	554	(0.7%)	(12.3%)	19.4%	12.8%	1.0x	8.1x	1.1x	9.0x
<b>Median</b>		<b>\$ 4,458</b>	<b>82.0%</b>	<b>\$ 3,675</b>	<b>\$ 554</b>	<b>(0.7%)</b>	<b>4.6%</b>	<b>19.4%</b>	<b>12.8%</b>	<b>1.0x</b>	<b>8.1x</b>	<b>2.3x</b>	<b>12.6x</b>
<b>Mean</b>		<b>\$ 6,068</b>	<b>82.5%</b>	<b>\$ 3,122</b>	<b>\$ 522</b>	<b>1.3%</b>	<b>(1.0%)</b>	<b>19.6%</b>	<b>16.0%</b>	<b>1.7x</b>	<b>9.0x</b>	<b>2.3x</b>	<b>12.6x</b>

### Food Ingredients

Givaudan SA	GIVN	\$ 42,832	88.3%	\$ 6,684	\$ 1,410	6.4%	9.6%	41.3%	21.1%	6.4x	30.4x	5.8x	26.1x
Ingredion Incorporated	INGR	7,151	81.5%	5,943	922	(9.0%)	0.8%	20.9%	15.5%	1.2x	7.8x	1.2x	8.2x
International Flavors & Fragrances Inc.	IFF	16,014	78.3%	5,098	1,082	0.4%	15.5%	40.7%	21.2%	3.1x	14.8x	3.1x	13.1x
Kerry Group plc	KRZ	28,925	97.0%	7,975	1,130	1.9%	4.1%	45.5%	14.2%	3.6x	25.6x	3.3x	22.0x
Sensient Technologies Corporation	SXT	3,639	97.3%	1,316	203	(1.0%)	(1.2%)	30.8%	15.4%	2.8x	18.0x	2.9x	16.1x
Symrise AG	SY1	19,464	87.7%	3,980	830	8.1%	6.2%	39.8%	20.8%	4.9x	23.5x	4.4x	20.2x
Tate & Lyle plc	TATE	4,516	80.9%	3,614	674	(1.9%)	(0.4%)	41.8%	18.6%	1.2x	6.7x	1.2x	7.1x
<b>Median</b>		<b>\$ 16,014</b>	<b>87.7%</b>	<b>\$ 5,098</b>	<b>\$ 922</b>	<b>0.4%</b>	<b>4.1%</b>	<b>40.7%</b>	<b>18.6%</b>	<b>3.1x</b>	<b>18.0x</b>	<b>3.1x</b>	<b>13.1x</b>
<b>Mean</b>		<b>\$ 17,506</b>	<b>87.3%</b>	<b>\$ 4,944</b>	<b>\$ 893</b>	<b>0.7%</b>	<b>4.9%</b>	<b>37.3%</b>	<b>18.1%</b>	<b>3.3x</b>	<b>18.1x</b>	<b>3.3x</b>	<b>15.8x</b>

### Grocery & Foodservice Distribution

AMCON Distributing Company	DIT	\$ 115	93.4%	\$ 1,128	\$ 20	10.3%	7.6%	7.8%	1.8%	0.1x	5.7x	n/a	n/a
Core-Mark Holding Company, Inc.	CORE	1,905	88.3%	13,525	235	2.3%	3.9%	6.6%	1.7%	0.1x	8.1x	0.1x	10.5x
Performance Food Group Company	PFGC	8,770	86.5%	25,890	575	20.7%	14.9%	11.7%	2.2%	0.3x	15.2x	0.3x	14.7x
SpartanNash Company	SPTN	1,176	76.5%	9,099	269	7.9%	4.8%	15.1%	3.0%	0.1x	4.4x	0.2x	6.8x
Sysco Corporation	SY	47,006	89.8%	49,368	2,217	(18.0%)	(4.1%)	18.6%	4.5%	1.0x	21.2x	0.9x	16.1x
The Chefs' Warehouse, Inc.	CHEF	1,165	63.8%	1,256	15	(19.4%)	(0.8%)	25.6%	1.2%	0.9x	n/a	1.0x	42.9x
United Natural Foods, Inc.	UNFI	3,799	72.8%	26,890	1,094	4.5%	41.7%	14.6%	4.1%	0.1x	3.5x	0.2x	7.0x
US Foods Holding Corp.	USFD	12,976	80.8%	23,681	792	(5.5%)	(0.2%)	16.8%	3.3%	0.5x	16.4x	0.5x	12.9x
<b>Median</b>		<b>\$ 2,852</b>	<b>83.6%</b>	<b>\$ 18,603</b>	<b>\$ 422</b>	<b>3.4%</b>	<b>4.3%</b>	<b>14.9%</b>	<b>2.6%</b>	<b>0.2x</b>	<b>8.1x</b>	<b>0.3x</b>	<b>12.9x</b>
<b>Mean</b>		<b>\$ 9,614</b>	<b>81.5%</b>	<b>\$ 18,855</b>	<b>\$ 652</b>	<b>0.4%</b>	<b>8.5%</b>	<b>14.6%</b>	<b>2.7%</b>	<b>0.4x</b>	<b>10.6x</b>	<b>0.5x</b>	<b>15.8x</b>

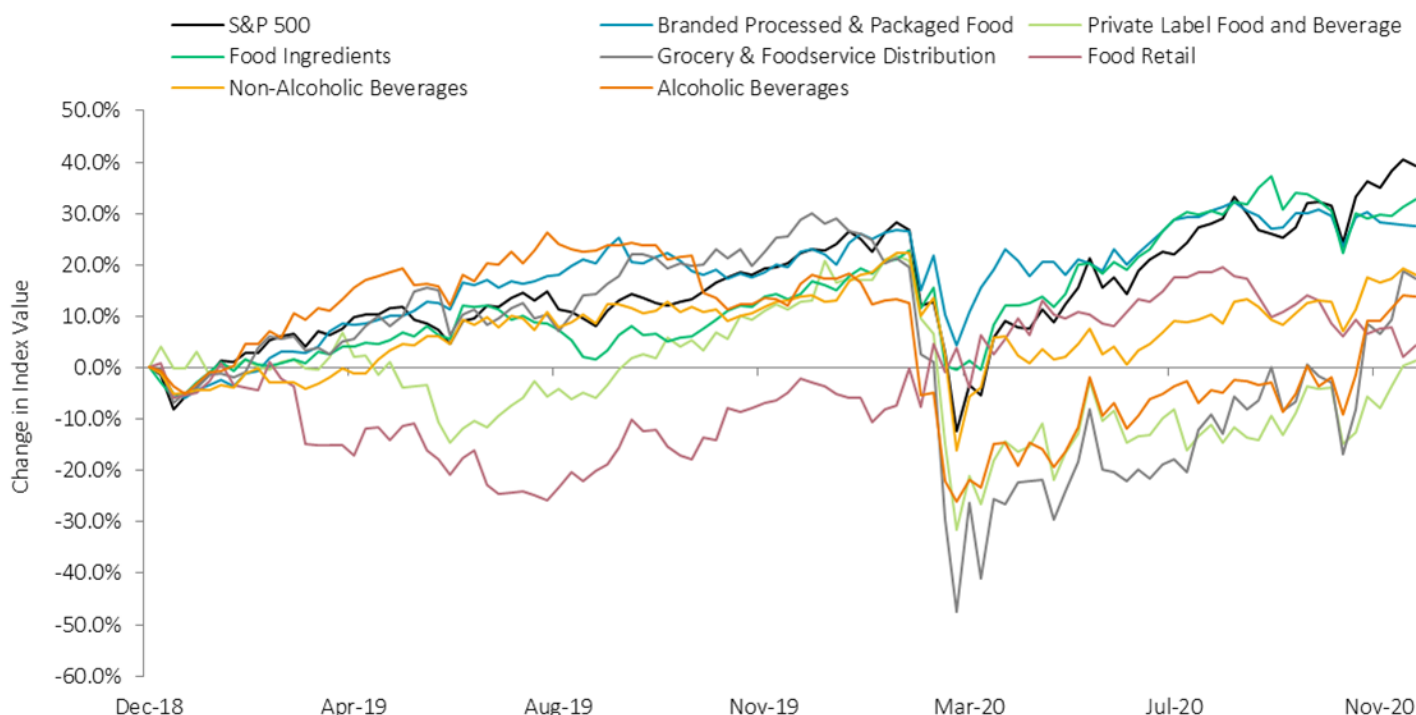
### Food Retail

Ingles Markets, Incorporated	IMKT.A	\$ 1,460	86.5%	\$ 4,611	\$ 419	9.7%	4.8%	26.0%	9.1%	0.3x	3.5x	n/a	n/a
The Kroger Co.	KR	35,247	83.9%	130,654	7,805	7.4%	3.1%	23.8%	6.0%	0.3x	4.5x	0.3x	6.9x
Natural Grocers by Vitamin Cottage,	NGVC	331	81.0%	1,037	109	14.7%	10.5%	27.3%	10.5%	0.3x	3.0x	0.7x	n/a
Sprouts Farmers Market, Inc.	SFM	2,534	71.8%	6,232	706	12.5%	11.4%	36.4%	11.3%	0.4x	3.6x	0.6x	8.4x
Village Super Market, Inc.	VLGE.A	340	82.5%	1,887	104	14.4%	5.6%	28.1%	5.5%	0.2x	3.3x	n/a	n/a
<b>Median</b>		<b>\$ 1,460</b>	<b>82.5%</b>	<b>\$ 4,611</b>	<b>\$ 419</b>	<b>12.5%</b>	<b>5.6%</b>	<b>27.3%</b>	<b>9.1%</b>	<b>0.3x</b>	<b>3.5x</b>	<b>0.6x</b>	<b>7.7x</b>
<b>Mean</b>		<b>\$ 7,982</b>	<b>81.1%</b>	<b>\$ 28,884</b>	<b>\$ 1,828</b>	<b>11.8%</b>	<b>7.1%</b>	<b>28.3%</b>	<b>8.5%</b>	<b>0.3x</b>	<b>3.6x</b>	<b>0.5x</b>	<b>7.7x</b>

## Publicly Traded Food & Beverage Companies

(\$ in millions) Company	Stock Ticker	Enterprise Value	% of 52- Wk. High	LTM Revenue	LTM EBITDA	Revenue Growth 1 Year	Revenue Growth 3 Years	LTM Margins G. Profit	LTM Margins EBITDA	EV / LTM Revenue	EV / LTM EBITDA	EV / NFY Revenue	EV / NFY EBITDA
<b>Non-Alcoholic Beverages</b>													
The Coca-Cola Company	KO	\$ 261,423	88.2%	\$ 33,471	\$ 12,328	(7.0%)	(3.6%)	59.9%	36.8%	7.8x	21.2x	7.2x	21.8x
Keurig Dr Pepper Inc.	KDP	56,478	95.9%	11,431	3,602	3.9%	-	56.4%	31.5%	4.9x	15.7x	4.8x	14.4x
Monster Beverage Corporation	MNST	44,800	99.0%	4,420	1,620	7.6%	10.1%	59.8%	36.7%	10.1x	27.7x	9.0x	24.5x
National Beverage Corp.	FIZZ	3,693	87.8%	1,050	240	7.6%	4.9%	38.7%	22.8%	3.5x	15.4x	3.4x	16.0x
PepsiCo, Inc.	PEP	234,906	98.3%	68,557	12,583	3.8%	2.6%	55.3%	18.4%	3.4x	18.7x	3.3x	16.6x
<b>Median</b>		<b>\$ 56,478</b>	<b>95.9%</b>	<b>\$ 11,431</b>	<b>\$ 3,602</b>	<b>3.9%</b>	<b>2.6%</b>	<b>56.4%</b>	<b>31.5%</b>	<b>4.9x</b>	<b>18.7x</b>	<b>4.8x</b>	<b>16.6x</b>
<b>Mean</b>		<b>\$ 120,260</b>	<b>93.8%</b>	<b>\$ 23,786</b>	<b>\$ 6,075</b>	<b>3.2%</b>	<b>2.8%</b>	<b>54.0%</b>	<b>29.2%</b>	<b>6.0x</b>	<b>19.7x</b>	<b>5.6x</b>	<b>18.6x</b>
<b>Alcoholic Beverages</b>													
Anheuser-Busch InBev SA/NV	ABI	\$ 238,322	77.6%	\$ 47,449	\$ 16,906	(12.7%)	(5.4%)	58.6%	35.6%	5.0x	14.1x	4.8x	12.9x
Brown-Forman Corporation	BF.B	38,820	91.3%	3,346	1,170	(1.7%)	2.1%	61.4%	35.0%	11.6x	33.2x	11.0x	32.4x
The Boston Beer Company, Inc.	SAM	11,357	86.8%	1,577	309	34.3%	21.6%	47.6%	19.6%	7.2x	36.7x	5.1x	25.9x
Carlsberg A/S	CARL	26,774	103.5%	9,319	2,160	(4.3%)	(0.4%)	49.1%	23.2%	2.9x	12.4x	n/a	n/a
Constellation Brands, Inc.	STZ	51,713	96.6%	8,126	1,988	(1.0%)	2.9%	52.1%	24.5%	6.4x	26.0x	6.1x	16.4x
Diageo plc	DGE	113,930	91.1%	14,551	5,193	(8.7%)	(0.8%)	60.3%	35.7%	7.8x	21.9x	7.2x	21.1x
Heineken N.V.	HEIA	85,453	87.5%	24,498	5,164	(5.9%)	1.1%	38.9%	21.1%	3.5x	16.5x	3.3x	15.1x
Molson Coors Beverage Company	TAP	18,633	77.8%	9,846	2,338	(6.3%)	(2.8%)	39.0%	23.7%	1.9x	8.0x	1.9x	8.6x
<b>Median</b>		<b>\$ 45,266</b>	<b>89.3%</b>	<b>\$ 9,582</b>	<b>\$ 2,249</b>	<b>(5.1%)</b>	<b>0.4%</b>	<b>50.6%</b>	<b>24.1%</b>	<b>5.7x</b>	<b>19.2x</b>	<b>4.7x</b>	<b>15.7x</b>
<b>Mean</b>		<b>\$ 73,125</b>	<b>89.0%</b>	<b>\$ 14,839</b>	<b>\$ 4,404</b>	<b>(0.8%)</b>	<b>2.3%</b>	<b>50.9%</b>	<b>27.3%</b>	<b>5.8x</b>	<b>21.1x</b>	<b>4.6x</b>	<b>15.3x</b>

## Food & Beverage Index Performance vs. S&P 500



Despite significant declines in March 2020, food & beverage sectors have rebounded and are now trading at higher levels than they did two years ago. Nevertheless, all food & beverage sectors lag the growth of the S&P 500 index.

Note: Valuation data as of 12/10/2020

Sources: S&P Capital IQ and public data

## About Prairie Capital Advisors

Prairie offers investment banking, ESOP advisory, valuation advisory and financial reporting valuations to support the growth and ownership transition strategies of middle-market companies. Headquartered in Oakbrook Terrace, Illinois, Prairie is a leading advisor to closely-held companies nationwide.



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## Select Food & Beverage Experience



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