

Prairie Industry Perspective

Food & Beverage Industry

PRAIRIE

June 2022



Recent Industry Performance

The significant disruption the COVID-19 pandemic wrought on global supply chains, along with rising inflation, has resulted in higher costs for a multitude of food and beverage (“F&B”) products. As a result, according to a recent forecast from the U.S. Department of Agriculture, during 2022, prices paid by consumers for food-at-home (grocery store or supermarket food purchases) will increase between 7.0% and 8.0% while food-away-from-home (restaurant purchases) prices will grow by 6.0% to 7.0%. The *Farm Journal* says this represents the highest expected increase in grocery store prices since 1980 and the largest anticipated rise in restaurant prices since 1981.

Bloomberg suggests that, while consumers may find the thought of additional price increases unimaginable, in some cases, consumers have been shielded from the full impact of the escalating expenses that are facing producers, distributors and other businesses in the F&B industry including some restaurants. According to *Bloomberg*, the difference between prices received by producers for their goods and those paid by everyday consumers can be determined by comparing the producer price index (“PPI”) and the consumer price index (“CPI”). For instance, the CPI for food rose 9.4% in April 2022 compared with a year earlier, according

to data released by the U.S. government. As a result, during April, consumers faced record increases in the cost of products such as chicken, fresh seafood and baby food. However, many of the food costs measured by the PPI have been accelerating at a rate that is faster than the CPI. In April 2022, for example, the PPI’s average wholesale food prices jumped 18.0% from one year prior; this was the largest 12-month increase in nearly five decades. The wholesale price of eggs surged 220.0%, butter rose 51.0% and flour was up 40.0%. *Bloomberg* concludes that that “pent-up inflation in the production and distribution pipeline will continue to filter through to consumer prices,” as producers and distributors will not be able to continue to absorb the brunt of rising costs.

Packaged/Branded Food

In the opening quarter of calendar year 2022, many packaged food companies continued to raise their prices, which effectively allowed them to push at least part of their rising costs off on distributors. In many cases, this had a positive impact on sales growth.

- The world’s largest packaged-food company, **Nestlé SA (“Nestlé”)**, reports organic growth reached 7.6% during the first three months of the company’s fiscal 2022, with real internal growth

“...producers and distributors will not be able to continue to absorb the brunt of rising costs.”

("RIG") of 2.4% and pricing growth of 5.2%. Specifically, in North America, organic growth was 9.9%, RIG was 1.4% and pricing growth reached 8.5%. According to Mark Schneider, Nestlé CEO, "Amid this challenging environment, we delivered strong organic sales growth with resilient RIG. We stepped up pricing in a responsible manner and saw sustained consumer demand. Cost inflation continues to increase sharply, which will require further pricing and mitigating actions over the course of the year." For 2022 as a whole, Nestlé expects organic sales growth of about 5.0%.

- **Kraft Heinz Company ("Kraft")** reports that, during the first quarter of 2022, net sales decreased 5.5% versus the year-prior period to \$6.0 billion. In comparison, organic net sales¹ increased 6.8% versus the first quarter of 2021. Volume/mix declined 2.2 percentage points from the first quarter of the prior year due to supply constraints that were partially offset by strong demand for products in retail outlets as well as a continued recovery in foodservice channels. In addition, pricing was up 9.0 percentage points versus the prior-year period with growth across each reporting segment, primarily driven by increases to mitigate rising input costs in retail and foodservice channels. Net income also rose, up 37.5% versus the year-ago period to \$781.0 million. During 2022, Kraft expects to record a strong financial performance. Indeed, the company raised its expectations for 2022 organic net sales to a mid-single-digit percentage increase versus the prior-year period, reflecting Kraft's strong performance to-date, ongoing business momentum and additional pricing actions which will be implemented to mitigate ongoing inflation.
- Food company **Tyson Foods, Inc. ("Tyson")**, a leading producer of protein, including brands such as Tyson, Jimmy Dean, Hillshire Farm, Ball Park, Wright, Aidells, ibp and State Fair, reports that, for its fiscal 2022 second quarter, ending April 2, 2022, sales totaled \$13.1 billion, up from \$11.3 billion in the second quarter of 2021. Further, for the first six months of the fiscal year, sales totaled \$26.1 billion versus \$21.8 billion the prior year. For fiscal 2022 as a whole, Tyson forecasts sales will be

in the range of \$52.0 to \$54.0 billion. According to Tyson Foods CEO Donnie King, throughout the organization, the cost of goods produced is rising between 20.0% and 30.0% and that Tyson is mitigating those increases by raising prices. He also says the company is working to improve efficiency and add production capacity.

- **The Kellogg Company ("Kellogg")** reports that sales rose 2.4% from \$3.6 billion in the first quarter of 2021 to \$3.7 billion in the first quarter of 2022 (ending April 2nd). Meanwhile, organic sales rose 4.2% from \$3.6 billion to \$3.7 billion in the comparative quarters. Notably, the company's North America division reported that, in the first quarter of fiscal 2022, net sales declined by less than 1.0%, as growth momentum in the sale of snacks as well as positive price/mix from revenue growth management actions were offset by volume declines related to strong two-year comparisons and to supply disruptions, most notably low cereal inventory stemming from 2021's fire and labor strike. In any case, the company raised its guidance for organic-basis net sales growth to approximately 4.0% from its prior guidance of approximately 3.0%.
- During the first quarter of its fiscal 2022, **Mondelez International's ("Mondelez")** net revenues increased 7.3% from the first quarter of 2021, to \$7.8 billion, driven by organic net revenue growth of 8.6% and incremental sales from the company's acquisitions of Chipita, Grenade and Gourmet Food, partially offset by unfavorable currency. Pricing and volume drove organic net revenue growth during the quarter. According to Dirk Van de Put, chairman and CEO, "We delivered strong top-line results in our first quarter, driven by higher pricing and strong volume growth. Our chocolate and biscuit businesses continue to power our virtuous cycle of attractive revenue growth, strong profitability and robust cash flow," For 2022 as a whole, the company expects 4.0% organic net revenue growth, which reflects the strength of its first quarter 2022 results and higher pricing related to increased input costs.

¹Throughout this report, the term "organic net sales" means net sales less—when they occur—the impact of currency, acquisitions and divestitures, and a 53rd week of shipments. The term "organic net sales" is a tool that can assist management and investors in comparing a company's performance on a consistent basis by removing the impact of certain items that management believes do not directly reflect the company's underlying operations.

- **PepsiCo (“Pepsi”)** reported fiscal first quarter 2022 (ending March 19, 2022) net revenue of \$16.2 billion, up 9.3% from \$14.8 billion in the first quarter of fiscal 2021. Additionally, organic revenue climbed 13.7% in the quarter, fueled largely by higher prices. The PepsiCo Beverages North America division saw volume growth of 3.0% for the quarter, while volume also increased by 3.0% on a global basis for Pepsi. With regard to the company’s North American food divisions, Quaker Foods was the only business unit to report shrinking volume during the quarter. The segment has struggled to hold onto the consumers it gained during the early part of the COVID-19 pandemic, when more people were eating breakfast at home. Still, Pepsi gained market share in the rice and pasta, light snacks, ready-to-eat cereal and snack bar categories. For the full year, Pepsi expects organic revenue to increase by 8.0%, up from its prior forecast of 6.0% growth.
- **Coca-Cola Company (“Coca-Cola”)**, which took a bit longer to recover from the initial impact of COVID-19 than some other companies in the food and beverage sector, reports that, during the first quarter of 2022, net revenues grew 16.0% to \$10.5 billion, and organic revenues grew 18.0%. In North America, unit case volume grew 5.0%, with the increase driven by further recovery in the fountain business as COVID-19-related uncertainty continued to abate. Sparkling soft drinks and sports drinks led growth during the quarter. Coca-Cola CEO James Quincey notes that the company is experiencing higher costs for key materials such as high fructose corn syrup, plastic and aluminum. Moreover, while the company is raising prices to combat increasing costs, he suggests that consumers will not “swallow inflation endlessly.” Further, while Coca-Cola paused its operations in Russia in early March 2022, citing the country’s invasion of Ukraine, the company reiterated its full-year outlook of revenue growth in the range of 7.0% to 8.0%.

Packaged/Branded Food & Beverage Outlook

While F&B manufacturers have, in large part, been able to raise prices in recent quarters to offset the increase in raw materials, transportation and other costs, The *Wall Street Journal* (“WSJ”) notes that, as of late May 2022, both food distributors and supermarkets are beginning to resist the

additional outlays. According to the *WSJ*, “Kroger Co. and other grocery chains...are asking brands to prove why higher prices are necessary before accepting them, and warning manufacturers that they will stop carrying products if food companies won’t negotiate prices.” Also, in reaction to higher prices, the *WSJ* notes that consumers are seeking out products with discounts, and they are “increasingly buying more store brands and larger packs that are cheaper on a unit basis, in addition to consolidating shopping trips” in an effort to save money on fuel.

Food Distribution

Food industry consulting firm Pentallact reports that food distributors continue to face a number of challenges “including record-high food cost inflation, product shortages, rising labor costs, the adverse impacts of COVID-19, and unpredictable consumer demand.” Still, many distributors reported positive results during the first quarter of calendar year 2022. Following is the most recent information available regarding the financial results experienced by several major U.S. food distributors:

- **Sysco**, a global food distributor as well as the largest food distributor in the U.S.—selling to more than 650,000 customers globally, including restaurants, healthcare and educational facilities, lodging establishments and other customers who prepare meals away from home—reports that, for its third fiscal quarter of 2022 (ended April 2, 2022), sales were \$16.9 billion, an increase of 42.9% compared to the same period in fiscal 2021. Sales gains are attributable to increased consumer away-from-home demand, market share gains as well as volume improvements compared to the same period in fiscal year 2021. Notably, Sysco’s U.S. foodservice operations segment generated third quarter sales of \$12.0 billion, an increase of 43.6% compared to the same period in fiscal 2021. Local case volume within U.S. broadline operations increased 14.1%, while total case volume within U.S. broadline operations increased 18.8%, in each case as compared to the same period in fiscal 2021. Both increases represent organic growth. Moreover, gross profit increased 38.9% to \$2.3 billion, and gross margin

decreased 64.0 basis points to 18.9%, compared in each case to the same period the prior year. Product cost inflation was 15.8% in U.S. headline, as measured by the estimated change in Sysco's product costs, primarily in the poultry, fresh produce and dairy categories.

- **US Foods**, the second-largest food distributor in the U.S., serving approximately 250,000 restaurants and foodservice operators, says net sales in the first quarter of its fiscal 2022 (ending April 2, 2022) increased 24.0% to \$7.8 billion. Net sales were driven by higher total case volume and food cost inflation of 17.0% compared to the same quarter a year prior. Further, gross profit increased 19.0% to \$1.2 billion. According to US Foods, "Key drivers included an increase in total case volume, optimized pricing and increased freight income from improved inbound logistics. Food cost inflation in multiple product categories also contributed to increased gross profit."
- During its third quarter of fiscal 2022 (ending April 2, 2022), **Performance Food Group ("PFG")** recorded net sales of \$13.1 billion, up 81.6% from the third quarter of fiscal 2021. Additionally, during the first nine months of its fiscal year, PFG's sales were \$36.3 billion, an increase of 72.1% versus the comparable prior year period. PFG indicates that the increase in net sales was primarily attributable to the September 1, 2021, acquisition of CoreMark Holding Company, Inc., an increase in selling price per case as a result of inflation as well as the declining adverse effects of the COVID-19 pandemic. Notably, third quarter net sales for the foodservice segment increased 27.3% to \$6.6 billion compared to the prior-year period. The increase in net sales was driven by growth in cases sold due to improving conditions in the restaurant industry and an increase in selling price per case as a result of inflation.
- **United Natural Foods Inc. ("UNFI")**—which delivers products to more than 30,000 locations throughout North America, including natural product superstores, independent retailers, conventional supermarket chains, ecommerce retailers and foodservice customers—said net sales in its third quarter of fiscal 2022 (ended April 30,

2022) were \$7.2 billion, up 9.2% from \$6.6 billion during the same period in fiscal 2021, primarily driven by inflation and new business from both existing and new customers, partially offset by supply chain challenges and modest market contraction. According to UNFI CEO Sandy Douglas, "As we look towards a successful end to our fiscal year, we continue to make progress in simplifying our business and focusing resources on the most important areas that create value for our customers, suppliers, and shareholders." For fiscal 2022 as a whole, UNFI forecasts net sales of \$28.8 to \$29.1 billion.

Additionally, Pentallact notes that Chef's Warehouse, a publicly traded foodservice distributor that mainly serves the independent restaurant segment, "had impressive results as well—sales were +82.8%, cases + 47.3% for specialty products and +26.9% (lbs.) for center of the plate, with major improvements in gross and operating profitability."

Indeed, at least through the first quarter of calendar year 2022, distributors do not appear to have been negatively impacted by widespread food cost inflation. Moreover, according to Pentallact's informal survey of leading regional, independent and specialty distributors, there have been "virtually no distributor closures or bankruptcies" despite the "near death" experience many faced during the initial stages of the pandemic. In fact, for many distributors, as of early April 2022, sales dollars and operating profit margins were ahead of pre-pandemic 2019 results.

Food Distribution Outlook

Pentallact reports that, according to its informal survey, distributors are optimistic about their overall business prospects but do expect some "starts and stops" due to the expectation of additional COVID-19 outbreaks. Meanwhile, Mark Allen, CEO of the International Foodservice Distributors Association, indicates that the higher costs being experienced by distribution companies are likely to result in additional distributors raising their prices. This is especially likely in view of the fact that, according to Allen, many independent distributors report margins of just 1.0% to 2.0%.

Food and Beverage M&A Activity

According to global strategy consultancy firm L.E.K. Consulting, following a record-breaking year in 2021, M&A activity in F&B “continues to be strong in 2022,” attracting the interest of investors including those in private equity (“PE”). L.E.K. Consulting reports that the F&B industry is currently valued at around \$1.9 trillion and “has demonstrated both steady growth and resilience to recession over time.” Some notable M&A transactions announced in the first half of 2022 include the following:

- J&J Snack Foods Corporation recently signed an agreement to acquire Dippin’ Dots, LLC for \$222.0 million. The transaction is expected to close by the end of June 2022. According to Ken Plunk, chief financial officer of J&J Snack Foods, the transaction will be funded through a combination of cash and senior debt financing.
- Bolthouse Farms is purchasing Evolution Fresh, a processor of cold-pressed juice products, from Starbucks Corporation (“Starbucks”). Starbucks acquired Evolution Fresh in 2011 for \$30.0 million. Analysts report Starbucks’ divestment of Evolution Fresh will allow the company to focus on its core business—coffee. Terms of the deal were not disclosed. The acquisition will also allow Bolthouse Farms to expand its product line of beverages, dressings and fresh carrots into a new category, according to the company. Evolution Fresh products will continue to be sold in Starbucks stores.
- Eagle Family Foods Group LLC, a portfolio company of Kelso & Company, a PE firm, is acquiring the Helper and Suddenly Salad businesses from General Mills, Inc. (“GMI”), for approximately \$610.0 million. According to GMI, net sales for the two businesses totaled approximately \$235.0 million in fiscal 2021. The transaction will expand the Eagle Family Foods Group’s position in the retail center-of-store by adding meals and sides to its other businesses in snacks and baking. Brands already owned by the company include Eagle sweetened condensed milk and evaporated milk, Magnolia sweetened condensed milk, PET milk, Milnot evaporated milk, Popcorn Indiana and Cretors Popcorn.
- Meanwhile, GMI is acquiring TNT Crust from the PE firm Peak Rock Capital. Terms of the transaction were not disclosed. TNT Crust is a manufacturer of frozen pizza crusts for regional and national pizza chains, foodservice distributors and retailers. The business recorded approximately \$100.0 million in sales in 2021.
- In May 2022, it was announced that B&G Foods, Inc. acquired the frozen vegetable manufacturing operations of Growers Express, LLC. Terms of the deal were not disclosed. However, approximately 155 employees of Growers Express will join B&G Foods, according to the company. As part of the deal, B&G Foods also repurchased the master license agreement for certain Green Giant fresh vegetable products. In 1995, Growers Express became a fresh produce supplier to the Green Giant brand.
- Sargento Foods purchased Baker Cheese Factory, Inc. (“Baker Cheese”), a string cheese producer. Terms of the agreement between the two privately-held companies were not disclosed. Established in 1916, Baker Cheese’s mozzarella string cheese is marketed in the upper Midwest under the Baker Cheese label, but it is also sold around the world under a variety of private labels. Sargento said the acquisition will not displace any of Baker Cheese’s 250 employees. In announcing the acquisition of the fourth-generation, family-owned cheese manufacturer, Sargento indicated that Baker Cheese shares its values and “passion” for cheese.
- In late April 2022, CapVest Partners LLP acquired Second Nature Brands from Palladium Equity Partners, LLC. Financial terms of the transaction were not disclosed. Headquartered in Madison Heights, MI, Second Nature Brands is a platform company created in early 2021 through the combination of Kar’s Nuts (branded trail mix), Second Nature Snacks (non-GMO verified snacks and trail mixes) and Sanders Chocolates (small-batch, kettle-cooked sea salt caramels).

- In mid-April 2022, Patriot Pickle—which is a part of PE firm Swander Pace Capital—acquired Farm Ridge Foods’ pickle assets. Terms of the deal were not announced. Based in South Islandia, NY, Farm Ridge Foods is a distributor of pickle products to retailers under its own brand and private label.
- Spirits maker Diageo purchased 21Seeds, a quickly-growing brand in the flavored tequila segment, for an undisclosed amount. The super-premium alcohol brand is available in three varieties: Valencia Orange, Grapefruit Hibiscus and Cucumber Jalapeño.
- Ohio Processors, Inc. is acquiring Pierre’s Ice Cream Company. Terms of the agreement were not disclosed. Pierre’s Ice Cream is a regional manufacturer and marketer of ice cream, frozen yogurt, sherbet, sorbet and frozen novelties. Meanwhile, Ohio Processors, Inc., a manufacturer and distributor of dairy-related products, is a fourth-generation business owned and operated by the Smith family.
- Joy Baking Group, the largest ice cream cone company in the world, acquired Novelty Cone Co., a Pennsauken, NJ-based ice cream cone maker. Financial terms of the transaction were not released. Prior to the acquisition, Joy Baking Group and Novelty Cone collaborated on supply chain and manufacturing initiatives, and both companies offer a similar range of ice cream cones in their product portfolios, including cake cones, sugar cones and waffle cones.
- In February 2022, Riviana Foods Inc., a subsidiary of Madrid, Spain-based Ebro Foods S.A., agreed to acquire the assets of InHarvest, Inc. for approximately \$48.8 million. Headquartered in Bemidji, MN, with two production facilities in Colusa and Woodland, CA, InHarvest specializes in the production, marketing and sale of premium specialty rice, quinoa and grains for the foodservice, industrial and retail sectors. The company’s California operations are strategically located in the rice-growing area of the Western U.S.
- King’s Hawaiian, a family-owned bakery and restaurant company, acquired Shaka Tea, a Hilo, HI-based beverage brand. Financial terms of the transaction were not disclosed. Shaka Tea sources māmaki leaves, a plant found only in the Hawaiian Islands, directly from local farmers. The bottled beverages also contain other locally grown ingredients such as ‘ōlena, Hawaiian turmeric. According to King’s Hawaiian, this partnership demonstrates its commitment to Hawaii-based brands and opens opportunities for future Hawaiian food and beverage collaborations.
- Benestar Brands, a manufacturer of pork rinds, tortilla chips and pretzel bread products, acquired 4505 Meats, which specializes in the production of pork rinds and other protein-based snacks. Financial terms of the transaction were not disclosed. Benestar Brands—the parent company behind pork rind brands that include Mac’s, Porq and Turkey Creek, tortilla chips under the Chicas and Cazo de Oro brands and Pretzilla pretzel bread products—operates six production plants in the U.S. and one in Mexico.
- Upside Foods (formerly Memphis Meats) acquired Cultured Decadence, a cellular agriculture company. Terms of the transaction were not disclosed. Founded in 2020, Cultured Decadence uses cell culture and tissue engineering to create seafood, specifically shellfish products, from animal cells. Along with complementing Upside’s product portfolio, the acquisition will accelerate commercialization of a range of seafood products grown directly from animal cells, says Uma Valeti, founder and CEO of Upside Foods.
- In January 2022, Monster Beverage Corporation (“Monster”) entered into an agreement to acquire CANarchy Craft Brewery Collective LLC, a craft beer and hard seltzer company, for \$330.0 million. “This transaction provides us with a springboard from which to enter the alcoholic beverage sector,” says Monster’s Vice Chairman and Co-CEO Hilton Schlosberg.

Notable Closed M&A Transactions — Packaged Food & Beverage Products

Year Closed	Target	Acquirer	Target Packaged Food & Beverage Category
	Name:	Name:	
2022	Maytag Family Farms, Inc.	AgCertain Industries, Inc.	Cheese products
2022	Chameleon Cold Brew, LLC	SYSTM Foods	Coffee
2022	Syracuse Food Group, LLC	Standard Meat Company, LP	Sausages and meatballs
2022	Foster Poultry Farms, Inc.	Atlas Holdings LLC	Meat products
2022	Dairyfood USA Inc.	Gilman Cheese Corporation	Dairy products
2022	Sanders Candy, LLC	CapVest Partners LLP	Snacks and treats
2022	DJ's Boudain, LLC	Treaty Oak Equity LLC	Cajun products
2022	D'Artagnan, Inc.	Fortune International, LLC	Natural and organic meats
2022	Leonetti's Inc	Premium Brand Holding Corporation	Italian food products
2022	Mercer Food, LLC	Mubadala Capital	Freeze-dried food products
2022	Casper's Ice Cream, LLC	MidOcean Partners LLP	Ice cream and other frozen products
2021	Clover Stornetta Farms, Inc.	Alpina Productos Alimenticios S.A.	Dairy products
2021	Pancho's Mexican Foods Inc	Sabrosura Foods, LLC	Queso dip
2021	R.W. Garcia Co. Inc.	Utz Brands, Inc. (NYSE:UTZ)	Snack food items
2021	LinkOne Marine Solutions, LLC	3D Corporate Solutions, LLC	Fish products
2021	Popcornopolis, LLC	Barcel USA, LLC	Popcorn
2021	Ohayo Valley Inc.	Cult Food Science Corp.	Beef products
2021	Calabro Cheese Corporation	Granarolo S.p.A.	Dairy Products
2021	Hope Foods, LLC	Savencia SA (ENXTPA:SAVE)	Organic food dips and spreads
2021	Monogram Food Solutions LLC	PPC Investment Partners LP; HF Capital	Snack foods
2021	Wild Planet Foods Inc.	Bolton Group S.R.L.	Seafood
2021	Health-Ade, LLC	First Beverage Ventures	Fermented tea
2021	Maid-Rite Specialty Foods, LLC	Premium Brands Holdings Corporation (TSX:PBH)	Portion-controlled meat products
2021	The Fruit Square People Inc.	Bake'n Joy Foods, Inc.	Bakery products
2021	Bagel Boy, Inc.	Crown Bakeries	Bagels, flatbreads, pitas, and sandwich thins
2021	T-Bev, Inc.	Swander Pace Capital	Tea
2021	Wicked Good Cupcakes, LLC	Hickory Farms, Inc.	Cupcakes
2021	Scharffen Berger Chocolate Maker Inc.	Hampton Roads Capital	Chocolates
2021	Nuts Business of The Kraft Heinz Company	Hormel Foods Corporation (NYSE:HRL)	Branded nuts, cheez balls, and cheez curls
2021	Starwest Botanicals, Inc.	Incline Management, L.P.	Botanicals, herbs, and spices
2021	Ready-to-Eat Cereal Business of TreeHouse Foods, Inc.	Post Holdings, Inc. (NYSE:POST)	Cereals
2021	Kona Sea Salt	The Hawaiian Islands Trading Company LLC	Salt
2021	Ronzoni Dry Pasta Brand	8th Avenue Food & Provisions, Inc.	Dry pasta
2021	JTM Foods, LLC	Tenex Capital Management, L.P.	Snack foods, snack pies, and marshmallow crispy treats
2021	Kodiak Cakes, LLC	L Catterton Partners	Whole grain pancakes and mixes
2021	Man Cave Foods, LLC	Swander Pace Capital	Chicken snack sticks
2021	Olde Thompson Inc.	Olam Holdings B.V	Spices
2021	Custom Made Meals LLC	Stellex Capital Management LLC	Oven-ready entrees, appetizers, and sides
2021	Haystack Mountain Creamery	The Stage Fund	Goat milk cheeses
2021	Pete and Gerry's Organics, LLC	British Columbia Investment Management Corp	Organic eggs
2021	Aspire Bakeries	Lindsay Goldberg LLC	Specialty frozen baked goods
2021	Picky Bars, LLC	Laird Superfood, Inc. (NYSEAM:LSF)	Energy bars

Sources: S&P Capital IQ and public data

Notable Closed M&A Transactions — Food Distribution

Year Closed	Target	Acquirer	Target Distribution Category
	Name:	Name:	
2022	Valley Food Services, Inc	Worldwide Produce	Produce and dairy
2022	BERKSHORE, LLC	Wulf Fish Wholesale, LLC	Sea food products
2022	Chef's Choice Products CO.	Worldwide Products	Diversified food products
2022	Salix Fruits LLC	GrubMarket, Inc.	Fruits
2022	Stanz Foodservice, Inc.	Troyer Foods, Inc.	Diversified food products
2022	Ziyad Brothers Importing, LLC	Peak Rock Capital LLC	Diversified food products
2022	Restaurant Beverage Service, Inc.	Julius Meini Industrieholding GmbH	Specialty beverages
2022	Siegel Egg Co. Inc.	Rotunda Capital Partners	Egg, dairy, and bakery ingredients
2022	Stratum Nutrition	Maxim Corporate Partners, LLC	Nutrition ingredients
2021	Capital Seaboard Inc.	The Chef's Warehouse, Inc (NasdaqGS:CHEF)	Agricultural and dairy products
2021	Monteverdes Inc.	FreshEdge, LLC	Diversified food product
2021	DMH Ingredients, Inc./Naturestock Foods	Batory Foods, Inc.	Diversified food product
2021	Thurston Foods, Inc.	GS Foods Group, Inc.	Diversified food product
2021	Wholesale Produce Supply, LLC	The Baupost Group, LLC; Cross Rapids Capital LP	Produce
2021	Paragon Wholesale Foods Corp.	FreshPoint, Inc.	Dairy and meat products
2021	Shapiro-Gilman-Shandler Co., Inc.	GrubMarket, Inc.	Diversified food product
2021	C & C Produce, LLC	GS Foods Group, Inc.	Produce
2021	E&M Logistics Inc.	Mill Point Capital LLC	Ice cream and other food products
2021	Atlantic Fresh Trading LLC	GrubMarket, Inc.	Produce
2021	Grant J. Hunt Company	GrubMarket, Inc.	Produce
2021	Terminal Produce Corp.	GrubMarket, Inc.	Produce and seafood
2021	JM Swank, LLC	Brenntag Specialties, LLC	Diversified food products
2021	R&C Berndt, Inc.	GrubMarket, Inc.	Fruits
2021	Lakeview Farms, Inc.	CapVest Partners LLP	Diversified food products
2021	Kirnlund Food Distribution, Inc.	HF Foods Group Inc. (NasdaqCM:HFFG)	Chinese food products
2021	School Lunch Products, Inc.	GS Foods Group, Inc.	School lunch food products
2021	Southeastern Meats, Inc.	Borgman Capital LLC	Frozen meats, vegetables, and specialty items
2021	DecoPac, Inc.	Kohlberg & Company, L.L.C.	Bakery food products
2021	Nutriscience Innovations, LLC	Tilia Holdings, LLC	Nutritional food ingredients
2021	Vaccaro & Sons Produce, Inc.	GrubMarket, Inc.	Produce and dairy products
2021	Jana Food Services, Inc.	GrubMarket, Inc.	Diversified food products
2021	Nature's Best, Inc.	Halo Collective Inc. (OTCPK:HCAN.F)	Health and natural food products
2021	Ferraro Foods, Inc.	Kelso & Company, L.P.	Italian and pizzeria products
2021	RJ Produce, Inc.	GrubMarket, Inc.	Produce
2021	In2food, Inc.	Dobla USA Manufacturing, LLC	Pastry and chocolate ingredients
2021	Conner Produce Co. Inc.	Crook Brothers, Inc.	Diversified food products
2021	Assets of Pocono Produce Co., Inc.	Metropolitan Foods, Inc.	Diversified food products
2021	Awesome Vibes, Inc.	Pacific Coast Fruit Company, Inc.	Diversified food products
2021	Wine & Spirits Distribution Business	CC One Virgin Islands, LLC	Wines and spirits
2021	Wustefeld Candy Co. Inc.	National Convenience Distributors, LLC	Grocery and convenience products
2021	Fresno Produce, Inc.	GS Foods Group, Inc.	Produce
2021	Richmond Wholesale Meat Co.	IMB Partners	Diversified food products
2021	Bengard Marketing, Inc.	GrubMarket, Inc.	Fruits

Sources: S&P Capital IQ and public data

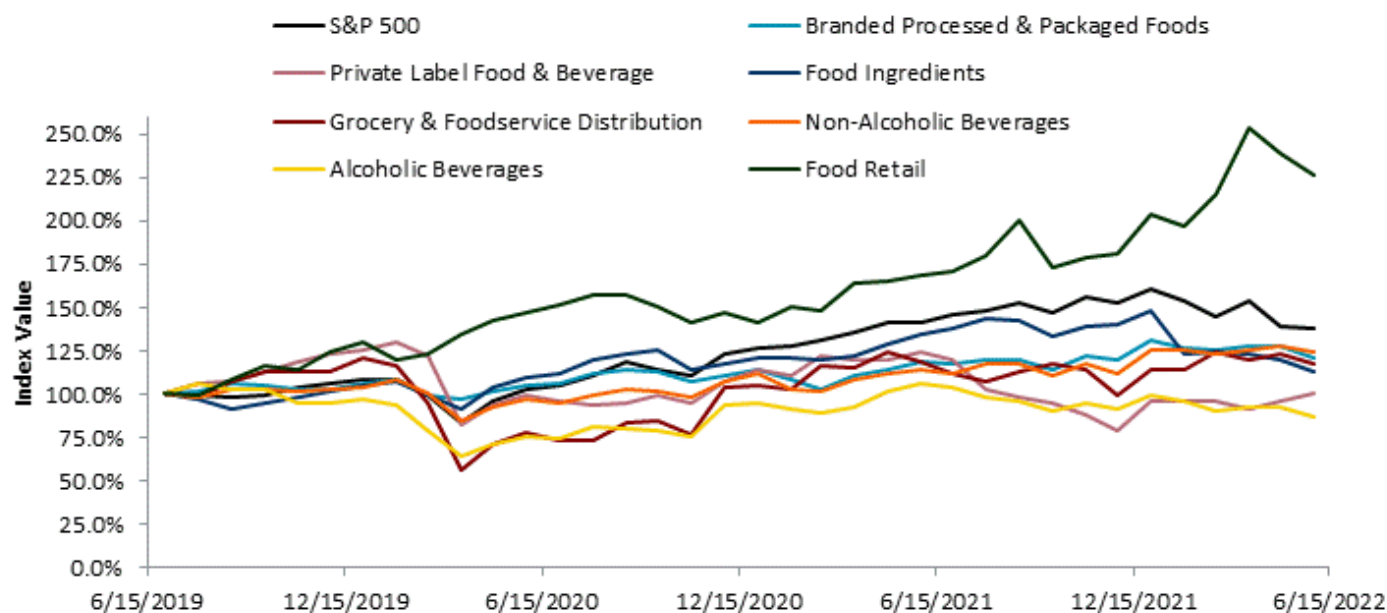
Publicly Traded Food & Beverage Companies

(\$ 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
<u>Branded Processed & Packaged Foods</u>													
B&G Foods, Inc.	BGS	\$ 3,774	65.0%	\$ 2,084	\$ 312	3.0%	7.4%	20.7%	15.0%	1.8x	12.1x	1.8x	10.9x
Campbell Soup Company	CPB	18,173	87.2%	8,448	2,088	(3.0%)	5.5%	31.4%	24.7%	2.2x	8.7x	2.1x	11.1x
Conagra Brands, Inc.	CAG	24,504	85.7%	11,365	2,185	(3.1%)	8.5%	25.6%	19.2%	2.2x	11.2x	2.1x	10.9x
Flowers Foods, Inc.	FLO	5,955	83.4%	4,465	586	2.9%	3.7%	49.5%	13.1%	1.3x	10.2x	1.3x	12.7x
General Mills, Inc.	GIS	51,639	89.7%	18,625	4,063	(0.0%)	3.9%	33.4%	21.8%	2.8x	12.7x	2.7x	13.6x
The Hershey Company	HSY	47,020	89.0%	9,342	2,589	11.1%	6.0%	45.5%	27.7%	5.0x	18.2x	4.7x	18.3x
Hormel Foods Corporation	HRL	26,954	81.5%	12,459	2,102	26.2%	9.1%	17.1%	16.9%	2.2x	12.8x	2.2x	16.4x
Hostess Brands, Inc.	TWNK	3,588	81.7%	1,209	268	16.4%	11.8%	35.6%	22.2%	3.0x	13.4x	2.8x	12.4x
John B. Sanfilippo & Son, Inc.	JBSS	873	73.5%	905	94	5.7%	1.3%	21.0%	10.4%	1.0x	9.2x	n/a	n/a
J & J Snack Foods Corp.	JJSF	2,190	70.1%	1,247	148	29.4%	2.6%	26.7%	11.9%	1.8x	14.8x	1.7x	14.8x
The J. M. Smucker Company	SJM	17,896	85.3%	7,999	1,662	(0.0%)	0.7%	34.0%	20.8%	2.2x	10.8x	2.2x	11.5x
Kellogg Company	K	30,440	89.7%	14,269	2,692	2.3%	1.4%	32.2%	18.9%	2.1x	11.3x	2.1x	13.5x
Lancaster Colony Corporation	LANC	3,295	60.7%	1,610	197	14.8%	7.6%	22.0%	12.3%	2.0x	16.7x	2.0x	17.6x
McCormick & Company, Incorporated	MKC	27,506	78.0%	6,359	1,341	8.3%	6.1%	39.0%	21.1%	4.3x	20.5x	4.1x	19.5x
Mondelez International, Inc.	MDLZ	99,493	85.0%	29,246	7,352	7.9%	4.4%	38.7%	25.1%	3.4x	13.5x	3.3x	16.4x
Nestlé S.A.	NESN	330,667	83.0%	95,951	29,313	3.3%	(1.6%)	48.0%	30.5%	3.4x	11.3x	3.4x	16.6x
PepsiCo, Inc.	PEP	251,437	88.8%	80,854	15,174	13.4%	7.6%	53.4%	18.8%	3.1x	16.6x	3.0x	16.3x
Median		\$ 24,504	83.4%	\$ 8,448	\$ 2,088	5.7%	5.5%	33.4%	19.2%	2.2x	12.7x	2.2x	14.2x
Mean		\$ 55,612	81.0%	\$ 18,026	\$ 4,245	8.1%	5.1%	33.7%	19.4%	2.6x	13.2x	2.6x	14.5x
<u>Private Label Food & Beverage</u>													
Lamb Weston Holdings, Inc.	LW	\$ 11,707	78.7%	\$ 3,953	\$ 697	12.6%	2.5%	19.6%	17.6%	3.0x	16.8x	2.7x	14.4x
Seneca Foods Corporation	SENE.A	549	82.1%	1,385	128	(5.6%)	4.9%	10.7%	9.2%	0.4x	4.3x	n/a	n/a
TreeHouse Foods, Inc.	THS	3,937	82.7%	4,411	389	2.1%	1.9%	15.4%	8.8%	0.9x	10.1x	0.8x	9.2x
Median		\$ 3,937	82.1%	\$ 3,953	\$ 389	2.1%	2.5%	15.4%	9.2%	0.9x	10.1x	1.8x	11.8x
Mean		\$ 5,397	81.2%	\$ 3,250	\$ 405	3.0%	3.1%	15.2%	11.9%	1.4x	10.4x	1.8x	11.8x
<u>Food Ingredients</u>													
Givaudan SA	GIVN	\$ 33,691	65.2%	\$ 7,332	\$ 1,594	5.7%	6.5%	42.7%	21.7%	4.6x	21.1x	4.7x	21.8x
Ingredion Incorporated	INGR	7,806	85.8%	7,172	912	18.4%	4.1%	18.9%	12.7%	1.1x	8.6x	1.0x	8.0x
International Flavors & Fragrances Inc.	IFF	40,829	74.1%	12,417	3,005	100.2%	41.9%	36.2%	24.2%	3.3x	13.6x	3.2x	16.0x
Kerry Group plc	KRZ	19,198	72.8%	8,360	1,173	5.7%	3.6%	46.6%	14.0%	2.3x	16.4x	n/a	n/a
Sensient Technologies Corporation	SXT	3,717	71.9%	1,376	235	2.6%	(0.0%)	33.7%	17.1%	2.7x	15.8x	2.5x	14.5x
Symrise AG	SY1	15,589	73.2%	4,351	954	8.7%	6.6%	38.7%	21.9%	3.6x	16.3x	3.5x	16.9x
Tate & Lyle plc	TATE	4,337	82.1%	1,807	338	(51.0%)	(20.7%)	100.0%	18.7%	2.4x	12.8x	2.2x	12.4x
Median		\$ 15,589	73.2%	\$ 7,172	\$ 954	5.7%	4.1%	38.7%	18.7%	2.7x	15.8x	3.2x	16.0x
Mean		\$ 17,881	75.0%	\$ 6,116	\$ 1,173	12.9%	6.0%	45.3%	18.6%	2.9x	14.9x	3.0x	15.3x
<u>Grocery & Foodservice Distribution</u>													
AMCON Distributing Company	DIT	\$ 138	62.2%	\$ 1,306	\$ 32	8.6%	9.5%	8.2%	2.4%	0.1x	4.3x	n/a	n/a
Performance Food Group Company	PFGC	10,323	68.6%	43,845	920	68.6%	33.5%	11.1%	2.1%	0.2x	11.2x	0.2x	9.5x
SpartanNash Company	SPTN	1,600	86.1%	9,037	270	(1.2%)	3.2%	15.9%	3.0%	0.2x	5.9x	0.2x	8.3x
Sysco Corporation	SY	51,428	88.3%	65,816	3,418	49.5%	3.2%	18.0%	5.2%	0.8x	15.0x	0.7x	12.7x
The Chefs' Warehouse, Inc.	CHEF	1,582	84.6%	1,978	101	94.6%	10.1%	22.7%	5.1%	0.8x	15.7x	0.8x	15.0x
United Natural Foods, Inc.	UNFI	4,772	70.7%	28,390	979	5.1%	17.3%	14.6%	3.4%	0.2x	4.9x	0.2x	7.0x
US Foods Holding Corp.	USFD	11,977	72.2%	30,990	908	35.7%	8.3%	15.6%	2.9%	0.4x	13.2x	0.4x	8.7x
Median		\$ 4,772	72.2%	\$ 28,390	\$ 908	35.7%	9.5%	15.6%	3.0%	0.2x	11.2x	0.3x	9.1x
Mean		\$ 11,689	76.1%	\$ 25,909	\$ 947	37.3%	12.2%	15.2%	3.5%	0.4x	10.0x	0.4x	10.2x
<u>Food Retail</u>													
Ingles Markets, Incorporated	IMKT.A	\$ 2,087	87.2%	\$ 5,382	\$ 502	13.0%	9.0%	25.6%	9.3%	0.4x	4.2x	n/a	n/a
The Kroger Co.	KR	48,201	81.0%	137,888	7,437	4.1%	4.2%	22.7%	5.4%	0.3x	6.5x	0.4x	7.7x
Natural Grocers by Vitamin Cottage, Inc.	NGVC	424	70.6%	1,080	125	2.5%	7.0%	32.5%	11.5%	0.4x	3.4x	n/a	n/a
Sprouts Farmers Market, Inc.	SFM	2,834	74.8%	6,166	729	(3.6%)	4.9%	36.4%	11.8%	0.5x	3.9x	0.6x	9.1x
Village Super Market, Inc.	VLGE.A	323	93.8%	2,070	143	3.7%	8.1%	28.2%	6.9%	0.2x	2.3x	n/a	n/a
Median		\$ 2,087	81.0%	\$ 5,382	\$ 502	3.7%	7.0%	28.2%	9.3%	0.4x	3.9x	0.5x	8.4x
Mean		\$ 10,774	81.5%	\$ 30,517	\$ 1,787	3.9%	6.6%	29.1%	9.0%	0.3x	4.0x	0.5x	8.4x

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
Non-Alcoholic Beverages													
The Coca-Cola Company	KO	\$ 292,454	88.8%	\$ 40,126	\$ 15,091	20.0%	5.0%	60.3%	37.6%	7.3x	19.4x	6.9x	21.2x
Keurig Dr Pepper Inc.	KDP	61,214	88.6%	12,859	3,928	8.0%	12.6%	54.8%	30.5%	4.8x	15.6x	4.5x	15.0x
Monster Beverage Corporation	MNST	43,811	88.0%	5,816	1,851	21.7%	14.2%	54.5%	31.8%	7.5x	23.7x	6.7x	21.5x
National Beverage Corp.	FIZZ	4,223	69.9%	1,115	245	3.9%	3.1%	37.7%	22.0%	3.8x	17.2x	3.5x	17.9x
PepsiCo, Inc.	PEP	251,437	88.8%	80,854	15,174	13.4%	7.6%	53.4%	18.8%	3.1x	16.6x	3.0x	16.3x
Median		\$ 61,214	88.6%	\$ 12,859	\$ 3,928	13.4%	7.6%	54.5%	30.5%	4.8x	17.2x	4.5x	17.9x
Mean		\$ 130,628	84.8%	\$ 28,154	\$ 7,258	13.4%	8.5%	52.1%	28.2%	5.3x	18.5x	4.9x	18.4x
Alcoholic Beverages													
Anheuser-Busch InBev SA/NV	ABE	\$ 185,403	76.6%	\$ 55,246	\$ 18,774	14.7%	0.7%	56.8%	34.0%	3.4x	9.9x	3.1x	9.1x
Brown-Forman Corporation	BF.B	32,962	88.4%	3,933	1,271	13.6%	5.8%	60.8%	32.3%	8.4x	25.9x	8.0x	23.6x
The Boston Beer Company, Inc.	SAM	3,674	28.5%	1,943	69	(0.4%)	22.5%	37.1%	3.6%	1.9x	n/a	1.6x	10.7x
Carlsberg A/S	CARL	22,328	80.9%	10,192	2,314	13.8%	2.2%	47.0%	22.7%	2.2x	9.7x	n/a	n/a
Constellation Brands, Inc.	STZ	54,278	88.2%	8,821	2,017	2.4%	2.8%	53.4%	22.9%	6.2x	26.9x	5.8x	15.7x
Diageo plc	DGE	113,480	85.3%	18,708	6,796	20.9%	3.3%	61.4%	36.3%	6.1x	16.7x	6.2x	17.9x
Heineken N.V.	HEIA	70,788	86.5%	24,953	5,946	11.3%	(0.8%)	39.3%	23.8%	2.8x	11.9x	2.5x	11.1x
Molson Coors Beverage Company	TAP	18,528	88.2%	10,596	2,423	12.1%	(0.5%)	40.1%	22.9%	1.7x	7.6x	1.7x	8.8x
Median		\$ 43,620	85.9%	\$ 10,394	\$ 2,368	12.9%	2.5%	50.2%	23.3%	3.1x	11.9x	4.2x	13.4x
Mean		\$ 62,680	77.8%	\$ 16,799	\$ 4,951	11.1%	4.5%	49.5%	24.8%	4.1x	15.5x	4.1x	13.4x

Food & Beverage Index Performance vs. S&P 500



Almost all food & beverage sectors have rebounded from their March 2020 lows. Nonetheless, no sector has outperformed the S&P 500 over the latest one-year period with the exception of Food Retail.

Note: Valuation data as of 06/15/2022

Sources: S&P Capital IQ and public data

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Select Food & Beverage Experience



Contact Us



Timothy Witt
Managing Director
tim.witt@prairiecap.com



Terrel Bressler
Managing Director
tbressler@prairiecap.com



Anthony Dolan
Managing Director
adolan@prairiecap.com



John Waller
Managing Director
jwaller@prairiecap.com



Dan DeLap
Vice President
ddelap@prairiecap.com