

FOOD & BEVERAGE M&A SUMMARY REPORT

2022 OVERVIEW

The demonstrated surge of food and beverage transactions in 2021 continued unabated into 2022, aligning with broader transaction trends in private equity. Activity slowed in the second half, impacted by inflation, rising interest rates and a shakier geopolitical situation¹. Global private equity-backed deals for a wide variety of food and beverage businesses (restaurants, food retailers, packaged foods and meat businesses, and meat producers) totaled \$9.69 billion through November of 2022; equivalent to ~18% of the 2021 full-year private equity total of \$54.7 billion¹.

Despite the noted external pressures, strategic M&A interest remained strong through the second half of 2022 (see next page), demonstrating both the defensive nature and diversification-focused mindset within this industry, where growth by acquisition is often faster, less costly and more predictable than organic growth².

2022 HOT TOPIC: U.S. FOOD INFLATION²

6 in 10 are buying less premium / luxury food; with a 52.9% increase in people shopping at discount grocers



24.9% decline in meat-free or flexitarian diet with a 26.4% decrease in buying from an environmentally friendly brand



14.5% of polled Americans reported an increase in average grocery retail spend (\$119.19)



61% decrease in popularity of online grocery shopping, likely reflecting a "pre-COVID" desire for normalcy



With more consumers looking for discounted product options, private label food manufacturers and processors should

The drive to discount will be offset somewhat by implementation of price increases through 2023, which are needed to mitigate rising costs and to maintain margins. Acquirers have shifted efforts toward boosting sales volumes and maintaining normalized, sustainable margin levels³.

Rising borrowing costs for buyers due to interest rate hikes will also constrain leverage availability, and in some cases, M&A valuations. However, the market still has plenty of excess capital sitting with private equity investors and strategic acquirors. Plentiful funding should continue to drive demand for high-quality food and beverage acquisitions, and recent inflationary issues in the sector will allow some buyers to be opportunistic with targets experiencing challenges weathering the recent volatility³.

"The positive demand trends for private label are clear, and simplifying our business will position us to better capitalize on those trends to drive value now and well into the future,"

- Steve Oakland, CEO of Treehouse Foods, remarking on exiting their meal preparation business to focus on private labeling.

Sources: (1) S&P Global ; (2) Food Institute; (3) Kroll

Carleton McKenna

INVESTMENT BANKING SERVICES

2022 FOOD & BEVERAGE TRANSACTION HIGHLIGHTS



has been acquired by



Monster Energy acquired CANarchy on 02/17/22 for \$330.0M. This acquisition allows Monster Energy to enter the beer and hard seltzer market through already in-place infrastructure, distribution, and licenses possessed by CANarchy.



has been acquired by



J&J Snack Foods acquired Dippin' Dots on 06/21/22 for \$223.6M. This purchase will allow J&J Snack Foods to add a strong consumer brand with a profitable, growing business that it can scale further in the near future.



has been acquired by



Mondelēz International acquired Clif Bar & Company on 08/01/22 for \$2.6B. This acquisition of the bar maker includes Clif, Luna and Clif Kid brands and will expand Mondelēz's global snack bar business to more than \$1B.



has been acquired by



Nestlé acquired Seattle's Best Coffee brand from Starbucks on 10/19/22 for \$7.1B. Nestlé already had a large presence in the coffee industry, and with this acquisition, they will be able to double the size of their presence.

FOOD AND BEVERAGE M&A ACTIVITY — 2022 OVERVIEW

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CARLETON MCKENNA & CO:

We believe businesses are the economic engine of our society, and that business owners deserve and require a proactive advocate to maximize life changing transactions.



FIRM OVERVIEW:

Carleton McKenna & Co. is an independent investment banking firm providing M&A Advisory, Capital Raising, and Pre-Transition Advisory services. We deliver hands-on transaction execution, with clear, insightful strategy to drive extraordinary success.

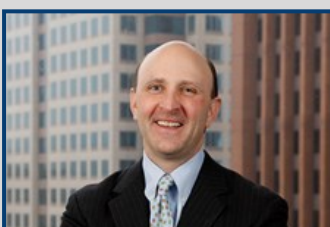
We work with middle market closely-held businesses, multi-generational family businesses, portfolio companies of financial sponsor firms and divisions or subsidiaries of public companies focusing in Manufacturing & Specialty Chemicals, **Food & Beverage/Consumer Products**, SaaS, Healthcare, B2B Services and Cybersecurity.

Our Team is made up of finance and accounting experts, operators, C-Suite and Board professionals, lawyers, consultants, and marketing professionals. These

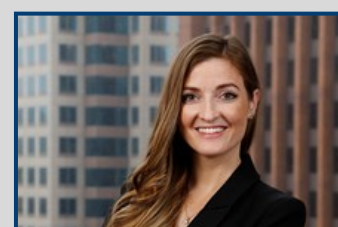
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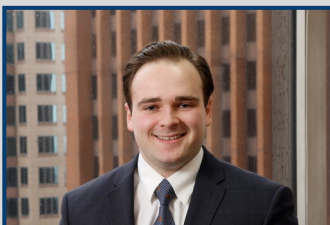
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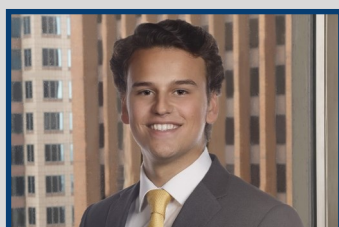
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