



Food and Beverage M&A Update

Q2 2022

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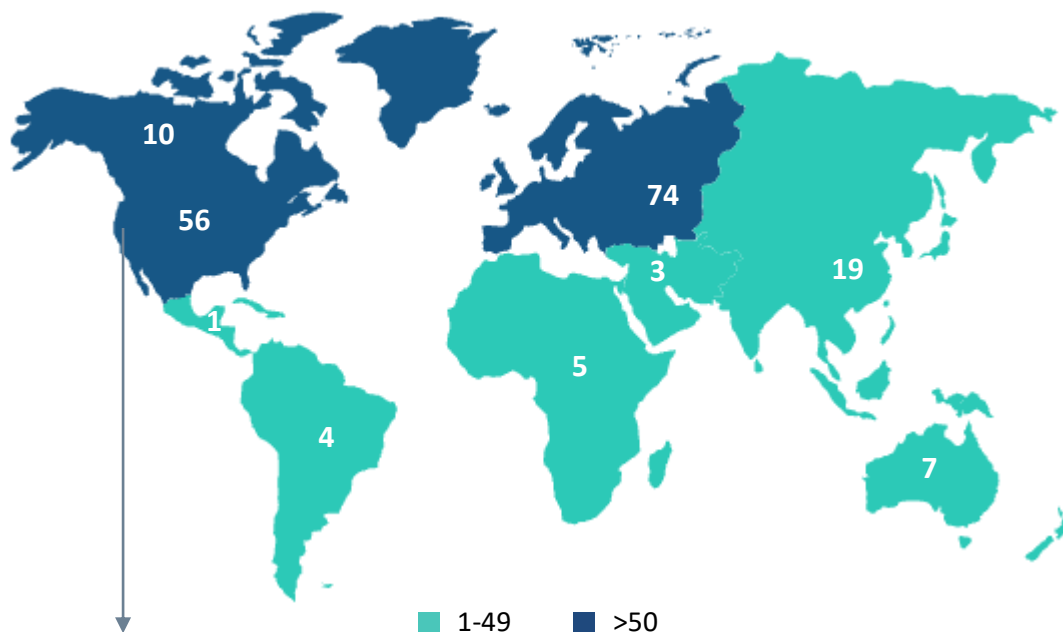
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REPORT HIGHLIGHTS

- The Food & Beverage industry index fell 5.4% in 1H 2022 but outperformed the S&P 500 index, which fell 21.1% in the same period.
- M&A deal volume increased slightly in Q2 to 179 transactions from 177 in Q1, but declined 9.1% from 197 deals in Q2 of the prior year.
- Strategic buyers accounted for 64.4% of deal volume in 1H 2022 vs PE investors with 35.6%.
- Europe was the most active region in the F&B sector in Q2. Africa had the most notable deal of the quarter, which was the \$300 million acquisition of Forafric by Globis Acquisition.
- In 1H 2022, valuation multiples and stock prices generally trended lower from prior year levels.

Global Deal Analytics

Out of 179 deals globally in the Food and Beverage sector in Q2, Europe was the most active market with 74 deals completed, followed by North America with 56. One notable deal in Europe was the \$267 million acquisition of Hansa Borg Bryggerier by Royal Unibrew in May 2022.



Canada: 10

United States: 56

West Coast:	14
Mid Atlantic:	14
Southeast:	9
Great Lakes:	7
Others:	12

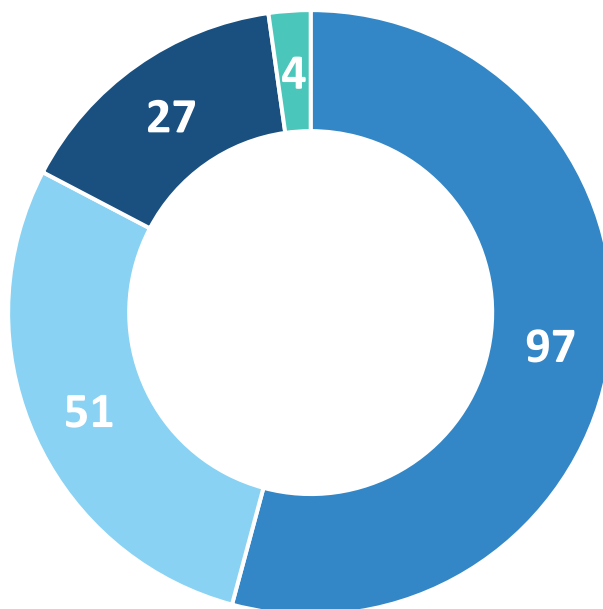
In the United States market, the West Coast and Mid Atlantic regions were the most active in Q2 with 14 deals each, most notably the \$25 million financing of Ellianos by First Federal Bank of Florida. The Southeast and Great Lakes regions reported 9 and 7 closed deals, respectively. All other regions totaled 12 closed transactions.

Outside of the U.S. in the North American market, 10 transactions closed in the Canadian market in Q2 and 1 transaction closed in Mexico.

Global Deal Analytics

Of the 179 Food & Beverage deals in Q2, 97 were in the Food (General) subsector, making it the most active subsector in the industry from an M&A volume standpoint. Beverage Products represented the second most active with 51 closed deals followed by LOHAS & Wellness and FoodTech with 27 and 4 completed transactions, respectively.

Deal by Subsector



■ Food (General)

■ Beverage Products

■ LOHAS & Wellness

■ FoodTech

Hissho
SUSHI

Primient

Zoup!
EATERY

SECOND NATURE
BRANDS

Banana
Wave

FLOWATER

Orgain

MB
MAJOR BRANDS
PREMIUM BEVERAGE DISTRIBUTORS

LOUDPACK

MICROBE
FORMULAS

urjanet

NUSCALE

HungerRush™

GoParrot

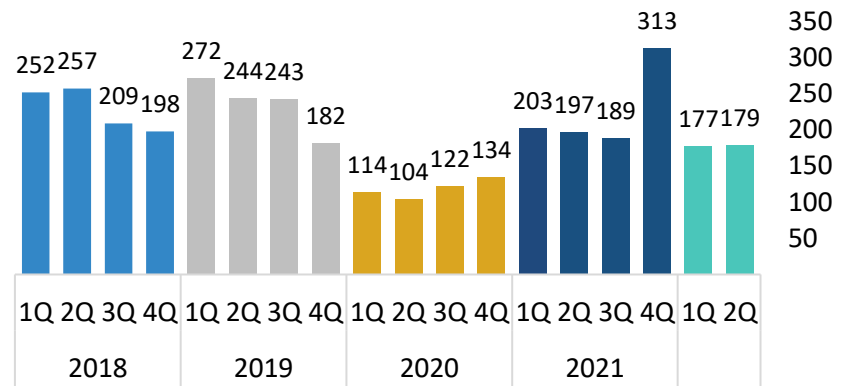
KitchenBrains™
Well Connected.

Delivery
SOLUTIONS

Global Deal Analytics

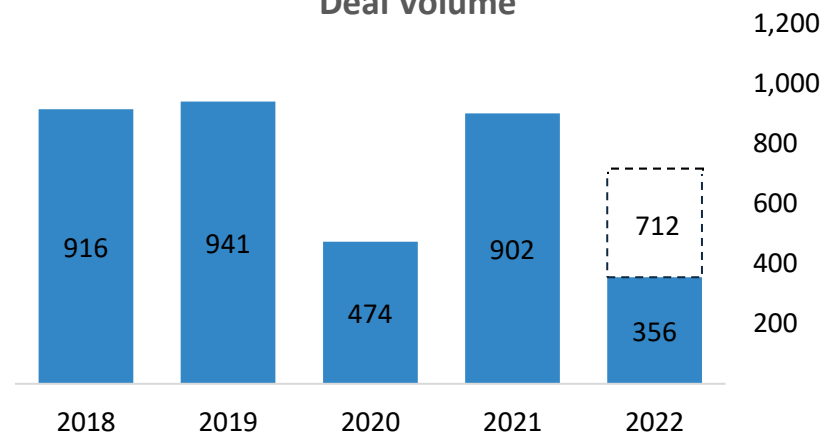
Deal volume in the F&B sector ticked up slightly in Q2 to 179 deals from 177 deals in Q1, but declined 9.1% from 197 deals in the same period of the prior year. Excluding Q4 of 2021, deal volume has been fairly steady in the sector since bottoming in Q2 2020 primarily due to covid.

Deal Volume



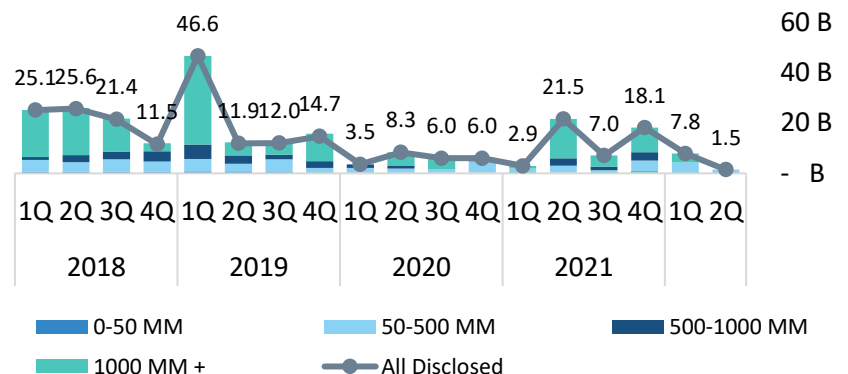
Although volume was up slightly in Q2, M&A deal volume for the year is projected to decline by 21.1% to 712 deals from 902 in the prior year, primarily due to ongoing delays in the supply chain and high inflation in the U.S.

Deal Volume



Total capital invested in M&A transactions decreased in Q2 2022 to \$1.5B, the lowest level seen in over 5 years, and represented an 80.8% drop from \$7.8B in Q1. Although volume was up slightly from Q1, the average size deal decreased sharply from Q1 as the top five largest deals in the upper-tranche (\$1000+ MM) declined from \$4.9B in Q1 to \$1.0B in Q2.

Total Capital Invested by Deal Size



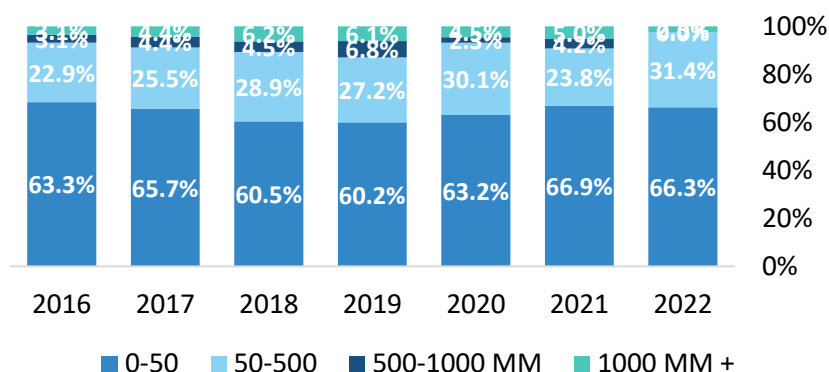
Global Deal Analytics

In 1H 2022, we saw a substantial shift away from the upper (\$1000+), upper middle (\$500-\$1000) and lower (\$0-\$50) tranches of the market toward the lower middle (\$50 - \$500MM) tranche. Deal volume in the lower-middle tranche increased in volume from 23.8% in 2021 to 31.4% in Q1 2022.

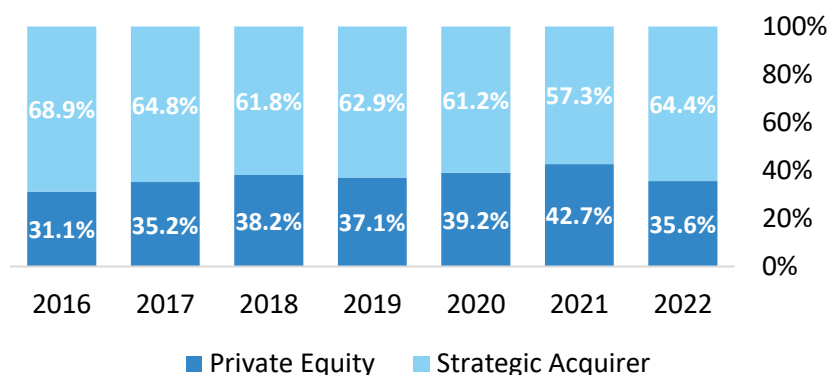
Strategic buyers have historically represented between 55-70% of deal volume in the F&B Industry, although we have generally seen PE activity gradually increasing relative to strategic buyers up to 2021. In 1H of 2022, we see a slight reversal of this trend as private equity buyers only accounted for 35.6% of deal volume compared to 42.7% in 2021.

In terms of capital invested, PE participation experienced a dramatic decline in 1H 2022 to 16.3% from 37.1% in the prior year. This was largely due to the significant capital investments made by Mondelez International and SilverBox Engaged Merger Corp in acquiring Chipita and Black Rifle Coffee Company, respectively. Together, these two transactions totaled \$3.6B and represented 46% of total capital invested in 1H 2022.

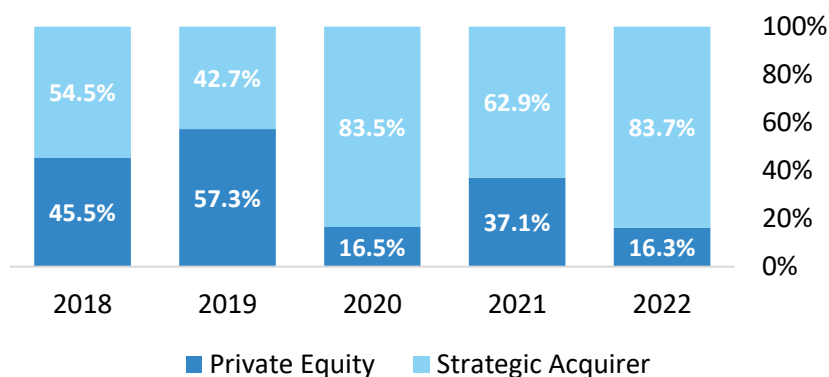
Deal Volume by Deal Size



Deal Volume by Acquirer

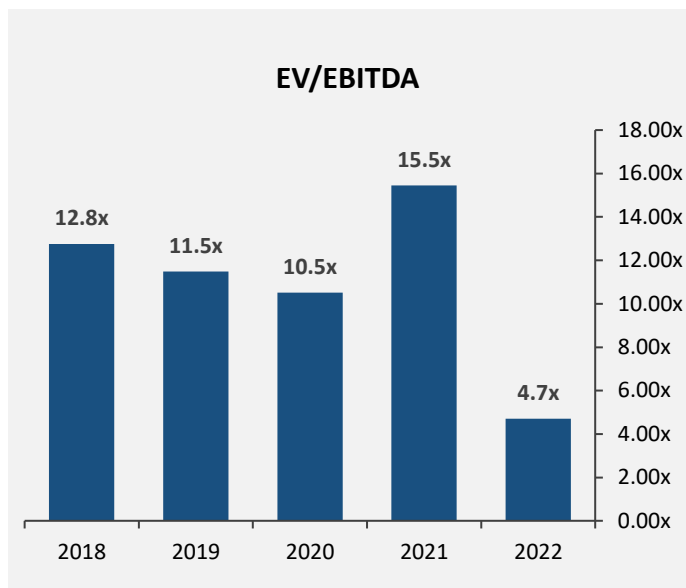
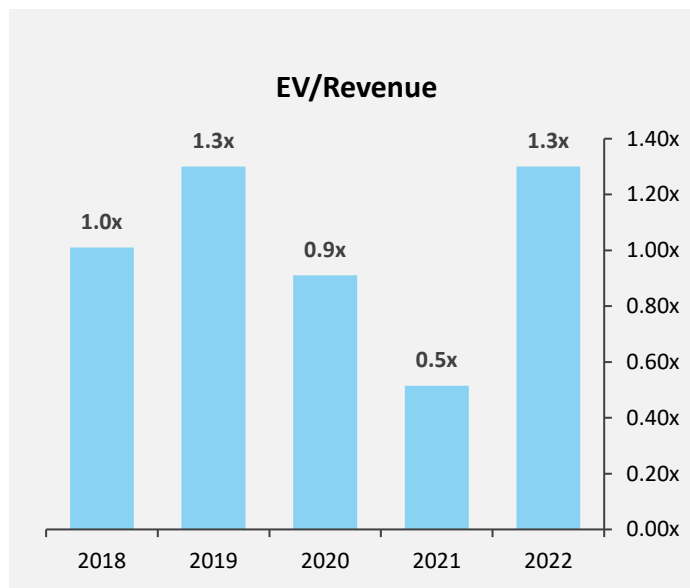


Total Capital Invested by Acquirer

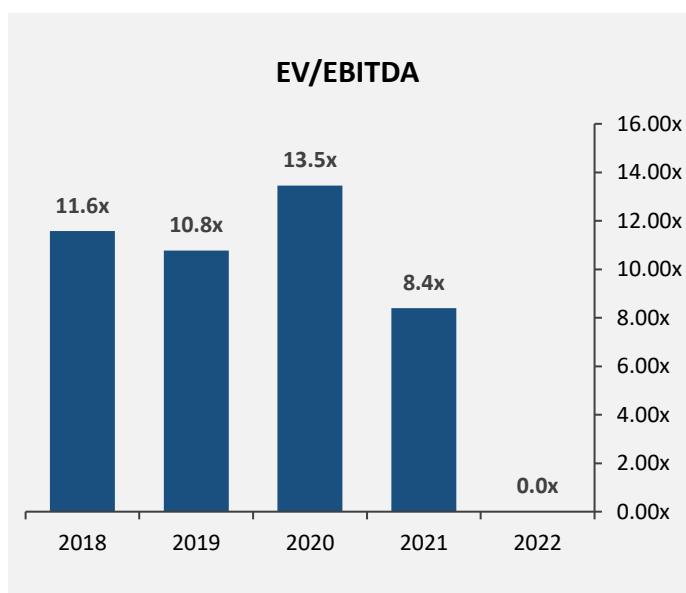
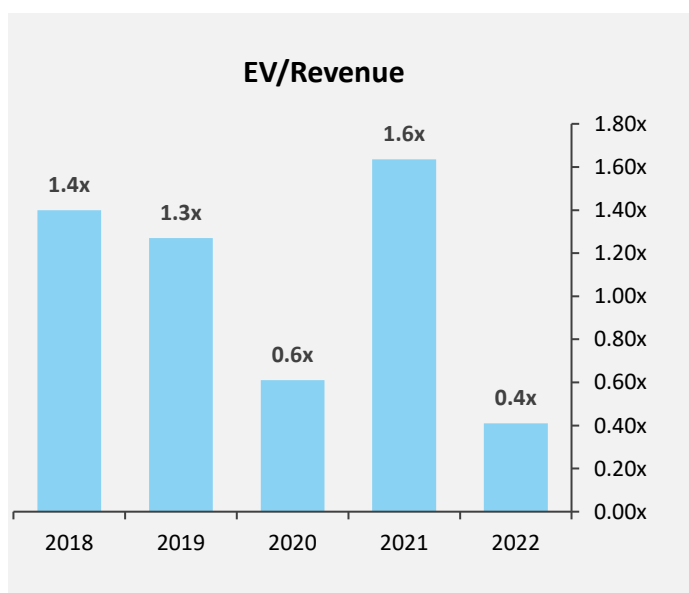


Valuation Multiples

PE Multiples



Strategic Multiples



Largest Deals (Disclosed)

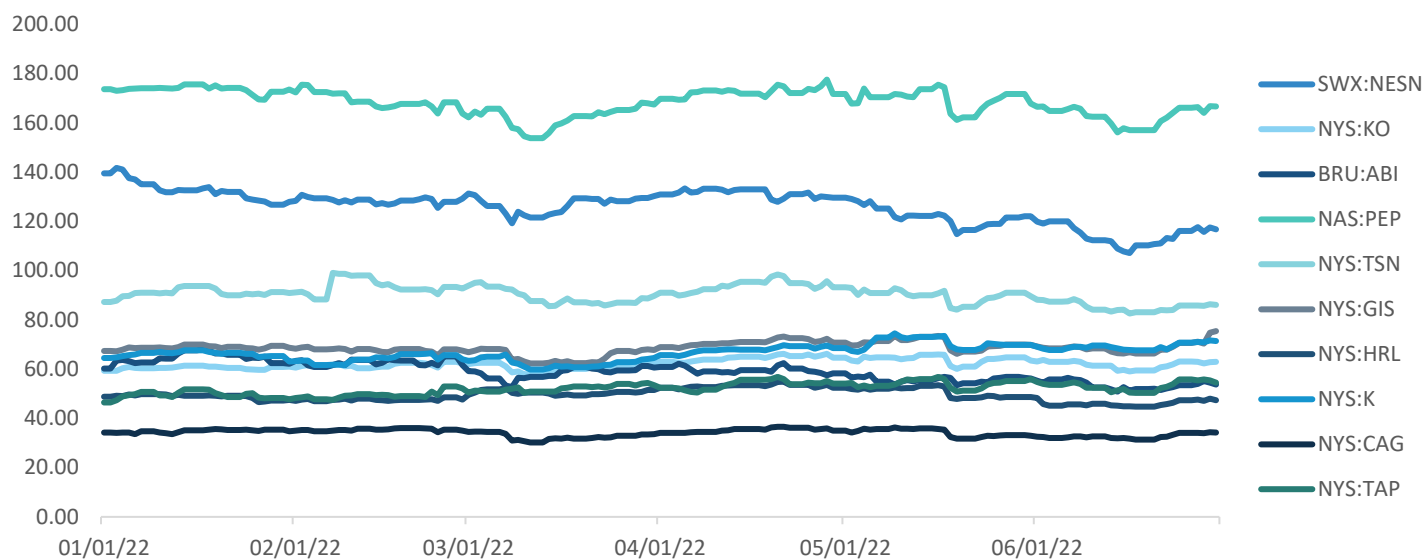
Deal Date	Company Name	Investor	Deal Type	Deal Size (\$mm)	EV		Target Business Description
					Revenue	EBITDA	
10-Jun-2022	Forafric	Globis Acquisition	Reverse Merger	300.00			Forafric Global PLC is engaged in production and sale of a variety of wheat flours, Semolina and Pasta and Couscous in Morocco and in more than 45 countries. Producer and distributor of beverage products based in Bergen, Norway.
16-May-2022	Hansa Borg Bryggerier	Royal Unibrew	Merger/Acquisition	266.85			
09-Jun-2022	Quantum Hi-Tech	Tate & Lyle	Merger/Acquisition	237.00			Producer of nutrition-based food products intended to bring microecological health in society.
30-Apr-2022	Honeywell Flour Mills	Flour Mills Nigeria	Merger/Acquisition	136.91			Honeywell Flour Mills PLC is engaged in the manufacturing of wheat-based products such as flour, semolina, whole wheat meal, noodles, and pasta. Operator of the distillery based in Sligo, Ireland.
20-Jun-2022	Lough Gill Distillery	Sazerac Company	Merger/Acquisition	74.36			
29-Apr-2022	Humble Group		PIPE	55.53			Humble Group AB is a Swedish foodtech and FMCG group.
20-May-2022	Turris Panem	Realza Capital, Suma Capital	Buyout/LBO	47.57	2.11x		Operator of a chain of bakeries intended for the production and sale of artisan bread.
29-Apr-2022	Josef Chromy Wines	Endeavour Group	Merger/Acquisition	40.58			Manufacturer of wines based in Relbia, Tasmania.
10-May-2022	BioTech Foods	JBS	Merger/Acquisition	38.49			Developer of a food technology designed to produce cultured meat.
09-Jun-2022	Egybelg	Savola Group	Merger/Acquisition	33.61			Manufacturer of bakery and yeast goods based in Cairo, Egypt.
27-May-2022	WalCor	Invitalia	PE Growth/Expansion	29.40			Manufacturer of chocolate products based in Pozzaglio ed Uniti, Italy.
20-May-2022	Ellianos	First Federal Bank of Florida	Corporate	25.00			Operator of a coffee franchise located in Lake City, Florida.
09-Jun-2022	Facundo Blanco	Corporacion Financiera Alba	PE Growth/Expansion	23.36			Producer and distributor of dried fruit and snacks based in Villada, Palencia.
16-Jun-2022	Dorot Gardens	Diplomat Holdings	Merger/Acquisition	22.59			Producer of frozen vegetable and seasoning products based out of Israel.
17-Jun-2022	Leroux		Merger/Acquisition	21.26			Producer of chicory-based products based in Orchies, France.
09-Jun-2022	LEV Group	Humble Group	Merger/Acquisition	16.38			Producer of dietary supplements as well as healthy foods intended to achieve weight loss.
01-Apr-2022	The Healthy Mummy	Halo Food	Merger/Acquisition	16.24			Provider of healthy weight loss products and consulting services intended to empower mothers to live healthier lives.
15-Jun-2022	Grupo La Finca	Capza	Buyout/LBO	15.84			Producer of meat based in San Lorenzo El Escorial, Spain.
12-May-2022	eWorld Companies		PIPE	11.00			eWorld Companies Inc through its subsidiary is engaged in the import/export the world-famous Benevento and Caponero wines.
01-Apr-2022	Major Brands Holdings	Breakthru Beverage Group	Merger/Acquisition				Wholesaler and distributor of premium alcoholic beverages located in Saint Louis, Missouri.

Leading M&A Deals

Deal	Deal Synopsis	Driver
 	<p>Wholesaler and distributor of premium alcoholic beverages located in Saint Louis, Missouri. The company offers domestic and imported beers, spirits and wines as well as specialty non-alcoholic beverages and waters. The company, a subsidiary of Wirtz, was acquired by Breakthru Beverage Group for an undisclosed amount on April 1, 2022. Through the transaction, Breakthru intends to expand its customer footprint across North America and consumer-focused strategies all with the goal of strengthening its position as the distributor of choice.</p>	Merger/ Acquisition
 	<p>Quantum Hi-Tech is a producer of nutrition-based food products intended to bring microecological health in society. The company, a subsidiary of ChemPartner, was acquired by Tate & Lyle (LON: TATE) for \$237 million on June 9, 2022. This acquisition strengthens Tate & Lyle's fortification platform and its position as a leading global player in dietary fiber, while extending its presence in China and Asia.</p>	Merger/ Acquisition
 	<p>On April 30, 2022, Honeywell Flour Mills, a subsidiary of Honeywell Group was acquired by Flour Mills Nigeria (NSA: FMNL) for \$137 million. The company is engaged in the manufacturing of wheat-based products such as flour, semolina, whole wheat meal, noodles, and pasta. This acquisition enables FMN to extend its reach across Nigeria, enhance its manufacturing capacity and create synergies to deliver improved products to consumers.</p>	Merger/ Acquisition
 	<p>Hansa Borg Bryggerier is a producer and distributor of beverage products based in Bergen, Norway. The company was acquired by Royal Unibrew (CSE: RBREW) for NOK 2.5 billion on May 16, 2022. The consideration will be paid 10% in cash and 90% in Royal Unibrew stock, consisting of an additional 2,194,257 shares. The acquisition strengthens Royal Unibrew's market position in Norway and contributes to its strategic growth initiatives.</p>	Merger/ Acquisition

Public Comps

Stock Price

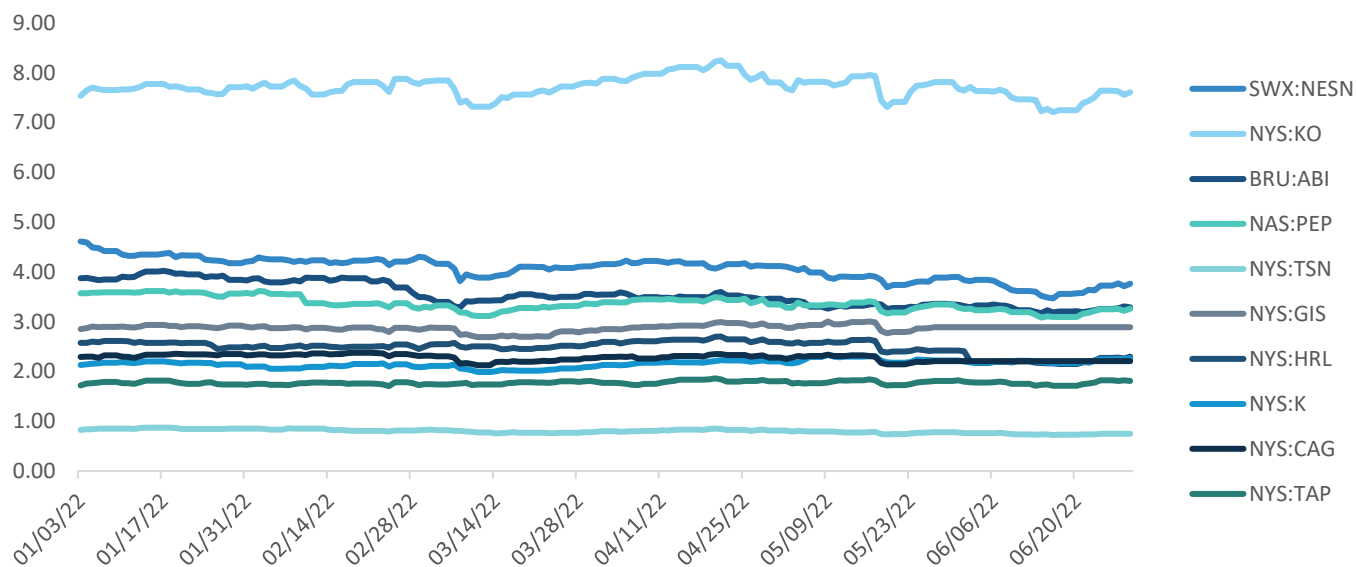


Financial & Valuation

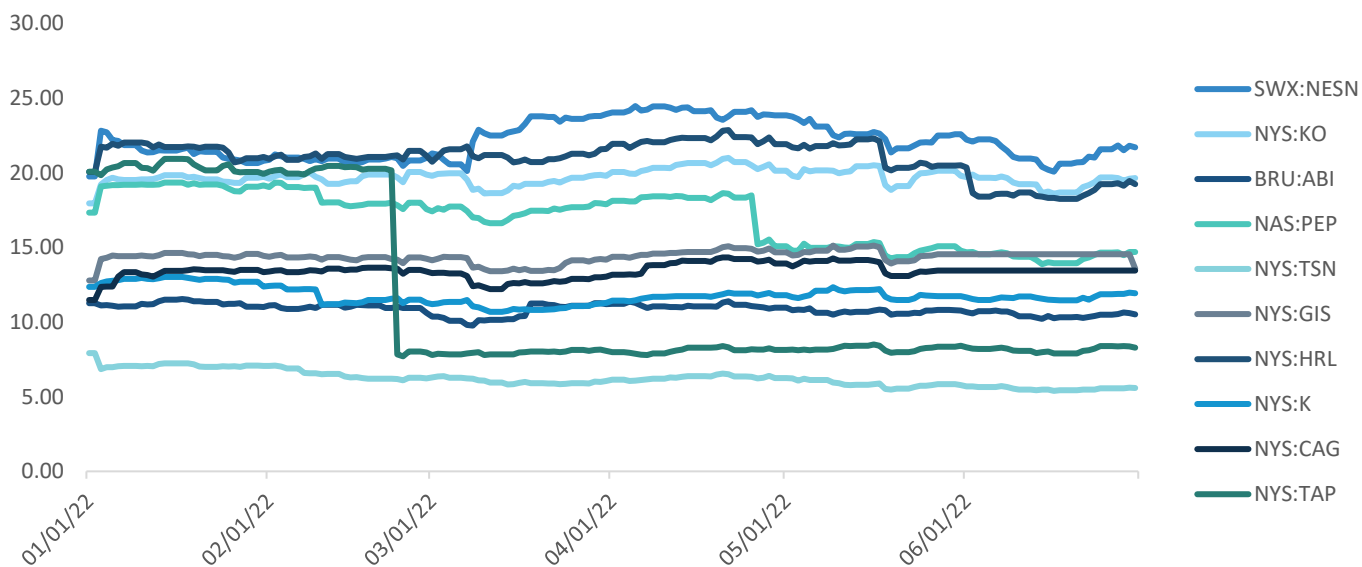
	SMM Company	Ticker	Stock Price	Market Cap	Total Debt	EV/Revenue			EV/EBITDA			Revenue Growth			Gross Margin			EBITDA Margin		
						20A	21A	22E	20A	21A	22E	20A	21A	22E	20A	21A	22E	20A	21A	22E
Food	Tyson Foods	NYS:TSN	89.6	32487.8	9364.0	0.8x	0.8x	0.8x	7.6x	6.8x	7.6x	2%	9%	4%	12%	14%	12%	10%	12%	10%
	Conagra Brands	NYS:CAG	33.6	16103.5	9384.2	2.4x	2.3x	2.3x	12.9x	12.4x	11.4x	12%	-2%	4%	28%	27%	26%	18%	19%	20%
	Kellogg's	NYS:K	64.5	21890.2	7729.0	2.2x	2.1x	2.1x	12.8x	12.6x	12.9x	-1%	5%	1%	34%	33%	33%	17%	17%	16%
	General Mills	NYS:GIS	67.7	40781.8	12269.7	2.6x	2.9x	2.8x	12.2x	14.2x	14.5x	9%	2%	3%	35%	34%	33%	22%	20%	20%
	Johnson Controls International	NYS:JCI	65.6	46054.8	8049.0	1.8x	2.7x	2.5x	20.9x	17.7x	15.9x	-7%	6%	8%	33%	34%	35%	9%	16%	16%
	Mean					2.0x	2.2x	2.1x	13.3x	12.7x	12.5x	3.0%	4.1%	4.0%	28.7%	28.5%	28.0%	15.2%	16.6%	16.5%
	Median					2.2x	2.3x	2.3x	12.8x	12.6x	12.9x	1.8%	5.1%	3.9%	33.2%	33.3%	32.7%	17.1%	16.9%	16.4%
	SMM Company	Ticker	Stock Price	Market Cap	Total Debt	EV/Revenue			EV/EBITDA			Revenue Growth			Gross Margin			EBITDA Margin		
						20A	21A	22E	20A	21A	22E	20A	21A	22E	20A	21A	22E	20A	21A	22E
Beverage	Coca-Cola	NYS:KO	62.0	268769.7	42761.0	8.0x	7.5x	7.1x	22.0x	19.2x	21.1x	-7%	13%	8%	60%	61%	60%	37%	39%	33%
	Anheuser-Busch InBev	BRU:ABI	60.6	105205.2	88830.0	4.9x	3.8x	3.5x	25.7x	9.0x	9.9x	-10%	8%	8%	59%	58%	58%	#N/A	43%	35%
	Molson Coors Beverage Company	NYS:TAP	53.4	11595.9	7207.5	1.8x	1.7x	1.6x	8.4x	19.6x	7.9x	-6%	1%	4%	39%	41%	37%	21%	9%	20%
	Nestlé	SWX:NESN	130.2	359277.5	50950.7	4.2x	4.5x	4.3x	17.9x	22.5x	19.8x	-5%	-4%	4%	49%	49%	48%	23%	20%	22%
	PepsiCo	NAS:PEP	167.4	231528.2	40780.0	3.5x	3.6x	3.4x	19.2x	19.2x	17.9x	4%	12%	3%	55%	54%	53%	19%	19%	19%
	Mean					4.5x	4.2x	4.0x	18.6x	17.9x	15.3x	-3.7%	6.0%	5.4%	52.4%	52.6%	51.3%	25.1%	21.9%	25.7%
	Median					4.2x	3.8x	3.5x	19.2x	19.2x	17.9x	-5.7%	7.6%	4.1%	55.2%	53.9%	53.3%	22.4%	19.8%	21.8%

Public Comps

EV/Revenue



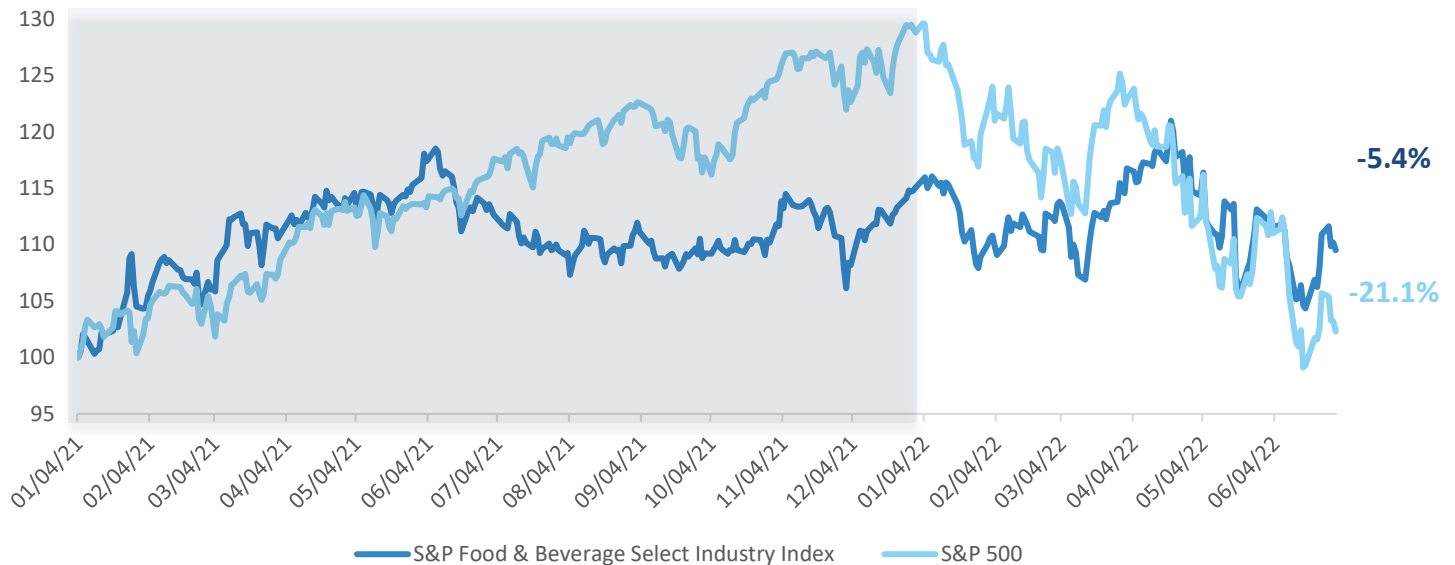
EV/EBITDA



Public Markets

Index Performance

According to S&P Global Industry Index, the food & beverage industry had a 5.4% loss compared to a 21.1% loss for the S&P 500 since January 2022.

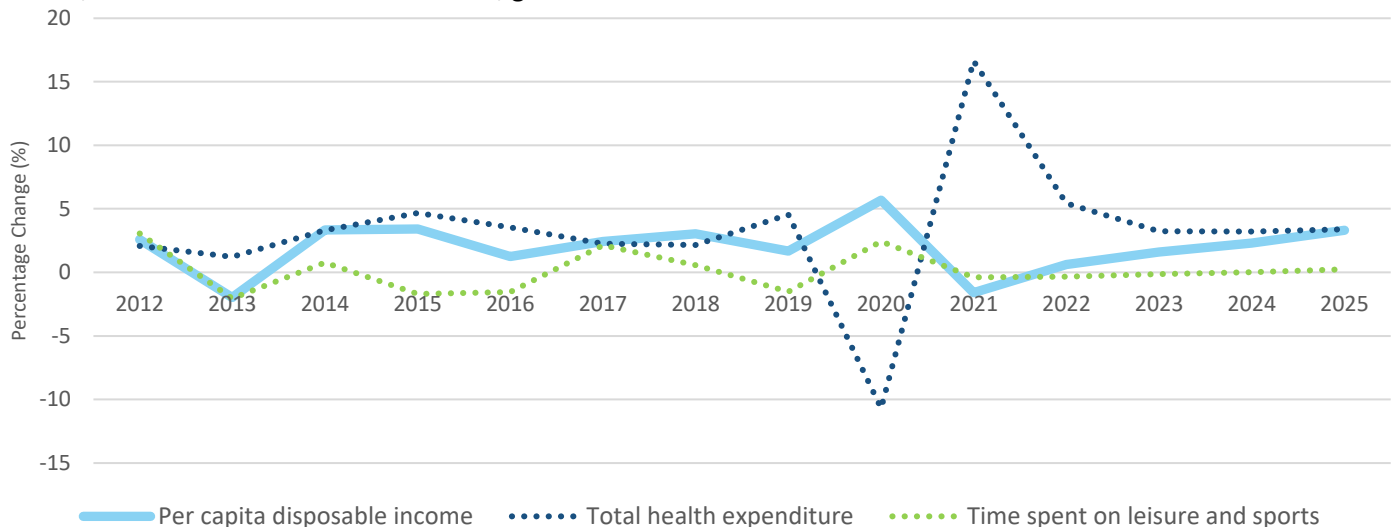


Key External Drivers

Overall, the Food & Beverage industry tends to be more stable and resistant to volatility in the broader economy than other industries. We anticipate that an adverse impact from inflation on consumer discretionary income will likely have limit consumers spending ability, causing many to move down the value chain from higher end products to more affordable ones have a negative impact on revenue.

Total health expenditure is a proxy for the degree of health-consciousness of consumers. As health-consciousness rises, consumers turn away from frozen goods to LOHAS & Wellness products (Organic, Green, Healthy...).

As consumers become busier and spend more time on leisure activities, demand for convenient and time-saving food products, such as frozen entrees and snacks, grows.



Industry Trends

Eco-Friendly Consumption

Changing consumer preferences to more environmentally-friendly consumption.

As consumers consider the effects of their economic footprint on the environment through the food and drinks they consume, one way brands have been able to differentiate themselves is by providing transparency behind their environmental impact. Brands have been able to accomplish this goal in part through the use of an Eco-Score, which evaluates the environmental impacts from A-F across the lifecycle of the product.



Russia/Ukraine Conflict

The effects of decreased supply of agricultural inputs from the region.

Currently, Russia supplies roughly 20% of the world's wheat exports, while Ukraine supplies 10%. The two countries are also top exporters of Sunflower oil, fertilizers, and other crops, and conflicts at the main transportation hubs have limited exports from these regions. Food prices, as measured by the Food Price Index (FFPI), are up 29.8% from April 2021 but have moderated a bit since their peak of 160 in March 2022.



Restaurants

Restaurants have struggled over the past 24 months with pandemic-related lockdowns and, more recent, increased prices along with a limited labor supply.

As a result of these challenges, there is an emerging trend toward digitalization of restaurants including the automation and outsourcing of delivery. Over the past two years, outsourced delivery has risen from 7% to 20% of total orders. Currently, 8 out of 10 restaurant owners believe technology is an important part of their competitive advantage and will continue to invest in this resource in coming years.



Alcohol Free Drinks

Consumer trend towards less alcoholic drinks.

There has been a steady shifting preference for consumers towards 0% alcohol-content alcoholic drinks. Products in this category include everything from beer, wine, and spirits. The total volume of these drinks is expected to grow 31% by 2024.



Our Service Offerings



Sell-Side Advisory: Sell your business

Sell your business for the highest price and for the best terms. At R.L. Hulett, communicating the value of your business to targeted buyers and finding the best fit for your team is our forte. We strive to maintain your company's culture and heritage even as you transition out of your business.



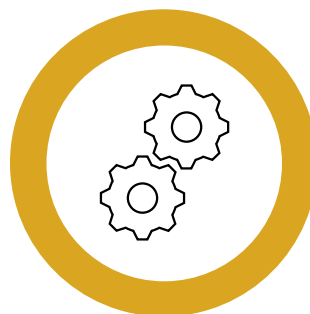
Buy-Side Advisory: Buy a business

Searching for acquisition targets can be a challenging and time-consuming task when trying to run your own business at the same time. Navigating the risks and pitfalls in negotiating valuation and deal structure can also be a daunting task for many business owners. Let our team help you minimize your risk and reduce time wasting efforts with our decades of experience in advising in both buy and sell-side M&A transactions. We utilize industry-leading M&A databases to scout for opportunities and pre-screen for "real" actionable targets so you can stay focused on what matters.



Capital Raise: Gain financial support

With nearly 40 years of experience in middle-market M&A advisory, we know how to package up your deal and put you in front of the right kind of investors who have the capital and the industry expertise you need to grow your business. Our team will develop a go-to-market strategy and advise on deal structure, valuation, due diligence and transition issues. Whether you are seeking capital for growth or trying to buy out other shareholders, we have the tools, expertise, and experience to execute a strategic process and find the optimal outcome to meet your objectives.



Restructuring: reorganization of your business

In today's uncertain economic times, more and more companies are finding themselves in unfamiliar, and unwanted, positions. Many business owners are hoping recovery is just around the corner; however, proactive measures are often required to maximize the remaining value of the business. Our team can aid banking institutions with workout situations by implementing internal controls over cash management and performing on-going cash flow modeling for their clients. We can also help business owners avoid having trouble making payments on their debts and avoid the cumbersome and low-value asset liquidation process.

Selected Transactions

Over the years, R.L. Hulett & Company has completed hundreds of transactions in a wide variety of industries. Please note that this list is not comprehensive. It is common for sellers and/or buyers to request confidentiality regarding their transactions, and R.L. Hulett & Company respects such requests as a matter of policy.



Has sold substantially all of
its assets to



R.L. Hulett
& COMPANY, INC.



TRILOGY WAREHOUSE PARTNERS

has partnered with



a portfolio company of



R.L. Hulett
& COMPANY, INC.



Has sold substantially all of
its assets to



R.L. Hulett
& COMPANY, INC.



Sold its assets to



R.L. Hulett
& COMPANY, INC.



Has sold substantially all of
its assets to



R.L. Hulett
& COMPANY, INC.



Has been acquired by



R.L. Hulett
& COMPANY, INC.

Our M&A Deal Leaders



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Mr. Hulett has led M&A transactions in a variety of industries including manufacturing/industrial, software development/IT, business services and value-added distribution for over 15 years. Prior to joining the firm, he held senior level accounting and financial management positions in both public accounting and large corporations. Mr. Hulett began his career as a Certified Public Accountant with MPP&W, a St. Louis-based public accounting firm specializing in middle market companies. He then held various management positions in internal audit and corporate accounting with a Fortune 1000 industrial manufacturing company and also spent nine years with Enterprise Rent-A-Car Company as a department manager in the Corporate Accounting group. Mr. Hulett holds his Series 62, 63 and 79 securities registration. Mr. Hulett earned a Bachelor's Degree in Accounting from the University of Missouri, Columbia.



Robert L. Hulett
Chairman Emeritus
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Mr. Hulett founded the firm in 1981 and has negotiated and completed more than 200 transactions throughout his career. He began his career as a Certified Public Accountant and practiced with Peat, Marwick, Mitchell & Co. in St. Louis as an Audit Manager and in New York as the Director of Training for Private Business. Mr. Hulett has also served as Chief Executive & Board Member for various middle market companies. As an educator, he was an adjunct professor at New York University and a tenured faculty member at Lindenwood University in St. Louis. He conducted training sessions for middle market CPA firms throughout the country for more than ten years. Mr. Hulett earned his BS/BA Cum Laude in Accounting from the University of Missouri-Columbia, and an MBA from Lindenwood University.



David T. Vass
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Mr. Vass has over 30 years of business management experience including more than 10 years as President of a highly successful consumer products manufacturing company with revenues exceeding \$25 million. During this time, he not only reversed a declining sales and earnings trend, but increased both sales and operating income over 100%. In addition, he has spent over 20 years at the executive level of Vice President of Sales and Business Development. Mr. Vass also has experience in a number of other industry niches including consumer products, commercial furniture and fixtures and metal recycling. He holds a Bachelor's Degree in Economics from DePauw University and an MBA from the University of Michigan.

Our M&A Deal Leaders



Ron Litton

Director

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Mr. Litton has been advising business owners in mergers and acquisitions since 2013. His primary industry focus areas have included industrials, paper and packaging, distribution, energy, promotional products and direct to consumer e-commerce. Prior to 2013, Mr. Litton held a variety of C-level roles with several companies in the paper and packaging industry including Unisource, Maverick Paper, Universal Graphics and Sabin Robbins. He has bought and sold a number of businesses, advised in the sale of family/founder owned businesses, and advised in start-ups and turnaround situations for banks, owners, and private equity firms. He enjoys working with owners that want to sell or transition out of their businesses. Ron covers the Kansas City and surrounding markets for the firm. He graduated from Central Missouri State University with a BS in Graphic Arts Technology and Management.



Ryan Hartman

Analyst

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Ryan joined R.L. Hulett & Company in 2021 and provides transaction support for senior-level deal managers including financial modeling, valuations, industry research, offering memorandums and a variety of presentations. Ryan graduated with a Bachelor of Science in Management Degree with a major in finance from The Freeman School of Business, Tulane University. Prior to joining the firm Ryan worked as an equity analyst for Burkenroad reports, an equity research program that produces widely circulated financial reports on small- to medium-sized companies. During his time at Tulane University, Ryan was elected as Vice President of Administration for Tulane's community government, took extensive courses in Investment Banking M&A transactions, and volunteered as a data analyst for American Red Cross.



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Lynda Hulett leads the firm's marketing, administrative and communication efforts. She maintains the firm's proprietary CRM database, manages outbound firm communications and provides administrative support to senior deal managers. Prior to joining R.L. Hulett, Lynda spent the previous ten years in various marketing and administrative functions. Most recently, she worked as a client liaison providing administrative support for a CPA firm. Prior to that, she was employed by Moneta Group, a financial services advisory firm, where she provided marketing and administrative support to the client managers. Lynda graduated from the University of Missouri – Columbia, receiving her business degree with an emphasis in Marketing.

About R.L. Hulett & Company

R.L. Hulett & Company is a middle-market investment bank based in St. Louis, Missouri. Since 1981, the firm specializes in providing financial advisory services to middle market companies. Since IB inception, the firm has advised in over 230 transactions in a variety of industries including manufacturing, distribution, business services, transportation/logistics, health care and software/technology. The firm has an experienced team of M&A advisors consisting of former business owners, seasoned corporate executives, professional service firm partners, CPAs and MBAs. Our ability to deliver customized solutions to meet or exceed our clients' expectations is what sets us apart from our competitors.

Industry Sectors Covered:



Industrial



Food & Beverage



Transportation and Logistics



Business Services



Tech-enabled Services



Healthcare

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