

2022

Food Sector M&A Trends

A LOOK INTO 22 SUB-INDUSTRIES

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Food Sector Facing Unprecedented Conditions

The food sector, which spans from snack food production to seafood preparation to meat processing and more, has seen many recent changes, especially with the COVID-19 pandemic. For a sector that is so vast, many trends vary by the sub-industry, but there are a lot of common trends as well. One trend that has affected almost the entire sector is the advancement of technology. Technology has the ability to assist, or even complete, all aspects of a business, from supply chain to manufacturing to payroll. Because it is forever evolving, it would be wise to always consider it as a possible reason to acquire a company that may offer technology that the parent company is lacking.

But recent changes have posed more uniform challenges than opportunities. There have been many supply chain slowdowns, especially with the surprising high number of food processing plants that have been damaged or destroyed over the last year. Countries are facing food shortages. Droughts have been large contributors to this, but also the Ukraine-Russia conflict has added to the problem. That area is responsible for about 30% of the global wheat exports and 65% of sunflower. Since the war began, these exports have slowed tremendously, robbing producers of their necessary ingredients. Additionally, nations across the globe have been adopting new restrictive nitrogen emission measures with regards to livestock, fertilizer, and other key inputs to food production, which will increasingly and dramatically hurt productivity.

The supply chain issue has forced companies to increase their prices. Morgan Stanley reports that as of July 2022, food prices have risen 65% since the start of COVID-19 and 12% since the start of the Ukraine-Russia conflict. Many distributors and supermarkets are starting to resist these prices and are threatening to not carry products if the producers do not negotiate. This threatens not only supply chain, but revenues, too, for food manufacturers.

Acquisition strategies can help address these issues. With more products to sell and a wider market reach, food manufacturers could reduce the threats these issues pose. See Appendices A and B for a breakdown of the sub-industries and the trends they are facing.

Four Key Trends Influencing Food Producers

As Appendix B shows, the food manufacturing industry has been affected most significantly by four trends recently: (1) increasing input costs, (2) increased consumer demand for healthier products, (3) consumer demand volatility and (4) a heightened competitive landscape. With a recession likely, companies well positioned for these trends should outperform competition. As we will share in this briefing, many recent mergers and acquisitions (M&As) have been consummated by food producers for the purpose of strengthening one's strategy in light of these trends.

M&A Activity Aimed Towards Addressing the Four Major Trends

From January 2019 to June 2022, the food sector saw a lot of fluctuation in M&A volume. The most recent transactions were motivated to address one of the four main trends mentioned above. The vast majority of acquirers were food producers, as opposed to financial buyers (private equity, hedge funds, family offices), with a focus on expanding market share and product lines. Please see Appendix C for a highlight of M&A transactions completed in the last 12 months.

Food producers are motivated to mitigate the increase in input costs (trend #1), especially the rise in labor and energy costs (up 88% in the last twelve months ending June 2022), by gaining economies of scale. Economies of scale strategies deploy producing and selling higher volumes of products to drive the overall cost per product down. For example, Kellogg has seen an increase in input costs due to strikes by employees. Its Chairman and CEO, Steven Cahillane, said that M&A is a strong possibility to address these problems because it can help increase the cash flow of the company. Companies can use acquisitions to expand their product portfolio, allowing them to sell to more people with different demands. This will boost revenues and soften the blow from the increase in input costs.

Regarding trend #2, food producers have been capitalizing on increasing consumer demands for healthy food options. The International Food Information Council's 2022 Food and Health Survey showed that more than half of all consumers (52%) are following a diet or healthy eating pattern – up from 39% in 2021. According to *FSR Magazine*, 46% of consumers want to eat healthier, making this the most highly ranked lifestyle change this year. Many in the industry have used M&As to add healthy product options to meet this growing demand all

the while gaining economies of scope (selling a wider variety of products improves efficiency and profitability). For example, in January 2021, Wingreens Farms Private Limited acquired Rakyan Beverages Private Limited for \$13.7MM. The target company, Rakyan, produces juices, almond milk, and cleanse drinks, all healthy alternatives. The acquirer, Wingreens, produces dips, sauces, pita chips, and bakery products. In September 2019, The Hershey Company purchased ONE Brands, LLC, who produces low sugar and nutritional snack bars, like their almond bliss ONE BAR, and their ONE PLANT banana nut bread. ONE Brands generates \$2.1Bn in revenues and was founded in 1999. Hershey, with \$7.8Bn in annual sales produces few healthy products. It turned to M&A as opposed to innovation to offer healthier options.

Demand has not just shifted toward healthy products, though. Trend #3 indicates that there have been many different demand shifts throughout food sub-industries. For example, consumers are purchasing more canned produce due to their lower price points versus higher-priced fresh fruits and vegetables. Also, tea demand is growing nicely due to the variety of increasing number of flavors offered. Snack food has seen an increase in demand as well because people have been spending so much time at home. See Appendix B for a more complete listing of demand shifts. Food producers can use M&A to meet these trends by diversifying their portfolios while gaining economies of scope.

Finally, trend #4 spotlights the fact that competition within the food sector has increased. M&A can be used to tackle this trend, too. According to a Deloitte survey, 68% of respondents said they are looking for international deals to overtake competitors who were able to steal much of the market share from outside the US. These respondents work in many different industries within the US. Food manufacturers should be looking to follow because it is seeing more competition enter its industry. For example, in the cereal industry, imports have increased over 50% from \$70.9MM in 2021 to \$107MM in 2022. The other industries that have seen increases in imports are Baking Mix and Prepared Food Production and Dairy Production.

M&A Transaction Multiples Have Been Increasing, But This May Change

Appendix D shows that acquirers are generally more willing to pay higher M&A transaction multiples for larger targets. For 2021-2022, food producer M&A transactions have experienced valuations in a tight range of 7.4x to 8.4x. Generally speaking, it has been a sellers' market for M&A

transactions for over a decade now. As a result, M&A transaction multiples have favored the seller as we have experienced strong M&A activity. However, because of a pending recession, for the first time, we anticipate valuation multiples to drop as we usher in a buyers' market.

Conclusion

M&A can be a wise strategic tool for acquirers with a healthy core business that can capitalize on key trends and increase shareholder value by improving profits. Appendix A shows the profit margins of the many sub-industries. If your company experiences below industry average profit margins, acquisitions of higher margined businesses may be a solution. In a looming recession, if you are a business owner that has been contemplating an exit, you should act before the market shifts to favor buyers. Preparation steps include:

1. Receive a fair market valuation to verify assumptions of company's worth.
2. Evaluate timing of a transaction which takes into account, among other things, future financial projections.
3. Evaluate readiness of being able to endure through an acquirer's due diligence process.

If you are the buyer, taking steps now in what we call the Preparation Phase is advisable.

1. Evaluate your core business and its ability to withstand a recession that could last 12-18 months.
2. Revisit the composition of internal and external resources, acknowledging that missteps often occur in due diligence and integration planning and execution. Under-resourcing or overestimating your internal team's competencies in these areas can result in risking ROI from your acquisitions.
3. Revisit assumptions on which markets you prioritize to use M&A to grow. Are your assumptions still valid on those markets? Is the priority of markets in which to acquire still in the right sequence?
4. Revisit your target list. Do you have enough targets? Often, we find that buyers have a short list of 20-40 targets when in fact they should be considering 50-100+ per end market.
5. Design unique approaches to the top prospect targets. This is often where acquirers stumble, costing a loss of time and inefficiencies that keep a motivated acquirer from being able to move into a transaction phase with a motivated seller.

Watermark Advisors, a 20-year-old FINRA member M&A advisory firm, serves clients in all three phases of M&A: Preparation Phase, Transaction Phase, & Integration Phase through a unique approach called “The M&A Bridge.” If you are contemplating an M&A transaction, please contact Hagen Rogers, Executive Managing Director at 864-527-5960 to learn more about Watermark’s unique collaborative, comprehensive approach to M&A services.



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APPENDIX A: \$867.9Bn US Food Sector Financial Performance Overview

Sub-Industry	Sub-Industry Revenue (\$ in Bn)	Historical Annual Growth '16 – '21	Projected Annual Growth '21 – '26	EBIT Margin	Industry Revenue Breakdown
1. Meat, Beef, & Poultry Processing	\$227.6	0.0%	0.6%	4.8%	Slaughtered Animal Products-43.8%; Poultry-29.5%; Processed Meats-24.7%; Meat Byproducts-2.0%
2. Dairy Product Production	\$118.0	0.9%	0.2%	2.9%	Cheese-45.2%; Fluid Milk & Milk-Based Products-33.5%; Dry, Condensed and Evaporated Milk Products-15%; Butter-6.3%
3. Margarine & Cooking Oil Processing	\$81.4	5.5%	1.1%	5.0%	Wet Corn Milling-15.7%; Soybean Oil-17.8%; Soybean Cake and Meal-37.9%; Other Oilseed Mill Products-7.1%; Fats and Oils Refining and Blending-13.3%; Other-8.2%
4. Animal Food Production	\$60.1	- 0.6%	1.2%	5.2%	Dog Food-29.2%; Cat Food-12.9%; Poultry Feeds-21.1%; Cattle Feeds-14.7; Pig Feeds-7.4%; Other Animal Foods-14.7%
5. Bread Production	\$48.7	- 0.2%	0.5%	4.5%	Bread-31.3%; Rolls, Bagels and Croissants-22.2%; Fresh Baked Desserts-15.8%; Frozen Cakes, Pies and Other Frozen Desserts-14.6%; Other-16.1%
6. Snack Food Production	\$43.0	0.7%	1.3%	15.8%	Potato Chips-24.5%; Nuts and Seeds-32.6%; Tortilla and Corn Chips-19.7%; Peanut Butter-4.6%; Other Chips Snacks-18.6%
7. Canned Fruit & Vegetable Processing	\$41.8	- 1.1%	- 1.1%	1.7%	Canned Fruits and Vegetables-25.8%; Fruit and Vegetable Juices-22.8%; Ketchup Other Tomato based sauces-14.9%; Soups, Stews, and Bouillon-8.5%; Dried and Dehydrated Fruits and Vegetables-12.2%; Pickled Products-4.0%
8. Frozen Food Production	\$35.2	0.3%	2.2%	4.3%	Frozen Prepared Foods and Entrees-44%; Frozen Vegetables-33%; Frozen Pizza-15%; Frozen Fruit and Juice Concentrates-8%
9. Baking Mix & Prepared Food Production	\$34.5	3.0%	2.4%	5.8%	Perishable Prepared Foods-52%; Egg Products-14.5%; Flavoring Powders, Tablets, and Paste-5.2%; Ready-to-mix desserts, Sweeteners, and Baking Products-8.8%; Other Food Products-19.5%
10. Cookie, Cracker, & Pasta Production	\$26.2	0.1%	0.8%	4.4%	Flour Mixes and Dough-35.8%; Cookies, wafers, Ice Cream Cones-26.8%; Crackers and Biscuits-18.7%; Dry Pasta-17.1%; Other-1.6%

Source: IBIS World 2022

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Sub-Industry	Sub-Industry Revenue (\$ in Bn)	Historical Annual Growth '16 – '21	Projected Annual Growth '21 – '26	EBIT Margin	Industry Revenue Breakdown
11. Seasoning, Sauces, & Condiments	\$25.5	3.0%	1.6%	6.1%	Mayonnaise, Salad Dressings, and Sandwich Spreads-29.3%; Prepared Sauces (Excluding Tomato)-16.2%; Dry-Mix Food Preparations-15.3%; Flavoring Extracts, Emulsions, Liquid Flavors & Colorings-20.5%; Salt, Pepper, and Other Spices-18.7%
12. Chocolate Production	\$18.8	- 0.3%	0.7%	15.8%	Chocolate Molded with Candy, Fruit, Nut or Granola- 33.9%; Plain Chocolate Bars-52.4%; Chocolate Coatings-7%; Cocoa Powder-3.4%; Cocoa Butter, Liquor, and Syrup-3.3%
13. Flour Milling	\$18.2	- 1.2%	0.2%	5.8%	Wheat Products-43.4%; Rice Products-20.1%; Corn Products-12.1%; Malt Products-6.8%; Other-17.6%
14. Seafood Preparation	\$14.5	- 0.1%	0.8%	2.5%	Prepared Frozen Fish-35.1%; Prepared Fresh Fish and other Fresh Seafood-23.7%; Prepared Frozen Shellfish-19.5%; Other Prepared Fresh and Frozen Seafood-11%; Canned Fish and Seafood-10.7%
15. Syrup & Flavoring Production	\$13.0	2.4%	1.7%	12.8%	Liquid Beverage Bases-39.3%; Flavoring Syrups-50.6%; Other Beverage Bases-9.1%; Other Flavoring Agents-1%
16. Sugar Processing	\$12.3	1.3%	0.9%	8.2%	Refined Cane Sugar-38.7%; Beet Sugar-34.3%; Raw Cane Sugar-27%
17. Candy Production	\$12.1	0.9%	1.0%	4.5%	Soft Candy-16%; Chewy Candy-32.2%; Hard Candy-15.8%; Gum-19.2%; Other-16.8%
18. Cereal Production	\$11.1	1.4%	1.1%	11.7%	Corn Breakfast Cereals-27.3%; Wheat Breakfast Cereals-16.5%; Grain Breakfast Cereals-18.6%; Oat Breakfast Cereals-19.6%; Rice Breakfast Cereals-8.3%; Hot Cereal Foods-9.7%
19. Coffee Production	\$10.7	- 5.1%	1.2%	10.7%	Roasted Beans & Ground Coffee-37.7%; Single Serve Coffee-45.3%; Ready-To-Drink Coffee-4.5%; Instant Coffee-12.5%
20. Ice Cream Production	\$8.7	- 0.7%	1.6%	5.2%	Regular Ice Cream-58.3%; Novelty Ice Cream-23.9%; Low-fat/Nonfat Ice Cream-7.7%; Other Frozen Desserts-10.1%
21. Tortilla Production	\$4.9	0.9%	3.3%	6.9%	White Flour Tortillas-43%; Corn Tortillas-49.4; Other Flour Tortillas-7.6%
22. Tea Production	\$1.6	0.7%	1.5%	9.7%	Bagged Black Tea-69.6%; Loose Black Tea-14.4%; Bagged Green Tea-12.4%; Loose Green Tea-2.6%; Other-1%

APPENDIX B: Recent Key Trends by Sub-Industry

Sub-Industries	Key Trends				
1. Meat, Beef & Poultry Processing	The industry contended with necessary supply chain adjustments to meet demand from grocery markets	Demand for industry products has been reliant on the overall economy and household income			
2. Dairy Product Production	Consumers are expected to limit purchases as prices rise and industry revenue growth is anticipated to slow	Due to increased competition from other dairy-producing countries, industry exports are expected to decelerate	Since per capita dairy consumption has stagnated, industry revenue trends have primarily been derivative to price movements		
3. Margarine & Cooking Oil Processing	Profit has moved in tandem with input cost movements	Growing interest in nutrient-dense food has spurred demand for healthier oils	The industry is expected to contend with import competition	Very slight declines in main input costs will likely enable companies to raise prices	Industry revenue has largely suffered as key agricultural prices fell to decade lows
4. Animal Food Production	Due to poor demand conditions, industry profitability has declined over the past five years	Industry operators will likely invest in brand optimization in an attempt to expand their product offerings	Demand for animal food will likely increase in the future, and thus, the number of companies entering the industry is projected to rise	Declines in the price of inputs have served to inhibit industry profits	
5. Bread Production	Consumers will become more knowledgeable about nutrition and demand healthier ingredients	Profit will fall due to increased price-based competition			
6. Snack Food Production	Higher demand for snacks has prompted downstream retailers to increase purchases of snacks	Operators are able to maintain a consistent customer base and price snacks at a premium	Operators are projected to introduce more nutritious extensions of existing snack lines	New producers will likely enter the market offering innovative and healthy snacks	New premium products have helped boost industry revenue and profit
7. Canned Fruit & Vegetable Processing	General demand from downstream grocery vendors has risen much more strongly than industry revenue	Imports' share of domestic demand has increased over the past five years, but as significant importers taper trade activity, the industry will likely benefit from the resulting void in domestic demand	Consumers have substantially increased purchases for canned produce due to the products' cost-effectiveness (indicating that this industry is likely counter-cyclical)		
8. Frozen Food Production	Many industry operators have introduced healthier alternatives due to increased health consciousness	Operators have invested in more machinery and equipment to automate packaging	Industry operators will likely begin to include more costly and healthy ingredients	Growing health concerns have caused some consumers to purchase fewer frozen foods	Operators will likely increase their prices to protect their profit levels

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9. Baking Mix & Prepared Food Production	Industry operators have strived to increase the quality and variety of products	Downstream markets have demanded more diverse products	Wage costs have increased due to the need for more highly skilled laborers	The prices of multiple key inputs are projected to increase during the outlook period	Since imported product benefit from lower input prices, imports have continued to grow
10. Cookie, Cracker, & Pasta Production	Industry performance is influenced by disposable income levels	Manufacturers will benefit from growing international demand for organic products	Producers have focused on innovating healthy products in response to shifting consumer demand		
11. Seasoning, Sauces, & Condiments	Health concerns have escalated in recent years, driving many manufacturers to introduce new products	Growing interest in innovative flavors has spurred product innovations	The increase in the price of key ingredients has weakened industry profit. Prices of key inputs for the production of sauces and condiments are anticipated to increase	Companies are expected to continue invest in technology and machinery	To maintain sustainable revenue growth, manufacturers have expanded their product lines by introducing healthier brand extensions
12. Chocolate Production	The introduction of healthier and more nutritious chocolate products has helped producers secure revenue	The prices of inputs, especially cacao beans and sugar, have been extremely volatile	Rising health consciousness among consumers has further dampened industry revenue growth		
13. Flour Milling	Global economic conditions and public concern regarding gluten have constrained demand	The number of industry establishments has also experienced moderate growth	A shift in global trade has significantly contributed to the industry's decline; however, Operators have responded to falling revenue by appealing to niche markets	The industry will likely be characterized by strong price-based competition	
14. Seafood Preparation	Though seafood prices have declined slightly, they are still historically high as a result of relative scarcity due to depleted fish stocks	Total domestic seafood landing values have grown each year, reducing domestic processors' reliance on imports	Small operators have entered the market	Profit is expected to remain stable, driven by the continued consolidation of the industry	Rising import penetration has hindered the industry, undercutting domestic producers
15. Syrup & Flavoring Production	Overall demand from downstream channels has risen substantially in 2021	Increasing health-consciousness has negatively influenced the industry	Many small companies have managed to stay in business independently by serving niche markets	Larger industry operators have been able to maintain profit by adjusting product prices	Larger operators are expected to engage in more merger and acquisition activities
16. Sugar Processing	Some sugar processing operators have already begun expanding into no-calorie products	As health consciousness rises, consumers demand products with less sugar or artificial sweeteners			

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17. Candy Production	External competition from the Chocolate Production industry and imports has intensified	Volatile commodity prices have continuously challenged the industry over the past five years	Operators have been able to raise prices due to strong demand driven by growing disposable incomes		
18. Cereal Production	Consumers have been shifting toward premium and healthier cereals	Rising commodity prices, like grains and sugars, have hampered profit margins during the period	The industry has responded to price pressures through consolidation	Due to increased competition, more companies are expected to acquire competitors	
19. Coffee Production	High commodity prices generally benefit coffee producers, since they are able to pass on rising coffee bean prices to consumers	A growing number of operators are obtaining fair trade and organic certifications to comply with growing pressure from consumers	Quality is anticipated to continue to be an integral component in driving consumer demand for industry products	Internal competition is expected to intensify as the number of enterprises is projected to increase	
20. Ice Cream Production	Sales volumes for the largest players have been lagging despite introducing new products	Smaller operators have led the charge of innovation, whereas large players have had to catch up	The price of milk, a key ingredient in many ice cream products, was very volatile during the current period	Producers will likely continue to depend on technology to automate processes	
21. Tortilla Production	Industry enterprises have allocated more funds to research and development expenditure	Profit is expected to increase as operators actively enhance their operational processes	The availability of low-cost input commodities will likely continue to be strongly tied to the industry's performance		
22. Tea Production	The industry has participated in rampant product innovation	Growing tea demand motivated several niche players to enter the industry - increasing the number of tea producers in the US	Imports are expected to increase due to the increasing popularity of US brands in niche health markets	Industry wages are forecast to grow in line with enterprises	Tea is becoming more popular due to the growing variety of flavors, strengths and sweeteners offered by manufacturers

Source: IBIS World 2022

APPENDIX C: Examples of Acquisitions in Food Manufacturing Industry, LTM

M&A Closed Date	Acquirer	Geographic Location (Acquirer)	Target	Geographic Location (Target)	Business Description [Target]	Total Enterprise Value (\$USD in MM, Historical rate)	Implied Enterprise Value/Revenues (x)
6/7/2022	Atlas Holdings LLC	Greenwich, Connecticut	Foster Poultry Farms, Inc.	Livingston, California	Operates as a packaged foods and meats producer company.	-	-
5/2/2022	Darling Ingredients Inc. (NYSE: DAR)	Irving, Texas	Valley Proteins, Inc.	Winchester, Virginia	Engages in the recovery, rendering, and recycling of animal by-products.	\$1,100.00	-
4/13/2022	LesserEvil LLC	Danbury, Connecticut	Research Enhanced Design + Development, Inc.	Brunswick, Maine	Produces and sells energy bars, chocolates, mint chocolates, oatmeal, peanut butter, and hats.	-	-
4/1/2022	The Kraft Heinz Company (NasdaqGS: KHC)	Pittsburgh, Pennsylvania	Compania Hemmer Indústria e Comércio	Brazil	Engages in the production and sale of sauces and canned food products in Brazil.	\$226.50	-
1/18/2022	Vintage Wine Estates, Inc. (NasdaqGM: VWE)	Incline Village, Nevada	Meier's Wine Cellars, Inc.	Cincinnati, Ohio	Doing business as Meier's Beverage Group, produces and retails wine.	\$35.05	2.0x
1/18/2022	The Kraft Heinz Company (NasdaqGS: KHC)	Pittsburgh, Pennsylvania	Just Spices GmbH	Germany	Manufactures and retails spices for consumers and businesses.	\$242.11	-
1/7/2022	Armstrong Group	Butler, Pennsylvania	The Ziegenfelder Company	Wheeling, West Virginia	Manufactures frozen twin pops.	-	-
1/5/2022	Wellbeam Consumer Health LLC	San Rafael, California	BioTrust Nutrition, LLC	Austin, Texas	Manufactures nutritional supplements.	-	-
1/5/2022	Signature Brands, LLC	Ocala, Florida	Brand Castle LLC	Bedford Heights, Ohio	Offers interactive baking kits for children and adults.	-	-

Source: S&P Capital IQ; Pitchbook

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12/31/2021	Chr. Hansen Natural Colors A/S	Denmark	Food Ingredient Solutions, LLC	Teterboro, New Jersey	Manufactures and distributes organic colors and natural oxidants.	-	-
12/29/2021	MamaMancini's Holdings (NasdaqCM: MMMB)	East Rutherford, New Jersey	T & L Creative Salads	Farmingdale, New York	Manufacturer and supplier of prepared food catering to supermarkets, delis, bagel stores, caterers, and distributors.	\$14.00	-
12/28/2021	The Hain Celestial Group, Inc. (NasdaqGS: HAIN)	Lake Success, New York	That's How We Roll LLC	Fairfield, New Jersey	Manufactures and markets chips, cookies, and other snack products.	\$260.87	2.4x
12/14/2021	The Hershey Company (NYSE: HSY)	Hershey, Pennsylvania	Pretzels, Inc.	Bluffton, Indiana	Provider of contract manufacturing services focused on pretzels and other snacks intended to serve leading grocers and national brands.	\$304.47	4.1x
12/13/2021	Perfect Day, Inc.	Berkeley, California	Coolhaus, Inc.	Cardiff-by-the-Sea, California	Produces ice creams.	-	-
12/1/2021	Diamond Pet Foods	Meta, Missouri	J.M. Smucker (Dry Pet Food Business)	Orrville, Ohio	Producer of pet food and pet snacks.	\$33.00	-
11/8/2021	Solina Group SAS	France	Asenzya Inc.	Oak Creek, Wisconsin	Develops and delivers custom spice blends, seasoning solutions, and functional products.	-	-
10/20/2021	Granarolo S.p.A.	Italy	Calabro Cheese Corporation	East Haven, Connecticut	Produces and distributes dairy products that include ricotta, mozzarella, burrata, and other cheeses.	-	-

Source: S&P Capital IQ; Pitchbook

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10/7/2021	Bellingham Capital	Bellingham, Washington	National Organic Products Ltd	Ireland	Produces and sells organic food products in Ireland.	-	-
9/28/2021	Lakeside Foods Inc.	Manitowoc, Wisconsin	Cher-Make Sausage Company	Manitowoc, Wisconsin	Processes and produces smoked sausage products.	-	-
9/24/2021	Pilgrim's Pride (NasdaqGS: PPC)	Greeley, Colorado	Kerry Group (Consumer Foods Division)	United Kingdom	Manufacturer of chilled food products catering to the Irish and UK markets. The company makes breakfast products and meat snacks.	\$954.06	-
9/9/2021	Foodscience Corporation	Williston, Vermont	Pet Tech Laboratories, LLC	Syracuse, Nebraska	Manufactures animal health supplements, including palatable soft chews, tablets, granules, powders, and liquids.	-	-
9/7/2021	Butterfly Equity LP	Beverly Hills, California	Chosen Foods, LLC	San Diego, California	Engages in the manufacture and marketing of packed food, oil, and beverages.	-	-
8/2/2021	Easy USA Holdings Inc.	Oskaloosa, Iowa	Furst-McNess Company	Freeport, Illinois	Agricultural company that produces customized vitamin and mineral premixes, commodity blends, and feed ingredients to the beef, dairy, poultry, and swine industry.	-	-
7/28/2021	Griffith Foods Worldwide Inc.	Alsip, Illinois	The Flavourworks Group Limited	United Kingdom	Manufactures and supplies flavored butters and related food ingredients.	-	-
7/6/2021	General Mills, Inc. (NYSE: GIS)	Minneapolis, Minnesota	Tyson Pet Products, Inc.	Independence, Iowa	Manufactures dog food in the US.	\$1,200.00	5.0x

Source: S&P Capital IQ; Pitchbook

APPENDIX D: M&A Transaction Multiples Per Sub-Industries

Sub-Industry	Average EBITDA Multiple (2021-22)	Average Enterprise Value/ EBITDA Transaction Multiples		
		\$10-\$25	\$25-\$50	\$50-\$250
1. Animal Food Manufacturing	7.9x	7.9x	7.3x	8.3x
2. Bread & Bakery Product Manufacturing	8.3x	5.5x	5.8x	8.7x
3. Cookie, Cracker, & Pasta Manufacturing	7.4x	5.9x	6.9x	9.2x
4. Bakeries & Tortilla Manufacturing	7.7x	5.4x	6.4x	9.0x
5. Baking Mix & Prepared Food/ Coffee & Tea/ Syrup & Flavoring Manufacturing	8.4x	6.4x	6.3x	8.7x
6. Other Food Manufacturing	7.9x	6.1x	6.3x	8.2x

Source: GF Data