

FOOD M&A MARKET REMAINS ACTIVE, BUYERS FOCUS ON PRODUCT VOLUME GROWTH

FOOD SECTOR UPDATE | APRIL 2024



**CAPSTONE
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CONTACT OUR FOOD SECTOR BANKER



Brian Boyle
Managing Director
312-287-9812
bboyle@capstonepartners.com

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Food

Food M&A Market Remains Active, Buyers Focus on Product Volume Growth

KEY SECTOR TAKEAWAYS

Capstone Partners' Consumer Investment Banking Group is pleased to share its Food sector report. Merger and acquisition (M&A) activity in the Food sector has remained strong through year-to-date (YTD), registering a slight uptick year-over-year (YOY). Transaction activity in the space has been supported by a healthy pool of acquisitive strategics and sponsor-backed businesses. Several additional key takeaways are outlined below.

1. Acquirers in the Food sector have increasingly examined target companies' product volume growth as food price increases are anticipated to decelerate throughout 2024.
2. Average sector purchase multiples have remained robust, outpacing average M&A multiples in the broader Consumer industry through YTD.
3. The Branded subsector has continued to yield considerable levels of M&A activity to-date as strategics have vertically integrated value-added products with strong brand recognition.
4. Deal flow in the Distribution subsector has tapered off YTD, driven by food disinflation.
5. The Processing subsector has continued to comprise the lion's share of sector transaction activity through YTD, led by contract manufacturing targets.
6. As of February 29, average public company last twelve-month (LTM) EBITDA margins have either increased or remained the same YOY in nearly every area of the Food sector.

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To learn more about Capstone Partners' wide range of advisory services and Food sector knowledge, please [contact us](#).

EXPECTED FOOD PRICE DECELERATION PRIORITIZES VOLUME GROWTH

The Food sector has showcased significant defensibility amid elevated inflation and interest rates, evidenced by healthy levels of M&A activity through YTD. While heightened food inflation plagued consumers for much of 2023, the sector's M&A market has persevered as participants' raised prices in accordance with inflation. Of note, the consumer price index (CPI) for all food products rose 3.1% YOY in January 2024, according to the U.S. Department of Agriculture.¹ However, food inflation is forecasted to moderately decelerate in 2024, with the CPI for all food products anticipated to increase 2.9% by year end. The expected price deceleration will likely prompt acquirers in the space to increasingly focus on target companies with product volume-driven earnings growth. The impacts of food price deceleration on company performance and M&A opportunities will heavily depend on the subsector. Notably, M&A activity in the Distribution space will likely trail other areas of the sector as distributors lose pricing power.



Public players in the sector have demonstrated significant margin strength, due in part by elevated food prices. As of February 29, average public company LTM EBITDA margins either increased or remained the same YOY in nearly every area of the market barring Grocery Distribution and Protein Processing. Food input costs are also expected to decline throughout 2024, further bolstering public company margins and expanding available acquisition capital. Of note, General Mills (NYSE:GIS) forecasted an 8% YOY decline in input cost inflation in 2024, according to the company's 2023 investor presentation.²

Key Sector M&A Trends in 2023 and 2024



Manufacturing constraints in the Baked Goods & Snacks category have spurred both strategic and financial acquirers to pursue branded and non-branded assets in the space.



Strategic buyers have been prominent in the Confectionary & Desserts category, primarily targeting participants that can offer supply chain and distribution synergies.



The Ingredients category has been highly sought after by both strategic and financial buyers. Strategics have looked to enhance product offerings, while sponsors have pursued new platforms to consolidate the space.



Deal flow in the Dairy & Meat category has been primarily driven by strategic buyers' motivation to vertically integrate participants and deliver value-added processing services.



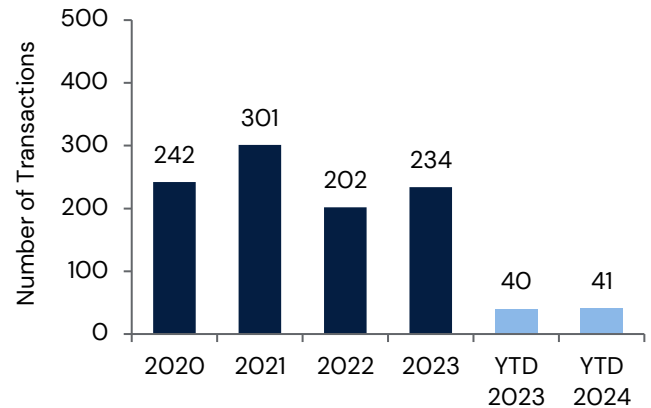
M&A activity in the Food Distribution space has slowed year-over-year as of the end of February as the deflationary environment has reduced distributors' pricing power.

Source: Capstone Partners

M&A VOLUME AND VALUATIONS REMAIN ROBUST

M&A activity in the Food sector has persisted despite broader macroeconomic headwinds. Sector deal volume has reached 41 transactions announced or completed YTD, on pace YTD 2023 levels (40 deals). Sector transaction activity has also outperformed the broader U.S. M&A market, which experienced a decline of 24.1% YOY in 2023. Inelastic consumer demand for food products has upheld many sector participants' bottom lines throughout recent input price hikes. In addition, input cost increases have often been passed on to the consumer, further bolstering participants' revenue and earnings. These factors have continued to incite buyer interest in the Food sector, especially for branded food and food processing businesses with product volume-driven earnings growth.

2024 Food M&A Activity Starts Strong



Year-to-date (YTD) ended February 29
 Source: Capital IQ, FactSet, PitchBook, and Capstone Partners

Strategic buyers have continued to control the Food M&A market. Strategics accounted for 65.8% of sector deals in 2023 and have comprised 51.2% of transactions YTD. Private equity firms remained on the sidelines for much of 2023 as an elevated interest rate environment hindered transaction financing. Despite this, financial acquirers have comprised nearly half (48.8%) of Food sector deals in YTD. While it may be too early to categorize this uptick as sponsors' reentrance into the M&A market, certain pockets of the sector have undoubtedly garnered heightened buyer interest from sponsor-backed acquirers. Of note, private equity add-on engagements in the Branded subsector have risen 250% YOY in YTD 2024. Sponsors' eventual return to the M&A market will likely be catalyzed by limited partner (LP) pressure to generate returns and the significant levels of dry powder left to deploy, totaling \$1.5 trillion in 2023. In addition, the majority (\$955.7 billion) of dry powder is held in U.S.-domiciled funds, providing a favorable outlook for stateside deals in 2024.

Food Sector Valuation Analysis

Valuation Method	Average Revenue Multiple	Average EBITDA Multiple
Food Sector M&A Transactions (2021-YTD)	1.9x	12.8x
Consumer Industry M&A Transactions (2021-YTD)	1.8x	10.4x

Year-to-date (YTD) ended February 29
 Source: Capital IQ, FactSet, PitchBook, and Capstone Partners

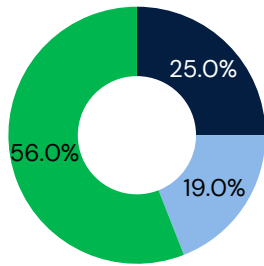
Valuation Insight

M&A transaction multiples in the Food sector have remained robust, averaging 1.9x EV/Revenue and 12.8x EV/EBITDA from 2021 through YTD. Sector purchase multiples have continued to outpace valuations in the broader Consumer industry, which averaged 1.8x EV/Revenue and 10.4x EV/EBITDA during the same period. While there have been a number of large-scale acquisitions in the Food sector during this period, middle market participants with sticky customer bases and significant revenue visibility have commanded strong M&A pricing. Purchase multiples for middle market deals in the Food sector have averaged 1.9x EV/Revenue and 12.6x EV/EBITDA from 2021 through YTD. Capstone expects M&A pricing in the sector to remain healthy throughout 2024 as acquirers look to submit competitive bids for quality assets.

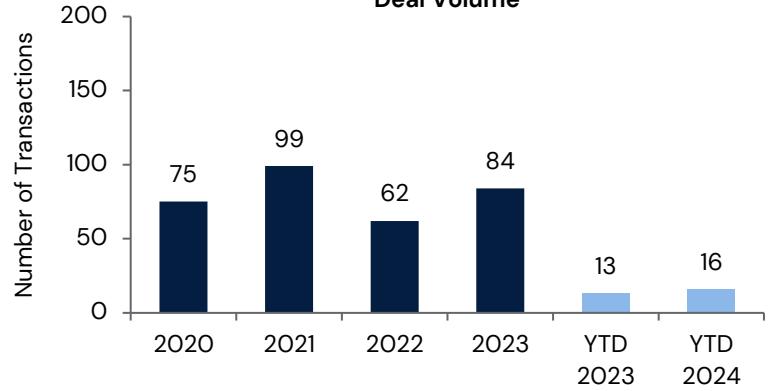
FOOD M&A MARKET ANALYSIS BY SUBSECTOR

Branded Food

2023 Deal Segmentation
 ■ Fresh ■ Frozen ■ Shelf-Stable

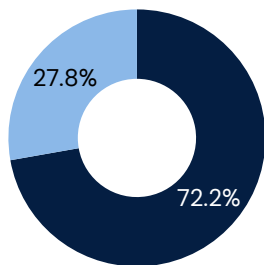


Deal Volume

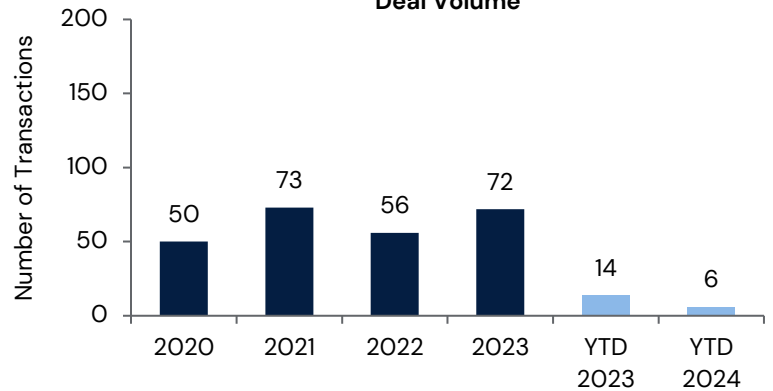


Food Distribution

2023 Deal Segmentation
 ■ Grocery ■ Food Service

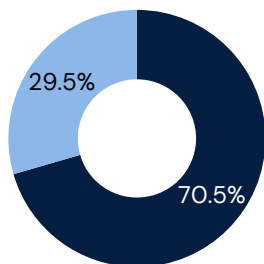


Deal Volume

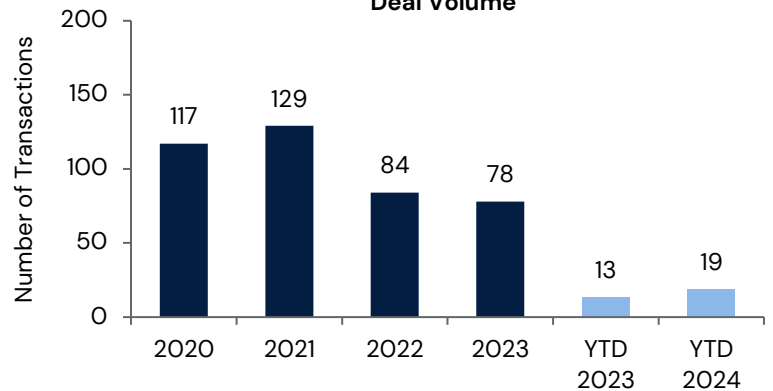


Food Processing

2023 Deal Segmentation
 ■ Contract Manufacturing ■ Private Label



Deal Volume



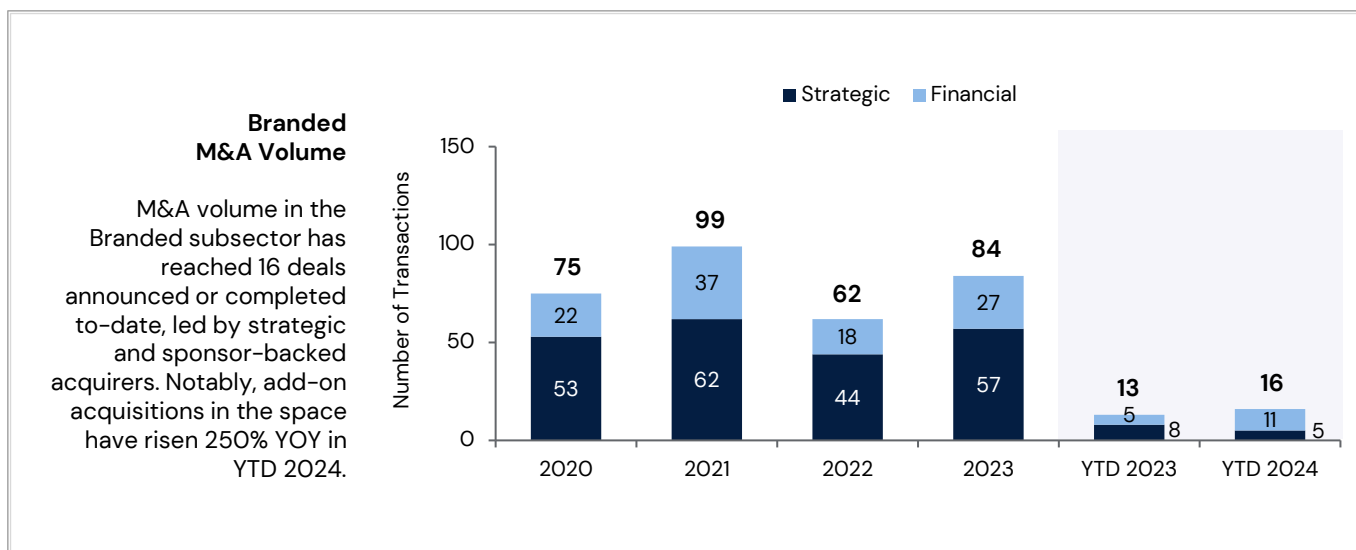
Year-to-date (YTD) ended February 29
 Source: Capital IQ, FactSet, PitchBook, and Capstone Partners

PRIVATE EQUITY DEALS DRIVE BRANDED FOOD M&A

The Branded subsector of the Food M&A market enjoyed strong acquisition appetite in 2023 and has continued to yield considerable levels of transaction activity to-date. M&A volume in the subsector has risen 23.1% YOY in YTD 2024, with a heavy concentration in the Dairy & Meat category (25% of deals YTD). Strategic and sponsor-backed acquirers have buoyed deal flow in the Branded Meat space, integrating products with substantial brand recognition. Middle market participants have been the primary benefactor of this trend. Of note, Tyson Foods (NYSE:TSN) acquired Williams Sausage in February 2023 for an enterprise value of \$220 million. Williams' suite of branded breakfast meats will be absorbed into Tyson's Prepared Foods business.



Trivest Partners-backed Miami Beef acquired Hofmann Sausage in February 2024. Terms of the transaction were undisclosed. Hofmann produces branded meat products including beef and pork franks, smoked sausage, and beef jerky. The addition of Hofmann supports Miami Beef's inorganic strategy to become a leading grilled meat producer. "Our plan is to turbo-charge the growth of Hofmann's footprint throughout the country and continue to look for complementary brands to acquire," said Miami Beef CEO, Robert Young, in a press release.³



Branded M&A Market by Product Category
(Percent of Branded Transactions)

	Baked Goods & Snacks	Confectionary & Desserts	Dairy & Meat	Fruit & Vegetable	Seafood	Ingredients	Other
2020	26.7%	25.3%	22.7%	1.3%	0.0%	12.0%	12.0%
2021	31.3%	20.2%	15.2%	0.0%	1.0%	14.1%	18.2%
2022	25.8%	25.8%	17.7%	4.8%	0.0%	8.1%	17.7%
2023	28.6%	21.4%	13.1%	1.2%	0.0%	11.9%	23.8%
YTD 2023	38.5%	0.0%	7.7%	0.0%	0.0%	23.1%	30.8%
YTD 2024	12.5%	25.0%	25.0%	12.5%	0.0%	0.0%	25.0%

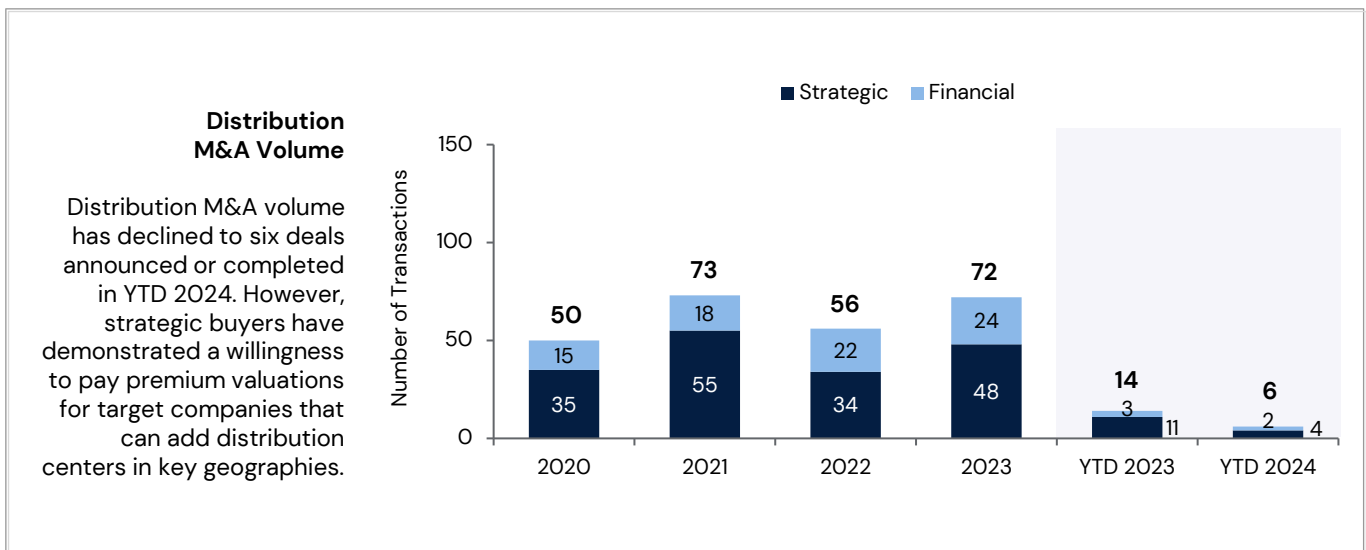
Year-to-date (YTD) ended February 29
Source: Capital IQ, FactSet, PitchBook, and Capstone Partners

PRICE DECELERATION HINDERS FOOD DISTRIBUTION M&A

Contrary to many other areas of the Consumer industry, the Food Distribution subsector generated strong levels M&A activity as a result of rapid price increases in 2022. Healthy M&A volume in the space continued into 2023. However, YTD transaction activity has declined 57.1% YOY as the deflationary environment has created headwinds for subsector operators. Strategic buyers have continued to lead the Distribution subsector M&A market, favoring broadline distribution targets. In YTD 2024, the Broadline category has comprised two-thirds of subsector deals with specialty distributors accounting for the remaining third. Capstone anticipates deal flow in the Distribution space to remain muted for much of 2024 until food prices rebound.



In May 2023, US Foods (NYSE:USFD) acquired Renzi Foodservice for an enterprise value of \$142 million. Renzi operates as a broadline food service distributor, delivering a range of products to restaurants, schools, and healthcare facilities. The transaction enables US Foods to further expand its reach into upstate New York where the company does not have a distribution center. In addition to incorporating Renzi’s 110,000 square foot facility, the acquisition is expected to add more than \$180 million in annual revenue to US Foods’ balance sheet, according to a press release.⁴



Distribution M&A Market by Product Category
(Percent of Distribution Transactions)

	Broadline	Ingredients	Specialty
2020	52.0%	6.0%	42.0%
2021	39.7%	8.2%	52.1%
2022	37.5%	8.9%	53.6%
2023	50.0%	8.3%	41.7%
YTD 2023	21.4%	0.0%	78.6%
YTD 2024	66.7%	0.0%	33.3%

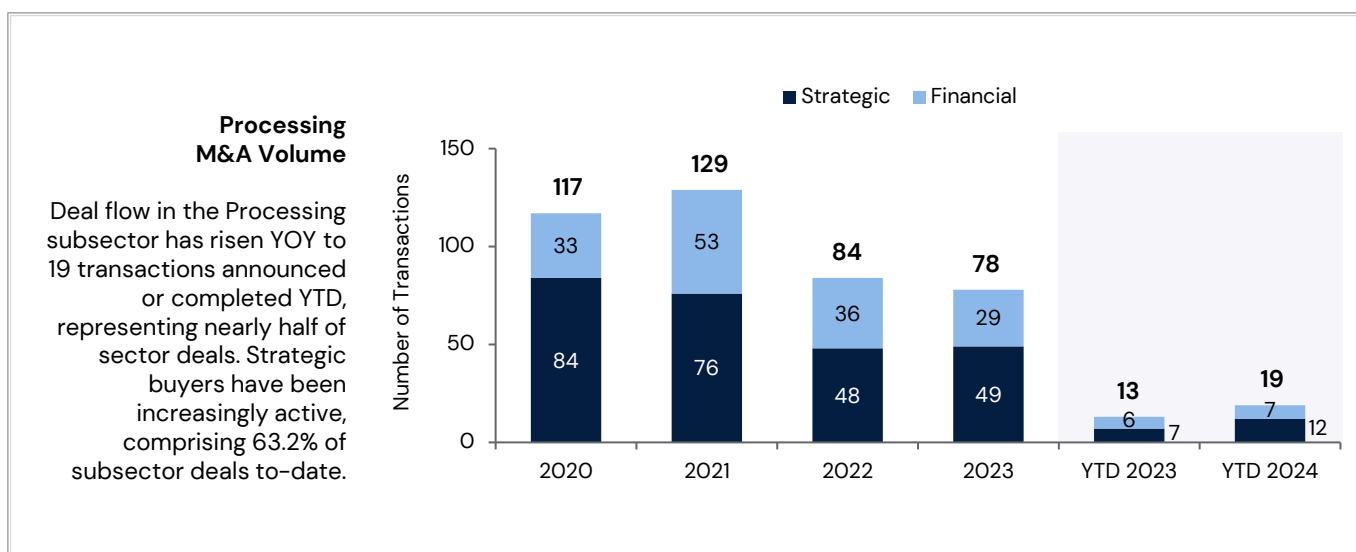
Year-to-date (YTD) ended February 29
Source: Capital IQ, FactSet, PitchBook, and Capstone Partners

FOOD PROCESSING M&A CLIMBS AMID MANUFACTURING CONSTRAINTS

Retailers and food service businesses have increasingly relied on food processors as a cost-effective, efficient option for manufacturing needs. As a result, M&A volume in the Processing subsector has reached 19 transactions announced or completed in YTD 2024. This marks an increase of 46.2% over the prior year period. Driven by widespread manufacturing constraints in the Baked Goods & Snacks category, both branded and non-branded (processing) assets have piqued acquirer interest. The Baked Goods & Snacks category has comprised 15.8% of processing deals to-date, representing a slight uptick from full year 2023. While the Contract Manufacturing segment has continued to lead subsector M&A, private label providers have also been in high demand.



Grupo Bimbo (BMV:BIMBO A) acquired Mile Hi Foods in October 2023 for an undisclosed sum. The acquisition includes Mile Hi's Commercial Baking and Distribution businesses. Mile Hi serves the Food Service end market, providing contract manufacturing services for baked goods such as English muffins and buns. Grupo Bimbo pursued to acquisition to bolster its processing services for quick service restaurant (QSR) customers with high-speed baking capabilities. Mile Hi's bakery has the capacity to produce 60,000 buns per hour, according to the company's website.⁵



Processing M&A Market by Product Category
(Percent of Processing Transactions)

	Baked Goods & Snacks	Confectionary & Desserts	Dairy & Meat	Fruit & Vegetable	Seafood	Ingredients	Other
2020	16.2%	5.1%	21.4%	3.4%	13.7%	26.5%	13.7%
2021	23.3%	6.2%	20.9%	5.4%	7.0%	28.7%	8.5%
2022	20.2%	10.7%	21.4%	6.0%	6.0%	22.6%	13.1%
2023	15.4%	7.7%	12.8%	5.1%	19.2%	25.6%	14.1%
YTD 2023	0.0%	15.4%	15.4%	7.7%	23.1%	23.1%	15.4%
YTD 2024	15.8%	0.0%	21.1%	31.6%	5.3%	21.1%	5.3%

Year-to-date (YTD) ended February 29
Source: Capital IQ, FactSet, PitchBook, and Capstone Partners

SELECT FOOD M&A TRANSACTIONS

BRANDED FOOD

Date	Target	Acquirer	Target Business Description	Segment	Category
02/29/24	Better Than Brittle	Fawson and Hancock Foods	Produces and sells peanut butter candies through online and in-store retailers.	Shelf-Stable	Confectionery & Desserts
02/13/24	Small Batch Organics	RIND Snacks	Produces and sells different flavored granola products through its distribution network.	Shelf-Stable	Baked Goods & Snacks
02/07/24	Assets of Summit Naturals	Creations Foods US	Comprises manufacturing operations of low-carb and low- or no-sugar cookies.	Shelf-Stable	Confectionery & Desserts
02/01/24	No Man's Land Foods	Bansk Group	Engages in the production of meat snacks focused on beef products.	Shelf-Stable	Dairy & Meat
01/30/24	Ajinomoto Foods' Italian Food Portfolio	Seviroli Foods	Comprises frozen and ethnic food production business.	Frozen	Other
01/01/24	Wallaby Yogurt	Platinum Equity	Produces and supplies organic yogurts through grocery retailers.	Fresh	Dairy & Meat

FOOD DISTRIBUTION

Date	Target	Acquirer	Target Business Description	Segment	Category
02/28/24	Censea	Infresh Foods Private	Imports and distributes frozen seafood products to retail stores in the U.S.	Grocery	Specialty
02/15/24	Institutional Wholesale	US Foods (NYSE:USFD)	Operates as a food distribution company for restaurants, hotels, and schools.	Food Service	Broadline
01/26/24	B & B Food Distributors	Raydia Food Group	Distributes a broad range of food products to supermarkets.	Grocery	Broadline
01/16/24	Surge Distribution	Loud Beverage Group (OTCPK:LBEV)	Engages in the distribution of food products to grocery retailers.	Grocery	Broadline
12/11/23	Dmb Distribution Alimentaire	MB Investissements	Offers distribution services to supermarkets and large grocery stores in Québec, Canada.	Grocery	Broadline
12/01/23	The Sproutman	Jonathan Sprouts	Engages in the distribution of packaged sprouts for grocery stores and supermarkets.	Grocery	Specialty

FOOD PROCESSING

Date	Target	Acquirer	Target Business Description	Segment	Category
02/13/24	Benson Hill Ingredients	White River Soy Processing	Engages in the production of ingredients for food and cooking oils.	Contract Manufacturing	Ingredients
02/07/24	Ahold Delhaize's Meat Processing	Cargill	Comprises two meat processing facilities.	Contract Manufacturing	Dairy & Meat
02/07/24	Infinity Meat Solutions' Meat Processing	Cargill	Comprises two meat processing facilities.	Contract Manufacturing	Dairy & Meat
01/26/24	Ingomar Packing	Kagome (TSE:2811)	Processes and packages tomato paste.	Contract Manufacturing	Fruit & Vegetable
01/16/24	Patriot Pickle	H.I.G. Capital	Processes private label pickles.	Private Label	Fruit & Vegetable
01/04/24	Weaver Popcorn Manufacturing	AUA Private Equity Partners	Produces private label popcorn and provides co-packing services.	Private Label	Baked Goods & Snacks

Source: Capital IQ, PitchBook, FactSet, and Capstone Partners

STRATEGIC BUYER UNIVERSE

Capstone has an intricate knowledge of the strategic buyer universe through ongoing conversations with sector participants and a track record of successful outcomes for business owners in the space. Included below are a sample of strategic buyers in the Food sector.

Select Strategic Acquirers



Source: Capstone Partners

FINANCIAL BUYER UNIVERSE

Financial buyers can serve as a valuable partners to fuel the next chapter of growth or liquidity for privately owned companies. Capstone is in constant communication with the leading middle market private equity firms in the space, with a selection of financial acquirers included below.

Select Financial Acquirers



Source: Capstone Partners

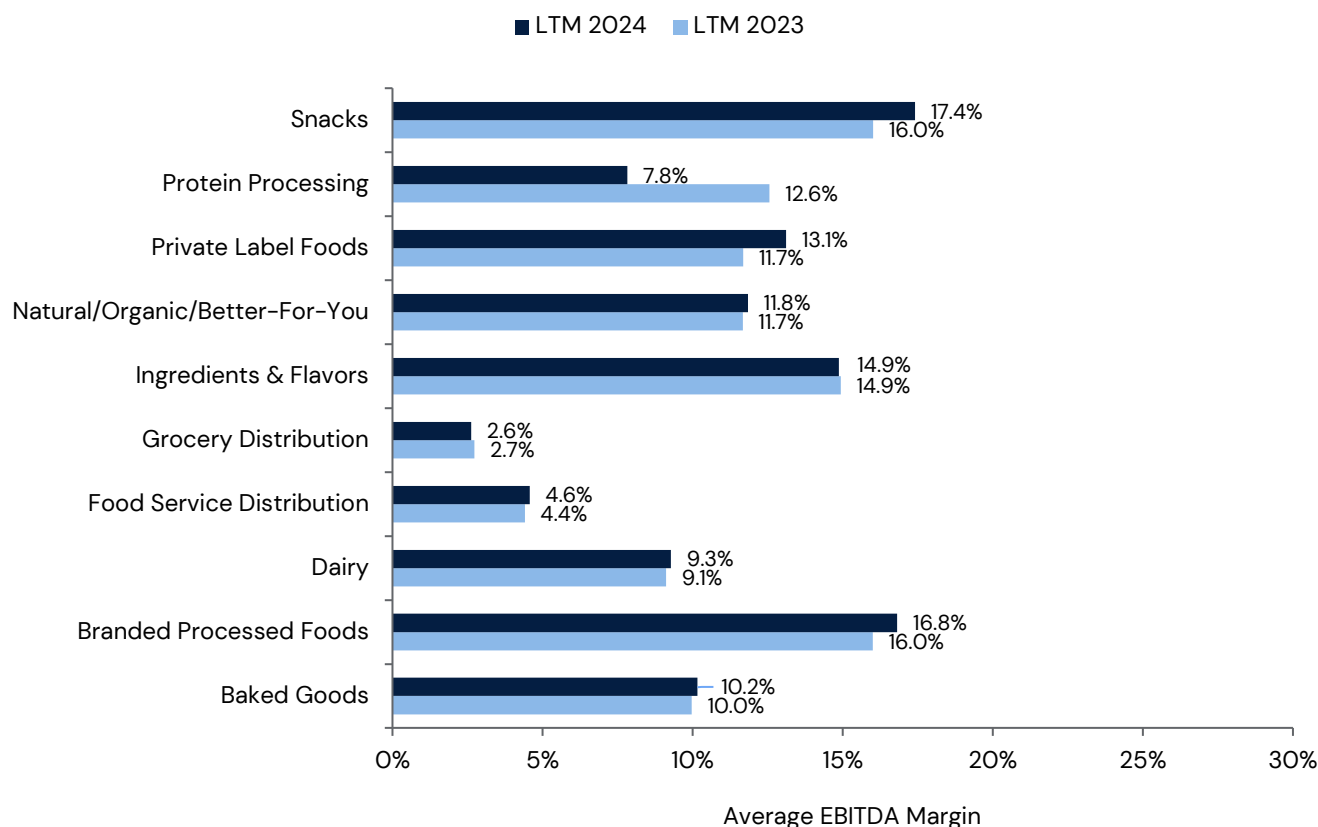
FOOD SECTOR PUBLIC COMPANY DATA

Segment	% 52 Wk High	EV / LTM		EBITDA Margin	EV / NTM	
		Revenue	EBITDA		Revenue	EBITDA
Baked Goods	83.4%	0.9x	9.1x	10.2%	0.9x	7.9x
Branded Processed Foods	78.7%	2.2x	13.3x	16.8%	2.2x	11.9x
Dairy	88.0%	1.0x	10.2x	9.3%	1.0x	9.0x
Food Service Distribution	96.8%	0.5x	11.2x	4.6%	0.5x	9.8x
Grocery Distribution	55.8%	0.2x	5.9x	2.6%	0.2x	7.1x
Ingredients & Flavors	80.8%	1.9x	14.4x	14.9%	2.4x	12.7x
Natural/Organic/Better-For-You	73.0%	2.0x	16.4x	11.8%	1.8x	12.7x
Private Label Foods	78.7%	1.5x	10.6x	13.1%	1.8x	9.8x
Protein Processing	88.5%	0.7x	12.9x	7.8%	0.8x	7.9x
Snacks	79.6%	2.6x	14.9x	17.4%	2.9x	14.7x

EV = enterprise value; LTM = last twelve months
 \$ in millions, except per share data
 NM = Not Meaningful

Source: Capital IQ and Capstone Partners as of February 29, 2024

Sector Public Companies Exhibit Margin Strength Year-Over-Year



Last twelve-months (LTM) as of February 29
 Segment Indexes Include: Baked Goods: 2212, ARYN, BIMBO A, FLO, WN; Branded Processed Foods: ABF, BGS, CAG, CPB, GIS, HRL, HSY, K, MDLZ, MKC, NESN, PBH, POST, SJM; Dairy: BN, EMMN, GL9, SAP, SAVE; Food Service Distribution: CHEF, GCL, PFGC, SY, USFD; Grocery Distribution: SPTN, UNFI; Ingredients & Flavors: BCPC, CRBN, DAR, DSFIR, GIVN, GL9, IFF, INGR, KRZ, MGPI, RSI, SOY, SXT, SY1, TATE; Natural/Organic/Better-For-You: HAIN, SMPL, SOY; Private Label Foods: LW, SENE A, THS; Protein Processing: 288, AUSS, CALM, HRL, JBSS3, MRFG3, PPC, SEB, TSN, TU; Snacks: HSY, JBSS, JJSF, MDLZ, PEP, TR
 Source: Capital IQ and Capstone Partners

BAKED GOODS

Company	Price 02/29/24	% 52 Wk High	Market Cap	Enterprise Value	LTM			EV / LTM	
					Revenue	EBITDA	Margin	Revenue	EBITDA
ARYZTA AG	\$1.77	89.2%	\$1,757.7	\$2,185.0	\$2,376.6	\$261.9	11.0%	0.9x	8.3x
Flowers Foods, Inc.	\$22.42	77.0%	\$4,720.9	\$6,049.2	\$5,090.8	\$486.1	9.5%	1.2x	12.4x
George Weston Limited	\$130.97	96.4%	\$17,622.1	\$36,767.1	\$45,526.8	\$4,444.8	9.8%	0.8x	8.3x
Grupo Bimbo, S.A.B. de C.V.	\$4.18	68.9%	\$18,352.7	\$26,189.8	\$23,653.2	\$3,145.9	13.3%	1.1x	8.3x
Yamazaki Baking Co., Ltd.	\$23.52	85.3%	\$4,765.7	\$4,706.9	\$8,339.6	\$595.4	7.1%	0.6x	7.9x
Mean							10.2%	0.9x	9.1x
Median							9.8%	0.9x	8.3x
Harmonic Mean							9.7%	0.9x	8.8x

BRANDED PROCESSED FOODS

Company	Price 02/29/24	% 52 Wk High	Market Cap	Enterprise Value	LTM			EV / LTM	
					Revenue	EBITDA	Margin	Revenue	EBITDA
Associated British Foods plc	\$28.72	91.5%	\$21,568.2	\$24,550.9	\$24,494.3	\$2,496.6	10.2%	1.0x	9.8x
B&G Foods, Inc.	\$11.55	69.2%	\$908.1	\$2,984.6	\$2,062.3	\$310.4	15.1%	1.4x	9.6x
Campbell Soup Company	\$42.64	76.1%	\$12,711.0	\$17,620.0	\$9,271.0	\$1,742.0	18.8%	1.9x	10.1x
Conagra Brands, Inc.	\$28.08	72.1%	\$13,422.4	\$22,500.7	\$12,171.9	\$2,271.7	18.7%	1.8x	9.9x
General Mills, Inc.	\$64.18	70.6%	\$36,447.2	\$48,757.2	\$20,200.0	\$4,090.5	20.3%	2.4x	11.9x
Hormel Foods Corporation	\$35.32	82.9%	\$19,344.3	\$21,678.1	\$12,135.9	\$1,308.0	10.8%	1.8x	16.6x
Kellogg Company	\$55.15	76.3%	\$18,788.4	\$25,225.4	\$13,122.0	\$1,820.0	13.9%	1.9x	13.9x
McCormick & Company, Incorporated	\$68.86	73.0%	\$18,450.5	\$23,004.1	\$6,662.2	\$1,215.1	18.2%	3.5x	18.9x
Mondelez International, Inc.	\$73.07	93.0%	\$98,387.1	\$116,721.1	\$36,016.0	\$7,186.0	20.0%	3.2x	16.2x
Nestlé S.A.	\$103.93	78.5%	\$272,426.8	\$329,096.7	\$110,860.3	\$21,561.4	19.4%	3.0x	15.3x
Post Holdings, Inc.	\$104.16	97.3%	\$6,320.6	\$12,496.0	\$7,390.6	\$1,158.0	15.7%	1.7x	10.8x
Premium Brands Holdings Corporation	\$66.11	79.0%	\$2,936.2	\$4,862.4	\$4,687.6	\$289.5	6.2%	1.0x	16.8x
The Hershey Company	\$187.92	67.9%	\$38,326.3	\$43,050.0	\$11,165.0	\$2,952.0	26.4%	3.9x	14.6x
The J. M. Smucker Company	\$120.17	75.1%	\$12,759.1	\$21,463.4	\$8,207.8	\$1,799.0	21.9%	2.6x	11.9x
Mean							16.8%	2.2x	13.3x
Median							18.5%	1.9x	12.9x
Harmonic Mean							14.7%	1.9x	12.7x

Source: Capital IQ and Capstone Partners as of February 29, 2024

DAIRY

Company	Price	% 52 Wk	Market	Enterprise	LTM			EV / LTM	
	02/29/24	High	Cap	Value	Revenue	EBITDA	Margin	Revenue	EBITDA
Danone S.A.	\$63.80	92.5%	\$40,929.5	\$53,124.9	\$30,528.4	\$4,845.8	15.9%	1.7x	11.0x
Emmi AG	\$1,019.34	92.3%	\$5,453.3	\$5,943.6	\$5,038.1	\$439.9	8.7%	1.2x	13.5x
Glanbia plc	\$18.10	97.2%	\$4,764.9	\$5,115.1	\$5,425.4	\$474.7	8.7%	0.9x	10.8x
Saputo Inc.	\$20.34	75.1%	\$8,630.2	\$11,256.2	\$13,073.3	\$1,051.0	8.0%	0.9x	10.7x
Savencia SA	\$57.51	83.1%	\$774.7	\$1,791.1	\$7,506.4	\$373.6	5.0%	0.2x	4.8x
Mean							9.3%	1.0x	10.2x
Median							8.7%	0.9x	10.8x
Harmonic Mean							8.1%	0.6x	8.9x

FOOD SERVICE DISTRIBUTION

Company	Price	% 52 Wk	Market	Enterprise	LTM			EV / LTM	
	02/29/24	High	Cap	Value	Revenue	EBITDA	Margin	Revenue	EBITDA
Colabor Group Inc.	\$0.88	91.5%	\$89.4	\$159.8	\$499.1	\$28.0	5.6%	0.3x	5.7x
Performance Food Group Company	\$76.77	99.5%	\$11,944.3	\$16,966.3	\$53,970.8	\$1,571.7	2.9%	0.3x	10.8x
Sysco Corporation	\$80.97	97.7%	\$40,309.3	\$52,349.9	\$77,512.3	\$3,921.9	5.1%	0.7x	13.3x
The Chefs' Warehouse, Inc.	\$38.01	98.5%	\$1,508.0	\$2,384.4	\$3,433.8	\$161.1	4.7%	0.7x	14.8x
Mean							4.6%	0.5x	11.2x
Median							4.9%	0.5x	12.1x
Harmonic Mean							4.3%	0.4x	9.7x

GROCERY DISTRIBUTION

Company	Price	% 52 Wk	Market	Enterprise	LTM			EV / LTM	
	02/29/24	High	Cap	Value	Revenue	EBITDA	Margin	Revenue	EBITDA
United Natural Foods, Inc.	\$15.61	36.6%	\$927.4	\$4,468.4	\$30,251.0	\$717.0	2.4%	0.1x	6.2x
SpartanNash Company	\$21.07	75.0%	\$729.4	\$1,577.2	\$9,729.2	\$278.6	2.9%	0.2x	5.7x
Mean							2.6%	0.2x	5.9x
Median							2.6%	0.2x	5.9x
Harmonic Mean							2.6%	0.2x	5.9x

Source: Capital IQ and Capstone Partners as of February 29, 2024

INGREDIENTS & FLAVORS

Company	Price 02/29/24	% 52 Wk High	Market Cap	Enterprise Value	LTM			EV / LTM	
					Revenue	EBITDA	Margin	Revenue	EBITDA
Givaudan SA	\$4,198.57	96.2%	\$38,741.2	\$43,613.7	\$8,212.0	\$1,619.8	19.7%	NM	26.9x
International Flavors & Fragrances Inc.	\$75.50	77.4%	\$19,276.3	\$29,427.3	\$11,479.0	\$1,754.0	15.3%	2.6x	16.8x
Koninklijke DSM N.V.	\$107.02	81.1%	\$28,389.5	\$31,018.4	\$11,746.4	\$389.1	3.3%	2.6x	NM
Kerry Group plc	\$87.71	81.1%	\$15,279.1	\$17,014.9	\$8,865.1	\$1,257.8	14.2%	1.9x	13.5x
Symrise AG	\$102.22	85.7%	\$14,286.9	\$16,975.6	\$5,228.5	\$910.8	17.4%	3.2x	18.6x
Darling Ingredients Inc.	\$42.31	59.1%	\$6,753.2	\$11,352.2	\$6,788.1	\$1,100.9	16.2%	1.7x	10.3x
Ingredion Incorporated	\$117.63	99.6%	\$7,712.3	\$9,761.3	\$8,160.0	\$1,180.0	14.5%	1.2x	8.3x
Glanbia plc	\$18.10	97.2%	\$4,764.9	\$5,115.1	\$5,425.4	\$474.7	8.7%	0.9x	10.8x
Tate & Lyle plc	\$7.59	71.7%	\$3,017.1	\$3,333.0	\$2,146.5	\$368.5	17.2%	1.6x	9.0x
Balchem Corporation	\$157.19	99.3%	\$5,072.0	\$5,337.9	\$922.4	\$211.5	22.9%	NM	25.2x
Sensient Technologies Corporation	\$66.88	85.0%	\$2,831.9	\$3,498.2	\$1,456.5	\$237.3	16.3%	2.4x	14.7x
Corbion N.V.	\$18.94	48.0%	\$1,122.5	\$1,951.0	\$1,595.9	\$212.0	13.3%	1.2x	9.2x
MGP Ingredients, Inc.	\$85.18	68.2%	\$1,879.5	\$2,161.6	\$836.5	\$199.3	23.8%	2.6x	10.8x
SunOpta Inc.	\$7.20	81.8%	\$815.7	\$1,226.7	\$630.3	\$62.5	9.9%	1.9x	19.6x
Rogers Sugar Inc.	\$3.82	81.0%	\$402.1	\$722.6	\$857.1	\$88.1	10.3%	0.8x	8.2x
Mean							14.9%	1.9x	14.4x
Median							15.3%	1.9x	12.2x
Harmonic Mean							11.8%	1.6x	12.4x

NATURAL/ORGANIC/BETTER-FOR-YOU

Company	Price 02/29/24	% 52 Wk High	Market Cap	Enterprise Value	LTM			EV / LTM	
					Revenue	EBITDA	Margin	Revenue	EBITDA
SunOpta Inc.	\$7.20	81.8%	\$815.7	\$1,226.7	\$630.3	\$62.5	9.9%	1.9x	19.6x
The Hain Celestial Group, Inc.	\$10.00	54.6%	\$898.3	\$1,744.1	\$1,782.2	\$130.1	7.3%	1.0x	13.4x
The Simply Good Foods Company	\$35.48	82.5%	\$3,541.3	\$3,735.1	\$1,250.5	\$228.9	18.3%	3.0x	16.3x
Mean							11.8%	2.0x	16.4x
Median							9.9%	1.9x	16.3x
Harmonic Mean							10.3%	1.6x	16.1x

Source: Capital IQ and Capstone Partners as of February 29, 2024

PRIVATE LABEL FOODS

Company	Price 02/29/24	% 52 Wk High	Market Cap	Enterprise Value	LTM			EV / LTM	
					Revenue	EBITDA	Margin	Revenue	EBITDA
Lamb Weston Holdings, Inc.	\$102.21	87.1%	\$14,756.3	\$18,307.9	\$6,345.9	\$1,380.2	21.7%	2.9x	13.3x
Seneca Foods Corporation	\$50.66	84.4%	\$360.1	\$1,021.9	\$1,481.7	\$112.5	7.6%	0.7x	9.1x
TreeHouse Foods, Inc.	\$35.79	64.7%	\$1,936.2	\$3,217.5	\$3,431.6	\$342.8	10.0%	0.9x	9.4x
Mean							13.1%	1.5x	10.6x
Median							10.0%	0.9x	9.4x
Harmonic Mean							10.8%	1.0x	10.3x

PROTEIN PROCESSING

Company	Price 02/29/24	% 52 Wk High	Market Cap	Enterprise Value	LTM			EV / LTM	
					Revenue	EBITDA	Margin	Revenue	EBITDA
Tyson Foods, Inc.	\$54.24	85.7%	\$19,328.3	\$27,552.3	\$52,940.0	\$2,080.0	3.9%	0.5x	13.2x
Hormel Foods Corporation	\$35.32	82.9%	\$19,344.3	\$21,678.1	\$12,135.9	\$1,308.0	10.8%	1.8x	16.6x
JBS S.A.	\$4.63	91.0%	\$10,280.7	\$29,926.8	\$72,153.4	\$2,928.1	4.1%	0.4x	10.2x
WH Group Limited	\$0.60	91.5%	\$8,526.7	\$12,204.4	\$27,854.0	\$1,280.0	4.6%	0.4x	9.5x
Pilgrim's Pride Corporation	\$31.84	97.6%	\$7,539.4	\$10,467.2	\$17,362.2	\$1,024.9	5.9%	0.6x	10.2x
Seaboard Corporation	\$3,287.59	80.6%	\$3,192.4	\$4,001.4	\$9,562.0	\$203.0	2.1%	0.4x	19.7x
Sanderson Farms, Inc.	\$0.40	89.4%	\$1,781.0	\$3,459.1	\$3,960.3	\$294.5	7.4%	0.9x	11.7x
Thai Union Group Public Company Limited	\$1.99	93.7%	\$1,809.3	\$12,617.9	\$27,644.0	\$480.4	1.7%	0.5x	26.3x
Marfrig Global Foods S.A.	\$7.58	79.5%	\$1,530.3	\$3,476.7	\$3,330.7	\$449.5	13.5%	1.0x	7.7x
Austevoll Seafood ASA	\$57.49	92.9%	\$2,816.0	\$2,245.7	\$2,668.8	\$644.8	24.2%	0.8x	3.5x
Cal-Maine Foods, Inc.	\$54.24	85.7%	\$19,328.3	\$27,552.3	\$52,940.0	\$2,080.0	3.9%	0.5x	13.2x
Mean							7.8%	0.7x	12.9x
Median							5.2%	0.6x	11.0x
Harmonic Mean							4.4%	0.6x	9.7x

SNACKS

Company	Price 02/29/24	% 52 Wk High	Market Cap	Enterprise Value	LTM			EV / LTM	
					Revenue	EBITDA	Margin	Revenue	EBITDA
J & J Snack Foods Corp.	\$145.08	81.6%	\$2,811.6	\$2,908.9	\$1,555.8	\$176.3	11.3%	1.9x	16.5x
John B. Sanfilippo & Son, Inc.	\$102.37	80.4%	\$1,187.5	\$1,233.4	\$998.1	\$112.8	11.3%	1.2x	10.9x
Mondelez International, Inc.	\$73.07	93.0%	\$98,387.1	\$116,721.1	\$36,016.0	\$7,186.0	20.0%	3.2x	16.2x
PepsiCo, Inc.	\$165.34	84.0%	\$227,248.1	\$264,440.1	\$91,471.0	\$16,328.0	17.9%	2.9x	16.2x
The Hershey Company	\$187.92	67.9%	\$38,326.3	\$43,050.0	\$11,165.0	\$2,952.0	26.4%	3.9x	14.6x
Tootsie Roll Industries, Inc.	\$31.57	70.7%	\$2,184.1	\$2,028.3	\$769.4	\$135.5	17.6%	2.6x	15.0x
Mean							17.4%	2.6x	14.9x
Median							17.7%	2.8x	15.6x
Harmonic Mean							15.9%	2.3x	14.6x

Source: Capital IQ and Capstone Partners as of February 29, 2024

FOOD SECTOR REPORT CONTRIBUTORS

**Brian Boyle**

Managing Director

bboyle@capstonepartners.com | 312-287-9812

Brian Boyle is a Managing Director in Capstone Partners' Consumer & Retail Investment Banking team and brings 35 years of Mergers & Acquisitions and Capital Markets experience to the firm. Brian is exclusively focused on advising Food, Beverage and Agribusiness clients and has guided hundreds of Companies through M&A transactions, capital raises, and initial & secondary public offerings. He has extensive cross border transaction experience working with strategic acquirers within the Food sector.

Prior to joining Capstone, Brian was Head of the Food, Beverage and Agribusiness team at Raymond James within their Consumer Investment Banking Group. Prior to joining Raymond James, Brian was Managing Director and Co-Head of the Consumer Investment Banking Group at PwC Corporate Finance, where he focused on advising Food & Agribusiness clients. Prior to PwC Corporate Finance, Brian was Head of Food & Beverage Investment Banking at D.A Davidson which had acquired RSM's Investment Banking group where he had spent 12 years leading their Food & Beverage team. He started his career at Lehman Brothers where he spent 13 years in their debt capital markets division.

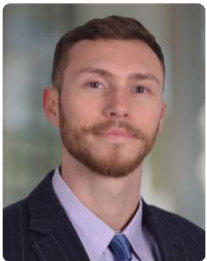
**Timothy Binney**

Vice President

tbinney@capstonepartners.com | 773-960-8979

Tim is a Vice President in Capstone Partners' Consumer Investment Banking Group with a focus on advising companies in the Food & Beverage sector. He brings over 10 years of experience advising companies on mergers, acquisitions, divestitures, valuations, and other corporate finance mandates across multiple asset classes including public and private companies and intellectual property.

Tim has amassed broad experience across industries including Technology (Semiconductor, Medical Device, Wireless Communication), Business Services, Consumer, and Retail, with significant depth in Food & Beverage. Over the course of his career, he has advised on transactions with aggregate value in excess of \$10 billion.

**Max Morrissey**

Vice President of Market Intelligence

mmorrissey@capstonepartners.com | 617-619-3336

Max serves as Vice President on Capstone's Market Intelligence Team. He provides M&A insights, proprietary research analysis, and macroeconomic trends for C-suite middle market executives, specializing in the coverage of the Consumer, Business Services, Financial Technology & Services, and Technology, Media & Telecom industries. Prior to joining Capstone, Max was an analyst at Lab42 Research, a Chicago-based market research firm. During his time at Lab42 Research, he specialized in the development, implementation, and analysis of proprietary research projects for clients in the Business Services, Consumer, Financial Services, Government, and Technology industries.

FIRM TRACK RECORD

Capstone maintains an active presence in the Food sector with in-depth knowledge of the buyer universe and business characteristics that drive premium valuations in an M&A process. Our frequent conversations with sector participants provide us with increased transparency into market trends and buyer preferences. A sampling of Capstone’s closed deals are outlined below.

 <p>HAS BEEN ACQUIRED BY</p>  <p>a portfolio company of MILL POINT CAPITAL</p>	 <p>HAS BEEN ACQUIRED BY</p>  <p>NURTURE VITALITY™</p>	 <p>HAS FORMED A JOINT VENTURE WITH</p> 	 <p>HAS BEEN ACQUIRED BY</p> 
 <p>Organic Grain Business</p> <p>HAS BEEN ACQUIRED BY*</p> 	 <p>HAS BEEN ACQUIRED BY</p> 	 <p>HAS BEEN ACQUIRED BY</p> 	 <p>HAS BEEN ACQUIRED BY</p> 
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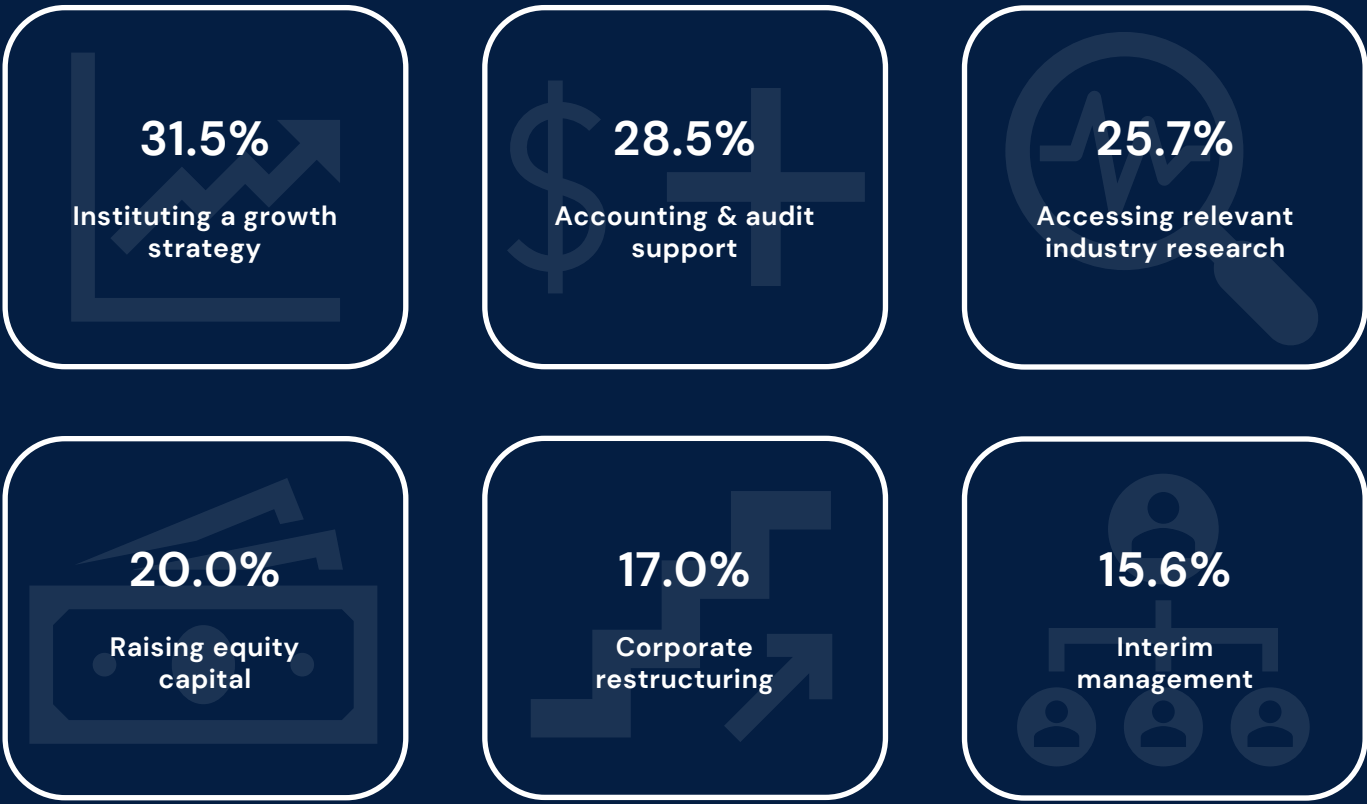
* = Banker completed transaction while at a previous firm

CAPSTONE’S PROPRIETARY RESEARCH REVEALS TOP SERVICES IN DEMAND

The current stage and initiatives of a business often dictates which financial services are in demand. As the majority of CEOs polled in Capstone’s 2023 Middle Market Business Owners Survey indicated growth strategies are a priority for 2024, the lion’s share (31.5%) of owners anticipate a need for growth strategy support services. Similarly, 28.5% of owners require accounting and audit support to shore-up cash flows and establish financial stability. In addition, more than one-fourth of CEOs demonstrated an interest in accessing relevant industry research to keep up with emerging industry trends, complete competitor analyses, and track capital markets activity in their space.

Capstone has developed a full suite of [corporate finance solutions](#) to help privately owned businesses and private equity firms through each stage of the company’s lifecycle, ranging from growth to an ultimate exit transaction. In addition, we developed a specialty consulting practice to provide financial advisory services to companies experiencing distress or performance challenges. All of these capabilities are supported by 16 industry groups, an active sponsor coverage group, and a dedicated market intelligence team.

Top Financial Services Required by Business Owners in 2024



Question: Have you ever had, or do you anticipate having, a need for any of the following services?
 Source: Capstone Partners’ Middle Market Business Owner Survey, Total Sample Size (N): 435

ENDNOTES

1. U.S. Department of Agriculture, "Food Price Outlook, 2024," <https://www.ers.usda.gov/data-products/food-price-outlook/summary-findings/>, accessed March 12, 2024.
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3. Food Processing, "Syracuse, New York's Hofmann Sausage Acquired by Miami Beef Co.," <https://www.foodprocessing.com/business-of-food-beverage/mergers-acquisitions/news/33037034/syracuse-new-yorks-hofmann-sausage-acquired-by-miami-beef-co>, accessed March 14, 2024.
4. US Foods, "US Foods to Acquire Renzi Foodservice," <https://ir.usfoods.com/investors/stock-information-news/press-release-details/2023/US-Foods-to-Acquire-Renzi-Foodservice/default.aspx>, accessed March 14, 2024.
5. Mile Hi Foods, "About Mile Hi Bakery," <https://milehicompanies.com/bakery/>, accessed March 14, 2024.



Common Goals. Uncommon Results.

Disclosure

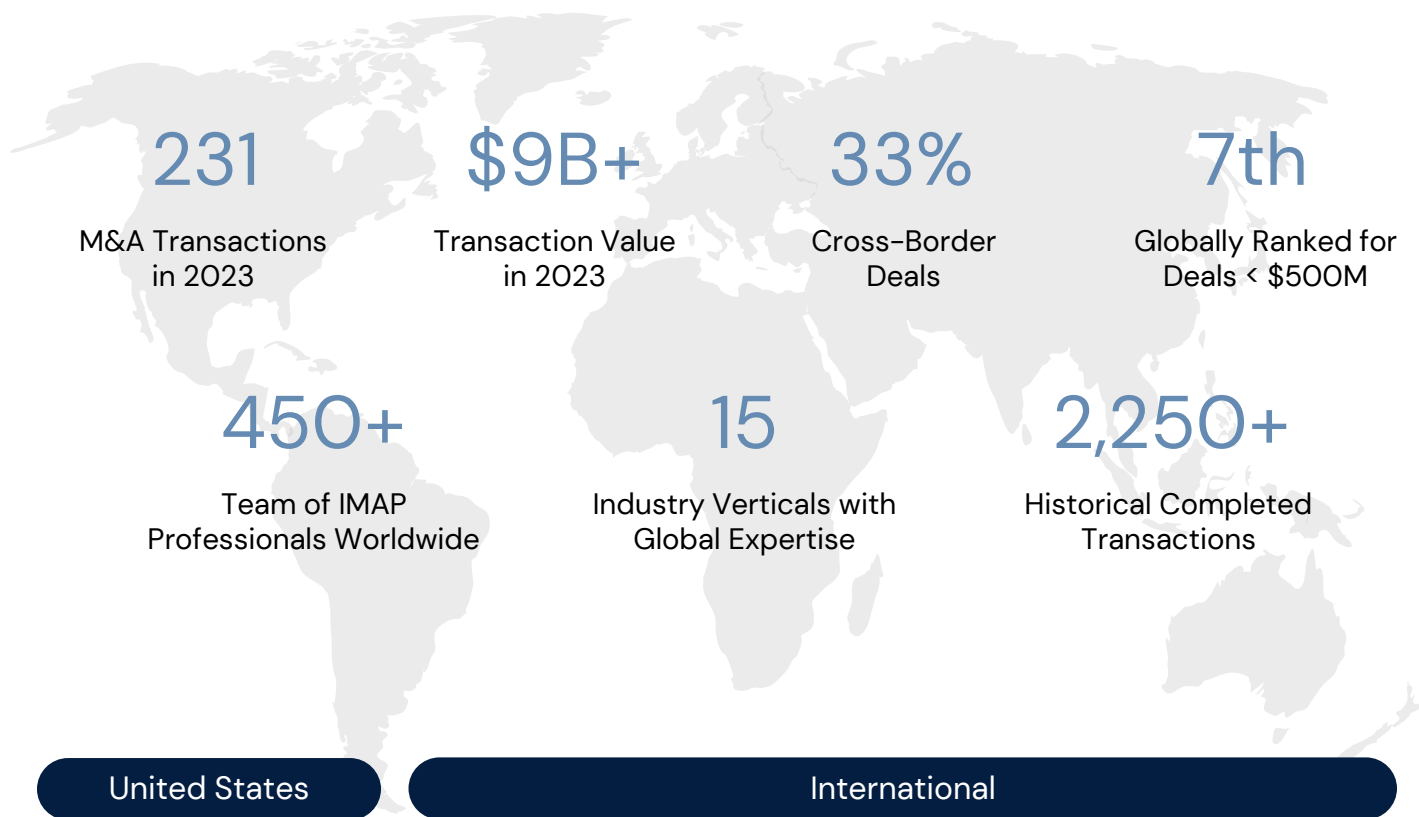
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CAPSTONE PARTNERS

Market Presence

With a long-established U.S. footprint, together with an international partner platform, we provide clients with broad expertise and access to key market relationships on a global basis. Our presence is backed by ~200 professionals in the U.S. with 450+ professionals across 41 countries.



~200 professionals
8 offices

Boston · Denver · Chicago · Dallas
Detroit · Irvine · New York · Tampa

450+ professionals
60+ offices in 41 countries

Asia: China · India · Japan · Thailand
Africa: Congo · Egypt · Ghana · Mauritius · Morocco · Senegal · South Africa
Americas: Toronto · Vancouver · Argentina · Brazil · Chile · Colombia · Mexico · Paraguay · Peru
Europe: Belgium · Bosnia & Herzegovina · Croatia · Czech Republic · Finland · France · Germany
Hungary · Ireland · Italy · Netherlands · Poland · Portugal · Romania · Serbia · Slovakia · Slovenia
Spain · Sweden · United Kingdom