



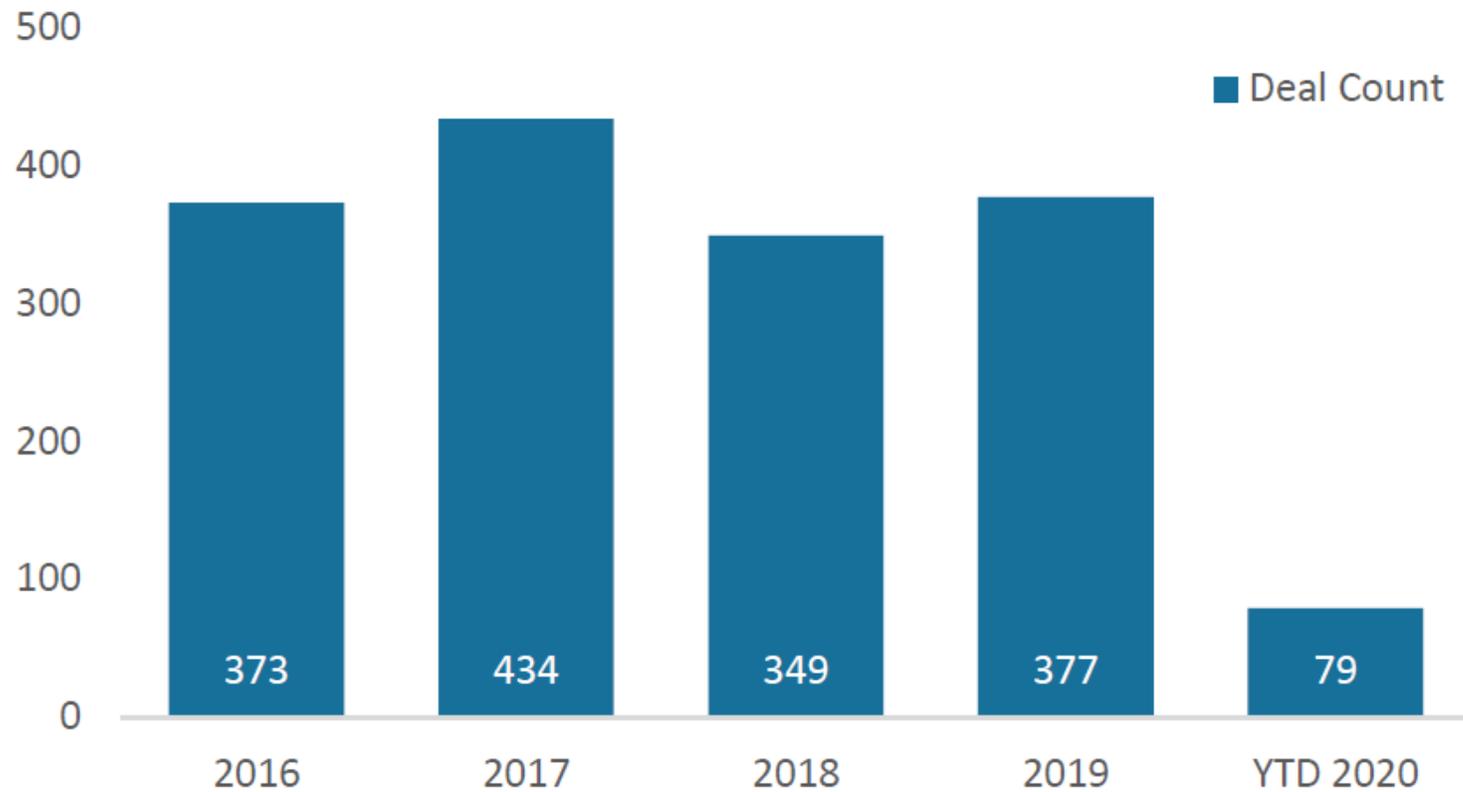
Delivering Joy Through Flavor™



M&A By The Numbers

Historical Food & Beverage Transactions

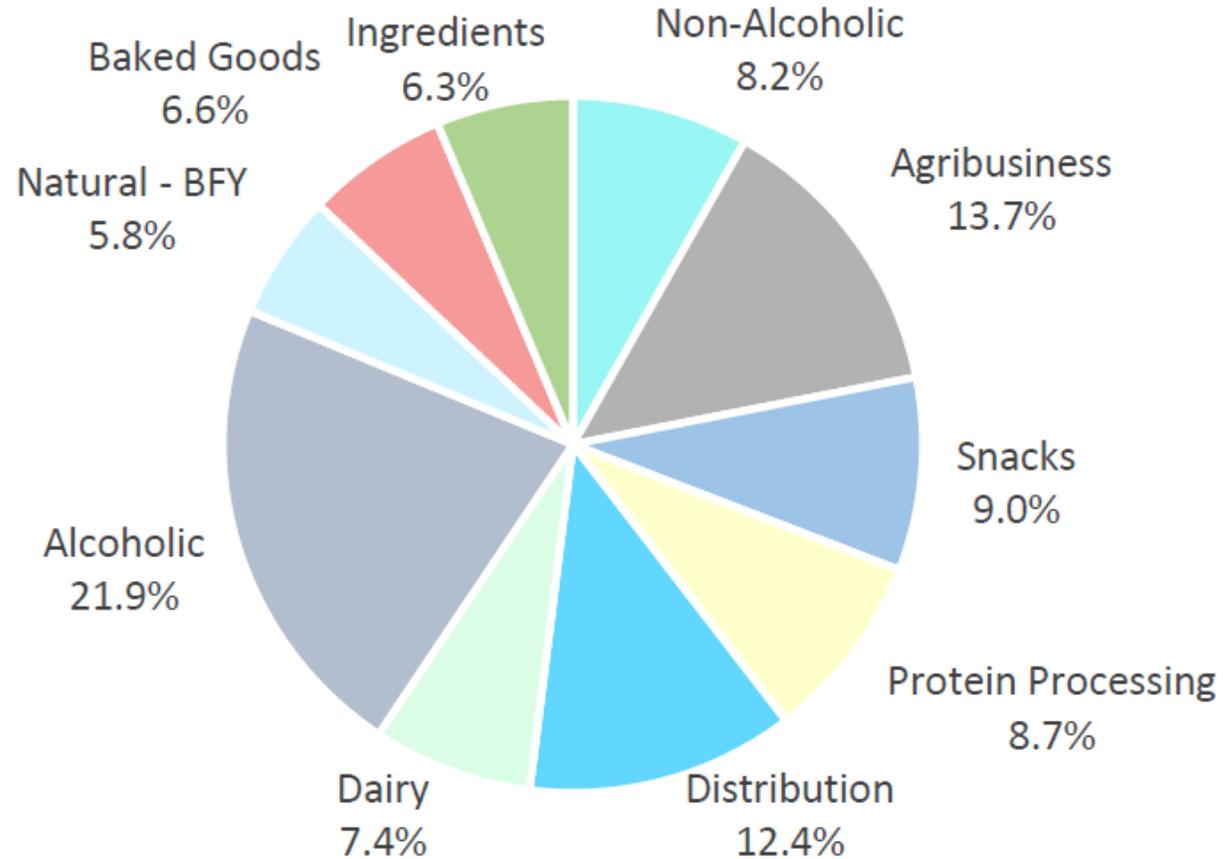
Historical Food & Beverage Transactions Volume



Source: SC&H Capital IQ, Pitchbook and SC&H Research

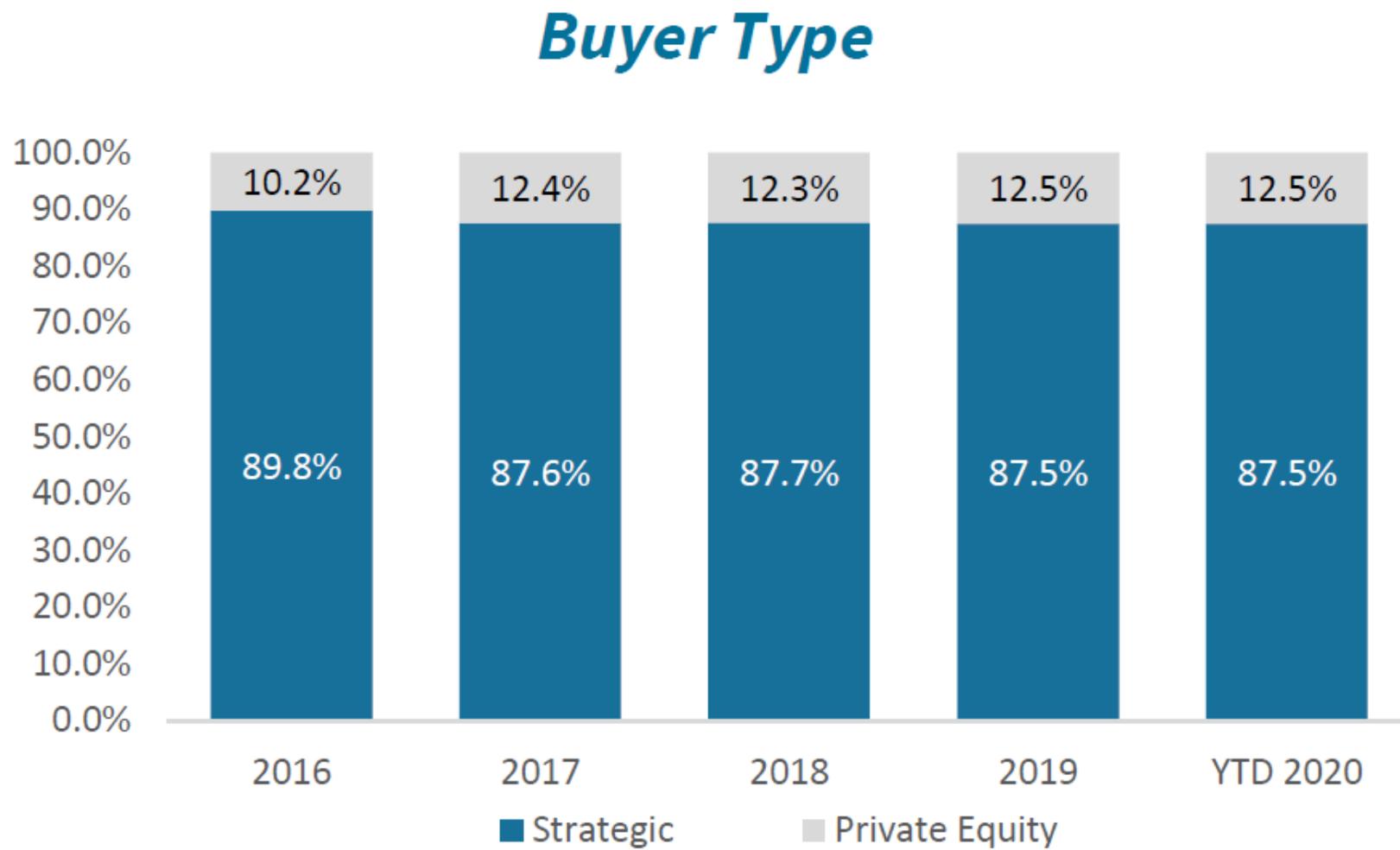
Historical Food & Beverage Transactions

Deals By Sub-Sector



Source: SC&H Capital IQ, Pitchbook and SC&H Research

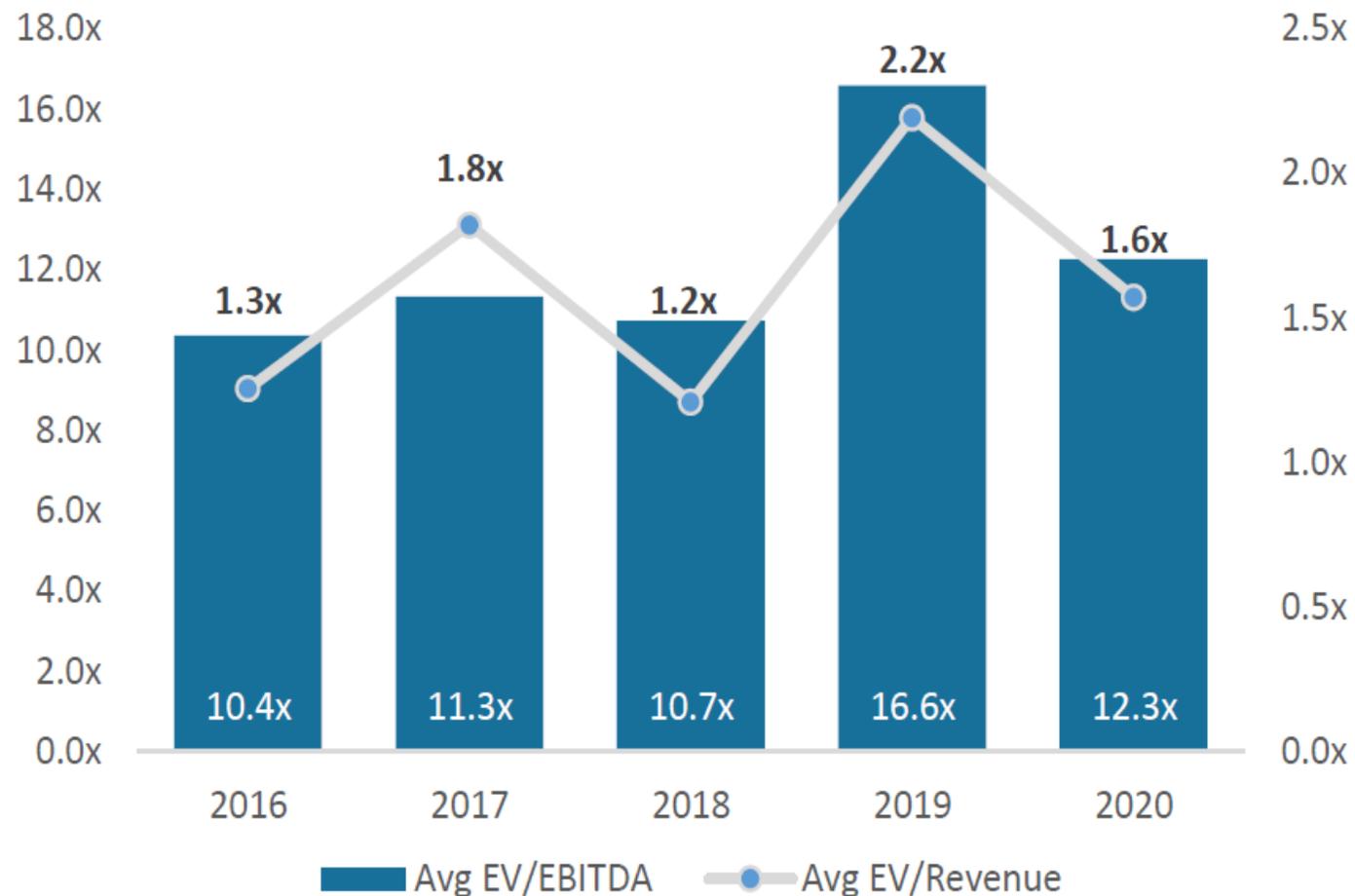
Historical Food & Beverage Transactions



Source: SC&H Capital IQ, Pitchbook and SC&H Research

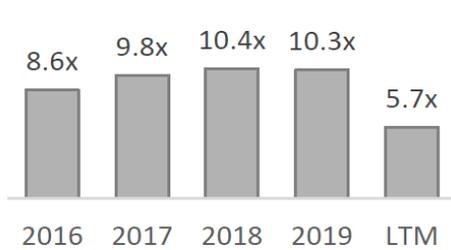
Historical Food & Beverage Transactions

Historical Valuation Data



Source: SC&H Capital IQ, Pitchbook and SC&H Research

Historical Food & Beverage Transactions



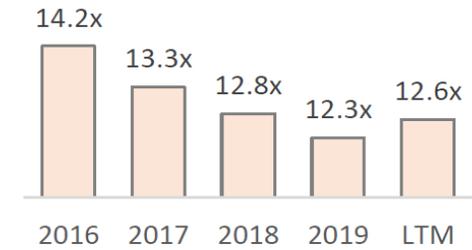
Agribusiness



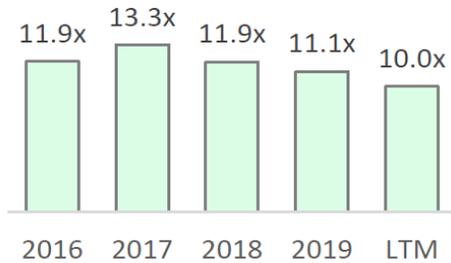
Alcoholic Beverages



Baked Goods



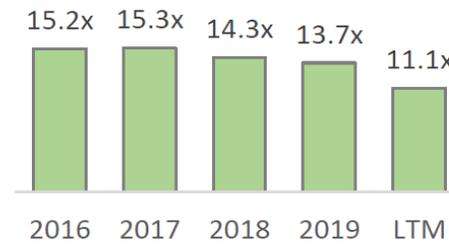
Branded Foods



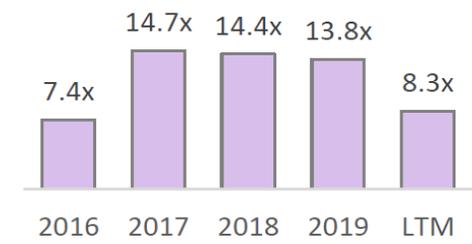
Dairy



Food Distribution



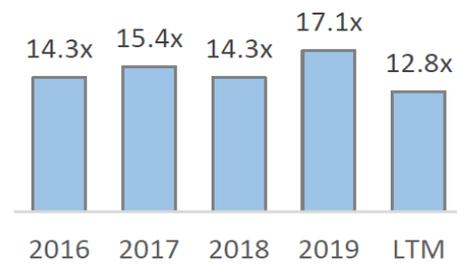
Ingredients / Flavors



Private Label Foods and Beverages



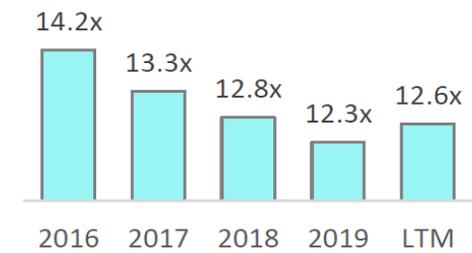
Protein Processing



Snacks

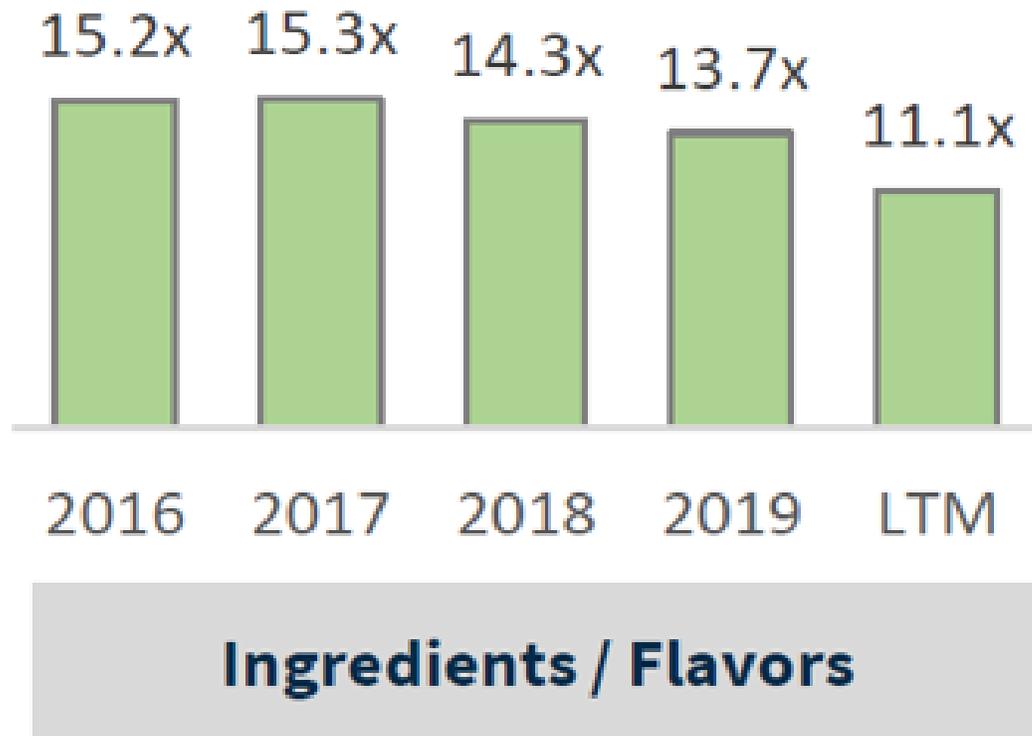


Natural / Organic Foods / Better-For-You



Non-Alcoholic Beverages

Historical Food & Beverage Transactions



Higher End Multiples Being Driven By:

- Scale – pure \$'s of Revenue and EBITDA
- Market segment expertise
- Organic growth > Market
- On-trend solutions, technology and capabilities
- Customer Base

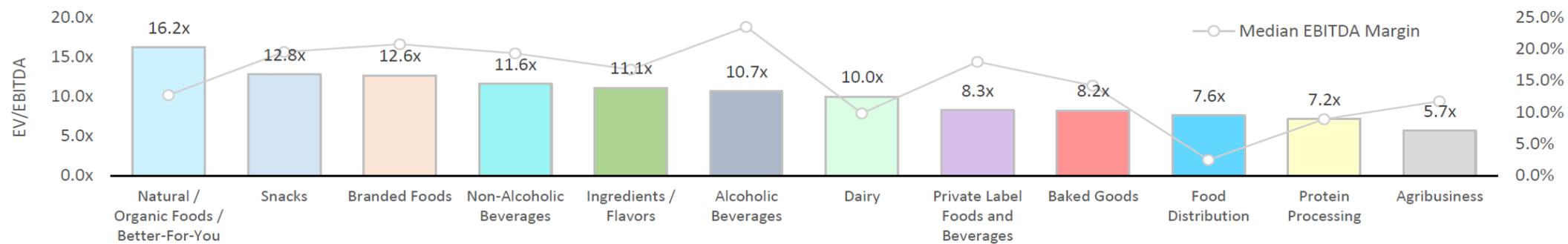
Lower End Multiples Being Driven By:

- Lower levels of revenue and EBITDA
- Single location, small geographic reach
- Organic growth < Market
- Concentration of customer base
- Owner/CEO impact

Source: SC&H Capital IQ, Pitchbook and SC&H Research

Public Company Comparables

Industry	Segment	Market Cap (\$mm)	TEV (\$mm)	LTM Rev (\$mm)	LTM EBITDA (\$mm)	Gross Margins %	EBITDA Margins %	EV/LTM Revenue	EV/LTM EBITDA	EV/FWD Revenue	EV/FWD EBITDA	
Inputs	Protein Processing	\$2.1	\$3.0	\$10.5	\$0.7	16.2%	8.9%	0.9x	7.2x	0.7x	6.0x	
	Ingredients / Flavors	\$3.8	\$4.9	\$3.4	\$0.5	31.4%	16.8%	1.4x	10.6x	1.3x	9.4x	
	Agribusiness	\$5.0	\$10.3	\$8.5	\$1.7	8.2%	11.7%	0.7x	5.4x	0.7x	7.2x	
Food & Beverage	Branded Foods	\$18.3	\$23.9	\$8.8	\$1.9	33.3%	20.2%	2.4x	12.7x	2.4x	12.5x	
	Dairy	\$2.6	\$3.4	\$3.7	\$0.3	31.8%	9.8%	0.9x	9.2x	1.1x	9.2x	
	Baked Goods	\$4.0	\$3.8	\$3.3	\$0.3	35.3%	14.2%	1.0x	8.2x	1.0x	7.4x	
	Snacks	\$5.8	\$12.0	\$5.7	\$1.1	37.4%	19.5%	2.5x	12.5x	2.2x	12.1x	
	Natural / Organic Foods / Better-For-You	\$1.0	\$1.6	\$0.9	\$0.1	31.3%	12.7%	1.2x	16.2x	1.3x	10.6x	
	Private Label Foods and Beverages	\$1.4	\$2.7	\$2.6	\$0.3	22.4%	17.7%	1.0x	8.1x	1.1x	9.0x	
	Non-Alcoholic Beverages	\$6.9	\$7.4	\$2.9	\$0.8	49.3%	19.3%	1.9x	11.4x	1.9x	10.9x	
	Alcoholic Beverages	\$11.7	\$17.5	\$10.6	\$3.0	51.4%	23.5%	3.5x	10.3x	2.5x	10.3x	
	Distribution	Food Distribution	\$0.5	\$1.7	\$10.9	\$0.2	13.8%	2.5%	0.2x	7.3x	0.2x	7.2x



Source: S&P Capital IQ, Pitchbook, and SC&H Research



What Are We Seeing In The Current Environment?

What Are We Seeing vs. Pre-Covid?

- The deal landscape is returning to pre-COVID levels
- Deals that were in progress pre-COVID continue to move forward
- "New" deals and deal flow picking up in the last 2 months
- More generational change opportunities as families and private owners have re-assessed their risk profile during COVID
- Good deals can always get done. The segment is seeing strong volume of high-quality deals

COVID Impact on Valuation & Deals

- Valuation is still driven by fundamentals
- One of the strongest features of the F&B space is that it has easy to measure revenue and real EBITDA
- Net working capital adjustments and calculations are slightly more in depth than before
- Due diligence is always an important part of a deal, but it is even more so now to truly get beyond the numbers to see what is really happening with the business
- In B2B deals, really trying to focus on how strong/weak the customers of the target are and the dynamics in their end market segments
- Really understanding the supply chain of targets and how vulnerable they are to disruption, especially looking at agricultural raw materials
- Starting earlier as some areas of deals are taking longer to execute than before (ie: government permits, environmental, etc.)

Longer Term M&A Trends

- Continue to see more premium valuations on companies that are "on trend" with their offerings (sugar reduction, better for you/clean label, convenience, etc.)
- F&B deals are getting more sophisticated, so get your information, data, reports, etc. in order now to make the process easier on you and your teams and then you have more control over the narrative



Top 10 Lessons Learned

Top 10 Lessons Learned

1. Understand what the market values:

- Revenue Growth
- EBITDA
- Contracts/customer base
- Technology
- Geographic Reach

- How does your business model compare to what is valued?
- What can you do to better align your strategy to match up to what is valued?
- Can you get there in the next 2-3 years?

2. Understand the likely exit strategy:

- Sale to strategic
- Sale to non-strategic/private equity
- Public exit

- Each process type has a different focus
- Do you want to run an auction process or a controlled event?
- If strategic sale, what is at risk if the deal doesn't go through?

Top 10 Lessons Learned

3. Develop your message:

- 3-4 key points of value differentiation
- Clear and concise and believe in it passionately

Don't have "and we could do this, and this...."

Be open about flaws in the model, they will come out in the due diligence process

4. Assemble the "A" team:

- Likely the single biggest wealth event for owners
- Ensure your internal team is up to the task
- Make sure key people are keeping the business on track

Don't skimp on experienced M&A lawyers, advisers, tax consultants and investment bankers

Establish rewards up front for key people for the deal and post-deal

Top 10 Lessons Learned

5. Understand what the business may look like/need to deliver post-deal:

- If you are an owner, will you stay/do you want to stay?
- Do you have leadership in place to carry the business forward after you leave?
- What do you need to deliver post-deal?
- Do you have what is needed to do that?
- Are the expectations clear?

What is the acquisition business case the buyer is putting together?

Is the deal based upon revenue synergies, cost synergies, both?

6. Where possible, agree on a value range upfront:

- You don't have to share it
- Deals get emotional – you have to manage that as well as the process

Don't give away the business because you started down the path, but don't get greedy with a fair offer

Top 10 Lessons Learned

7. Know your numbers:

- Historical information at least 5 years back
- 3-5 year go forward projections – don't hockey stick them
- Provide reasons to believe
- When applicable, clear out the noise from your numbers
- Be prepared for tons of scrutiny – especially on COVID-related claims

- Most deal people have finance backgrounds and will smell blood in the water if numbers/models don't hold up
- Tough to recover from a big issue in financial due diligence

8. Realize you may not be 100% aligned with the owners or all of the owners:

- Conflict between fiduciary duty and post-deal responsibilities may arise
- If you are sticking around, the larger the purchase price/multiple, the harder your job is
- Buyers will hold you accountable to everything in the book

Top 10 Lessons Learned

9. Post-deal is when the real work begins:

- Most of the “help” goes away
- Integration planning and execution is significantly more important than the deal work
- Assign a senior executive to own the post-deal work, not a project manager

❑ Due diligence is cursory work at best – identify issues quickly and communicate them post-deal

10. Post-deal communication:

- Must answer the “what does this mean for me” immediately with all employees
- When you think you have communicated enough, you are just getting started

❑ There is a ton to do, but spending time with your people is the most important thing you can do and it is easy to push off to focus on the integration

Closing Thoughts