

FOOD · BEVERAGE

FIRST QUARTER

2019

The Food & Beverage Industry Practice Group draws on the experience of CFA dealmakers, who as former business owners, CEOs, and industry professionals, have first-hand knowledge and have completed many transactions in sectors throughout the Food & Beverage category. Working with your local CFA representative, you can be sure that the collective wealth of knowledge is available to every CFA client.



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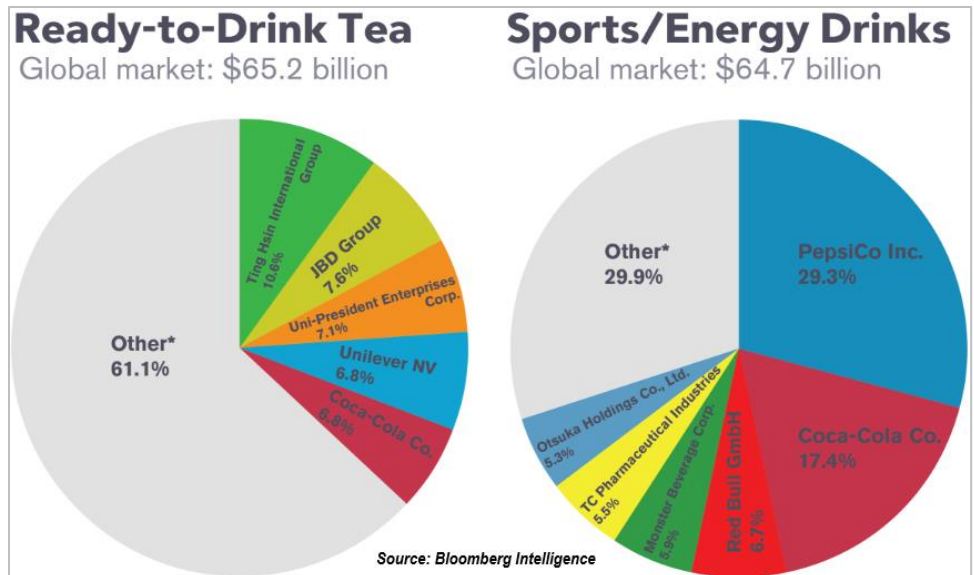
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Food & Beverage M&A

M&A activity for North American based target companies in the Food and Beverage sector for Q4 2018 included 76 closed deals, according to data published by industry data tracker *FactSet*.

One of the notable middle market transactions closed in November when Kerry Group Plc acquired Fleischmann's Vinegar Co., Inc. from Green Plains, Inc. for US\$353.9 million in cash. Kerry Group engages in the manufacturing and distribution of food and beverages. Fleischmann's Vinegar Co. manufactures and produces industrial vinegar and cooking wine. The company was founded in 2002 and is headquartered in Cerritos, CA.



The Food and Beverage sector continues to be buoyed by the strong performance in the tea and energy drink subsectors.

Transactional Overview

Notable closed lower middle market transactions for the period in the Food and Beverage sector include:

December 2018 - Level Brands, Inc. acquired Cure Based Development, LLC for US\$94.9 million in stock and contingent pay out. Level Brands engages in the provision of product design, brand building, operational guidance, financial partnership and industry relationship services to beauty brands. Cure Based Development engages in manufacturing consumer cannabidiol (CBD) brand cbdMD. It offers gummies, tinctures, topical, bath bombs, oils and pet products. The company was founded in August 2017 and is headquartered in Charlotte, NC.

December 2018 - New Age Beverages Corp acquired Morinda Holdings, Inc. for US\$103.3 million in cash, stock and contingent payout. New Age Beverages Corp. is a beverage company, which engages in the development, marketing, sales and distribution of Ready-to-Drink beverages. Morinda Holdings operates as a healthy lifestyle and beverage firm. It offers skin care, weight management lines, and non-alcoholic beverage products. The company was founded in 1996 and is headquartered in American Fork, UT.

October 2018 - Craft Brew Alliance, Inc. acquired Cisco Brewers for US\$23 million in cash. Craft Brew Alliance is an independent craft brewing company that engages in brewing, branding and marketing of craft beers. Cisco Brewers manufactures and brews beer. It offers winery, brewery and distillery products. The company was founded in 1981 and is headquartered in Nantucket, MA.

Selected Q1 Closed Transactions	
Target/Issuer	Buyers/Investors
Cure Based Development LLC	Level Brands, Inc.
Morinda Holdings, Inc.	New Age Beverages Corp.
Frozen Specialties, Inc.	Bellisio Foods, Inc.
The Blommer Chocolate Co.	Fuji Oil Holdings, Inc.
Canyon Bakehouse LLC	Flowers Foods, Inc.
Vista Hills Vineyard	The Family Coppola
Bantam Bagels LLC	T. Marzetti Co.
SlimFast Foods Co.	Glanbia Plc
Cure Based Development LLC	Level Brands, Inc.

Industry Update

As consumers continue to demand functional foods, such as items fortified with vitamins, fruits and vegetables, and probiotics, more food manufacturers are re-evaluating their assets and shedding brands to emphasize healthier products, according to Food Dive. Kellogg, for instance, is planning to sell its cookie and fruit snacks businesses - including Keebler, Famous Amos, and Mother's brands - to focus on its core cereal and other breakfast products. Meanwhile, Campbell Soup is selling its Arnott's cookie and snack brands, and in 2018, Nestlé sold its American candy business to Nutella owner Ferrero Group; Tyson sold the Sara Lee frozen bakery brand; and Smucker sold the Pillsbury baking mix business. The global functional foods and beverage market is expected to grow about 8% per year through 2021, according to Technavio, while the global organic snacks market will grow at about 12% annually through 2022.

Industry Indicators

- The consumer price index for food, an indicator of food product values, rose 1.6% in January 2019 compared to the same month in 2018.
- US nondurable goods manufacturers' shipments of food products, an indicator of demand for food manufacturing, rose 1.3% year-to-date in November 2018 compared to the same period in 2017.
- US retail sales for food and beverage stores, a potential measure of food demand, increased 3.4% in 2018 compared to 2017.
- Total US wholesale sales of nondurable goods, a potential measure of food demand, rose 9.3% in October 2018 compared to the same period in 2017.

The Food and Beverage Practice Group provides M&A advice to public and private companies in all sectors of the food and beverage industry, including frozen and non-frozen food manufacturing, meat processing, dairy, beverages, snack foods, restaurants, food franchises, food packing equipment and food distribution. For information on mergers, acquisitions, divestitures, recapitalizations, joint ventures or financial resources, please call your local Corporate Finance Associates office.

