



Inside This Issue

- A Leading Food & Beverage Practice with Growing Momentum
- Food & Beverage Public Comparables
- Food & Beverage M&A Activity – North America

Lincoln has closed seventeen Food & Beverage transactions since January 1, 2016

Numerous active Food & Beverage M&A assignments














Lincoln Commentary on Recent Food Activity

Q3 2018 showed significant, unusually high activity involving corporate carveouts. Post Holdings, Sabra, The J.M. Smucker Company, Tyson and NORPAC all made divestitures that closed during the quarter.

Private equity platform investments remain a rarity, with only a limited number of platform acquisitions made during the quarter.

Lincoln Conclusion – While private equity still benefits from favorable capital markets, strategic acquirers are driving the food and beverage M&A activity. Corporate carveouts represent a potential source of new deals for financial investors.

Growing Momentum

 has been sold to  a wholly-owned subsidiary of  Sell-Side 	 has sold  to  Sell-Side 	 has acquired  Buy-Side 	 has been sold to  a portfolio company of  Sell-Side 	 a portfolio company of  and  has sold its frozen business to  Sell-Side 
 has been sold to  Sell-Side 	 has been sold to  Sell-Side 	 has sold  to  Sell-Side 	 has acquired  from  Buy-Side 	 has formed a partnership with  Joint Venture 
 has sold  to  Sell-Side 	 has sold  to  Sell-Side 	 has sold  to  a portfolio company of  Sell-Side 	 has sold  to  Sell-Side 	 has been sold to  Sell-Side 
 has sold  to  Sell-Side 	 has sold  to  Sell-Side 	 has sold  to  Sell-Side 	 has sold  to  Sell-Side 	 has sold  to  Sell-Side 

PepsiCo's acquisition of **SodaStream** for \$3.2 billion (5.3x sales or 26.0x EBITDA) reflects the beverage industry's shift to 'healthy' soda alternatives such as sparkling water and functional beverages

Keurig Dr. Pepper's acquisition of **Core Nutrition** for \$525 million (2.6x sales) demonstrates large CPG interest in the premium bottled water space

Hershey's acquisition of **Pirate Brands** for \$420 million (4.7x sales) further bolsters the company's presence in snacks and signals robust demand from CPG for differentiated, better-for-you snack brands

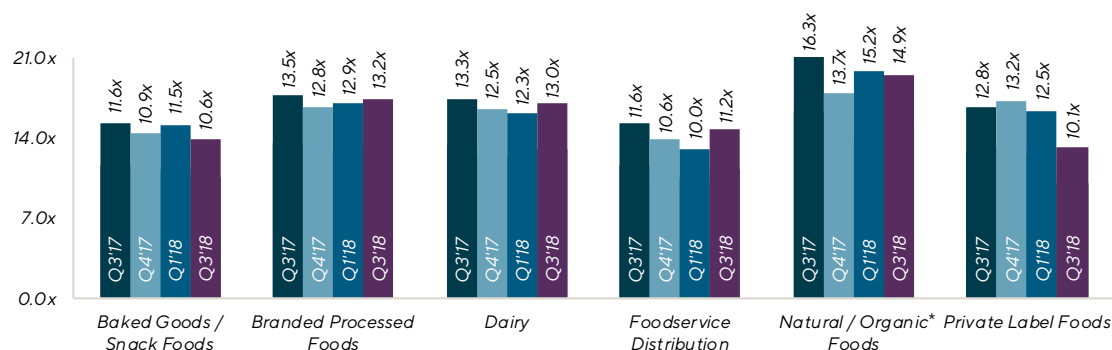
Coca-Cola's acquisition of **Costa Coffee** for \$5.1 billion (4.1x sales or 16.4x EBITDA) points to significant interest in the fast-growing, on-trend coffee category

Sources: Bloomberg, Capital IQ & Mergermarket

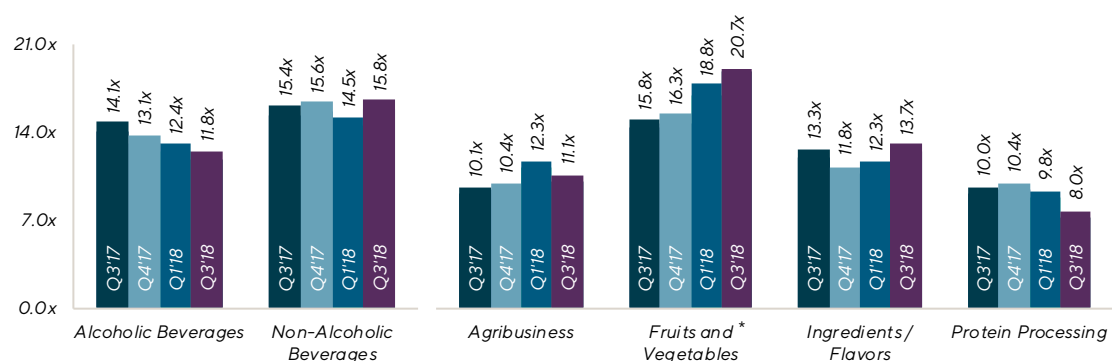
Food & Beverage Public Comparables

Historical Enterprise Value / EBITDA

Food



Other Food & Beverage

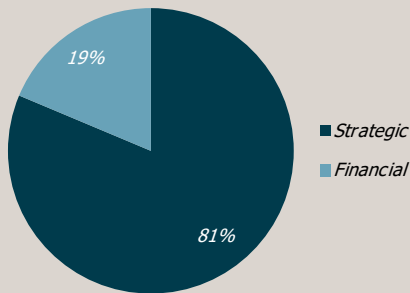


Note: * Indicates sector multiples calculated as averages rather than medians

Sector (# of Companies)	Quarterly Stock Performance	% of 52 Week High	EV / LTM Revenue	EV / LTM EBITDA	P/E Multiple	Net Debt / LTM EBITDA	LTM Growth Revenue	LTM Growth EBITDA	LTM Margin Gross	LTM Margin EBITDA
Food										
Baked Goods / Snack Foods (10)	(0.4%)	89.1%	1.7x	10.6x	21.2x	3.6x	2.4%	9.2%	30.4%	13.0%
Branded Processed Foods (19)	(4.5%)	86.2%	2.4x	13.3x	19.8x	2.5x	2.9%	0.0%	34.4%	19.7%
Dairy (9)	(11.8%)	80.7%	1.0x	13.0x	17.4x	2.2x	3.1%	(9.7%)	27.5%	7.9%
Foodservice Distribution (17)	(4.7%)	79.3%	0.9x	11.2x	23.8x	2.4x	7.6%	8.7%	26.7%	10.0%
Natural / Organic Foods (3)*	(17.3%)	64.8%	0.9x	14.9x	21.8x	4.5x	3.6%	(8.8%)	15.6%	5.4%
Private Label Foods (6)	(9.6%)	79.3%	0.9x	10.1x	27.8x	3.5x	(1.3%)	(12.4%)	16.7%	6.4%
Median			1.0x	12.1x	21.5x	3.0x	3.0%	(4.4%)	27.1%	8.9%
Beverage										
Alcoholic Beverages (11)	(1.2%)	86.7%	3.4x	11.8x	22.3x	3.0x	6.2%	3.8%	51.4%	28.5%
Non-Alcoholic Beverages (8)	3.2%	91.6%	3.1x	15.8x	34.5x	2.1x	10.6%	1.5%	48.2%	20.3%
Median			3.3x	13.8x	28.4x	2.6x	8.4%	2.7%	49.8%	24.4%
Inputs										
Agribusiness (6)	9.9%	95.2%	0.9x	11.1x	16.3x	3.2x	2.7%	4.1%	10.7%	8.4%
Fruits and Vegetables (3)*	0.5%	82.1%	0.9x	20.7x	40.8x	6.1x	6.5%	(26.0%)	7.7%	4.6%
Ingredients / Flavors (15)	(7.1%)	81.5%	1.3x	13.7x	22.0x	1.4x	5.0%	2.6%	33.9%	12.3%
Protein Processing (6)	(2.3%)	83.3%	0.7x	8.0x	18.6x	2.4x	6.8%	(11.7%)	14.1%	9.7%
Median			0.9x	12.4x	20.3x	2.8x	5.8%	(4.5%)	12.4%	9.0%
Overall Median			1.0x	12.4x	21.9x	2.8x	4.3%	0.8%	27.1%	9.8%

Source: Capital IQ as of 09/30/2018; Note: * Indicates sector statistics calculated as averages rather than medians

Deals by Acquirer Type



Food & Beverage M&A Activity - North America

Summary Observations

During Q3 2018, there were 75 announced M&A transactions involving the acquisition of North American food and beverage targets, up 1% compared to Q3 2017

81% went to strategic acquirers, 19% went to financial and other acquirers

Additional notable deals announced in Q3 2018 include:

- Coca-Cola's acquisition of BA Sports Nutrition for \$2.0 billion
- Brynwood Partners' acquisition of J.M. Smucker's Baking Business for \$375 million
- Tyson's acquisition of Keystone Foods for \$2.4 billion or 11.4x EBITDA

Selected North American M&A Transactions

Announced Date	Target	Acquirer	Enterprise Value (\$mm)	Enterprise Value	
				Sales	EBITDA
9/27/18	Core Nutrition	Keurig Dr Pepper	\$525	2.6x	-
9/25/18	Desi Natural Dahi	Raymundo's Food Group	-	-	-
9/24/18	Frozen Soup Business of NORPAC	Kettle Cuisine	-	-	-
9/24/18	Ethical Bean Coffee	Kraft Heinz Canada	-	-	-
9/13/18	Fine Choice Foods	Passport Food Group	-	-	-
9/12/18	Pirate Brands	The Hershey Company	420	4.7x	-
9/10/18	Bloom Ferments	Prospectors Specialty Beverage	-	-	-
9/5/18	Salsa Business of Sabra Dipping	STIR Foods and Pacifica Foods	11	-	-
9/5/18	Duck Pond Cellars	Integrated Beverage Group	-	-	-
9/4/18	Ready Seafood	Premium Brands Holdings	-	-	-
8/31/18	Costa Coffee	The Coca-Cola Company	5,100	4.1x	16.4x
8/28/18	Moxie Soda	The Coca-Cola Company	-	-	-
8/20/18	Keystone Foods	Tyson Foods	2,400	1.0x	11.4x
8/20/18	SodaStream	PepsiCo	3,222	5.3x	26.0x
8/14/18	BA Sports Nutrition	The Coca-Cola Company	2,000	5.0x	-
8/13/18	Sandwich Business of Select Food Products	Premium Brands Holdings	74	-	-
8/13/18	Private Label Wine Business of Truett-Hurst	Percept Brands	18	-	-
8/9/18	Pizza Crust Business of Tyson	Peak Rock Capital	-	-	-
8/6/18	Cookietree Bakeries	C.H. Guenther & Son	-	-	-
8/2/18	8th Avenue Food & Provisions	Thomas H. Lee Partners	400	-	-
7/31/18	Brazi Bites	San Francisco Equity Partners	-	-	-
7/26/18	AGT Food and Ingredients	Various Investors	808	0.7x	25.9x
7/25/18	Chef'd	True Food Innovations	-	-	-
7/23/18	Outpost Wines	AXA Millelimes	40	-	-
7/20/18	Insomnia Cookies	Krispy Kreme Doughnuts	200	-	20.0x
7/20/18	Rise Baking Company	Olympus Partners	-	-	-
7/16/18	McCann's Brand of Premium Irish Oatmeal	B&G Foods	32	-	-
7/16/18	KB Wines	Duckhorn Wine Company	-	-	-
7/13/18	Big Red	Keurig Dr Pepper	300	-	-
7/10/18	Spice World	Palladium Equity Partners	-	-	-
7/9/18	Baking Business of The J.M. Smucker Company	Brynwood Partners	375	1.0x	5.4x
7/6/18	Queen City Candy	Bettera Brands	-	-	-

Sources: Capital IQ as of 09/30/2018, Mergermarket

Advisory Services

Mergers & Acquisitions
Debt Advisory
Growth Equity
Special Situations
Valuations & Opinions
Joint Ventures & Partnering

About Lincoln International

We are trusted investment banking advisors to business owners and senior executives of leading private equity firms and public and privately held companies around the world. Our advisory services include mergers and acquisitions, debt advisory, growth equity and restructuring for the mid-market. We also provide valuations and fairness opinions and joint ventures advisory services. As one tightly integrated team of more than 500 professionals across 15 countries, we offer an unobstructed perspective, backed by superb execution and a deep commitment to client success. With extensive industry knowledge and relationships, timely market intelligence and strategic insights, we forge deep, productive client relationships that endure for decades. Connect with us to learn more at www.lincolninternational.com.



Lincoln's Global Consumer Group

Changing Market Dynamics Drive Opportunity

Our team stays at the forefront of the latest trends in how consumers, live, think and shop across geographies, demographics and social strata. This insight, coupled with our experience, and industry relationships, informs and enables our advice and solutions for our clients. We are inspired by the exciting changes in the consumer marketplace: the boom in e-commerce, the explosion in new better-for-you food and beverage products, changing uses of retail spaces, the opportunities available through global sourcing expertise, and the importance of the consumer "experience" in dining and leisure activities.

Contributors

Brad Akason

Managing Director | Chicago
bakason@lincolninternational.com
+1 (312) 580-8351

Chris Stradling

Managing Director | Chicago
cstradling@lincolninternational.com
+1 (312) 580-8325

Charles Walder

Director | Los Angeles
cwalder@lincolninternational.com
+1 (213) 283-3704

David Houser

Managing Director | Chicago
dhouser@lincolninternational.com
+1 (312) 580-5805

Aaron Goldstein

Director | Chicago
agoldstein@lincolninternational.com
+1 (312) 506-2721

Nathan Grow

Vice President | Chicago
ngrow@lincolninternational.com
+1 (312) 506-1982

Dominic Rispoli

Managing Director | New York
drispoli@lincolninternational.com
+1 (212) 257-7755

Mark Jones-Pritchard

Director | Chicago
mjonespritchard@lincolninternational.com
+1 (312) 506-2724

Eddie Krule

Vice President | Chicago
ekrule@lincolninternational.com
+1 (312) 506-2728