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PEAPACK PRIVATE

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*Investment Banking*

# Industry Perspectives

Food and Beverage | Spring 2025



# Food and Beverage Industry Update

## Overview

- Peapack Private Investment Banking (“PPIB”) is pleased to present its Spring 2025 quarterly food and beverage industry update
- Through this industry update, we will share our impressions on the market, track the leading macroeconomic indicators, report relevant transactions, public market valuations, and highlight current industry trends

## Initial Market Observations

- The U.S. food and beverage industry experienced a resurgence in 2024, driven by improved consumer optimism as food prices decelerated and inflation continued to wane. This positive sentiment has encouraged more M&A activity
  - For the first time in three years, the industry saw sales volume growth, rising by 1.1% in 2024
- Major companies like Constellation Brands, The Campbell's Company, and General Mills have been divesting non-core or underperforming brands to streamline their product portfolios and focus on more strategic and high-margin products
  - Increased competition from private-label brands is leading to higher promotional spending. Manufacturers are boosting market share by investing in marketing and promotions to compete effectively
- Private equity firms are actively participating in food and beverage M&A, leveraging cheaper capital and accumulated dry powder
  - Large public companies with extra cash are deploying it strategically and improving product offerings
- With inflation stabilizing, manufacturers have constrained ability to raise prices. This has prompted them to reassess their strategies, focusing on more profitable categories and high-margin products
  - Concerns about potential tariffs on imports are escalating, affecting approximately 17% of U.S. food and beverage consumption which has influenced strategic decisions and deal-making
- Tariffs on essential imports like agricultural commodities, packaging materials, and processing ingredients have significantly raised production costs
  - This increase in operational expenses affects profitability and valuation during potential deal negotiations, creating market uncertainty and leading to cautious market activities

# Food and Beverage Trends

## Non-Alcoholic Beverages (“NAB”)

- Functional ingredients such as probiotics, botanicals, and other health supplements are becoming staple ingredients in non-alcoholic beverages
- Many consumers are willing to pay a premium to see functional ingredients be included in their beverages
- Plant-based waters are becoming more prevalent, continuing the “better-for-you”/functional ingredients trend

## Healthy & Sustainable Sourcing

- Locally, organically sourced foods have continued to be in demand as consumers become more aware of the impact their food consumption has on their health and the environment
- While still battling higher prices, consumers that prioritize the “better-for-you” lifestyle are willing to pay a premium for organic health products
- Private equity funds have added investment focus towards “better-for-you” products

## Private Label vs Brand Name

- Cost-conscious consumers are expected to choose private label products over brand name with the expectation of better value and quality for lower prices
- These private-label brands tend to be associated with healthier choices as consumers become more aware of the ingredients in food products
- 73.0% of consumers prefer private-label brands to the larger brands in stores

## Food Delivery

- Like Uber and other ride services, food delivery services are looking to adopt autonomous delivery sources in urban areas with heavy traffic
- Subscription-based services are becoming more popular, as they offer convenience and value to customers by delivering goods on a regular schedule
- Companies are also leveraging customer data to create tailored options and special offers to incentivize more purchasing

2Q Industry Spotlight (See pages 4 & 5)

Securities offered through our affiliated broker dealer, PGB Securities LLC., member FINRA/SIPC.

# Non-Alcoholic Beverages Trend Spotlight

- 51% of participants in a NielsenIQ study stated their desire to drink less alcohol stems from their interest in “better-for-you” consumption and habits
- The global non-alcoholic beverage market is projected to grow from \$1.3 Tn in 2024 to \$2.0 Tn by 2034
- Social media influencers, especially those focused on wellness and lifestyle, are significantly shaping the non-alcoholic beverage market
  - Their content creation and collaboration with bigger brands helps popularize these drinks and appeal to a broader audience

49.0%

of Americans Intend to Drink Less Alcohol in 2025

39.0%

of Generation Z Intends to Adopt a “Dry” Lifestyle in 2025

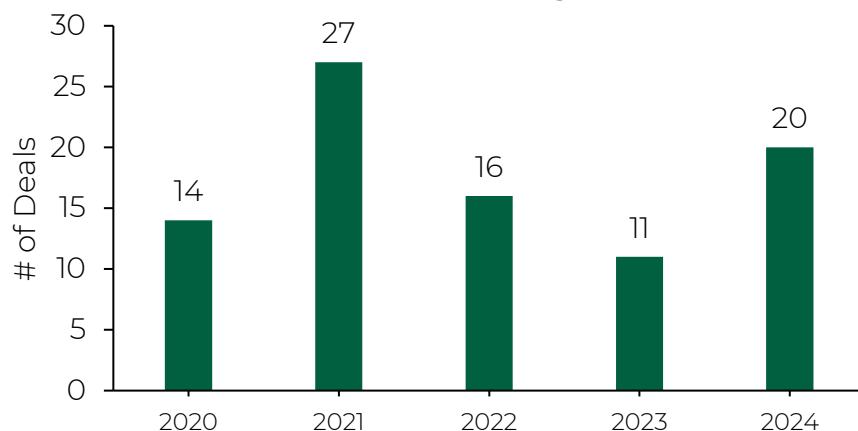
82.0%

of Consumers Desire Functional Beverage Ingredients

\$1.8 Tn

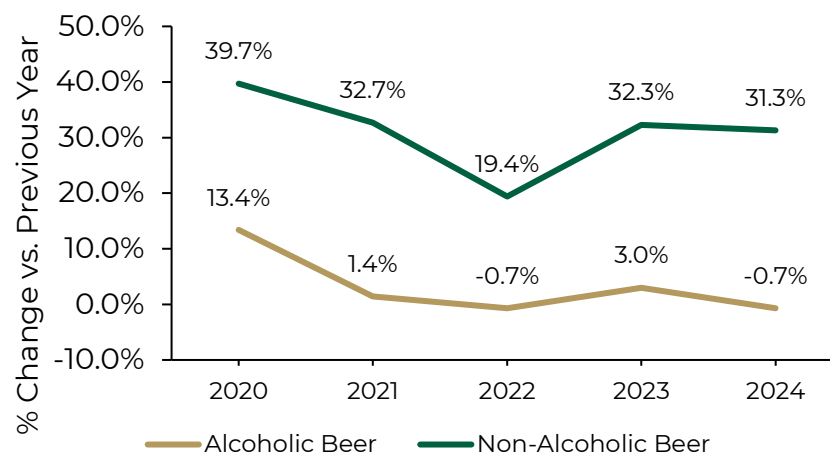
Global Non-Alcoholic Beverage Market

## Non-Alcoholic Beverages M&A Deals



Source: NielsenIQ, GlobeNewswire, CapitalIQ

## Beer U.S. Retail Sales Growth



Source: NielsenIQ

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# Non-Alcoholic Beverage M&A Transactions



Acquired



\$53 million

- Molson Coors Beverage Company recently acquired a majority stake in ZOA Energy, a “better-for-you” energy drink brand co-founded by Dwayne “The Rock” Johnson
- The acquisition, announced on November 7, 2024, is part of Molson Coors' strategy to expand its non-alcoholic beverage portfolio
- Represents an example of how social media influencers can use their platform to market and sell beverages and other products



Acquired



\$1.65 billion

- Celsius Holdings, Inc. recently acquired Alani Nutrition LLC (Alani Nu) on April 1, 2025
- This acquisition combines two growing, scaled brands in the U.S. energy drink category, creating a leading “better-for-you”, functional lifestyle platform
- Celsius aims to capitalize on the growing consumer preference for zero-sugar alternatives and expand its reach to Gen Z and millennial consumers

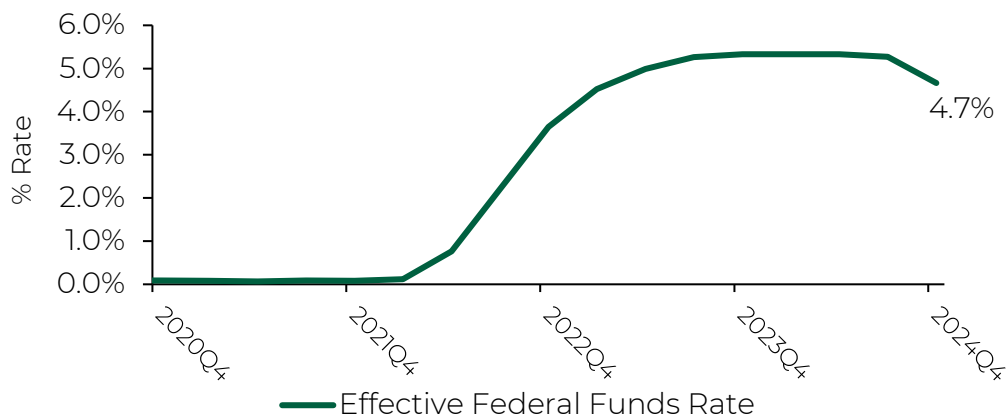
Source: Molson Coors, Celsius

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# Inflation and Consumer Price Index

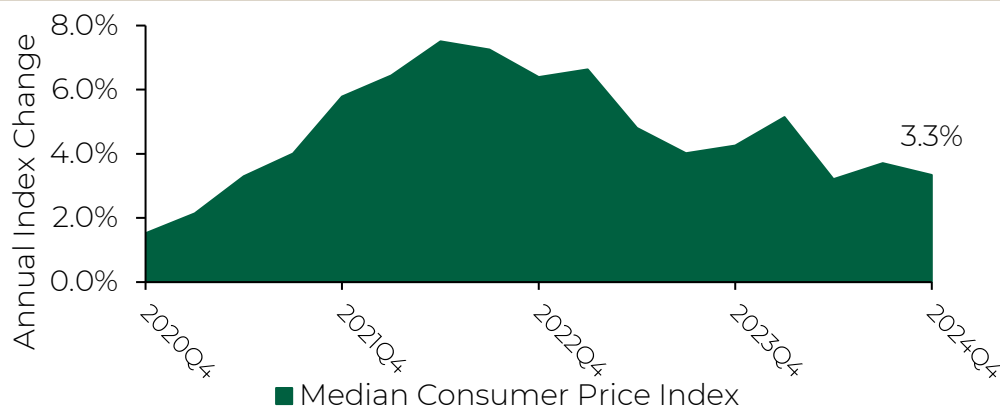
## Effective Federal Funds Rate



Source: Federal Reserve Economic Data, Capital IQ

- In Q4 2024, the Federal Reserve implemented a series of rate cuts, reducing the federal funds rate from 5.3% in August to 4.7% by December
- This shift in monetary policy reflects the Fed's efforts to support economic growth amid inflation pressures
- The rate cuts mark a significant departure from the aggressive tightening cycle that began in 2022

## Median Consumer Price Index



Source: Federal Reserve Economic Data, Capital IQ

- More stable demand dynamics, stronger supply-chains, and lower energy prices have kept CPI levels in moderation
- Food prices, while still higher than pre-pandemic levels, have experienced price decreases
- Consumer behavior has continued to adapt to the new price environment, shifting towards more cautious spending in certain categories



# M&A and Public Market Update

Securities offered through our affiliated broker dealer, PGB Securities LLC., member FINRA/SIPC.

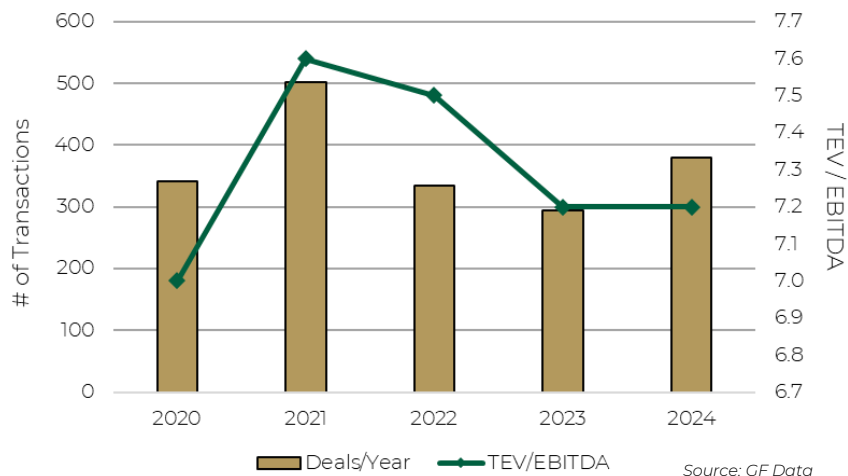
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# Q4 2024 Middle Market M&A Overview

## Average Multiples and Deal Volume



## TEV/EBITDA – By Industry Category

TEV/EBITDA — By Industry Category (\$10-\$250mm TEV)							
Industry	2003-2019	2020	2021	2022	2023	2024	Total
Manufacturing	6.2x	6.7x	7.1x	7.3x	6.5x	6.9x	6.4x
Business Services	6.7x	7.1x	7.3x	7.4x	7.3x	7.2x	6.9x
Health Care Services	7.4x	7.6x	8.1x	8.4x	8.9x	7.7x	7.6x
Retail	7.0x	6.5x	8.3x	8.0x	6.0x	7.4x	7.1x
Distribution	6.6x	7.5x	7.2x	7.2x	7.1x	6.9x	6.8x
Media & Telecom	7.6x	8.3x	7.0x	9.1x	7.8x	6.7x	7.6x
Technology	8.5x	7.6x	10.3x	8.1x	10.2x	8.1x	8.6x
Other	6.3x	6.2x	7.3x	6.7x	6.9x	7.0x	6.4x
							5,368

Please note that N stands for number of transactions and for 2003-19 encompasses seventeen years of activity

Source: GF Data

## TEV/EBITDA: All Industries

Total Enterprise Value (TEV)/EBITDA: Across all Industries								
TEV	2003-2019	2020	2021	2022	2023	2024	Total	N =
10-25	5.8x	5.9x	6.1x	6.4x	6.0x	6.4x	5.9x	2,076
25-50	6.5x	6.7x	7.2x	7.0x	7.0x	6.8x	6.7x	1,592
50-100	7.5x	8.0x	8.3x	8.5x	8.0x	8.3x	7.7x	1,087
100-250	8.2x	8.7x	9.3x	9.1x	9.6x	8.6x	8.5x	615
250-500	9.0x	10.4x	10.9x	10.1x	10.7x	9.7x	9.9x	91
<b>Total</b>	<b>6.6x</b>	<b>7.0x</b>	<b>7.6x</b>	<b>7.5x</b>	<b>7.2x</b>	<b>7.2x</b>	<b>6.9x</b>	-
<b>N =</b>	3,611	342	501	334	294	379	-	5,461

Please note that N stands for number of transactions and for 2003-19 encompasses seventeen years of activity

Source: GF Data

## Quality Premium – Buyouts Only

Quality Premium--Buyouts Only							
	2003-2019	2020	2021	2022	2023	2024	Total
Above Average Financials	6.8x	7.7x	8.2x	7.9x	8.2x	7.7x	7.2x
Other Buyouts	6.2x	6.2x	6.4x	6.5x	6.4x	6.7x	6.3x
Premium / (Discount)	10%	24%	27%	22%	28%	15%	15%
Incidence	55%	55%	63%	66%	47%	40%	55%

Source: GF Data

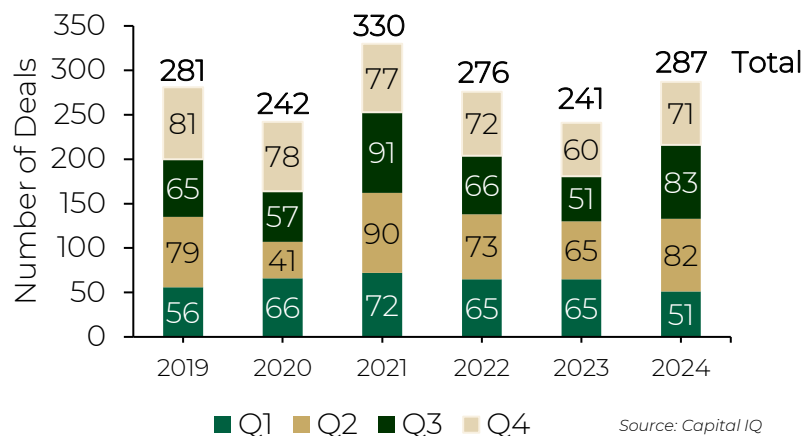
## Middle Market M&A Commentary

- Deal volume continued to rally in 2024 with 379 deals completed, which surpassed 2022 and 2023 in total completed transactions.
- All enterprise value ranges above \$50mm decreased in TEV/EBITDA with the \$250 – 500mm and the \$100 – 250mm range seeing the biggest falls at 1.0x each. The \$10 – 25mm enterprise value range saw a small increase of 0.3x and the \$25 – 50mm and \$50 – 100mm ranges saw small decreases at 0.2x and 0.3x, respectively.
- Additionally, some industries have seen a significant change in valuation, such as retail and manufacturing which saw increases of 1.4x and 0.4x respectively. Remaining industries saw decreases with technology seeing the biggest at 2.1x.
- Anecdotally, 2025 deal activity has seen a slow start year-to-date due to uncertainty regarding tariffs and macroeconomic stability.

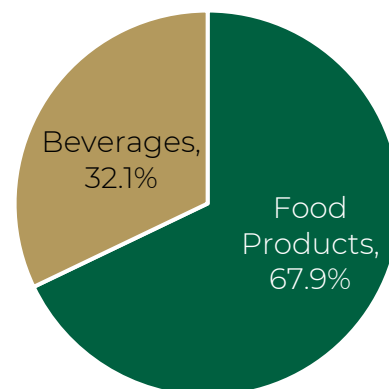


# Food and Beverage M&A Activity

## Quarterly Deals

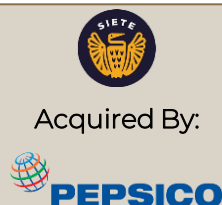


## Total Deals by Sub-Sector



January 17, 2025

- Compliments PepsiCo's multicultural portfolio and grows their better-for-you product offerings with Siete's Mexican-American heritage inspired food
- Transaction Value: \$1.2 Bn



August 14, 2024

- Mars acquires Kellanova to "shape the future of snacking through complementary portfolios, routes-to-market, and R&D capabilities." – Andrew Clarke (GP of Mars Snacking)
- Transaction Value: \$35.8 Bn (18x EBITDA)



August 8, 2024

- Summer Garden, food product manufacturer and co-packer, expands Lassonde's specialty food scope across North America with growth and accretive margins
- Transaction Value: \$237.2 Mm



June 25, 2024

- PE-backed Engelman's Baking Co. acquires St. Armands Baking Co., a Florida commercial bakery, to strengthen national footprint and create business opportunities within the bakery industry
- Transaction Value: NA



Notable Transactions

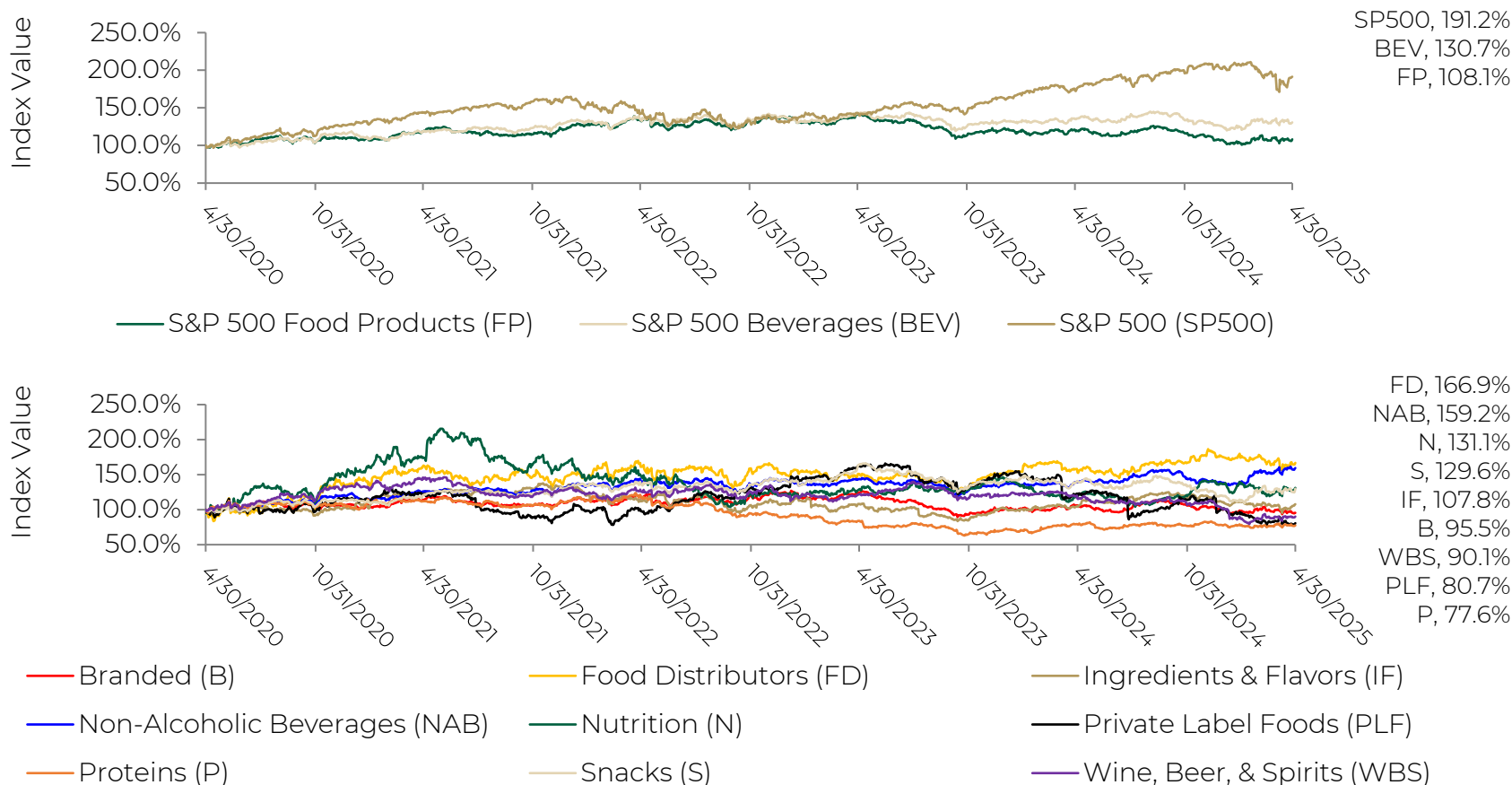
Source: Capital IQ

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# Historical Stock Performance – Food & Beverage\*

## S&P 500 & Subindex 5 Year Stock Performance

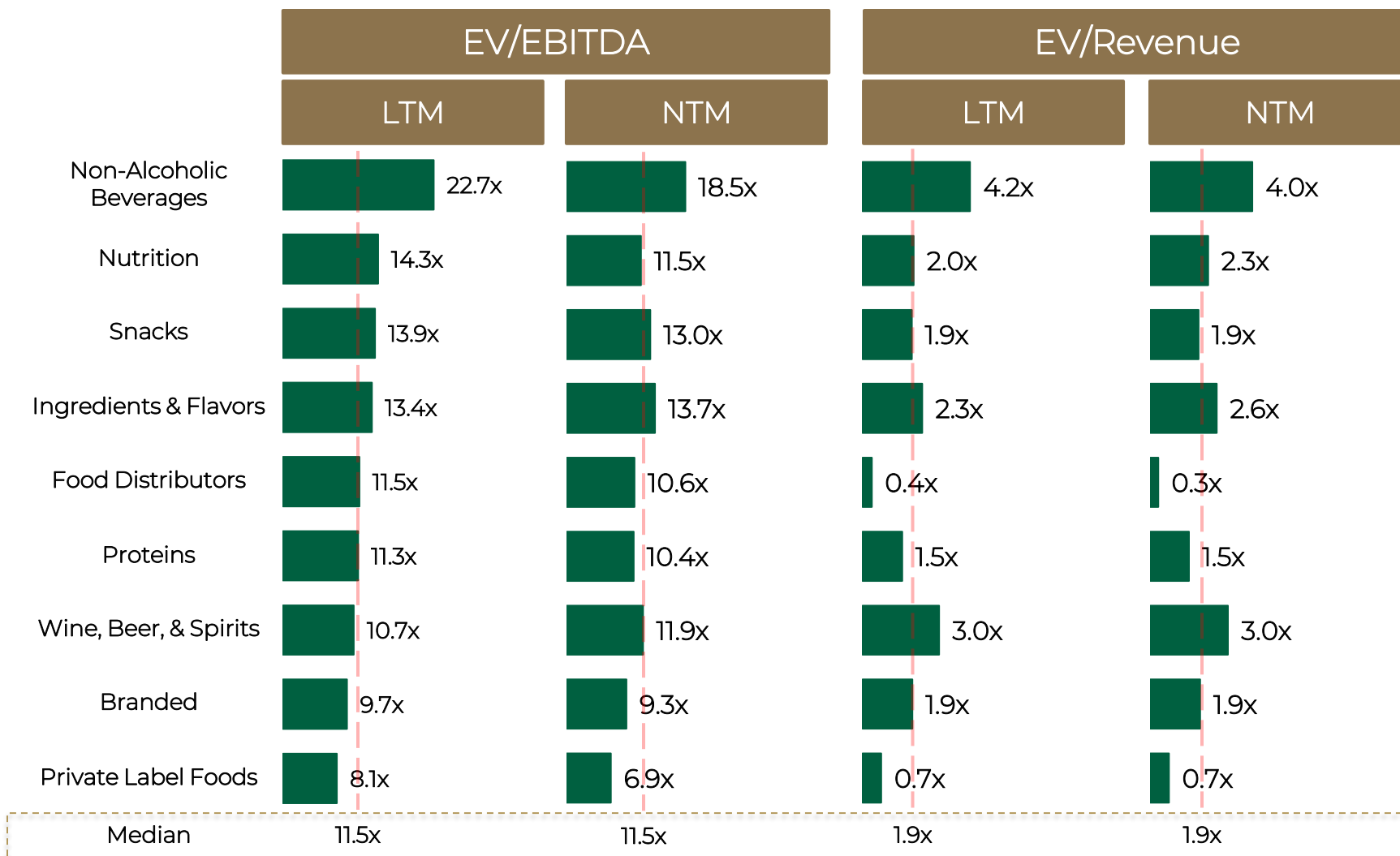


\*Based on stock prices as of: 4/30/2025. See Appendix page 13 for additional detail.

Source: Capital IQ

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# U.S. Public Valuation Trends by Sub-Sector\*



Source: Capital IQ

\*Based on stock prices as of: 4/30/2025. See Appendix page 13 for additional detail.

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# Food and Beverage Industry Coverage

## About Peapack Private Bank & Trust (PPB&T)

Peapack Private Bank & Trust (NASDAQ: PGC) is a 104-year-old boutique commercial bank with total assets of \$7.1 Bn and AUM of \$11.8 Bn as of 3/31/2025. Business segments include Wealth Management, Commercial Banking, Investment Banking, Commercial Real Estate, Peapack Capital (Equipment Finance), and Retail Banking.

As part of Peapack Private, the Investment Bank offers mergers and acquisitions (M&A), capital raising, strategic and financial advisory services through our Corporate Advisory team and provides bank financing (bilateral, club, or syndicated) through our Structured Finance team. Our team of professionals provide thoughtful services to family and founder owned middle market corporate clients and financial sponsors.

## Food and Beverage Select Experience



*has been acquired by*



*a portfolio company of*

**INVESTCORP**


Advisor to Seller



*has been acquired by*



Advisor to Seller




**BALDUCCI'S**  
FOOD LOVER'S MARKET™

*has awarded stalking horse bid to*

**TLI Bedrock**

Advisor to Stalking Horse



## Dedicated Sector Focus

- ✓ Food and Beverage
- ✓ Business Services
- ✓ Utilities and Telecom
- ✓ Industrials
- ✓ Information Technology
- ✓ Financials
- ✓ Healthcare
- ✓ Consumer Staples
- ✓ Materials & Energy
- ✓ Communication Services
- ✓ Real Estate

*Investment Banking has access to a team of equity research analysts through Peapack Private covering 13 industry verticals to meet the corporate finance needs of middle market business owners and investors.*

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# Appendix

## Food & Beverage Index Companies

**Branded (B):** NYSE:BGS, NASDAQ:CPB, NYSE:CAG, NYSE:FLO, NYSE:GIS, NYSE:K, NASDAQGS:LANC, NYSE:MKC, NYSE:POST, NASDAQGS:HAIR, NYSE:SJM, NASDAQGS:KHC

**Food Distributors (FD):** NASDAQCM:HFFG, NYSE:PFGE, NASDAQGS:SPTN, NYSE:SYF, NASDAQGS:CHEF, NYSE:USFD, NYSE:UNFI

**Ingredients & Flavors (IF):** NASDAQGS:BCPC, NYSE:INGR, NYSE:IFF, NASDAQGS:MGPI, NYSE:SXT, NASDAQGS:STKL

**Non-Alcoholic Beverages (NAB):** NASDAQGS:KDP, NASDAQGS:MNST, NASDAQGS:FIZZ, NYSE:KO, NASDAQGS:COCO

**Nutrition (N):** NYSE:BRBR, NYSE:MED, NASDAQCM:SMPL, NASDAQGS:WW

**Private Label Foods (PLF):** NYSE:LW, NASDAQGS:SENE.A, NYSE:THS

**Proteins (P):** NASDAQGS:BYND, NASDAQGS:CALM, NYSE:HRL, NYSE:TSN, NASDAQGM:VITL

**Snacks (S):** NASDAQGS:JJSF, NASDAQGS:JBSS, NASDAQGS:MDLZ, NYSE:HSY, NYSE:UTZ

**Wine, Beer, & Spirits (WBS):** NYSE:BF.B, NYSE:STZ, NYSE:TAP, NYSE:SAM



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