



# FOOD & BEVERAGE MANUFACTURING M&A QUARTERLY

Q3 2023

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By Helana Robbins Huddleston

Compared to many other industry sectors, and for private equity and venture capital deals, food and beverage is one of the more active sectors. While deal volumes and total capital invested have leveled off in 2023 for the F&B sector, numerous food and beverage deals were also announced during Q3 and should close either by the end of the year or the start of 2024.

Beverage companies were of particular interest to venture capital firms during the quarter, and several other food trends – superfoods, nutritious options, and an increase in snacking – all contributed to the sector’s performance during the quarter.

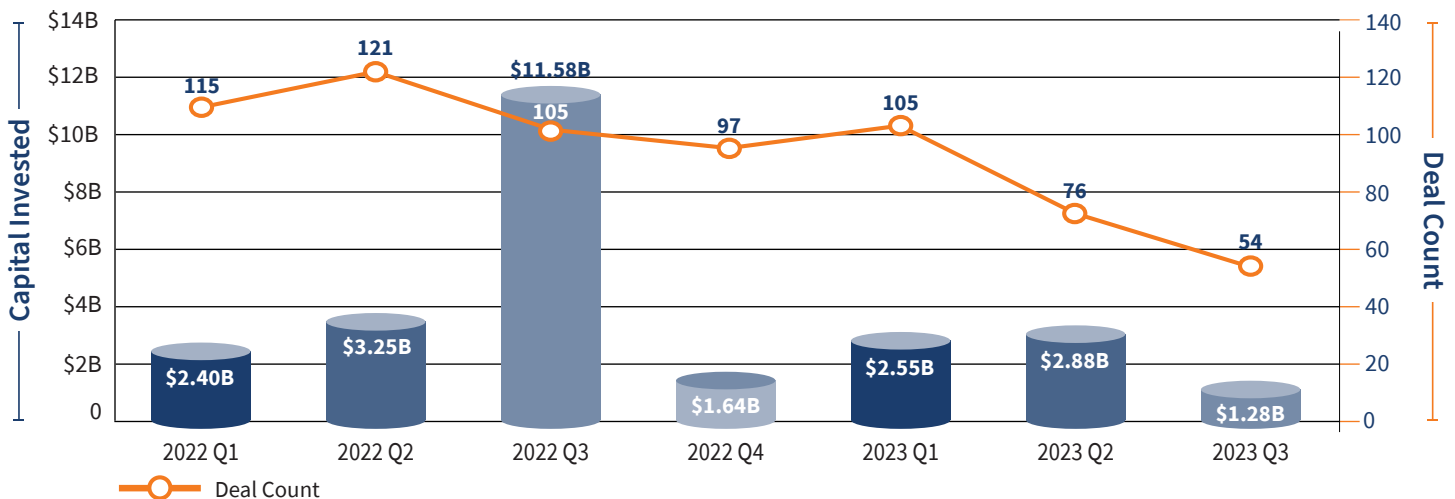
## SKIP TO A SECTION:

- Q3 2023 trending numbers & top deals
- F&B deals in the pipeline
- Food & Beverage trends to watch

## Q3 2023 TRENDING NUMBERS & TOP DEALS

All data gathered from PitchBook Data, Inc. as of Oct. 4, 2023

### Capital invested by deal count



During the third quarter of 2023, a total of \$1.28 billion was invested across 54 different food and beverage deals. Deal volume dropped in Q3 compared to the first two quarters of the year, but the sector – which already posted \$6.71 billion across 235 closed deals through the end of Q3 – may be on target to surpass its 2022 total deal volume when excluding the Q3 2022 Tysons Foods mega-deal of \$8.55 billion.

This year’s average deal size of \$28.62 million is slightly less than the average 2022 food and beverage deal size of \$43.74 million, but is still much lower than the average

deal size of \$50.77 million in 2020. Many of the deals that closed during the third quarter of 2023 involved venture capital investors.

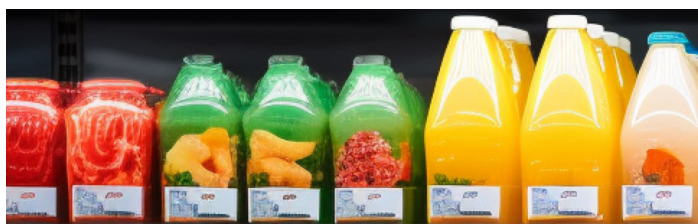
The primary investors in the F&B space during the third quarter included Cleveland Avenue, Habitat Partners, Bobbie, Brooklyn Brewery, Entrepreneurial Equity Partners, Stoli Group USA, Stripes, and Tecum Capital. The largest deal of the quarter involved Conagra Brands, whose existing shareholders sold a significant stake in the company in July for \$500 million.



**Other F&B deals that closed during the quarter included:**

- Monster Beverage Corporation’s subsidiary, Blast Asset Acquisition LLC, completed its acquisition of substantially all of the assets of Vital Pharmaceuticals, Inc., for approximately \$362 million. The acquired assets include Bang Energy beverages and a beverage production facility in Phoenix, Arizona, the company reports.
- Meati, a plant-based food products company reported receiving funding from multiple sources in September including from Chipotle Mexican Grill, CPP Investments, and others. The funds will be used to expand production as they aim to become the U.S. market share leader of plant-based meat by 2025.
- Hoplark, a producer of non-alcoholic craft beverages, raised \$19.74 million in venture funding from Murano Group and other undisclosed investors. Previously, the company raised \$5.94 million of Series A venture funding in a deal led by Brooklyn Brewery on Sept. 14, 2023.
- Botanical gin maker, Wilde Irish Gin, raised \$3 million of Series A venture funding from undisclosed investors, putting the company’s pre-money valuation at \$12 million.
- Non-alcoholic spirit maker, The Pathfinder Spirit, was acquired by Stoli Group USA, a subsidiary of SPI Group B.V. Previously, the company raised \$2.29 million of seed funding from Stoli Group USA and other undisclosed investors.
- LIVEKINDLY Collective (LKC) acquired Alpha Foods, whose products are available in the frozen food section at major retailers like Costco, Kroger, Whole Foods, Safeway, H-E-B, Albertsons, and Sprouts. With Alpha joining the Collective, LKC will be able to enter the ready-to-eat breakfast and burrito snacking category, and expand its distribution in the U.S.

CohnReznick noted in our [M&D M&A Q2 2023](#) report that the beverage space would be a key investment target this year and the activity during Q3 confirmed this prediction.



**F&B DEALS IN THE PIPELINE**

Mergers and acquisitions appear to be picking up on the mega-deal size with numerous announcements of upcoming transactions. Here are some of the top F&B deals that we expect to close either by the end of the year or sometime in 2024:

- J.M. Smuckers will buy Hostess Brands for \$5.6 billion (including debt) in a deal that merges two huge American snack makers. According to J.M. Smuckers, the definitive agreement to acquire Hostess for \$34.25 per share in a cash and stock transaction represents the total enterprise value of approximately \$5.6 billion. With this acquisition, J.M. Smuckers wants to expand its brand offering in growing categories and accelerate its focus on convenient foods.
- Mars Inc. agreed to buy Kevin’s Natural Foods, which is known for its sous-vide meals, sauces, and side dishes, Reuters reports. The deal values private equity-backed Kevin’s at nearly \$800 million.
- Keurig Dr Pepper Inc., and La Colombe announced a strategic partnership, including a long-term sales and distribution agreement for the latter’s ready-to-drink coffee, and a long-term licensing, manufacturing, and distribution agreement for La Colombe branded K-Cup® coffee pods. Keurig Dr Pepper will also make an equity investment in La Colombe, the company says.
- BeLiv, a beverage global company in Latin America with a portfolio of more than 40 brands, acquired a 78% stake in High Brew, which makes ready-to-drink cold brew coffee.
- Molson Coors Beverage Company is acquiring Blue Run Spirits, an award-winning producer of finely crafted bourbon and rye whiskies. The deal represents another step in Molson Coors’ evolution as a total beverage company while providing Blue Run with resources to continue its growth, the company says. Based in Kentucky, Blue Run is one of the whiskey industry’s most compelling new entrants since the brand’s launch in October 2020.
- Campbell Soup Company and Sovos Brands, Inc., entered into an agreement for Campbell to acquire Sovos Brands, Inc., for \$23 per share in cash, representing a total enterprise value of approximately \$2.7 billion, according to the company. The strategic transaction adds a high-growth, market-leading premium portfolio of brands to diversify and enhance Campbell’s Meals & Beverages division, providing a substantial runway for sustained profitable growth.



## FOOD & BEVERAGE TRENDS TO WATCH

While plant-based foods always seem to be a trend to watch, we are highlighting a few other popular themes that are being talked about today.

- **Grocery store consolidations.** A couple of mega-deals are in the works including:
  - Aldi buying 400 Winn Dixie and Harvey grocery stores in five states: Alabama, Florida, Georgia, Louisiana, and Mississippi. The acquisition will grow Aldi’s geographical reach into new markets and introduce its pricing and supply chain expertise to drive improvements to the bottom line of grocery stores in the area.
  - A merger of Jewel and Kroger that have multiple brands across their respective portfolios. The merger will include 413 stores, with the QFC, Mariano’s, and Carrs brand names being sold to C&S Wholesale Grocers. Kroger also plans to divest the Debi Lilly Design Primo Taglio, Open Nature, ReadyMeals, and Waterfront Bistro private label brands.
- **Snacks are big business.** The snack category is growing quickly, and manufacturers are evolving offerings to meet emerging consumer demands.
  - Salty snack sales grew nearly 16% in 2022 to reach \$28 billion and are projected to reach \$38 billion by 2028.

- Forty-nine percent of consumers are snacking more than three times per day, up 8% in the last two years. Younger generations like millennials and Gen Z are driving the accelerating trend.
- Twenty-five percent of consumers seek out snacks that are on sale, up 3% from two years ago, while 20% of consumers are buying less assortment of snacks for their household to save money.
- **Superfoods are in demand.** The global superfoods market reached \$162.6 billion in 2022 and is on track to reach \$226.3 billion by 2028, exhibiting a growth rate (CAGR) of 5.5% from 2023-28.
  - These nutrient-dense foods are mainly derived from plants, dairy, and fish products, known to have multiple health benefits while being low in calories.
  - Some popular superfoods include dark leafy vegetables, berries, eggs, legumes, tea, nuts and seeds, dark chocolate, avocado, salmon, roots, and herbs.
  - Superfoods are rich in essential vitamins, minerals, antioxidants, fibers, and fatty acids that help prevent and/or treat a wide variety of health issues.

The third quarter was active for food and beverage, with venture capital companies continuing to invest in companies – and with a particular emphasis on the ones that make beverages. We’ve been seeing this trend throughout 2023 and, with all the recent announcements, expect some mega deals to close and F&B capital invested to reach levels that haven’t been seen in years.








## SELECT RECENT COHNREZNICK FOOD AND BEVERAGE TRANSACTIONS


  
has acquired

  
CohnReznick LLP provided financial due diligence on behalf of the seller.

  
has acquired

  
CohnReznick LLP provided financial and accounting due diligence services in support of the transaction.

  
has invested in

  
CohnReznick LLP provided financial and tax due diligence on behalf of the investor.

  
connecting through meals

has acquired certain assets of

  
CohnReznick LLP provided financial, tax, operations, and IT transaction advisory services on behalf of the acquirer.

  
has acquired

  
CohnReznick LLP provided financial due diligence on behalf of the seller.

  
has sold its portfolio company

  
INSPIRED ASIAN CUISINE

to

  
CohnReznick LLP provided financial due diligence services in support of the seller.

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