



Houlihan  
Lokey



# Snacking Market Update



Q3 2024

# About Our Firm

Houlihan Lokey, Inc. (NYSE:HLI) is a leading global investment bank with expertise in mergers and acquisitions, capital markets, financial restructuring, and financial and valuation advisory.

Our firm is the trusted advisor to more top decision-makers than any other independent global investment bank.

## CORPORATE FINANCE

2023 M&A Advisory Rankings  
All Global Transactions

	Advisor	Deals
1	<b>Houlihan Lokey</b>	<b>352</b>
2	Rothschild & Co	349
3	Goldman Sachs & Co	300
3	JP Morgan	300
5	Morgan Stanley	253

Source: LSEG (formerly Refinitiv).  
Excludes accounting firms and brokers.

No. 1  
Global M&A Advisor

Leading  
Capital Markets Advisor

## FINANCIAL RESTRUCTURING

2023 Global Distressed Debt &  
Bankruptcy Restructuring Rankings

	Advisor	Deals
1	<b>Houlihan Lokey</b>	<b>73</b>
2	PJT Partners Inc	64
3	Rothschild & Co	51
4	Lazard	37
5	Evercore Partners	27

Source: LSEG (formerly Refinitiv).

No. 1  
Global Restructuring Advisor

1,700+  
Transactions Completed Valued at  
More Than \$3.5 Trillion Collectively

## FINANCIAL AND VALUATION ADVISORY

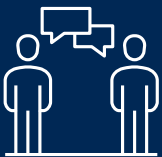
1999–2023 Global M&A  
Fairness Advisory Rankings

	Advisor	Deals
1	<b>Houlihan Lokey</b>	<b>1,247</b>
2	JP Morgan	1,035
3	Duff & Phelps, A Kroll Business	977
4	UBS	884
5	Morgan Stanley	716

Source: LSEG (formerly Refinitiv).  
Announced or completed transactions.

No. 1  
Global M&A Fairness Opinion  
Advisor Over the Past 25 Years

2,000+  
Annual Valuation Engagements



Learn more about how  
our advisors can serve  
your needs:

Corporate Finance →

Financial Restructuring →

Financial and  
Valuation Advisory →

Our Industry Coverage →



Our clients benefit from our local presence and global reach.

36

Locations  
Worldwide

~2,000

Total Financial  
Professionals

328

Managing  
Directors<sup>(1)</sup>

2,000+

Clients Served  
Annually

\$10.9B

Market  
Cap<sup>(2)</sup>

\$2.0B

Annual  
Revenue<sup>(3)</sup>

**AMERICAS**

Atlanta	Los Angeles
Baltimore	Miami
Boston	Minneapolis
Charlotte	New York
Chicago	San Francisco
Dallas	São Paulo
Houston	Washington, D.C.

**EUROPE  
AND  
MIDDLE  
EAST**

Amsterdam	Milan
Antwerp	Munich
Dubai	Paris
Frankfurt	Stockholm
London	Tel Aviv
Madrid	Zurich
Manchester	

**ASIA-  
PACIFIC**

Beijing	Shanghai
Fukuoka	Singapore
Gurugram	Sydney
Hong Kong SAR	Tokyo
Mumbai	

(1) As of June 30, 2024; excludes corporate MDs.

(2) As of September 30, 2024.

(3) LTM ended June 30, 2024.

**Fully Integrated Financial  
Sponsor Coverage**

29

Senior officers dedicated to the sponsor community in the Americas and Europe.

1,300+

Sponsors covered, providing market insights and knowledge of buyer behavior.

800+

Companies sold to financial sponsors over the past five years.



# About Our Consumer Group

Houlihan Lokey’s Consumer Group has earned a reputation for providing superior service and achieving outstanding results in M&A advisory, capital-raising, restructuring, and financial and valuation advisory services.

We have built a reputation as a trusted advisor to companies in the consumer industry. We do this by combining our extensive market capabilities with our in-depth industry knowledge to help maximize shareholder value for our clients.

## Consumer Group: No. 1 for Global M&A Transactions Under \$1 Billion

2023 M&A Advisory Rankings Global Consumer Transactions Under \$1 Billion		
	Advisor	Deals
1	Houlihan Lokey	50
2	Rothschild & Co	48
3	Lazard	32
4	Goldman Sachs & Co	25
5	UBS	23

Source: LSEG (formerly Refinitiv).  
Excludes accounting firms and brokers.

Based on number of transactions and according to data provided by LSEG (formerly Refinitiv), Houlihan Lokey was ranked the **No. 1** investment bank for global consumer M&A transactions under \$1 billion in 2023.

 Consumer Industry Coverage

## Industry Sector Coverage

We cover a broad array of sectors, with financial professionals dedicated to each of our primary coverage areas.



Food and Beverage



Consumer Products



Consumer Channels and Leisure

## Selected Consumer Transactions



has been acquired by

**Estée Lauder**

Sellside Advisor



has sold

**PRINCES**

to

**Neulab**

Sellside Advisor



has sold a majority stake in

**BEAUTYNOVA**

to

**PAI**

and has reinvested alongside the Management team

Sellside Advisor



has received an investment from

**CVC**

Sellside Advisor




a portfolio company of

**Partners Group**

has been acquired by

**COMPASS**

Sellside Advisor



has made a significant growth investment in

**Butternut Box**


Buyside Advisor



has acquired the Suave brand in North America from

**Unilever**

Buyside Advisor




with

**Partners Group**

have increased their stake in

**BREITLING**

Sellside Advisor



has completed a series B financing led by

**CATTERTON**

Financial Advisor



a portfolio company of

**emz**

has sold a majority stake to

**Nestle**

Sellside Advisor



A controlling interest in

**Thinx**

has been acquired by

**Kimberly-Clark**

Sellside Advisor & Fairness Opinion



has sold its Brazilian business to

**BIMBO**

Sellside Advisor



has acquired

**Valeo Foods**

from

**CAPVEST**

Buyside Advisor



a portfolio company of

**TSG CONSUMER**

has been acquired by

**Nestle HealthScience**

Sellside Advisor



has been acquired by

**MARS**

Sellside Advisor

Tombstones included herein represent transactions closed from 2019 forward.

## Key Facts and Figures

130+

Dedicated Consumer Group financial professionals.

50

Completed industry sector transactions in 2023.





# Our Food and Beverage Snacking Team

In 2023, our team was ranked as the **No. 1 M&A advisor for all U.S. food and beverage transactions** by LSEG (formerly Refinitiv). Within the Consumer Group, the **dedicated snacking sector team has announced c. 10 transactions in the past 12 months**, highlighting its position as the leading advisor in the sector.

## Selected Snacking Transactions

 a portfolio company of Davidson Kempner AFendia has acquired  a portfolio company of LDC Buy-side Advisor	 a portfolio company of VESTAR has been acquired by CTH Invest S.A. a related company of FERRERO Sell-side Advisor	 has been acquired by Trufood a portfolio company of MUBADALA CAPITAL Sell-side Advisor	 a portfolio company of JORDANES has been acquired by ERHVERVSINVEST Sell-side Advisor	 a portfolio company of CHARLIECHUNK & PATTEN Group has been acquired by EMPWR a portfolio company of WATERLAND Sell-side Advisor	 a portfolio company of Bridgepoint has been acquired by Adam Foods Sell-side Advisor	 has acquired WORLD SWEETS (together "IBG") a portfolio company of Sculptor CAPITAL MANAGEMENT Buy-side Advisor
 has acquired manufacturing facilities from  Buy-side Advisor	 has entered into a strategic partnership with new minority shareholder  Sell-side Advisor	 has been acquired by MARS Sell-side Advisor	 has been acquired by europe snacks a portfolio company of apa Sell-side Advisor	 a portfolio company of ALFA has been acquired by MUBADALA CAPITAL Sell-side Advisor	 has sold a significant minority shareholding to  Sell-side Advisor	 has been acquired by HERSHEY Sell-side Advisor
 a portfolio company of Motion Equity has acquired  Buy-side Advisor	 has acquired  Buy-side Advisor	 a portfolio company of Sunrise Trilantic has been acquired by  Sell-side Advisor	 a portfolio company of VMG has been acquired by HERSHEY Sell-side Advisor	 a portfolio company of PIPER and Jam Jar has received a majority stake investment from Exponent Sell-side Advisor	 has been acquired by Valco FOODS Sell-side Advisor	 has been acquired by FERRERO Sell-side Advisor
 has acquired  Buy-side Advisor	 a portfolio company of GP has been acquired by a fund managed by LAKEVIEW CAPITAL Sell-side Advisor	 a portfolio company of SPC has been acquired by Hostess Sell-side Advisor	 has been acquired by KAINOS Sell-side Advisor	 has been acquired by Invest Industrial Sell-side Advisor	 a portfolio company of LDC has been acquired by Calbee United Kingdom Sell-side Advisor	 a portfolio company of Blackstone has been acquired by Valco FOODS Sell-side Advisor
 a portfolio company of Riverside has been acquired by Mondelez International Sell-side Advisor	 has acquired  Buy-side Advisor	 has acquired Tyrells a portfolio company of HERSHEY Buy-side Advisor	 a portfolio company of Wind Point Partners has been acquired by VCP Sell-side Advisor	 a portfolio company of TPG has been acquired by CONAGRA Sell-side Advisor	 has acquired  Buy-side Advisor	 has acquired  Buy-side Advisor

Tombstones included herein represent transactions closed from 2017 forward.

## Subsector Coverage



Bars



Better for You



Biscuits and Baked Goods



Chips



Ice Cream



Nuts



Popcorn



Other Savory Snacks



Other Sweet Snacks

## Leadership



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## Contact Us

Please reach out to us to discuss this quarter's market update or to explore how we can serve your business needs.



Request a Meeting




Learn More About Us


# Recent Featured Transactions

## Executed by Houlihan Lokey's Snacking Team

### Houlihan Lokey Advises Cerealto




a portfolio company of  
DavidsonKempner Afendis  
has acquired




a portfolio company of  
LDC

Buy-side Advisor

Sector




Target Geography



July 2024

Target	<ul style="list-style-type: none"><li>Established in 1855 and based in Ashton-under-Lyne, England, Hill Biscuits is a leading manufacturer of branded and private-label biscuits.</li><li>The company has a broad product portfolio covering iconic biscuits, including bourbons, custard creams, and digestives.</li></ul>
Buyer	<ul style="list-style-type: none"><li>Headquartered in Venta de Baños, Spain, Cerealto is a leading pan-European contract manufacturer of biscuits, rice and corn cakes, and cereal bars.</li><li>With presence in more than 50 countries, Cerealto manufactures products from its own facilities in Spain, Italy, the U.K., Portugal, and Mexico.</li></ul>
Transaction	<ul style="list-style-type: none"><li>Cerealto, a portfolio company of Davidson Kempner and Afendis Capital Management, acquired Hill Biscuits, a portfolio company of LDC, on July 31, 2024.</li><li>Houlihan Lokey acted as the exclusive buy-side financial advisor to Cerealto throughout the transaction.</li></ul>

### Houlihan Lokey Advises Nonni's Bakery




a portfolio company of  
Veststar  
has been acquired by

CTH Invest S.A.


a related company of  
FERRERO

Sell-side Advisor

Sector



Target Geography



October 2024

Target	<ul style="list-style-type: none"><li>Nonni's Bakery is the artisan bakery for premium snack lovers, serving up a variety of high-quality baked goods that range from indulgent biscotti to better-for-you chips.</li><li>Nonni's Bakery delivers distinctive textures and flavors worth savoring, baked from contemporary recipes that celebrate the Italian spirit of eating and living well.</li></ul>
Buyer	<ul style="list-style-type: none"><li>CTH Invest S.A. is a Ferrero-related Belgian holding company.</li><li>Ferrero and its related parties are leading players in the worldwide chocolate, confectionery, and sweet biscuits industries.</li></ul>
Transaction	<ul style="list-style-type: none"><li>Nonni's Bakery, a portfolio company of Vestar, was acquired by CTH Invest on October 1, 2024.</li><li>Houlihan Lokey acted as the exclusive sell-side financial advisor to Nonni's Bakery and assisted in structuring and negotiating the transaction.</li></ul>





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# Snacking Market Update

The snacking sector has recently undergone a challenging period, with supply chain pressures and the cost-of-living crisis impacting trading performance.

Despite this, a number of strong underlying tailwinds provide promise for the future, and with inflation and interest rates stabilizing, sentiment is improving.

From an M&A perspective, high levels of strategic and private equity interest remain in the sector for premium assets.

Snacking companies have faced challenges over the past 18 months on both the supply and demand sides. On the supply side, **raw material prices and logistics costs have driven significant increases in cost bases**, particularly relevant for sweet-snacking companies with record-high cocoa prices. On the demand side, **consumer discretionary spending has been under pressure** as the cost-of-living crisis has shifted consumption habits.

As a result, **performance from the largest players in the sector has been mixed**, with companies struggling to maintain volumes as price increases have been pushed through to consumers. Despite this, **the snacking category has outperformed the broader food and beverage sector**, due to the largely branded category having higher consumer loyalty, allowing easier pass-through of price increases.

**Looking forward, the snacking sector is expecting to deliver growth**, with initial green shoots starting to appear as the macro backdrop improves. **Growth is further supported by positive consumer trends** such as better-for-you snacking, increased consumption occasions, healthy indulgence, and innovation.

From an M&A perspective, after a quiet period, **2024 has seen a number of “mega deals,”** including the recently announced acquisition of Kellanova by Mars, which represents the largest transaction in the sector’s history. Other large food and beverage acquisitions—including Siete by PepsiCo, Princes by Newlat, and Britvic by Carlsberg—highlight that the **M&A market remains open for high-quality assets**.

As **interest rates continue to normalize and visibility of performance increases** (including volume recovery and inflation pass-through), an **uptick in M&A activity is expected** as we approach 2025.

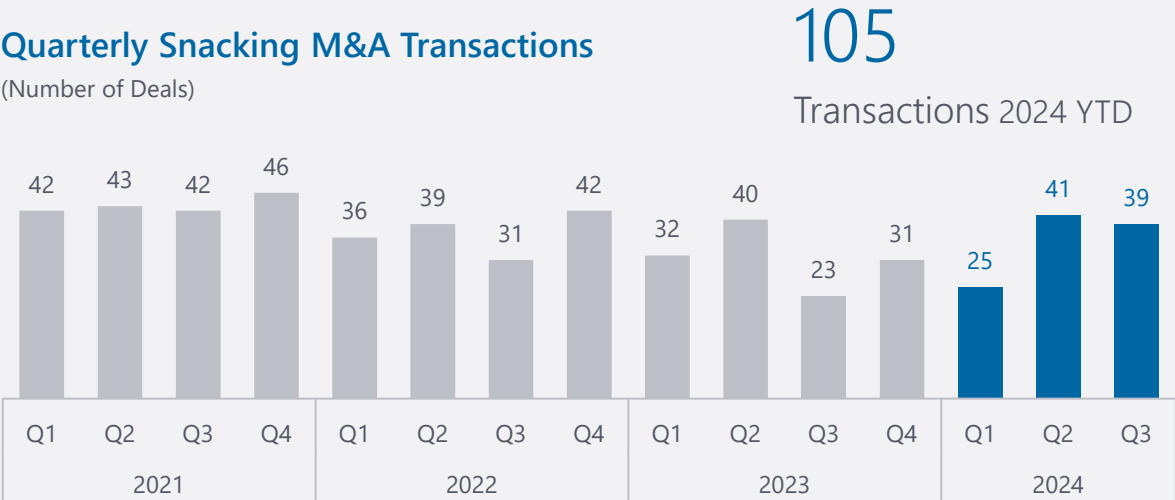
Source: S&P Capital IQ. Data as of 30 September 2024. All share prices rebased to 100.

(1) Snacking, throughout the newsletter, is defined as savory snacks (chips, nuts, popcorn, etc.) and sweet snacks (bars, biscuits, baked goods, ice cream, confectionery, etc.).

(2) The Snacking and Global Food Index consists of a diversified set of companies across the sector. See page 17 for a complete list.

## Quarterly Snacking M&A Transactions

(Number of Deals)



## January 2019 to September 2024 Listed Company Performance<sup>(1)</sup>





# Global Consumer Trends Snacking

1

Increased Consumption Occasions



Fast-paced lifestyles and proliferation of options are driving more snacking occasions.

2

Better-for-You Snacking



Increased focus on health and wellness, which increases the demand for high-quality products with natural ingredients.

3

Healthy Indulgence



Consumers continue to use snacking products as indulgence while keeping an eye on healthy consumption.

4

Product Innovation and Sustainability




Continued innovation across formats, flavors, and textures, as well as sustainable packaging.

Sources: Company websites, selected press.



## Selected Recent Examples

graze launches brand new Snack Packs for 'on-the-go'




by Fiona Briggs — May 20, 2024


Reading Time: 2 mins read

Conagra Builds Up Better-For-You Snack Portfolio


Its deal for FATTY Smoked Meat Sticks is consistent with the branded food company's strategic focus on the snacking and frozen categories.

 Danielle Romano

8/22/2024




Corn Thins Minis goes big on health and indulgence to satisfy Australia's snack cravings












By Audrey Yow

16-May-2024 - Last updated on 16-May-2024 at 11:19 GMT

How KP Snacks is ramping up its packaging improvement pact



# Company Updates Listed Companies

Company	HQ	Quarterly Performance	Latest Quarterly Performance Update	Selected Recent Company News
			<ul style="list-style-type: none"> <li>▪ Sales in line and earnings above broker consensus, driven by gross margin outperformance and SG&amp;A leverage.</li> <li>▪ Strong sales growth in Uncrustables brand (+24%) offset by coffee and pet food divisions (both flat).</li> <li>▪ Latest expectation for full-year performance of 8.5%–9.5% sales growth vs. prior year, a slight reduction vs. previous forecasts, reflecting broader market sentiment.</li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>Sep-24:</b> Announced intention to raise coffee prices in reaction to supply chain pressures.</li> <li>▪ <b>Aug-24:</b> Announced intention to close Hostess Brands corporate headquarters.</li> <li>▪ <b>Jul-24:</b> Rumored to be exploring the sale of the Voortman Bakery brand with Goldman Sachs.</li> <li>▪ <b>May-24:</b> NPD in Jif brand, with the biggest flavor innovation in nearly a decade, through peanut butter and chocolate spread launch.</li> </ul>
			<ul style="list-style-type: none"> <li>▪ Solid Q2 performance, with sales in line and earnings ahead of estimates.</li> <li>▪ Impressive YTD gross margin performance driven by productivity gains, which are expected to continue to year-end.</li> <li>▪ Slightly lowered FY 2024 organic sales outlook (+3% to ~3%), reflecting broader salty snacking outlook.</li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>Aug-24:</b> William Werzyn Jr. appointed to the board following the resignation of Michael Rice.</li> <li>▪ <b>Aug-24:</b> Completed the acquisition of 65 direct-store delivery routes in South Florida from National Food Corp.</li> <li>▪ <b>Apr-24:</b> Sold two processing plants to Our Home for \$18.5M.</li> <li>▪ <b>Apr-24:</b> Refinanced \$630M term loan.</li> </ul>
			<ul style="list-style-type: none"> <li>▪ Strong Q2 with sales, EBIT, and EBITDA up vs. prior year (in particular, adjusted EBITDA up c. 6%). This included being the second-highest net sales quarter in company history.</li> <li>▪ Top-line growth driven by higher volumes across core products and categories with particularly strong results in retail across handhelds, frozen snacks, and pretzels, and softer performance in biscuits.</li> <li>▪ Full-year guidance raised as a result of strong quarter performance.</li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>Jun-24:</b> Announced that the current CFO (Ken Plunk) will retire at the end of the year.</li> <li>▪ <b>Apr-24:</b> Acquired Thinsters, the U.S.-based cookie brand.</li> </ul>

Sources: Company websites, selected press, broker notes.









# Company Updates Listed Companies (cont.)

Company	HQ	Quarterly Performance	Latest Quarterly Performance Update	Selected Recent Company News
 <small>SNACKING MADE RIGHT</small>			<ul style="list-style-type: none"> <li>Q2 net sales are below consensus (albeit still up 2.5%), driven by a 2.2% decline in volumes.</li> <li>Margin profile in 2024 is potentially artificially high due to cocoa price hedging at very favorable rates, which do not extend to 2025.</li> <li>Mondelēz is launching a lower-priced offering across Oreo, Chips Ahoy, and Ritz in response to consumer feedback on their price positioning.</li> </ul>	<ul style="list-style-type: none"> <li><b>Oct-24:</b> Acquired a minority stake in Urban Legend, a non-HFSS doughnut brand based in the U.K.</li> <li><b>Aug-24:</b> Increased Cadbury prices due to cocoa inflation.</li> <li><b>Jun-24:</b> Announced partnership with Lotus. Mondelez will distribute the Lotus brand across India and create co-branded chocolate innovations across Europe (Cadbury and Milka branded products using Biscoff spread).</li> <li><b>May-24:</b> Fined c. €338M by the European Commission for anticompetitive practices.</li> <li><b>May-24:</b> Signed a licensing agreement with Arla Foods for the distribution of chocolate milk.</li> </ul>
			<ul style="list-style-type: none"> <li>Q2 earnings missed with sales decline of c. 17%, with volumes down c. 18%, largely resulting from retailer inventory reductions and impacts from Q1's ERP shift.</li> <li>Missed Q2 volumes are expected to be somewhat recovered in the coming months as retailers delayed their Halloween and Christmas orders.</li> <li>Full-year guidance reduced (now to growth of c. 2% vs. FY 2023).</li> </ul>	<ul style="list-style-type: none"> <li><b>Sep-24:</b> Appointed Michael Del Pozzo as President of U.S. Confection division.</li> <li><b>Jun-24:</b> Launched a range of NPDs in the quarter, including: <ul style="list-style-type: none"> <li>Reese's and One brand collaboration for peanut-based chocolate protein bars.</li> <li>Larger-format Reese's Peanut Butter Cups.</li> </ul> </li> </ul>
			<ul style="list-style-type: none"> <li>Missed Q2 sales, with consumer demand lower than expected. Within snacking, Frito volumes were weaker than expected as a result of consumer price perceptions.</li> <li>Earnings above expectations, with margin improvements largely the result of productivity gains.</li> <li>International business outperformed the U.S.—with c. 6% organic revenue growth—and was particularly strong in Africa, the Middle East, and India.</li> <li>Full-year revenue guidance reduced (to 4% growth vs. FY 2023, a 1% reduction).</li> </ul>	<ul style="list-style-type: none"> <li><b>Oct-24:</b> Pepsi announced intention to acquire Siete, the U.S.-based, Mexican-inspired food brand (tortillas, chips, seasonings, sauces, etc.), for \$1.2B.</li> <li><b>Sep-24:</b> Renewed 10-year partnership with Papa John's as its North American beverage partner.</li> <li><b>Jun-24:</b> Invested £8M in Lincolnshire manufacturing facility for Pipers Crisps brand to help meet growing demand.</li> <li><b>May-24:</b> Appointed Paula Marconi (ex. Kraft Heinz) as European Chief Marketing Officer.</li> </ul>

Sources: Company websites, selected press, broker notes.



# Company Updates Privately Owned Companies

Company	Ownership	HQ	Selected Recent Company News
	Mars Family		<ul style="list-style-type: none"> <li><b>Oct-24:</b> Newly published accounts for U.K. subsidiary show a £600M dividend payment, up from £115M in prior year.</li> <li><b>Sep-24:</b> Announced intention to spend \$1B on new sustainability initiatives, focused on energy and water usage and simplification of its supply chain.</li> <li><b>Aug-24:</b> Announced the acquisition of Kellanova, marking the largest snacking deal of all time.</li> <li><b>Aug-24:</b> Announced the beginning of renovations of its corporate headquarters in Virginia.</li> <li><b>Q2-24:</b> Range of NPDs launched across the quarter. Kind brand introduced soft-baked bars (specifically for children) as well as a new M&amp;M's Minis range, targeting increased consumption occasions.</li> <li><b>Apr-24:</b> Launched TruFru brand in the U.K. with its first listing in Tesco after acquiring the U.S.-based business in December 2022.</li> </ul>
 Intersnack	Pfeifer and Langen Families		<ul style="list-style-type: none"> <li><b>Sep-24:</b> The McCoy's chips brand announced a three-year partnership with the NFL to be the savory snacking partner across the U.K. and Ireland.</li> <li><b>May/July-24:</b> New marketing partnerships, including with The Hundred (cricket tournament in the U.K.) and Live Nation (festival organizer).</li> <li><b>Q2-24:</b> Range of NPDs launches across brand portfolio over the past quarter (mainly McCoy's and Butterkist)—primarily new flavors.</li> <li><b>Apr-24:</b> New sustainable packaging initiatives launched, with 25% recycled packaging across Tyrrells' sharing range.</li> <li><b>Apr-24:</b> Appointed new Sales Director, Matt Collins, for the KP Snacks business in the U.K.</li> </ul>
	Ferrero Family		<ul style="list-style-type: none"> <li><b>Oct-24:</b> Nonni's Bakery acquired by CTH Invest, a Ferrero-related company.</li> <li><b>Sep-24:</b> Opened a \$214M Kinder Bueno production facility in Illinois, following the opening of its first-ever chocolate processing facility in the U.S. in May 2024.</li> <li><b>Aug/Sep-24:</b> Significant NPD developments. <ul style="list-style-type: none"> <li>Nutella ice cream launched in the U.K.</li> <li>Vegan Nutella launched in Italy, France, and Belgium.</li> </ul> </li> <li><b>Jun-24:</b> Year-end results published for Fox's Biscuits, Ferrero's U.K. sweet biscuits brand, showing a return to profitability.</li> <li><b>May-24:</b> Announced significant progress in its sustainability measures, with notable supply chain traceability improvements, particularly in cocoa and hazelnuts.</li> </ul>
	Bain Capital Private Equity		<ul style="list-style-type: none"> <li><b>Sep-24:</b> Acquired IDC Holding, a Slovakian confectionery business with sales above €200M and with more than 1,150 employees.</li> <li><b>May-24:</b> Completed the acquisitions of Dal Colle, the Italian bakery products business, and Appalaches Nature, the Canadian maple syrup business.</li> <li><b>May-24:</b> Michael Inpong joined as Valeo U.K.'s first Chief Marketing Officer.</li> <li><b>May-24:</b> New marketing initiatives with Ogilvy, the American marketing agency, being appointed as the business's U.K. creative director.</li> <li><b>Mar-24:</b> Received a €50M cash injection from Bain Capital to support the turnaround of the business.</li> <li><b>Mar-24:</b> Rumored to be considering closure of one of its U.K. confectionery plants.</li> </ul>

Sources: Company websites, selected press.

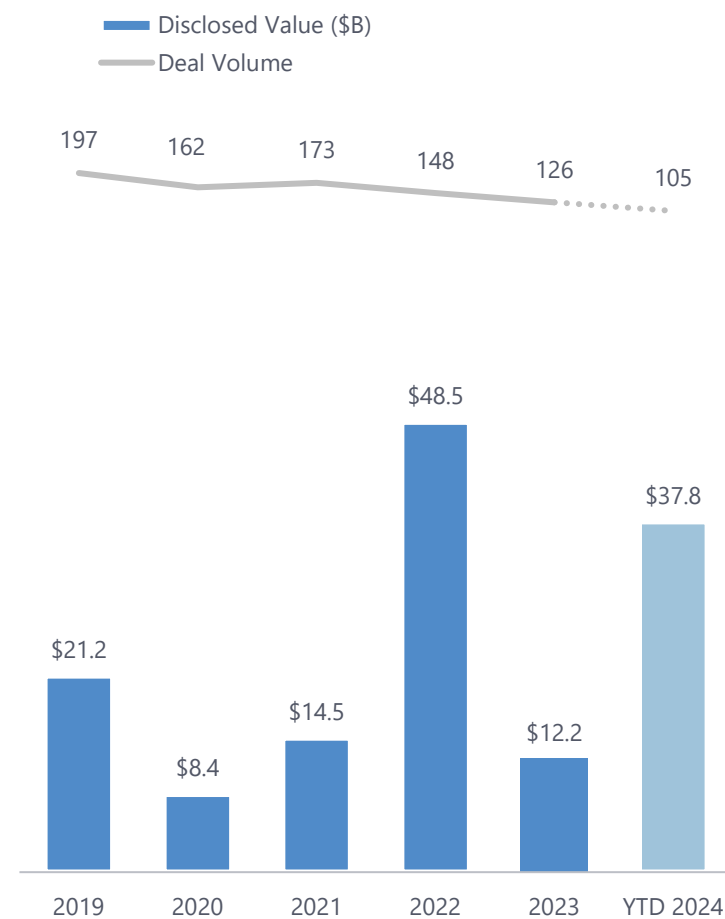




# Snacking Sector M&A Highlights

## Transaction Value and Deal Volume

(\$ in Billions)



Sources: S&P Capital IQ (data as of October 14, 2024), Mergermarket, selected press.  
(1) Current year multiple. (2) Converted from £570 million GBP as of November 16, 2023.

## Selected Announced Notable Transactions

Ann. Date	Acquirer	Target	Subsector	EV (\$M)	EV/LTM EBITDA
Oct-24	PEPSICO		Mexican-Inspired Snacks/Sauces	c. 1,200	N.A.
Sep-24	ONE ROCK CAPITAL PARTNERS	EUROPE SNACKS	Savory Snacks	N.A.	N.A.
Sep-24	Natra	GUDRUN	Chocolate	N.A.	N.A.
Sep-24	Valeo Foods	EDC	Confectionery	N.A.	N.A.
Sep-24	Our Home	PARM CRISPS	Chips and Nuts	N.A.	N.A.
Aug-24	Our Home	POP SECRET	Popcorn	N.A.	N.A.
Aug-24	MARS	Kellanova	Broad Snacking	c. 35,900	c. 16.4x
Aug-24	Cinven	VITAMIN WELL	Functional Beverages and Bars	>3,000	c. 20.0x <sup>(1)</sup>
Jul-24	CTH Invest S.A.	NONNI'S	Biscuits and Chips	N.D.	N.D.
Jul-24	CEREALTO	Hill Biscuits	Biscuits	N.D.	N.D.
May-24	Forward Consumer Partners	XOCHIL	Tortilla Chips	N.A.	N.A.
Apr-24	Forward Consumer Partners	FIREHOOK	Crackers	N.A.	N.A.
Apr-24	JSNACKFOODE	THINSTERS	Biscuits	N.A.	N.A.
Apr-24	ERHVERVSINVEST	BISCA	Biscuits	N.D.	N.D.
Feb-24	ARDIAN	My Pie	Pies	N.A.	N.A.
Dec-23	CLAYTON DUBIELLS & RICE	SHEARER'S	Broad Snacking	c. 2,800	c. 9.3x
Nov-23	MARS	HOTEL Chocolat.	Chocolate	c. 710 <sup>(2)</sup>	c. 23.7x

## Key Takeaways

After a relatively quiet start to the year, **food and beverage M&A activity has started to pick up** and is expected to continue **strong momentum for the remainder of the year**.

Despite a softer backdrop, there have been **many large deals, particularly within the snacking sector**, including the acquisitions of Kellanova, Vitamin Well, and Shearer's in recent months.

Over the past 24 months, the **pendulum has swung in the direction of strategic buyers**—away from private equity—due to challenging debt market conditions.

**Activity is expected to ramp up**, as private equity becomes more competitive due to **improved availability and pricing of debt**. Additionally, improving consumer confidence as a result of **easing cost-of-living pressures** should lead to an improved trading environment.

Transaction Spotlight **MARS** **Kellanova**



Strategic Rationale and Synergies



Product Portfolio Expansion

- Mars has always wanted to be a broader snacking platform rather than a sweet snacking specialist.
- Mars and Kellanova have **limited product portfolio overlap** (outside of snacking bars).
- The acquisition will **increase Mars’ presence in salty snacking** products, including iconic brands such as Pringles and Cheez-It, as well as its **on-trend healthy snacking offering** through Kellanova’s healthy bars brands.
- Mars will also gain Kellanova’s strong market position in **breakfast cereals**, including the Special K and Rice Krispies brands.



Geography

- The acquisition is also **accretive from a geographical coverage perspective**, with Kellanova having a larger business than Mars in high-growth developing economies (particularly in Latin America and Africa), as well as a stronger presence across Asia-Pacific.
- Mars will also gain **access to the international route-to-market capabilities** that Kellanova’s cereals business has in regions where Mars is less present.



Scale

- Acquisition represents the largest snacking deal ever.
- Mars will become a **top-five packaged food and beverage player** globally—significantly larger than rivals Kraft Heinz, Mondelez, Campbell’s, and General Mills.

Sources: Company websites, selected press.



Metrics/Detail

Announcement Date	August 14, 2024	
EV	\$35.9B	
Multiples	16.4x EV/LTM EBITDA	15.4x EV/CY EBITDA
Premium	<ul style="list-style-type: none"><li>• 44% premium to Kellanova’s 30-day unaffected volume weighted average share price.</li></ul>	
Financing	<ul style="list-style-type: none"><li>• Combination of existing cash and new debt being raised.</li></ul>	
Closing Conditions	<ul style="list-style-type: none"><li>• Subject to antitrust review, closing is expected in H1 2025.</li><li>• Mars has agreed to a \$1.25B breakup fee if the transaction fails to gain regulatory approval.</li><li>• Antitrust approval is not expected to be a problem, given limited product category overlap.</li></ul>	

Featured Articles

**MARS** Click to Read

 **REUTERS** Click to Read

 **The Grocer** Click to Read

# Transaction Spotlight **MARS** *Kellanova*

## Combined Business

**c. \$63B**  
Revenue

**25%**  
U.S. Snack Bars Market Share

**> 180**  
Countries

**15%**  
U.K. Snack Bars Market Share

**MARS**

**m&m's** **SNICKERS**

**TWIX**

**Dove**  
Chocolate

**Extra**  
LONG LASTING FLAVOR

**KIND**

**NATURE'S  
BAKERY**



*Kellanova*

**PRINGLES**

**CHEEZ-IT**

**CLUB**  
CRACKERS

**pop-tarts**

**Eggo**

**RICE  
KRISPIES**

*Kellogg's*

Sources: Company websites, selected press.



## Selected Market Reaction



**BNP PARIBAS**

*"We believe the acquisition makes strategic sense for Mars as it should help to accelerate its ambition to double the revenue of Mars Snacking over the next decade while providing entry into new attractive snacking categories and geographies."*



**BARCLAYS**

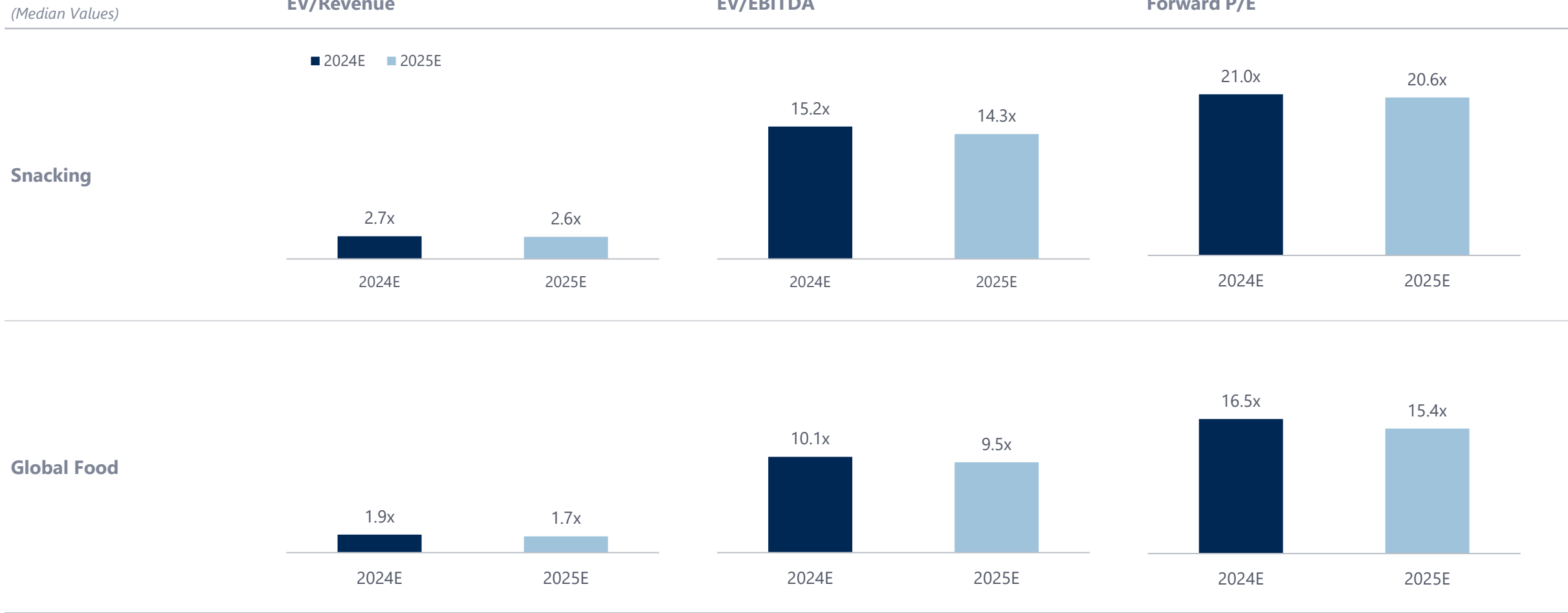
*"We do believe that such a combination would have industrial logic and be consistent with bull case thinking of K as an acquisition target."*



**TD Cowen**  
a division of TD Securities

*"We believe the combination of the two companies makes sense strategically and could usher in another round of consolidation in the food category."*

# Public Company Valuations



Source: S&P Capital IQ. Data as of September 30, 2024.



# Public Company Valuations

## Snacking and Global Food

(\$ in Millions, Except Per-Share Prices)

(\$ in Millions, Except Per-Share Prices)			CY 2024E			EV/Revenue		EV/EBITDA		2023–2025E CAGR		
		Market Cap USDMM	EV USDMM	Revenue USDMM	EBITDA USDMM	EBITDA Margin	2024E	2025E	2024E	2025E	Revenue	EBITDA
As of 9/30/24												
Snacking	PepsiCo, Inc.	\$233,576	\$271,969	\$93,555	\$17,702	18.9%	2.9x	2.8x	15.4x	14.4x	3.2%	3.1%
	Mondelez International, Inc.	\$98,408	\$117,283	\$36,626	\$7,447	20.3%	3.2x	3.1x	15.7x	15.5x	3.1%	(3.8%)
	The Hershey Company	\$38,795	\$44,090	\$11,338	\$3,035	26.8%	3.9x	3.8x	14.5x	14.5x	2.2%	0.5%
	The J. M. Smucker Company	\$12,886	\$21,504	\$8,859	\$2,101	23.7%	2.4x	2.4x	10.2x	10.0x	4.9%	6.0%
	J&J Snack Foods Corp.	\$3,343	\$3,452	\$1,596	\$213	13.4%	2.2x	2.1x	16.2x	14.2x	3.2%	11.6%
	Utz Brands, Inc.	\$2,494	\$2,995	\$1,425	\$200	14.0%	2.1x	2.0x	15.0x	13.3x	1.5%	28.5%
Median						19.6%	2.7x	2.6x	15.2x	14.3x	3.2%	4.5%
Mean						19.5%	2.8x	2.7x	14.5x	13.7x	3.0%	7.6%
Global Food	Nestlé S.A.	\$258,619	\$329,838	\$109,388	\$23,163	21.2%	3.0x	2.9x	14.2x	13.8x	1.0%	3.5%
	Unilever PLC	\$161,158	\$192,929	\$67,933	\$14,000	20.6%	2.8x	2.7x	13.8x	13.1x	3.4%	8.0%
	The Kraft Heinz Company	\$42,451	\$61,621	\$26,193	\$6,454	24.6%	2.4x	2.3x	9.5x	9.3x	(0.1%)	(4.0%)
	Danone S.A.	\$46,906	\$58,181	\$30,389	\$5,129	16.9%	1.9x	1.9x	11.3x	10.8x	1.2%	(0.9%)
	General Mills, Inc.	\$40,998	\$54,102	\$19,796	\$4,108	20.7%	2.7x	2.7x	13.2x	13.0x	(0.7%)	(1.0%)
	Associated British Foods PLC	\$23,090	\$26,552	\$27,050	\$3,796	14.0%	1.0x	0.9x	7.0x	6.8x	5.9%	12.5%
	Conagra Brands, Inc.	\$15,579	\$24,225	\$11,954	\$2,361	19.8%	2.0x	2.0x	10.3x	9.8x	(0.5%)	4.1%
	Campbell Soup Company	\$14,583	\$22,019	\$10,210	\$1,963	19.2%	2.2x	2.1x	11.2x	10.5x	7.1%	(0.1%)
	Post Holdings, Inc.	\$6,763	\$12,835	\$7,908	\$1,384	17.5%	1.6x	1.6x	9.3x	9.0x	4.2%	8.5%
	Cranswick PLC	\$3,612	\$3,745	\$3,611	\$373	10.3%	1.0x	1.0x	10.0x	9.6x	8.3%	11.3%
	B&G Foods, Inc.	\$703	\$2,773	\$1,951	\$301	15.4%	1.4x	1.4x	9.2x	9.0x	(2.5%)	(3.7%)
	Premier Foods PLC	\$2,125	\$2,440	\$1,541	\$273	17.7%	1.6x	1.5x	8.9x	8.7x	6.0%	3.0%
	Bakkavor Group PLC	\$1,217	\$1,604	\$3,032	\$247	8.1%	0.5x	0.5x	6.5x	6.2x	3.9%	10.4%
	The Hain Celestial Group, Inc.	\$775	\$1,549	\$1,695	\$154	9.1%	0.9x	0.9x	10.1x	9.3x	(1.7%)	4.2%
Median						17.5%	1.9x	1.7x	10.1x	9.5x	2.3%	3.8%
Mean						16.7%	1.8x	1.8x	10.3x	9.9x	2.5%	4.0%
Overall Median						18.9%	2.2x	2.0x	10.7x	10.2x	3.2%	3.8%
Overall Mean						17.6%	2.1x	2.0x	11.6x	11.0x	2.7%	5.1%

Trading multiples are based on share price, other market data, and broker consensus future revenue and earnings estimates from S&P Capital IQ as of September 30, 2024.

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