



FOOD & BEVERAGE INDUSTRY

2021 REVIEW OF CORPORATE ACTIVITY

2021

was another challenging year for the food and beverage industry. The coronavirus pandemic continued to adversely impact food and beverage businesses in the second year since the pandemic started. In 2021, businesses had to meet many challenges including labour shortages and pressure on the supply chain. Businesses had to incur additional costs to comply with COVID-19 regulations, including cleaning costs, running dual teams, etc. Within this challenging operational environment, it is pleasing to note that corporate activity in the food and beverage industry remained high with quality food and beverage businesses attracting high levels of acquisition interest. Comet Line Consulting's review of transactions in the food and beverage industry and the key trends for 2021 are summarised below.

More transactions and fewer large transactions

In 2021, three transactions with values in excess of \$400 million were announced compared to four transactions in 2019 and seven transactions in 2019. Large transactions in 2021 include the acquisitions of Huon Aquaculture (\$546 million), Gourmet Food Holdings (\$400 million) and Zivi Peak (NZ\$1.5 billion). The total number of transactions in 2021 amounted to 75, including 10 transactions in the alcoholic beverage category which was not covered in previous years. Excluding alcoholic beverages there were 65 transactions in 2021, an increase from 50 transactions in 2020 and an increase from 59 transactions in 2019.

Reduction in financial investor participation

2021 witnessed an increase in participation in transactions by financial investors (private equity and family office investors). 22 of the 75 transactions announced in 2021 (29%) involved financial investors. This compares to 20% of transactions in 2020, 24% of transactions in 2019, 36% of transactions in 2018 and 30% of transactions in 2017.

IPO volumes at an all-time low

There was only 1 IPO in the food and beverage industry in 2021 compared to 4 IPOs in 2020, 5 IPOs in 2019, 3 IPOs in 2018 and 8 IPOs in 2017. In 2021, \$32 million was raised by the company that listed on the ASX, compared to \$95 million raised in 2020 (\$90 million in 2019, \$93 million in 2018 and \$80 million in 2017). The capital raised via IPOs over the past 4 years is significantly less than the \$1 billion that was raised by food and beverage companies that listed on the ASX in 2016.

For the purposes of this review, we classified transactions in 2021 as **Primary Production, Processed / Packaged Foods** or **Other**.

We hope you get value from reflecting on the 2021 transactions. If you have any questions, please do not hesitate to contact us at www.cometlineconsulting.com.au.

PRIMARY PRODUCTION

DAIRY & VALUE-ADDED DAIRY

Acquisitions announced

Date	Target Name	Acquirer
31 Mar 2021	The Cashew Creamery	Pure Foods Tasmania
15 Apr 2021	Emerald Foods (NZ Natural)	Walter & Wild
12 May 2021	five:am yoghurt	Barambah Organics
31 May 2021	Van Dairy Group	Prime Value Asset Management
27 July 2021	Nepean River Dairy	Nature One

The dairy sector had a subdued year with 4 transactions announced in the year compared to 11 transactions in 2020 and 13 transactions in 2019.

Barambah Organics, a portfolio company of Tanarra Capital, acquired five:am yoghurt from PZ Cussons. PZ Cussons acquired the five:am yoghurt business from the founders in 2014.

Prime Value, an Australian investment company, acquired 2,200 hectares of dairy land in north-west Tasmania and 5,000 heads of cattle from Van Dairy Company. Prime Value paid \$62.5 million for the land and cattle.

Nature One acquired Nepean River Dairy for \$36.5 million. Nepean River Dairy sells a range of milk products including cows milk, flavoured milk and long-life milk. The processing assets and product portfolio of Nepean River Dairy will be merged under the Nature One Dairy brand.

FRESH PRODUCE & SALADS

Acquisitions announced

Date	Target Name	Acquirer
10 Mar 2021	Murphy Fresh & Tatura Fresh (merger)	Flavorite
10 May 2021	Pacific Coast Produce Marketing	Perfection Fresh
23 June 2021	2PH Farms	Costa Group
23 July 2021	Fruit Master Australia	Perfection Fresh
23 July 2021	Comfresh Group (20% acquisition)	Far East Group
31 Dec 2021	Salad World	Bidfood

The fresh produce and salads sector attracted strong investor interest in 2021, with five deals announced in 2021.

Flavorite, a portfolio company of ROC Partners and the largest hydroponic grower of tomatoes in Victoria, merged with Murphy Fresh and Tatura Fresh. Murphy Fresh and Tatura Fresh is a leading tomato grower which operates a 15-hectare state-of-the-art hydroponic farm in Mansfield, Victoria. The merger positions the Flavorite Group as the largest owner and operator of glasshouse tomatoes in Australia.

Perfection Fresh completed two transactions in the year. Perfection Fresh's first transaction was the acquisition of sustainable banana marketing business Pacific Coast Produce Marketing. The acquisition includes licensing rights to The Red Tip Ecoganic banana, which complements two other recently licensed banana varieties: Little Gem and Havana Bananas.



ASX-listed Costa Group acquired a Central Queensland-based citrus grower, 2PH Farms, for an upfront consideration of ~\$200 million. Costa Group will pay an additional \$31 million in July 2023 for the purchase of a property where a new citrus crop is being planted by 2PH.

Perfection Fresh also acquired full ownership of Fruit Master Australia. Perfection Fresh obtained a shareholding in Fruit Master Australia in 2016, when the companies merged their table grape businesses. The acquisition of Fruit Master Australia expanded Perfection Fresh's presence and capability in export markets.

MEAT PROCESSING

Acquisitions announced

Date	Target Name	Acquirer
9 June 2021	Rivalea Australia	JBS Australia
2 July 2021	Hardwick's Meats	Kilcoy Global Foods

Two deals were announced in the meat processing sector in 2021. JBS Australia acquired Rivalea Australia, the largest pork processor in Australia, for \$175 million. The acquisition of Rivalea Australia resulted in JBS Australia becoming the largest processor of beef, lamb and pork in Australia.

Kilcoy Global Foods acquired Victorian beef and lamb processor Hardwick's Meats. Hardwick's will continue to trade as a separate brand under Kilcoy ownership and will operate as a division of Kilcoy Global Foods.

SEAFOOD

Acquisitions announced

Date	Target Name	Acquirer
17 June 2021	Huon Aquaculture (7.33%)	Tattarang Agrifood
28 July 2021	Cameron of Tasmania	Yumbah Aquaculture
8 Aug 2021	Huon Aquaculture	JBS Australia
4 Nov 2021	Paramount and Brunswick brands	Tempo Group

JBS Foods' second acquisition in 2021 was the takeover of salmon farmer, Huon Aquaculture. The deal valued Huon Aquaculture at \$546 million on an enterprise value basis. Huon is JBS' first investment in the salmon industry and the Huon operations will make up ~2% of JBS' global operations. JBS has foreshadowed further investment in aquaculture in Australia.

Listings on the ASX

Date	Entity name	Capital raised	Issue price	31 Dec 2021 price
29 July 2021	East 33	\$32 million	\$0.20	\$0.21

East 33 raised \$32 million from investors and listed on the ASX on 26 July 2021. East 33 is a grower of NSW rock oysters that it sells direct to customers and distributes to the foodservice channel.

PROCESSED / PACKAGED FOODS

SNACKING and CONFECTIONERY

Acquisitions announced

Date	Target Name	Acquirer
10 Feb 2021	Diver Foods	Arnott's Group
9 Mar 2021	Gourmet Food Holdings	Mondelez International
30 Apr 2021	Annex Foods	Five V Capital
30 Apr 2021	Table of Plenty	Five V Capital
7 May 2021	180 degrees	Arnott's
30 July 2021	Universal Robina Oceania (60%)	Intersnack
30 Aug 2021	Lucky and Sunsol brands	Prolife
9 Sept 2021	Metro Food Co	Five V Capital
15 Sept 2021	Blue Dinosaur	Forbidden Foods

The snacking and confectionery categories were active with nine transactions announced in 2021 compared with the three transactions in 2020 and four transactions in 2019.

Arnott's Group acquired a 75% shareholding in Diver Foods, a cereal and snacking manufacturer based in Scoresby, Victoria. Diver Foods became part of the new cereals and snack division at Arnott's which includes the Freedom Foods cereal and snacking assets acquired by Arnott's Group in December 2020. Comet Line Consulting advised the shareholder of Diver Foods on the disposal to Arnott's Group.

Arnott's followed up the investment in Diver Foods with the acquisition of New Zealand artisan biscuit marker, 180 Degrees. 180 Degrees distributes a range of sweet and savoury crackers through a distribution network in New Zealand. In Australia the 180 Degree product is sold through Coles.

Mondelez International acquired Gourmet Food Holdings, a leading manufacturer of premium crackers and biscuits, with brands including OB finest, Olina's Bakehouse and Crispbic, from CPE Capital. Gourmet Food Holdings had revenue of \$200 million and EBITDA of \$40 million, with Mondelez acquiring the business for \$400 million. The transaction implied a 10x EBITDA multiple for the Gourmet Food Holdings business.

Private equity firm Five V Capital acquired two breakfast and snack food manufacturers, Annex Foods and Table of Plenty, as part of a health food roll-up strategy. In August 2021, Five V Capital expanded its health food portfolio with the acquisition of Metro Food Co, a distributor of health food products.

Germany-based Intersnack acquired full control of Universal Robina Oceania by acquiring the remaining 60% shareholding in the joint venture from Philippines-based Universal Robina Corporation. The acquisition strengthens Intersnack Group's coverage of the salty snack category in Australia and New Zealand. Universal Robina Oceania operates through two subsidiaries: Snack Brands Australia and Griffin's Foods (New Zealand).

New Zealand-based Prolife acquired the Lucky and Sunsol snack brands from Select Harvests for \$1.5 million.

ASX-listed Forbidden Foods acquired snack bar company, Blue Dinosaur for an upfront consideration of \$3.2 million and an earnout consideration of \$0.8 million.



BAKED GOODS & PREPARED MEALS

Acquisitions announced

Date	Target Name	Acquirer
22 Mar 2021	Fitness Outcomes	Patties Foods
13 July 2021	Youfoodz	HelloFresh
24 Aug 2021	Sara Lee	South Island Office
30 Sept 2021	Lorrie's Pies	Bakery Investment Group
25 Nov 2021	Laurent Bakery	BGH Capital
21 Dec 2021	Chefgood	Marley Spoon

Fitness Outcomes, a ready-to-eat meal manufacturer that operates a direct-to-consumer delivery service was acquired by Patties Foods.

Youfoodz, a meal manufacturer that was listed on the ASX, was acquired through a takeover offer by HelloFresh. Youfoodz listed on the ASX in December 2020 and shares were issued at \$1.50 per share during the IPO. The 93 cents per share takeover offer placed a value of \$125 million on Youfoodz.

South Island Office, a Christchurch-based investor group, acquired the Sara Lee brand and business from McCain Foods. South Island Office's first investment in 2019 was Original Foods Baking Co. The acquisition of the Sara Lee business creates opportunities to cross sell Original Foods branded product to stockists of Sara Lee product.

BGH Capital acquired a material shareholding in Laurent Bakery. Melbourne-based Laurent Bakery owns a chain of bakeries that sell French-inspired cakes, bread and pastries and supplies sourdough and artisan bread to Coles.

CULLINARY

Acquisitions announced

Date	Target Name	Acquirer
1 Mar 2021	Foundation Foods	GreenMount Foods
1 June 2021	Krio Krush Basic Foods	Atlantic Growth Capital

Krio Krush, a leading manufacturer and supplier of value-added premium herbs and spices to the foodservice channels was acquired by Atlantic Growth Capital. Krio Krush complements the other two businesses in the Atlantic Growth Capital portfolio: Tasty Foods and Mexex. Comet Line Consulting advised the shareholders of Krio Krush on the sale to Atlantic Growth Capital.

Listing on the ASX

Date	Entity name	Capital raised	31 Dec 2021 price
11 Aug 2021	Cobram Estate Olives	None	\$1.97

Cobram Estate Olives, Australia's largest olive oil producer, listed on the ASX in August 2021. The company did not raise any capital as part of the IPO.

OTHER FOOD AND BEVERAGE

SPORTS NUTRITION

Acquisitions announced

Date	Target Name	Acquirer
11 May 2021	True Protein	F45 Training
19 Nov 2021	Eco Superfoods	Flavour Makers

ALCOHOLIC BEVERAGES

Acquisitions announced

Date	Target Name	Acquirer
11 Jan 2021	Two Birds Brewing	Fermentum
16 Mar 2021	Veritas Winery	Accolade Wines
26 Mar 2021	Plantagenet Wines	Wisdom Family
6 Apr 2021	McWilliam's Wines (2 transactions)	Calabria Wines / Medich Family Office
10 June 2021	Adelaide Hills Group	Mighty Craft
30 Aug 2021	Boujee Wine	80 Proof Liquor
9 Sept 2021	Fermentum Group	Lion
18 Oct 2021	Shene Distillery	Lark Distilling Co
29 Dec 2021	Jetty Road Brewery (32.5%)	Mighty Craft

Fermentum Group, owner of the popular craft beer brand, Stone & Wood, was acquired by Lion. The value of the acquisition was not disclosed and media reports estimated the transaction to be valued at \$300 million. Fermentum Group's product portfolio includes Stone & Wood, Sunly Seltzer, Two Birds, Fixation and Little Dragon. As part of the transaction Lion plans to build on Fermentum's Stone & Wood brand and the legacy created by the company's founders.

ASX listed Mighty Craft acquired the Adelaide Hills Group for \$47 million settled through the issues of shares and a cash payment. The acquisition includes the Adelaide Hills Distillery, Mismatch Brewing and Hills Cider.

ASX-listed Lark Distilling Co acquired Tasmanian whiskey maker, Shene Distillery for \$40 million. Shene Distiller is based at Pontville, north of Hobart.

NON-ALCOHOLIC BEVERAGES

Acquisitions announced

Date	Target Name	Acquirer
21 Apr 2021	Made Group (controlling stake)	TPG Capital
19 Nov 2021	Lyre's Spirit (\$37 m capital raise)	Several investors
29 Nov 2021	Heaps Normal (\$8.5m capital raise)	Several investors



TPG Capital acquired a 45% shareholding in Made Group from The Coca-Cola Company. TPG Capital also acquired a 15% shareholding from the founders of Made Group. Following the two transactions TPG Capital owns a 60% stake in Made Group.

Two non-alcoholic beverage brands announced successful capital raises during November. Non-alcoholic spirits brand Lyre's Spirit raised \$37 million from investors with the capital raise led by D Squared Capital and Morgan Creek Capital. Heaps Normal, a non-alcoholic beer brand, raised \$8.5 million in Series A funding from new investors in the company.

COFFEE

Acquisitions announced

Date	Target Name	Acquirer
30 Apr 2021	Allpress Espresso	Asahi Beverages
15 June 2021	Campos Coffee	JDE Peat's
24 Sept 2021	Seven Miles Coffee Roasters	Liverpool Partners
22 Oct 2021	Sensory Lab (retail operations)	Peter Rowland Group

Four deals were announced in the roast and ground coffee category in 2021.

JDE Peat's acquired Campos Coffee from the founder and other shareholders of the business. Campos Coffee is a leading specialty coffee roaster with distribution to more than 600 cafés and restaurants in Australia. Campos' distribution footprint extends across multiple channels and includes direct-to-consumer, corporate retail and flagship cafés. Comet Line Consulting advised JDE Peat's on the acquisition of Campos Coffee.

Asahi Beverages acquired Allpress Espresso, a coffee roaster with distribution in Australia, New Zealand and the United Kingdom. The Allpress acquisition expanded the non-alcoholic portfolio range of Asahi Beverages with a product offering to a diversified customer base spread across the café, restaurant, pub and supermarket channels.

Private equity firm Liverpool Partners acquired coffee equipment company Australian Beverage Corporate and a majority shareholding in Seven Miles Coffee Roasters.

VITAMINS, SUPPLEMENTS & NUTRACEUTICALS

Acquisitions announced

Date	Target Name	Acquirer
12 Apr 21	Voost	Procter & Gamble

Procter & Gamble acquired Voost, the marketer of effervescent vitamins, sports hydration and electrolyte tablets. The acquisition of Voost is in line with Procter & Gamble's strategy to strengthen its presence in the vitamins, minerals and supplements category.



PETFOOD

Acquisitions announced

Date	Target Name	Acquirer
2 May 2021	Prime 100 (controlling stake)	Quadrant Growth Fund
2 May 2021	Natural Pet Food Group	KKR & Co
5 July 2021	Lyka (\$6.5m capital raise)	Shearwater and Wattle Hill
19 Sept 2021	Ziwi Peak	FountainVest Partners

The pet food category attracted significant acquisition interest in 2021, driven by a surge in pet ownership and increasing demand for premium, high quality petfood and accessories.

Four transactions were announced in the petfood category in 2021. The most significant transaction was the acquisition of New Zealand pet food company Ziwi Peak by Chinese private equity firm FountainVest Partners. The value of the acquisition was not disclosed but media reports estimated the transaction to be valued at NZ\$1.5 billion.

Quadrant Growth Fund acquired a controlling stake in Prime 100, a premium pet food manufacturer. Prime 100 specialises in single protein products designed to assist dogs and cats with food sensitivities. Prime 100 will explore growth opportunities in export markets and leverage Quadrant's pet food industry experience.

KKR & Co announced the acquisition of New Zealand-based premium pet food company, Natural Pet Food Group. Natural Pet Food Group owns multiple pet food brands including K9 Natural, Feline Natural and Meat Mates. KKR will support the international growth plans of Natural Pet Food Group which currently distributes product in New Zealand, Australia, China, Japan, Canada and the United States.

FOODSERVICE DISTRIBUTION

Acquisitions announced

Date	Target Name	Acquirer
4 Mar 2021	KB Food Co's foodservice distribution	Superior Food Services
27 Apr 2021	Elite Food Co	New West Foods
31 May 2021	Craven Foods	Bidfood
1 Dec 2021	The Dreaming Food Group	Hudson Food Group
9 Dec 2021	Quality Food & Beverages	Superior Food Services

Superior Food Services acquired KB Food Company's foodservice distribution business in Western Australia. The divestment allows KB Food Company to focus on its seafood business which includes the sourcing, processing and wholesaling of fresh and frozen seafood. The acquisition strengthens Superior Food Services' presence in Western Australia.

Hudson Food Group made a \$20 million investment in The Dreaming Food Group for a minority stake. The Dreaming Food Group is a national food manufacturing and foodservice distribution business.

Superior Food Services acquired Brisbane-based Quality Food & Beverages (QFB). QFB is a broadline foodservice distributor with a footprint across Southeast Queensland and a strong presence in the school canteen market.



FRUIT & VEG PROVIDORES

Transactions announced

Date	Target Name	Acquirer
23 June 21	Select Fresh	Costa Group
5 Oct 21	In2Food Australia	Produce Republic

Costa Group acquired Perth-based Select Fresh, a leading fruit and vegetable wholesale distribution business specialising in the supply of fresh produce to the foodservice and independent retail channels in Western Australia. Comet Line Consulting advised the shareholder of Select Fresh on the sale to Costa Group.

GIFTING, eCOMMERCE & MARKETPLACES

Transactions announced

Date	Target Name	Acquirer
30 Mar 2021	Hampers & Gifts Australia	Maggie Beer Holdings
15 July 2021	Parton Wine Distribution	Digital Wine Ventures
29 July 2021	Foodbomb (\$4.5m capital raise)	Various investors
8 Aug 2021	Ordermentum (minority disposal)	Various investors
10 Oct 2021	Kaddy	Digital Wine Ventures
23 Dec 2021	Get Wines Direct	BoozeBud

ASX listed Maggie Beer Holdings acquired Hampers & Gifts Australia for a consideration of \$40 million. Hampers & Gifts Australia operates through two businesses: The Hamper Emporium and Gifts Australia. Maggie Beer Holdings settled the purchase consideration through the issue of shares in Maggie Beer Holdings and a cash payment.

Sydney-based Foodbomb, a fresh produce wholesale marketplace, raised \$4.5 million in a series-A capital raise. The \$4.5 million will fund Foodbomb's existing operations in NSW and Victoria and an expansion of operations to Brisbane. The Foodbomb platform enables hospitality outlets to order fresh produce at bulk buying prices.

ASX-listed Digital Wine Ventures made two acquisitions in 2021. Digital Wine Ventures acquired Parton Wine Distribution in a script-settled deal. DWS also acquired wholesale beverage marketplace, Kaddy Australia, for \$34 million.



PLANT-BASED FOODS

Transactions announced

Date	Target Name	Acquirer
15 Jan 2021	EVR Foods Inc (25% interest)	Health Plant Protein Group
12 Feb 2021	Lauds Plant Based Foods	Pure Foods Tasmania
14 Apr 2021	Australian Plant Proteins (minority stake)	Bunge
13 July 2021	Harvest B (\$3.5m seed funding)	Woolworths and Aura Ventures
17 Aug 2021	Fable Foods (\$6.5m capital raise)	Various investors
15 Dec 2021	ProForm Foods (minority stake)	Harvest Road
17 Dec 2021	The Australian Superfood Co	Sustainable Nutrition Group

Bunge, an international grain trader and agri-food company, paid \$45.7 million for a minority stake in Australian Plant Proteins (APP). APP manufactures high protein plant-based powders from Australian grown legumes. The investment from Bunge will accelerate the expansion of their plant protein isolate fractionation facility.

Harvest Road, a subsidiary of the Andrew Forrest-backed Tattarang, acquired a minority shareholding in plant-based meat producer, ProForm Foods. ProForm Food will use the investment to accelerate growth and expand its existing production facilities in North Sydney.

OTHER

Transactions announced

Date	Target Name	Acquirer	Sector
23 Dec 21	Prydes Easifeed	Sunrice	Animal feed

Sunrice acquired Prydes' EasiFeed business for a consideration of \$38 million.

Comet Line Consulting is a strategic advisory business that specialises in acquisitions and divestments within the Australian and New Zealand food & beverage industry. Deep industry knowledge and strong relationships with business owners, trade investors and financial investors are defining features of the Comet Line Consulting business.



David Baveystock has worked in the Australian food and beverage industry for over 25 years including senior roles with Nestle Australia and Manassen Foods. David is recognized as a leading executive in the food and beverage industry and consults to senior management and business executives.



Ben van der Westhuizen has 25 years corporate advisory experience and has advised on a variety of transactions with a collective value in excess of \$2 billion. Ben has advised on acquisitions, disposals and capital raisings in both Australia and South Africa. Ben has held senior corporate advisory roles with KPMG Corporate Finance, Challenger and PSG Group where he advised on several high-profile transactions.



Lindsay Cunningham has worked in the Australian and international food industry for over 35 years, with executive roles at Givaudan, Arnott's, Uni Chef and I&J Foods. After a corporate career, Lindsay has directly provided strategic consulting services to a range of clients including Allied Mills, Arnott's, Nestle, Fonterra, Goodman Fielder International, Lindt and the Sydney Fish Market.

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