



FOOD & BEVERAGE INDUSTRY

2023 REVIEW OF CORPORATE ACTIVITY

2023

was impacted by a series of interest rate increases driven by higher-than-expected levels of inflation. The interest rate rises impacted consumer demand and impacted funding costs for acquirers resulting in a decreased level of corporate activity in 2023. Comet Line Consulting's review of transactions in the food and beverage industry and the key trends for 2023 are summarised below.

Fewer transactions

The total number of transactions in 2023 amounted to 58, including 5 transactions in the alcoholic beverages sector which were not covered in previous years. Excluding alcoholic beverages there were 53 transactions in 2023, a decrease from 63 transactions in 2022 and 65 transactions in 2021. In 2023, four transactions with values more than \$400 million were announced compared to four transactions in 2022, three transactions in 2021 and four transactions in 2020. Large transactions in 2023 include the take offers for Blackmores (\$1.9 billion), Costa Group (\$1.5 billion) and United Malt (\$2 billion).

Significant reduction in financial investor participation

2023 continued the decrease in participation by financial investors (private equity, family office and pension fund investors). 9 of the 58 transactions announced in 2023 (16%) involved financial investors. This compares to 18% of transactions in 2022, 29% of transactions in 2021, 20% of transactions in 2020 and 24% of transactions in 2019.

IPO volumes remain low

There were no listings of F&B companies on the ASX in 2023. The number of IPOs of F&B companies have steadily decreased over the past five years with two IPOs in 2022, one IPO in 2021, four IPOs in 2020 and five IPOs in 2019.

For the purposes of this review, we classified transactions in 2023 as **Primary Production**, **Processed / Packaged Foods** or **Other Food and Beverage**.

We hope you get value from reflecting on the 2023 transactions. If you have any questions, please do not hesitate to contact us at www.cometlineconsulting.com.au.

PRIMARY PRODUCTION

DAIRY & VALUE-ADDED DAIRY

Transactions announced

Date	Target Name	Acquirer
3 Apr 23	Saputo dairy processing plants	Coles
28 Aug 23	Betta Milk and Meander Valley	Bega Cheese
12 Oct 23	Tarago River Cheese	Moondarra Cheese

Three deals were announced in the dairy and value-added dairy sector in 2023, a decrease from the five transactions announced in 2022. The most significant transaction was the acquisition by Coles of Saputo's automated milk processing facilities located at Laverton North (VIC) and Erskine Park (NSW) for \$105 million. The two facilities will be used to process Coles private label milk.

FRESH PRODUCE & SALADS

Transactions announced

Date	Target Name	Acquirer
1 Apr 23	Mitolo Family Farms	AustOn Corporation
6 July 23	Red Rich Fruits (merger)	Batlow Fruit (merger)
22 Sept 23	Costa Group	Paine Schwartz, Driscolls & BCI
23 Oct 23	Pacific Fresh citrus packing business	Mildura Fruit Company
29 Nov 23	Montague Fresh (majority equity interest)	Pomona Valley / Ontario Teachers' Pension Plan

The fresh produce sector attracted investor interest in 2023, with five deals announced in the year.

AustOn Corporation, a subsidiary of Ontario Teachers' Pension Plan, acquired a controlling stake in Mitolo Family Farms. Mitolo Family Farms is Australia's largest potato growing business.

Red Rich Fruits (NSW), Batlow Fruit Company and Ausfarm Fresh Horticulture entered into a merger agreement to form one of Australia's largest vertically integrated apple, mango and mandarin businesses.

The Costa Group board of directors accepted a \$1.49 billion takeover offer and entered into a scheme implementation agreement with a consortium led by Paine Schwartz Partners.

Pacific Fresh sold its citrus packing business located in Leeton NSW to Mildura Fruit Company. Mildura Fruit Company is owned by the Bright Food Group.

Pomona Valley and Montague merged operations to form one business. Pomona Valley is a subsidiary of Ontario Teachers' Pension Plan. Montague is a vertically integrated supplier of apples and fresh produce and owns well-known brands Jazz Apple, Eve and Ambrosia.



MEAT PROCESSING & POULTRY

Transactions announced

Date	Target Name	Acquirer
17 Feb 23	Bromley Park Hatcheries	Inghams Group
30 Aug 23	Pace Farms	ROC Partners

Two deals were announced in the meat, poultry & smallgoods sectors in 2023 compared to three deals in 2022. ROC Partners acquired Pace Farms, the second-largest egg supplier in Australia for \$350 million. Pace Farms has revenue of approximately \$300 million and a 31% share of the egg market in Australia.

SEAFOOD

Transactions announced

Date	Target Name	Acquirer
26 Apr 23	Kono Seafood	Talleys
7 Aug 23	Eyre Peninsula Seafoods	Yumbah Aquaculture
15 Sept 23	Independent Fisheries	Sealord

Three deals were announced in the seafood sector, down from five transactions in the previous year.

Yumbah Aquaculture acquired Australia's largest mussel farmer and processor, Eyre Peninsula Seafoods. Eyre Peninsula produces mussels under two brands and sells more than 2,300 tonnes of seafood product per year.



PROCESSED / PACKAGED FOODS

SNACKING and CONFECTIONERY

Transactions announced

Date	Target Name	Acquirer
19 Apr 23	Annies brand (NZ)	Graeme Giles
3 Aug 23	Bounce Foods	PharmaCare
11 Aug 23	The Healthy Mummy brand	Hairmop
18 Aug 23	New World Foods	Jack Links
22 Sept 23	Halo Foods snacking facility	BodyScience
6 Oct 23	Halo Foods Tonik brand	Dr V
6 Oct 23	Nourish Foods (under administration)	Tempo Foods

The snacking and confectionery categories reported seven transactions in 2023, an increase from the two transactions announced in 2022.

Five of the transactions resulted from corporate distress, with Halo Food Co selling the Healthy Mummy brand before being placed into voluntary administration. The administrators of Halo Food sold the Preston-based snacking facility to Humble Group and the Tonik brand to Dr V, a natural energy drink company.

The administrator of Bounce Foods sold the brand and business to PharmaCare. Tempo Foods acquired the business and assets of Nourish Foods from the receivers. Nourish Foods was founded as Whole Kids in 2005.

US-based Jack Links acquired the New World Foods meat snacking business from Quinn Foods.

PACKAGED FOODS

Transactions announced

Date	Target Name	Acquirer
25 Feb 23	Eco Farms grocery brands	Honest to Goodness
27 Jun 23	Shima Wasabi	Hillwood Berries
6 July 23	Epicurean Foods	Birch & Waite
25 July 23	Hansells brand (NZ)	Consortium of investors
31 Aug 23	Ernest Hillier (under administration)	Yowie Group
13 Sept 23	Crackerjack Foods	Lamb Weston

The packaged foods sector was active with six transactions announced in 2023. Most of the transactions in the packaged foods sector in 2023 were relatively small. The standout transaction was the acquisition of frozen food manufacturer, Crackerjack Foods, by Lamb Weston a US-based food company with deep exposure to potato processing. Crackerjack Foods generated annual revenue of A\$20 million.



BAKED GOODS & PREPARED MEALS

Transactions announced

Date	Target Name	Acquirer
27 Feb 23	LILO Desserts (investment)	Rangiora Bakery
1 July 23	Balfours Bakery	Aus Pie Co
30 Nov 23	Beefy Pies	Retail Food Group

South Australian wholesale bakery Balfours was acquired by Aus Pie Co from San Remo. The acquisition expanded the bakery footprint of Aus Pie following the acquisition of the Mrs Mac's business in 2022.

Retail Food Group acquired Beefy's pie shop chain for \$10 million. The purchase consideration included a \$5.5 million upfront cash payment to the Hobbs family, the former owners of the Beefy's business.

OTHER FOOD AND BEVERAGE

HEALTH & VITAMINS

Transactions announced

Date	Target Name	Acquirer
27 Apr 23	Blackmores	Kirin Holdings
4 July 23	HoneyWorld (Singapore)	Comvita (NZ)
3 Aug 23	Vitable (\$7.5 million capital raise)	Various investors

Three transactions were announced in the health & vitamins sectors compared to seven transactions in 2022. The standout transaction was the acquisition of Blackmores by Kirin Holdings. Kirin Holdings paid \$95 per Blackmores share, which placed an enterprise value of \$1.84 billion on Blackmores, based on a 23.1x EBITDA multiple. The acquisition of Blackmores is one of the largest acquisitions of an Australian food brand in recent years.

ALCOHOLIC BEVERAGES

Transactions announced

Date	Target Name	Acquirer
11 Jan 23	Cape Mentelle Winery	Endeavour Group
4 Apr 23	Tribe Breweries	Jan Cameron and VBS Investments
4 July 23	Four Pillars Gin (remaining 50%)	Lion Group
11 Oct 23	Gemtree Wines	Randal Wine Group
3 Nov 2023	Ampersand Projects	Australian Beer Co

NON-ALCOHOLIC BEVERAGES

Transactions announced

Date	Target Name	Acquirer
14 Jun 23	AF Drinks (minority shareholding)	Pernod Ricard venture capital
10 July 23	Lyre (\$34.5 million capital raise)	Various investors
1 Aug 23	Cool Cool Beverage Co	Kommunity Brew

COFFEE

Transactions announced

Date	Target Name	Acquirer
4 Mar 23	Coffex Coffee (under administration)	Bean Alliance Group
1 Oct 23	DC Coffee	Industry Beans

Deal activity in coffee, the alcoholic and non-alcoholic beverage sectors was materially lower in 2023 compared to 2022. Acquirers spent time in 2023 integrating acquisitions made in previous years and we expect the beverage category to return to historical activity levels in 2024.



PET FOOD

Transactions announced

Date	Target Name	Acquirer
8 Mar 23	Viking Blues Pty Ltd	Vimian Group AB
16 Jun 23	Lyka (\$25 million capital raise)	StepStone Group & investors
2 July 23	Pet Circle (\$75m capital raise)	Prysm Capital (investor)

The pet food sector reported 3 transactions in 2023, down from 6 transactions in 2022. Pet food remains an attractive sector for acquirers with limited entry points in Australia.

FOODSERVICE DISTRIBUTION

Transaction announced

Date	Target Name	Acquirer
1 Mar 23	Staley Food & Packaging	Superior Food Services

DIRECT TO CONSUMER DELIVERY

Transactions announced

Date	Target Name	Acquirer
15 Jan 23	Voly (under administration)	Our Cow
23 May 23	Kaddy (under administration)	Lecca Group
25 May 23	Milkrun (under administration)	Woolworths

In 2023 several direct-to-consumer delivery businesses were placed into voluntary administration following a downturn in economic conditions. Woolworths acquired the Milkrun brand and delivery business for about \$10 million. Milkrun raised \$86 million from investors before shutting down in April 2023.



HOSPITALITY ORDERING PLATFORMS

Transactions announced

Date	Target Name	Acquirer
30 Jan 23	FoodByUs (\$12m Series B capital	Various investors
21 Sept 23	Foodbomb	Ordermentum

Ordermentum has acquire wholesale food marketplace Foodbomb. As part of the transaction Ordermentum raised \$16 million in capital from shareholders.

PLANT-BASED FOODS

Transactions announced

Date	Target Name	Acquirer
9 Feb 23	Fable Food Co (US\$8.5m capital raise)	Various investors
3 Oct 23	Eden Brew (\$24.4m capital raise)	Various investors
18 Oct 23	Love Buds & vEEF brands merger	merger

Deal activity in the plant-based foods category declined to three transactions in 2023, down from five transaction in 2022. Selected plant-based ventures continued to raise capital from investors in 2023, however the quantum of capital raised in 2023 was lower compared to previous years.

All G Foods' plant-based division and Fenn Foods announced a merger of their operations in October 2023. The Aussie Plant Based Co was established through the merger and includes The Love Buds brand (launched by All G Foods) and the vEEF brand (launched by Fenn Foods).



OTHER

Transactions announced

Date	Target Name	Acquirer	Sector
10 Feb 23	Care Food Co	Cater Care	Texture modified food
2 Jul 23	United Malt	Malteries Soufflet	Malt processing
22 Sept 23	Mr Yum (merger)	me&u (merger)	Ordering and payments platform
10 Dec 23	Frosty Boy	Kent Precision Foods Group	Beverage powders

ASX-listed United Malt was acquired via a \$2 billion takeover offer by France's Malteries Soufflet, the largest transaction in the food and beverage industry in 2023.

The shareholders Mr Yum and me&u agreed an all-stock merger of the two companies. The merger created a multi-national ordering and payment business focused on the hospitality industry.

Advent Partners sold its interest in Frosty Boy to US-based Kent Precision Foods Group.



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 28 years and is considered a leading executive in the sector. Prior to Comet Line Consulting, David held an executive role at Manassen Foods and senior leadership roles during a 16-year career at Nestlé Australia.



Ben van der Westhuizen has 30 years corporate advisory experience. Ben advised on acquisitions, disposals and capital raisings with collective value in excess of \$2 billion. Ben has held senior corporate advisory roles with KPMG Corporate Finance, Challenger and PWC.

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