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Spotlight

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Food and Beverage

Industry News

PepsiCo Completes Acquisition of Rockstar Energy Drinks

Forbes [Full Article](#)

On April 24, PepsiCo completed its transaction to acquire Rockstar for \$3.85B and a contingent consideration related to future tax benefits of \$0.85B, bringing the total transaction value to \$4.7B. This transaction further shores up the existing relationship (already had a distribution deal) between the two companies to compete with Coca-Cola in the increasingly competitive energy drink industry.

"As we work to be more consumer-centric and capitalize on rising demand in the functional beverage space, this highly strategic acquisition will enable us to leverage PepsiCo's capabilities to both accelerate Rockstar's performance and unlock our ability to expand in the category with existing brands such as Mountain Dew," Laguarda told CNBC.

Understanding the Food & Beverage Impact of COVID-19

Deloitte [Full Article](#)

As the effects of COVID-19 are felt around the world, "consumer products food & beverage companies are facing significantly reduced consumption as well as disrupted supply chains. At-home consumption has increased, but out-of-home consumption – which historically generates the highest margin – has come to nearly a standstill. There may be long-term changes in customer behavior and demand."

Once the large effects of COVID-19 subside and out-of-home consumption begins to normalize, the following weeks and months are unlikely to recover the lost sales during the pandemic. With an economic recession looming, revenues are likely to be under pressure for the foreseeable future.

Food and Beverage Sector Valuation Update

KPMG [Full Article](#)

"While valuations fell sharply during the 2008 financial crisis, the food and beverage industry is better positioned for value in the new reality of COVID-19"

Private equity funds have records amount of dry capital that will need to be deployed.

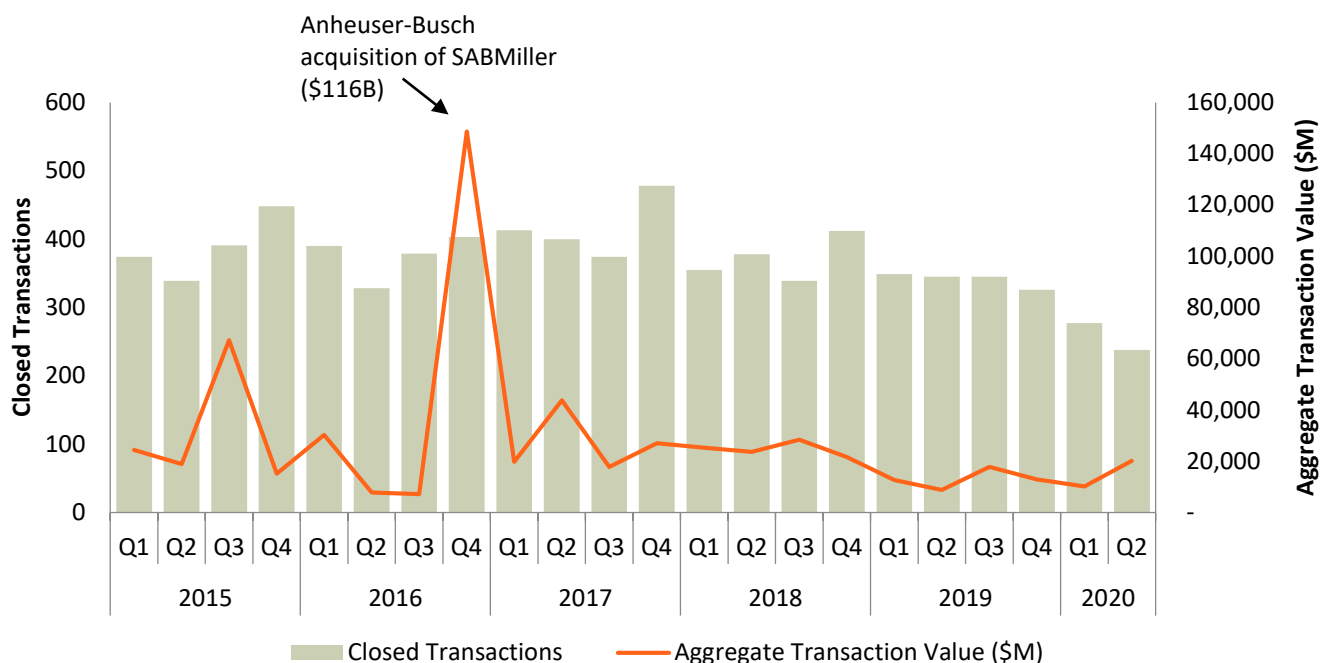
Strategic buyers, especially now, will need to continue to grow revenue.

Valuation multiples are strong due to grocery focused and ingredient suppliers being viewed as pandemic resistant.

Capital is available to assist food service in diversifying their customers and channels.

Food and Beverage

Food and Beverage M&A Environment

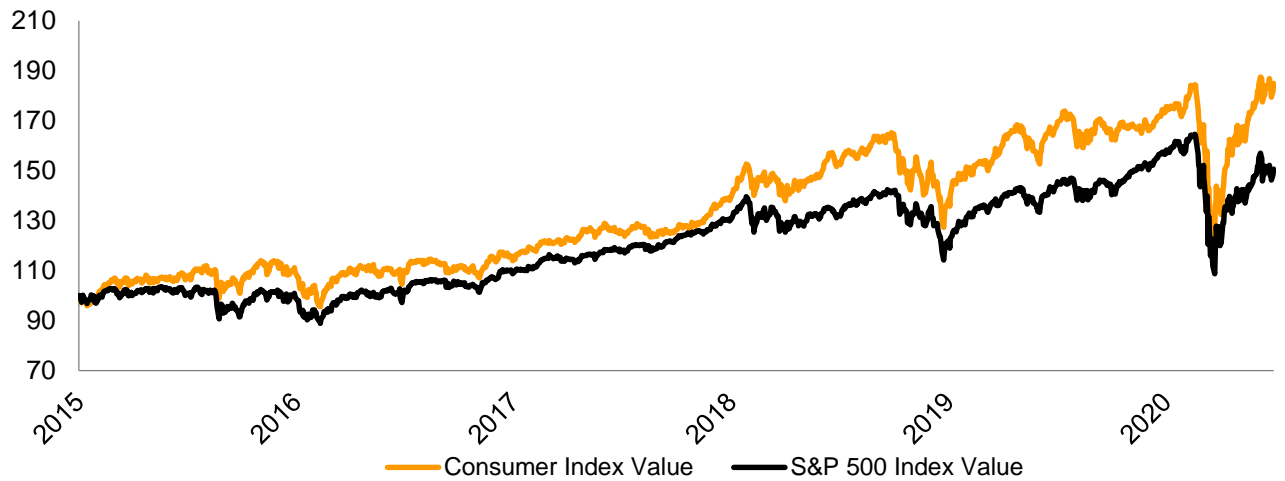


Selected Q2 2020 M&A

Date Closed	Target	Buyers/Investors	Sector	Enterprise Value (\$M)	EV / LTM Revenue	EBITDA
6/25/2020	Fordell Farms Limited	R Brewis & Partners	Agricultural Products	-	-	-
6/22/2020	Radiant Pig Beer Company LLC	Coastal Extreme Brewing Comp.	Brewers	-	-	-
6/12/2020	Quantum Foods Holdings Ltd (JSE:QFH)	Country Bird Holdings Limited	Packaged Foods and Meats	49.8	0.2x	3.0x
6/12/2020	Rude Health Foods Limited	PepsiCo, Inc.	Packaged Foods and Meats	90.2	-	-
6/1/2020	The Baker's Cottage	Leong Hup	Packaged Foods and Meats	4.2	0.4x	-
6/1/2020	Carlton & United Breweries	Asahi Holdings	Brewers	11,274.8	7.0x	14.9x
5/29/2020	Food & Partners Co., Ltd.	Kai Corporation	Packaged Foods and Meats	0.6	0.1x	-
5/22/2020	Daawat Foods Private Limited	United Farmers Investment Comp.	Packaged Foods and Meats	0.8	-	-
5/20/2020	Natural Balance Foods Ltd.	Lotus Bakeries NV	Packaged Foods and Meats	91.2	-	-
5/18/2020	Nourishco Beverages Limited	Tata Consumer Products Limited	Soft Drinks	8	0.3x	-
5/11/2020	Cubiq Foods	Blue Horizon Corporation	Packaged Foods and Meats	15	-	-
5/6/2020	Orchard Valley Foods Limited	NIC Enterprises Limited	Packaged Foods and Meats	-	-	-
5/4/2020	Krave Pure Foods, Inc.	Sonoma Brands	Packaged Foods and Meats	-	-	-
4/24/2020	Rockstar, Inc.	PepsiCo, Inc.	Soft Drinks	4,700	-	-
4/15/2020	K9 Nature Supplements/Ruff Trade Dog	Pawzitivity Pet Products	Packaged Foods and Meats	-	-	-
4/8/2020	AVI Limited	Old Mutual Limited	Packaged Foods and Meats	-	-	-
4/1/2020	Give and Go Prepared Foods Corp.	Mondelez International, Inc.	Packaged Foods and Meats	1,200.0	2.4x	-

Consumer

As middle-market deal makers continue to face challenges in 2020, the M&A outlook remains guarded. Record levels of dry powder are being offset by a growing desire for cash preservation as companies seek to weather the COVID-19 crisis. With no vaccine in sight, data driven decision making, a hallmark of the consumer industry, is set to play a key role in the coming year.



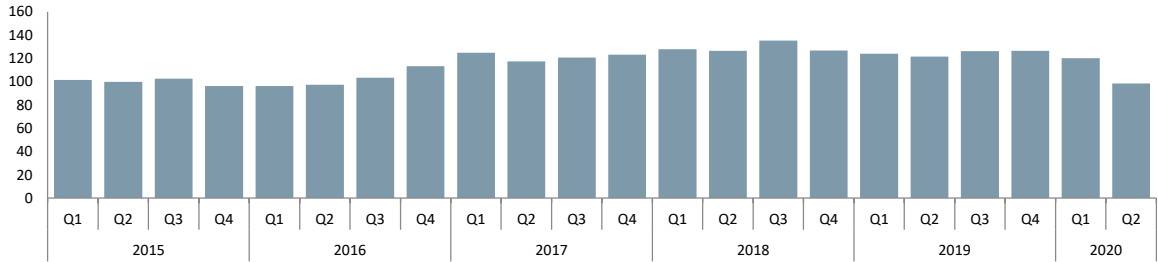
6/30/2020		LTM Financials		Valuation Metrics		LTM Margins		
Company Name	Ticker	Enterprise Value	Revenue	EBITDA	EV / Revenue	EV / EBITDA	Gross Margin	EBITDA Margin
Altria Group, Inc.	NYSE:MO	\$97,428	\$20,453	\$11,522	4.8x	8.5x	64.4%	56.3%
Amazon.com, Inc.	NasdaqGS:AMZN	\$1,404,892	\$296,274	\$36,270	4.7x	38.7x	40.6%	12.2%
Archer-Daniels-Midland Company	NYSE:ADM	\$31,015	\$64,322	\$2,609	0.5x	11.9x	6.5%	4.1%
AutoNation, Inc.	NYSE:AN	\$9,378	\$21,021	\$950	0.4x	9.9x	16.6%	4.5%
Best Buy Co., Inc.	NYSE:BBY	\$23,809	\$43,058	\$2,768	0.6x	8.6x	22.9%	6.4%
Bunge Limited	NYSE:BG	\$12,273	\$40,375	\$1,207	0.3x	10.2x	4.9%	3.0%
CarMax Inc.	NYSE:KMX	\$29,239	\$19,303	\$1,083	1.5x	27.0x	14.1%	5.6%
Carnival Corporation	NYSE:CCL	\$24,839	\$16,843	\$2,679	1.5x	9.3x	28.1%	15.9%
Charter Communications, Inc.	NasdaqGS:CHTR	\$190,442	\$46,296	\$16,808	4.1x	11.3x	62.7%	36.3%
Comcast Corporation	NasdaqGS:CMCSA	\$280,674	\$108,692	\$33,692	2.6x	8.3x	68.6%	31.0%
Costco Wholesale Corporation	NasdaqGS:COST	\$135,012	\$160,876	\$6,821	0.8x	19.8x	13.1%	4.2%
CVS Health Corporation	NYSE:CVS	\$164,862	\$260,961	\$16,805	0.6x	9.8x	17.5%	6.4%
Dollar General Corporation	NYSE:DG	\$58,197	\$29,579	\$3,211	2.0x	18.1x	30.7%	10.9%
Dollar Tree, Inc.	NasdaqGS:DLTR	\$30,655	\$24,089	\$2,291	1.3x	13.4x	37.4%	9.5%
Ford Motor Company	NYSE:F	\$158,632	\$149,878	\$8,749	1.1x	18.1x	6.6%	5.8%
General Mills, Inc.	NYSE:GIS	\$51,624	\$1,627	\$3,713	2.9x	13.9x	34.9%	21.1%
General Motors Company	NYSE:GM	\$134,643	\$135,068	\$11,973	1.0x	11.2x	10.3%	8.9%
Genuine Parts Company	NYSE:GPC	\$16,697	\$19,215	\$1,353	0.9x	12.3x	32.8%	7.0%
Kimberly-Clark Corporation	NYSE:KMB	\$55,847	\$18,826	\$4,101	3.0x	13.6x	35.9%	21.8%
Kohl's Corporation	NYSE:KSS	\$8,925	\$18,315	\$1,294	0.5x	6.9x	37.1%	7.1%
Lear Corporation	NYSE:LEA	\$8,199	\$19,108	\$1,671	0.4x	4.9x	9.4%	8.7%
Lowe's Companies, Inc.	NYSE:LOW	\$122,117	\$74,082	\$8,576	1.6x	14.2x	32.4%	11.6%
Macy's, Inc.	NYSE:M	\$8,923	\$22,803	\$1,072	0.4x	8.3x	38.7%	4.7%
McDonald's Corporation	NYSE:MCD	\$184,096	\$20,767	\$10,237	8.9x	18.0x	52.5%	49.3%
Mondelez International, Inc.	NasdaqGS:MDLZ	\$91,302	\$26,037	\$5,135	3.5x	17.8x	39.2%	19.7%
NIKE, Inc.	NYSE:NKE	\$156,699	\$37,403	\$3,776	4.2x	41.5x	43.4%	10.1%
Penske Automotive Group, Inc.	NYSE:PAG	\$11,532	\$22,624	\$712	0.5x	16.2x	14.9%	3.1%
PepsiCo, Inc.	NasdaqGS:PEP	\$213,601	\$67,654	\$12,360	3.2x	17.3x	55.3%	18.3%
Performance Food Group Company	NYSE:PFGC	\$7,329	\$25,211	\$472	0.3x	15.5x	11.6%	1.9%
Philip Morris International Inc.	NYSE:PM	\$135,597	\$29,159	\$12,145	4.7x	11.2x	65.8%	41.7%
Rite Aid Corporation	NYSE:RAD	\$7,157	\$22,583	\$628	0.3x	11.4x	21.4%	2.8%
Starbucks Corporation	NasdaqGS:SBUX	\$106,333	\$26,663	\$5,130	4.0x	20.7x	27.0%	19.2%
Sysco Corporation	NYSE:SY	\$37,025	\$59,502	\$3,025	0.6x	12.2x	19.0%	5.1%
Target Corporation	NYSE:TGT	\$72,082	\$80,100	\$6,899	0.9x	10.4x	29.0%	8.6%
The Coca-Cola Company	NYSE:KO	\$226,310	\$34,326	\$11,074	6.6x	20.4x	60.0%	32.3%
The Gap, Inc.	NYSE:GPS	\$11,601	\$14,784	\$936	0.8x	12.4x	48.4%	6.3%
The Home Depot, Inc.	NYSE:HD	\$302,483	\$112,104	\$17,878	2.7x	16.9x	34.1%	15.9%
The Kraft Heinz Company	NasdaqGS:KHC	\$66,455	\$25,175	\$6,305	2.6x	10.5x	31.9%	25.0%
The Kroger Co.	NYSE:KR	\$44,222	\$126,584	\$5,955	0.3x	7.4x	23.4%	4.7%
The Procter & Gamble Company	NYSE:PG	\$318,822	\$70,346	\$19,059	4.5x	16.7x	51.1%	27.1%
The TJX Companies, Inc.	NYSE:TJX	\$72,783	\$36,848	\$3,034	2.0x	24.0x	33.1%	8.2%
The Walt Disney Company	NYSE:DIS	\$260,199	\$78,212	\$14,544	3.3x	17.9x	36.6%	18.6%
Twenty-First Century Fox, Inc.	NasdaqGS:FOXA	\$20,597	\$12,398	\$2,746	1.7x	7.5x	35.7%	22.1%
Tyson Foods, Inc.	NYSE:TSN	\$34,121	\$43,472	\$4,096	0.8x	8.3x	11.6%	9.4%
US Foods Holding Corp.	NYSE:USFD	\$9,351	\$26,247	\$1,071	0.4x	8.7x	17.5%	4.1%
Walgreens Boots Alliance, Inc.	NasdaqGS:WBA	\$78,935	\$138,745	\$5,016	0.6x	15.7x	20.5%	3.6%
Walmart Inc.	NYSE:WMT	\$406,738	\$534,661	\$34,191	0.8x	11.9x	24.5%	6.4%
Whirlpool Corporation	NYSE:WHR	\$13,909	\$19,984	\$1,853	0.7x	7.5x	17.1%	9.3%

Median	1.2x	12.3x	31.3%	9.1%
Mean	2.0x	14.3x	31.1%	14.1%

Consumer

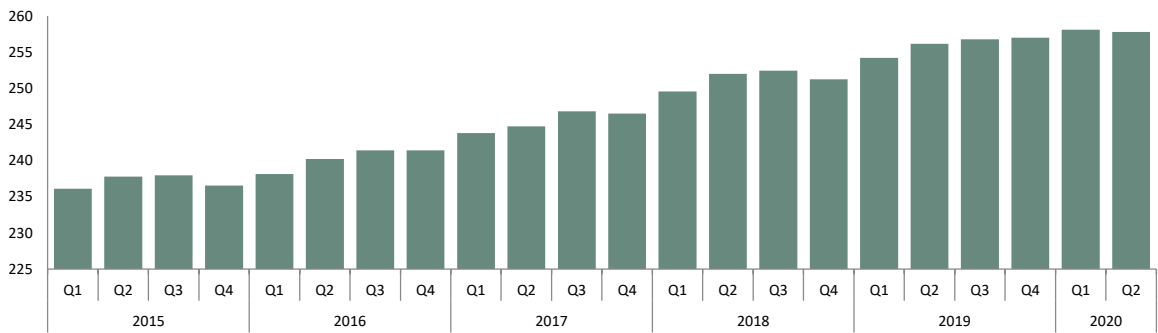
State of the Industry

Consumer Confidence Index



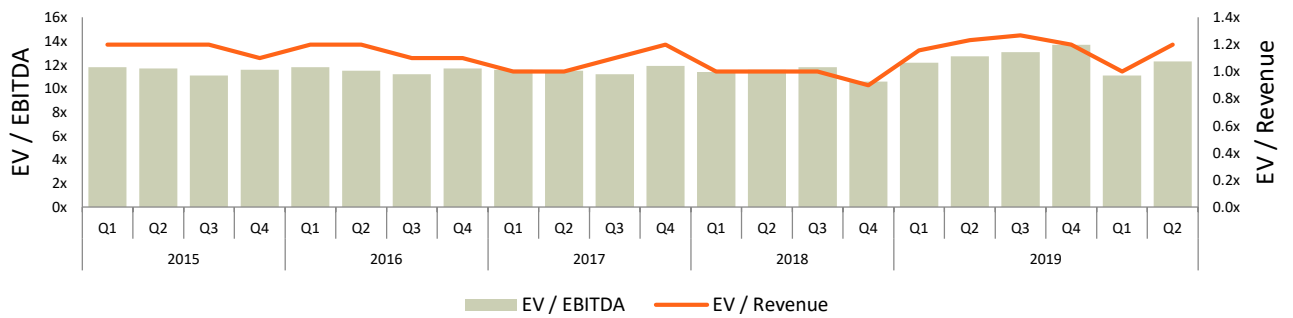
Source: Capital IQ

Consumer Price Index



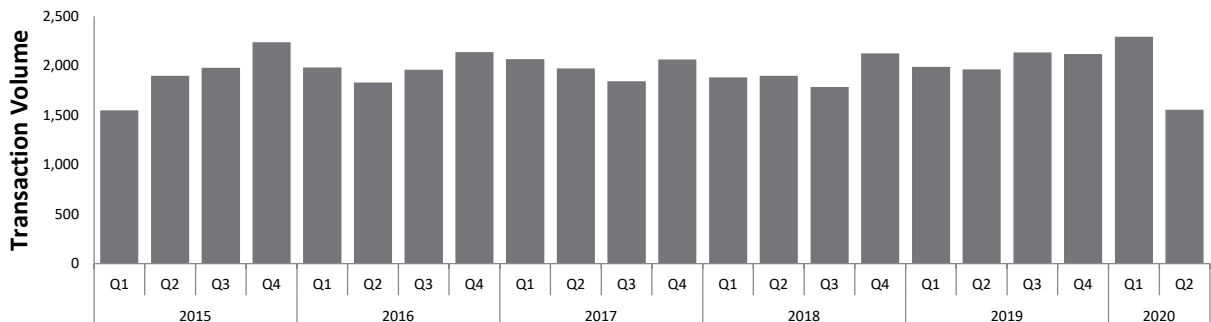
Source: Capital IQ

Industry Valuations



Source: Capital IQ

Consumer Transaction Volume



Source: Capital IQ



The Value of Accomplishment

The highest level of expertise and hard work is what accomplishment requires. It's what you deserve and what we do.

- *We sweat the small stuff.*
- *Take a 3:00am call.*
- *Say yes.*
- *Say no.*
- *Dig deeper when things get tough.*
- *And celebrate with you when your efforts pay off and you can reflect on it all and say, "It's really remarkable what we've accomplished here."*
- *Then and only then, will we know that we've accomplished something meaningful, too.*

About Mirus

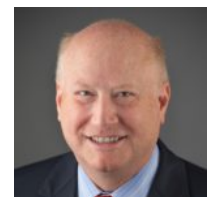
Spending on consumer products & services drives over two-thirds of the US economy and improving consumer sentiment is driving increased investment activity in the sector. Well-capitalized consumer companies are turning to M&A as a key business strategy to gain access to high growth emerging markets, cover the multichannel landscape, acquire scale, and ensure access to resources. Our Consumer Group understands these trends and can help you best position your company for growth or a successful exit in the midst of ongoing consolidation. Mirus provides direct access to sector-specific expertise, as well as global buyers and sellers.

Partner Spotlight

Andrew Crain brings to Mirus a diverse skillset of transactional, executive and legal acumen. Andy is an experienced dealmaker, and his prior experience as a family business owner gives him a unique vantage point from which to successfully guide clients through the financial, operational and emotional aspects of the transaction process. An investment banker since 2005, Andy provides merger & acquisition and corporate finance advisory services to owners of consumer products, food & beverage, business & industrial services, manufacturing and distribution companies throughout New England and nationwide. An investment banker since 2005, Stuart also has 20 years experience as a senior executive of national retail chains, and e-commerce and direct marketing companies. Stuart has led shoe, home furnishing, continuing education and food catalogs Or companies. He has additional experience in apparel and beauty. Stuart's transaction experience centers on e-commerce and catalog companies, food and beverage, and home and gift. Stuart, a frequent speaker and writer, has an MBA from Harvard University and has taught direct marketing and advertising at Bentley College.



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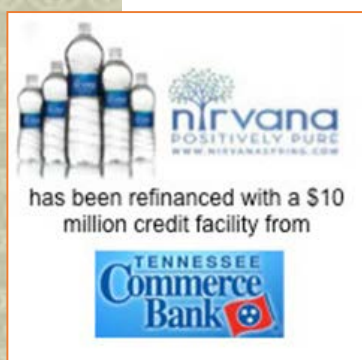


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Mirus Consumer Spotlight



Crystal Rock is a 100 year old direct-to-consumer home and office water, coffee, filtration and office supply service delivery business. The company bottles and distributes Crystal Rock® Waters purified water, Vermont Pure® natural spring water, Cool Beans® coffee, and other break room items to the commercial office and residential customers throughout New York and New England. Crystal Rock Holdings, Inc. was acquired by Cott Corporation of all outstanding shares of Crystal Rock for \$0.97 per share in cash. Mirus served as the exclusive financial advisor to Crystal Rock in the transaction, which values the company at approximately \$35 million.



Andrew advised Nirvana in a \$10 million growth financing with Tennessee Commerce Bank. Nirvana Inc. has established its brand of positively pure, naturally green, spring water based on the companies' core principles of quality and product integrity. Bottled under its own label as well as for select private label partners, it draws its product from New York State's Adirondack Mountain range of over 2,000 untouched acres, where the firm owns over 50 naturally flowing fresh water springs.



Brigham's Ice Cream Inc. agreed to sell its product lines to a subsidiary of HP Hood LLC in a move that brings together two of the region's biggest and best-loved ice cream brands. Under the agreement, Hood will acquire the Brigham's 94-year-old brand name, all its products, proprietary flavors, and recipes. In a separate transaction, Brigham's 28 retail outlets and restaurants will be sold to Baltimore-based Deal Metrics LLC.

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