

J&A M&A Transactions Report

Food and Beverage M&A Transactions Case Studies and Valuations

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Merger and acquisition activity in the food and beverage industry has increased in 2024. The major transaction drivers are the established branding and historical growth of the seller as well as the growth potential and synergies with the acquirer.

This report analyses four case studies of transactions conducted in the sector. The transactions analyzed include US and European firms across a variety of subsegments. Transaction structure, customer, and market segments acquired, as well as the business case, are all reviewed.

Founders and owners of food and beverage companies should be mindful of these factors when positioning their business in an M&A sell-side process.

CASE STUDY 01

SOVOS BRANDS

sovos brands™

Sovos Brands Inc. is a US-based food company in Colorado with a focus on Italian-style pasta sauces, pizza sauces, and dry pasta.

TRANSACTION TYPE	DEAL DATE	ACQUIRER
ACQUISITION	MARCH 12, 2024	CAMPBELL SOUP
ENTERPRISE VALUE	ADJUSTED EBITDA MULTIPLE	
\$2.7 BILLION	14.6X	

TRANSACTION STRUCTURE

The company was acquired by the Campbell Soup Company for \$2.7 billion on March 12, 2024, financed through a combination of the buyer's balance sheet and debt funding. The total enterprise value indicated an adjusted EBITDA multiple of 14.6x. The established brand, customer relationships, and growth profile were key factors in the valuation calculus. For more information on how transaction structures impact seller liquidity, see Jahani and Associates' article [here](#).

MARKET AND CUSTOMER SEGMENTS

Sovos and Campbell Soup operate in the non-perishable food and beverage segment. Sovos' largest portion of revenue was generated through large stores including Walmart, Target, Kroger, and Whole Foods Market. The overlap between target customers will lead to increased attractiveness of the portfolio to new outlets, increased bargaining power, and great shelf access with major retailers.

BUSINESS CASE

Campbell Soup anticipated \$50 million in cost synergies, which makes the combined entity significantly more profitable. Additionally, Campbell's supply chain operations and scale are expected to drive growth for Sovos products while improving economies of scale and profitability.

KEY INTANGIBLE ASSETS



Brand Reputation



Company Growth Trajectory



Customer Relationships

TRANSACTION RATIONALE



Overlapping Customer Segments



Buyer's Consolidation of Existing Product Segment



Buyer's Consolidation of Domestic Market

CASE STUDY 02

CACAOLAT



Cacaolat is a Spain-based manufacturer of milkshakes and other milk-based products that create a range of shakes, lactose-free drinks, cocoa powder, and coffee products.

TRANSACTION TYPE	DEAL DATE	ACQUIRER
ACQUISITION	JULY 22, 2024	IDILIA FOODS
ENTERPRISE VALUE	REVENUE MULTIPLE	
\$108 MILLION	1.23X	

TRANSACTION STRUCTURE

A majority (50.1%) of the company was acquired by Idilia Foods for an estimated \$54 million (€50 million) on June 18, 2024, valuing the company at an estimated \$108 million (€ 100 million). Cacaolat reported \$88 million in revenue in 2023, implying an enterprise value to revenue multiple of 1.23x. Cacaolat's adjusted EBITDA was undisclosed. The brand reputation and established relationships with customers were key valuation considerations. For more information on how transaction structures impact seller liquidity, see Jahani and Associates' article [here](#).

MARKET AND CUSTOMER SEGMENTS

Cacaolat's dairy beverages overlap with Idilia's focus on cocoa-derived products for breakfast and snacks. Cacaolat's main sales channels are retail outlets including supermarkets, grocery stores, convenience stores, and other retail outlets. The addition of the range makes Idilia's portfolio of products more appealing to retail outlets.

BUSINESS CASE

Idilia aims to increase Cacaolat's presence in international markets and make full use of the current manufacturing plant in Catalonia in northeast Spain. The improved international distribution is anticipated to drive revenue. The increase in logistics efficiencies, bargaining power, and shelf access is anticipated to further revenue growth.

KEY INTANGIBLE ASSETS



Brand Reputation



Recipes and Trade Secrets



Customer Relationships

TRANSACTION RATIONALE



Overlapping Customer Segments



Buyer's Expansion into New Products



Buyer's Consolidation of Domestic Market

CASE STUDY 03

KEVIN'S NATURAL FOODS



Kevin's Natural Foods is a California-based manufacturer and supplier of health-forward food products. The company offers healthy pre-cooked meals, as well as a complementary line of sauces and condiments.

TRANSACTION TYPE	DEAL DATE	ACQUIRER
ACQUISITION	AUGUST 1, 2023	MARS
ENTERPRISE VALUE	REVENUE MULTIPLE	
\$810 MILLION	4.2X	

TRANSACTION STRUCTURE

Kevin's Natural Foods was acquired by Mars Food & Nutrition for approximately \$810 million on August 1, 2023. Online estimates suggest the company generated approximately \$190 million of revenue in 2022, resulting in an enterprise value to revenue multiple of 4.2x. The rapid revenue growth since its foundation in 2014 highlighted the growth potential of the company, which was a key factor in the valuation considerations. For more information on how transaction structures impact seller liquidity, see Jahani and Associates' article [here](#).

MARKET AND CUSTOMER SEGMENTS

Kevin's Natural Foods operates in the healthy pre-made meals category. The company gained a distribution network of over 17,000 retail locations, from grocery stores and supermarkets to digital commerce facilitating strong growth.

BUSINESS CASE

Kevin's Natural Foods will reportedly continue to operate on a stand-alone basis. Mars will provide support through distribution channels to increase shelf access as well as anticipated funding to increase sales and marketing activities. This M&A transaction by a large multinational acquirer is a prime example of founders and early stage investors exiting to effectively scale operations and access international markets through a larger organization.

KEY INTANGIBLE ASSETS



Brand
Reputation



Company Growth
Trajectory



Customer
Relationships

TRANSACTION RATIONALE



New Customer
Segments



Buyer's Expansion
into New Products



Buyer's Consolidation
of Domestic Market

CASE STUDY 04

CHOLULA



Cholula is a New York-based manufacturer of Mexican-style hot sauce, offering a variety of different flavors made using local ingredients and a proprietary blend of spices.

TRANSACTION TYPE	DEAL DATE	ACQUIRER
ACQUISITION	NOVEMBER 30, 2020	MCCORMICK & COMPANY
ENTERPRISE VALUE	REVENUE MULTIPLE	
\$803 MILLION	8.36X	

TRANSACTION STRUCTURE

The company was acquired by McCormick & Company for \$803 million on November 30, 2020 and financed through a combination of cash from the balance sheet and debt instruments. The transaction occurred at a reported enterprise value to revenue multiple of 8.36x. Intangible assets such as the 100-year-old recipes and brand recognition factored into the enterprise value. For more information on how transaction structures impact seller liquidity, see Jahani and Associates' article [here](#).

MARKET AND CUSTOMER SEGMENTS

Both companies operate in the spice and seasoning segment of the food industry. Cholula's main distribution channels include Walmart, Target, and specialty food stores. Cholula maintains significant e-commerce orders through its website which has remained active post-transaction. The addition of Cholula's products makes McCormick's portfolio of products more appealing to retail outlets.

BUSINESS CASE

McCormick kept the Cholula brand name across its retail and food service channels because of the established reputation and client recognition of the products. Acquiring competitors allows large companies to diversify revenue, increase economies of scale, and reduce the threat of competitors.

KEY INTANGIBLE ASSETS



Brand Reputation



Company Growth Trajectory



Recipes and Trade Secrets

TRANSACTION RATIONALE



New Customer Segments



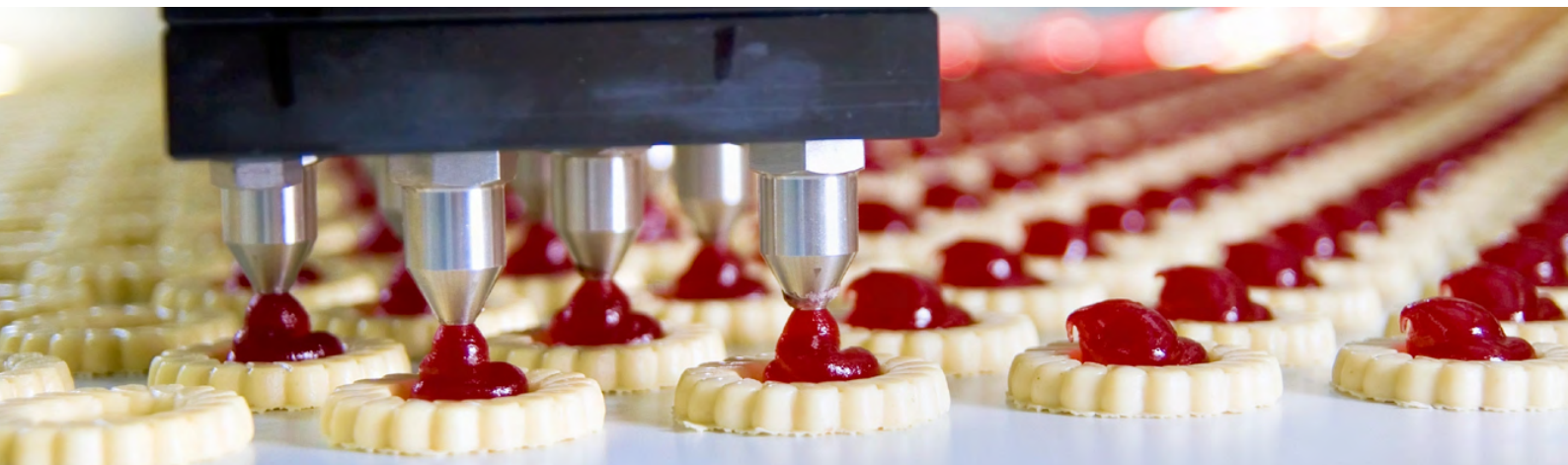
Buyer's Expansion into New Products



Buyer's Consolidation of Domestic Market

Market consolidation within the food and beverage industry is a rapid way for buyers to expand their portfolio into new market and customer segments, diversify revenue, and grow profitability through economies of scale.

The historical growth and brand name of the seller are major driving factors in M&A transactions as well as the company's growth potential and synergies with potential buyers. For more information on how to conduct a disciplined sell-side process, see Jahani and Associates' article [here](#).



SOURCES

CAMPBELL TO ACQUIRE SOVOS BRANDS,
LEADER IN HIGH-GROWTH PREMIUM ITALIAN SAUCES



MARS ACQUIRES NUTRITIOUS MEAL COMPANY
KEVIN'S NATURAL FOODS



HOW TO PERFORM A DISCIPLINED SELL-SIDE
M&A PROCESS TO MAXIMIZE RESULTS



PITCHBOOK DATA

