



Seale & Associates

ALCOHOLIC BEVERAGES INDUSTRY
Q3 2023
VALUATION UPDATE

Introduction

We are pleased to share our Alcoholic Beverages Industry Multiples Valuation Update for Q3 2023.

At Seale & Associates, we are committed to providing process-driven solutions designed to optimize value and achieve our client's strategic objectives in a range of transactions, including **Mergers, Acquisitions, Divestitures and Carve-Outs, Business Sales, Recapitalizations, and Joint Ventures**, among other corporate finance and strategy consulting services.

Over the course of 25+ years, we have successfully served clients all over the world, and we are delighted to continue providing investment banking advisory services to our Alcoholic Beverages Industry clients who are looking to grow through acquisitions or optimize their portfolios through strategic divestitures.

Seale has extensive experience advising leading multinational companies, private equity firms, and family-owned businesses across a wide range of industries.



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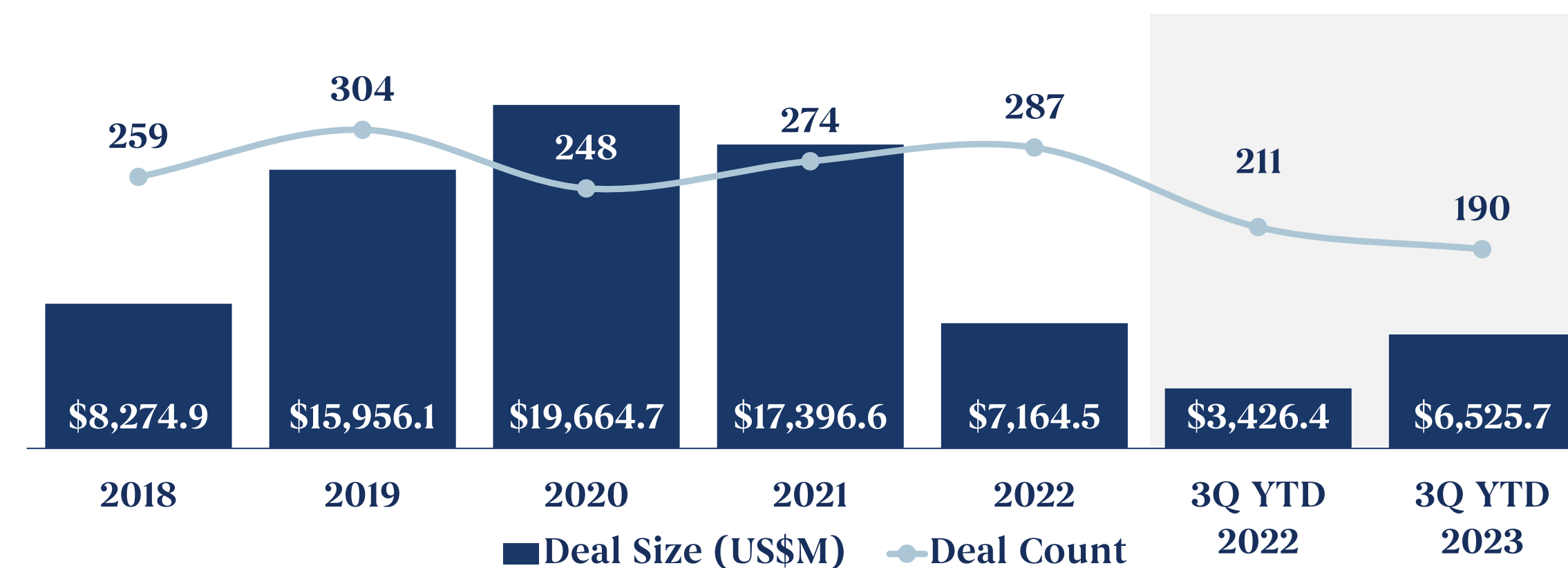
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Beverage's Industry Overview, M&A Trends and Market Intelligence

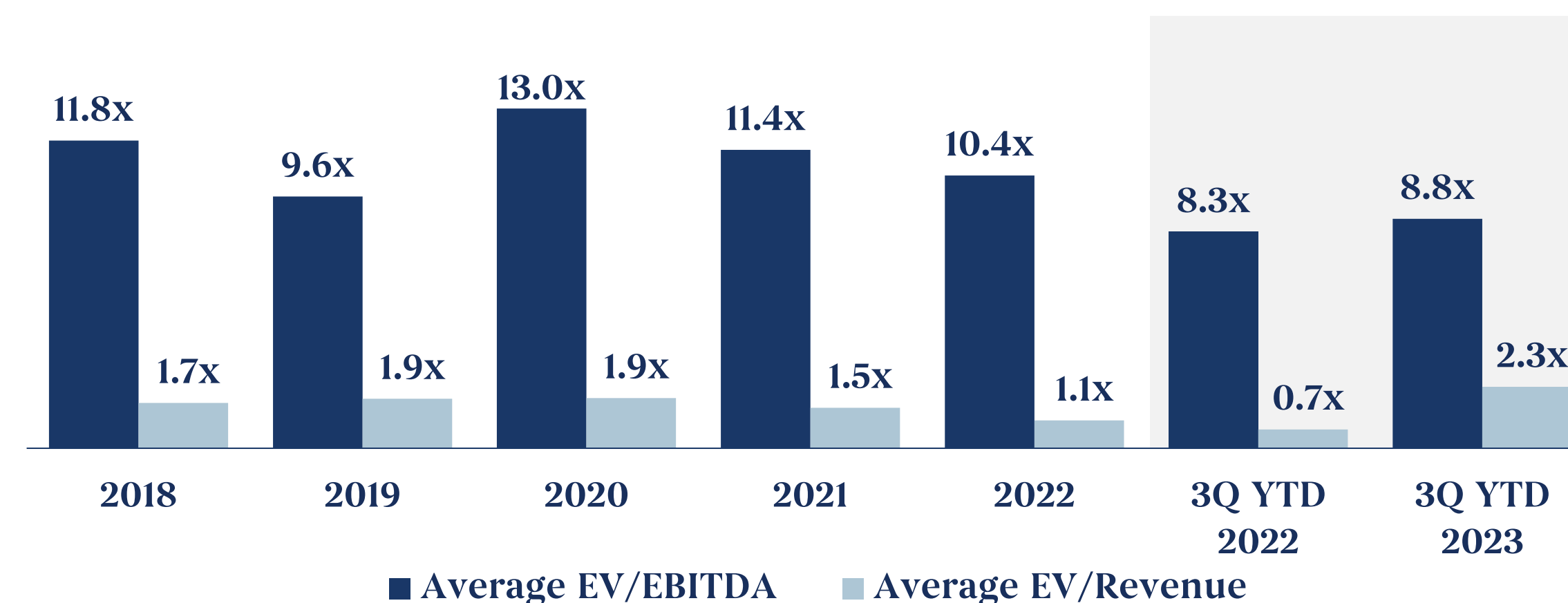
Beverage's Industry Overview

- The global beverage industry closed in **2022** with a revenue of **US\$2,318.9B**. It is expected to grow to **US\$2,926.7B** by **2027**, representing a **CAGR of 4.8%**
- In 2022, alcoholic beverages accounted for 64.2% of the **global** beverage market, generating **US\$1,488.96B**. Non-alcoholic beverages represented the remaining 35.8%, with a market value of **US\$830.0B**
- **FDI**-related deals accounted for a **31%** share of the **global** beverage industry's M&A activity in **Q3 2023**, up 20% over the previous quarter
- Rising costs of raw materials and labor are putting **pressure** on food & beverage companies, as consumers are beginning to push back on rising prices
- Businesses continue to **focus** on core **competencies** while remaining **conservative** on **growth** projects
- There continues to be an abundant amount of capital in the market from **excess** cash on the balance sheets of public companies and private equity firms
- Companies are increasingly looking to **control** their entire **value chain**, from sourcing raw materials to manufacturing and distribution, which is **driving** M&A activity in the sector
- The spirits category **emerged** as a leader in M&A activities. This highlights the enduring popularity and growth potential of **spirits**

Beverage's Industry M&A Deal Size and Volume








Beverage's Industry M&A Average EV/EBITDA and EV/Revenue



Beer Global Comparable Public Companies (1/2)

| Company | Country | Market Cap. US\$M | Enterprise Value US\$M | Revenue US\$M | EBITDA Margin | Annual Average EV/EBITDA | | Third Quarter Sep. 30, 2023 | | |
|----------------------------------|---|-------------------|------------------------|---------------|---------------|--------------------------|-------|-----------------------------|------------|------|
| | | | | | | 2021 | 2022 | EV/EBITDA | EV/Revenue | |
| Ambev S.A. |  | BRA | \$41,337 | \$39,926 | \$16,508 | 28.1% | 12.1x | 10.0x | 8.6x | 2.4x |
| Anheuser-Busch InBev SA/NV |  | BEL | \$110,421 | \$193,260 | \$59,575 | 31.0% | 13.0x | 10.9x | 10.5x | 3.2x |
| Asahi Group Holdings, Ltd. |  | JPN | \$18,963 | \$29,040 | \$17,971 | 14.3% | 13.8x | 12.3x | 11.3x | 1.6x |
| Beijing Yanjing Brewery Co.,Ltd. |  | CHN | \$3,890 | \$3,045 | \$1,959 | 9.4% | 14.3x | 17.9x | 16.5x | 1.6x |
| Carlsberg A/S |  | DNK | \$18,646 | \$22,332 | \$10,298 | 19.3% | 13.1x | 10.3x | 11.2x | 2.2x |
| Compañía Cervecerías Unidas S.A. |  | CHL | \$2,337 | \$3,320 | \$3,092 | 11.7% | 8.6x | 6.1x | 9.2x | 1.1x |
| Constellation Brands, Inc. |  | USA | \$46,069 | \$58,557 | \$9,786 | 13.1% | 16.2x | 27.0x | 45.6x | 6.0x |
| Heineken N.V. |  | NLD | \$50,058 | \$71,598 | \$31,497 | 19.3% | 16.8x | 13.2x | 11.8x | 2.3x |
| Kirin Holdings Company, Limited |  | JPN | \$11,349 | \$16,010 | \$13,927 | 11.4% | 10.5x | 8.9x | 10.1x | 1.1x |
| Molson Coors Beverage Company |  | USA | \$13,757 | \$19,987 | \$11,541 | 17.7% | 7.8x | 8.6x | 9.8x | 1.7x |

Beer Global Comparable Public Companies (2/2)

| Company | Country | Market Cap. US\$M | Enterprise Value US\$M | Revenue US\$M | EBITDA Margin | Annual Average EV/EBITDA | | Third Quarter Sep. 30, 2023 | | |
|--|---|-------------------|------------------------|---------------|---------------|--------------------------|-------|-----------------------------|------------|------|
| | | | | | | 2021 | 2022 | EV/EBITDA | EV/Revenue | |
| Olvi Oyj |  FIN | \$661 | \$633 | \$669 | 12.1% | 12.0x | 8.3x | 7.8x | 0.9x | |
| Royal Unibrew A/S |  DNK | \$3,875 | \$4,553 | \$1,745 | 16.7% | 19.8x | 16.2x | 15.6x | 2.6x | |
| Sapporo Holdings Limited |  JPN | \$2,481 | \$4,066 | \$3,417 | 5.4% | 12.4x | 28.8x | 22.0x | 1.2x | |
| The Boston Beer Company, Inc. |  USA | \$4,722 | \$4,564 | \$2,062 | 10.4% | 29.8x | 45.8x | 21.4x | 2.2x | |
| Unión de Cervecerías Peruanas Backus y Johnston S.A.A. |  PER | \$7,513 | \$7,286 | \$1,926 | 47.1% | 12.3x | 10.0x | 8.0x | 3.8x | |
| ■ Excluded from mean and median | | | | | | Mean | 12.5x | 11.0x | 12.4x | 1.9x |
| | | | | | | Median | 13.0x | 10.9x | 11.2x | 2.2x |










Spirits Global Comparable Public Companies

| Company | Country | Market Cap. US\$M | Enterprise Value US\$M | Revenue US\$M | EBITDA Margin | Annual Average EV/EBITDA | | Third Quarter Sep. 30, 2023 | |
|--|---|-------------------|------------------------|---------------|---------------|--------------------------|-------|-----------------------------|------------|
| | | | | | | 2021 | 2022 | EV/EBITDA | EV/Revenue |
| Beck's, S.A.B. de C.V. |  MEX | \$8,558 | \$9,702 | \$2,584 | 19.9% | 22.5x | 20.8x | 18.9x | 3.8x |
| Brown-Forman Corporation |  USA | \$27,725 | \$30,375 | \$4,259 | 31.2% | 30.8x | 26.0x | 22.9x | 7.1x |
| Davide Campari-Milano N.V. |  ITA | \$13,368 | \$15,329 | \$3,068 | 23.4% | 33.1x | 24.0x | 21.3x | 5.0x |
| Diageo plc |  GBR | \$83,088 | \$104,029 | \$20,883 | 35.8% | 22.6x | 19.2x | 13.9x | 5.0x |
| HITEJINRO Co., Ltd. |  KOR | \$976 | \$1,505 | \$1,863 | 11.0% | 9.0x | 8.1x | 7.4x | 0.8x |
| Jiangsu Yanghe Brewery Joint-Stock Co., Ltd. |  CHN | \$26,554 | \$22,983 | \$4,647 | 40.6% | 28.3x | 18.9x | 12.2x | 4.9x |
| MGP Ingredients, Inc. |  USA | \$2,322 | \$2,638 | \$813 | 21.3% | 16.3x | 17.2x | 15.2x | 3.2x |
| Pernod Ricard SA |  FRA | \$42,314 | \$54,246 | \$12,846 | 30.9% | 21.8x | 17.7x | 13.7x | 4.2x |
| Rémy Cointreau SA |  FRA | \$6,183 | \$6,751 | \$1,639 | 30.4% | 35.5x | 24.3x | 13.5x | 4.1x |
| Takara Holdings Inc. |  JPN | \$1,590 | \$1,605 | \$2,340 | 13.3% | 9.0x | 4.6x | 5.2x | 0.7x |



















■ Excluded from mean and median

| | | | | |
|---------------|-------|-------|-------|------|
| Mean | 21.5x | 17.2x | 12.5x | 3.5x |
| Median | 22.5x | 19.0x | 13.8x | 4.2x |

Wine Global Comparable Public Companies

| Company | Country | Market Cap. US\$M | Enterprise Value US\$M | Revenue US\$M | EBITDA Margin | Annual Average EV/EBITDA | | Third Quarter Sep. 30, 2023 | | |
|---|---|-------------------|------------------------|---------------|---------------|--------------------------|-------|-----------------------------|------------|------|
| | | | | | | 2021 | 2022 | EV/EBITDA | EV/Revenue | |
| Delegat Group Limited |  NZL | \$499 | \$746 | \$229 | 33.5% | 14.7x | 13.3x | 9.7x | 3.3x | |
| Italian Wine Brands S.p.A. |  ITA | \$190 | \$353 | \$438 | 7.5% | 11.5x | 12.3x | 10.7x | 0.8x | |
| Laurent-Perrier S.A. |  FRA | \$749 | \$940 | \$326 | 30.0% | 18.1x | 11.1x | 9.6x | 2.9x | |
| Purcari Wineries Public Company Limited |  CYP | \$109 | \$139 | \$76 | 24.8% | 9.7x | 6.8x | 7.4x | 1.8x | |
| Sociedad Anónima Viña Santa Rita |  CHL | \$174 | \$313 | \$185 | 10.1% | 11.1x | 13.4x | 16.7x | 1.7x | |
| Treasury Wine Estates Limited |  AUS | \$5,743 | \$6,640 | \$1,606 | 25.4% | 15.2x | 15.8x | 16.3x | 4.1x | |
| Viña Concha y Toro S.A. |  CHL | \$818 | \$1,337 | \$923 | 13.7% | 7.9x | 7.8x | 10.6x | 1.4x | |
| Viña San Pedro Tarapacá S.A. |  CHL | \$245 | \$326 | \$293 | 12.6% | 7.6x | 5.9x | 8.9x | 1.1x | |
| Yantai Changyu Pioneer Wine Company Limited |  CHN | \$2,158 | \$2,041 | \$536 | 24.0% | 17.2x | 15.1x | 15.9x | 3.8x | |
| ■ Excluded from mean and median | | | | | | Mean | 11.1x | 10.1x | 9.5x | 1.9x |
| | | | | | | Median | 11.5x | 12.3x | 10.6x | 1.8x |

Alcoholic Beverages Industry – Q3 Global Transactions (1/2)

| Date | Target | Country | Description | Buyer | Seller | % Acquired | Size US\$M | EV/ EBITDA | EV/ Revenue |
|--------|---|---------|--|---|---|------------|------------|------------|-------------|
| Sep-23 |  | USA | Produces and sells alcohol spirits |  | - | 100.0% | - | - | - |
| Sep-23 |  | USA | Produces distilled whiskey |  | - | 100.0% | - | - | - |
| Sep-23 |  | GBR | Produces alcoholic drinks made with sparkling water, alcohol, and flavorings |  | - | <50% | - | - | - |
| Sep-23 |  | GBR | Produces and sells spirits and gin products |  | - | 100.0% | - | - | - |
| Sep-23 |  | BEL | Produces, distributes, and sells beer and beverages | BILL & MELINDA GATES foundation | - | ND | \$96.6 | - | - |
| Sep-23 |  | FRA | Produces alcoholic beverages focusing on cognac |  | ANORA | ND | \$58.0 | - | - |
| Sep-23 | Domaine Des Terres de Velle's wine estate in Auxey-Duresses | FRA | Produces wines and spirits |  |  | 100.0% | - | - | - |
| Sep-23 |  | USA | Produces, bottles, and ships wines | ROYAL WINE CORP. | - | 100.0% | - | - | - |
| Aug-23 | MASSICAN | USA | Produces white wines |  | E&J. Gallo Winery | - | 100.0% | - | - |
| Aug-23 |  | USA | Produces red and white wines |  | E&J. Gallo Winery | - | 100.0% | - | - |
| Aug-23 | BBNO | GBR | Produces beers |  | - | 100.0% | - | - | - |

Alcoholic Beverages Industry – Q3 Global Transactions (2/2)

| Date | Target | Country | Description | Buyer | Seller | % Acquired | Size US\$M | EV/ EBITDA | EV/ Revenue |
|--------|---|---------|--|---|---|------------|------------|------------|-------------|
| Aug-23 |  QUINTA DO VALLADO | PRT | Produces port wines and douro wines | TEAK CAPITAL | - | 50.0% | - | - | - |
| Aug-23 |  ACORN BREWERY | GBR | Produces and sells beers |  SONAS CAPITAL | - | 100.0% | - | - | - |
| Aug-23 | Portuguese Wine Assets from Ideal Drinks | PRT | Comprises 200 hectares of vineyards in three regions of Portugal, Vinho Verde, Bairrada, and Dèúo |  THE FLADGATE PARTNERSHIP |  IDEALDRINKS® | 100.0% | - | - | - |
| Aug-23 | BLUE RUN SPIRITS | USA | Produces and provides bourbon whiskey online |  MOLSON COORS beverage company | - | 75.0% | \$78.0 | - | - |
| Aug-23 | Eight beer brands from Anheuser-Busch | USA | Comprises eight beer producers and beverage brands: Shock Top, Breckenridge Brewery, Blue Point Brewing Company, 10 Barrel Brewing Company, Redhook Brewery, Widmer Brothers Brewing, Square Mile Cider Company, and HiBall Energy |  TILRAY BRANDS |  Anheuser-Busch | 100.0% | \$85.0 | - | - |
| Aug-23 |  Tanteo 100% DE AGAVE TEQUILAS | USA | Produces tequila |  Smoky Mountain | - | 100.0% | - | - | - |
| Jul-23 |  WEIBEL FAMILY WINERY | USA | Produces sparkling, still and carbonated wines |  RACK & RIDDLE | - | 100.0% | - | - | - |
| Jul-23 | Domaine Roy & fils | USA | Produces and sells various types of wines |  FRESCOBALDI TOSCANA | - | 100.0% | - | - | - |
| Jul-23 |  ICB | GBR | Produces and supplies alcoholic beverages such as liqueurs and spirits |  KCP | - | 100.0% | - | - | - |
| Jul-23 |  KEELER Estate Vineyard | USA | Produces organic, biodynamic wines | antica terra | - | 100.0% | - | - | - |

ND: Not Disclosed

Selected Transactions Commentary



“We are extremely proud of what the team has achieved in a short period of time but our vision has always been to lead the category, and this partnership with Heineken will enable us to accelerate our growth and maximize the potential of the brand.”

Dean Ginsberg, Co-Founder of Served



“Cognac is one of the most dynamic categories in spirits today, and we are extremely proud to have such an admired brand and skilled production team joining our business.”

Malcolm Leask, Managing Director of International Beverage



“Molson Coors has been on a journey to broaden beyond our beer roots and build powerful brands in growing categories, and Blue Run joining us is an exciting next step as we establish Coors Spirits Co.”










Michelle St. Jacques, Chief Commercial Officer of Molson Coors



“Today’s announcement both solidifies our national leadership position and share in the U.S. craft brewing market and marks a major step forward in our diversification strategy.”

Irwin D. Simon, Chairman and CEO of Tilray Brands

Private Equity Transactions

| INDUSTRY CLASIFICATION | PERIOD | AVERAGE ENTERPRISE VALUE (IN USD) | REVENUE (IN USD) | TTM REVENUE GROWTH | ENTERPRISE VALUE / REVENUE | EBITDA MARGIN | ENTERPRISE VALUE /EBITDA | NUMBER OF TRANSACTIONS |
|---|---|--|---|---|--|---|--|---|
|  Beverage Manufacturing <i>NAICS 3121 – Beverage Manufacturing</i> |  2020-2021 |  \$74.4M |  \$44.8M |  21.2% |  1.9x |  24.1% |  8.4x |  4 |
| Beer, Wine, and Distilled Alcoholic Beverage Merchant Wholesalers <i>NAICS 4248 – Beer, Wine, and Distilled Alcoholic Beverage Merchant Wholesalers</i> | 2008-2021 | \$27.1M | \$38.1M | -1.9% | 0.8x | 12.9% | 8.2x | 4 |

Notes:

- Data obtained via GF Data, a subscription-based information platform, offering detailed information and metrics about the transactions of Private Equity funds in the U.S.
- The data is provided under a blind confidential format. Users of the data are unable to identify the exact company and transaction corresponding to the transaction details. Given this blind approach, the data submitted is less likely to be biased or manipulated.

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S U S C R I B E

Representative Global Engagements

| | | | | | | |
|--|---|--|--|--|--|---|
|  <p>INMAGUSA Grupo Galaz, S.A de C.V.</p> <p>has been acquired by</p>  |  <p>has sold</p>  <p>to</p>  |  <p>has sold its Sanitaryware business units</p> <p>ST. THOMAS CREATIONS <small>SAFARIROOMS THAT WORK BEAUTIFULLY</small></p> <p>and</p>  <p>to</p>  |  <p>has sold</p>  <p>to</p>  |  <p>has sold</p>  <p>to</p>  |  <p>has been acquired by</p>  |   <p>acquired</p> <p>The Zinc Recycling Business</p> <p>of</p>  |
|  <p>acquired</p>  <p>Automotive dealerships from</p>  |  <p>has sold</p>  <p>to</p>  |  <p>has sold</p> <p>Kidde de Mexico, S.A. de C.V.</p> <p>Fire Safety Solutions Business</p> <p>to an affiliate of</p>  |  <p>has sold its concrete pumping business</p> <p>to</p>  | <p>CORPORACION</p>  <p>has sold</p>  <p>to</p>  |  <p>has been acquired by</p>  |  <p>has been acquired by</p>  |
|  <p>We DELIVER HEALTH</p> <p>has been acquired by</p>  | <p>intelectiva®</p> <p>has acquired</p>  <p>KFC Costa Rica from</p>  |  <p>Multiple acquisitions</p>     |  <p>has partnered with</p>  <p>a subsidiary of</p>  |  <p>has been acquired by</p>  |  <p>has merged its Beverage Division with</p>  |  <p>has merged its Beverage Division with</p>  |

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Please contact us if you would like further information about M&A trends and/or specific transaction multiples for your industry

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25

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