



Seale & Associates

NON-ALCOHOLIC BEVERAGES INDUSTRY
Q2 2023
VALUATION UPDATE

Introduction

We are pleased to share our Non-Alcoholic Beverages Industry Multiples Valuation Update for Q2 2023.

At Seale & Associates, we are committed to providing process-driven solutions designed to optimize value and achieve our clients' 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 Non-Alcoholic Beverages clients that 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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SEALE & ASSOCIATES' SECTOR RELEVANT EXPERIENCE

Café Del Pacífico

TARGET: Café Del Pacífico, S.A. de C.V. ("Caffenio")

TRANSACTION TYPE: Joint Venture advisory

INDUSTRIES: Food and Beverage

GEOGRAPHY: Hermosillo, Mexico

SITUATION

Seale & Associates was retained by the family owners of Caffenio, a leading Mexican roaster and producer of coffee and coffee related products to advise on the structuring of a transaction with OXXO, their largest client by sales and volume. OXXO and our client had strong concerns about the highly dependent nature of their commercial relationship and how best to grow the venture.

SEALE & ASSOCIATES' APPROACH

Seale performed a comprehensive analysis of the situation and designed an optimal transaction structure that addressed the concerns of both partners.

OUTCOME

The process resulted in the sale of a minority equity participation and the execution of a long-term supply agreement with OXXO. After the transaction, Caffenio has experienced accelerated growth driven by a stronger relationship with OXXO.



"We asked Seale to help us design and execute a joint venture with a major customer. They designed a custom transaction structure that perfectly addressed our needs and the needs of our major customer. They earned our trust and the trust of our partner – and both parties could not be happier about the outcome".

José Antonio Díaz, President and CEO Café Del Pacífico, S.A. de C.V.

SEALE & ASSOCIATES' SECTOR RELEVANT EXPERIENCE

Grupo Fomento Queretano

TARGET: Grupo Fomento Queretano

TRANSACTION TYPE: Merger Advisory

INDUSTRIES: Consumer Products, Food and Beverage

GEOGRAPHY: Queretaro, Mexico

SITUATION

Seale & Associates was retained by the family owners of Grupo Fomento Queretano, one of the oldest family-owned Coca-Cola bottlers in Mexico, to analyze strategic alternatives for their business in the context of a changing industry landscape.

SEALE & ASSOCIATES' APPROACH

Seale presented the family with a range of strategic alternatives and outcome scenarios for a sale or merger with three industry consolidators considering the family's value, timing, and control objectives. After the family decided that a merger with Coca-Cola FEMSA was the preferred alternative, Seale ran a disciplined and expedited process to achieve the shareholder's objectives.

OUTCOME

Seale's approach resulted in a successful merger with Coca-Cola FEMSA. As a result of the merger, Grupo Fomento Queretano's shareholders received 45.1 million newly issued KOF series L shares for a total aggregate enterprise transaction value of approximately Ps. 7.6 billion (US\$580 million), including the assumption of debt.



merged its beverage
division with



"From the very beginning of the planning process before our merger with Coca-Cola FEMSA, Seale listened and provided straightforward answers to each and every one of our family member's questions and concerns and outlined the full range of options. Their professionals provided invaluable guidance and support as they helped us to navigate the merger negotiations. We knew we could count on their trusted advice to make certain we made the best decisions for our company, our employees, and our family".

Federico Ruiz Rubio, Board member and shareholder, Grupo Fomento Queretano

SEALE & ASSOCIATES' SECTOR RELEVANT EXPERIENCE

Grupo Tampico

TARGET: Grupo Tampico

TRANSACTION TYPE: Merger Advisory

INDUSTRIES: Consumer Products, Food and Beverage

GEOGRAPHY: Tamaulipas, Mexico

SITUATION

Seale & Associates was retained by Grupo Tampico's shareholders to properly analyze and structure the merger of the company's beverage division with Coca-Cola FEMSA.

SEALE & ASSOCIATES' APPROACH

Seale presented the family with a range of strategic alternatives and outcome scenarios for a sale or merger with three industry consolidators considering the family's value, timing, and control objectives. After the family decided that a merger with Coca-Cola FEMSA was the preferred alternative, Seale ran a disciplined and expedited process to achieve the shareholder's objectives.

OUTCOME

Seale's approach resulted in a successful merger with Coca-Cola FEMSA. As a result of the merger, Grupo Tampico's shareholders received 63.5 million newly issued KOF series L shares at a value of Ps. 103.20 per share. The issued KOF series L shares appreciated 19.8% to a price of Ps. 123.63 prior to closing representing a total aggregate enterprise transaction value of Ps. 10.6 billion (approximately US\$800 million as of the closing date exchange rate). The transaction closed on October 11, 2011.



merged its beverage
division with



"Seale provided our shareholders with valuable guidance on a wide range of important topics during the process and served as a trusted advisor in helping us to structure a successful merger with Coca-Cola FEMSA that met our family shareholders' objectives".

Robert Fleishman, Vice President, Grupo Tampico

"We are pleased to have successfully closed this very important merger transaction in a short period of time and consolidating our position as a leader in the Mexican beverage industry".

Carlos Salazar Lomelin, Chief Executive Officer, Coca-Cola FEMSA

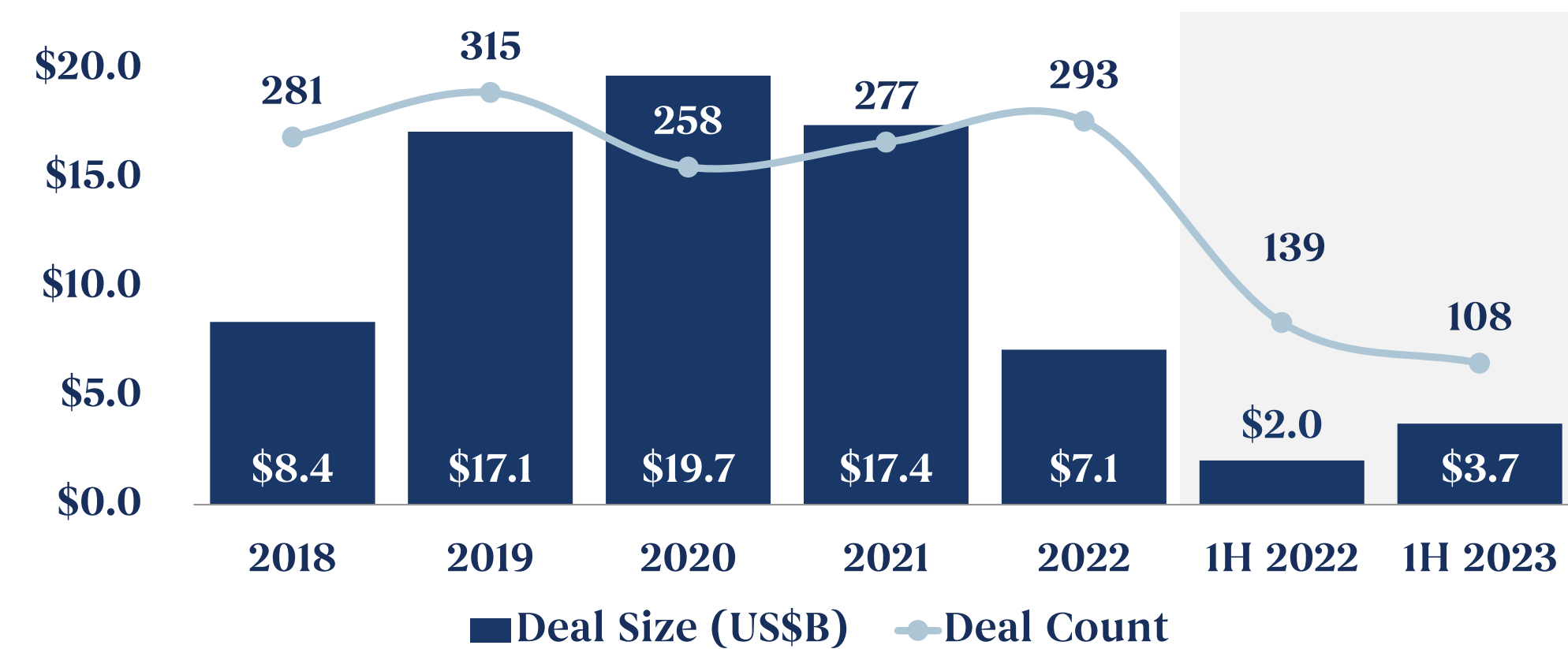
Beverage's Industry Overview, M&A Trends and Market Intelligence

Beverage's Industry Overview

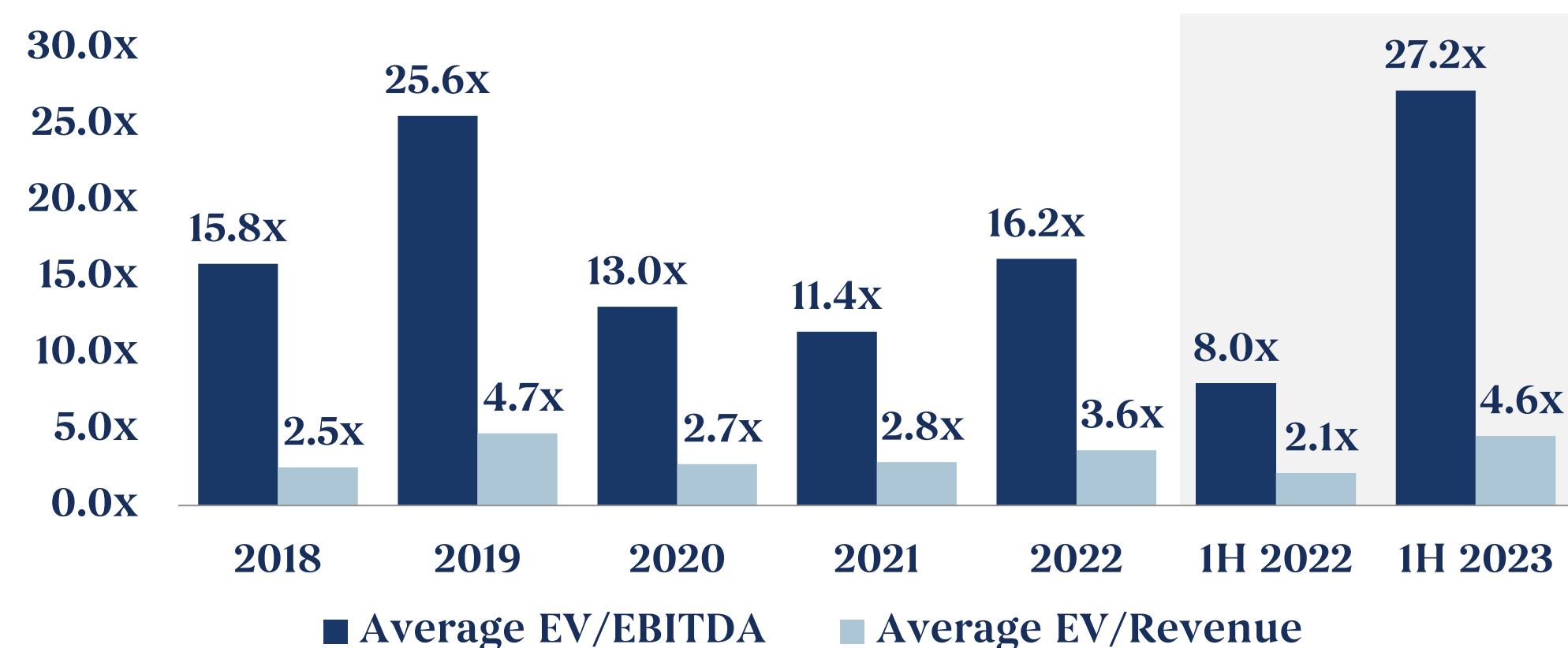
- The global beverage industry closed in 2022 with a revenue of US\$2,318.9 billion. It is expected to grow to US\$2,926.7 billion by 2027, representing a CAGR of 4.8%
- In 2022, alcoholic beverages accounted for 64.2% of the global beverage market, generating US\$1,488.96 billion. Non-alcoholic beverages represented the remaining 35.8%, with a market value of US\$830.0 billion
- Worldwide beverage deal flow slowed in H1 2023, likely due to rising interest rates, cautious investors, and general market uncertainties
- 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
- Deal activity in the food and beverage space has proven to be resilient in times of market uncertainty

Source: Statista Alcoholic and Non-Alcoholic Reports, Capital IQ











Beverage's Industry M&A Deal Size and Volume



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



Non-alcoholic Beverages Global Comparable Public Companies Small Cap

Company	Country	Market Cap. US\$M	Enterprise Value US\$M	Revenue US\$M	EBITDA Margin	Annual Average EV/EBITDA		Second Quarter Jun. 30, 2023		
						2021	2022	EV/EBITDA	EV/Revenue	
A.G. BARR p.l.c.		GBR	\$664	\$603	\$393	16.8%	11.0x	9.8x	8.6x	1.5x
Fevertree Drinks PLC		GBR	\$1,806	\$1,707	\$415	10.1%	46.8x	26.3x	36.9x	3.9x
Hokkaido Coca-Cola Bottling Co.,Ltd.		JPN	\$238	\$181	\$396	5.6%	5.1x	7.4x	8.9x	0.5x
Kofola CeskoSlovensko a.s.		CZE	\$240	\$395	\$374	13.4%	10.0x	9.0x	7.1x	1.1x
Lotte Chilsung Beverage Co., Ltd.		KOR	\$968	\$1,924	\$2,221	13.4%	10.7x	7.8x	6.5x	0.9x
Mineralbrunnen Überkingen-Teinach GmbH & Co. KGaA		DEU	\$129	\$147	\$148	14.0%	9.2x	7.2x	6.8x	1.0x
Nichols plc		GBR	\$447	\$379	\$199	17.2%	25.7x	16.1x	10.2x	1.8x
Organización Cultiba, S.A.B. de C.V.		MEX	\$495	\$358	\$19	-35.8%	7.3x	6.3x	NM	18.3x
Spadel SA		BEL	\$734	\$650	\$343	12.4%	13.3x	12.4x	14.5x	1.9x
Wisynco Group Limited		JAM	\$441	\$404	\$306	15.0%	12.5x	11.3x	8.7x	1.3x
						Mean	9.9x	8.9x	8.9x	1.5x
						Median	10.4x	8.4x	8.7x	1.3x

■ Excluded from mean and median

NM: Not Mesurable

Non-alcoholic Beverages Global Comparable Public Companies Mid Cap

Company	Country	Market Cap. US\$M	Enterprise Value US\$M	Revenue US\$M	EBITDA Margin	Annual Average EV/EBITDA		Second Quarter Jun. 30, 2023		
						2021	2022	EV/EBITDA	EV/Revenue	
Britvic plc		GBR	\$2,808	\$3,666	\$2,094	15.2%	15.6x	11.9x	10.8x	1.7x
Celsius Holdings, Inc.		USA	\$11,456	\$11,686	\$780	-15.2%	NM	NM	NM	15.0x
Embotelladora Andina S.A.		CHL	\$2,221	\$3,173	\$3,452	16.5%	6.2x	5.3x	5.5x	0.9x
Ito En, Ltd.		JPN	\$2,830	\$2,650	\$3,171	7.2%	22.1x	17.6x	12.3x	0.9x
National Beverage Corp.		USA	\$4,514	\$4,392	\$1,173	17.6%	17.6x	18.3x	19.9x	3.7x
Primo Water Corporation		USA	\$1,995	\$3,694	\$2,236	17.4%	10.6x	9.6x	8.2x	1.6x
						Mean	14.4x	12.6x	11.3x	1.8x
						Median	15.6x	11.9x	10.8x	1.6x

■ Excluded from mean and median

NM: Not Measurable

Non-alcoholic Beverages Global Comparable Public Companies Large Cap

Company	Country	Market Cap. US\$M	Enterprise Value US\$M	Revenue US\$M	EBITDA Margin	Annual Average EV/EBITDA		Second Quarter Jun. 30, 2023		
						2021	2022	EV/EBITDA	EV/Revenue	
Arca Continental, S.A.B. de C.V.		MEX	\$17,640	\$20,482	\$11,894	18.3%	7.7x	7.9x	8.7x	1.6x
Coca-Cola FEMSA, S.A.B. de C.V.		MEX	\$17,502	\$20,077	\$12,910	16.9%	7.6x	7.8x	9.0x	1.6x
Keurig Dr Pepper Inc.		USA	\$43,896	\$57,551	\$14,332	24.9%	16.4x	17.1x	15.3x	4.0x
Monster Beverage Corporation		USA	\$60,123	\$57,105	\$6,491	26.7%	26.2x	25.1x	32.7x	8.8x
PepsiCo, Inc.		USA	\$255,176	\$291,872	\$88,038	16.8%	17.2x	17.2x	18.2x	3.3x
Suntory Beverage & Food Limited		JPN	\$11,139	\$11,401	\$11,221	14.0%	8.1x	8.1x	7.8x	1.1x
The Coca-Cola Company		USA	\$260,426	\$291,649	\$43,493	30.9%	19.4x	19.9x	19.0x	6.7x
■ Excluded from mean and median						Mean	12.7x	13.0x	13.0x	3.1x
						Median	12.2x	12.6x	12.2x	2.5x










Non-alcoholic Beverages – Q2 Global Transactions

Date	Target	Country	Description	Buyer	Seller	% Acquired	Size US\$M	EV/ EBITDA	EV/ Revenue
Jun-23		FRA	Produces cold-pressed products made of fruits and vegetables		-	100.0%	-	-	-
Jun-23	Conva Litera	ESP	Produces concentrated and non-concentrated juices and purees		-	100.0%	-	-	-
Jun-23	ADDWATER	AUS	Produces and supplies mineral water bottles		-	100.0%	-	-	-
Jun-23		DEU	Produces mineral water and spritzers		-	100.0%	-	-	-
May-23	TÖST	USA	Produces, distributes, and retails beverages		-	ND	-	-	-
Apr-23	Mineral water business	JPN	Produces mineral water			100.0%	-	-	-

Sources: Capital IQ, Merger Market, TTR

ND: Not Disclosed

Private Equity Transactions

INDUSTRY CLASSIFICATION	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>	 2017-2020	 \$75.8M	 \$78.0M	 14.3%	 1.6X	 20.5%	 7.7X	 7
Soft Drink Manufacturing <i>NAICS 312111 – Soft Drink Manufacturing</i>	2017-2020	\$88.3M	\$111.0M	11.2%	1.3x	16.7%	7.2x	4

Source: GF Data

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

 has acquired 	 has acquired 	 has sold Triumph Processing - Embee Division to 	 has sold Triumph Air Repair & Triumph Engines businesses to 	 has acquired unified brands from 	 has partnered with a company backed by 	 has acquired 	 has sold the North American guarding business of to 	 has sold to 	 has sold to 	 a subsidiary of has sold to
 has sold to Daives Baird Pty Ltd a sister company of 	 has acquired 	 has sold to Code Flower Inc.	 has sold its GRACE Membranes Business a subsidiary of 	 has sold and to 	 has sold a controlling interest to 	 has been acquired by 	 has sold SENSI CARE and ALOE+VESTA to 	 has sold their Sanitaryware Manufacturing Plant to 	 has acquired Multiple snack companies 	 has sold to
 has sold Commercial Flight Training Business to 	 has been acquired by 	 has sold Oxbow Sulphur, Inc. to 	 has been acquired by 	 has sold to 	 has acquired 	 has acquired 	 has acquired 	 has sold its SYCAR Resins business to 	 has sold to Private Equity Partners	 has been acquired by
 has sold to 	 has acquired KFC Costa Rica from 	 has been acquired by 	 has sold to 	 has sold the Films Business of to 	 has been acquired by 	 has sold to 	 Oxbow's Senior Subordinated debt issued by was refinanced by 	 has sold to 	 has acquired from THE MOORE COMPANY	 sold its concrete pumping business to

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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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For over 25 years, Seale & Associates has served leading public and private companies from around the world and operating in a broad range of industries with a high level of quality, integrity and independence while presenting innovative ideas and trusted solutions to address their most complex dealings.

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We have worked repeatedly with many of the most well-known companies in the world...

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