

# A Fresh Take on Food & Beverage Preferences

*M&A Activity Demonstrates Healthy Growth in 1Q25*



**CONSUMER INDUSTRY**

Carleton McKenna & Co

Carleton McKenna is an independent investment banking firm providing M&A Advisory and Capital Raising services to middle-market, privately-held businesses. Whether you are looking to sell a business, grow through acquisition or spin-off a business unit, our team acts on your behalf as an experienced and trusted advisor to navigate the complexities of a transaction and maximize value.

We have deep involvement in Food & Beverage and have worked with diverse subsectors including: *Craft Brewery & Spirits, Food & Beverage Distribution, Food & Beverage Manufacturing, Grocery & Convenience, Multi-Unit Restaurants, and Specialty Retail, among others.*

### Service Areas

- Mergers & Acquisitions
- Management and Leveraged Buyouts
- Sale or Divestiture
- Leveraged Recapitalizations
- ESOPs, Joint Ventures, Strategic Alliances
- Strategic Advisory

Whether in initial conversations with an “ideal buyer,” or just considering what an exit might look like, we can help. With over 500 transactions successfully closed and a track record of increasing value, we have the experience, drive and resources to maximize the value of your transaction.

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# 500+

Transactions closed

# 20%+

Increase in purchase price  
across all industries\*



Senior level attention  
on every transaction



Professional Service  
and Integrity

\*Represents average amount by which Carleton McKenna has increased bids for clients across industries, 2021 - present.

## KEY TAKEAWAYS<sup>1,2</sup>

Carleton McKenna is pleased to share its 1Q2025 Food & Beverage Macro Industry report. In this report, Carleton McKenna explores the strategic marketplace, consolidation trends and noteworthy transactions, as well as what the future deal making landscape may look like for food and beverage businesses to help sector participants shape their strategies for the near- to medium-term.

- 1. Health-Driven Innovation & Regulatory Changes:** Companies are experiencing increased regulatory pressure to reformulate offerings, enhance supply chain transparency, and invest in health-centric innovation. This shift presents a positive catalyst for clean-label, organic, and functional food categories, while simultaneously creating headwinds for brands with exposure to highly processed products.
- 2. Rising Demand For Premium Products & Elevated Experiences:** Demand for premium, artisanal, and globally inspired food products remains resilient, driven by high-income consumers seeking differentiated culinary experiences. At the same time, the ready-to-drink beverage category—especially premium cocktails and functional drinks—is expanding rapidly, while international snack options are gaining popularity among consumers looking for distinctive, high-quality flavors.
- 3. AI-Powered Optimization:** Industry players have increasingly deployed capital towards AI-driven tools that are being utilized to forecast demand, manage inventory, and reduce food waste. These technologies enable businesses to optimize their operations, ensuring efficiency and cost effectiveness while also identifying alternative ingredients and simplifying product formulations without compromising quality.
- 4. Market Consolidation and M&A Trends:** The F&B industry is experiencing a surge in M&A activity, driven by major corporations acquiring smaller companies in a diverse range of sectors, including pet food and confections. Despite high interest rates and tightened liquidity, strategic acquisitions are expected to drive greater market activity in 2025.

Carleton McKenna has substantive experience in the Food & Beverage industry, with a niche interest in Food Manufacturing, Craft Brewery, Alcoholic Beverage, Confection and Snack segments. To learn more about Carleton McKenna's wide range of transaction experiences, strategies for growth or exit, and current Food & Beverage industry trends, please [contact us](#).

The heightened ebb and flow of functional drinks began with the acceptance of kombucha as prebiotic and probiotic beverage sales more than tripled in 2023 alone. More specifically, U.S. sales jumped 54% to \$9 billion between March 2020 and March 2024 according to NielsenIQ. That was faster than the 43% growth for the non-alcoholic beverage market overall. Though kombucha and similar beverages are peaking in sales, newer energy alternative drinks like Celsius, Alani, or Ghost have started to shift the flow of sales within the larger beverage industry.

## M&A Trends & Outlook<sup>3, 4, 5</sup>

### **1. *Larger Food & Beverage Companies Divesting Non-Core Assets, Creating Acquisition Opportunities for Lower Middle Market Buyers***

Larger companies are applying the 80/20 rule – focusing their efforts on the core brands that are driving the majority of sales and divesting non-core brands that are less profitable. These divestitures present a pipeline of new deal activity that is likely to pique the interest of active lower-middle-market buyers.

For example, in September 2024, General Mills sold off their North American yogurt business (which included brands such as Yoplait and Go-Gurt) in order to concentrate on areas such as premium pet food and organic snacks. Additionally, in February 2025, J.M. Smucker Co. sold off their Cloverhill and Big Texas brands in order to focus on the growth of Hostess Brands.

### **2. *Favorable Financing Conditions Lead to Increased Deal Volume***

As the Federal Reserve continues to cut interest rates, leveraged buyouts and other acquisition financing becomes more attractive to prospective buyers.

Lower-middle-market private equity firms, which typically leverage in the range of 3x to 5x earnings, must estimate a positive internal rate of return (IRR) in order to justify pursuing a transaction. This IRR is more easily achieved as borrowing costs are reduced, resulting in increased deployment of private equity capital in periods of decreasing interest rates.

Additionally, private equity firms continue to raise capital for funds during economic downturns, which they are eager to deploy as conditions improve. Private equity capital that is waiting to be deployed is commonly referred to as “dry powder.”

### **3. *Market Outlook and M&A Expectations for 2025***

In 4Q24, 2,549 deals came to market, representing a 17% year-over-year increase in overall deal flow. Food & Hospitality deal flow increased 13% increase year-over-year. This momentum carried into 1Q25, as evident by notable transactions such as Flower Foods acquisition of Simple Mills and PepsiCo's acquisition of Siete Foods. Key factors that will determine how M&A ultimately shakes out for the remainder of 2025 are inflation levels, interest rates, and political shifts.

## NOTABLE INDUSTRY TRANSACTIONS 6, 7, 8

***Multiple U.S. Craft Beer Brands***

acquired by



Tilray Brands (NAS: TLRY), a cannabis company based in Canada, has spent about \$450 million on 18 beer brands, nine manufacturing facilities and 20 brewhouses since 2020.

Irwin Simon, CEO of Tilray Brands, said he aims to generate new revenue, build relationships with beer distributors and eventually use that network to sell marijuana-infused drinks, if and when they become federally legal in the U.S. Simon said beer was a good fit for Tilray because the U.S. beer industry and the Canadian cannabis industry have similar regulations and distribution models.

Recent acquisitions include Atwater Brewery, Hop Valley Brewing Company, and Revolver Brewing (all in September 2024).



acquired by



In April 2024, Glanbia completed its acquisition of Flavor Producers, LLC ("Flavor Producers") for an initial consideration of \$300 million, with an additional potential deferred payment of up to \$55 million conditional on performance in 2024. Flavor Producers is a leading flavor platform in the US, providing flavors and extracts to the food and beverage industries, with a focus on organic and natural ingredients.

Flavor Producers significantly expands Glanbia's flavors offering, bringing new capabilities in the attractive and growing natural and organic flavors market which are aligned with long-term consumer trends.



was acquired by



In February 2024, Dole plc (NYSE: DOLE) announced that it reached an agreement to sell their 65% equity stake in Progressive Produce to Pacific Trellis Fruit, LLC ("Pacific Trellis Fruit"). Pacific Trellis Fruit is a portfolio company of Arable Capital Partners, LLC ("Arable"). Dole received gross cash proceeds of \$120 million from this sale.

## Food Products

Date	Target	Buyer	EV (\$mm)	EV/EBITDA	EV/Revenue
Mar-25	Cloverhill Pastry-Vend	JTM Foods	\$ 40.0	-	-
Mar-25	Pasta Mami	Goldbergs Group	-	-	-
Feb-25	Sauer Brands	Advent International	-	-	-
Feb-25	Simple Mills	Flowers Foods (NYS: FLO)	795.0	-	3.3x
Jan-25	BioNutritional Research Group	Ferrero International	275.0	-	4.8x
Jan-25	Jakes Finer Foods	US Foods Holding (NYS: USFD)	92.0	-	0.6x
Jan-25	Siete Family Foods	Pepsico (NAS: PEP)	1,200.0	-	2.4x
Dec-24	ChopHouse & Brewery	Kelly Companies	-	-	-
Dec-24	Voortman Cookies	Hostess Brands	305.0	-	4.7x
Sep-24	Hop Valley Brewing Company	Tilray Brands	-	-	-
Aug-24	The Zidian Group	Lassonde Industries (TSE: LAS.A)	148.0	10.3x	1.9x
Mar-24	Sovos Brands	Cambell Soup	7,700.0	21.6x	2.4x
Feb-24	Shearer's Snacks	Clayton, Dubelier, & Rice	285.0	1.0x	-
Jan-24	Froch Foods	Cranswick (LON: CWK)	12.5	1.5x	-
Dec-23	Newly Weds Foods	Redwood Holdings	4,000.0	-	-
Dec-23	Saladinos	US Foods Holdings (NYS: USF)	56.0	-	-

Mean	\$1,242.4	8.6x	2.9x
Median	\$280.0	5.9x	2.4x
# Disclosed	12	4	7

## Beverage Products

Date	Target	Buyer	EV (\$mm)	EV/EBITDA	EV/Revenue
Mar-25	Poppi	Pepsico (NAS: PEP)	\$ 1,650.0	-	3.3x
Feb-25	Homestead Beer Co*	Outerbelt Brewing Company	-	-	-
Jan-25	Good City Brewing*	The Explorium Brewpub	-	-	-
Jan-25	Harris Tea	Treehouse Foods (NYS: THS)	205.0	-	-
Dec-24	The Duckhorn Portfolio*	Butterfly Equity	2.0	14.9x	4.6x
Dec-24	Double or Nothing	Agrify (NAS: AGFY)	4.9	-	-
Dec-24	Cibo Espresso	Retail Food Group (ASX: RFG)	1.7	-	-
Nov-24	Primo Brands (NYS: PRMB)	BlueTriton Brands	9,000.0	10.7x	1.9x
Nov-24	Meier's Wine Cellars*	Bartow Ethanol	6.3	-	-
Nov-24	Big Beverages	Celsius Holdings (NAS: CELH)	75.0	-	-
Jun-24	The Lakes Distillery*	Nyetimber	56.7	-	-
Jun-24	Clearly Drinks	Supreme Imports (LON: SUP)	19.8	5.2x	0.7x
Mar-24	Fratelli Wines*	Tinna Trade	27.0	7.9x	-
Dec-23	Daou Vineyards*	Treasury Wine Estates	1,000.0	15.9x	4.6x
Sep-23	Illegal Mezcal*	Bacardi	130.0	-	-
Apr-23	Distell Group*	Heineken (AMS: HEIA)	2,628.0	9.4x	1.2x

\* Indicates Alcoholic Beverages

Mean	\$1,057.6	10.7x	2.7x
Median	\$65.9	10.1x	2.6x
# Disclosed	14	6	6

**Malley's**  
CHOCOLATES

has completed a recapitalization with

**Promise Holdings**

CM&Co

**WATER SAFARI**  
RESORT  
Adirondack Vacation Destination  
• OLD FORGE NY •

has been acquired by

**IAA**  
Innovative Attraction Management

CM&Co

**PLATFORM**  
STOUT

has been acquired by

**ANHEUSER-BUSCH**



CM&Co

**SIBLING  
REVELRY  
BREWING**  
WESTLAKE OHIO

CM&Co

**Buehler's**  
Fresh Foods

CM&Co



CM&Co



CM&Co



CM&Co



CM&Co

**SOUCY**  
BREW WORKS

has acquired

**Cartridge**  
BREWING

CM&Co

**SPOT & TANGO**

CM&Co



CM&Co

**Project Confections**

Private Equity-backed chocolate manufacturer, wholesaler  
and retailer seeking acquisitions

CM&Co

**petsense**

has successfully closed on the sale of  
equity financing

CM&Co

**Music Box  
Supper Club**

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## ENDNOTES

1. Food Industry Executive – *“2025 Food & Beverage Outlook: Embracing Transformation”*
2. WTW – *“Navigating the future of the food and beverage industry”*
3. MarketWatch – *“General Mills to sell North American yogurt business”*
4. CoBank – *“Food and Beverage Companies Sharpen M&A Efforts”*
5. Axial – *“The SMB M&A Pipeline: Q4 2024”*
6. Wall Street Journal – *“This Cannabis Company Is Snapping Up America’s Craft Beer Brewers”*
7. Glanbia.com – *“Glanbia agrees to acquire Flavor Producers for \$300 million”*
8. Business Wire – *“Dole plc Announces Sale of Progressive Produce to Arable Capital”*
9. Pitchbook