

Seale & Associates

Creative Solutions. Trusted Advice.



**ALCOHOLIC
BEVERAGES
INDUSTRY
IN MEXICO**

2021

GLOBAL INDUSTRY OUTLOOK



The International Monetary Fund (IMF) estimated that the global GDP contracted 3.5% during 2020, and is anticipating a 5.5% growth for 2021



The robustness of the larger, less expensive and less disrupted retail channel will allow the alcoholic beverages industry to recover from the recent economic challenges



Between April and May 2020, online sales of alcoholic beverages were up by 200.0% when compared to the same period in 2019



Ready-to-drink (RTD) alcoholic beverages and craft beer remain growing segments within the industry, reaching new levels of popularity each year

ALCOHOLIC BEVERAGES INDUSTRY IN MEXICO

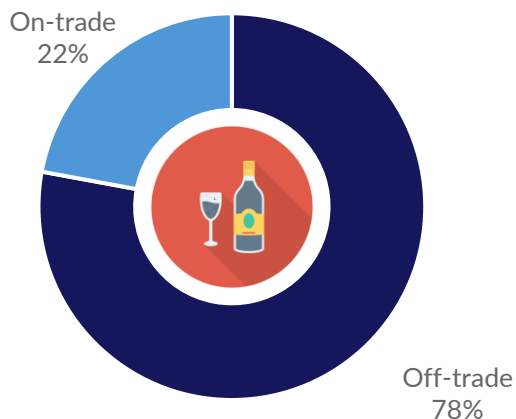
Prices

- Prices in alcoholic beverages continued rising above inflation in 2020
- The cost increase in raw materials like agave has also forced producers to increase market prices
- Prices are subject to various state taxes, aside from VAT (16.0%) and the special tax on production and services (IEPS, for its Spanish acronym), which is set depending on the alcohol by volume (ABV) ratio
- The increasing foreign and domestic demands for products like tequila and mezcal will most likely drive market prices up

ABV % Alcohol by Volumen per Liter	IEPS Special Tax on Production and Services
< 14.0%	26.5%
14.0 - 20.0%	30.0%
> 20.0%	53.0%

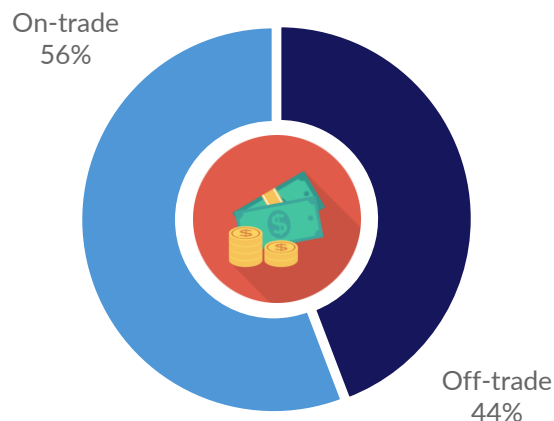
Sales by Volume

Total sales volume (2019): 9,255.2 million liters



Sales by Value

Total sales value (2019): US\$39.4 billion



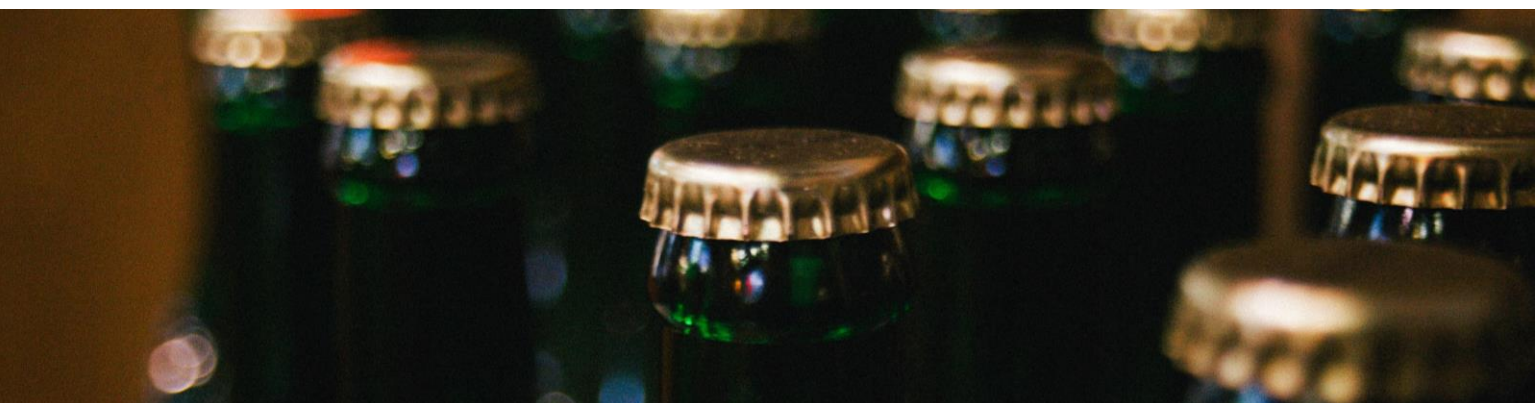
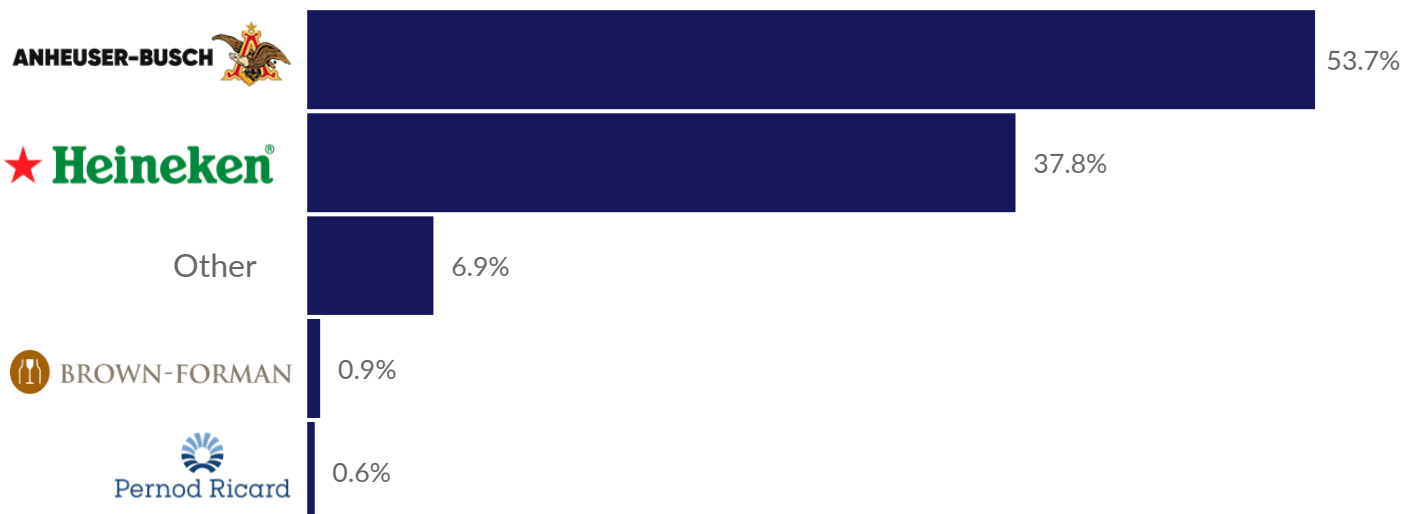
ALCOHOLIC BEVERAGES INDUSTRY IN MEXICO

Production

- Mexico is the fifth largest exporter of distillery products, and the fourth largest beer producer in the world
- As of 2020, there were 478 registered producers of alcoholic beverages in the country
- Beer and tequila are among the top exported food and beverage products in Mexico, behind avocados

Company Market Shares by Volume in Mexico

Total sales volume (2019): 9,255.2 million liters

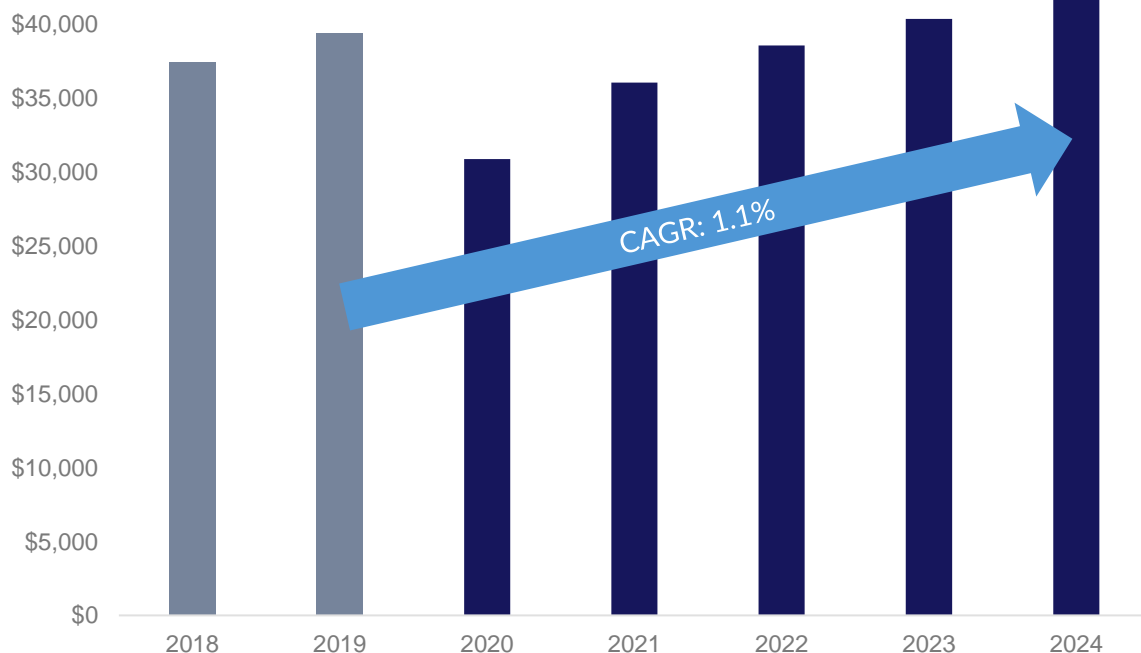


ALCOHOLIC BEVERAGES INDUSTRY IN MEXICO

Consumption

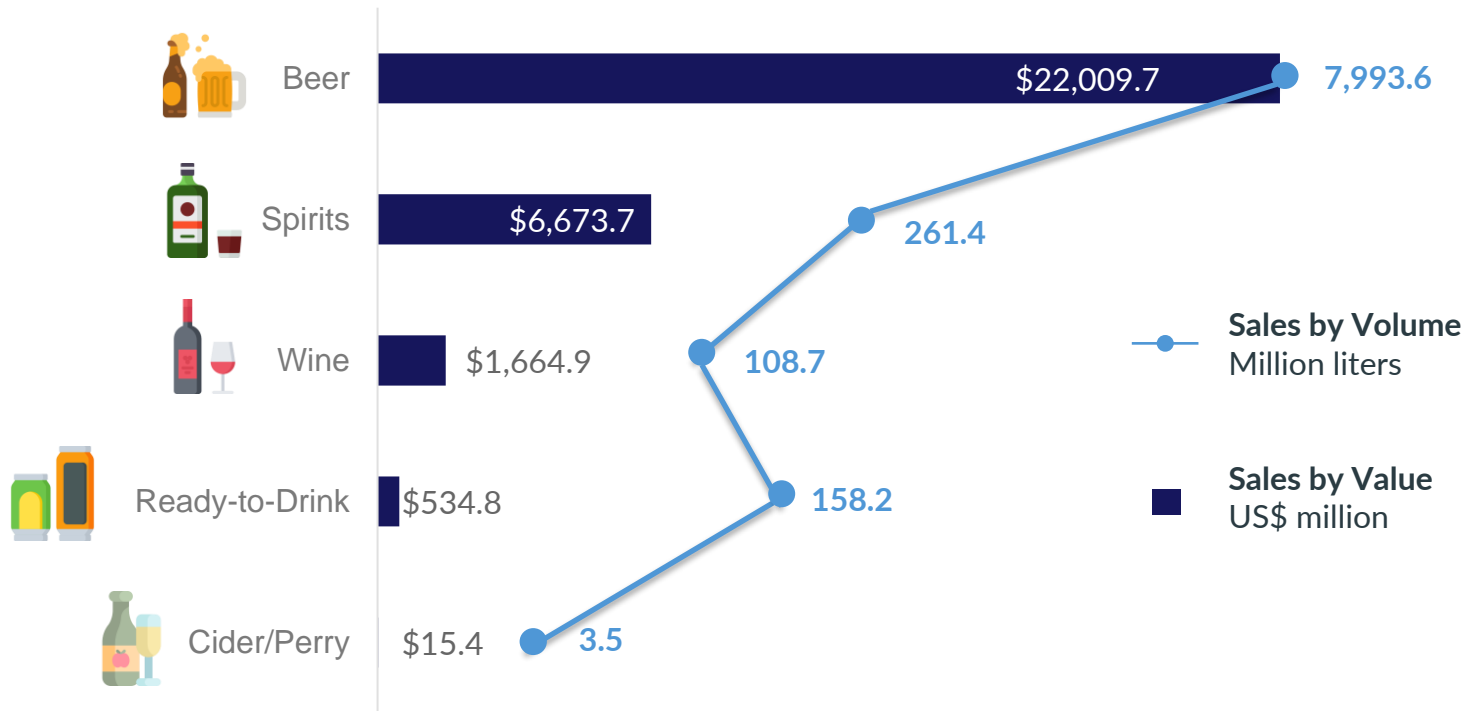
- Despite taxes and an upward trend in prices, alcohol consumption in Mexico has proven to be quite stable and resistant to price changes
- Recent studies among the Mexican population have shown that 94.7% of men consume alcohol, against 93.7% of women
- 1.8% of the adult population in Mexico has declared a daily consumption of alcohol
- Beer remains the most popular consumption option, followed by spirits and wine

Sales of Alcoholic Drinks (US\$ million)

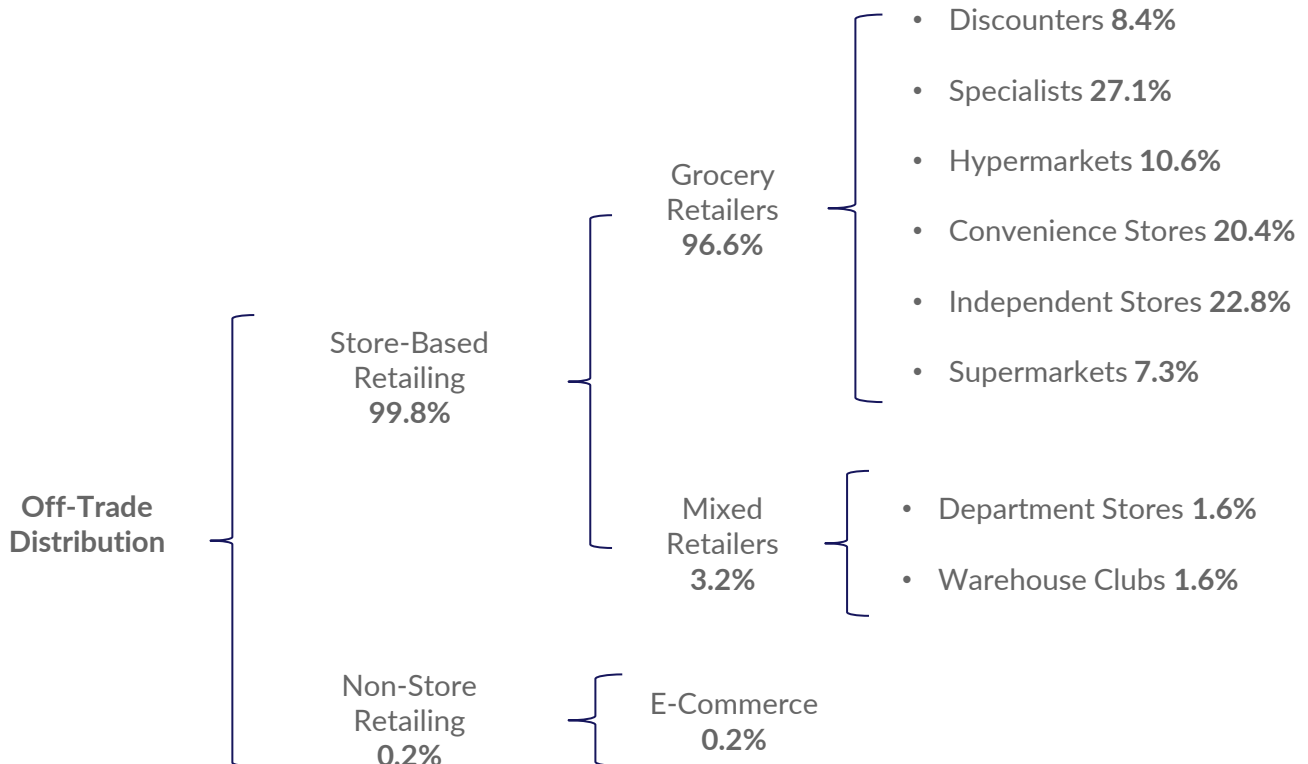


ALCOHOLIC BEVERAGES INDUSTRY IN MEXICO

Sales of Alcoholic Beverages by Category (2020)



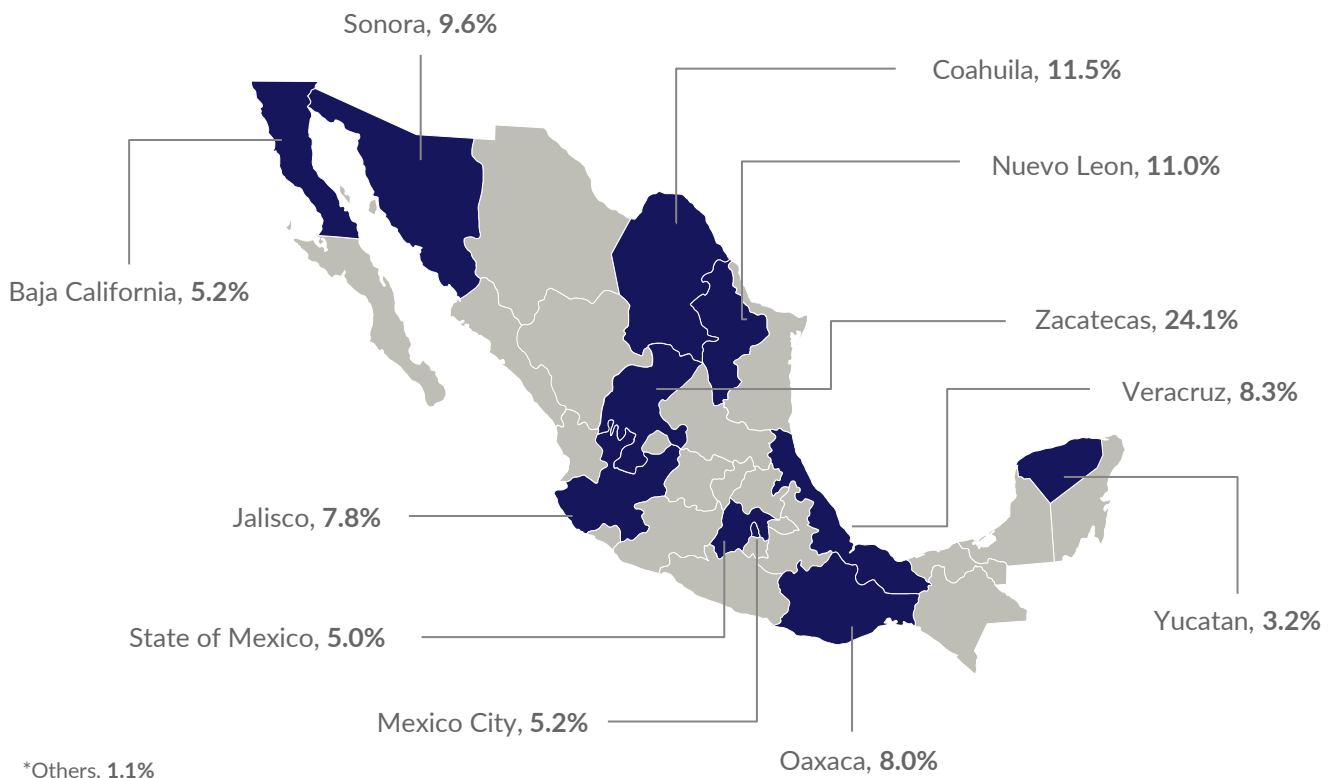
Distribution of Alcoholic Beverages in the Off-Trade Channel (2019)



BEER INDUSTRY IN MEXICO

- The beer industry is in the 90th percentile of manufacturing activities in Mexico when ranked by production value, out of a total of 288 activities
- Beer industry workers are the highest-paid within the alcoholic beverages industry in Mexico
- For each produced Mexican peso of alcoholic beverages, 65 cents come from beer production
- As of 2019, the yearly beer consumption per capita was of 68.0 liters, placing Mexico 30th in the world
- Disposable bottles are the main packaging presentation (40.0%), followed by cans (36.1%), and non-disposable bottles (23.9%)

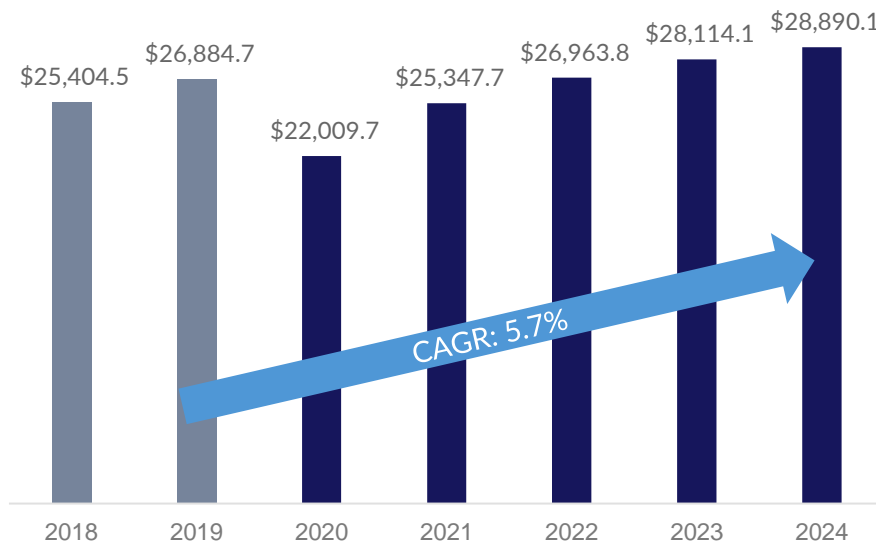
Beer Production by State



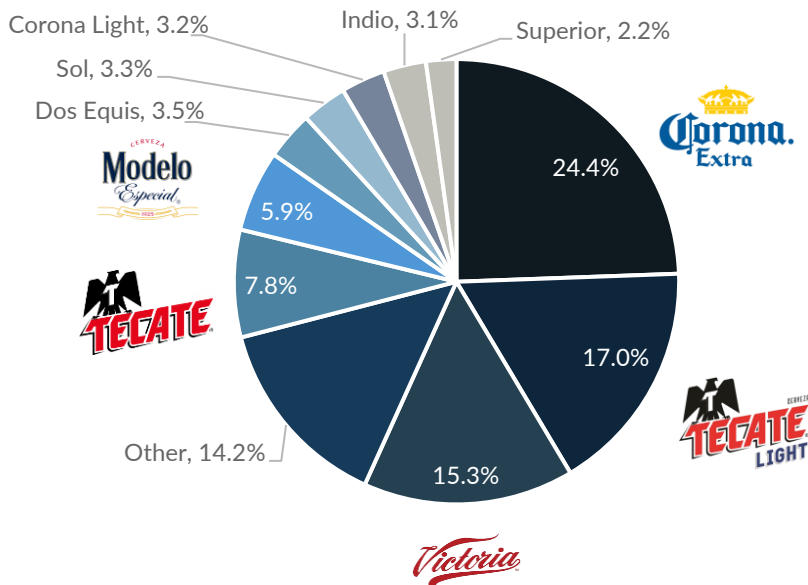
BEER INDUSTRY IN MEXICO

- In 2020, the average unit price of beer increased by 7.0%
- Massive advertising campaigns and the sponsorship of sports and cultural events characterized the beer segment in 2019
- Non-alcoholic beer is predicted to become one of the fastest growing subcategories within the beer industry

Beer Sales in Mexico (US\$ million)



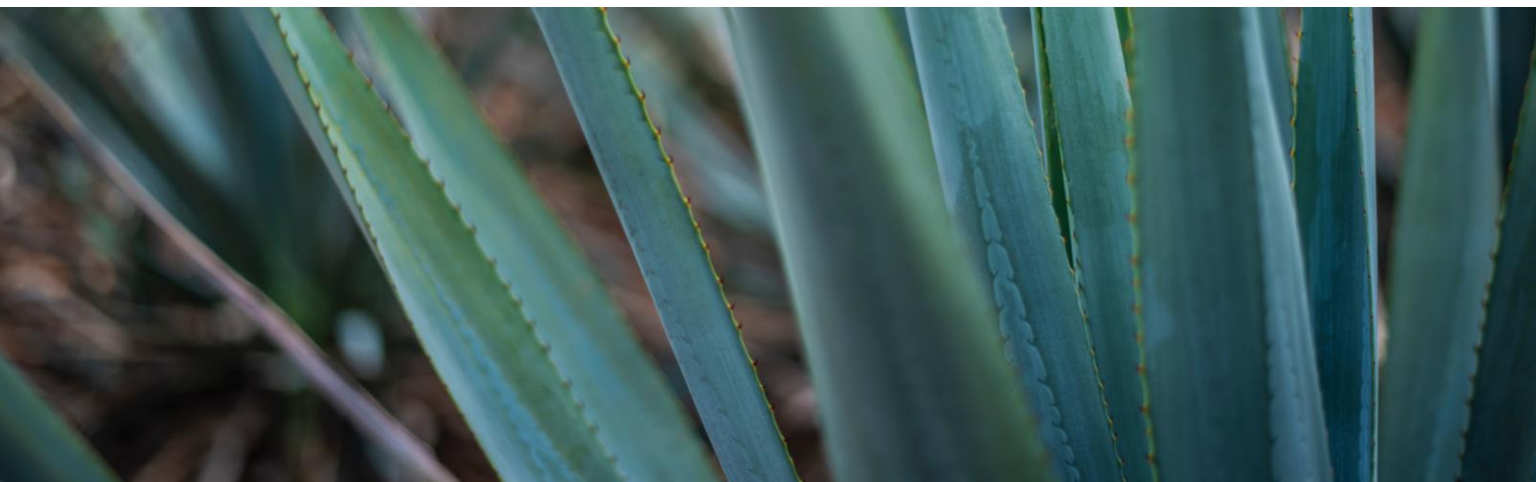
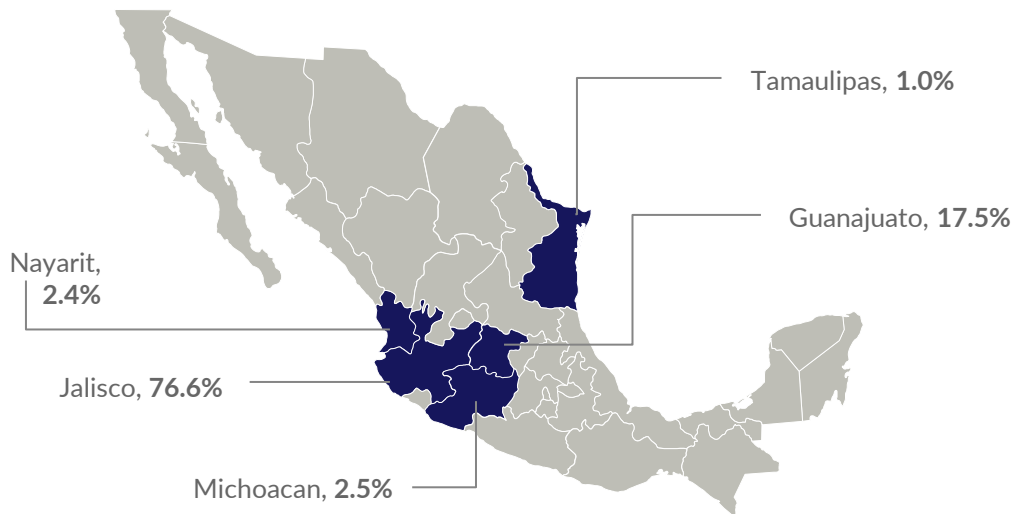
Market Share per Brand (2019)



SPIRITS INDUSTRY IN MEXICO

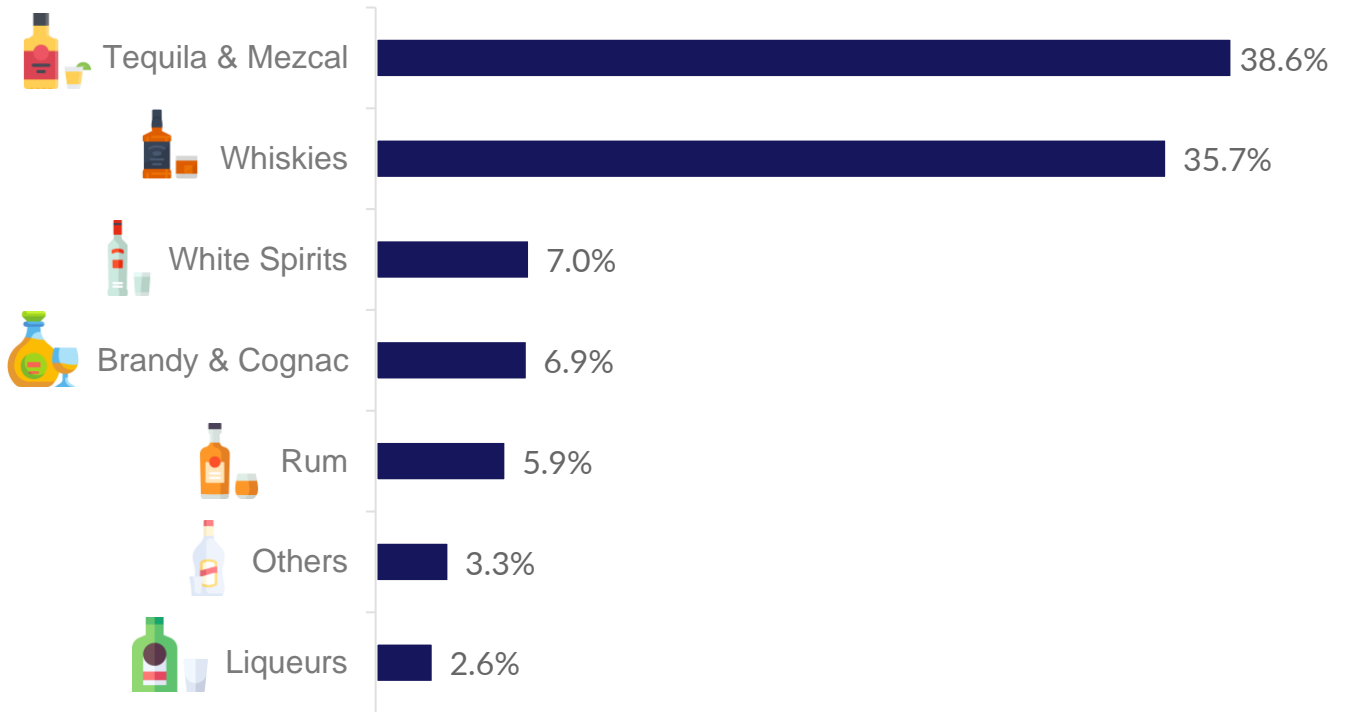
- Tequila and whiskey remain the consumers' favorites within the spirits industry
- Mexico is the second largest consumer of tequila, just behind the United States
- The production of tequila and mezcal is the second most relevant manufacturing activity in Mexico within the alcoholic beverages industry
- For each produced Mexican peso of alcoholic beverages, 33.9 cents come from the production of spirits

Tequila Agave Production by State

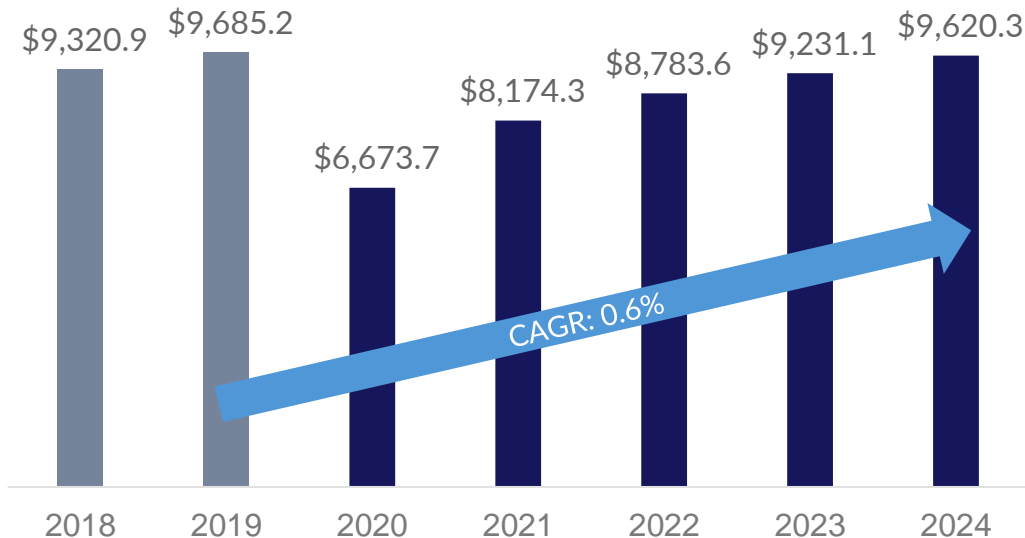


SPIRITS INDUSTRY IN MEXICO

Category Segmentation by Sales (2020)



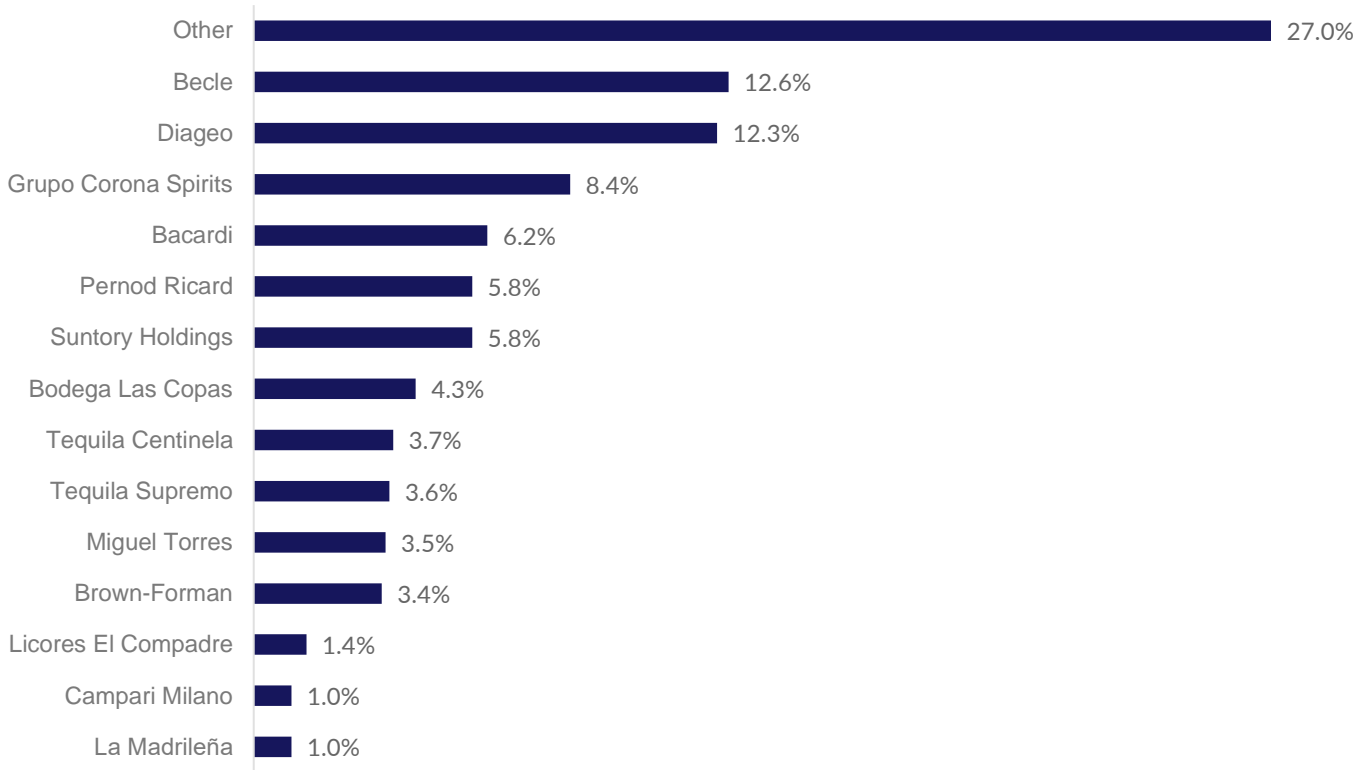
Spirits Sales in Mexico (US\$ million)



SPIRITS INDUSTRY IN MEXICO

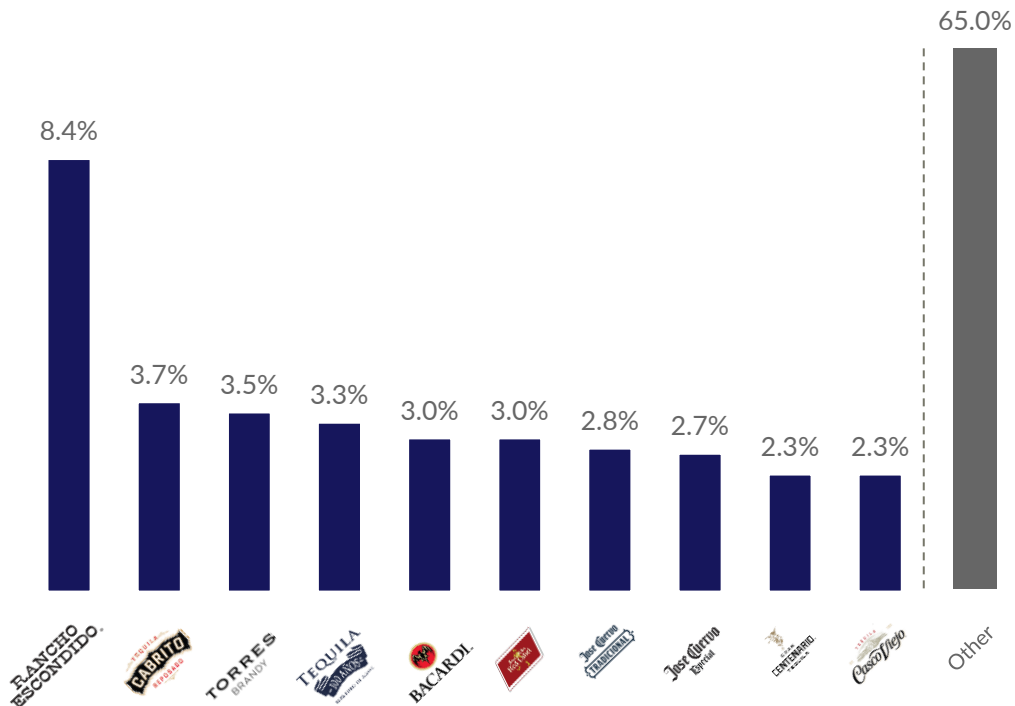
Company Market Shares by Volume

Total sales volume (2019): 293.0 million liters


















Market Share by Brand (2019)

Volume %



GLOBAL INDUSTRY – COMPARABLE PUBLIC COMPANIES
















SMALL CAP

Company	Country	Market Cap. US\$MM	Enterprise Value US\$MM	Revenue US\$MM	EBITDA Margin	Annual Average EV/EBITDA		Last Update Mar. 16, 2021		
						2019	2020	EV/ EBITDA	EV/ Revenue	
Altia Oyj	 FIN	\$492	\$488	\$419	11.0%	8.9x	7.5x	9.7x	1.2x	
Andrew Peller Limited	 CAN	\$385	\$523	\$311	17.1%	12.7x	9.5x	9.2x	1.6x	
Arcus ASA	 NOR	\$362	\$548	\$374	13.8%	11.5x	10.6x	8.7x	1.5x	
Barón de Ley, S.A.	 ESP	\$519	\$412	\$117	29.0%	11.3x	12.1x	12.5x	3.6x	
Beluga Group Public Joint-Stock Company	 RUS	\$601	\$819	\$856	12.4%	5.6x	5.1x	6.6x	0.9x	
Corby Spirit and Wine Limited	 CAN	\$393	\$326	\$123	32.1%	9.8x	8.2x	7.8x	2.6x	
Italian Wine Brands S.p.A.	 ITA	\$214	\$238	\$203	10.8%	6.6x	7.1x	9.7x	1.1x	
Kulmbacher Brauerei Aktien-Gesellschaft	 DEU	\$250	\$248	\$264	13.0%	6.9x	5.9x	5.5x	0.9x	
Laurent-Perrier S.A.	 FRA	\$560	\$947	\$252	17.5%	NR	14.8x	NR	3.7x	
Oenon Holdings, Inc.	 JPN	\$226	\$259	\$753	5.2%	9.1x	10.2x	7.0x	0.4x	
Ottakringer Getränke AG	 AUT	\$349	\$442	\$229	9.9%	10.5x	12.4x	NR	1.8x	
Simonds Farsons Cisk plc	 MLT	\$282	\$323	\$103	18.8%	14.9x	13.6x	15.4x	3.1x	
Stock Spirits Group PLC	 GBR	\$777	\$805	\$400	19.4%	11.2x	7.7x	9.2x	1.9x	
Viña San Pedro Tarapacá S.A.	 CHL	\$414	\$454	\$331	16.8%	9.4x	7.1x	8.1x	1.4x	
Yomeishu Seizo Co., Ltd.	 JPN	\$250	\$170	\$103	13.1%	15.4x	NR	13.3x	1.7x	
NR: Not Relevant						Mean	10.3x	9.4x	9.4x	1.8x
						Median	10.2x	8.9x	9.2x	1.6x



GLOBAL INDUSTRY – COMPARABLE PUBLIC COMPANIES














MID CAP

Company	Country	Market Cap. US\$MM	Enterprise Value US\$MM	Revenue US\$MM	EBITDA Margin	Annual Average EV/EBITDA		Last Update Mar. 16, 2021			
						2019	2020	EV/ EBITDA	EV/ Revenue		
Beck's, S.A.B. de C.V.		MEX	\$8,202	\$8,423	\$1,761	21.7%	17.9x	22.9x	22.8x	4.9x	
Beijing Yanjing Brewery Co., Ltd.		CHN	\$3,090	\$2,556	\$1,614	9.0%	14.5x	18.4x	16.9x	1.5x	
C&C Group plc		IRL	\$1,273	\$1,734	\$1,472	4.9%	12.8x	9.7x	19.3x	1.1x	
Compañía Cervecerías Unidas S.A.		CHL	\$3,343	\$3,620	\$2,614	15.1%	10.5x	7.8x	9.5x	1.4x	
Delegat Group Limited		NZL	\$1,087	\$1,348	\$232	38.6%	14.1x	15.0x	14.5x	NR	
Grupa Żywiec S.A.		POL	\$1,277	\$1,602	\$1,005	14.3%	10.3x	12.4x	11.5x	1.6x	
HITEJINRO Co., Ltd.		KOR	\$2,327	\$3,052	\$1,974	16.0%	12.7x	11.5x	9.5x	1.5x	
MGP Ingredients, Inc.		USA	\$1,097	\$1,121	\$396	19.0%	17.8x	10.4x	14.3x	2.8x	
Molson Coors Beverage Company		USA	\$10,510	\$18,600	\$9,654	22.5%	9.5x	7.9x	8.3x	1.9x	
Olvi Oyj		FIN	\$1,186	\$1,141	\$508	19.3%	10.1x	10.8x	11.8x	2.3x	
Royal Unibrew A/S		DNK	\$5,156	\$5,510	\$1,242	24.7%	16.4x	17.6x	18.2x	4.6x	
Takara Holdings Inc.		JPN	\$2,727	\$2,903	\$2,674	10.7%	9.6x	9.2x	10.7x	1.1x	
Treasury Wine Estates Limited		AUS	\$6,191	\$7,017	\$1,968	20.2%	18.0x	12.4x	15.5x	3.6x	
Viña Concha y Toro S.A.		CHL	\$1,221	\$1,647	\$955	18.9%	14.8x	10.8x	8.2x	1.6x	
Yantai Changyu Pioneer Wine Company Limited		CHN	\$2,597	\$2,588	\$540	37.6%	10.2x	11.8x	12.8x	4.8x	
NR: Not Relevant							Mean	13.3x	12.6x	13.6x	2.5x
							Median	12.8x	11.5x	12.8x	1.8x


























GLOBAL INDUSTRY – COMPARABLE PUBLIC COMPANIES

LARGE CAP

Company	Country	Market Cap. US\$MM	Enterprise Value US\$MM	Revenue US\$MM	EBITDA Margin	Annual Average EV/EBITDA		Last Update Mar. 16, 2021		
						2019	2020	EV/ EBITDA	EV/ Revenue	
Ambev S.A.	 BRA	\$42,479	\$40,207	\$11,241	31.0%	13.2x	10.9x	12.0x	3.8x	
Anheuser-Busch InBev SA/NV	 BEL	\$122,345	\$212,983	\$46,881	33.7%	12.9x	11.3x	13.3x	4.7x	
Asahi Group Holdings, Ltd.	 JPN	\$22,695	\$38,953	\$19,648	12.7%	10.0x	10.9x	16.4x	2.1x	
Brown-Forman Corporation	 USA	\$33,868	\$35,421	\$3,358	34.2%	25.1x	28.5x	30.9x	NR	
Carlsberg A/S	 DNK	\$23,788	\$27,981	\$9,621	22.6%	11.3x	10.7x	12.6x	3.0x	
Constellation Brands, Inc.	 USA	\$44,581	\$55,753	\$8,565	38.1%	14.5x	NR	16.2x	6.5x	
Diageo plc	 GBR	\$99,100	\$119,098	\$15,600	31.2%	18.8x	17.5x	21.9x	7.5x	
Heineken N.V.	 NLD	\$62,241	\$80,310	\$24,116	17.6%	13.5x	12.8x	18.1x	3.4x	
Jiangsu Yanghe Brewery Joint-Stock Co., Ltd.	 CHN	\$37,565	\$34,921	\$3,236	50.4%	13.9x	20.4x	21.3x	NR	
Kirin Holdings Company, Limited	 JPN	\$16,492	\$23,192	\$17,921	12.0%	11.9x	8.8x	10.2x	1.4x	
Pernod Ricard SA	 FRA	\$50,212	\$60,089	\$9,736	28.8%	18.2x	16.5x	21.0x	6.3x	
The Boston Beer Company, Inc.	 USA	\$13,408	\$13,312	\$1,736	18.6%	20.9x	NR	NR	7.7x	
Tsingtao Brewery Company Limited	 CHN	\$13,719	\$10,622	\$4,252	15.5%	16.8x	26.5x	16.1x	2.5x	
NR: Not Relevant						Mean	15.5x	15.9x	17.5x	4.4x
						Median	13.9x	12.8x	16.3x	3.8x















REPRESENTATIVE GLOBAL INDUSTRY TRANSACTIONS

Date	Target	Country	Description	Buyer	Stake %	Size US\$MM	EV/ EBITDA	EV/ Revenue
Feb-21*	Union Distillers Ltd	GBR 	Operates a distillery that offers spirit distilling, rectifying, and blending services	The British Honey Company Plc	100.0%	\$14.3	-	2.1x
Jan-21*	Luxco, Inc.	USA 	Produces, bottles, imports, and markets specialty beverage alcohol and non-alcohol products	MGP Ingredients, Inc.	100.0%	\$503.6	18.0x	2.5x
Dec-20	FGUP PAO Massandra	UKR 	Operates a winery	Yuzhny Proekt Dyuti-Fri, Ooo	100.0%	\$71.0	-	-
Dec-20	Passoã SAS	FRA 	Produces alcoholic beverages	Lucas Bols N.V.	50.0%	\$86.5	-	-
Nov-20	SweetWater Brewing Company, Inc.	USA 	Operates as a microbrewery	Aphria Inc.	100.0%	\$366.0	16.3x	5.5x
Oct-20	Redneck Riviera	USA 	Comprises spirits manufacturing business	Redneck Spirits Group, LLC	100.0%	\$7.8	-	-
Oct-20	Part Time Rangers Holdings Limited	NZL 	Produces spirit-based ready to drinks with all-natural fruit flavoring	Brown-Forman Corporation	100.0%	-	-	-
Sep-20*	Arcus ASA	NOR 	Imports, produces, markets, sells, and distributes wine and spirits	Altia Oyj	100.0%	\$524.5	9.9x	1.5x
Aug-20	Davos Brands LLC	USA 	Supplies wines and spirits	Diageo plc	100.0%	\$610.0	-	-
Aug-20	Copa Di Vino, LLC	USA 	Produces and distributes wine	Splash Beverage Group, Inc.	100.0%	\$6.0	-	-
Jun-20	Paul Masson Grande Amber Brandy Brand of Constellation Brands, Inc.	USA 	Comprises distilling business	Sazerac Company, Inc.	100.0%	\$265.0	-	-
Jun-20	Kona Brewing Co., Inc.	USA 	Produces and distributes craft beer	PV Brewing Partners, LLC	100.0%	\$15.8	-	-
Feb-20	Eire Born Spirits LLC	USA 	Owns and markets the Proper No. Twelve Irish Whiskey brand	Becele, S.A.B. de C.V.	29.0%	-	-	-
Dec-19	Wine And Spirits Portfolio Of Constellation Brands, Inc.	USA 	Comprises wine and spirit production operations	E. & J. Gallo Winery, Inc.	100.0%	\$810.0	-	-
Dec-19	Farnese Vini Srl	ITA 	Produces and exports wines	Platinum Equity, LLC	100.0%	\$202.0	-	2.4x
Nov-19	Southern Cliff Brands Inc.	CAN 	Manufactures and distributes cider	Valens GroWorks Corp. (nka:The Valens Company Inc.)	100.0%	\$6.2	-	-
Nov-19	Craft Brew Alliance, Inc.	USA 	Brews and sells craft beer, ciders, and seltzers	Anheuser-Busch Companies, LLC	68.9%	\$288.1	NR	1.9x
Aug-19	Castle Brands Inc.	USA 	Develops, markets, imports, and sells beverage alcohol and non-alcoholic beverage products	Pernod Ricard SA	100.0%	\$276.6	NR	3.1x
Jul-19	CUB Pty Ltd	AUS 	Produces and distributes beer	Asahi Holdings (Australia) Pty Ltd	100.0%	\$11,274.8	14.9x	7.0x
Feb-19	Cutwater Spirits, LLC	USA 	Produces whiskey, vodka, gin, rum, liqueur, mixers, and canned cocktails	Anheuser-Busch InBev SA/NV	100.0%	-	-	-
Jan-19	The Fuller's Beer Company Ltd.	GBR 	Produces beer	Asahi Europe Ltd	100.0%	\$329.4	23.6x	1.6x
Nov-18	Barón de Ley, S.A.	ESP 	Produces, ages, and sells wines	Unknown buyer	35.9%	\$192.1	12.0x	3.8x
Nov-18	Browar Namyslow Sp. z o.o.	POL 	Produces beer	Grupa Zywiec S.A.	100.0%	\$131.4	-	-

NR: Not Relevant

*Announced

REPRESENTATIVE GLOBAL INDUSTRY TRANSACTIONS



Date	Target	Country	Description	Buyer	Stake %	Size US\$MM	EV/ EBITDA	EV/ Revenue	
Oct-18	Birra Peroni s.r.l.	ITA 	Produces and markets beer	Asahi Group Holdings, Ltd.	100.0%	-	-	-	
Oct-18	Wynwood Brewing Company LLC	USA 	Produces and sells beer	Craft Brew Alliance, Inc.	75.5%	\$7.9	-	-	
Oct-18	Copper Dog Whisky Limited	GBR 	Produces and sells alcoholic beverages	Diageo plc	70.0%	\$21.7	-	-	
Jul-18	Bodega De Sarria S.A./Inversiones Vitivinícolas, S.L.	ESP 	Produce wine	Grupo Multimédios Estrellas de Oro S.A. de C.V.	100.0%	-	-	-	
Jun-18	Excelsior Wine Company, LLC	USA 	Produces, imports, and markets wines	Fetzer Vineyards, Inc.	50.0%	\$40.5	-	-	
Mar-18	Freixenet, S.A.	ESP 	Produces, sells, and exports sparkling wines	Henkell & Co. Sektkellerei KG	50.7%	\$270.3	-	-	
Feb-18	Olympic Brewery S.A.	GRC 	Produces and markets beer	Carlsberg A/S	49.0%	-	-	-	
Dec-17	Cervecería Nacional Dominicana, S.A.	DOM 	Produces and markets alcoholic and soft beverages	Ambev S.A.	30.0%	\$926.5	-	-	
Oct-17	Acrus CCL Labels S.A. (nka:CCL Label)	CHL 	Produces wine	CCL Industries Inc.	37.5%	\$6.3	5.8x	0.9x	
Aug-17	Anchor Brewing Company, LLC	USA 	Produces beer and ales	Sapporo Holdings Limited	100.0%	\$85.0	-	2.6x	
Jul-17	SAS Chateau Mondot	FRA 	Operates as a winery	Scor-Auber	80.0%	\$207.7	-	-	
Feb-17	Brasil Kirin Holding S.A.	BRA 	Engages in the production, wholesale, and retail sale of beverages	Bavaria S.A.	100.0%	\$707.1	-	-	
Feb-17	CK3 LLC	USA 	Produces gins, spirits, and wines	Davide Campari-Milano S.p.A. (nka:Davide Campari-Milano N.V.)	100.0%	\$58.4	-	-	
Jan-17	Clara Street Company	USA 	Produces wines	Vintage Wine Estates, Inc.	100.0%	\$15.5	-	-	
							Mean	14.3x	2.9x
							Median	14.9x	2.4x



REPRESENTATIVE GLOBAL ENGAGEMENTS

Honeywell
has sold
TENSOR
to

GE Power Systems


has acquired



has acquired



has acquired



has sold
 **JAMES BURN INTERNATIONAL**
to


and
JBI Holding SAS




has been acquired by



has partnered with

a subsidiary of
FEMSA


has acquired



has acquired







has acquired
The Zinc Recycling Business
of



has been acquired by
FEMSA

Grupo Educativo IEJV
UNIVERSIDAD JOSÉ VASCONCELOS

has been acquired by
NACER GLOBAL


a subsidiary of

has sold
HTPG
to
 and 


has been recapitalized by


tyco
has sold the North American guarding business of

to
GARDA


Engineers & Constructors
has acquired



has been acquired by



has sold
SENSI CARE and **ALOE VESTA**
to



has been acquired by
COLFAX


has sold
Cosmoceol Química
to

a business unit of
ICL

intelectiva
has acquired

KFC Costa Rica
from
QSR


has sold its concrete pumping business to



has acquired
  
dealerships from
GRUPO FRBL


Holding company of
sanfer
has acquired a majority stake in



has been acquired by



Grupo Galaz, S.A de C.V.
has been acquired by
IOCHPE - MAXION


has acquired
Workshop and store in Mexico City from




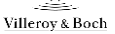
has been acquired by



has merged its beverage division with

FEMSA


has sold its sanitaryware businesses
ST. THOMAS CREATIONS
and

to


Seale & Associates

Creative Solutions. Trusted Advice.

Since 1999, Seale & Associates has been the trusted advisor to respected public and private companies from around the world. Seale is a global investment bank with extensive experience in mergers and acquisitions (M&A), corporate finance advisory, and enterprise level strategy consulting with a track record of success in a diverse range of industries. Our experienced team of professionals are committed to serving clients with excellence and integrity, while offering innovative ideas and solutions to address complex transactions.

ADVISOR TO LEADING COMPANIES WORLDWIDE

FEMSA

GIS

CEMEX

ARCA CONTINENTAL

Honeywell

LOCKHEED MARTIN

FOQUE
GRUPO FOMENTO GUERETANO

GRACE

United Technologies
Climate | Controls | Security

GE

AMERICAN
STANDARD
COMPANIES

Celanese

Standex

Shell

Hertz

Rheem

ITT

CHEN

tyco

ARFICO

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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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