

# Seale & Associates

Creative Solutions. Trusted Advice.



**SNACKS  
INDUSTRY**

**2021**

# SEALE & ASSOCIATES' SECTOR-RELEVANT EXPERIENCE



## ARCA CONTINENTAL

**Target:** Wise Foods, Inc.

**Transaction Type:** Acquisition advisory

**Industries:** Branded Consumer Products, Food & Beverage

**Geography:** Northeastern USA



### Situation

Seale & Associates was retained by Arca Continental (BMV:AC) with the mandate to help grow their snacks business portfolio by acquiring a platform business in the U.S. market to maximize growth opportunities.

### Seale & Associates' Approach

Seale completed a thorough screening of the potential universe of snack food companies that would align with Arca Continental's strategy. Seale pre-qualified each potential target and initiated transaction discussions with the targets that best fit Arca Continental's strategy and investment criteria.

### Outcome

The process resulted in the acquisition of Wise Foods, which was Arca Continental's first and largest snack foods acquisition in the United States. The acquisition provided Arca Continental with a platform possessing sufficient size and scale to execute an aggressive acquisition led growth strategy in the snack category.

"We are very pleased to have successfully acquired Wise Foods as part of our strategy to grow our snack foods business in the United States, Mexico and throughout Latin America.

Seale was instrumental and offered invaluable guidance and support throughout the entire process to ensure we completed this strategic acquisition in a very short timeline. We look forward to working with them again in the future as part of our team."

**Francisco Garza Egloff, Chief Executive Officer, Arca Continental**

# SEALE & ASSOCIATES' SECTOR-RELEVANT EXPERIENCE



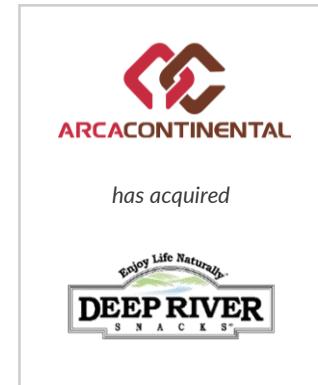
## ARCA CONTINENTAL

**Target:** Deep River Snacks

**Transaction Type:** Acquisition advisory

**Industries:** Branded Consumer Products, Food & Beverage

**Geography:** USA



### Situation

Seale & Associates acted as exclusive financial advisor to Arca Continental (BMV:AC) with the mandate to capture both the conventional and growing better-for-you segment within the snack category.

### Seale & Associates' Approach

Seale completed a thorough screening of the potential universe of snack food companies that would align with Arca Continental's strategy. Seale pre-qualified each potential target and initiated transaction discussions with the targets that best fit Arca Continental's strategy and investment criteria.

### Outcome

The process resulted in the acquisition of Deep River Snacks, a leading authentic brand of premium, better-for-you snacks products distributed throughout the United States. Through this acquisition, Arca Continental became a more significant player in the salty snacks industry.

"This acquisition broadens the process of diversification and complementarity of the snacks portfolio for the U.S. consumer with innovative products and in differentiated segments, allowing us to better serve our customers and enhance the development of our brands."

**Francisco Garza Egloff, Chief Executive Officer, Arca Continental**

# SEALE & ASSOCIATES' SECTOR-RELEVANT EXPERIENCE



## ARCA CONTINENTAL

**Target:** Carolina Country Snacks

**Transaction Type:** Acquisition advisory

**Industries:** Branded Consumer Products, Food & Beverage

**Geography:** USA



### Situation

Seale & Associates acted as exclusive financial advisor to Arca Continental (BMV:AC) on the acquisition of Carolina Country Snacks, a manufacturer and distributor of pork rinds and salty snack products.

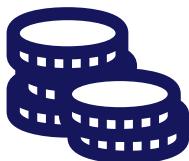
### Seale & Associates' Approach

Seale completed a thorough screening of the potential universe of snack food companies that would align with Arca Continental's strategy. Seale pre-qualified each potential target and initiated transaction discussions with the targets that best fit Arca Continental's strategy and investment criteria.

### Outcome

The process resulted in the acquisition of Carolina Country Snacks, allowing Arca Continental to strengthen its US snack offering and leadership by adding a staple pork rinds brand to its product lines, while strengthening its distribution presence in Northeastern USA.

# GLOBAL INDUSTRY OUTLOOK



The global snacks industry recorded an estimated US\$215.9 billion in revenue in 2020. It is expected to reach US\$264.8 billion by 2023



While North America remains the largest market, Latin America, Asia-Pacific and Eastern Europe have become the fastest-growing regions, due to increasing income levels and rapid urbanization



Global concerns for obesity and health disorders have pushed consumers to seek healthier snack options, including low-calorie, low-fat, vitamin-fortified, organic, and fiber-rich food



The Covid-19 pandemic has brought great business opportunities for the snacks industry, as consumers have been relying more on comfort foods

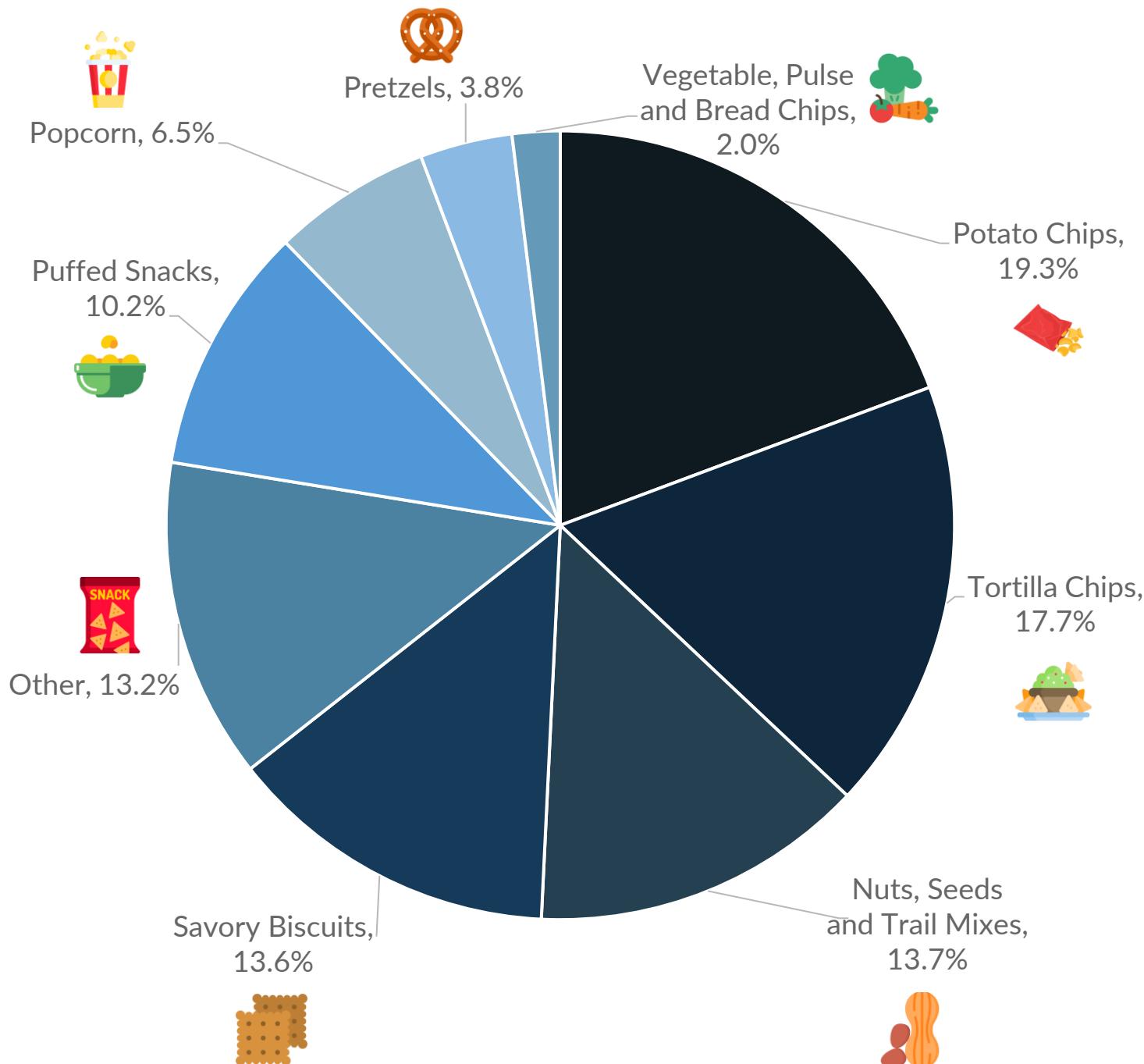


While being at home, portability has not become a priority characteristic for consumers, moving towards the consumption of larger packages

# SNACKS INDUSTRY IN THE UNITED STATES

The annual average per capita snack food consumption in the United States reached an approximate of **76.9 pounds** in 2020

## Sales of Savory Snacks by Category

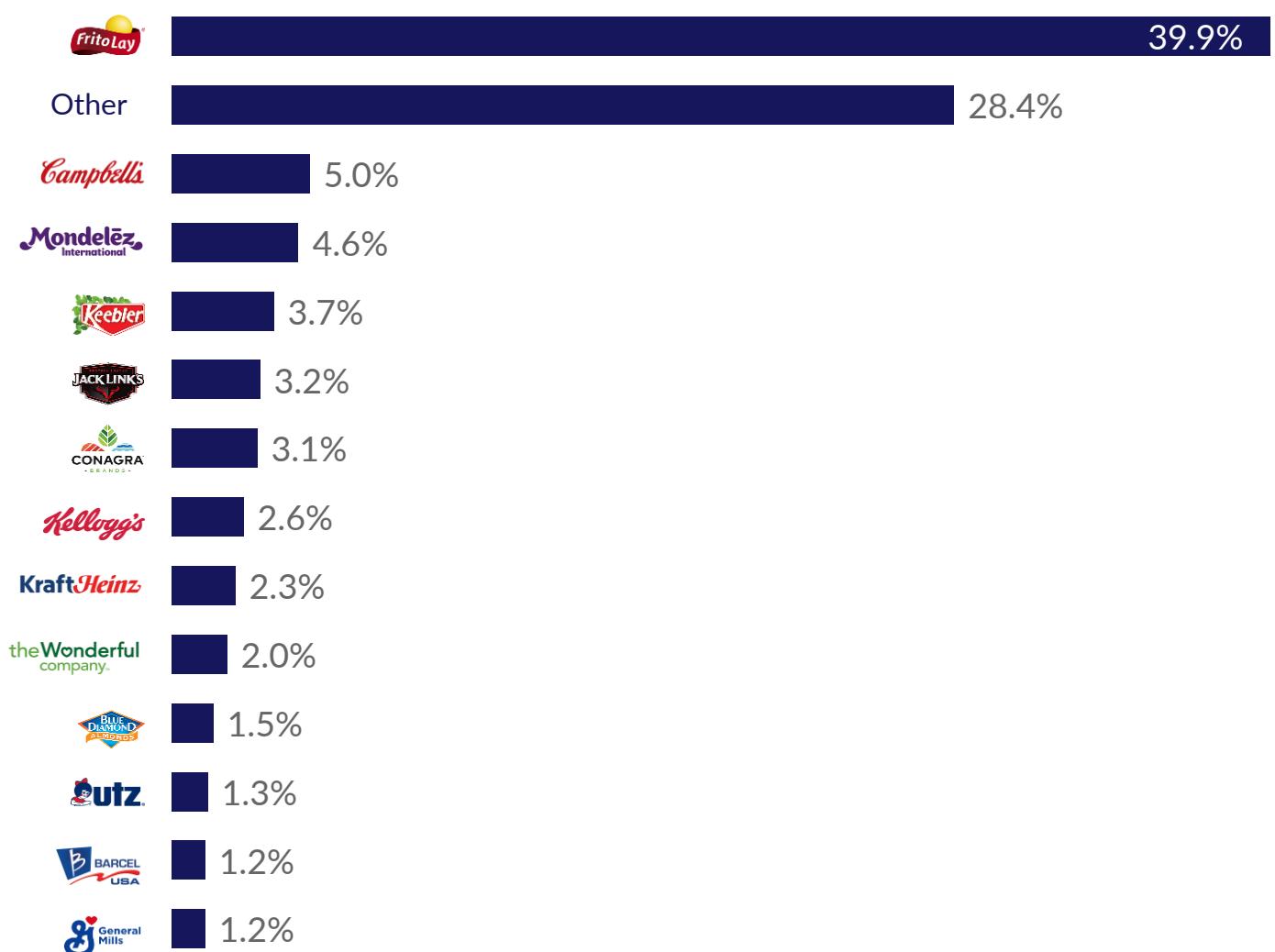


# SNACKS INDUSTRY IN THE UNITED STATES

The leading brands in the savory snacks market in the United States are:

- **Lay's** (7.9%) owned by Frito-Lay Co.
- **Doritos** (7.3%) owned by Frito-Lay Co.
- **Cheetos** (5.0%) owned by Frito-Lay Co.
- **Ruffles** (3.5%) owned by Frito-Lay Co.
- **Jack Link's** (3.2%) owned by Link Snacks Inc.

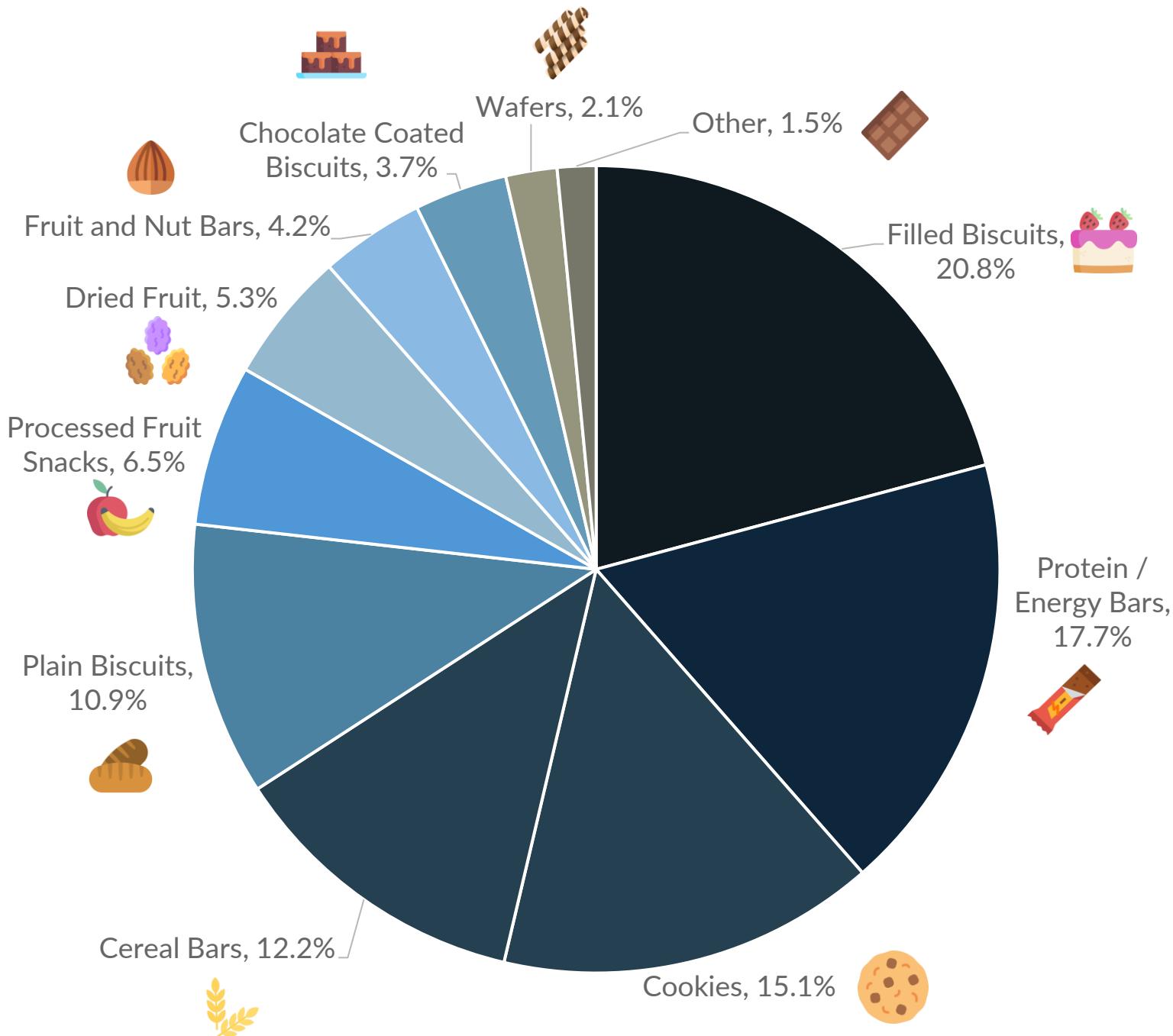
## Savory Snacks Market – Company Shares



# SNACKS INDUSTRY IN THE UNITED STATES

Snack food prices in the United States saw an average 3.0% increase during 2020

## Sales of Sweet Snacks by Category

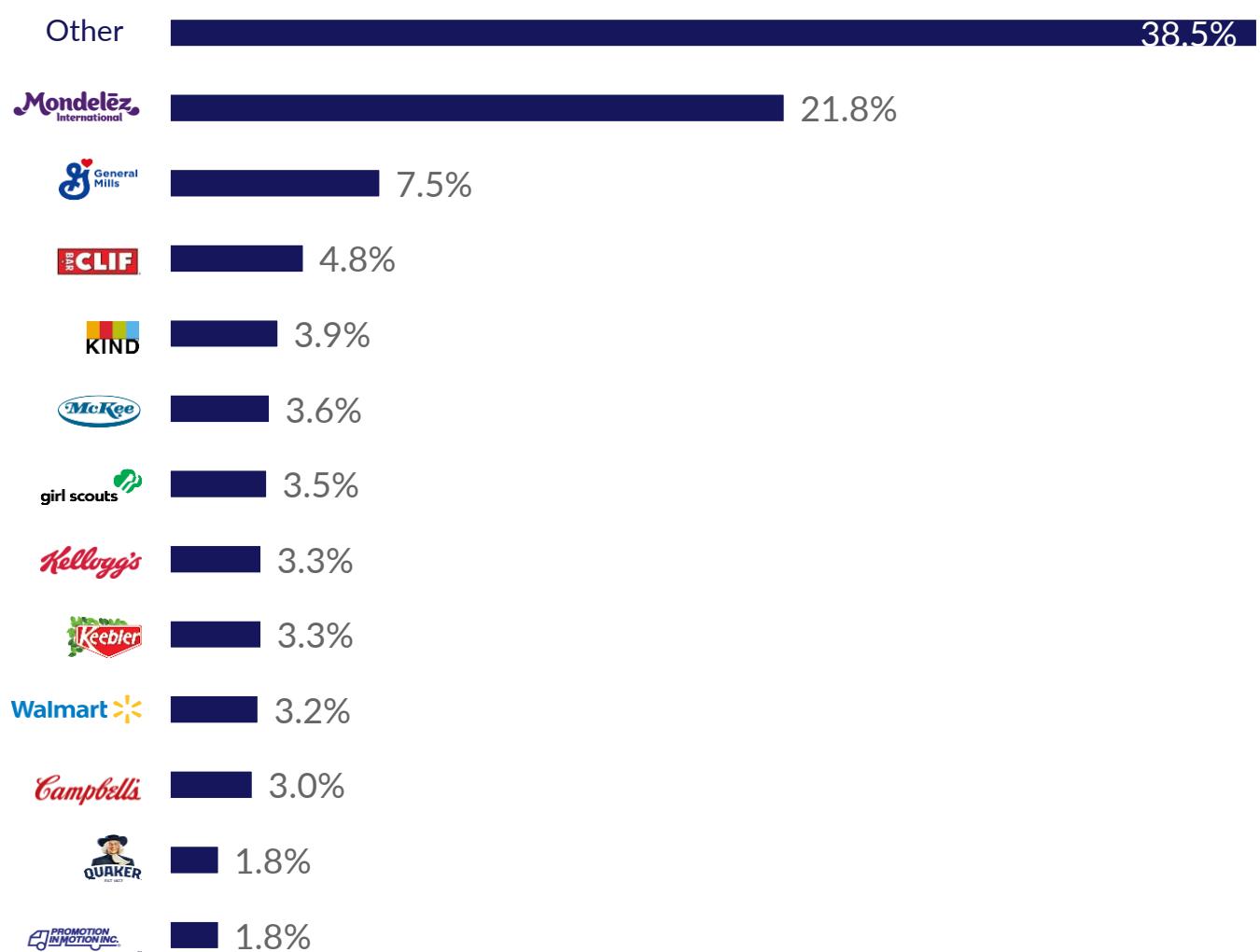


# SNACKS INDUSTRY IN THE UNITED STATES

The leading brands in the sweet snacks market in the United States are:

- **Oreo** (8.5%) owned by Mondelez International Inc.
- **Chips Ahoy!** (4.4%) owned by Mondelez International Inc.
- **Clif** (4.4%) owned by Clif Bar & Co.
- **Nature Valley** (4.1%) owned by General Mills Inc.
- **KIND** (3.9%) owned by Kind LLC

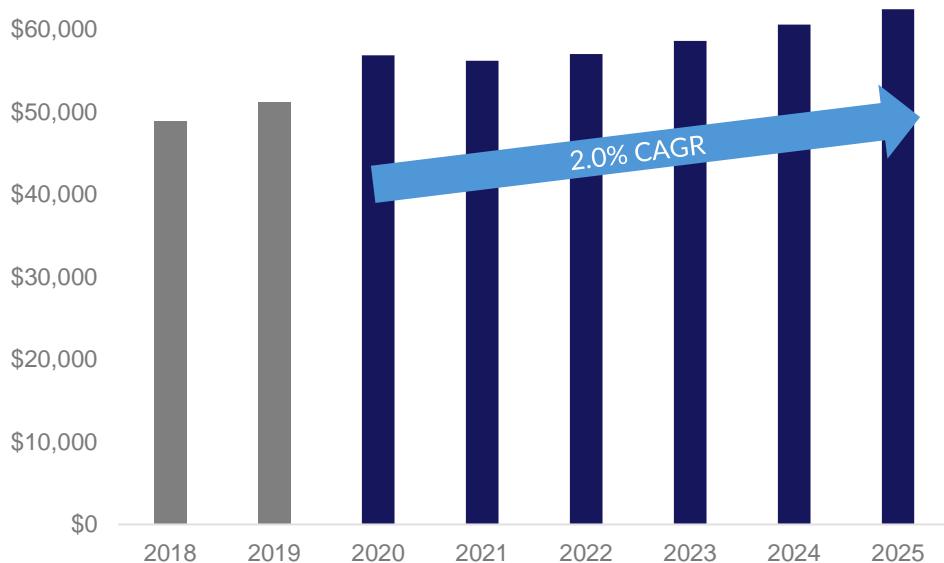
## Sweet Snacks Market – Company Shares



# SNACKS INDUSTRY IN THE UNITED STATES

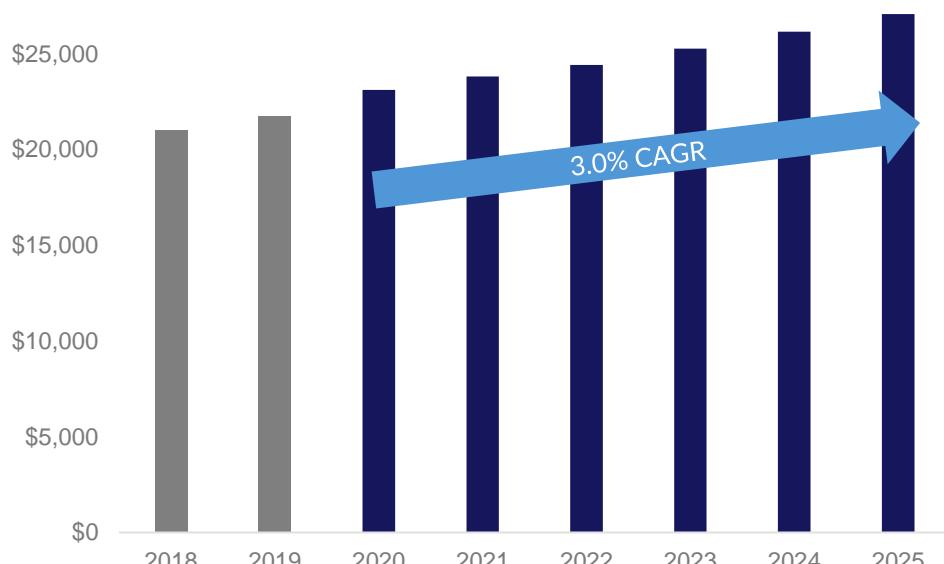
The savory snacks industry in the United States reached an estimated US\$57.0 billion in revenue during 2020.

**Sales of Savory Snacks (USD million)**



The sweet snacks industry in the United States reached an estimated US\$23.0 billion in revenue during 2020.

**Sales of Sweet Snacks (USD million)**

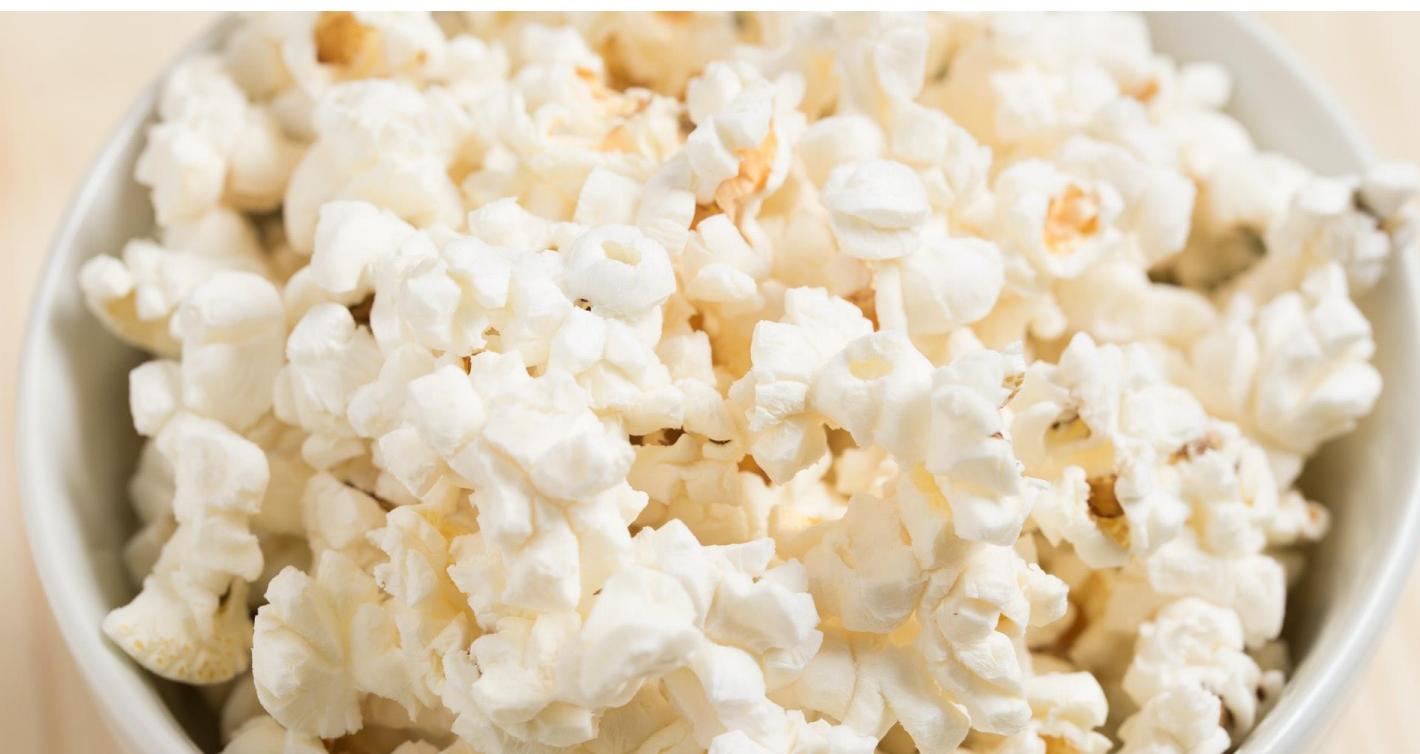


# GLOBAL INDUSTRY – COMPARABLE PUBLIC COMPANIES MID-CAP

Company	Country	Market Cap. US\$MM	Enterprise Value US\$MM	Revenue US\$MM	EBITDA Margin	Annual Average EV/EBITDA		Last Update May 3, 2021		
						2019	2020	EV/ EBITDA	EV/ Revenue	
Alicorp S.A.A. 	PER	\$1,554	\$2,429	\$2,802	11.5%	11.4x	7.7x	7.5x	0.9x	
B&G Foods, Inc. 	USA	\$1,889	\$4,206	\$1,968	18.1%	10.3x	10.1x	11.3x	2.1x	
Calbee, Inc. 	JPN	\$3,202	\$2,889	\$2,568	14.3%	10.6x	10.0x	8.3x	1.2x	
Ezaki Glico Co., Ltd. 	JPN	\$2,423	\$1,808	\$3,334	9.6%	8.9x	8.3x	6.0x	0.6x	
Flowers Foods, Inc. 	USA	\$5,072	\$6,088	\$4,388	11.2%	12.1x	11.3x	10.4x	1.4x	
Glanbia plc 	IRL	\$4,279	\$5,009	\$4,670	6.2%	13.4x	10.2x	13.2x	1.1x	
Gruma, S.A.B. de C.V. 	MEX	\$4,294	\$5,417	\$4,488	16.2%	8.7x	8.4x	7.4x	1.2x	
Grupo Bimbo, S.A.B. de C.V. 	MEX	\$9,042	\$14,538	\$16,436	13.4%	7.4x	6.7x	5.8x	0.9x	
Grupo Nutresa S. A. 	COL	\$2,646	\$3,596	\$3,075	11.6%	12.5x	10.5x	9.4x	1.2x	
Hostess Brands, Inc. 	USA	\$2,006	\$2,973	\$1,017	21.6%	14.1x	14.0x	12.9x	2.9x	
J & J Snack Foods Corp. 	USA	\$3,133	\$2,910	\$964	5.3%	18.0x	17.7x	NR	3.0x	
M. Dias Branco S.A. 	BRA	\$1,657	\$1,762	\$1,397	13.6%	15.9x	14.2x	9.5x	1.3x	
Morinaga & Co., Ltd. 	JPN	\$1,675	\$1,506	\$1,960	12.7%	8.6x	6.9x	6.4x	0.8x	
Nongshim Co., Ltd. 	KOR	\$1,458	\$1,023	\$2,426	9.9%	5.8x	6.2x	4.4x	0.4x	
ORION Corp. 	KOR	\$4,054	\$3,953	\$2,049	23.1%	10.1x	10.3x	8.6x	2.0x	
Premier Foods plc 	GBR	\$1,152	\$1,708	\$1,146	16.1%	13.3x	12.0x	8.4x	1.4x	
Premium Brands Holdings Corporation 	CAN	\$4,231	\$5,016	\$3,162	6.7%	16.2x	17.2x	20.4x	1.5x	
The Hain Celestial Group, Inc. 	USA	\$4,097	\$4,439	\$2,092	10.9%	16.5x	17.3x	18.0x	2.1x	
The Simply Good Foods Company 	USA	\$3,309	\$3,792	\$899	18.2%	NR	21.2x	22.1x	4.2x	
TreeHouse Foods, Inc. 	USA	\$2,662	\$4,788	\$4,350	11.4%	10.4x	8.8x	8.6x	1.1x	
Yamazaki Baking Co., Ltd. 	JPN	\$3,370	\$3,288	\$9,121	5.6%	6.4x	6.4x	6.3x	0.4x	
NR: Not Relevant						Mean	11.5x	11.2x	10.2x	1.5x
						Median	11.0x	10.2x	8.6x	1.2x

# GLOBAL INDUSTRY – COMPARABLE PUBLIC COMPANIES LARGE CAP

Company	Country	Market	Enterprise	Revenue	EBITDA	Annual Average		Last Update		
		Cap. US\$MM	Value US\$MM			Margin	EV/EBITDA	May 3, 2021	EV/ EBITDA	EV/ Revenue
Campbell Soup Company	 Campbell's	USA	\$14,469	\$19,784	\$8,965	19.3%	11.9x	11.8x	9.8x	2.2x
Conagra Brands, Inc.	 CONAGRA	USA	\$17,801	\$27,305	\$11,733	21.6%	12.4x	11.5x	10.2x	2.3x
General Mills, Inc.	 General Mills	USA	\$37,123	\$49,113	\$18,626	22.4%	12.3x	12.5x	11.4x	2.6x
Kellogg Company	 Kellogg's	USA	\$21,245	\$29,473	\$13,770	16.9%	11.6x	13.2x	12.0x	2.1x
Mondelez International, Inc.	 Mondelez International	USA	\$85,420	\$103,623	\$27,112	21.9%	16.7x	15.2x	14.9x	3.8x
Orkla ASA	 Orkla	NOR	\$10,171	\$11,060	\$5,499	14.4%	12.8x	12.7x	11.1x	2.0x
PepsiCo, Inc.	 PEPSICO	USA	\$199,176	\$236,322	\$71,311	18.1%	15.5x	17.4x	17.5x	3.3x
The Hershey Company	 HERSHEY	USA	\$34,010	\$37,613	\$8,408	26.9%	15.8x	16.9x	16.3x	4.5x
The J. M. Smucker Company	 THE J.M. SMUCKER CO.	USA	\$14,188	\$18,687	\$8,175	23.5%	11.2x	9.9x	9.2x	2.3x
The Kraft Heinz Company	 KraftHeinz	USA	\$50,504	\$75,695	\$26,422	27.1%	9.5x	9.5x	8.8x	2.9x
						Mean	13.0x	13.1x	12.1x	2.8x
						Median	12.4x	12.6x	11.3x	2.5x



# GLOBAL INDUSTRY TRANSACTIONS

Date	Target	Country	Description	Buyer	Stake %	Size US\$MM	EV/EBITDA	EV/Revenue
Jan-21	Hu Master Holdings, LLC	USA 	Manufactures and sells chocolate products	Mondelez International, Inc.	93.0%	\$231.0	-	-
Nov-20	Truco Enterprises, LP	USA 	Produces chips, salsas, and queso	Heron Holding Corporation	100.0%	\$480.0	-	-
Nov-20	KOIKE-YA Inc.	JPN 	Manufactures and sells snack and health foods	Nissin Foods Holdings Co.,Ltd.	10.6%	\$23.2	7.3x	0.5x
Feb-20	Kaitsuka Co. Ltd.	JPN 	Distributes frozen and dried sweet potatoes	Calbee, Inc.	100.0%	\$127.4	-	2.7x
Dec-19	Kitchen Cooked Inc.	USA 	Manufactures and distributes snack food	Utz Quality Foods, LLC	100.0%	\$8.9	17.8x	-
Nov-19	Kras d.d.	HRV 	Manufactures and sells confectionery products	Mesna industrija Braca Pivac d.o.o.	18.5%	\$35.3	14.3x	1.5x
Sep-19	Kettle Foods Ltd./Yellow Chips B.V.	GBR 	Produces and sells potato chips	Valeo Foods Ltd.	100.0%	\$79.6	-	0.6x
Aug-19	Superior Cake Products, Inc.	USA 	Produces and supplies sweet baked goods	Sara Lee Frozen Bakery	100.0%	\$65.0	9.3x	1.5x
Apr-19	Cookies and Fruit Snacks Business of Kellogg Company	USA 	Produces cookies and fruit snacks	Ferrero International S.A.	100.0%	\$1,300.0	-	1.4x
Dec-18	Easyfood A/S	DNK 	Produces and markets bakery products	Orkla Foods Danmark A/S	90.0%	\$50.4	10.9x	1.2x
Nov-18	Pipers Crisps Ltd	GBR 	Manufactures potato crisps	PepsiCo, Inc.	100.0%	\$26.0	-	0.7x
Jun-18	Aunt Bessie's Limited	GBR 	Produces and markets puddings, snacks, and packaged meals	Nomad Foods Europe Limited	100.0%	\$279.5	10.4x	1.9x
Jan-18	Hügli Holding AG	CHE 	Develops, produces, and markets food products, snack products, drink mixes, and dietary supplements	Bell Food Group AG	49.8%	\$228.6	12.9x	1.4x
Dec-17	Snyder's-Lance, Inc.	USA 	Manufactures, distributes, markets, and sells snack food products	Campbell Soup Company	100.0%	\$6,136.3	21.7x	2.7x
Dec-17	Amplify Snack Brands, Inc.	USA 	Develops, markets, and distributes better-for-you snack products	The Hershey Company	100.0%	\$1,535.6	18.5x	4.1x
Oct-17	Inventure Foods, Inc.	USA 	Manufactures and markets healthy/natural and indulgent specialty snack food products	Utz Quality Foods, LLC	100.0%	\$142.7	NR	0.5x
Aug-17	Labriola Baking Company	USA 	Operates as a bakery of breads and artisan soft pretzels	J & J Snack Foods Corp.	100.0%	\$6.0	-	0.4x
Apr-17	AdvancePierre Foods Holdings, Inc.	USA 	Produces and distributes ready-to-eat sandwiches, sandwich components, and other entrees and snacks	Tyson Foods, Inc.	100.0%	\$4,463.9	17.0x	2.8x
Apr-17	Weetabix Limited	GBR 	Produces and sells wholegrain breakfast cereals and snacks	Post Holdings, Inc.	100.0%	\$1,786.2	11.7x	3.4x
Jan-17	Hill & Valley, Inc.	USA 	Produces and markets sugar free and no sugar added bakery products	J & J Snack Foods Corp.	100.0%	\$31.0	-	0.7x
Aug-16	Tyrrells Potato Crisps Limited	GBR 	Manufactures and sells hand-cooked English crisps	Amplify Snack Brands, Inc.	100.0%	\$392.0	16.0x	3.5x
Jul-16	Hostess Brands, LLC	USA 	Produces and supplies crème-filled snack cakes	Gores Holdings, Inc.	100.0%	\$2,198.4	12.1x	3.5x
Jul-16	Golden Enterprises, Inc.	USA 	Produces, markets, and distributes snack products	Utz Quality Foods, Inc.	100.0%	\$144.4	16.3x	1.0x

NR: Not Relevant

Mean 14.0x 1.8x  
Median 13.6x 1.5x

# REPRESENTATIVE GLOBAL ENGAGEMENTS

<b>Honeywell</b> has sold <b>TENSOR</b> to <b>GE Power Systems</b>	<b>Rheem</b> has acquired <b>HTPG</b>	<b>gca applied technologies</b> has acquired <b>StirlingLloyd</b>	<b>Hertz</b> has acquired <b>DONLEN</b>	<b>KPAC</b> has sold <b>JBI</b> JAMES BURN INTERNATIONAL to <b>spiral</b> and <b>JBI Holding SAS</b>	<b>state</b> WATER HEATERS has been acquired by <b>AC Smith.</b>
<b>caffenio</b> has partnered with <b>OXXO</b> a subsidiary of <b>FEMSA</b>	<b>ARCACONTINENTAL</b> has acquired <b>WISE</b>	<b>ARCACONTINENTAL</b> has acquired <b>DEEP RIVER SNACKS</b>	<b>ZINC NACIONAL</b> JGI has acquired <b>The Zinc Recycling Business</b> of <b>HMG Recylex Group</b>	<b>TORREY</b> has been acquired by <b>FEMSA</b>	<b>Grupo Educativo IEJV</b> <b>UNIVERSIDAD JOSE VASCONCELOS</b> <b>ITM</b> has been acquired by <b>NACER GLOBAL</b>
<b>Carrier</b> a subsidiary of <b>United Technologies</b> has sold <b>HTPG</b> to <b>Starboard Capital Partners</b>	<b>H G</b> HARRISON GYPSUM, LLC has been recapitalized by <b>H I G PRIVATE EQUITY</b>	<b>tyco</b> has sold the North American guarding business of <b>GARDA</b>	<b>KENTZ</b> Engineers & Constructors has acquired <b>ALEGRO PROJECTS LIMITED</b>	<b>Wood Crafters</b> has been acquired by <b>Fortune Brands Home &amp; Security</b>	<b>ConvaTec</b> has sold <b>SENSI-CARE</b> and <b>ALOE-VESTA</b> to <b>MEDLINE</b>
<b>SICLUB LUBRITECH</b> has been acquired by <b>COLFAX</b>	<b>COSMOCEL</b> has sold Cosmocel Química to <b>ICL Performance Products IP</b> a business unit of <b>ICL</b>	<b>intelectiva</b> has acquired <b>KFC</b> Costa Rica from <b>QSR INTERNATIONAL</b>	<b>CEMEX</b> has sold its concrete pumping business to <b>PUMPING TEAM</b>	<b>GRUPO TAMPICO</b> has acquired <b>SEAT</b> dealerships from <b>GRUPO FRAL</b>	<b>INVEKA</b> Holding company of <b>Sanfer</b> has acquired a majority stake in <b>Portugal</b>
<b>GBM</b> has been acquired by <b>Arysta LifeScience</b>	<b>INMAGUSA</b> Grupo Galaz, S.A de C.V. has been acquired by <b>IOCHPE - MAXION</b>	<b>DLG</b> has acquired Workshop and store in Mexico City from <b>GREENBRIER RAIL SERVICES</b>	<b>AnneSullivan</b> has been acquired by <b>Discovery</b>	<b>GRUPO TAMPICO</b> has merged its beverage division with <b>Coca-Cola</b> <b>FEMSA</b>	<b>GRUPO INDUSTRIAL SALTILLO</b> has sold its sanitaryware businesses to <b>ST. THOMAS CREATIONS</b> and <b>VITROMEX</b> to <b>Villeroy &amp; Boch</b>

# 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



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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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