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Baked Goods Market Monitor

Fall 2024

Baked Goods Market Trends

Commentary

A longtime staple of the American diet, the Baked Goods industry has historically been one of the more consistent and resilient as far as M&A activity within the broader Food & Beverage landscape. 2024 has been no exception, as strategic acquirers and private equity investors continue to utilize M&A as a means to increase scale, drive innovation and diversify product offerings to satisfy ever-evolving consumer preferences.

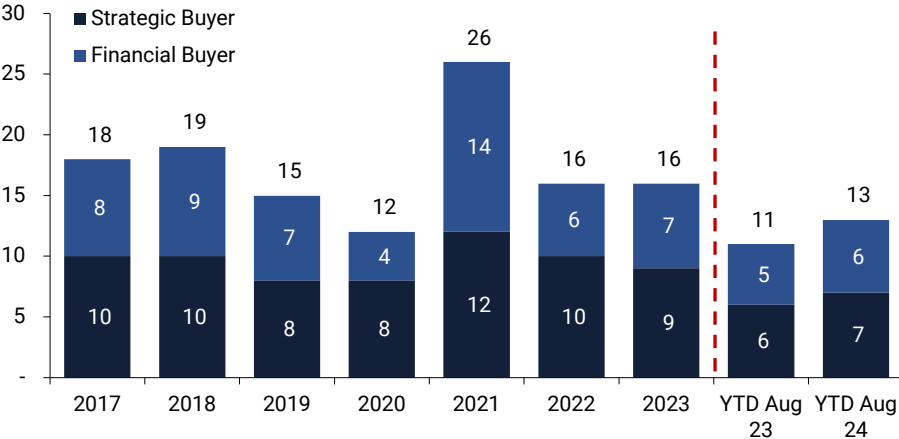
With persistent labor challenges and rising commodity prices impacting the Baked Goods industry, operators with automated production lines and innovative manufacturing techniques remain attractive targets and command premium valuations.

Large European bakeries are entering the U.S. market via M&A initiatives, highlighted by Belgium-based Vandemoortele's acquisition of Banneton Bakery and Belgium-based La Lorraine's joint venture with Bakery de France.

Private equity-backed strategic platforms have been especially active acquirers of Baked Goods businesses thus far in 2024. Recent examples include the acquisition of Imagine Baking by Commercial Bakeries (Graham Partners), the acquisition of Kenny's Great Pies by Dessert Holdings (Bain Capital) and the acquisition of Angelic Bakehouse by Legacy Bakehouse (Benford Capital Partners).

Despite the steady M&A environment to begin 2024, the Baked Goods industry remains highly fragmented and ripe for continued consolidation. In a recent survey of over 40 bakery executives by L.E.K. Consulting, 87% of respondents stated they plan to pursue acquisitions during the year (58% actively seeking targets, 29% opportunistically seeking targets).

U.S. Baked Goods M&A Transaction Volume by Buyer Type



Notable Recent Transaction



has been
acquired by

Platinum Equity



from













On September 17, 2023, global investment firm Platinum Equity and Los Angeles-based private equity firm Butterfly announced the acquisition of Rise Baking Company ("Rise"), a MN-based manufacturer of a broad portfolio of bakery products such as cookies, cakes, pies, muffins and icings for in-store bakeries and foodservice customers.











Rise, a portfolio company of Olympus Partners since 2018, has grown into one of the leading bakery platforms in North America with nearly 4,000 employees and 20 manufacturing facilities. Since Olympus' initial investment in 2018, Rise completed several significant acquisitions, including Brill, Dawn Frozen Products division, Wonder Brands Pies and Table Talk Pies.

Platinum Equity Co-President Jacob Kotzubei stated, "Beyond the quality of its products, we believe the quality of Rise's people helps set it apart. The team's creative spirit, deep understanding of market trends, and hands-on, in-store expertise provide its customers tremendous value. We look forward to deploying our financial and operational resources to help the company expand its reach."











Select Recent Baked Goods M&A Transactions

Date	Target	Acquiror	Enterprise Value (\$M)	EV / Rev	EV / EBITDA	Description	Acquiror Comments
Announced			\$2,500	N/A	N/A	MN-based baked goods manufacturer producing a broad portfolio of products for in-store bakeries and foodservice customers.	"We view Rise as an established leader with impressive scale and a strong foundation with a lot more room to grow both organically and through additional M&A."
Announced			N/A	N/A	N/A	NJ-based manufacturer of premium, clean-label freezer-to-oven croissant, Danishes and other pastries.	"Banneton's operations and offerings highly complement our own business in North America, with a shared focus on quality and on authentic European-style pastry products."
Announced			\$35,900	2.8x	16.4x	Global leader in snacking, cereal and frozen foods with iconic brands, including Pringles, Cheez-It, Pop-Tarts, Eggo, RXBAR and others.	"In welcoming Kellanova's portfolio of growing global brands, we have a substantial opportunity for Mars to further develop a sustainable snacking business that is fit for the future."
Aug-24			N/A	N/A	N/A	IN-based manufacturer of cookies, snack bars, crunches, toppings and inclusion ingredients for retail, foodservice and private label end markets.	"As a combined platform, we will be able to scale services, build additional product capabilities and unlock access to a larger addressable market."
Jul-24			N/A	N/A	N/A	WI-based commercial bakery with 4-acre location including 42,000 sq. ft. of production space.	"The Angelic team operated a best-in-class facility that approximately doubles our capacity while enabling our expansion into tortillas and other adjacent products."











Select Recent Baked Goods M&A Transactions

Date	Target	Acquiror	Enterprise Value (\$M)	EV / Rev	EV / EBITDA	Description	Acquiror Comments
Jul-24			N/A	N/A	N/A	MA-based manufacturer of pies, specializing in 4-inch snack pies and 8-inch to 10-inch dessert pies.	"As our second pie acquisition, we're eager to grow our slice of the pie industry, unlocking new possibilities while preserving the valued heritage of the Table Talk brand."
May-24			N/A	N/A	N/A	Washington D.C.-based producer of high-quality European breads, rolls and breakfast pastries.	"After more than 80 years of growth in more than 35 countries, we have now a great opportunity to scale our expertise and further expand our international footprint to the North American market."
May-24			N/A	N/A	N/A	CA-based manufacturer of frozen bakery desserts and baked good inclusions that are sold into the in-store bakery at supermarkets and convenience stores.	"Chalet is a category leader and we look forward to supporting the growth of the business through add-on acquisitions, organic growth initiatives and investments in capacity"
May-24			N/A	N/A	N/A	GA-based manufacturer of high-quality, clean label, cream-based pies specifically Key lime pies made from 100% pure, freshly squeezed authentic Key limes.	"Kenny's has established a distinctive market position, fostering a number of long-standing relationships with leading foodservice and retail operators and major clubs in North America."
May-24			N/A	N/A	N/A	NE-based manufacturer of ready-to-eat baked goods through grocery in-store bakeries, foodservice providers and co-pack partnerships.	"With a long history of driving value for its strategic retail partners through baked goods innovation, quality, and service, J. Skinner is now equipped for its next stage of product and capability expansion."

Select Recent Baked Goods M&A Transactions

Date	Target	Acquiror	Enterprise Value (\$M)	EV / Rev	EV / EBITDA	Description	Acquiror Comments
May-24			N/A	N/A	N/A	CA-based contract manufacturer of branded nutrition and protein bars, baked bars and cookies and wafer bars.	"We see significant value in bringing together TruFood and Bar Bakers to create a single company that has the capabilities and expertise to lead this industry in the years ahead."
May-24			N/A	N/A	N/A	GA-based wholesale bakery specializing in producing high quality cinnamon rolls and other yeast-raised sweet goods for top retail chains.	"Our goal is to serve the very best retail and foodservice customers with high quality baked goods."
May-24			N/A	N/A	N/A	UT-based manufacturer of high-quality, gluten-free sweet bakery goods for grocery stores nationwide.	"We are excited to enter the gluten-free category and build on our expertise in meeting specific dietary needs with delicious, fresh baked goods."
May-24			N/A	N/A	N/A	OH-based manufacturer of specialty, premium and better-for-you crackers, cookies, biscuits and brittle.	"We view Imagine Baking as a highly complementary businesses to the Commercial Bakeries platform that will ultimately strengthen and scale its offerings."
Jan-24			N/A	N/A	N/A	IL-based manufacturer of specialty baking ingredient products, including such as cake and pastry fillings, marzipan and almond paste.	"We look forward to combining the resources of Saco's best-in-class shared services platform, along with cross-selling opportunities for Solo's products in e-commerce and traditional retail."

Select Recent Baked Goods M&A Transactions

Date	Target	Acquiror	Enterprise Value (\$M)	EV / Rev	EV / EBITDA	Description	Acquiror Comments
Nov-23		 THE J.M. SMUCKER CO	\$5,600	3.9x	17.2x	Global packaged dessert company with iconic brands, including Twinkies, DingDongs, HoHos, Mini Muffins and others.	"The acquisition of Hostess represents a unique opportunity to accelerate our focus on delighting consumers with convenient solutions across different meal and snacking occasions."
Jul-23		 BIMBO Bakehouse	N/A	N/A	N/A	MN-based manufacturer of European-style bagels for the retail and foodservice industries.	"The additional capacity gives our company the opportunity to meet consumer demand and continue to grow our breakfast portfolio."
Apr-23		 B.C.P. Benford Capital Partners	N/A	N/A	N/A	WI-based developer and manufacturer of snack ingredients, including bagel chips, rye chips, pita chips and other ingredients for CPG and retail customers.	"Legacy is firmly established as a leader in baked snack components, and we look forward to executing our value creation plan together."
Feb-23		 Flowers FOODS	\$270	N/A	N/A	UT-based manufacturer and distributor of high-quality bagels, tortillas, breads, buns, English muffins and flat breads.	"I'm thrilled about the opportunity to realize manufacturing and distribution synergies, in addition to expanding our geographic reach."
Jan-23		 Barilla	\$51	N/A	N/A	FL-based snack food company with portfolio of cookies, crackers, granola and trail mix brands.	"At Barilla, we aspire to build a long-term and significant presence in the U.S. baking industry. The acquisition of Back to Nature is a key step for this exciting journey."

MARKET DATA

Baked Goods & CPG Foods Public Company Valuations

\$ in millions, except per share data		9/23/24			TTM Data					TTM Growth	EV Multiple	
Category	Company Name	Share Price	Market Cap	Enterprise Value	Sales	Gross Profit	Gross Margin	EBITDA	EBITDA Margin	Sales	TTM Sales	TTM EBITDA
Baked Goods	Grupo Bimbo, S.A.B. de C.V.	\$3.53	\$15,326	\$23,696	\$21,468	\$11,204	52.2%	\$2,980	13.9%	(4.6%)	1.10x	8.0x
	Flowers Foods, Inc.	23.15	4,875	6,257	5,130	2,514	49.0%	506	9.9%	2.5%	1.22x	12.4x
	ARYZTA AG	1.92	1,900	2,391	2,298	474	20.6%	240	10.4%	0.0%	1.04x	10.0x
	Median Average		\$4,875 \$7,367	\$6,257 \$10,782	\$5,130 \$9,632	\$2,514 \$4,731	49.0% 40.6%	\$506 \$1,242	10.4% 11.4%	0.0% (0.7%)	1.10x 1.12x	10.0x 10.1x
CPG Foods	Nestlé S.A.	\$97.73	\$251,300	\$322,240	\$102,499	\$48,030	46.9%	\$20,287	19.8%	(3.6%)	3.14x	15.9x
	The Kraft Heinz Company	34.68	41,931	61,101	26,317	9,148	34.8%	6,493	24.7%	(2.9%)	2.32x	9.4x
	General Mills, Inc.	74.19	41,187	54,291	19,801	6,861	34.7%	4,215	21.3%	(2.4%)	2.74x	12.9x
	Kellanova	80.62	27,729	34,021	12,821	4,416	34.4%	1,896	14.8%	8.6%	2.65x	17.9x
	McCormick & Company, Incorporated	83.19	22,344	26,674	6,683	2,543	38.0%	1,233	18.4%	2.6%	3.99x	21.6x
	Conagra Brands, Inc.	32.31	15,478	24,124	12,051	3,353	27.8%	2,335	19.4%	(1.8%)	2.00x	10.3x
	Campbell Soup Company	50.45	15,039	22,475	9,636	3,017	31.3%	1,783	18.5%	3.0%	2.33x	12.6x
	The J. M. Smucker Company	118.98	12,660	21,279	8,499	3,266	38.4%	1,978	23.3%	0.4%	2.50x	10.8x
	Post Holdings, Inc.	114.59	6,695	12,768	7,858	2,281	29.0%	1,298	16.5%	18.6%	1.62x	9.8x
	Lancaster Colony Corporation	179.99	4,955	4,849	1,872	435	23.2%	273	14.6%	2.7%	2.59x	17.8x
	Premium Brands Holdings Corporation	70.95	3,151	5,234	4,650	923	19.8%	302	6.5%	0.7%	1.13x	17.3x
	TreeHouse Foods, Inc.	41.57	2,157	3,581	3,383	547	16.2%	290	8.6%	(1.9%)	1.06x	12.3x
	B&G Foods, Inc.	9.05	716	2,786	2,001	444	22.2%	299	14.9%	(6.2%)	1.39x	9.3x
	Median Average		\$15,039 \$34,257	\$22,475 \$45,802	\$8,499 \$16,775	\$3,017 \$6,559	31.3% 30.5%	\$1,783 \$3,283	18.4% 17.0%	0.4% 1.4%	2.33x 2.27x	12.6x 13.7x

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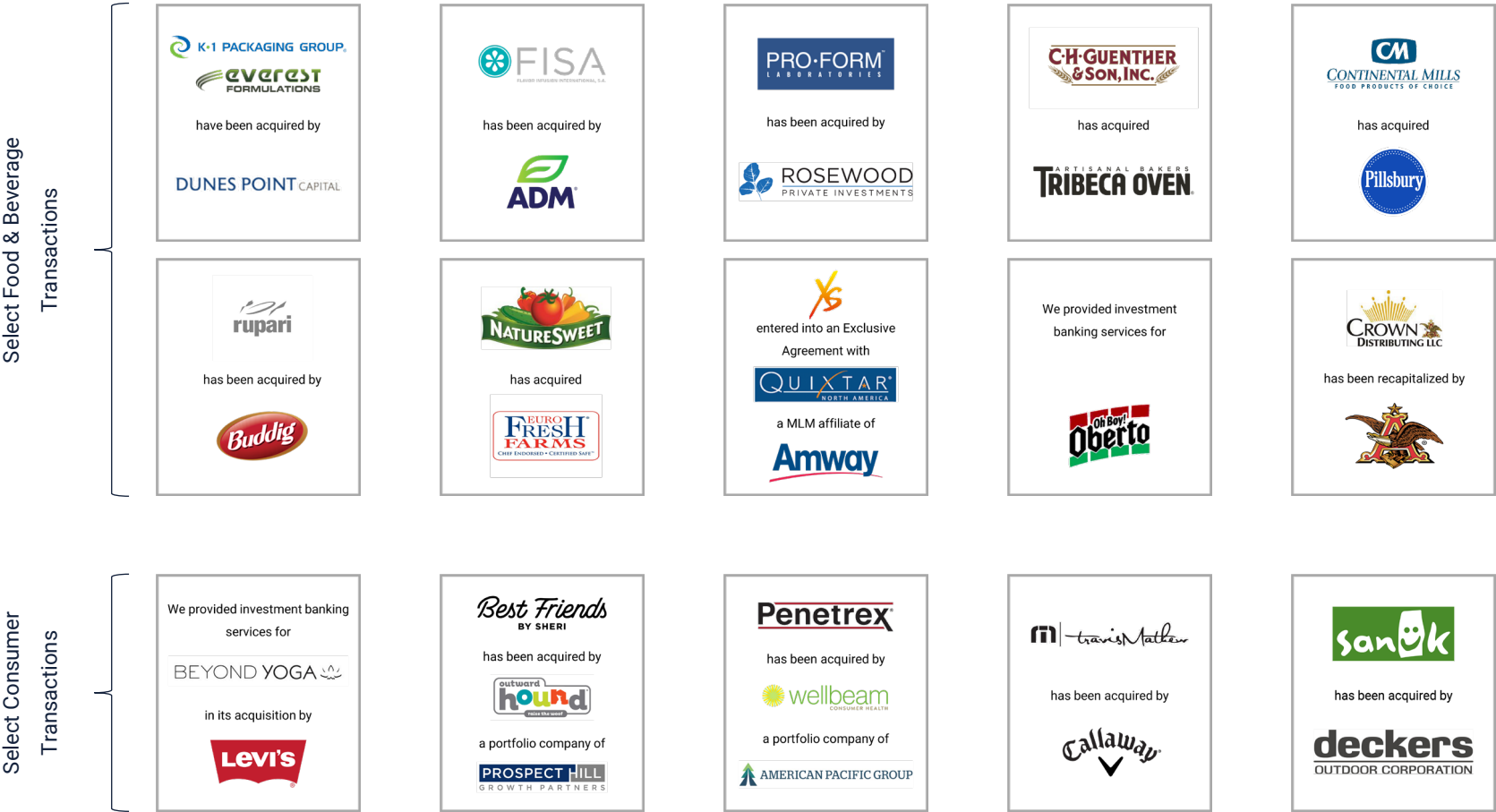
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