



CONSUMER: WINE & SPIRITS

- The Wine & Spirits category continues to rebound from the negative impacts of the Covid-19 pandemic, spurring M&A activity generated by both strategic acquirers and financial sponsors looking to capitalize on evolving trends in the industry.
- Total beverage alcohol volume decreased by 6.2% in 2020, according to IWSR, with beer experiencing the largest decline due to the closure of bars, restaurants and event venues. Wine & spirits, however, were slightly more resilient, supported by outsized growth (26.3% and 18.9%, respectively) in off-premise alcohol sales (relative to beer, ciders and malts at 13.9%) as consumers preferred premium alcohol as their drink of choice at home.
- Ecommerce and premiumization continue to drive the alcoholic beverage industry as online sales accounted for 55% of wine category growth from 2019 to 2020 and the premium wine & spirits category is expected to grow by 25.6% from 2020 to 2025.
- Pre-Covid trends are also contributing to category growth as RTDs (ready-to-drink products) add additional flavors by incorporating seltzers and spirits.
- Long term trends such as RTDs, SKU proliferation and further ecommerce adoption are providing more opportunities for both existing market participants and new entrants to participate in category growth.

ACTIVE STRATEGIC ACQUIRERS

Company	Recent Investments	Category	Date
 PROXIMO	<ul style="list-style-type: none"> • Eire Born Spirits 	Whiskey	04/27/2021
 MGP INGREDIENTS, INC.	<ul style="list-style-type: none"> • Luxco 	Various Spirits	01/25/2021
 SAZERAC	<ul style="list-style-type: none"> • Paul Masson (Constellation Brands) • Early Times (Brown-Forman) • Canadian Mist (Brown-Forman) • Collingwood (Brown-Forman) 	Brandy Whiskey Whiskey Whiskey	06/25/2020 06/15/2020 06/15/2020 06/15/2020
 E&J Gallo Winery	<ul style="list-style-type: none"> • Constellation Brands (Wine Portfolio) • Nobile Wines 	Various Wines Various Wines	12/11/2019 12/11/2019
 Pernod Ricard	<ul style="list-style-type: none"> • Castle Brands 	Various Spirits	08/28/2019

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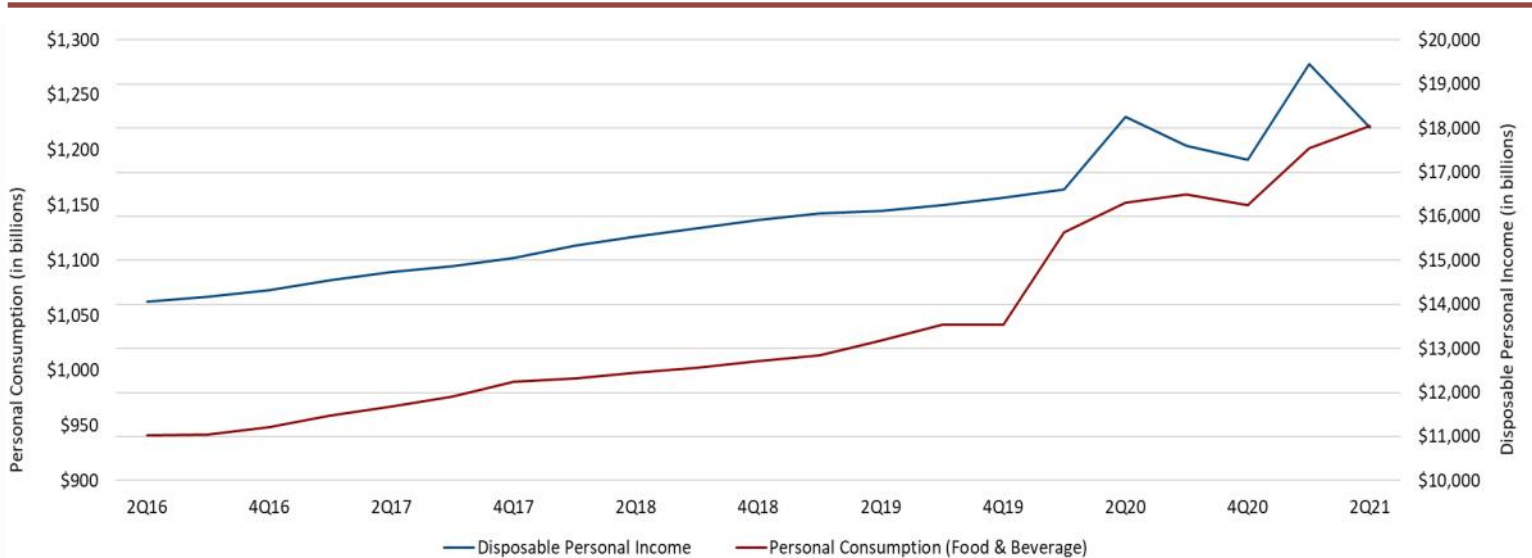
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SELECT RECENT TRANSACTIONS — *Wine & Spirits*

Closed Date	Acquirer	Target Company	Description
8/5/2021	Diamond Estates Wines & Spirits	Equity Wine Group	Equity Wine Group Inc. engages in the manufacturing and distribution of wine, craft beer, cider, and spirits. The company was founded in 1997 and is based in Jordan Station, Canada.
7/9/2021	Sycamore Partners Management	International Wine & Spirits	International Wine & Spirits Ltd., through its subsidiary Ste. Michelle Wine Estates Ltd., produces and markets wines. The company is based in Woodinville, Washington.
6/22/2021	Vintage Wine Estates, Inc.	The Sommelier Company	The Sommelier Company provides independent wine and spirits expertise, private tasting events, and education. The company was founded in 2013 and is based in Huntington Beach, California.
4/27/2021	Proximo Spirits	Eire Born Spirits	Eire Born Spirits LLC owns and markets the Proper No. Twelve Irish whiskey brand. The company was incorporated in 2018 and is based in Jersey City, New Jersey. Eire Born Spirits LLC operates as a subsidiary of Proximo Spirits, Inc.
3/16/2021	Northeast Drinks Group	Vermont Hard Cider Company	Vermont Hard Cider Company, LLC produces and sells hard ciders in the United States. It offers hard ciders through independent distributors and retailers (the company also operates a cidery). The company was founded in 1991 and is based in Middlebury, Vermont.
1/25/2021	MGP Ingredients	Luxco, Inc.	Luxco, Inc. produces and markets beverages. It offers alcoholic and non-alcoholic beverages. Its products include flavored vodka, schnapps gin, cider, rum, brandies, and other spirits. The company was incorporated in 1958 and is based in Saint Louis, Missouri.
8/11/2020	Splash Beverage Group, Inc.	Copa Di Vino, LLC	Copa Di Vino, LLC produces and distributes wine. The company offers Moscato, Chardonnay, Merlot, Pinot Grigio, Riesling, and White Zinfandel. Copa Di Vino, LLC was founded in 2009 and is based in The Dalles, Oregon.
6/25/2020	Sazerac Company, Inc.	Paul Masson Grande Amber Brandy Brand of Constellation Brands, Inc.	Paul Masson Grande Amber Brandy Brand of Constellation Brands, Inc. was acquired by Sazerac Company, Inc. Paul Masson Grande Amber Brandy Brand of Constellation Brands, Inc. comprises distilling business. The asset is located in the United States.
12/12/2019	E. & J. Gallo Winery, Inc.	Wine And Spirits Portfolio Of Constellation Brands, Inc.	The Wine And Spirits Portfolio Of Constellation Brands, Inc. was acquired by E. & J. Gallo Winery, Inc. Wine And Spirits Portfolio Of Constellation Brands, Inc. comprises wine and spirit production operations. The asset is located in the United States.
8/28/2019	Pernod Ricard SA	Castle Brands Inc.	Castle Brands Inc develops and sells beverage alcohol and non-alcoholic beverage products in the United States, Canada, Europe, and Asia. The company offers premium and super premium rums, whiskey, liqueurs, vodka, tequila, wine, amaretto, and other spirits, as well as ginger beer and ready-to-drink cocktails. Castle Brands Inc. was incorporated in 2009 and is based in New York, New York.

Relevant Consumer Economic Indicators



Sources: Federal Reserve Bank of St. Louis, CapIQ

EdgePoint Wine & Spirits Index

(USD in millions, except per share data)

Company	Share Price	% of 52 Week High	Market Cap.	Enterprise Value	Debt / EBITDA	LTM Revenue	LTM EBITDA	Enterprise Value / LTM Revenue	Enterprise Value / LTM EBITDA	Enterprise Value / NTM Revenue	Enterprise Value / NTM EBITDA
Select Companies											
Diageo plc (LSE:DGE)	\$47.95	96.1%	\$111,266.3	\$130,347.8	3.7x	\$17,585.8	\$5,610.1	7.4x	23.2x	7.1x	20.6x
Pernod Ricard (OTCMKTS: PDRDY)	\$44.24	99.1%	\$58,675.9	\$67,750.3	3.7x	\$10,462.4	\$3,073.3	6.5x	22.0x	6.0x	19.3x
Constellation Brands, Inc. (NYSE:STZ)	\$211.67	86.5%	\$40,540.0	\$50,816.4	2.9x	\$8,678.0	\$3,325.4	5.9x	15.3x	5.9x	15.6x
Brown-Forman Corporation (NYSE:BF.B)	\$68.15	82.9%	\$31,887.9	\$33,216.9	2.1x	\$3,614.0	\$1,130.0	9.2x	29.4x	8.9x	26.8x
Davide Campari-Milano N.V. (BIT:CPR)	\$14.17	97.5%	\$15,940.9	\$17,200.6	3.9x	\$2,376.2	\$518.7	7.2x	33.2x	6.8x	26.4x
Rémy Cointreau SA (OTCMKTS: REMYY)	\$19.68	89.5%	\$9,794.6	\$10,163.4	1.9x	\$1,185.7	\$308.6	8.6x	32.9x	7.1x	27.6x
Becle, S.A.B. de C.V. (BMV:CUERVO)	\$2.20	81.3%	\$7,916.2	\$8,315.7	1.9x	\$1,900.0	\$394.9	4.4x	21.1x	4.3x	18.8x
The Duckhorn Portfolio, Inc. (NYSE:NAPA)	\$22.25	90.6%	\$2,545.0	\$2,807.2	2.7x	\$316.7	\$99.0	8.9x	28.4x	8.3x	24.3x
MGP Ingredients, Inc. (Nasdaq:MGPI)	\$68.03	88.7%	\$1,494.1	\$1,733.8	2.7x	\$487.1	\$99.3	3.6x	17.5x	2.8x	17.4x
Stock Spirits Group PLC (LSE:STCK)	\$5.13	93.7%	\$1,011.8	\$1,056.5	1.3x	\$393.0	\$75.8	2.7x	13.9x	2.6x	12.4x
Laurent-Perrier S.A. (EPA: LPE)	\$115.38	91.3%	\$683.1	\$1,019.4	7.9x	\$229.1	\$54.8	4.4x	18.6x	3.8x	16.9x
Italian Wine Brands S.p.A. (BIT:IWB)	\$52.19	90.5%	\$384.2	\$400.3	6.0x	\$253.6	\$29.7	1.6x	13.5x	0.9x	7.8x
Median		90.6%	\$8,855.4	\$9,239.6	2.8x	\$1,542.9	\$351.8	6.2x	21.6x	5.9x	19.1x

EdgePoint Wine & Spirits Index TTM Stock Performance



Source: CapIQ, share price index values as of September 28, 2021