September 2025
Beverage Industry Bulletin

TULLY & HOLLAND

Investment Banking for Consumer Companies

NOTABLE INDUSTRY TRENDS

Caffeinated & Energy

Summer 2025 saw steady momentum in the caffeinated beverage market, with energy drinks leading growth across convenience and retail channels. **Celsius** and other major players such as **Monster** and **Red Bull** expanded market share, as strong summer demand for hydration-supported energy drinks reinforced the category's momentum. Given the heat of summertime, Coffee naturally saw increased cold format sales, with iced and ready-to-drink offerings from **Starbucks** and **Dunkin'** remaining resilient despite softer trends in premium whole-bean and specialty café sales. Tea and matcha also benefited from wellness positioning, particularly among younger consumers seeking natural caffeine sources. Beyond traditional formats, innovation across caffeinated and energy beverages continued to blur category lines, with hybrids that combine functional ingredients, natural caffeine, and hydration benefits gaining shelf space. Innovation pipelines remain active heading into the fall, with brands expected to introduce new flavor mashups and more unique seasonal Limited Time Offerings (LTOs). For example, **Starbucks** announced their *Pumpkin Spice Whiskey Barrel-Aged Cold Brew*, a bold enhancement to a classic fall flavor.

Prominent & Trending Players in the Space

Alcoholic Beverages

Alcoholic beverage sales remained mixed, with category softness putting pressure on larger brands while smaller, consumer-focused players found ways to grow. Inexpensive, single-serve Ready To Drink (RTD) cocktails performed well, with **BuzzBallz** continuing its dominance this summer thanks to its playful packaging, high ABV, and affordability that resonated strongly with younger drinkers. Craft and niche brands also provided bright spots: **Garage Beer** continued to expand rapidly, boosted by its alignment with the Kelce Brothers' media platform, while **Busch Light** sustained momentum by leaning into flavored innovation through their apple flavored beer, a key preference for younger consumers. **Spindrift** phased out their spiked seltzers line, citing recalibrated focus on core brand platforms. Beyond the products themselves, alcohol brands increasingly sought to connect with audiences through unique cultural tie-ins and collaborations, signaling new ways of building relevance amidst a slowing category. This environment has reinforced the importance of positioning, as brands that balance affordability, novelty, and cultural resonance are finding room to thrive even as broader industry growth remains tepid.

Prominent & Trending Players in the Space

Bold Fruit Drinks & Refreshers

The refreshers and natural drink segment experienced rapid growth, with aguas frescas, lemonades, and tropical blends proving popular in both retail and foodservice channels. Quick-serve restaurants such as **Dunkin' Donuts**, **Chipotle**, and **Taco Bell** leaned into seasonal flavors like mango, watermelon, and hibiscus to capture late-summer traffic, while packaged beverage brands emphasized clean label positioning with simple ingredients and reduced sugar. Aguas frescas continued their shift from niche to mainstream, showing up in grocery aisles and national chain promotions as consumers embraced lighter, fruit-forward options. Innovation extended into carbonated variants with functional twists, pairing natural fruit bases with electrolytes or botanicals. **Tractor Beverage**, known for high quality organic fruit drinks, furthered brand awareness through its Mad Farmer Tour, expanding presence at colleges and universities.

Prominent & Trending Players in the Space

Low/Non-Alcoholic Beverages

Non-alcoholic beer and emerging RTD alternatives sustained steady growth. **Athletic Brewing** continued to set the pace in NA craft, leveraging its expanded San Diego facility and seasonal releases to strengthen both retail and taproom presence. Its positioning around wellness and active lifestyles kept the brand at the center of the "sober curious" movement, while broader distribution into grocery and convenience reinforced mainstream appeal. **GO Brewing** also contributed to category visibility, with its lineup of craft-style NA beers appealing to health-conscious drinkers and extending the reach of moderation into new retail and on-site occasions. Meanwhile, non-alcoholic RTDs gained momentum, particularly mocktail-style spritzers and spirit-free seltzers, as consumers looked for options that fit social occasions without alcohol. It was the mix of NA craft and RTD innovation that defined the month, underscoring how moderation is evolving into a legitimate consumer sector.

Prominent & Trending Players in the Space

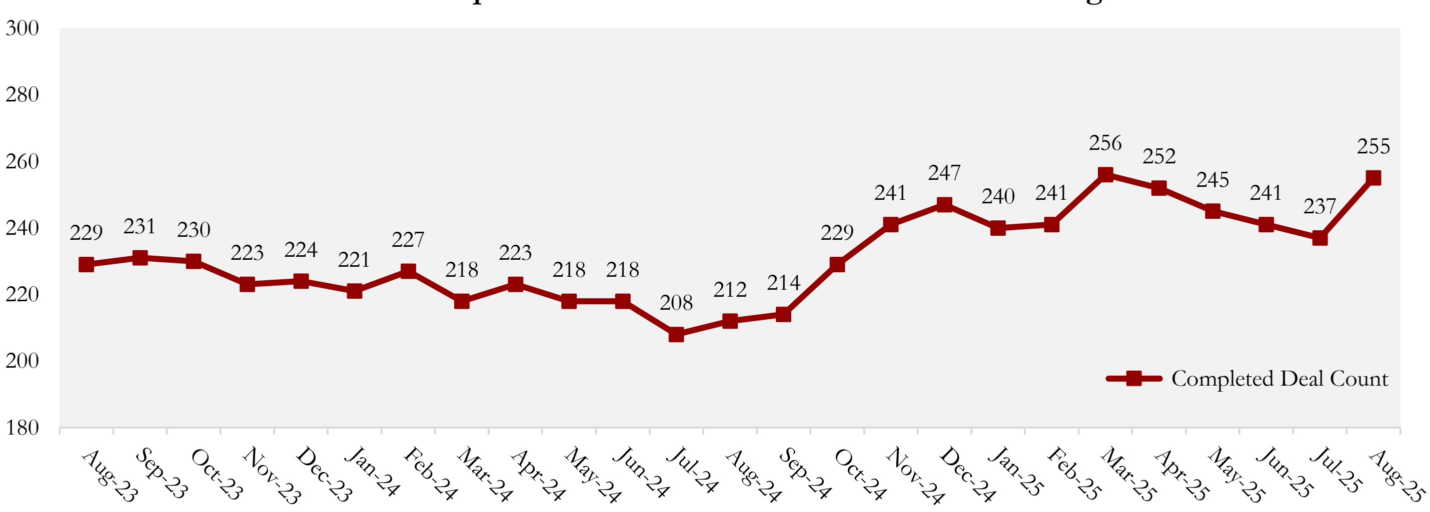
Source(s): ["Optimism rising for beverage category"]

RECENT M&A ACTIVITY

M&A activity in the North American Beverage sector has been trending upwards for the past year, with a considerable uptick in August. Listed below are notable transactions in the space for the year, as well as the monthly number of completed M&A deals on a TTM basis over the last two years.

Target	Acquirer	Analysis
Peet's Coffee	KDP	Keurig Dr. Pepper (KDP) announced its intention to acquire Peet's Coffee on August 25, 2025. The transaction is reported to be $18 billion. Notably, KDP intends to split the Beverage brands from their Global Coffee brands, post-acquisition. KDP also acquired **Dyla Brands** this July for $98 million—**Dyla** owns *Stur* a producer of drink mixes. KDP's acquisition further highlights the strategic importance of drink versatility achieved through flavorful water enhancement offerings.
Harvest Hill Beverage Company	castillo HERMANOS	Castillo Hermanos announced an agreement on April 3, 2025 to acquire Harvest Hill. Harvest Hill was valued at approximately $1.5 billion. Castillo Hermanos viewed this as a strategic move to expand their footprint in the U.S. market.
MELA watermelon water	Calypso Taste of the Islands	KJ Holding Corp. announced the acquisition of Mela water on April 2, 2025. KJ Holding Corp. seeks to expand its portfolio with the acquisition and grow Mela water through its strong distribution networks via Calypso Lemonades.
Alani NU	CELSIUS LIVE FIT	Celsius Holding acquired Alani Nutrition on April 1, 2025. The transaction value was $1.8 billion. The acquisition pairs two better-for-you energy drink brands to create a powerhouse platform in the functional beverage space.
poppi		PepsiCo announced its acquisition of Poppi on March 17, 2025. The transaction amounted to $1.95 billion and greatly increases Pepsi's portfolio in the functional beverage category.
hiyo	Constellation Brands	Constellation Brands announced it acquired a minority stake in Hiyo on February 20, 2025. Hiyo produces non-alcoholic, RTD cocktails. Constellation Brands aims to appeal to growing demand for NA beverages with this investment.
T&H MASS. BAY BREWING CO.	FINESTKIND BREWING, LLC	Mass Bay Brewing Co. and Finestkind Brewing merged to form One Barrel Collective on January 23, 2025. Mass Bay Brewing Co. was advised by Tully & Holland. The new entity proves the importance of consolidation in an industry with many headwinds.

TTM Completed Deal Count in North American Beverage M&A



Source(s): PitchBook, Tully & Holland Research.

Note: Quoted deal counts represent completed control transactions in the Beverage industry across the US and Canada, on a trailing twelve months (TTM) basis.

PUBLIC COMPANIES

Company	Share Price	P/E	Market Cap	Revenue	Revenue Growth %	EBITDA	EBITDA Margin %	EV/ Revenue	EV/ EBITDA
Coca-Cola	$69	24.5	$296,910	$47,062	1.3%	$16,982	36.1%	7.1x	19.6x
Pepsi	$149	27.1	$203,513	$91,748	(0.3%)	$14,387	15.7%	2.7x	17.2x
Anheuser-Busch	$63	18.0	$122,116	$58,519	(2.3%)	$20,405	34.9%	3.4x	9.9x
Starbucks	$88	38.2	$100,246	$36,689	0.6%	$5,682	15.5%	3.4x	21.8x
Diageo	$112	26.4	$61,519	$20,245	(0.1%)	$6,149	30.4%	4.2x	13.9x
Monster Energy	$62	38.8	$60,939	$7,659	3.7%	$2,091	27.3%	7.7x	28.2x
Heineken	$81	22.9	$45,202	$31,696	(4.8%)	$6,541	20.6%	2.1x	10.1x
Keurig Dr Pepper	$29	26.0	$39,517	$15,759	4.6%	$3,413	21.7%	3.6x	16.6x
Constellation Brands	$162	-	$28,549	$10,062	(0.5%)	$455	4.5%	4.0x	88.7x
Asahi	$13	16.4	$19,006	$19,498	0.9%	$2,764	14.2%	1.5x	10.3x
Celsius	$63	166.5	$16,209	$1,666	11.9%	$192	11.5%	10.4x	90.0x
Brown-Forman	$30	16.7	$14,224	$3,948	(3.5%)	$1,233	31.2%	4.2x	13.3x
Kirin	$15	32.8	$11,784	$15,884	5.3%	$1,551	9.8%	1.2x	12.8x
Molson Coors	$50	10.0	$9,993	$11,283	(5.5%)	$2,425	21.5%	1.4x	6.6x
National Beverage	$42	21.1	$3,937	$1,201	0.8%	$256	21.3%	3.2x	14.9x
Boston Beer Co.	$221	30.6	$2,407	$2,050	2.5%	$196	9.6%	1.1x	11.4x

Source(s): PitchBook, Tully & Holland Research.
Note: All figures in $M, except share price. Revenue and EBITDA figures on TTM basis. Data as of August 29, 2025.

About Tully & Holland

Tully & Holland is a leading Boston-based investment banking advisory firm offering highly customized M&A and corporate advisory to consumer product companies in the US and abroad. Founded in 1992, our seasoned team brings decades of extensive industry and investment banking expertise and the proven ability to successfully complete deals on behalf of our clients. Tully & Holland is a member of FINRA & SIPC.

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