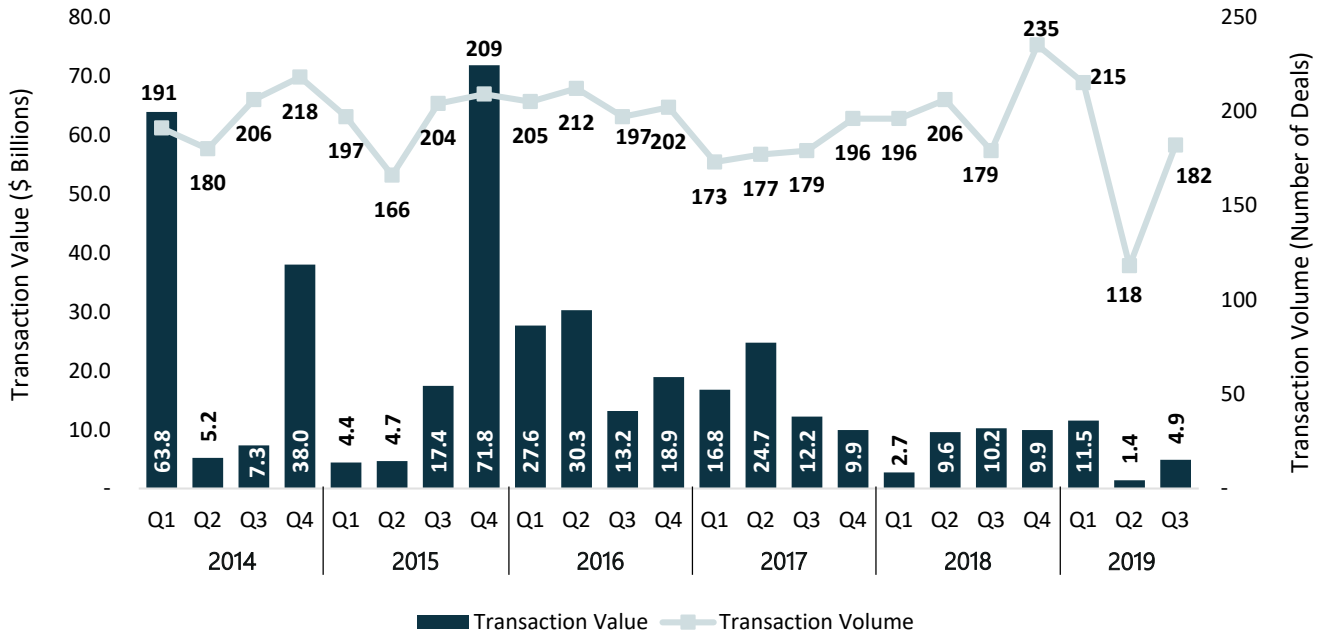


# Food & Beverage

Quarterly Update | Q3 2020



### North American Food & Beverage M&A Transactions



### M&A Market Update – Q3 2020

- M&A activity in the North American food and beverage industry increased in Q3 2020 as the market is recovering from the impact of the COVID-19 pandemic. Overall disclosed transaction volume increased from 118 to 182 and total disclosed transaction value increased from \$1.4 billion to \$4.9 billion from Q2 2020 to Q3 2020, respectively. Average disclosed transaction value increased from \$11.5 million in Q2 2020 to \$26.7 million in Q3 2020.
- The majority of transactions in Q3 2020 were in the packaged foods and meats and restaurants sub-sectors, which comprised 34% and 23% of all disclosed transactions, respectively. There was also notable deal volume in the beverages sub-sector, with a total of 20 disclosed transactions involving soft drink producers, distillers and vintners and brewers.
- The largest deal during the quarter was the acquisition of the Natural Cheese business of The Kraft Heinz Company by Lactalis Group for \$3,200 million. Other large, notable deals during the quarter included Diageo plc’s acquisition of Davos Brands, LLC for \$610 million, and the acquisition of CGB Diversified Services, Inc. by Sompo International Holdings Ltd. for \$470 million.

# Canadian Macroeconomic Indicators

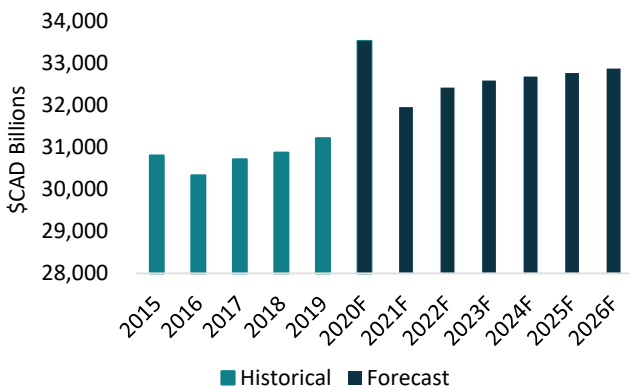
Key external drivers that affect the food and beverage industry in Canada include per capita disposable income, consumer spending, the consumer price index for food, and the consumer confidence index.

The decline in consumer spending and the consumer confidence index forecasted for 2020 is attributable to the continued effects of the COVID-19 pandemic. Businesses are operating at limited capacity due to public health safety measures enacted, and increased levels of unemployment continue to carry over from the previous quarter. Many consumers have shifted from dining at restaurants to eating meals at home, and food retailers have benefited from the shift in consumer behaviour. Food manufacturers with a strong e-commerce presence are likely to be performing better than those who heavily rely on brick and mortar.

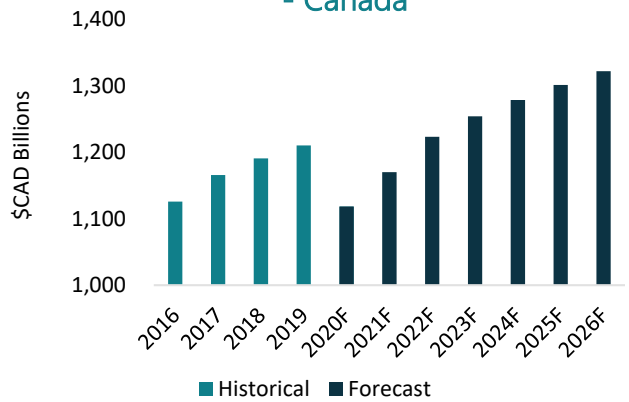
As the COVID-19 pandemic still continues, consumers are holding onto their savings due to economic uncertainties. As such, the per capita disposal income forecasted for 2020 has increased. Over the upcoming months, it is anticipated that the food and beverage industry will show signs of improvement as public health restrictions are further eased, and operators and consumers alike adapt to the heightened degree of economic uncertainty.

Regarding the consumer price index for food, food prices are expected to rise during 2020 as low oil prices have depressed the value of the Canadian dollar, making it more expensive for operators within the industry to purchase food and produce from outside the country. Other factors contributing to rising food prices are additional costs borne by employers, such as plexiglass barriers and enforcement of stringent cleaning protocols.

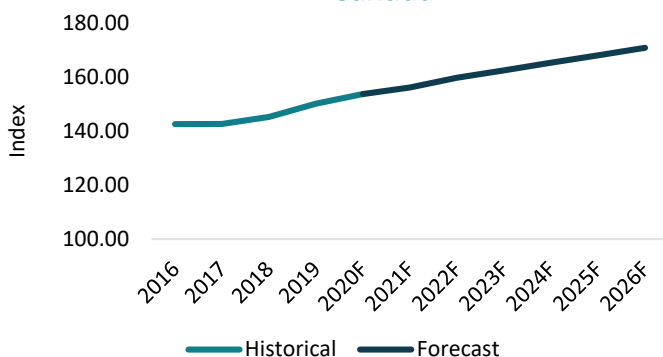
**Per Capita Disposable Income**  
- Canada



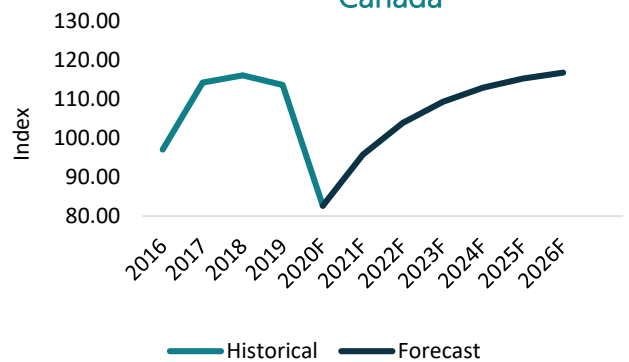
**Consumer Spending**  
- Canada



**Consumer Price Index For Food**  
- Canada



**Consumer Confidence Index**  
- Canada



# Select Recent M&A Transactions



acquired



Announced	Sep. 15, 2020
TEV	\$3,200M
TEV/EBITDA	12.0x
TEV/Revenue	1.8x

- Groupe Lactalis is a multinational dairy products company. The company's offerings includes milk, yogurt, and butter. The company was founded in 1933 and is based in Mayenne, France.
- The Kraft Heinz Company produces food and beverage products. The segment associated with this transaction is the Natural Cheese business. The company was formed in 2015 and is co-headquartered in Chicago, Illinois and Pittsburgh, Pennsylvania.
- The transaction allows Groupe Lactalis to expand operations to North America.



acquired



Announced	Aug. 12, 2020
EV	\$80.5M
TEV/EBITDA	22.4x
TEV/Revenue	3.2x

- Bridgeway National Corp. is a diversified publicly traded holding company with a focus on acquiring businesses. The company was founded in 2012 and is based in Washington, DC.
- Input Capital Corp. is an agriculture commodity streaming company with a focus on canola. The company was founded in 2012 and is based in Regina, Saskatchewan.
- The acquisition was made by Bridgeway National Corp. with the aim to scale up Input Capital Corp.



acquired



Announced	Aug. 7, 2020
EV	\$3.9M
TEV/EBITDA	Not disclosed
TEV/Revenue	NMF

- Ospraie Ag Science, LLC operates as a venture capital firm investing in agriculture, public, and private markets. Ospraie Ag Science was founded in 2018 and is based in New York City, New York.
- CubicFarm Systems Corp. offers a selection of automated growing machines for fresh produce, nutritious livestock feed, and efficient high-volume plant propagation. The company was founded in 2015 and is based in Langley, British Columbia.
- The investment was made to continue growing CubicFarm Systems Corp.



acquired



Announced	Sep. 8, 2020
EV	\$170M
TEV/EBITDA	Not disclosed
TEV/Revenue	Not disclosed

- Universal Corporation operates as a tobacco merchant. The company was founded in 1886 and is based in Richmond, Virginia.
- Silva International, Inc. offers dehydrated vegetable, herb, and fruit ingredients. The company was founded in 1978 and is based in Momence, Illinois.
- The transaction enables Universal Corporation to diversify its offerings and build on its plant-based ingredients platform.

# Public Comparable Analysis

## Select Trading Multiples & Operating Statistics

(Figures in \$USD Millions, except percentages and ratios)

Company	Market Capitalization	Enterprise Value	LTM Operating Figures				NTM Consensus Estimates			Valuation	
			Revenue	Growth	EBITDA	Margin	Revenue Growth	EBITDA Margin	NTM EV/EBITDA	LTM EV/EBITDA	LTM EV/REV
<b>Processed Foods</b>											
Nestlé S.A.	\$331,968	\$369,014	\$88,554	(5.1%)	\$18,896	21.3%	5.6%	22.3%	17.7x	19.5x	4.2x
Tyson Foods, Inc.	\$21,666	\$33,015	\$42,609	2.6%	\$4,363	10.2%	2.4%	9.4%	8.1x	7.6x	0.8x
Campbell Soup Company	\$14,621	\$20,215	\$8,691	7.2%	\$1,619	18.6%	(3.7%)	20.6%	11.7x	12.5x	2.3x
B&G Foods, Inc.	\$1,782	\$3,519	\$1,838	10.4%	\$337	18.4%	(1.1%)	18.3%	10.6x	10.4x	1.9x
<b>Median</b>	<b>\$18,144</b>	<b>\$26,615</b>	<b>\$25,650</b>	<b>4.9%</b>	<b>\$2,991</b>	<b>18.5%</b>	<b>0.6%</b>	<b>19.5%</b>	<b>11.1x</b>	<b>11.5x</b>	<b>2.1x</b>
<b>Mean</b>	<b>\$92,509</b>	<b>\$106,441</b>	<b>\$35,423</b>	<b>3.8%</b>	<b>\$6,304</b>	<b>17.1%</b>	<b>0.8%</b>	<b>17.6%</b>	<b>12.0x</b>	<b>12.5x</b>	<b>2.3x</b>
<b>Natural Foods</b>											
The Hain Celestial Group, Inc.	\$3,495	\$3,836	\$2,054	(2.4%)	\$186	9.1%	0.0%	11.1%	16.8x	20.6x	1.9x
Sprouts Farmers Market, Inc.	\$2,469	\$3,823	\$6,232	12.5%	\$474	7.6%	5.2%	6.6%	8.8x	8.1x	0.6x
United Natural Foods, Inc.	\$815	\$4,563	\$26,514	18.9%	\$654	2.5%	2.8%	2.6%	6.6x	7.0x	0.2x
<b>Median</b>	<b>\$2,469</b>	<b>\$3,836</b>	<b>\$6,232</b>	<b>12.5%</b>	<b>\$474</b>	<b>7.6%</b>	<b>2.8%</b>	<b>6.6%</b>	<b>8.8x</b>	<b>8.1x</b>	<b>0.6x</b>
<b>Mean</b>	<b>\$2,260</b>	<b>\$4,074</b>	<b>\$11,600</b>	<b>9.7%</b>	<b>\$438</b>	<b>6.4%</b>	<b>2.6%</b>	<b>6.8%</b>	<b>10.7x</b>	<b>11.9x</b>	<b>0.9x</b>
<b>Snacks</b>											
General Mills	\$37,707	\$50,430	\$17,988	7.2%	\$3,886	21.6%	(3.3%)	20.6%	14.0x	13.0x	2.8x
The Hershey Company	\$29,818	\$33,949	\$7,947	1.2%	\$1,887	23.7%	1.4%	26.0%	16.2x	18.0x	4.3x
J & J Snack Foods Corp.	\$2,464	\$2,265	\$1,081	(8.0%)	\$102	9.4%	(5.5%)	10.3%	21.5x	22.2x	2.1x
<b>Median</b>	<b>\$29,818</b>	<b>\$33,949</b>	<b>\$7,947</b>	<b>1.2%</b>	<b>\$1,887</b>	<b>21.6%</b>	<b>(3.3%)</b>	<b>20.6%</b>	<b>16.2x</b>	<b>18.0x</b>	<b>2.8x</b>
<b>Mean</b>	<b>\$23,330</b>	<b>\$28,881</b>	<b>\$9,006</b>	<b>0.2%</b>	<b>\$1,958</b>	<b>18.3%</b>	<b>(2.5%)</b>	<b>19.0%</b>	<b>17.2x</b>	<b>17.7x</b>	<b>3.1x</b>
<b>Alcoholic Beverages</b>											
Anheuser-Busch InBev SA/NV	\$106,995	\$206,991	\$47,449	(8.2%)	\$16,297	34.3%	(0.6%)	37.0%	11.8x	12.7x	4.4x
Heineken N.V.	\$51,262	\$72,032	\$21,769	(5.9%)	\$4,848	22.3%	14.4%	21.1%	13.7x	14.9x	3.3x
Brown-Forman Corporation	\$34,914	\$36,711	\$3,350	0.8%	\$1,193	35.6%	1.9%	34.8%	30.9x	30.8x	11.0x
Molson Coors Beverage Company	\$7,320	\$15,938	\$9,846	(6.3%)	\$2,364	24.0%	0.9%	20.6%	7.8x	6.7x	1.6x
<b>Median</b>	<b>\$43,088</b>	<b>\$54,372</b>	<b>\$15,807</b>	<b>(6.1%)</b>	<b>\$3,606</b>	<b>29.2%</b>	<b>1.4%</b>	<b>27.9%</b>	<b>12.8x</b>	<b>13.8x</b>	<b>3.8x</b>
<b>Mean</b>	<b>\$50,123</b>	<b>\$82,918</b>	<b>\$20,603</b>	<b>(4.9%)</b>	<b>\$6,176</b>	<b>29.1%</b>	<b>4.2%</b>	<b>28.4%</b>	<b>16.1x</b>	<b>16.3x</b>	<b>5.1x</b>
<b>Non-Alcoholic Beverages</b>											
The Coca-Cola Company	\$212,066	\$246,295	\$33,471	(7.0%)	\$11,313	33.8%	3.2%	32.9%	21.7x	21.8x	7.4x
PepsiCo, Inc.	\$191,910	\$227,861	\$68,557	3.8%	\$12,583	18.4%	1.3%	19.8%	16.6x	18.1x	3.3x
Starbucks Corporation	\$100,432	\$122,028	\$24,062	(7.7%)	\$3,370	14.0%	10.6%	19.1%	24.0x	36.2x	5.1x
Monster Beverage Corporation	\$42,297	\$41,148	\$4,307	7.9%	\$1,554	36.1%	9.4%	36.5%	23.9x	26.5x	9.6x
<b>Median</b>	<b>\$146,171</b>	<b>\$174,945</b>	<b>\$28,766</b>	<b>(1.6%)</b>	<b>\$7,341</b>	<b>26.1%</b>	<b>6.3%</b>	<b>26.4%</b>	<b>22.8x</b>	<b>24.1x</b>	<b>6.2x</b>
<b>Mean</b>	<b>\$136,676</b>	<b>\$159,333</b>	<b>\$32,599</b>	<b>(0.7%)</b>	<b>\$7,205</b>	<b>25.6%</b>	<b>6.1%</b>	<b>27.1%</b>	<b>21.5x</b>	<b>25.6x</b>	<b>6.3x</b>
<b>Fruit and Vegetable</b>											
Lamb Weston Holdings, Inc.	\$9,630	\$11,979	\$3,675	(4.1%)	\$781	21.3%	(0.1%)	20.2%	16.1x	15.3x	3.3x
Fresh Del Monte Produce Inc.	\$1,085	\$1,867	\$4,306	(4.5%)	\$157	3.6%	5.0%	4.6%	N/A	11.9x	0.4x
Seneca Foods Corporation	\$324	\$547	\$1,359	11.4%	\$119	8.7%	N/A	N/A	N/A	4.6x	0.4x
<b>Median</b>	<b>\$1,085</b>	<b>\$1,867</b>	<b>\$3,675</b>	<b>(4.1%)</b>	<b>\$157</b>	<b>8.7%</b>	<b>2.5%</b>	<b>12.4%</b>	<b>16.1x</b>	<b>11.9x</b>	<b>0.4x</b>
<b>Mean</b>	<b>\$3,680</b>	<b>\$4,798</b>	<b>\$3,113</b>	<b>0.9%</b>	<b>\$352</b>	<b>11.2%</b>	<b>2.5%</b>	<b>12.4%</b>	<b>16.1x</b>	<b>10.6x</b>	<b>1.4x</b>
<b>Fast Food</b>											
McDonald's Corporation	\$163,323	\$211,990	\$19,119	(8.8%)	\$8,909	46.6%	9.9%	48.9%	20.7x	23.8x	11.1x
Chipotle Mexican Grill, Inc.	\$34,784	\$36,883	\$5,817	8.3%	\$546	9.4%	12.8%	13.2%	42.5x	67.5x	6.3x
Yum! Brands, Inc.	\$27,518	\$37,921	\$5,494	(0.3%)	\$1,869	34.0%	8.7%	33.5%	19.0x	20.3x	6.9x
Restaurant Brands International	\$17,432	\$31,833	\$5,089	(7.6%)	\$1,894	37.2%	6.4%	39.7%	14.8x	16.8x	6.3x
<b>Median</b>	<b>\$31,151</b>	<b>\$37,402</b>	<b>\$5,656</b>	<b>(4.0%)</b>	<b>\$1,882</b>	<b>35.6%</b>	<b>9.3%</b>	<b>36.6%</b>	<b>19.8x</b>	<b>22.0x</b>	<b>6.6x</b>
<b>Mean</b>	<b>\$60,764</b>	<b>\$79,657</b>	<b>\$8,880</b>	<b>(2.1%)</b>	<b>\$3,304</b>	<b>31.8%</b>	<b>9.4%</b>	<b>33.8%</b>	<b>24.2x</b>	<b>32.1x</b>	<b>7.6x</b>
<b>Food Retail</b>											
Costco Wholesale Corporation	\$156,646	\$153,929	\$166,761	9.2%	\$7,668	4.6%	6.5%	4.3%	20.2x	20.1x	0.9x
The Kroger Co.	\$26,280	\$44,086	\$128,905	6.1%	\$6,305	4.9%	(0.9%)	4.9%	7.0x	7.0x	0.3x
<b>Median</b>	<b>\$91,463</b>	<b>\$99,007</b>	<b>\$147,833</b>	<b>7.6%</b>	<b>\$6,987</b>	<b>4.7%</b>	<b>2.8%</b>	<b>4.6%</b>	<b>13.6x</b>	<b>13.5x</b>	<b>0.6x</b>
<b>Mean</b>	<b>\$91,463</b>	<b>\$99,007</b>	<b>\$147,833</b>	<b>7.6%</b>	<b>\$6,987</b>	<b>4.7%</b>	<b>2.8%</b>	<b>4.6%</b>	<b>13.6x</b>	<b>13.5x</b>	<b>0.6x</b>

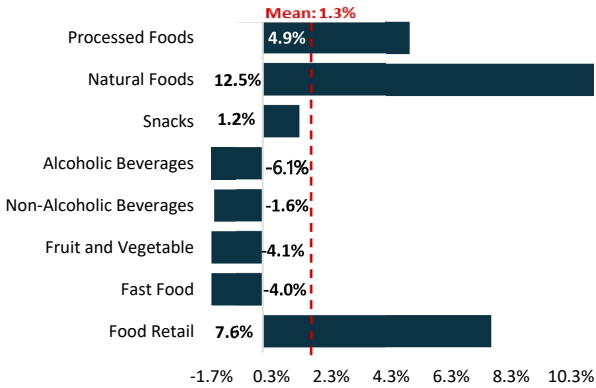
Source: Capital IQ. Data as of September 30, 2020  
 "LTM" refers to last twelve months. "NTM" refers to next twelve months.



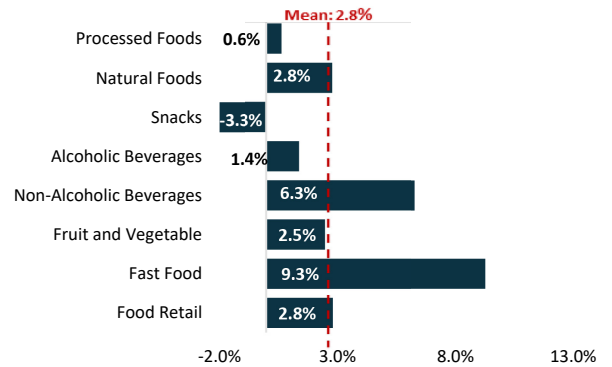
# Public Comparable Analysis

## Growth, Margins & Multiples

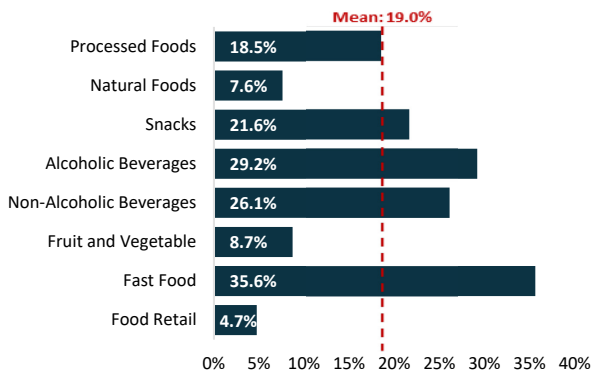
### LTM Revenue Growth



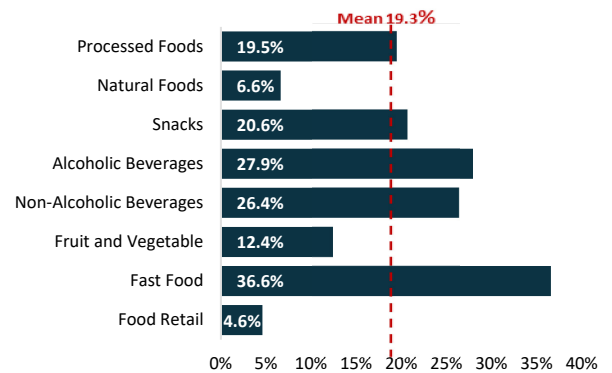
### NTM Revenue Growth



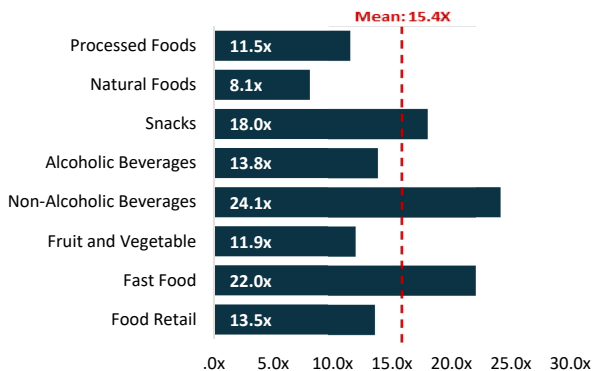
### LTM EBITDA Margin



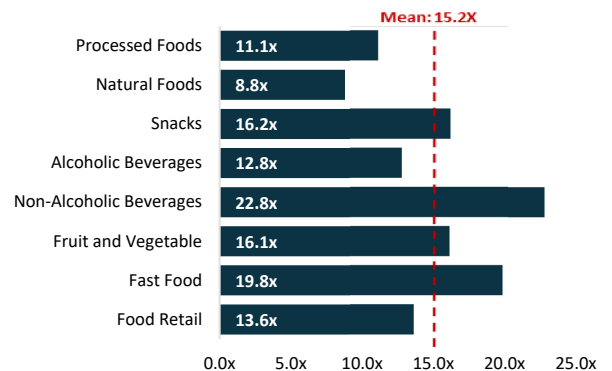
### NTM EBITDA Margin



### LTM EV/EBITDA



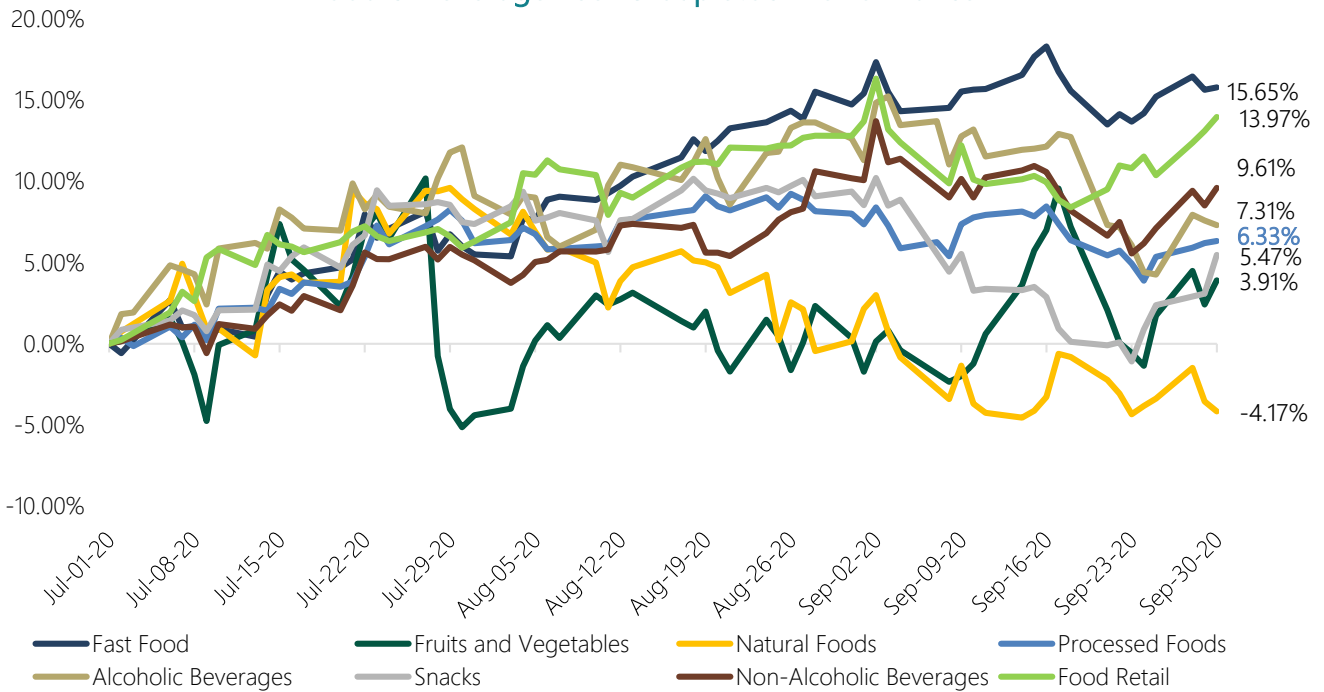
### NTM EV/EBITDA



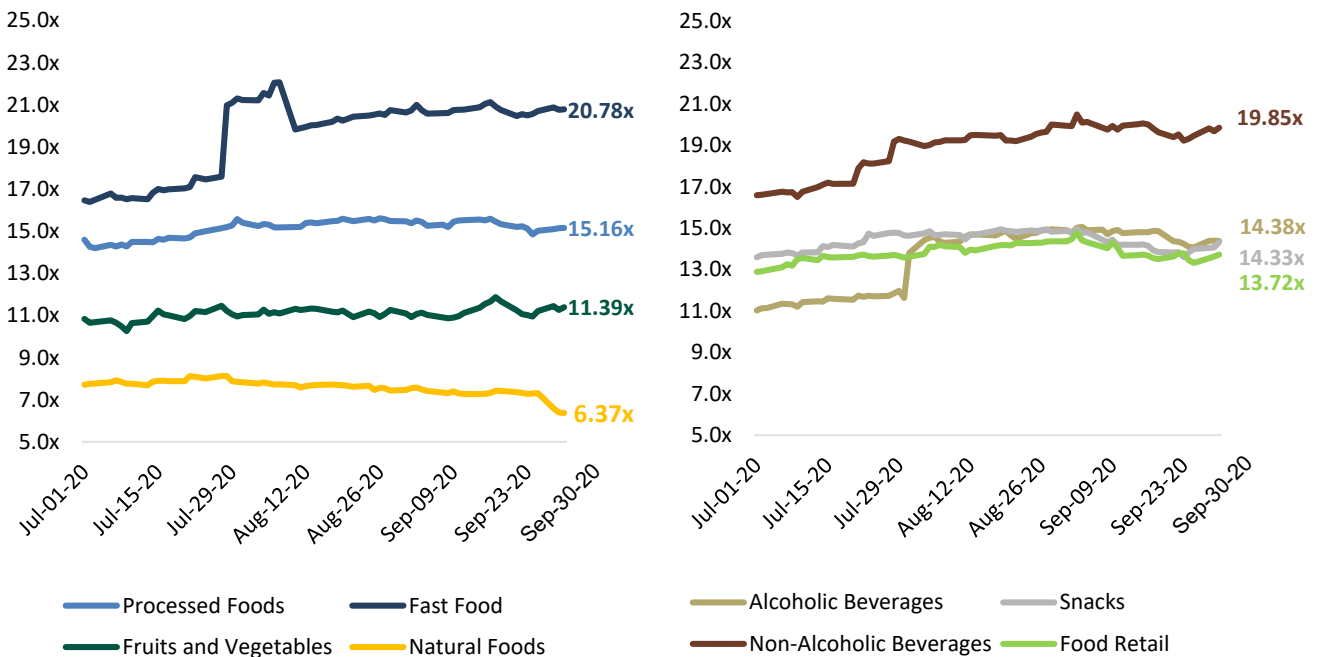
# Public Comparable Analysis

## Performance Analysis

### Food & Beverage Peer Group Stock Performance\*



### Food & Beverage Peer Group EV/EBITDA Multiples\*



Source: Capital IQ. Data as of September 30, 2020.  
\*Peer group metrics are weighted by market capitalization.  
Further details provided on page 5.

# About Us



MNP Corporate Finance (MNPCF) has a dedicated team of over 50 merger, acquisition, and transaction professionals across Canada. MNPCF works with clients in virtually all industries as they prepare, plan and execute transactions.

Our typical transactions range in value between \$3 million and \$300 million.

## Local and International Reach

MNP is a participating firm within Praxity, a unique global alliance of independent accounting/advisory firms created to answer global business needs. As a member of Praxity, we are able to offer access to corporate finance, accounting and tax advisory services worldwide. We are also affiliated with Corporate Finance Cross Border, which consists of 150+ M&A professionals in more than 25 countries.



**CFxB** CFXBorder - Global Reach with Local Relationships  
Our affiliation with CFxB consists of 150+ M&A professionals in more than 25 countries

## Services

- Divestitures
- Acquisitions
- Debt Financing
- Due Diligence
- Transaction Advisory Services

## Recently Closed Deals (National)

**KEPLER CAPITAL**  
has acquired  
**OXYARC**  
Northern Capital Restorations

MNP Corporate Finance Inc. acted as exclusive financial advisor to Kepler Capital Inc. in structuring and negotiating this transaction.

**ON SIDE RESTORATION.**  
has acquired  
**NCR**  
Northern Capital Restorations

MNP Corporate Finance Inc. acted as exclusive financial advisor to Northern Capital Restorations & Construction Ltd. in structuring and negotiating this transaction.

**EDMONTON PHARMACY GROUP**  
has acquired  
**ARP PHARMACY**  
CASTLEDOWNS ARP PHARMACY

MNP Corporate Finance Inc. acted as exclusive financial advisor to Edmonton Pharmacy Ltd. in structuring and negotiating this transaction.

Jan Nelson and Andrew Windsor  
has acquired  
**Maverick**  
EST. 1977

MNP Corporate Finance Inc. acted as exclusive financial advisor to Maverick Cider Winery Inc. in structuring and negotiating this transaction.

**Greyrock Capital Inc.**  
has acquired  
**EMERSON MILLING INC.**

MNP Corporate Finance Inc. acted as exclusive financial advisor to Emerson Milling Inc. in structuring and negotiating this transaction.

**MEDSPA PARTNERS**  
2020-2021  
has acquired  
**DSHI**

MNP Corporate Finance Inc. acted as exclusive financial advisor to DSHI in structuring and negotiating this transaction.

**A Confidential Buyer**  
has acquired  
**Hayes Management Ltd.**

MNP Corporate Finance Inc. acted as exclusive financial advisor to Hayes Management Ltd. in structuring and negotiating this transaction.

**ROBERTSON IMPLEMENTS**  
has acquired four dealerships  
**Moody's**  
Equipment LP

MNP Corporate Finance Inc. acted as exclusive financial advisor to Robertson Implements in structuring and negotiating this transaction.

**FLSMIDTH**  
has acquired  
**MILL-ORB**

MNP Corporate Finance Inc. acted as exclusive financial advisor to FLSMIDTH in structuring and negotiating this transaction.

**SupremeX**  
has acquired  
**ROYAL ENVELOPE LTD.**

MNP Corporate Finance Inc. provided financial advisory services to SupremeX Inc.



# About Us

## Deal Experience

Since our inception, our team has advised on hundreds of transactions, in a wide range of industries with diverse enterprise values. In the past five years alone we have completed over 120 transactions worth over \$2 billion (not including due diligence engagements).

## Industry Experience

- Food & Beverage
- Retail & Distribution
- Manufacturing
- Agriculture
- Automotive
- Materials
- Health Care
- Pharmaceutical
- Transportation
- Construction
- Software
- Financial Services
- Technology
- Energy
- Oilfield Services
- Real Estate

## Hands-on Approach

Current M&A transactions require a hands-on approach from start to finish including the active engagement of senior resources. Our senior resources are dedicated to our clients and are available as necessary and appropriate. We keep our clients regularly informed of the engagement status, issues we are encountering, successes and overall progress.

## Integrated Service Offering

We draw on the vast experience and deep specialist knowledge network of our partners locally, nationally and internationally as specialty issues arise, such as pre-transaction tax planning, transaction structuring, estate planning, valuation, due diligence, performance improvement and risk management.

## Recently Closed Deals (National)

**TRIPLE M METAL**  
has acquired  
**METROBEC**

MNP Corporate Finance Inc. acted as exclusive financial advisor to MetroBec Inc. in structuring and negotiating this transaction.

**CARBON 60**  
THE MANAGED CLOUD COMPANY  
has acquired  
**CIRRUS**

MNP Corporate Finance Inc. provided financial and tax due diligence services to Carbon60.

**MST SERVICES**  
has acquired  
**ORBIT SOLUTIONS**

MNP Corporate Finance Inc. provided financial and tax due diligence services to MST Services Holdings, LLC.

**DE LA FONTAINE**  
Energy Services Inc.  
has acquired  
**ONE EXPRESS LLC**

MNP Corporate Finance Inc. acted as exclusive financial advisor to De La Fontaine Energy Services Inc. in structuring and negotiating this transaction.

**GLBH**  
has acquired  
**ELRUS**  
AGGREGATE SYSTEMS

MNP Corporate Finance Inc. provided financial and tax due diligence services to G.L. Black Holdings Ltd.

**EMERGE**  
has acquired  
**underpar.com**  
green design lab

MNP Corporate Finance Inc. provided financial due diligence services to Emerge.com Inc. Inc.

**Crédit Mutuel Equity**  
has provided equity to capital to  
**HIGHLIGHT**  
INVESTMENT GROUP

MNP Corporate Finance Inc. provided financial and tax due diligence services to Crédit Mutuel Equity.

**E360S**  
ENVIRONMENTAL 360 SOLUTIONS  
IN CONSULTING SERVICES INC.  
has acquired  
**WASTE-CO**  
CORPORA SYSTEMS

MNP Corporate Finance Inc. provided financial and tax due diligence services to Environmental 360 Solutions Inc.

**trialcard**  
has acquired  
**Policy Reporter**

MNP Corporate Finance Inc. acted as exclusive financial advisor to Blooply Innovations Inc. (dba. Policy Reporter) in structuring and negotiating this transaction.

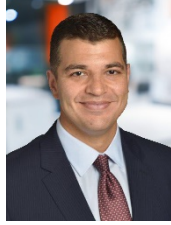
**E360S**  
ENVIRONMENTAL 360 SOLUTIONS  
IN CONSULTING SERVICES INC.  
has acquired  
**SCALETTA GROUP**

MNP Corporate Finance Inc. provided financial and tax due diligence services to Environmental 360 Solutions Inc.

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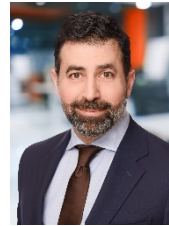
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