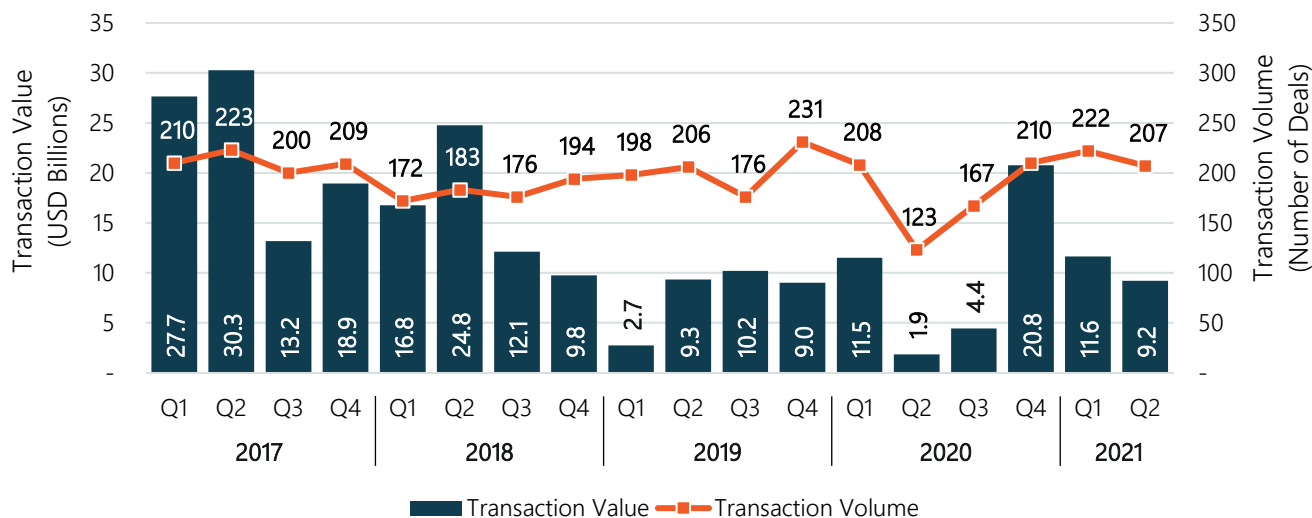


Food & Beverage

Quarterly Update | Q2 2021



North American Food and Beverage M&A Transactions



Q2 Transactions (Canada)
21
(-34.4% vs. Q1 2021)

Q2 Transaction Value (Canada)
\$84 million

Q2 Transactions (US)
186
(-2.1% vs. Q1 2021)

Q2 Transaction Value (US)
\$9,114 million

M&A Market Update – Q2 2021¹

- M&A activity in the North American food and beverage industry is robust with transaction values and volumes remaining at levels achieved prior the onset of the COVID-19 pandemic. Transaction volume slightly decreased from 222 deals in Q1 2021 to 207 deals in Q2 2021. Total transaction value in Q2 2021 remains healthy, however it fell from \$11.6 billion in Q1 2021 to \$9.2 billion in Q2 2021. The decrease in transaction value from the preceding quarter was primarily attributable to One Rock Capital Partners and Metropolous & Co.’s acquisition of Nestlé Waters North America Inc. for \$4.3 billion and Hormel Foods Co.’s acquisition of the Nuts Business of The Kraft Heinz Co. for \$3.4 billion in Q1 2021.
- The most sizable transaction during Q2 2021 was the Performance Food Group Company’s acquisition of Core-Mark Holding Company Inc. for \$2.7 billion.
- M&A activity in the food and beverage industry was largely driven by private strategic buyers in Q2 2021 as acquisitions by private companies accounted for 61% of the total transaction volume during the quarter. The remaining acquisitions were made by private equity firms and publicly listed companies, comprising 14% and 25% of total transaction volume, respectively.
- The majority of transactions in Q2 2021 were in the restaurant and packaged foods sub-industries, which comprised 23% and 35% of total transactions, respectively. During Q2 2021, the food retail sector also experienced notable deal activity with a total of 19 transactions.

Source: Capital IQ. Data as of June 30, 2021. All figures are in USD.

¹M&A summary data is based on publicly disclosed transactions in the food and beverage industry between January 1, 2017 to June 30, 2021.

Macroeconomic Indicators

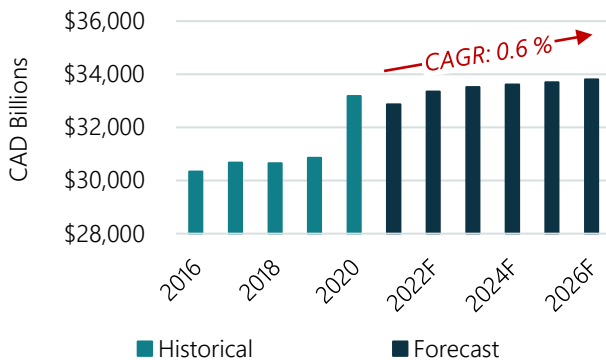
Key external drivers that affect the food and beverage industry in Canada include per capita disposable income, consumer spending, the consumer confidence index, and the consumer price index for food.

Per capita disposable income increased in 2020 due to significant government stimulus and unemployment benefits associated with COVID-19 government relief initiatives. Per capita disposable income is forecast to decline slightly in 2021 as the government is expected to reduce COVID-19 support packages during the year.

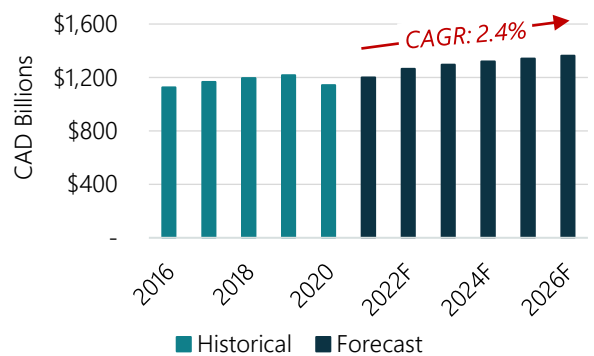
Despite increased levels of per capita disposable income in 2020, consumer spending and consumer confidence were at historically low levels in 2020 due to strict regulations relating to the COVID-19 pandemic, including stay-at-home orders, which, when lifted, evolved into the banning of indoor gatherings and strict capacity limits in establishments. Elevated levels of job losses and economic uncertainties stemming from the COVID-19 pandemic also contributed to lower consumer spend and confidence levels. However, with at least one dose of a COVID-19 vaccine expected to be available for every adult by the end of Q3 2021, a sharp rebound in consumer spending and consumer confidence is expected as restrictions on activity are eased and businesses resume normal operations.

Food prices in Canada increased approximately 2.3% during 2020, which is slightly above the historical annual growth rate of 1.9% between 2016 to 2020. The increase in food prices during 2020 is attributable to the depressed value of the Canadian dollar, making it more expensive for Canadian stores to purchase imported goods. Additionally, a portion of the cost stores incurred related to employee safety were passed onto consumers in the form of higher food prices.

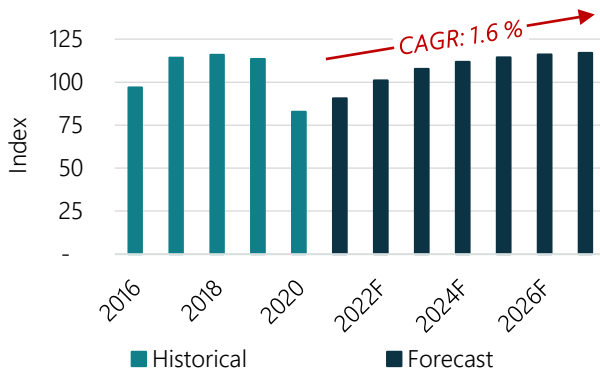
Per Capita Disposable Income



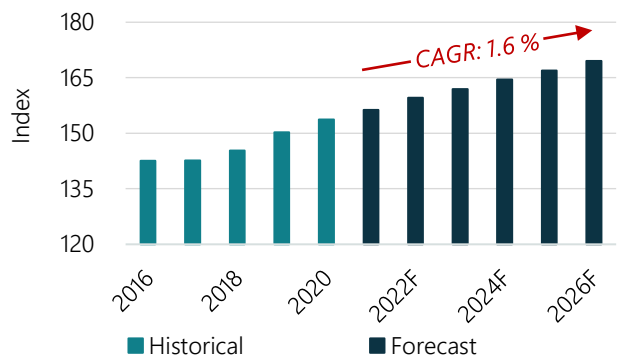
Consumer Spending



Consumer Confidence Index



Consumer Price Index For Food



Source: IBISWorld Industry Reports and Statistics Canada. Per capita disposable income, consumer price index for food, and consumer confidence index data as of April 2021. Consumer spending data as of July 2021. "F" indicates forecast.

Select Recent M&A Transactions



acquired



Closed	June 25, 2021
EV	\$425.0M
EV/EBITDA	Not Disclosed
EV/Revenue	Not Disclosed

- **The Hershey Company** (Hershey's) is a global leader in chocolate manufacturing and also produces gum and mint refreshment products, pantry items, sundae syrups, and snack items. The company provides its products under well-established brands including Hershey's, Reese's, Kisses, Jolly Rancher, and Almond Joy. Hershey's was founded in 1894 and is based in Hershey, Pennsylvania.
- **Lily's Sweets LLC** (Lily's) is a manufacturer of sugar-free and low-sugar confectionary products. Lily's offerings include dark and milk chocolate style bars, baking chips, peanut butter cups, and other confectionery products. Lily's was founded in 2010 and is based in Boulder, Colorado.
- The acquisition of Lily's allows Hershey's to strengthen its portfolio of better-for-you snacking brands. Hershey's is currently focused on executing its multi-pronged, better-for-you snacking strategy as the company vies to meet the evolving preferences of its customer base.



acquired



Announced	June 14, 2021
EV	Not Disclosed
EV/EBITDA	Not Disclosed
EV/Revenue	Not Disclosed

- **Foodtastic Inc.** (Foodtastic) is the franchisor of multiple restaurant concepts and coffee retailers including Second Cup, La Belle et La Boeuf, Carlos & Pepe's, Souvlaki Bar, Copper Branch, Tommy Café, and L'Gros Luxe. Foodtastic has over 370 restaurants and \$390 million in annualized sales. Foodtastic was founded in 2011 and is based in Pierrefonds, Quebec.
- **RECIPE Unlimited Corporation** (Recipe) is Canada's largest full-service restaurant company with over 25 brands and 1,330 restaurants, 84% of which are operated by franchisees and joint venture partners, operating in 11 countries. Recipe franchises and operates some of the most recognized brands in Canada, including Milestones, Swiss Chalet, Harvey's, St-Hubert, The Keg, Kelsey's, and New York Fries. Recipe was founded in 1883 and is based in Vaughn, Ontario.
- The transaction entails the sale of substantially all of the assets comprising the Milestones restaurant brand. The transaction enables Recipe to focus its portfolio on large brands that generate significant free cash flow and younger brands that offer attractive opportunities for accelerated new restaurant growth.

Substantially all
of the assets of
milestones
GRILL + BAR

Select Recent M&A Transactions



acquired



Announced	May 18, 2021
EV	\$2,737.5M
EV/EBITDA	11.7x
EV/Revenue	0.2x

- Performance Food Group Company (PFG)** is a customer-centric foodservice distribution leader headquartered in Richmond, Virginia. PFG was founded in 1885 and has over 100 distribution facilities. PFG markets and delivers quality food and related products to over 200,000 locations, including independent and chain restaurants, schools, business and industry locations, healthcare facilities, and big box retailers.
- Core-Mark Holding Company (Core-Mark)** is one of the largest marketers of fresh and broad-line supply solutions to the convenience retail industry in North America. Founded in 1888, Core-Mark offers a full range of products, marketing programs and technology solutions to approximately 40,000 customer locations in the United States and Canada through 32 distribution centers. Core-Mark is based in Westlake, Texas and services traditional convenience stores, grocers, drug stores, liquor and specialty stores, and other stores that carry convenience products.
- The transaction accelerates PFG's diversification strategy and adds highly complementary assets to its convenience store channel. Moreover, the transaction builds upon PFG's current food service focus within the convenience channel by adding additional customers and product offerings, particularly in the fresh food space.



ORGANIGRAM

acquired



Closed	April 6, 2021
EV	\$27.9M
EV/EBITDA	Not Disclosed
EV/Revenue	Not Disclosed

- Organigram Holdings Inc. (Organigram)** produces and sells cannabis and cannabis-derived products in Canada through its subsidiary, Organigram Inc. Organigram offers cannabis flowers, extracts, edibles, oils, beverages, and other cannabis products for the medical and adult recreational markets under a variety of brands. Organigram was founded in 2013 and is based in Moncton, New Brunswick.
- The Edibles and Infusions Corporation (EIC)** is a producer of cannabis-infused soft chews and candy. EIC operates out of a 51,000-square-foot manufacturing facility with state-of-the-art equipment designed to produce customizable, precise, and scalable cannabis-infused products. EIC was founded in 2018 and is based in Winnipeg, Manitoba.
- The transaction strengthens Organigram's product offering and allows the company to expand its manufacturing and research and development capabilities. In addition, the acquisition will help Organigram capitalize on the growing popularity of edibles in the Canadian recreational cannabis market.

Public Comparable Analysis

Trading Multiples & Operating Statistics

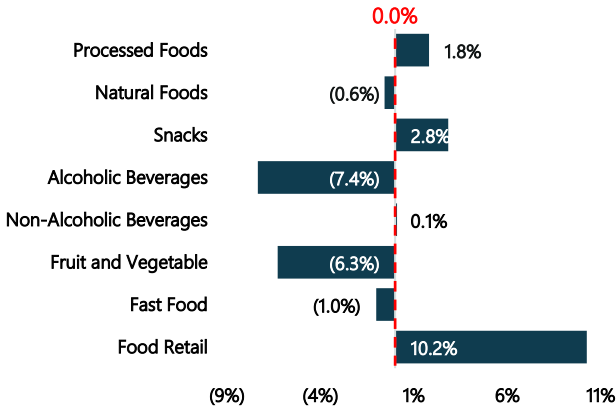
(Figures in USD Millions, except percentages and ratios)

Company	Market Capitalization	Enterprise Value	LTM Operating Figures				NTM Consensus Estimates			Valuation	
			Revenue	Revenue Growth	EBITDA	EBITDA Margin	Revenue Growth	EBITDA Margin	NTM EV/EBITDA	LTM EV/EBITDA	LTM EV/REV
Processed Foods											
Nestlé S.A.	\$342,773	\$377,548	\$84,681	(8.8%)	\$19,312	22.8%	10.0%	22.1%	18.3x	19.6x	4.5x
Tyson Foods, Inc.	\$26,906	\$36,424	\$43,242	(0.5%)	\$5,140	11.9%	6.4%	9.3%	8.5x	7.1x	0.8x
Campbell Soup Company	\$13,816	\$19,045	\$8,711	4.2%	\$1,683	19.3%	(4.3%)	19.9%	11.5x	11.3x	2.2x
B&G Foods, Inc.	\$2,124	\$4,444	\$2,024	19.2%	\$368	18.2%	1.0%	18.2%	11.9x	12.1x	2.2x
Median	\$20,361	\$27,735	\$25,977	1.8%	\$3,412	18.8%	3.7%	19.0%	11.7x	11.7x	2.2x
Mean	\$96,405	\$109,366	\$34,664	3.5%	\$6,626	18.1%	3.3%	17.4%	12.6x	12.5x	2.4x
Natural Foods											
The Hain Celestial Group, Inc.	\$4,001	\$4,299	\$2,031	(0.8%)	\$238	11.7%	(3.7%)	14.1%	15.6x	18.1x	2.1x
Sprouts Farmers Market, Inc.	\$2,936	\$4,159	\$6,398	9.0%	\$507	7.9%	1.4%	7.0%	9.1x	8.2x	0.7x
United Natural Foods, Inc.	\$2,084	\$5,709	\$26,935	(0.6%)	\$732	2.7%	3.2%	2.5%	8.2x	7.8x	0.2x
Median	\$2,936	\$4,299	\$6,398	(0.6%)	\$507	7.9%	1.4%	7.0%	9.1x	8.2x	0.7x
Mean	\$3,007	\$4,722	\$11,788	2.6%	\$492	7.5%	0.3%	7.9%	11.0x	11.4x	1.0x
Snacks											
General Mills	\$36,997	\$49,046	\$18,127	2.8%	\$4,105	22.6%	(1.3%)	20.6%	13.3x	11.9x	2.7x
The Hershey Company	\$36,055	\$39,658	\$8,408	5.0%	\$2,265	26.9%	2.6%	26.4%	17.4x	17.5x	4.7x
J & J Snack Foods Corp.	\$3,320	\$3,097	\$1,074	(0.7%)	\$103	9.6%	8.3%	12.5%	21.3x	30.1x	2.9x
Median	\$36,055	\$39,658	\$8,408	2.8%	\$2,265	22.6%	2.6%	20.6%	17.4x	17.5x	2.9x
Mean	\$25,457	\$30,601	\$9,203	2.4%	\$2,158	19.7%	3.2%	19.8%	17.3x	19.9x	3.4x
Alcoholic Beverages											
Anheuser-Busch InBev SA/NV	\$142,201	\$236,395	\$48,171	(5.7%)	\$15,991	33.2%	10.5%	36.3%	12.2x	14.8x	4.9x
Heineken N.V.	\$69,764	\$87,781	\$19,715	(17.7%)	\$4,251	21.6%	29.2%	22.2%	15.5x	20.7x	4.5x
Brown-Forman Corporation	\$35,132	\$36,610	\$3,461	2.9%	\$1,093	31.6%	7.4%	32.6%	30.2x	33.5x	10.6x
Molson Coors Beverage Company	\$11,658	\$19,854	\$9,450	(9.0%)	\$2,317	24.5%	10.0%	21.3%	9.0x	8.6x	2.1x
Median	\$52,448	\$62,196	\$14,582	(7.4%)	\$3,284	28.0%	10.2%	27.4%	13.9x	17.7x	4.7x
Mean	\$64,689	\$95,160	\$20,199	(7.4%)	\$5,913	27.7%	14.3%	28.1%	16.7x	19.4x	5.5x
Non-Alcoholic Beverages											
The Coca-Cola Company	\$233,305	\$267,917	\$33,433	(10.1%)	\$11,773	35.2%	12.2%	33.9%	21.1x	22.8x	8.0x
PepsiCo, Inc.	\$204,716	\$241,862	\$74,583	10.2%	\$13,702	18.4%	2.0%	19.1%	16.6x	17.7x	3.2x
Starbucks Corporation	\$131,746	\$151,270	\$23,843	(10.6%)	\$3,395	14.2%	27.2%	22.8%	21.9x	44.6x	6.3x
Monster Beverage Corporation	\$48,284	\$46,146	\$4,780	10.7%	\$1,741	36.4%	15.1%	34.9%	24.0x	26.5x	9.7x
Median	\$168,231	\$196,566	\$28,638	0.1%	\$7,584	26.8%	13.6%	28.3%	21.5x	24.6x	7.2x
Mean	\$154,513	\$176,799	\$34,160	0.1%	\$7,653	26.1%	14.1%	27.7%	20.9x	27.9x	6.8x
Fruit and Vegetable											
Lamb Weston Holdings, Inc.	\$11,799	\$13,858	\$3,510	(11.1%)	\$656	18.7%	9.0%	22.7%	16.0x	21.1x	3.9x
Fresh Del Monte Produce Inc.	\$1,562	\$2,319	\$4,173	(6.3%)	\$221	5.3%	4.9%	5.5%	N/A	10.5x	0.6x
Seneca Foods Corporation	\$463	\$573	\$1,468	9.9%	\$185	12.6%	N/A	N/A	N/A	3.1x	0.4x
Median	\$1,562	\$2,319	\$3,510	(6.3%)	\$221	12.6%	7.0%	14.1%	16.0x	10.5x	0.6x
Mean	\$4,608	\$5,583	\$3,050	(2.5%)	\$354	12.2%	7.0%	14.1%	16.0x	11.6x	1.6x
Fast Food											
McDonald's Corporation	\$172,359	\$218,886	\$19,618	(6.8%)	\$9,264	47.2%	16.4%	50.6%	18.9x	23.6x	11.2x
Chipotle Mexican Grill, Inc.	\$43,643	\$45,834	\$6,843	21.8%	\$911	13.3%	11.1%	16.8%	35.9x	50.3x	6.7x
Yum! Brands, Inc.	\$34,268	\$45,273	\$5,875	4.8%	\$2,025	34.5%	9.3%	34.9%	20.2x	22.4x	7.7x
Restaurant Brands International Inc.	\$19,781	\$34,156	\$5,003	(10.1%)	\$1,803	36.0%	16.0%	39.8%	14.8x	18.9x	6.8x
Median	\$38,955	\$45,553	\$6,359	(1.0%)	\$1,914	35.3%	13.6%	37.4%	19.6x	23.0x	7.3x
Mean	\$67,513	\$86,037	\$9,335	2.4%	\$3,501	32.8%	13.2%	35.5%	22.4x	28.8x	8.1x
Food Retail											
Costco Wholesale Corporation	\$174,913	\$174,507	\$186,637	16.0%	\$8,677	4.6%	7.2%	4.3%	20.2x	20.1x	0.9x
The Kroger Co.	\$28,656	\$47,500	\$132,24	4.5%	\$5,504	4.2%	0.4%	4.8%	7.5x	8.6x	0.4x
Median	\$101,785	\$111,004	\$159,44	10.2%	\$7,091	4.4%	3.8%	4.6%	13.8x	14.4x	0.6x
Mean	\$101,785	\$111,004	\$159,44	10.2%	\$7,091	4.4%	3.8%	4.6%	13.8x	14.4x	0.6x

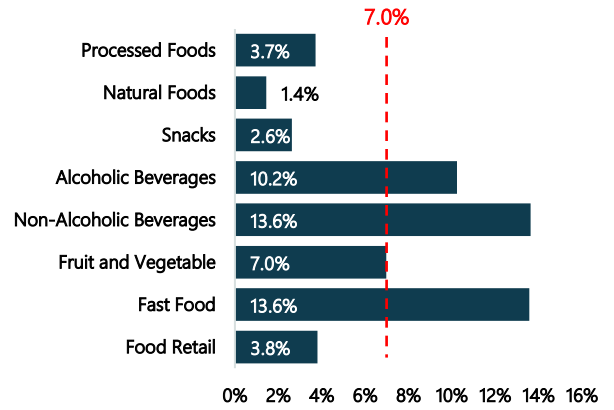
Public Comparable Analysis

Growth, Margins & Multiples

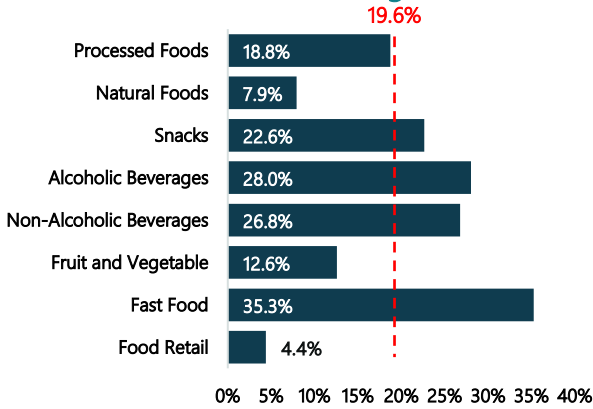
LTM Revenue Growth



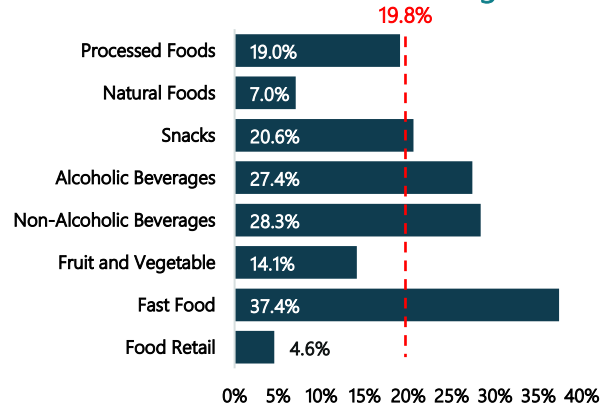
NTM Revenue Growth



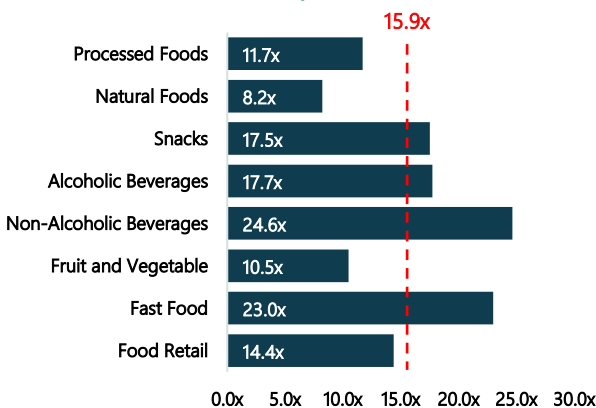
LTM EBITDA Margin



NTM EBITDA Margin



LTM EV/EBITDA



NTM EV/EBITDA

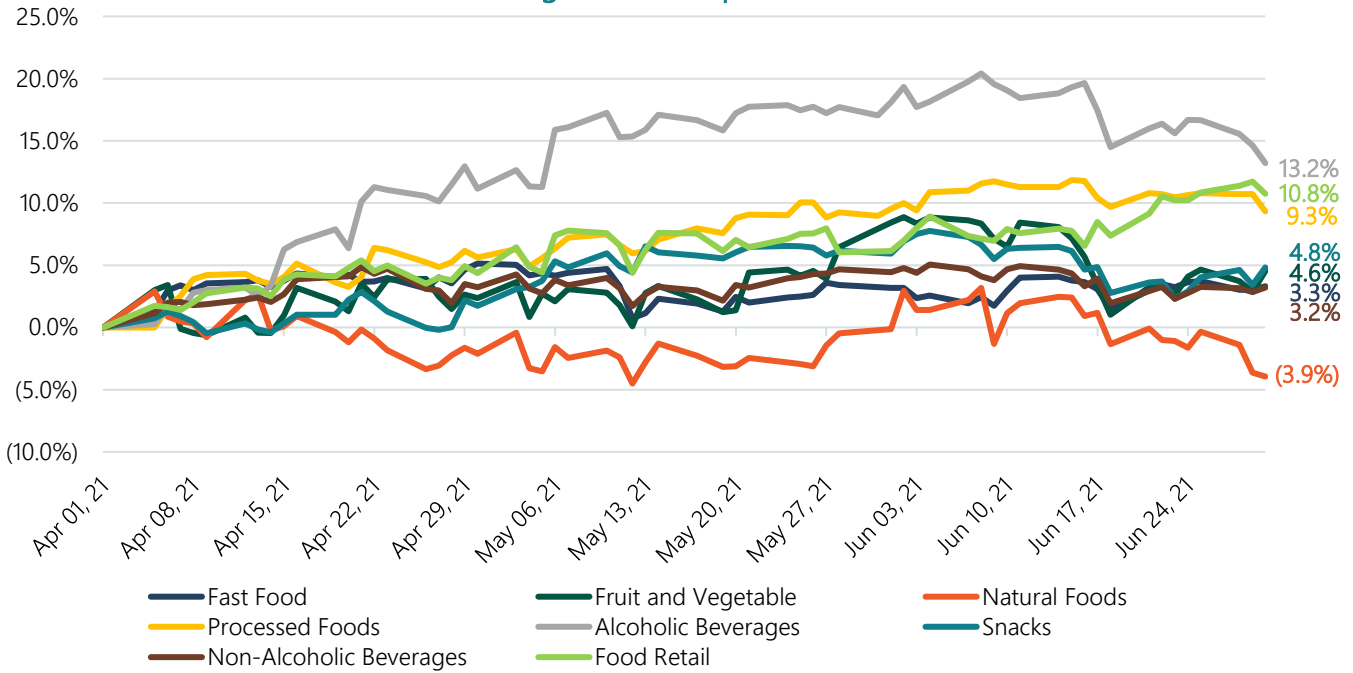


--- Average

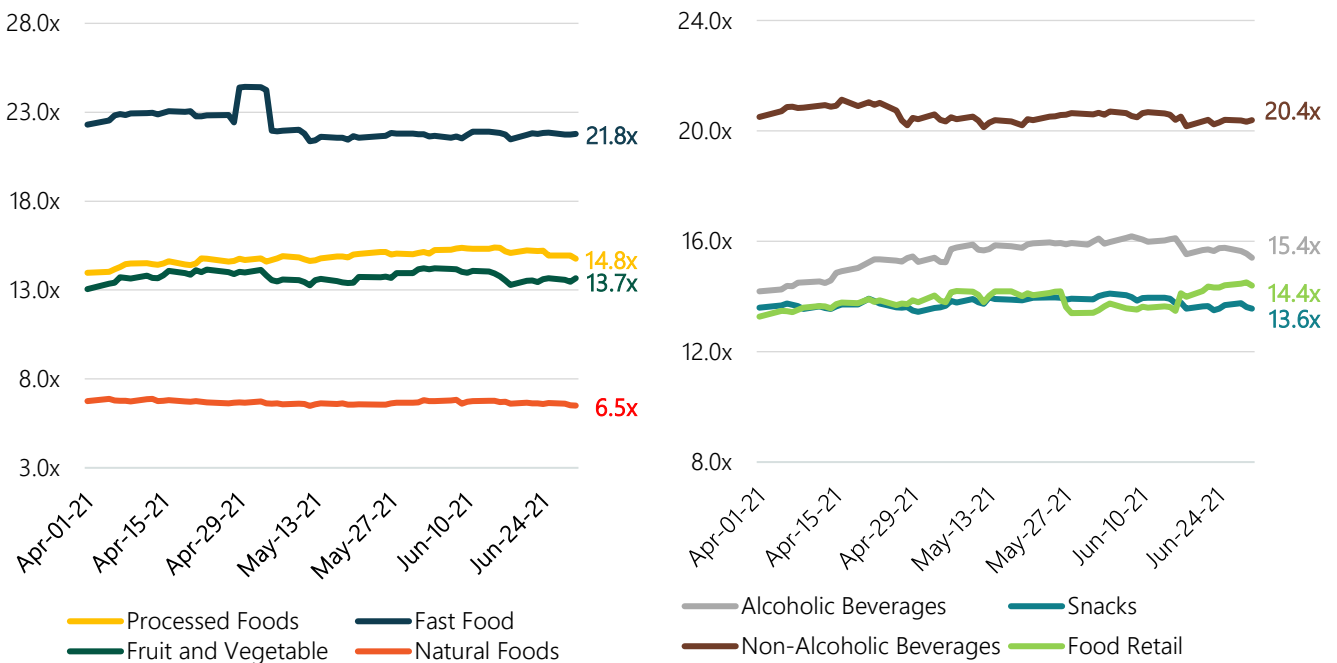
Public Comparable Analysis

Performance Analysis

Food & Beverage Peer Group Stock Performance



Food & Beverage Peer Group EV/EBITDA Multiples



About Us



MNP Corporate Finance (MNPCF) has a dedicated team of over 85 merger, acquisition, and transaction professionals across Canada. MNPCF works with clients in virtually all industries as they prepare, plan and execute transactions.

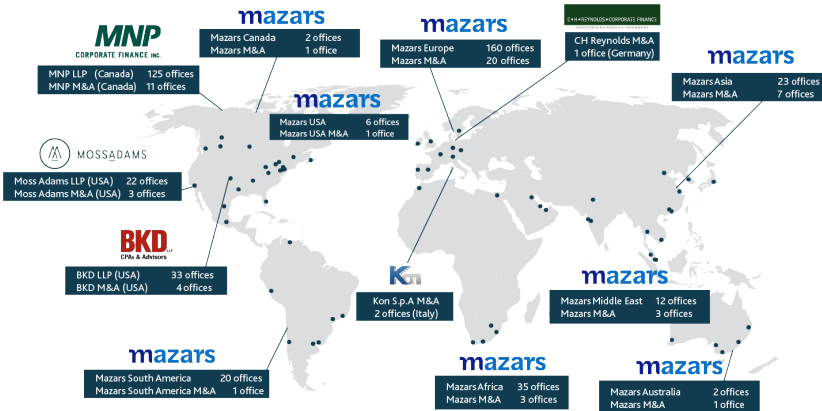
Our typical transactions range in value between \$3 million and \$300 million.

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 250+ M&A professionals in more than 30 countries.



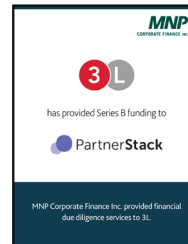
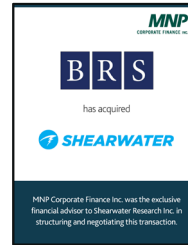
CFxB CFxBorder - Global reach with local relationships
Our corporate finance team through CFxB consists of 250 plus M&A professionals in more than 30 countries



Services

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

Recently Closed Deals (National)



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 125 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.

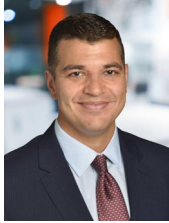
Recently Closed Deals (National)



Transaction Leadership



Brett Franklin
President
Brett.Franklin@mnp.ca
204.336.6190



Aleem Bandali
Managing Director
Aleem.Bandali@mnp.ca
778.374.2140



Mark Regehr
Managing Director
Mark.Regehr@mnp.ca
780.969.1404



Mike Reynolds
Managing Director
Mike.Reynolds@mnp.ca
587.702.5909



Erik St-Hilaire
Managing Director
Erik.St-Hilaire@mnp.ca
204.336.6200



Stephen Shaw
Managing Director
Stephen.Shaw@mnp.ca
416.515.3883



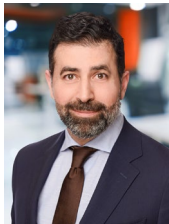
Dan Porter
Managing Director
Dan.Porter@mnp.ca
416.515.3877



Kevin Tremblay
Managing Director
Kevin.Tremblay@mnp.ca
647.943.4051



Jon Edgett
Managing Director
Jon.Edgett@mnp.ca
519.772.7460



Patrick Khouzam
Managing Director
Patrick.Khouzam@mnp.ca
514.228.7874



Jonathan Banford
Managing Director
Jonathan.Banford@mnp.ca
418.696.3924

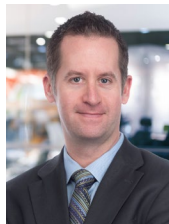


Éric Grondin
Managing Director
Éric.Grondin@mnp.ca
819.823.3290

Due Diligence Leadership



Jean-Raymond Lafond
Managing Director
Jean-Raymond.Lafond@mnp.ca
819.473.7251



Craig Maloney
Managing Director
Craig.Maloney@mnp.ca
902.493.5430



Johnny Earl
Managing Director
Johnny.Earl@mnp.ca
604.637.1514



John Caggianiello
Managing Director
John.Caggianiello@mnp.ca
416.513.4177