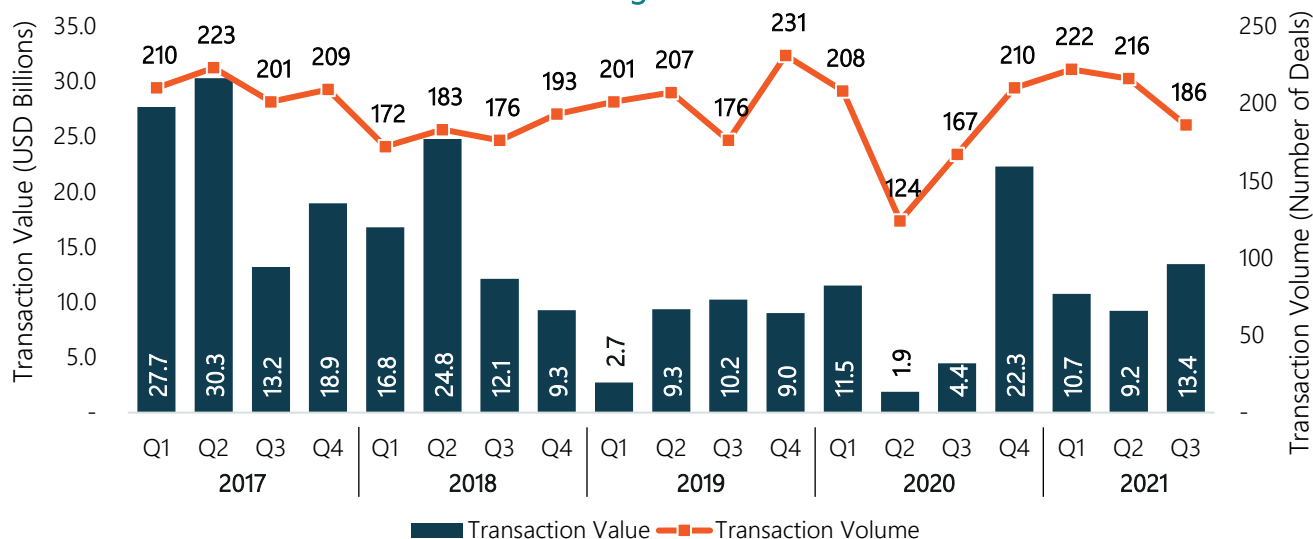


Food & Beverage

Quarterly Update | Q3 2021



North American Food and Beverage M&A Transactions



Q3 Transactions (Canada)
22
(-4.3% vs. Q2 2021)

Q3 Transaction Value (Canada)
\$223 million

Q3 Transactions (US)
164
(-15.0% vs. Q2 2021)

Q3 Transaction Value (US)
\$13.2 billion

M&A Market Update – Q3 2021¹

- Q3 2021 M&A activity in the North American food and beverage industry was highlighted by higher average transaction values, despite fewer transactions compared to the preceding quarter. Transaction value increased by 45.7% from Q2 2021 to Q3 2021 driven by several large acquisitions, including Cargill Inc.'s and Continental Grain Company's acquisition of Sanderson Farms Inc. for \$4.5 billion. PAI Partners also acquired various juice brands from PepsiCo, including Tropicana and Naked Juice, for \$3.3 billion.
- In response to surging inflation rates caused by a combination of growing consumer demand, global supply chain issues, product shortages, and rising oil prices, North American banks are expected to increase interest rates, which will result in more expensive debt financing. Looming interest rate hikes have somewhat impacted total M&A activity in Q3 2021, with total transaction volume decreasing by 13.9% from Q2 2021.
- Industry M&A activity was largely driven by private strategic buyers in Q3 2021, accounting for 67% of the total transaction volume during the quarter. The remaining acquisitions were made by publicly listed companies and private equity firms, comprising 17% and 16% of total transaction volume, respectively.
- The majority of transactions in Q3 2021 were in the restaurant and packaged foods sub-industries, which comprised 24% and 41% of total transactions, respectively. During Q3 2021, the beverage sector, which includes soft drinks, brewers, distillers, and vintners also experienced notable deal activity with a total of 23 transactions, accounting for 12% of transaction volume over the quarter.

Source: Capital IQ. Data as of September 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 September 30, 2021.

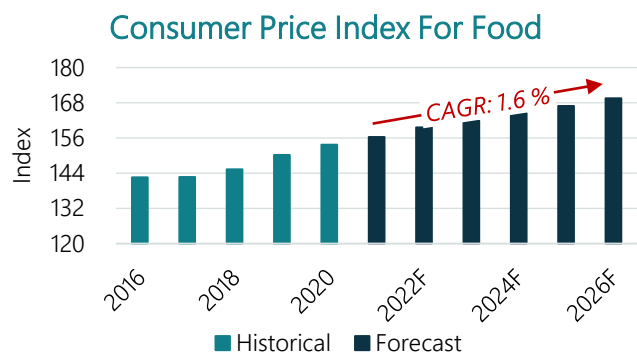
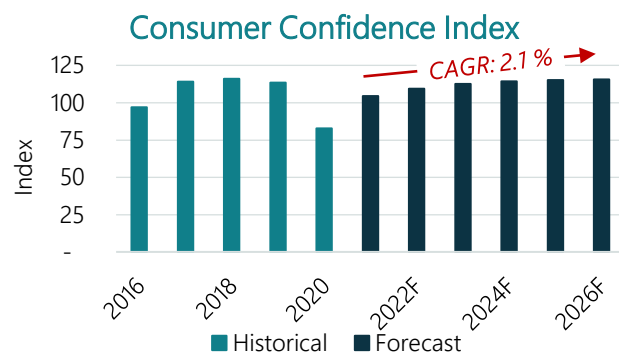
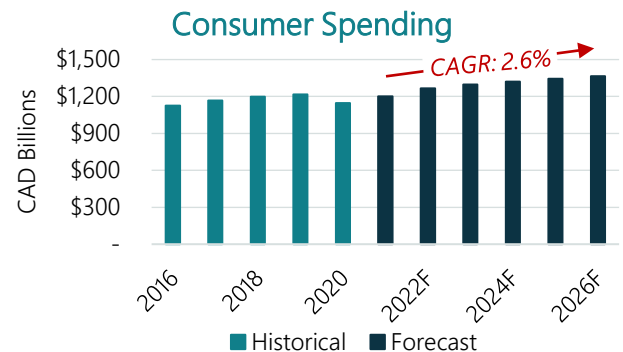
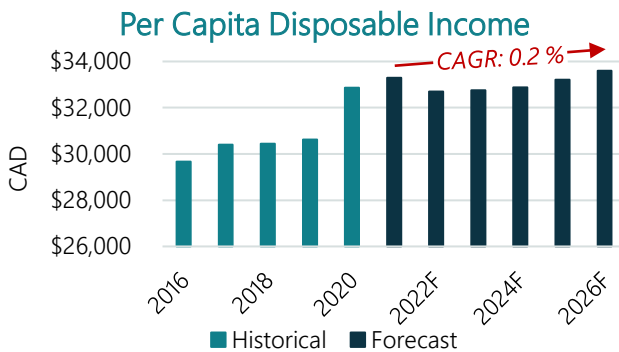
Macroeconomic Indicators

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. The spread of the COVID-19 Delta variant resulted in the extension of many government relief initiatives in 2021 and supported disposable incomes. In 2022, disposable income is forecasted to decline due to expected interest rate hikes and a reduction of COVID-19 support packages from the government.

Consumer spending and consumer confidence were at historical lows in 2020 due to strict regulations relating to the COVID-19 pandemic, which included stay-at-home orders, 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 spending and confidence levels. However, since one dose of a COVID-19 vaccine has been made available for every adult by Q3 2021, a sharp rebound in consumer spending and consumer confidence is expected by the end of the year as activity restrictions 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. Supply chain pressures, bottlenecks, and shifting consumer demand have also increased costs for suppliers. Additionally, a portion of the cost stores incurred related to employee safety were passed onto consumers in the form of higher food prices. The projected increases in food prices in conjunction with rising inflation will limit the overall buying power of consumers.



Select Recent M&A Transactions

United States



acquired



Announced	Aug 9, 2021
EV	\$4,649.6M
EV/EBITDA	4.2x
EV/Revenue	1.0x

- **Cargill Inc.** (Cargill) is an international producer and marketer of food, agricultural, financial, and industrial products and services. The company was founded in 1865 and is based in Minneapolis, Minnesota.
- **Continental Grain Company** (CGC) is a global investor, owner, and operator of companies across the food, agribusiness, and commodities spectrum. The company's portfolio includes early stage ventures, up to established operating companies across the United States, China, and Latin America. The company was founded in 1814 and is based in New York, New York.
- **Sanderson Farms** ("Sanderson") is an integrated poultry processing company that produces, processes, markets, and distributes fresh, frozen, and prepared chicken products to grocers, food-service operators, and distributors in the United States. The company was founded in 1947 and is based in Laurel, Mississippi.
- Cargill and Continental Grain formed a joint venture to acquire Sanderson Farms. The companies plan to combine Sanderson Farms with Wayne Farms, a CGC subsidiary, to create a new, privately-held poultry business. The acquisition will allow the companies to significantly increase their domestic and global market share to compete with other meat conglomerates as worldwide demand for meat continues to increase.



acquired



Announced	Aug 3, 2021
EV	\$3,300.0M
EV/EBITDA	Not Disclosed
EV/Revenue	1.8x

- **PAI Partners** (PAI) is a private equity firm that primarily invests in companies operating in the business services, food and consumer, general industrial products, healthcare, retail, and distribution sectors. The firm was founded in 1994 and is based in Paris, France.
- **Tropicana Products Inc.** (Tropicana), and **Naked Juice Company** (Naked) are producers of various fruit juices and are both subsidiaries of PepsiCo, Inc. (Pepsi). Tropicana was founded in 1947 and is based in Chicago, Illinois. Naked was founded in 1983 and is based in Monrovia, California.
- Pepsi sold Tropicana, Naked, and other juice brands to PAI as it seeks to bolster its balance sheet and focus on healthier snacks and zero-calorie drinks. Pepsi will retain a 39% non-controlling interest in a new holding company for the brands. Post acquisition, PAI plans on capitalizing on significant growth through investments in product innovation, expansion into adjacent categories, and enhanced scale in branded juice drinks and other chilled categories.

Select Recent M&A Transactions

Canada



WINES & SPIRITS LTD.

acquired



Closed	Aug 5, 2021
EV	\$12.9M
EV/EBITDA	Not Disclosed
EV/Revenue	Not Disclosed

- **Diamond Estates Wine & Spirits Inc.** (Diamond) is a producer of wines, and a sales agent for over 120 alcohol brands across Canada. Diamond was founded in 2011 and operates wineries in Niagara-on-the-Lake, Ontario and Langley, British Columbia. Diamond predominately produces Vintners Quality Alliance (VQA) and blended wines under brand names such as 20 Bees, EastDell, Lakeview, Hat Trick, Benchmark, and Seasons.
- **Equity Wine Group Inc.** (Equity Wine), is an owner-operator of two wineries in Niagara-on-the-Lake and Jordan Station, Ontario. The company's two wineries, Creekside and Queenston Mile, also produce Red Tractor Wines, Rood Apples Cider, and have the rights to produce and distribute Proud Pour Wines. The wineries currently distribute via the Liquor Control Board of Ontario, grocery stores, and across 400 restaurants.
- The transaction will allow Diamond to enter the craft cider market and will strengthen the company's portfolio of brands, which will increase the company's domestic market share. The transaction will also allow Diamond to capitalize on Equity Wine's access to broader channels, such as grocery stores and licensee retail stores, while simultaneously expanding geographically in the export and extra-provincial channels. Furthermore, the acquisition will create operational synergies for Diamond by leveraging Equity Wine's winemaking, purchasing, and sourcing abilities.



acquired



Announced	Aug 3, 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, Milestones, La Belle et La Boeuf, Carlos & Pepe's, Soulvaki Bar, Copper Branch, and L'Gros Luxe. Foodtastic has over 370 restaurants in Canada and the United States. The company was founded in 2011 and is based in Pierrefonds, Quebec.
- **Pita Pit Canada and Pita Pit International** (Pita Pit) is one of the largest quick service restaurant brands in Canada and specializes in providing Lebanese-style pita sandwiches. Pita Pit currently operates 225 restaurants in Canada and an additional 135 internationally. The company was founded in 1995 and is based in Kingston, Ontario.
- The acquisition strengthens Foodtastic's portfolio of quick service restaurant brands and diversifies its offering to include healthier alternatives. Foodtastic is seeking to grow the brand in Canada as well as internationally, with more than 50 new locations expected to open in the next 36 months.

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.	\$332,197	\$374,260	\$85,304	(3.7%)	\$18,190	21.3%	10.9%	21.6%	18.3x	20.6x	4.4x
Tyson Foods, Inc.	\$28,799	\$37,562	\$45,698	7.2%	\$5,145	11.3%	5.2%	10.0%	7.8x	7.3x	0.8x
Campbell Soup Company	\$12,606	\$17,831	\$8,476	(2.5%)	\$1,927	22.7%	(0.5%)	19.3%	11.0x	9.3x	2.1x
B&G Foods, Inc.	\$1,938	\$4,265	\$1,976	7.5%	\$350	17.7%	4.2%	17.5%	11.9x	12.2x	2.2x
Median	\$20,703	\$27,697	\$27,087	2.4%	\$3,536	19.5%	4.7%	18.4%	11.4x	10.7x	2.1x
Mean	\$93,885	\$108,480	\$35,363	2.1%	\$6,403	18.3%	5.0%	17.1%	12.2x	12.3x	2.4x
Natural Foods											
The Hain Celestial Group, Inc.	\$4,133	\$4,385	\$1,970	(4.1%)	\$233	11.8%	(2.4%)	14.4%	15.9x	18.8x	2.2x
Sprouts Farmers Market, Inc.	\$2,646	\$3,915	\$6,277	3.0%	\$497	7.9%	1.7%	6.9%	8.8x	7.9x	0.6x
United Natural Foods, Inc.	\$2,733	\$6,193	\$26,950	1.5%	\$772	2.9%	3.9%	2.7%	8.2x	8.0x	0.2x
Median	\$2,733	\$4,385	\$6,277	1.5%	\$497	7.9%	1.7%	6.9%	8.8x	8.0x	0.6x
Mean	\$3,171	\$4,831	\$11,732	0.1%	\$501	7.5%	1.1%	8.0%	11.0x	11.6x	1.0x
Snacks											
General Mills	\$36,233	\$49,352	\$18,303	1.8%	\$4,087	22.3%	(0.3%)	20.6%	13.1x	12.1x	2.7x
The Hershey Company	\$34,872	\$38,962	\$8,690	9.4%	\$2,349	27.0%	2.0%	26.3%	16.7x	16.6x	4.5x
J & J Snack Foods Corp.	\$2,913	\$2,663	\$1,074	(0.7%)	\$103	9.6%	12.8%	13.2%	16.7x	25.9x	2.5x
Median	\$34,872	\$38,962	\$8,690	1.8%	\$2,349	22.3%	2.0%	20.6%	16.7x	16.6x	2.7x
Mean	\$24,673	\$30,326	\$9,356	3.5%	\$2,180	19.6%	4.8%	20.0%	15.5x	18.2x	3.2x
Alcoholic Beverages											
Anheuser-Busch InBev SA/NV	\$112,765	\$205,167	\$51,415	7.6%	\$17,131	33.3%	6.3%	36.0%	10.4x	12.0x	4.0x
Heineken N.V.	\$60,190	\$78,721	\$20,482	(5.9%)	\$5,084	24.8%	29.3%	22.9%	13.0x	15.5x	3.8x
Brown-Forman Corporation	\$31,354	\$32,683	\$3,614	7.9%	\$1,130	31.3%	3.8%	33.1%	26.3x	28.9x	9.0x
Molson Coors Beverage Company	\$10,084	\$17,563	\$9,886	(0.5%)	\$2,353	23.8%	6.5%	20.6%	8.1x	7.5x	1.8x
Median	\$45,772	\$55,702	\$15,184	3.5%	\$3,719	28.0%	6.4%	28.0%	11.7x	13.7x	3.9x
Mean	\$53,598	\$83,533	\$21,349	2.3%	\$6,425	28.3%	11.5%	28.1%	14.5x	16.0x	4.7x
Non-Alcoholic Beverages											
The Coca-Cola Company	\$226,493	\$257,509	\$36,412	6.1%	\$13,000	35.7%	6.9%	33.8%	19.6x	19.8x	7.1x
PepsiCo, Inc.	\$207,884	\$244,504	\$76,681	11.8%	\$13,886	18.1%	1.9%	19.3%	16.2x	17.6x	3.2x
Starbucks Corporation	\$130,067	\$148,694	\$27,117	12.7%	\$5,488	20.2%	17.3%	23.3%	20.0x	27.1x	5.5x
Monster Beverage Corporation	\$46,981	\$44,449	\$5,148	19.5%	\$1,858	36.1%	9.1%	35.5%	22.3x	23.9x	8.6x
Median	\$168,975	\$196,599	\$31,765	12.3%	\$9,244	28.0%	8.0%	28.6%	19.8x	21.9x	6.3x
Mean	\$152,856	\$173,789	\$36,340	12.5%	\$8,558	27.5%	8.8%	28.0%	19.5x	22.1x	6.1x
Fruit and Vegetable											
Lamb Weston Holdings, Inc.	\$8,906	\$11,009	\$3,784	3.0%	\$590	15.6%	9.1%	19.6%	13.6x	18.7x	2.9x
Fresh Del Monte Produce Inc.	\$1,531	\$2,249	\$4,222	(1.9%)	\$226	5.4%	4.6%	5.3%	N/A	9.9x	0.5x
Seneca Foods Corporation	\$430	\$546	\$1,415	4.1%	\$171	12.1%	N/A	N/A	N/A	3.2x	0.4x
Median	\$1,531	\$2,249	\$3,784	3.0%	\$226	12.1%	6.9%	12.5%	13.6x	9.9x	0.5x
Mean	\$3,622	\$4,601	\$3,140	1.7%	\$329	11.0%	6.9%	12.5%	13.6x	10.6x	1.3x
Fast Food											
McDonald's Corporation	\$180,061	\$226,269	\$21,744	12.0%	\$10,888	50.1%	9.2%	51.4%	18.5x	20.8x	10.4x
Chipotle Mexican Grill, Inc.	\$51,063	\$53,420	\$7,194	23.7%	\$1,041	14.5%	11.7%	17.1%	38.8x	51.3x	7.4x
Yum! Brands, Inc.	\$36,161	\$47,218	\$6,279	14.3%	\$2,312	36.8%	7.8%	35.6%	19.6x	20.4x	7.5x
Restaurant Brands International Inc.	\$19,462	\$33,729	\$5,393	3.5%	\$2,029	37.6%	11.3%	40.1%	14.0x	16.6x	6.3x
Median	\$43,612	\$50,319	\$6,737	13.2%	\$2,171	37.2%	10.2%	37.9%	19.1x	20.6x	7.5x
Mean	\$71,687	\$90,159	\$10,153	13.4%	\$4,067	34.7%	10.0%	36.1%	22.7x	27.3x	7.9x
Food Retail											
Costco Wholesale Corporation	\$198,534	\$197,006	\$195,929	17.5%	\$9,004	4.6%	7.8%	4.4%	21.0x	21.9x	1.0x
The Kroger Co.	\$30,065	\$49,027	\$133,440	3.5%	\$5,572	4.2%	2.3%	4.8%	7.5x	8.8x	0.4x
Median	\$114,300	\$123,017	\$164,685	10.5%	\$7,288	4.4%	5.0%	4.6%	14.3x	15.3x	0.7x
Mean	\$114,300	\$123,017	\$164,685	10.5%	\$7,288	4.4%	5.0%	4.6%	14.3x	15.3x	0.7x

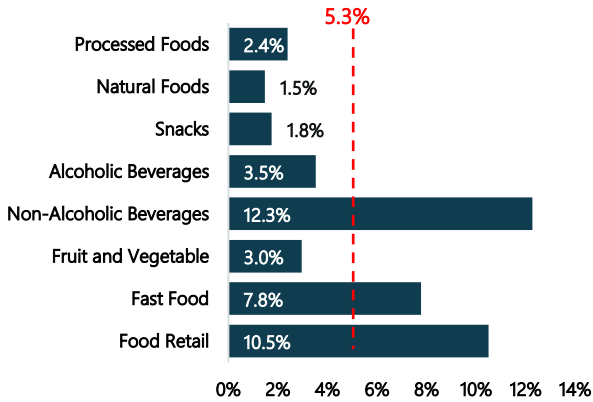
Source: Capital IQ. Data as of September 30, 2021.

"LTM" refers to last twelve months. "NTM" refers to next twelve months. "EV" refers to Enterprise Value.

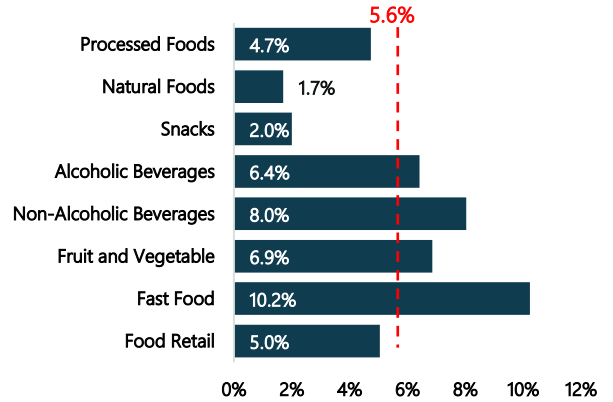
Public Comparable Analysis

Growth, Margins & Multiples

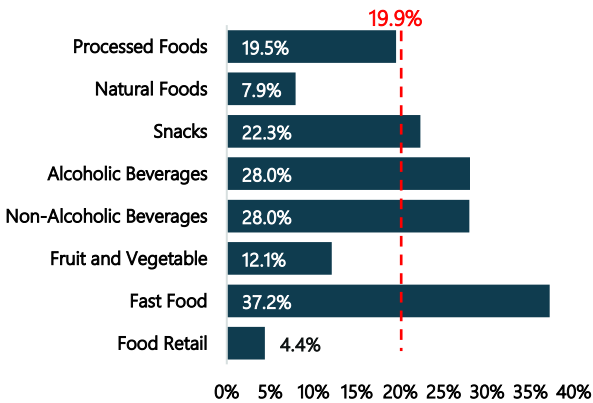
LTM Revenue Growth



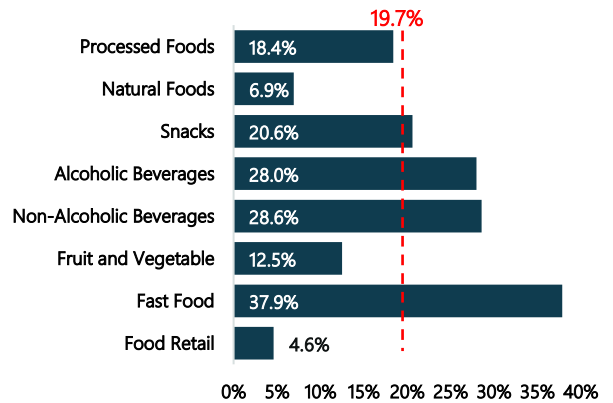
NTM Revenue Growth



LTM EBITDA Margin



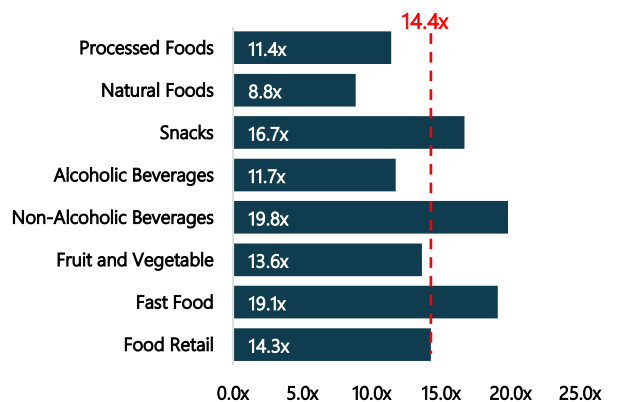
NTM EBITDA Margin



LTM EV/EBITDA



NTM EV/EBITDA

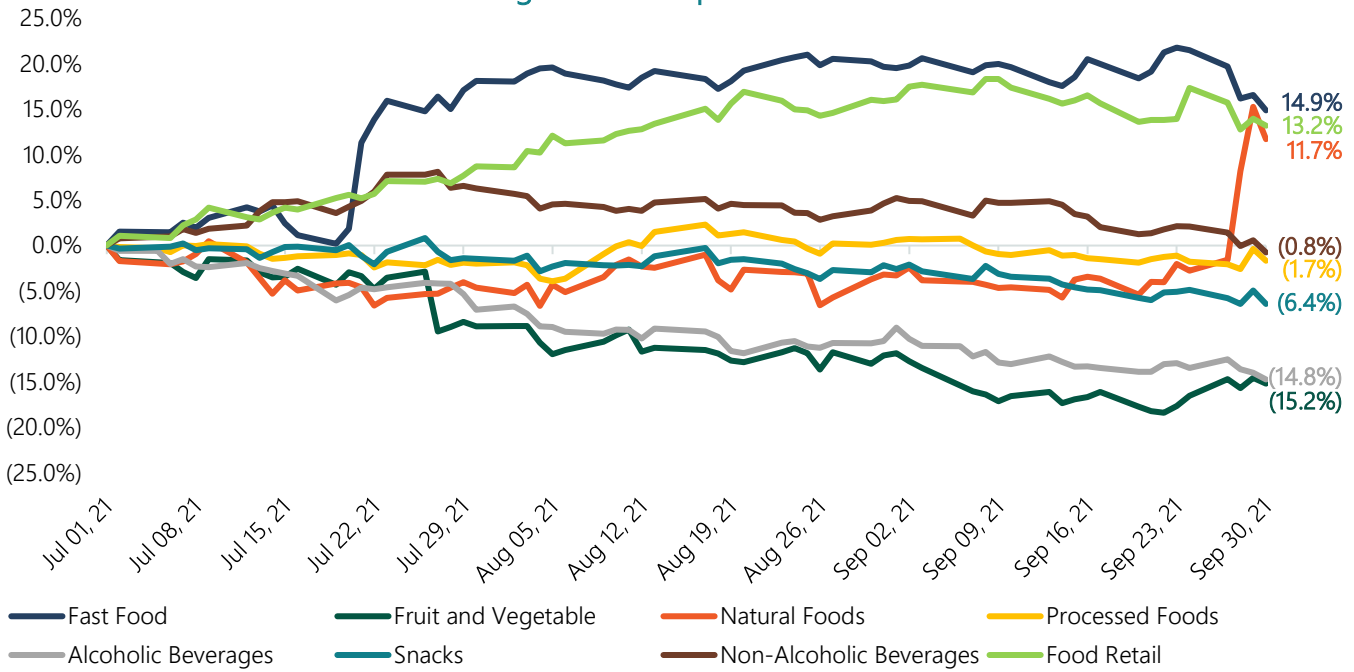


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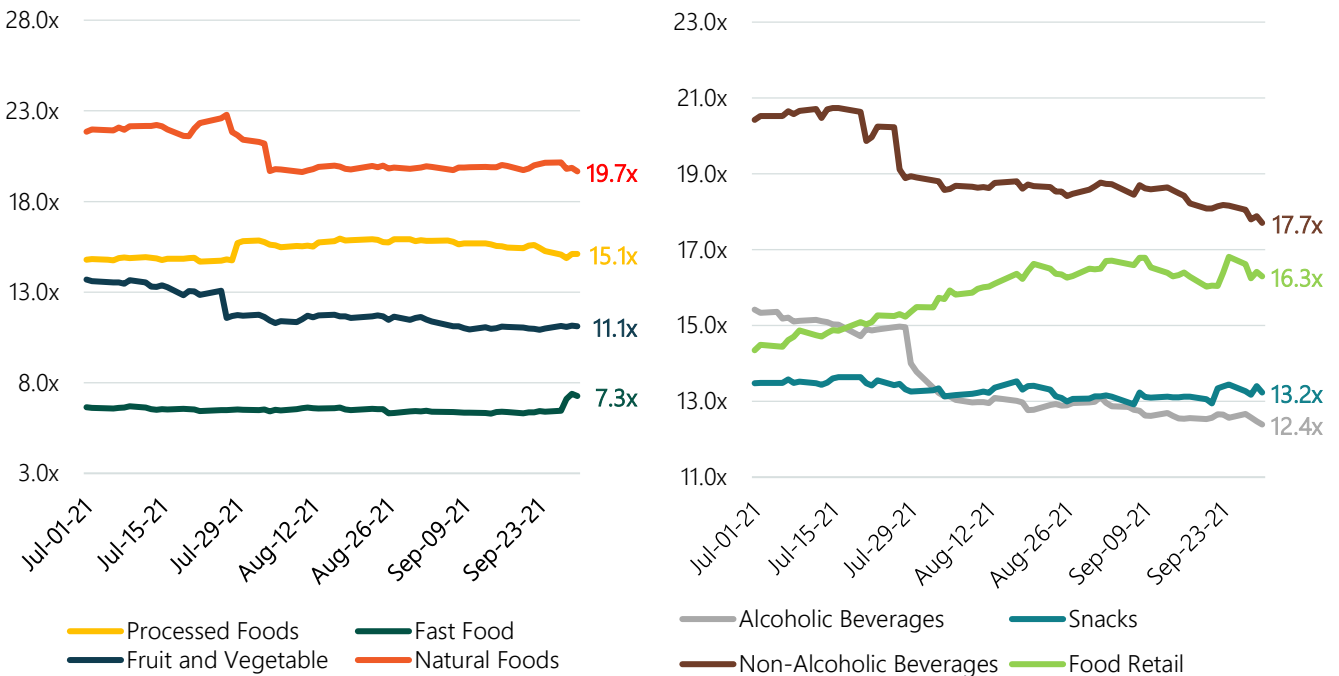
Public Comparable Analysis

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 100 M&A and due diligence professionals across Canada. MNPCF works with clients in virtually all industries as they prepare, plan and execute transactions.

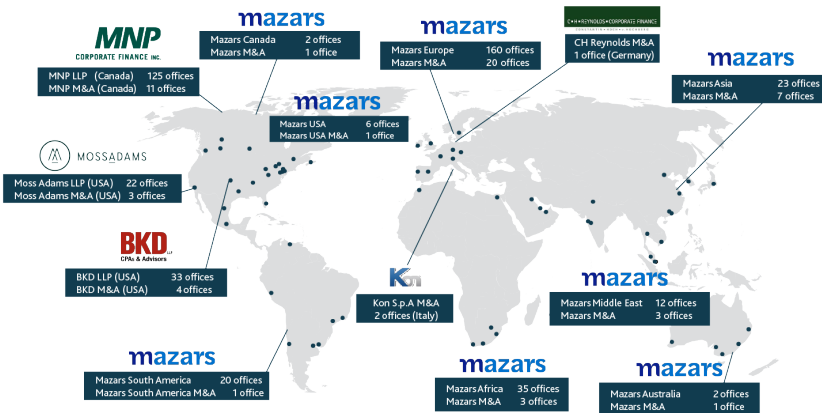
Our typical transactions range in value between \$3 million and \$300 million.

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)

E360s has acquired **CHEM-ECOL**.
MNP Corporate Finance Inc. provided financial and tax due diligence services to Environmental 360 Solutions Ltd.

ACR ALL CHOICE RENTALS has acquired **DV RENTALS**.
MNP Corporate Finance Inc. acted as exclusive financial advisor to D.V. Rentals Inc. in structuring and negotiating this transaction.

Ayrfit West Inc. has acquired **International Fitness Holdings Inc.**
MNP Corporate Finance Inc. was the exclusive financial advisor to International Fitness Holdings Inc. in structuring and negotiating this transaction.

E360s has acquired **RETIRE**.
MNP Corporate Finance Inc. provided financial and tax due diligence services to Environmental 360 Solutions Ltd.

Crestview has acquired a majority interest in **JMP Solutions**.
MNP Corporate Finance Inc. acted as exclusive financial advisor to JMP Solutions in structuring and negotiating this transaction.

LYNX equity limited has acquired **YELLOWHEAD**.
MNP Corporate Finance Inc. acted as exclusive financial advisor to Yellowhead Wood Products Inc. in structuring and negotiating this transaction.

FIREPOWER has invested in **wesbell**.
MNP Corporate Finance Inc. provided financial and tax due diligence services to Firepower Equity with Credit Market Equity and Trilogy Capital.

Confidential Buyer has acquired **SCG PROCESS**.
MNP Corporate Finance Inc. provided vendor due diligence services to Smith Cameroon Group.

Rhyno Equity Group has acquired **PermaCorp**.
MNP Corporate Finance Inc. provided financial and tax due diligence services to Rhyno Equity Group.

UNIVERSAL GROUP has acquired **Beacon Lite**.
MNP Corporate Finance Inc. provided financial and tax due diligence services to Universal Group.

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

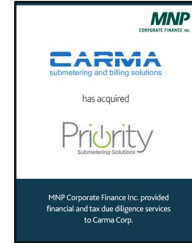
Hands-on Approach

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.

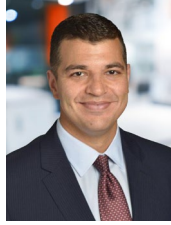
Recently Closed Deals (National)



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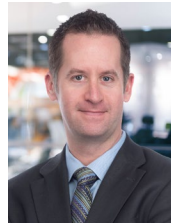


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