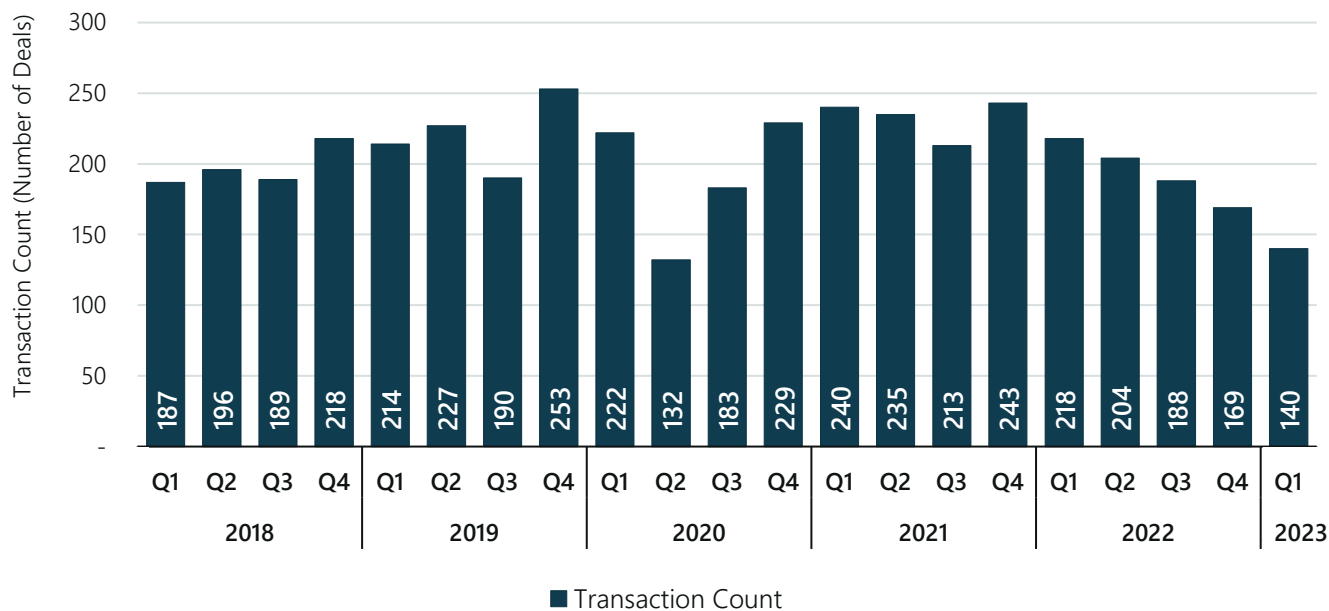


Food & Beverage

Quarterly Update | Q1 2023



North American Food & Beverage M&A Transactions¹



Q1 Transactions (Canada)

15

(-16.7% vs. Q4 2022)

Q1 Transaction Value (Canada)

\$32.8 million

(-86.2% vs. Q4 2022)

Q1 Transactions (US)

125

(-17.2% vs. Q4 2022)

Q1 Transaction Value (US)

\$13.1 billion

(-64.3% vs. Q4 2022)

M&A Market Update – Q1 2023¹

- Aggregate disclosed transaction value and volumes declined during Q1 2023 in the North American food and beverage industry, decreasing by 64.4% and 17.2% respectively from the previous quarter. The M&A market has continued to face headwinds in the form of cautionary equity markets, inflationary pressures, escalating interest rates, and increasing debt financing costs. However, companies that are able to implement innovative solutions to mitigate rising input costs and labour shortages will continue to gain investor attention.
- The majority of transactions in Q1 2023 were in the food products, restaurants, and beverage sub-industries, which comprised 40%, 27.1%, and 10.7% of total transactions, respectively.
- Both Canada and the U.S. experienced a large decrease in aggregate disclosed transaction value in Q1 2023 relative to the previous quarter. This was primarily driven by Carlsberg Group's \$158.5 million acquisition of Waterloo Brewing and The Kroger Company's \$34.0 billion acquisition of The Albertsons Companies, which accounted for a significant portion of the previous quarter's disclosed transaction values in Canada and the U.S., respectively.
- Despite the reduction in M&A activity within the food and beverage industry, transaction multiples remained strong with a median Enterprise Value (EV)/Earnings before interest, tax, depreciation, and amortization (EBITDA) of 11.4x during the quarter. Furthermore, private strategic acquirers accounted for 52.9% of the total transaction count, illustrating the continued appetite for consolidation across the industry, as strategic acquirers seek operational synergies and economies of scale.

Macroeconomic Indicators

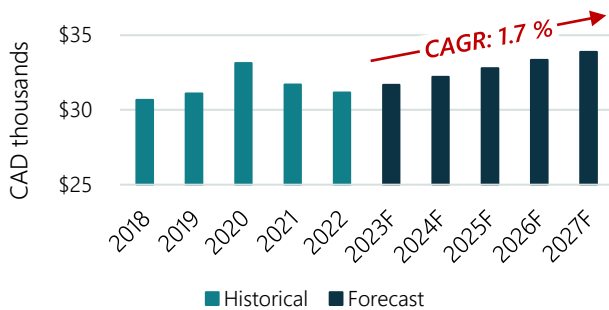
Key external drivers that affect the food and beverage industry in Canada include per capita disposable income, consumer spending, the consumer price index for food, and the consumer confidence index.

Per capita disposable income decreased for the second consecutive year in 2022, primarily due to inflationary pressures and continued quantitative tightening efforts imposed by the Bank of Canada. However, per capita disposable income is forecasted to grow at an annualized rate of 1.7% over the next five years to 2027 as inflationary pressures subside and borrowing costs normalize alongside a recovering economy. The forecasted growth in per capita disposable income is expected to increase discretionary food and beverage expenditures by Canadian consumers.

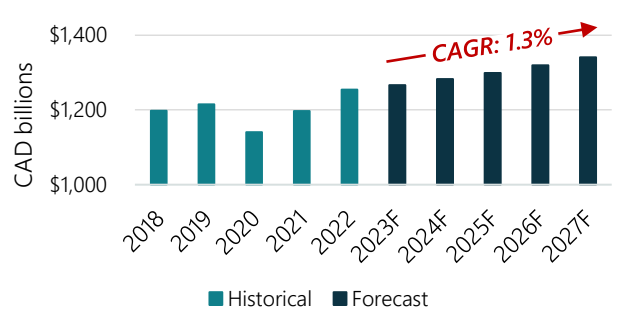
In 2022, the consumer price index for food continued its upwards trajectory, growing 8.9% year-over-year, and has continued to rise through Q1 2023. The increase in food prices was driven by volatile commodity prices and a depressed Canadian dollar, which made it more expensive for retailers and distributors to purchase imported goods. Moving forward, prices are expected to continue to rise at an annualized rate of 2.7% through to 2027, which is notably lower than the annualized growth rate of 4.2% between 2018 and 2022, and indicative of stabilizing supply chains.

The consumer confidence index decreased in 2022 as consumers were forced to adjust expectations due to 40-year high inflationary pressures, global unrest surrounding the Ukraine - Russia conflict, and the associated international trade concerns. However, the consumer confidence index is forecasted to increase at an annualized rate of 6.5% through 2027 as consumers regain optimism towards a recovering economy. Additionally, consumer spending is forecasted to increase at an annualized rate of 1.3%, fueled by the improvement in consumer confidence and growth in per capita disposable income.

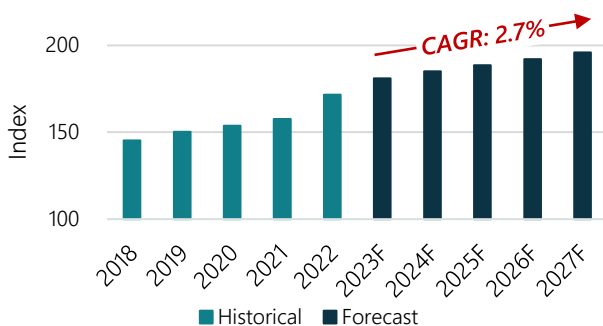
Per Capita Disposable Income



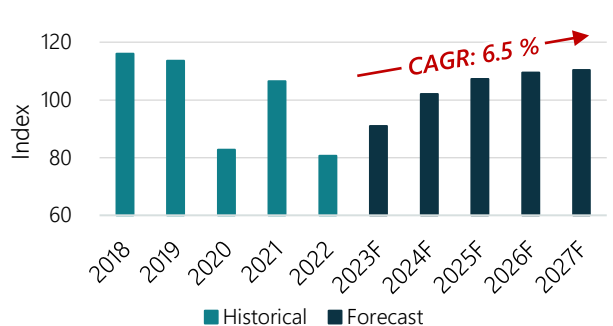
Consumer Spending



Consumer Price Index for Food



Consumer Confidence Index



Source: IBISWorld Industry Reports. Data as of January 2023.
 "F" indicates forecast.

Select Recent M&A Transactions

North America



Pernod Ricard

has acquired



SKREWBALL
PEANUT BUTTER WHISKEY

Announced	Mar 21, 2023
EV	Not Disclosed
EV/EBITDA	Not Disclosed
EV/Revenue	Not Disclosed

- **Pernod Ricard** (Pernod) is a leading producer and distributor of spirits and wines. Pernod boasts an extensive portfolio of international brands, including but not limited to, Jameson, Absolut, Beefeater, Chivas, and Glenlivet. Pernod was founded in 1975 and is based in Paris, France.
- **Skrewball Spirits, LLC** (Skrewball) was the first peanut butter-flavoured whiskey developed in the U.S. Since its inception, the company has gained significant traction, selling over 500,000 nine-litre cases by the end of 2022. Skrewball was founded in 2017 and is based in San Diego, California.
- The transaction enables Pernod to expand its product portfolio and increase its market share within the flavoured spirits segment, which is one of the fastest-growing alcoholic beverage categories in the U.S. Additionally, with Pernod's brand recognition and global reach, Skrewball will gain exposure to new markets and distribution channels to further accelerate the company's impressive growth.



SOLINA

has acquired



Lynch

Announced	Mar 2, 2023
EV	Not Disclosed
EV/EBITDA	Not Disclosed
EV/Revenue	Not Disclosed

- **Solina Group SAS** (Solina) is a leading global partner in the food industry, with operations spanning food services, quick-service restaurants, butchery, and nutrition. Solina designs tailored solutions to improve taste, enhance nutrition, and reduce the environmental impact of food products. The company sources its ingredients globally, with over 30 research and development centres across 18 countries within Europe and North America. Solina was founded in 1988 and is based in Breal-sous-Monfront, France.
- **W.T. Lynch Foods Ltd.** (Lynch) manufactures customized food solutions for the food service, retail foods, healthcare, and industrial sectors. Lynch's product line includes jams, jellies, dressings, soup and gravy bases, beverage mixes, syrups, and dessert toppings. Lynch was founded in 1942 and is based in North York, Ontario.
- The transaction will enable Solina to further expand its market share in North America. In addition, the purchase of Lynch compliments Solina's Canadian food service leader, Produits Alimentaires Berthelet, and will contribute to operational and cost efficiencies that will drive further growth.

Select Recent M&A Transactions

North America

freshprep

has acquired



Closed	Feb 28, 2023
EV	Not Disclosed
EV/EBITDA	Not Disclosed
EV/Revenue	Not Disclosed

- **Fresh Prep Foods Inc.** (Fresh Prep) is a meal kit delivery service offered throughout British Columbia and Alberta. Fresh Prep's meal kits include all the ingredients to create meals at home in under 30 minutes. Fresh Prep prioritizes sustainability by delivering all of its ingredients in reusable, insulated coolers and the company's patented Zero Waste containers. Fresh Prep was founded in 2015 and is based in Vancouver, British Columbia.
- **Peko Produce** (Peko) is the first delivery service that specializes in offering food waste and excess groceries at a discounted price in Western Canada. Peko was founded in 2021 and is based in Vancouver, British Columbia.
- The transaction will provide strong synergies across both companies based on their mutual commitment to sustainable and high-quality food options. As a subsidiary of Fresh Prep, Peko aims to obtain B Corporation Certification, initiate a reusable packaging program, and expand its operations to Alberta to increase profitability and its customer base.



has acquired



Closed	Jan 17, 2023
EV	\$45.9 million
EV/EBITDA	Not Disclosed
EV/Revenue	Not Disclosed

- **Macay Holdings Inc.** (Macay) is an investment holding company that engages in the bottling, distribution, marketing, and sales of carbonated soft drinks. Macay distributes products directly and indirectly to retailers, supermarkets, grocery stores, convenience stores, and food service outlets. Macay was founded in 1930 and is based in Makati City, Philippines.
- **Royal Crown Company Inc.** (Royal) is a manufacturer of cost-competitive bottled soft drinks and concentrates. Royal has produced and distributed its signature branded product, RC Cola, for over a hundred years across the US and internationally. Royal was founded in 1905 and is based in Columbus, Georgia.
- The transaction will enable Macay to acquire the global licensing rights to the popular soft drink, RC Cola, and other affiliated brands in over 100 countries. A subsidiary of Macay, ARC Refreshments Corporation, had previously licensed and distributed RC Cola branded beverages in the Philippines. The transaction will enable Macay to leverage its current success and expand its distribution geographically, penetrating previously unserved international markets.

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.	\$325,865	\$378,875	\$94,780	8.4%	\$19,838	20.9%	13.1%	21.3%	16.6x	19.1x	4.0x
Tyson Foods, Inc.	\$21,096	\$28,941	\$53,609	8.3%	\$4,622	8.6%	3.4%	6.7%	7.8x	6.3x	0.5x
Campbell Soup Company	\$16,465	\$21,110	\$9,177	10.5%	\$1,636	17.8%	3.1%	18.5%	12.0x	12.9x	2.3x
B&G Foods, Inc.	\$1,117	\$3,529	\$2,163	5.2%	\$284	13.1%	(0.8%)	15.0%	10.9x	12.4x	1.6x
Median	\$18,780	\$25,025	\$31,393	8.3%	\$3,129	15.5%	3.2%	16.8%	11.5x	12.7x	2.0x
Mean	\$91,136	\$108,114	\$39,932	8.1%	\$6,595	15.1%	4.7%	15.4%	11.9x	12.7x	2.1x
Natural Foods											
The Hain Celestial Group, Inc.	\$1,534	\$2,470	\$1,854	(1.2%)	\$159	8.6%	2.0%	10.7%	12.2x	15.5x	1.3x
Sprouts Farmers Market, Inc.	\$3,610	\$4,858	\$6,404	5.0%	\$494	7.7%	4.9%	7.4%	9.8x	9.8x	0.8x
United Natural Foods, Inc.	\$1,565	\$4,885	\$29,863	7.5%	\$617	2.1%	3.4%	2.3%	6.8x	7.9x	0.2x
Median	\$1,565	\$4,858	\$6,404	5.0%	\$494	7.7%	3.4%	7.4%	9.8x	9.8x	0.8x
Mean	\$2,236	\$4,071	\$12,707	3.8%	\$423	6.1%	3.5%	6.8%	9.6x	11.1x	0.8x
Snacks											
General Mills	\$50,195	\$61,413	\$19,955	7.1%	\$3,816	19.1%	4.3%	20.2%	14.6x	16.1x	3.1x
The Hershey Company	\$51,909	\$56,563	\$10,419	16.1%	\$2,630	25.2%	7.3%	27.0%	18.8x	21.5x	5.4x
J&J Snack Foods Corp.	\$2,850	\$2,936	\$1,414	15.7%	\$116	8.2%	11.6%	11.3%	16.4x	25.3x	2.1x
Median	\$50,195	\$56,563	\$10,419	15.7%	\$2,630	19.1%	7.3%	20.2%	16.4x	21.5x	3.1x
Mean	\$34,985	\$40,304	\$10,596	13.0%	\$2,187	17.5%	7.7%	19.5%	16.6x	21.0x	3.5x
Alcoholic Beverages											
Anheuser-Busch InBev SA/NV	\$132,188	\$214,528	\$57,786	6.4%	\$18,206	31.5%	7.0%	33.7%	10.3x	11.8x	3.7x
Heineken N.V.	\$61,082	\$78,445	\$28,719	30.9%	\$5,877	20.5%	20.0%	21.6%	10.6x	13.3x	2.7x
Brown-Forman Corporation	\$30,957	\$33,557	\$4,178	11.4%	\$1,148	27.5%	4.1%	33.0%	23.4x	29.2x	8.0x
Molson Coors Beverage Company	\$11,226	\$17,558	\$10,701	4.1%	\$1,701	15.9%	2.3%	18.7%	8.6x	10.3x	1.6x
Median	\$46,019	\$56,001	\$19,710	8.9%	\$3,789	24.0%	5.5%	27.3%	10.4x	12.6x	3.2x
Mean	\$58,863	\$86,022	\$25,346	13.2%	\$6,733	23.8%	8.4%	26.7%	13.2x	16.2x	4.0x
Non-Alcoholic Beverages											
The Coca-Cola Company	\$268,361	\$300,730	\$43,004	11.3%	\$13,510	31.4%	4.3%	32.3%	20.7x	22.3x	7.0x
PepsiCo, Inc.	\$251,084	\$287,347	\$86,392	8.7%	\$14,892	17.2%	4.0%	18.1%	17.7x	19.3x	3.3x
Starbucks Corporation	\$119,677	\$140,247	\$32,914	8.4%	\$6,001	18.2%	12.5%	19.8%	19.1x	23.4x	4.3x
Monster Beverage Corporation	\$56,431	\$53,799	\$6,311	13.9%	\$1,646	26.1%	12.6%	30.1%	25.2x	32.7x	8.5x
Median	\$185,381	\$213,797	\$37,959	10.0%	\$9,755	22.2%	8.4%	24.9%	19.9x	22.8x	5.6x
Mean	\$173,888	\$195,531	\$42,155	10.6%	\$9,012	23.2%	8.4%	25.1%	20.7x	24.4x	5.8x
Fruit and Vegetable											
Lamb Weston Holdings, Inc.	\$15,241	\$17,588	\$4,809	21.6%	\$1,007	20.9%	23.7%	20.5%	14.4x	17.5x	3.7x
Fresh Del Monte Produce Inc.	\$1,440	\$2,231	\$4,442	4.5%	\$243	5.5%	1.5%	5.3%	N/A	9.2x	0.5x
Seneca Foods Corporation	\$400	\$844	\$1,511	11.3%	\$114	7.6%	N/A	N/A	N/A	7.4x	0.6x
Median	\$1,440	\$2,231	\$4,442	11.3%	\$243	7.6%	12.6%	12.9%	14.4x	9.2x	0.6x
Mean	\$5,694	\$6,887	\$3,587	12.5%	\$455	11.3%	12.6%	12.9%	14.4x	11.3x	1.6x
Fast Food											
McDonald's Corporation	\$204,534	\$250,741	\$23,183	(0.2%)	\$12,215	52.7%	5.1%	53.2%	19.3x	20.5x	10.8x
Chipotle Mexican Grill, Inc.	\$47,186	\$50,018	\$8,635	14.4%	\$1,468	17.0%	13.5%	18.9%	27.0x	34.1x	5.8x
Yum! Brands, Inc.	\$36,997	\$49,265	\$6,842	3.9%	\$2,328	34.0%	6.4%	35.2%	19.2x	21.2x	7.2x
Restaurant Brands International Inc.	\$20,826	\$35,858	\$6,505	13.3%	\$2,213	34.0%	5.6%	35.9%	14.5x	16.2x	5.5x
Median	\$42,091	\$49,642	\$7,738	8.6%	\$2,271	34.0%	6.0%	35.5%	19.3x	20.8x	6.5x
Mean	\$77,386	\$96,470	\$11,291	7.9%	\$4,556	34.4%	7.6%	35.8%	20.0x	23.0x	7.3x
Food Retail											
Costco Wholesale Corporation	\$220,354	\$215,793	\$234,390	11.5%	\$9,891	4.2%	6.7%	4.4%	19.6x	21.8x	0.9x
The Kroger Co.	\$35,421	\$54,855	\$148,258	7.5%	\$7,563	5.1%	2.6%	5.2%	6.9x	7.3x	0.4x
Median	\$127,887	\$135,324	\$191,324	9.5%	\$8,727	4.7%	4.6%	4.8%	13.3x	14.5x	0.6x
Mean	\$127,887	\$135,324	\$191,324	9.5%	\$8,727	4.7%	4.6%	4.8%	13.3x	14.5x	0.6x

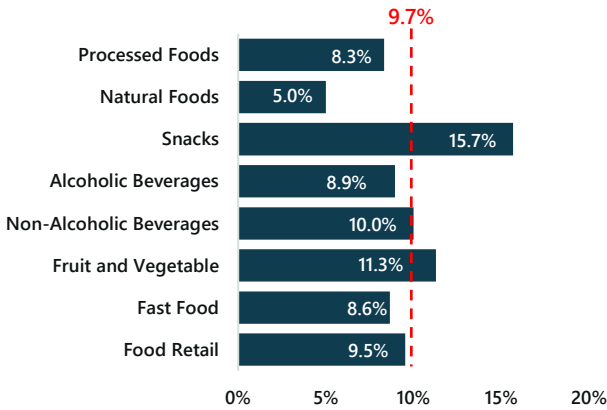
Source: Capital IQ. Data as of March 31, 2023.

"LTM" refers to last twelve months. "NTM" refers to next twelve months.

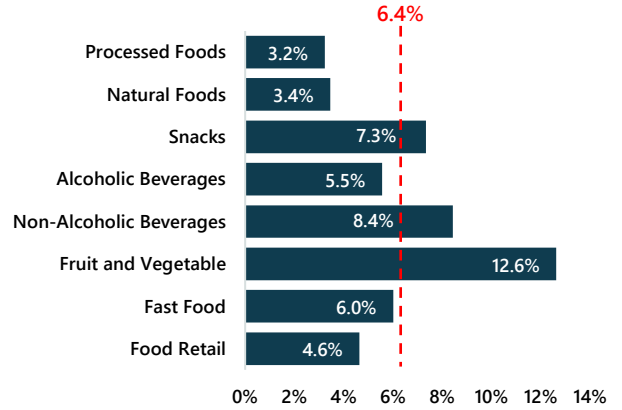
Public Comparable Analysis

Growth, Margins & Multiples

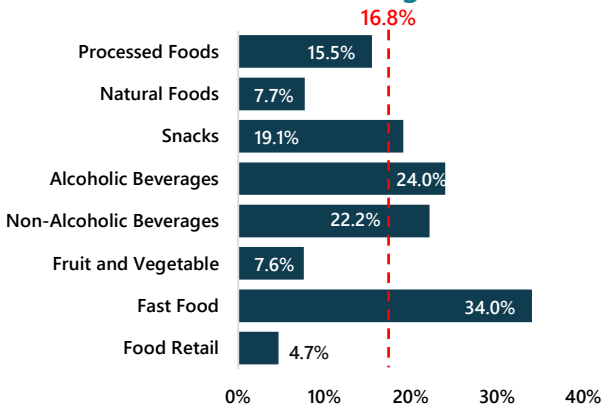
LTM Revenue Growth



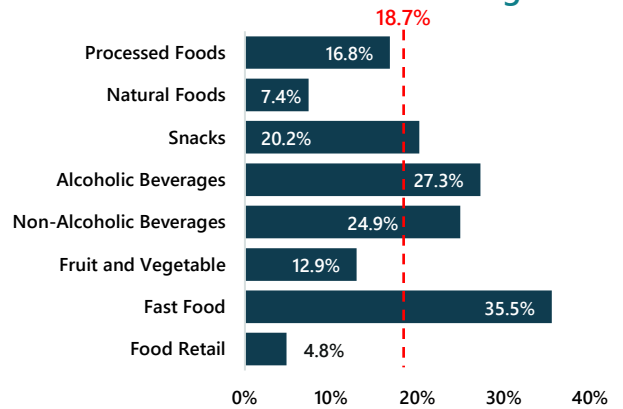
NTM Revenue Growth



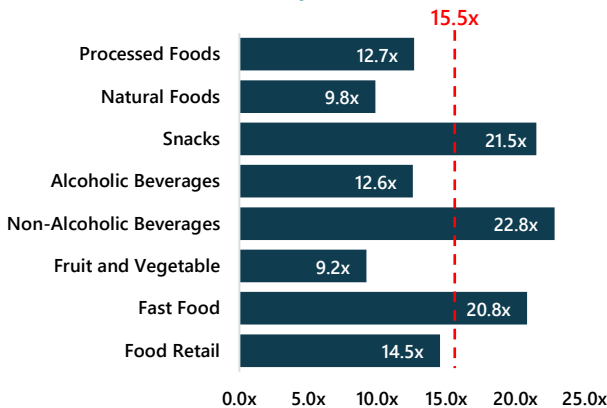
LTM EBITDA Margin



NTM EBITDA Margin



LTM EV/EBITDA



NTM EV/EBITDA

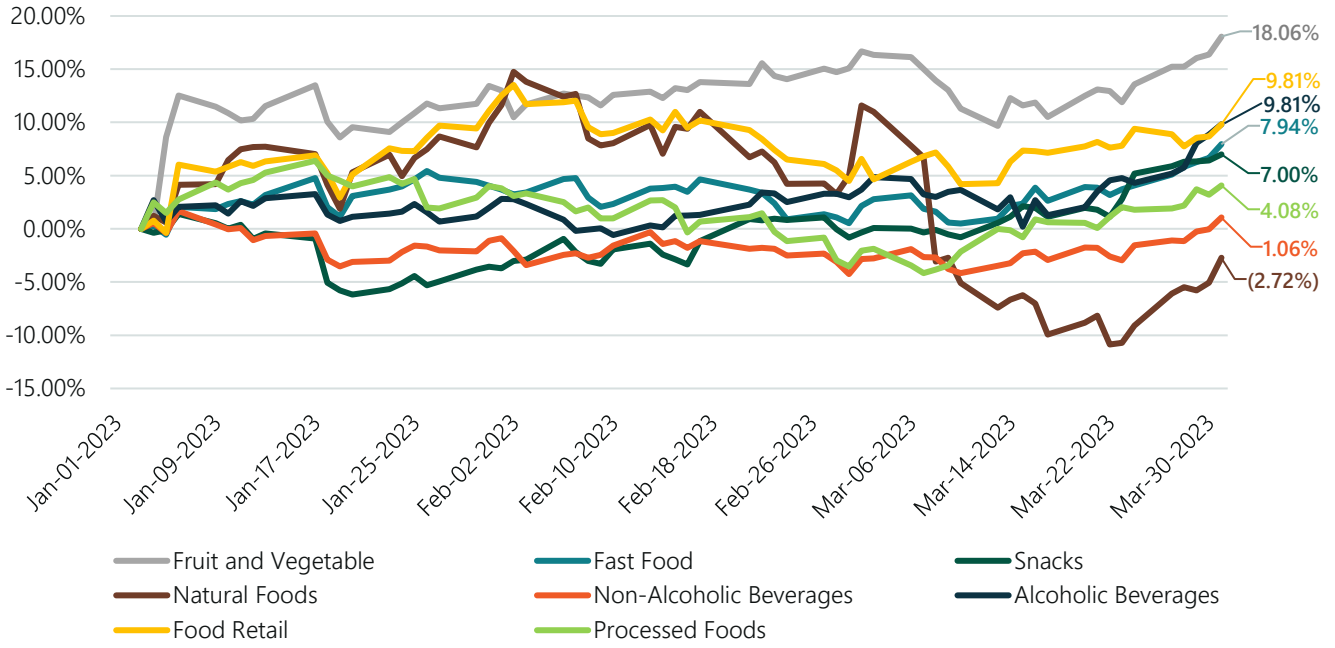


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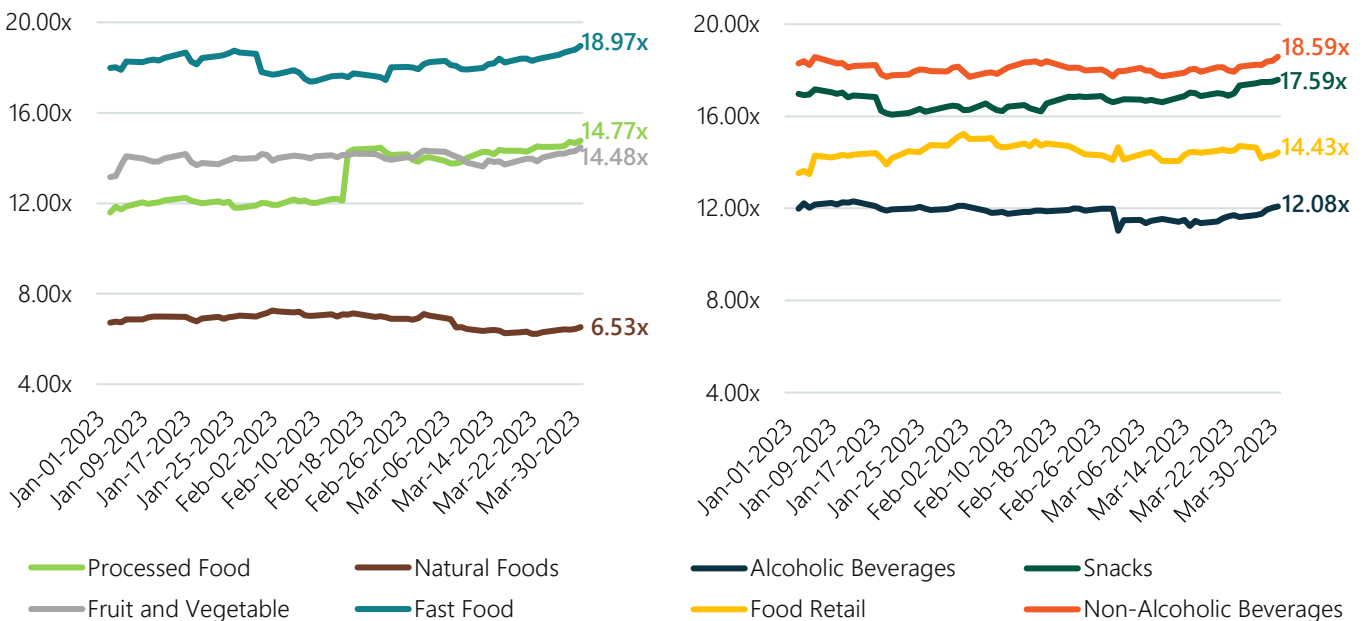
Public Comparable Analysis

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, capital markets, and due diligence professionals across Canada. MNPCF works with clients in virtually all industries as they prepare, plan and execute transactions.

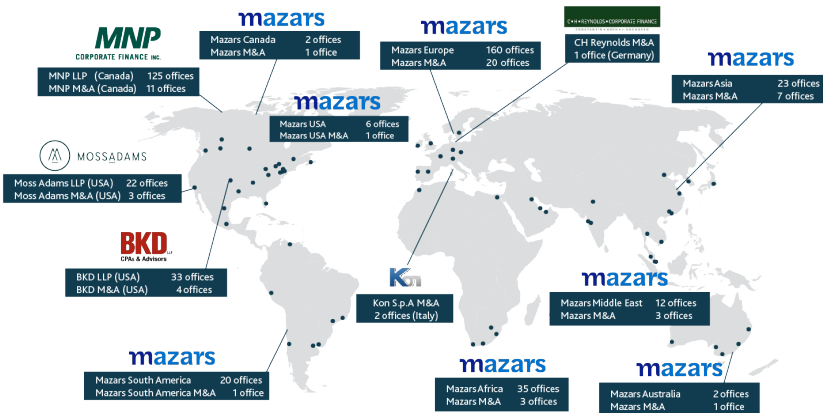
Our typical transactions range in value between \$3 million and \$300 million.

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)

MNP Corporate Finance Inc. acted as exclusive financial advisor to Prairie Gold Produce Ltd. in structuring and negotiating this transaction.

MNP Corporate Finance Inc. provided due diligence services to York Analytical Laboratories Inc.

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

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

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

MNP Corporate Finance Inc. acted as exclusive financial advisor to Kost Fire Equipment Ltd. in structuring and negotiating this transaction.

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

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

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

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

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 10 years alone, we have completed over 250 transactions worth over \$4.5 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)

MNP CORPORATE FINANCE INC.

has acquired select industrial waste and oil recycling facilities from

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

MNP CORPORATE FINANCE INC.

has acquired

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

MNP CORPORATE FINANCE INC.

has acquired

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

MNP CORPORATE FINANCE INC.

has acquired

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

MNP CORPORATE FINANCE INC.

has acquired

MNP Corporate Finance Inc. provided financial due diligence services to Krystal Growth Partners Ltd.

MNP CORPORATE FINANCE INC.

has acquired

MNP Corporate Finance Inc. provided financial, tax, and IT due diligence services to Universal Group.

MNP CORPORATE FINANCE INC.

has invested in

MNP Corporate Finance Inc. acted as exclusive financial advisor to Scarlet Security & Risk Group (SSRG) in facilitating this transaction.

MNP CORPORATE FINANCE INC.

has acquired

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

MNP CORPORATE FINANCE INC.

has acquired

MNP Corporate Finance Inc. provided vendor due diligence services to LineStar Utility Supply Inc.

MNP CORPORATE FINANCE INC.

has acquired

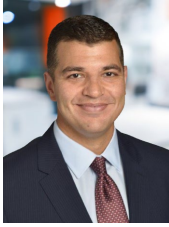
MNP Corporate Finance Inc. provided financial and tax due diligence services to SupremeX Inc.

Leadership Team

Transaction Leadership



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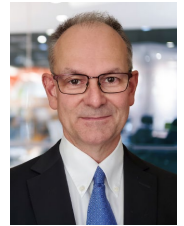
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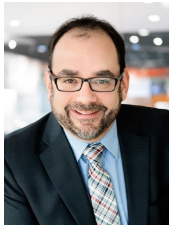
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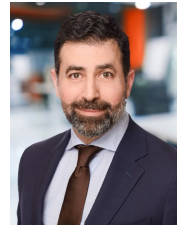
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