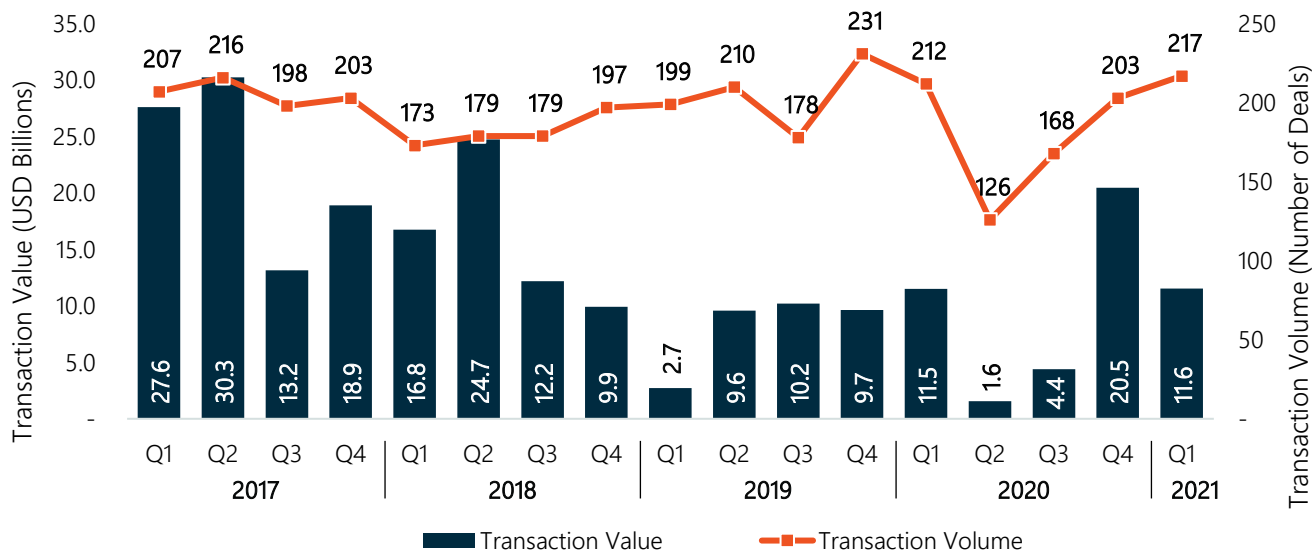


Food & Beverage

Quarterly Update | Q1 2021



North American Food and Beverage M&A Transactions



Q1 Transactions (Canada)

31

(+29.2% vs. Q4 2020)

Q1 Transaction Value (Canada)

\$466 million

Q1 Transactions (US)

185

(+3.9% vs. Q4 2020)

Q1 Transaction Value (US)

\$11.1 billion

M&A Market Update – Q1 2021¹

- M&A activity in the North American food and beverage industry continues to experience significant growth, achieving transaction values and volumes seen prior to the onset of the COVID-19 pandemic. Transaction volumes increased from 203 deals in Q4 2020 to 217 deals in Q1 2021, marking the impressive comeback of the food and beverage industry. Total transaction value in Q1 2021 remains robust, however it fell from \$20.5 billion in Q4 2020 to \$11.6 billion in Q1 2021. The decrease in transaction value from the preceding quarter was primarily attributable to Inspire Brands Inc.'s \$12.3 billion acquisition of Dunkin' Brands Group Inc. in Q4 2020.
- M&A activity in the food and beverage industry was largely driven by private strategic buyers in Q1 2021 as acquisitions by private companies accounted for 76% of the total transaction volume during the quarter. The remaining acquisitions were made by private equity firms and publicly listed companies, comprising 10% and 14% of total transaction volume respectively.
- The majority of transactions in Q1 2021 were in the restaurant and packaged foods sub-industries, which comprised 25% and 32% of total transactions respectively. During Q1 2021, the food distributor sector also saw notable deal activity with a total of 25 transactions.
- The most sizable transactions during the quarter were 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.

Macroeconomic Indicators

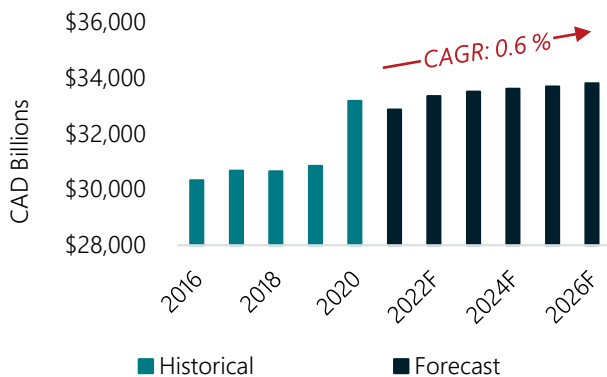
Key external drivers that affect the food and beverage industry in Canada include per capita disposable income, consumer spending, consumer confidence, and the consumer price index for food.

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 in 2021 as the government is expected to reduce COVID-19 support packages during the year.

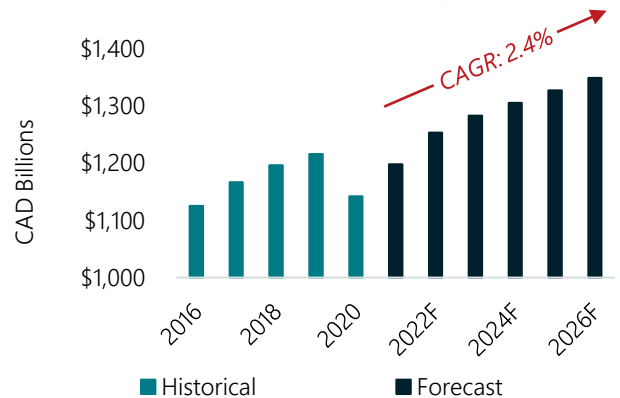
Despite increased levels of per capita disposable income in 2020, consumer spending and consumer confidence were at historically low levels in 2020 due to strict regulations, elevated levels of job losses, and economic uncertainties stemming from the COVID-19 pandemic. However, with at least one dose of a vaccine expected to be given to every adult by the end of Q3 2021, a sharp rebound in consumer spending and consumer confidence is expected once restrictions on activity are eased and businesses can 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 goods from outside the country. Additionally, a portion of the cost stores incurred related to employee safety were passed onto consumers in the form of higher food prices.

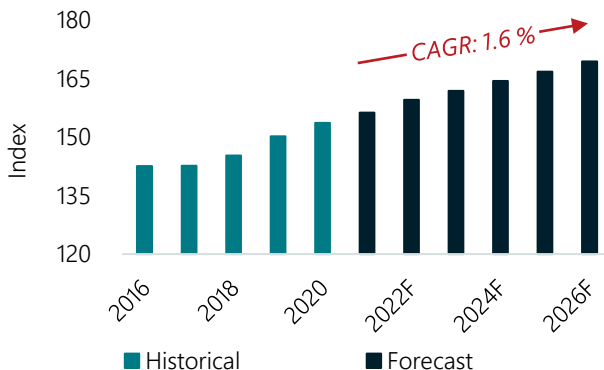
Per Capita Disposable Income



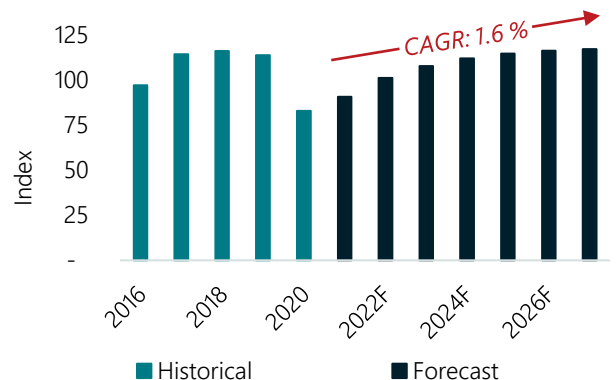
Consumer Spending



Consumer Price Index For Food



Consumer Confidence Index



Select Recent M&A Transactions

EMPIRE
COMPANY LIMITED

acquired



Announced	Mar 16, 2021
EV	\$286.5M
EV/EBITDA	Not Disclosed
EV/Revenue	0.6x

- **Empire Company Ltd.** (Empire) is the holding company for Canada's second-largest national grocery chain, Sobeys Inc. Together with its subsidiaries, Empire engages in food retail and real estate in Canada. Empire was founded in 1963 and is based in Stellarton, Nova Scotia.
- **Longo Brothers Fruit Market Inc.** (Longo) owns and operates a chain of grocery stores across Ontario and Grocery Gateway, a leader in online sales of home-delivered groceries. Longo was founded in 1956 and is based in Vaughan, Ontario.
- The transaction immediately adds a high-quality banner to Empire's growing grocery store business as well as 70,000 long-standing online customers to Empire's e-commerce business. Empire will continue to grow the Longo's and Grocery Gateway businesses while unlocking benefits through non-customer facing synergies.



acquired

19 stores from
ALCANNA

Announced	Feb 16, 2021
EV	\$63.66M
EV/EBITDA	Not Disclosed
EV/Revenue	Not Disclosed

- **Otter Farm & Home Co-Operative** (Otter) wholesales and distributes grocery and petroleum products. Otter also operates department stores and gas stations. The company was founded in 1922 and is based in Langley, British Columbia.
- **Alcanna Inc.** (Alcanna) is one of the largest private sector retailers of alcohol and cannabis in North America. Alcanna was founded in 2004 and is based in Edmonton, Alberta.
- The transaction entails the sale of Alcanna's 19 convenience-format liquor stores. Alcanna plans to use the proceeds from the transaction to expand the Wine and Beyond banner in Alberta and British Columbia and to also reduce debt.
- From Otter's perspective, the transaction will increase brand awareness and provides the company increased opportunities in private label wine, beer and spirits sectors. The strategic acquisition is expected to bring an additional \$85 million in sales to Otter in the first year, and add in excess of \$5 million in bottom line net savings.

Select Recent M&A Transactions



Announced	Feb 16, 2021
EV	\$4,300.0M
EV/EBITDA	Not Disclosed
EV/Revenue	Not Disclosed

- **One Rock Capital Partners** (One Rock) is a private equity firm that focuses on investing in middle-market firms with potential for growth and operational improvement. One Rock was founded in 2010 and is based in New York, New York.
- **Metropoulos & Co.** (Metro) is a family-owned investment firm that seeks to invest in the food, beverages, and consumer product sectors. Metro was founded in 1993 and is based in Greenwich, Connecticut.
- **Nestlé Waters North America Inc.** (NWNA) produces and sells an extensive portfolio of highly recognizable, responsibly sourced, and sustainably packaged regional spring water and national purified water brands in the United States and Canada. NWNA was founded in 1976 and is based in Stamford, Connecticut.
- The take-private transaction allows NWNA to have greater resources and the flexibility to drive continued growth, strengthen its existing operations, and execute on its mission to deliver healthy hydration to consumers.



Announced	Feb 11, 2021
EV	\$3,350.0M
EV/EBITDA	12.5x
EV/Revenue	3.1x

- **Hormel Foods Corporation** (Hormel) is global branded food company with over \$9 billion in annual revenue across more than 80 countries worldwide. Hormel was founded in 1891 and is based in Austin, Minnesota.
- **The Kraft Heinz Company** (Kraft Heinz) is the third-largest food and beverage company in North America and the fifth-largest food and beverage company in the world, with eight \$1 billion+ brands. Kraft Heinz was founded in 1869 and is based in Chicago, Illinois.
- The transaction entails the sale of Kraft Heinz's nut business, including the Planters, NUT-rition, Planters Cheez Balls and Corn Nuts brands. The sale will help simplify Kraft Heinz's operations as the company pursues a cost-cutting plan.
- The acquisition adds another \$1 billion brand to Hormel's portfolio, which already includes household names like Skippy and Spam. Furthermore, the transaction significantly expands Hormel's presence in the growing snacking space, and enhances the company's portfolio built for individual and social snacking occasions.

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.	\$314,792	\$348,905	\$84,681	(8.8%)	\$19,312	22.8%	5.9%	22.2%	17.5x	18.1x	4.1x
Tyson Foods, Inc.	\$27,100	\$36,194	\$42,830	(0.5%)	\$4,920	11.5%	3.4%	9.6%	8.6x	7.4x	0.8x
Campbell Soup Company	\$15,232	\$20,547	\$8,965	11.0%	\$1,728	19.3%	(7.2%)	20.8%	11.9x	11.9x	2.3x
B&G Foods, Inc.	\$2,010	\$4,327	\$1,968	18.5%	\$356	18.1%	4.5%	18.6%	11.3x	12.2x	2.2x
Median	\$21,166	\$28,370	\$25,898	5.3%	\$3,324	18.7%	4.0%	19.7%	11.6x	12.0x	2.2x
Mean	\$89,784	\$102,493	\$34,611	5.1%	\$6,579	17.9%	1.7%	17.8%	12.3x	12.4x	2.4x
Natural Foods											
The Hain Celestial Group, Inc.	\$4,356	\$4,698	\$2,092	2.5%	\$228	10.9%	(4.8%)	12.8%	18.4x	20.6x	2.2x
Sprouts Farmers Market, Inc.	\$3,140	\$4,448	\$6,469	14.8%	\$518	8.0%	(0.2%)	6.8%	10.1x	8.6x	0.7x
United Natural Foods, Inc.	\$1,854	\$5,491	\$27,347	5.1%	\$742	2.7%	1.4%	2.5%	7.9x	7.4x	0.2x
Median	\$3,140	\$4,698	\$6,469	5.1%	\$518	8.0%	(0.2%)	6.8%	10.1x	8.6x	0.7x
Mean	\$3,117	\$4,879	\$11,969	7.5%	\$496	7.2%	(1.2%)	7.4%	12.1x	12.2x	1.0x
Snacks											
General Mills	\$37,403	\$49,394	\$18,626	11.1%	\$4,168	22.4%	(5.0%)	20.8%	13.4x	11.9x	2.7x
The Hershey Company	\$32,765	\$36,446	\$8,150	2.0%	\$2,099	25.8%	3.0%	26.2%	16.6x	17.4x	4.5x
J & J Snack Foods Corp.	\$2,980	\$2,755	\$964	(19.2%)	\$51	5.3%	8.6%	10.5%	25.1x	54.0x	2.9x
Median	\$32,765	\$36,446	\$8,150	2.0%	\$2,099	22.4%	3.0%	20.8%	16.6x	17.4x	2.9x
Mean	\$24,383	\$29,531	\$9,247	(2.0%)	\$2,106	17.8%	2.2%	19.2%	18.4x	27.7x	3.3x
Alcoholic Beverages											
Anheuser-Busch InBev SA/NV	\$124,423	\$213,890	\$46,881	(10.4%)	\$15,786	33.7%	9.1%	36.3%	11.5x	13.5x	4.6x
Heineken N.V.	\$59,208	\$77,043	\$19,715	(17.7%)	\$4,251	21.6%	26.4%	22.2%	14.0x	18.1x	3.9x
Brown-Forman Corporation	\$32,119	\$33,672	\$3,358	(1.2%)	\$1,147	34.2%	7.7%	34.9%	26.7x	29.4x	10.0x
Molson Coors Beverage Company	\$11,097	\$19,187	\$9,654	(8.7%)	\$2,171	22.5%	4.7%	21.0%	9.0x	8.8x	2.0x
Median	\$45,663	\$55,358	\$14,685	(9.6%)	\$3,211	28.1%	8.4%	28.5%	12.7x	15.8x	4.2x
Mean	\$56,712	\$85,948	\$19,902	(9.5%)	\$5,839	28.0%	12.0%	28.6%	15.3x	17.5x	5.1x
Non-Alcoholic Beverages											
The Coca-Cola Company	\$227,144	\$262,635	\$33,014	(11.4%)	\$11,507	34.9%	10.9%	34.0%	21.1x	22.8x	8.0x
PepsiCo, Inc.	\$195,208	\$231,598	\$71,311	4.6%	\$12,884	18.1%	5.0%	19.3%	16.1x	18.0x	3.2x
Starbucks Corporation	\$128,642	\$148,370	\$23,170	(14.1%)	\$2,873	12.4%	26.2%	22.0%	23.1x	51.6x	6.4x
Monster Beverage Corporation	\$48,108	\$46,068	\$4,599	9.5%	\$1,694	36.8%	14.0%	36.6%	24.0x	27.2x	10.0x
Median	\$161,925	\$189,984	\$28,092	(3.4%)	\$7,190	26.5%	12.4%	28.0%	22.1x	25.0x	7.2x
Mean	\$149,776	\$172,167	\$33,023	(2.9%)	\$7,240	25.5%	14.0%	28.0%	21.1x	29.9x	6.9x
Fruit and Vegetable											
Lamb Weston Holdings, Inc.	\$11,340	\$13,356	\$3,510	(11.1%)	\$656	18.7%	4.6%	22.9%	15.9x	20.4x	3.8x
Fresh Del Monte Produce Inc.	\$1,357	\$2,148	\$4,202	(6.4%)	\$178	4.2%	4.0%	4.8%	N/A	12.1x	0.5x
Seneca Foods Corporation	\$433	\$594	\$1,471	14.0%	\$162	11.0%	N/A	N/A	N/A	3.7x	0.4x
Median	\$1,357	\$2,148	\$3,510	(6.4%)	\$178	11.0%	4.3%	13.8%	15.9x	12.1x	0.5x
Mean	\$4,376	\$5,366	\$3,061	(1.2%)	\$332	11.3%	4.3%	13.8%	15.9x	12.0x	1.6x
Fast Food											
McDonald's Corporation	\$167,113	\$215,127	\$19,208	(10.1%)	\$8,875	46.2%	14.8%	50.4%	19.4x	24.2x	11.2x
Chipotle Mexican Grill, Inc.	\$39,988	\$42,193	\$6,315	11.0%	\$676	10.7%	14.8%	15.6%	37.3x	62.4x	6.7x
Yum! Brands, Inc.	\$32,460	\$43,530	\$5,652	1.0%	\$1,908	33.8%	11.1%	34.7%	20.0x	22.8x	7.7x
Restaurant Brands International Inc.	\$19,834	\$34,300	\$4,968	(11.3%)	\$1,779	35.8%	12.7%	39.5%	15.5x	19.3x	6.9x
Median	\$36,224	\$42,862	\$5,984	(4.6%)	\$1,844	34.8%	13.8%	37.1%	19.7x	23.5x	7.3x
Mean	\$64,849	\$83,788	\$9,036	(2.4%)	\$3,310	31.6%	13.4%	35.0%	23.0x	32.2x	8.1x
Food Retail											
Costco Wholesale Corporation	\$156,027	\$157,518	\$178,626	12.8%	\$8,173	4.6%	7.2%	4.3%	19.1x	19.3x	0.9x
The Kroger Co.	\$27,064	\$45,938	\$132,498	8.4%	\$5,993	4.5%	(1.9%)	4.7%	7.5x	7.7x	0.3x
Median	\$91,545	\$101,728	\$155,562	10.6%	\$7,083	4.5%	2.6%	4.5%	13.3x	13.5x	0.6x
Mean	\$91,545	\$101,728	\$155,562	10.6%	\$7,083	4.5%	2.6%	4.5%	13.3x	13.5x	0.6x

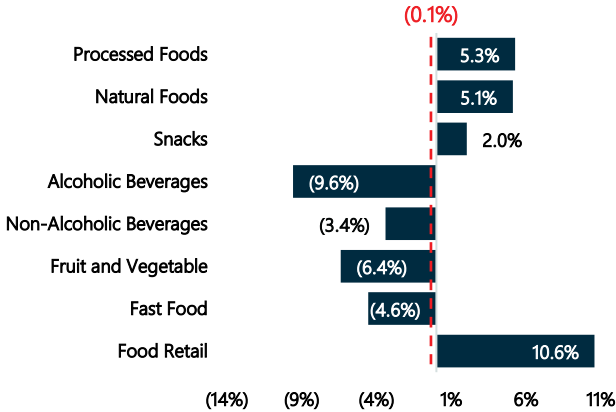
Source: Capital IQ. Data as of March 31, 2021.

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

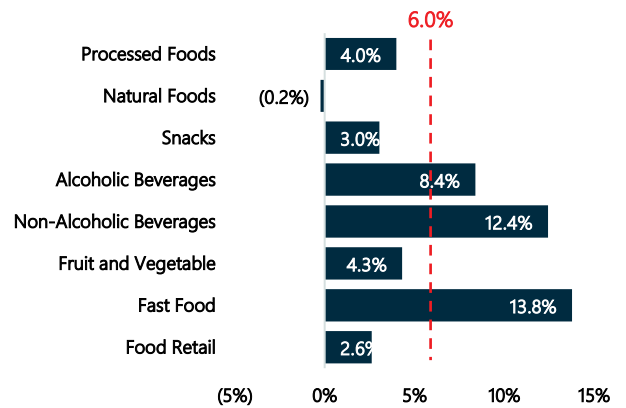
Public Comparable Analysis

Growth, Margins & Multiples

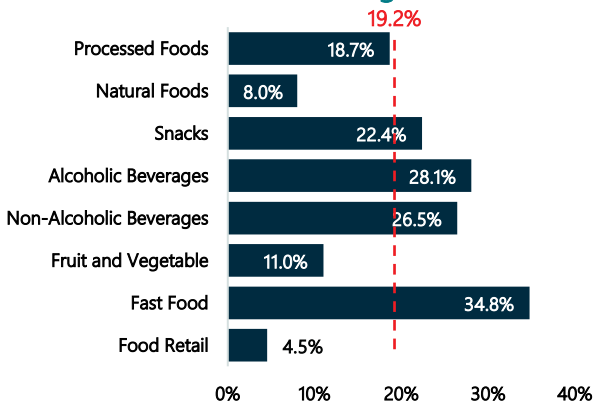
LTM Revenue Growth



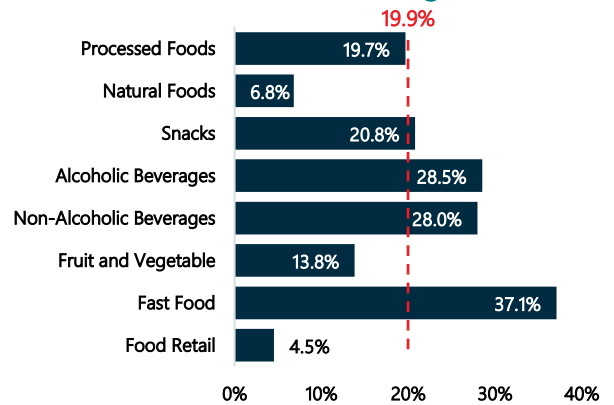
NTM Revenue Growth



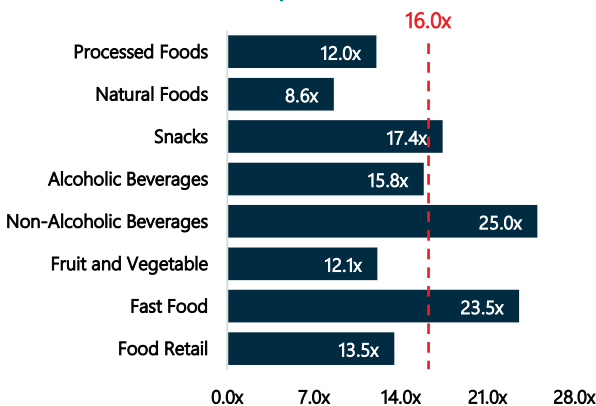
LTM EBITDA Margin



NTM EBITDA Margin



LTM EV/EBITDA



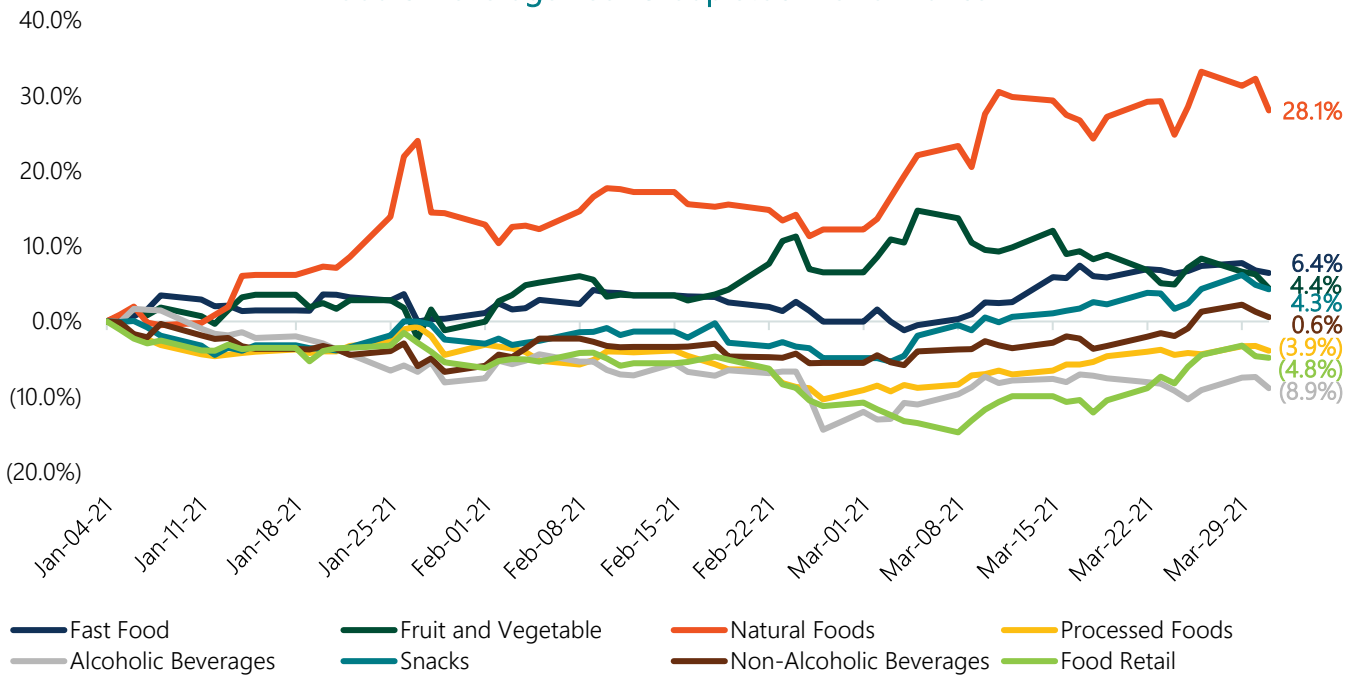
NTM EV/EBITDA



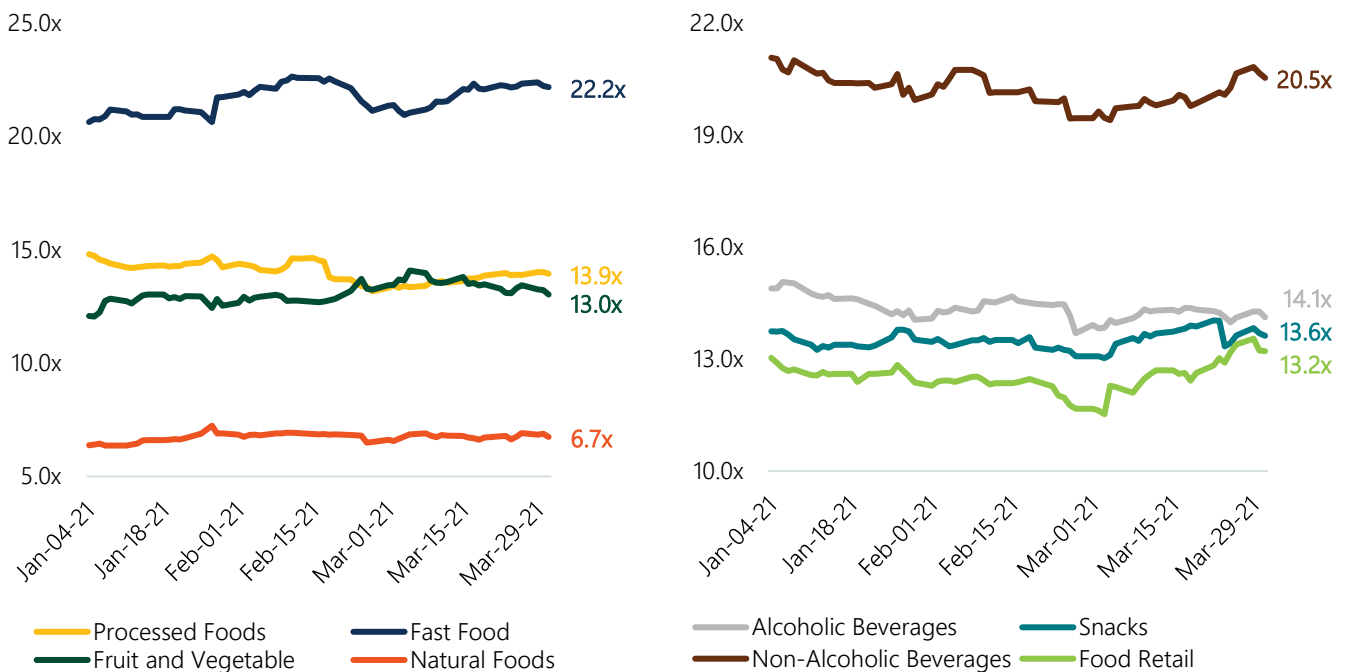
Public Comparable Analysis

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.

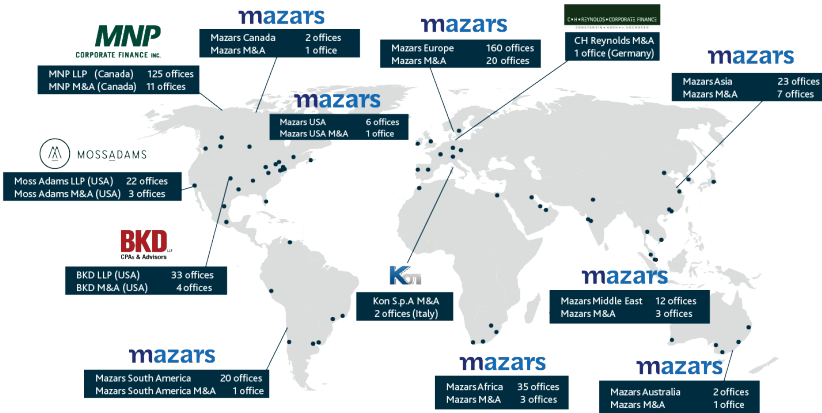
Our typical transactions range in value between \$3 million and \$300 million.

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 more than 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

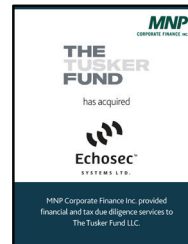
Hands-on Approach

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.

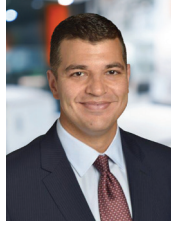
Recently Closed Deals (National)



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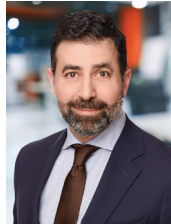
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