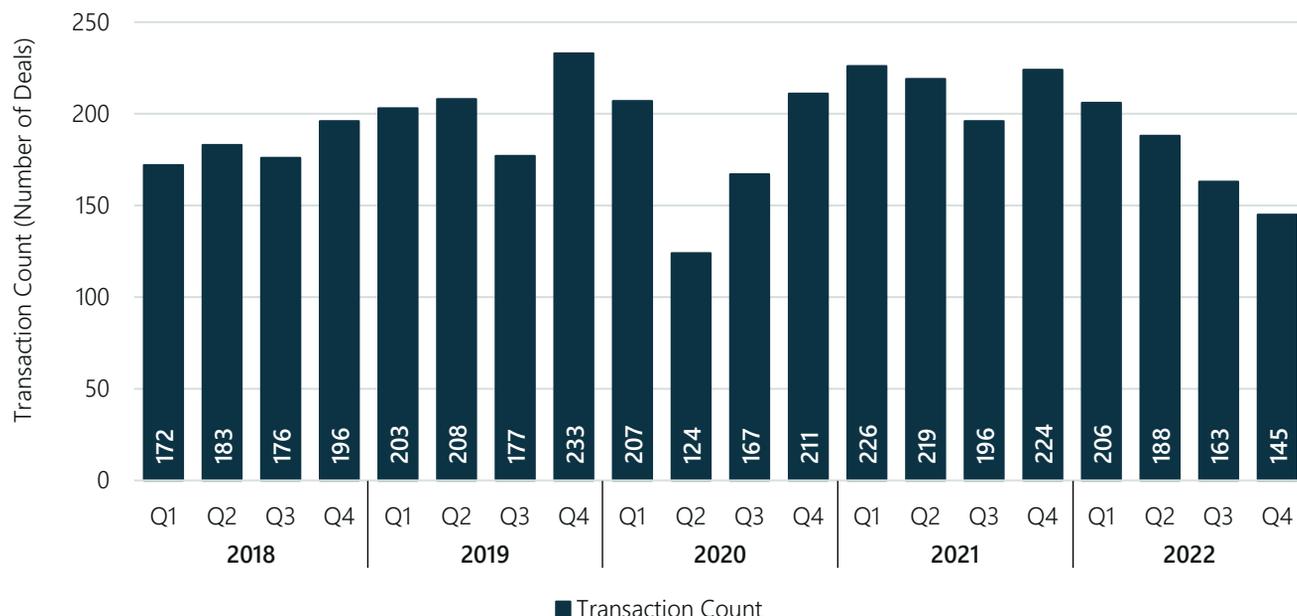


Food & Beverage

Quarterly Update | Q4 2022



North American Food & Beverage M&A Transactions¹



Q4 Transactions (Canada)

15

(-28.6% vs. Q3 2022)

Q4 Transaction Value (Canada)

\$234 million

(-81.5% vs. Q3 2022)

Q4 Transactions (US)

130

(-8.5% vs. Q3 2022)

Q4 Transaction Value (US)

\$36.3 billion

(1,300.5% vs. Q3 2022)

M&A Market Update – Q4 2022¹

- The M&A market has faced headwinds in the form of volatile equity markets, 40-year high inflation rates, and increasing debt financing costs. However, companies with strong brand loyalty, low price elasticity, and ability to innovate to combat rising input costs and labour shortages will continue to gain investor attention.
- The majority of transactions in Q4 2022 were in the packaged foods and meats, restaurants, and beverage sub-industries, which comprised 41%, 25%, and 17% of total transactions, respectively.
- The M&A market remains active and strategic buyers continue to display interest in attractive investment opportunities. In Q4 2022, private strategic acquirers accounted for 69.5% of the total transaction count. The remaining acquisitions were made by publicly listed companies and private equity firms, comprising 20.3% and 10.2% of the total transaction count, respectively.
- The median Enterprise Value (“EV”)/Earning before interest, tax, depreciation, and amortization (“EBITDA”) of transactions in Q4 2022 was 15.7x, representing a significant increase from the previous quarter’s median EV/EBITDA multiple of 10.3x.
- The US experienced a substantial increase in aggregate transaction value as compared to the previous quarter’s total transaction value of \$2.6 billion, driven primarily by The Kroger Company’s \$34 billion acquisition of The Albertsons Companies. This transaction represents a merger of two of the world’s largest players within the food retailer sub-sector.

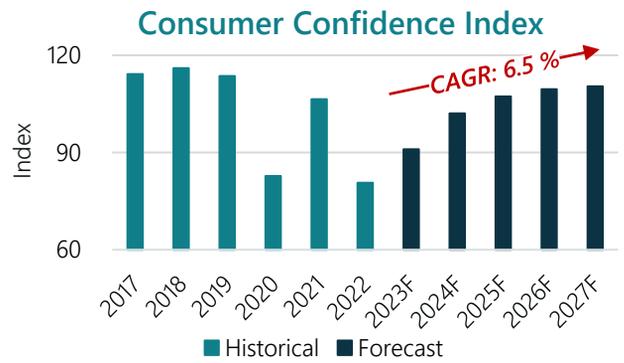
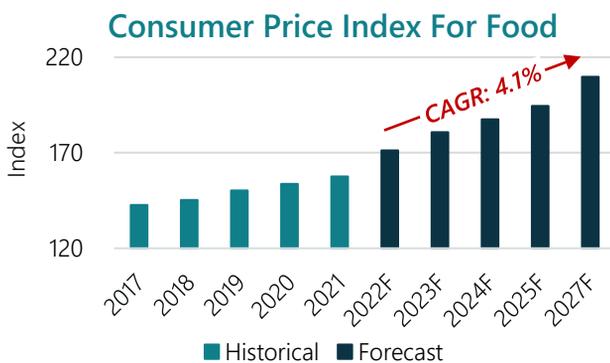
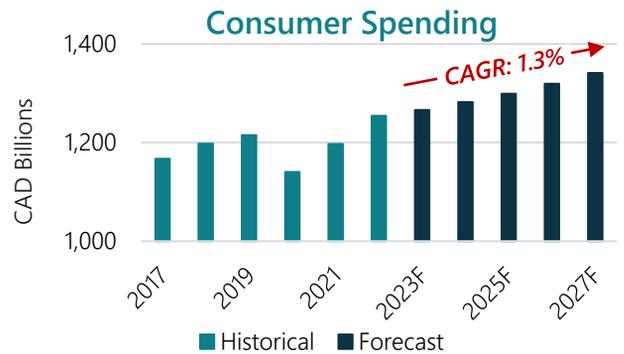
Macroeconomic Indicators

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 (“CCI”).

Per capita disposable income has decreased for the second consecutive year due to continued contractionary monetary policies and general economic uncertainty. However, per capita disposable income is forecasted to grow at an annualized rate of 1.5% over the next five years to 2027, as consumer inflation regresses and households adjust to higher borrowing costs. The forecasted growth in per capita disposable income is expected to drive increased discretionary food and dining expenditures by Canadian consumers.

Food prices in Canada have been increasing year-over-year, as the depressed value of the Canadian dollar and increasing commodity prices have made it more expensive for retailers and distributors to purchase imported goods. This rise is expected to continue through 2027 at an annualized rate of 4.1%, significantly above the historical annualized growth rate of 2.5% between 2017 to 2021. The increase in food prices can be attributed to ongoing supply chain bottlenecks and the inflationary pressures caused by volatile commodity prices, global unrest, and pent-up consumer demand.

After experiencing a sharp decrease in 2020, the CCI rebounded significantly in 2021 as a result of the COVID-19 vaccine rollouts and the easing of government-imposed restrictions. However, the index experienced an abrupt decline in 2022 due to 40-year high inflation, increasing gas prices, and concerns associated with global trade as a result of the ongoing conflict in Ukraine. Despite this, the CCI is forecasted to increase at an annualized rate of 6.5% through 2027, due to improvements in the labour market and the easing of macroeconomic concerns. Additionally, consumer spending is forecasted to increase at an annualized rate of 1.3%, driven by pent-up consumer demand and the aforementioned growth in personal disposable income.



Source: IBISWorld Industry Reports. Per capita disposable income and consumer price index for food as of October 2022. Consumer spending and consumer confidence index as of January 2023.
"F" indicates forecast.

Select Recent M&A Transactions

North America

FOODTASTIC

acquired

freshii

Announced	Dec 19, 2022
EV	\$60.0 million
EV/EBITDA	Not Disclosed
EV/Revenue	1.5x

- **Foodtastic Inc.** ("Foodtastic") is a leading franchisor of restaurant brands in Canada. Foodtastic manages over 900 restaurants across its portfolio of 21 brands. The company was founded in 2016 and is based in St-Laurent, Quebec.
- **Freshii Inc.** ("Freshii") operates franchises of health-oriented fast-serve restaurants, with 343 locations across North America. In recent years, Freshii has further expanded its omni-channel footprint to include consumer packaged goods ("CPG"), nutritional supplements, and ecommerce retail, through the acquisition of a majority interest in Natura Market. The company was founded in 2005 and is based in Toronto, Ontario.
- The transaction will allow Foodtastic to leverage its supply chain and economies of scale to improve Freshii's potential for growth, increase profitability, and generate additional opportunities for the combined company's CPG business.

Carlsberg

acquired

WATERLOO
BREWING

Announced	Dec 14, 2022
EV	\$158.5 million
EV/EBITDA	15.7x
EV/Revenue	2.0x

- **Carlsberg Group** ("Carlsberg") is one of the leading brewery groups in the world, with products sold in 150 markets internationally. Carlsberg's product portfolio now includes local and international premium brand beers, along with various other alcoholic and non-alcoholic beverages such as ciders, soft drinks, and energy drinks. The company was founded in 1847 and is based in Copenhagen, Denmark.
- **Waterloo Brewing Ltd.** ("Waterloo Brewing") is Ontario's largest Canadian-owned brewery. Waterloo Brewing produces two in-house brands of craft beers, Waterloo and Laker, and has purchased the Canadian rights to Seagram Coolers, Landshark, and Margaritaville. The company was founded in 1984 and is based in Kitchener, Ontario.
- The transaction is expected to strengthen Carlsberg's market position in Canada with local production of Waterloo Brewing's signature brands and deliver significant supply chain and revenue synergies.

Select Recent M&A Transactions

North America



acquired



Closed	Nov 14, 2022
EV	\$39.4 million
EV/EBITDA	Not Disclosed
EV/Revenue	Not Disclosed

- **Westrock Coffee LLC** (“Westrock”) is a leading roaster, producer, and distributor of coffee, tea, flavours, and extracts. Westrock offers sourcing, supply chain management, product development, roasting, packaging, and distribution services to customers across the retail, CPG, restaurant, and hospitality industries. The company was founded in 2009 and is based in Little Rock, Arkansas.
- **Kohana Coffee LLC** (“Kohana”) is a producer of specialty coffee, cold brew concentrates, and ready-to-drink (“RTD”) cold brew beverages. Kohana products are sold across major retailers such as Walmart, Amazon, and Whole Foods. The company was founded in 2006 and is based in Austin, Texas.
- The transaction allows Westrock to utilize its innovative supply chain and product development solutions to accelerate the production and distribution of RTD products and expand its capacity for extract manufacturing.



acquired



Announced	Nov 2, 2022
EV	\$207.0 million
EV/EBITDA	Not Disclosed
EV/Revenue	0.8x

- **MTY Food Group Inc.** (“MTY”) is a publicly traded franchisor and operator of casual dining, fast casual, and quick service restaurants. MTY operates over 6,000 locations across more than 70 brands including Thai Express, Jugo Juice, Mucho Burrito, and Mr. Sub. The company was founded in 1979 and is headquartered in Saint-Laurent, Quebec.
- **Wetzel’s Pretzels Franchise, LLC** (“Wetzel’s”) is an American chain of fast-food restaurants specializing in the retail of pretzels and hot dogs. Wetzel’s operates more than 350 locations across North America. The company was founded in 1994 and is headquartered in Pasadena, California.
- The transaction will further expand MTY’s footprint and brand portfolio across the US, which now comprises over half of the company’s total revenue. Additionally, MTY will be able to leverage its extensive supply chain network and economies of scale to increase profitability and continue expansion across North America.

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.	\$319,749	\$372,248	\$91,302	7.0%	\$18,927	20.7%	18.3%	20.6%	16.7x	19.7x	4.1x
Tyson Foods, Inc.	\$22,275	\$30,068	\$53,282	13.2%	\$5,598	10.5%	3.3%	8.6%	6.4x	5.4x	0.6x
Campbell Soup Company	\$16,995	\$21,954	\$8,901	6.3%	\$1,598	18.0%	4.5%	18.6%	12.7x	13.7x	2.5x
B&G Foods, Inc.	\$799	\$3,230	\$2,112	5.9%	\$264	12.5%	2.7%	15.0%	10.0x	12.3x	1.5x
Median	\$19,635	\$26,011	\$31,092	6.7%	\$3,598	15.2%	3.9%	16.8%	11.3x	13.0x	2.0x
Mean	\$89,955	\$106,875	\$38,899	8.1%	\$6,597	15.4%	7.2%	15.7%	11.4x	12.8x	2.2x
Natural Foods											
The Hain Celestial Group, Inc.	\$1,445	\$2,399	\$1,876	(2.6%)	\$165	8.8%	(0.6%)	10.6%	12.1x	14.6x	1.3x
Sprouts Farmers Market, Inc.	\$3,426	\$4,623	\$6,320	1.8%	\$480	7.6%	5.1%	7.2%	9.7x	9.6x	0.7x
United Natural Foods, Inc.	\$2,316	\$6,028	\$29,463	8.1%	\$680	2.3%	3.5%	2.9%	6.9x	8.9x	0.2x
Median	\$2,316	\$4,623	\$6,320	1.8%	\$480	7.6%	3.5%	7.2%	9.7x	9.6x	0.7x
Mean	\$2,396	\$4,350	\$12,553	2.4%	\$442	6.2%	2.7%	6.9%	9.6x	11.0x	0.7x
Snacks											
General Mills	\$49,439	\$60,786	\$19,367	4.1%	\$3,763	19.4%	4.6%	19.9%	15.0x	16.2x	3.1x
The Hershey Company	\$47,491	\$52,377	\$10,093	14.3%	\$2,556	25.3%	7.9%	26.4%	18.2x	20.5x	5.2x
J&J Snack Foods Corp.	\$2,878	\$2,944	\$1,381	20.6%	\$119	8.6%	14.0%	11.9%	15.7x	24.7x	2.1x
Median	\$47,491	\$52,377	\$10,093	14.3%	\$2,556	19.4%	7.9%	19.9%	15.7x	20.5x	3.1x
Mean	\$33,269	\$38,702	\$10,280	13.0%	\$2,146	17.8%	8.8%	19.4%	16.3x	20.5x	3.5x
Alcoholic Beverages											
Anheuser-Busch InBev SA/NV	\$119,238	\$214,461	\$57,316	8.4%	\$17,979	31.4%	5.4%	33.9%	10.5x	11.9x	3.7x
Heineken N.V.	\$54,059	\$71,271	\$25,416	24.1%	\$5,315	20.9%	27.1%	22.1%	10.0x	13.4x	2.8x
Brown-Forman Corporation	\$31,484	\$32,807	\$4,134	14.1%	\$1,352	32.7%	1.2%	33.1%	23.7x	24.3x	7.9x
Molson Coors Beverage Company	\$11,220	\$17,639	\$10,691	7.4%	\$1,662	15.5%	1.6%	19.6%	8.3x	10.6x	1.6x
Median	\$42,772	\$52,039	\$18,053	11.3%	\$3,488	26.1%	3.5%	27.6%	10.2x	12.7x	3.3x
Mean	\$54,000	\$84,044	\$24,389	13.5%	\$6,577	25.1%	8.8%	27.2%	13.1x	15.1x	4.0x
Non-Alcoholic Beverages											
The Coca-Cola Company	\$275,082	\$304,684	\$42,343	12.0%	\$13,531	32.0%	2.6%	31.9%	22.0x	22.5x	7.2x
PepsiCo, Inc.	\$251,832	\$284,493	\$83,644	9.1%	\$15,156	18.1%	3.9%	18.3%	17.9x	18.8x	3.4x
Starbucks Corporation	\$113,862	\$134,538	\$32,250	11.0%	\$5,973	18.5%	11.4%	19.6%	19.2x	22.5x	4.2x
Monster Beverage Corporation	\$53,011	\$50,399	\$6,223	17.1%	\$1,667	26.8%	11.2%	29.7%	24.5x	30.2x	8.1x
Median	\$182,847	\$209,515	\$37,297	11.5%	\$9,752	22.7%	7.6%	24.6%	20.6x	22.5x	5.7x
Mean	\$173,447	\$193,528	\$41,115	12.3%	\$9,082	23.8%	7.3%	24.9%	20.9x	23.5x	5.7x
Fruit and Vegetable											
Lamb Weston Holdings, Inc.	\$12,853	\$15,132	\$4,510	15.8%	\$902	20.0%	6.0%	20.4%	15.5x	16.8x	3.4x
Fresh Del Monte Produce Inc.	\$1,253	\$1,949	\$4,420	4.3%	\$216	4.9%	1.2%	5.2%	N/A	9.0x	0.4x
Seneca Foods Corporation	\$462	\$823	\$1,483	6.2%	\$106	7.1%	N/A	N/A	N/A	7.8x	0.6x
Median	\$1,253	\$1,949	\$4,420	6.2%	\$216	7.1%	3.6%	12.8%	15.5x	9.0x	0.6x
Mean	\$4,856	\$5,968	\$3,471	8.8%	\$408	10.7%	3.6%	12.8%	15.5x	11.2x	1.5x
Fast Food											
McDonald's Corporation	\$193,016	\$237,567	\$23,265	3.3%	\$12,056	51.8%	0.0%	54.4%	18.8x	19.7x	10.2x
Chipotle Mexican Grill, Inc.	\$38,463	\$41,408	\$8,415	17.0%	\$1,327	15.8%	13.8%	18.8%	23.0x	31.2x	4.9x
Yum! Brands, Inc.	\$36,079	\$47,960	\$6,713	4.3%	\$2,242	33.4%	3.6%	35.5%	19.4x	21.4x	7.1x
Restaurant Brands International Inc.	\$19,783	\$34,980	\$6,362	14.6%	\$2,219	34.9%	4.6%	36.8%	14.3x	15.8x	5.5x
Median	\$37,271	\$44,684	\$7,564	9.4%	\$2,231	34.1%	4.1%	36.2%	19.1x	20.5x	6.3x
Mean	\$71,835	\$90,479	\$11,189	9.8%	\$4,461	34.0%	5.5%	36.4%	18.9x	22.0x	6.9x
Food Retail											
Costco Wholesale Corporation	\$202,562	\$199,940	\$231,028	13.8%	\$9,648	4.2%	6.6%	4.4%	18.4x	20.7x	0.9x
The Kroger Co.	\$31,911	\$51,223	\$146,484	8.0%	\$7,507	5.1%	2.2%	5.0%	6.9x	6.8x	0.3x
Median	\$117,237	\$125,582	\$188,756	10.9%	\$8,578	4.7%	4.4%	4.7%	12.6x	13.8x	0.6x
Mean	\$117,237	\$125,582	\$188,756	10.9%	\$8,578	4.7%	4.4%	4.7%	12.6x	13.8x	0.6x

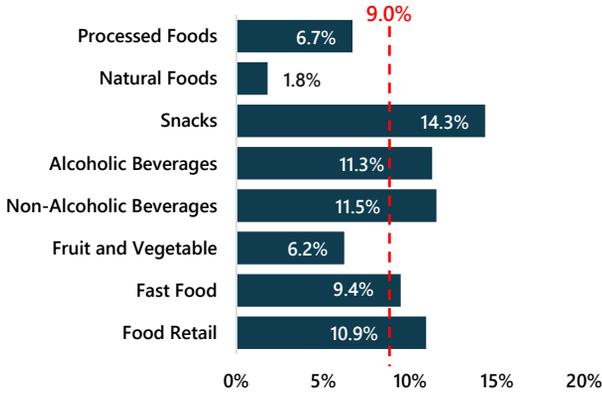
Source: Capital IQ. Data as of December 31, 2022.

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

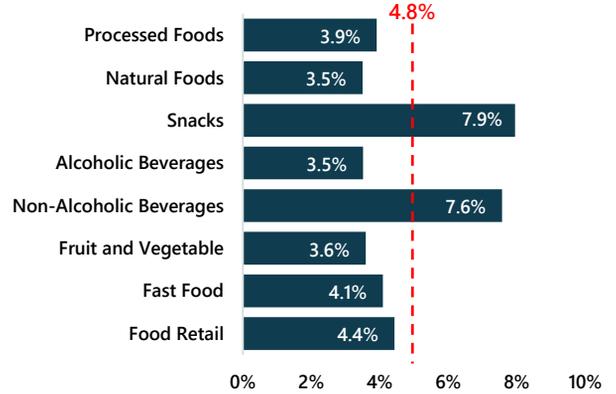
Public Comparable Analysis

Growth, Margins & Multiples

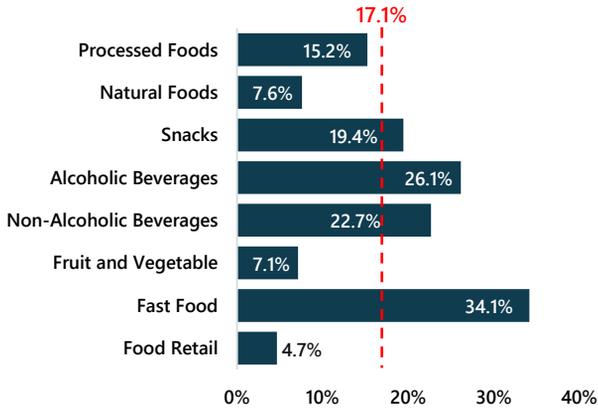
LTM Revenue Growth



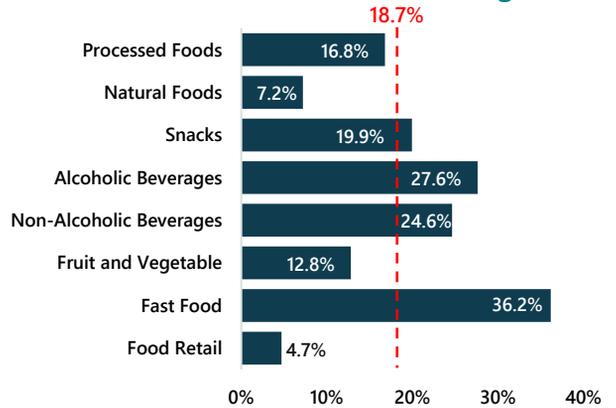
NTM Revenue Growth



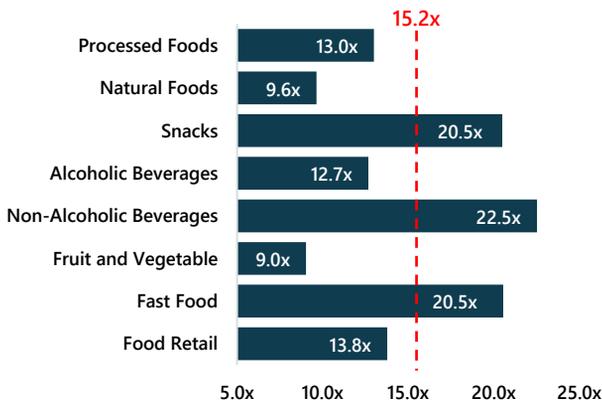
LTM EBITDA Margin



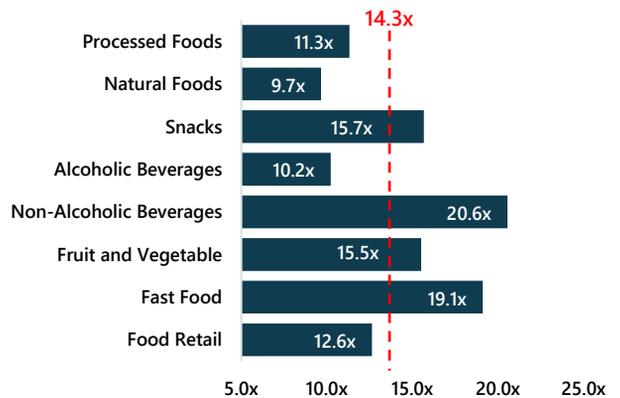
NTM EBITDA Margin



LTM EV/EBITDA

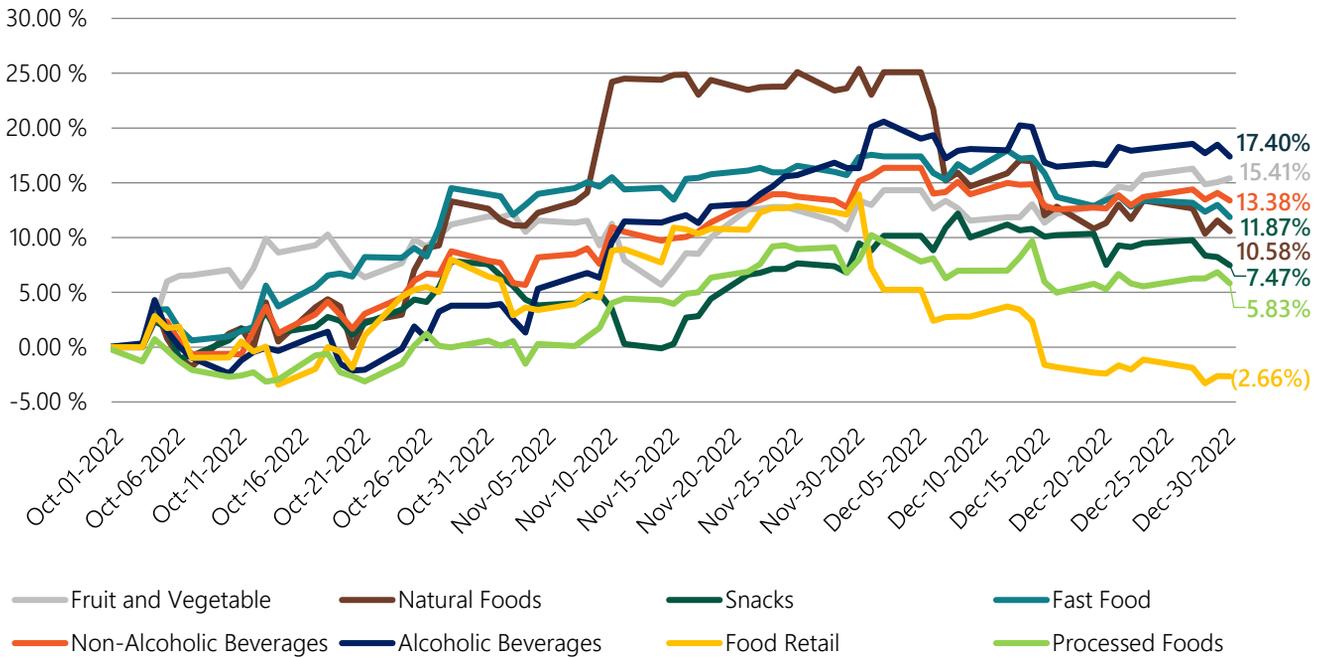


NTM EV/EBITDA

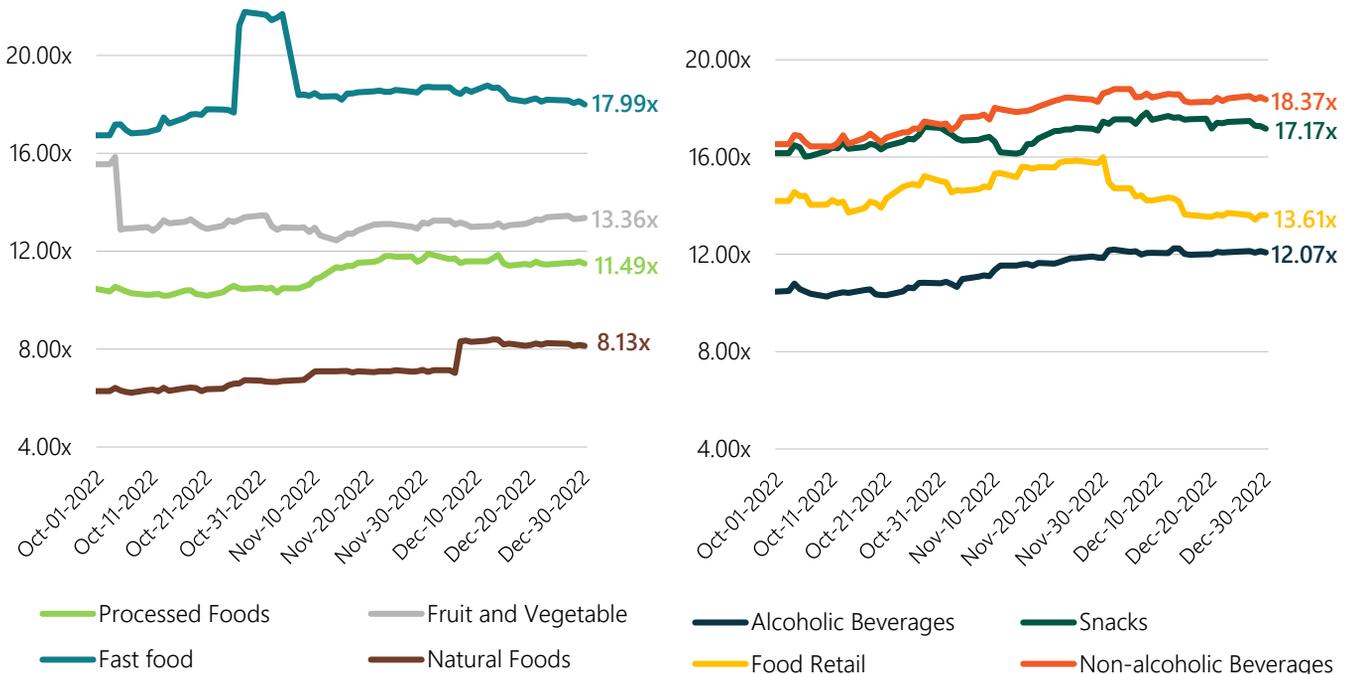


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Food & Beverage Peer Group Stock Performance



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.

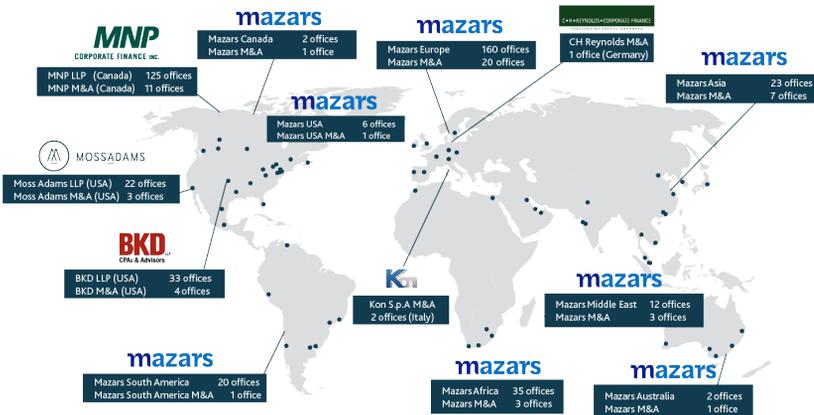
Our typical transactions range in value between \$3 million and \$300 million.

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)

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

MNP Corporate Finance Inc. acted as exclusive financial advisor to Simpson Seeds 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.

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

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

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

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

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

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

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



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Transaction Leadership



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