

Food & Beverage

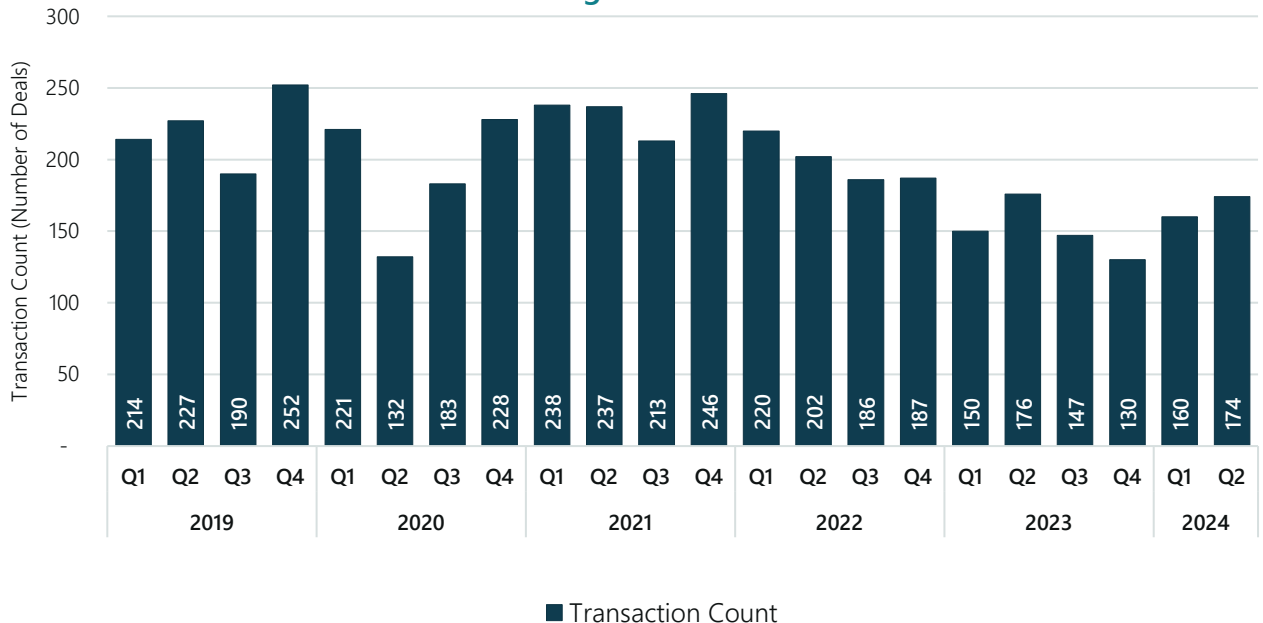
Quarterly Update | Q2 2024



Industry Overview

M&A Transactions & Performance

North American Food & Beverage M&A Transactions¹



Q2 Transactions
(Canada)
12
(-14.3% vs. Q1 2024)

Q2 Transaction Value
(Canada)
\$14.0 million
(-63.4% vs. Q1 2024)

Q2 Transactions
(U.S.)
162
(+11.0% vs. Q1 2024)

Q2 Transaction Value
(U.S.)
\$1.8 billion
(-38.9% vs. Q1 2024)

M&A Market Update – Q2 2024¹

- M&A total transaction volume in the North American food and beverage industry increased by 8.7% during Q2 2024, compared to the previous quarter. However, the disclosed transaction value decreased by 39%, compared to the previous quarter. The decrease in transaction value from the preceding quarter is largely attributable to Restaurant Brands International Inc.'s \$1.7 billion acquisition of Carrols Restaurant Group Inc., which accounted for a significant portion of the previous quarter's disclosed transaction value in North America.
- Industry M&A activity in Q2 2024 was primarily driven by strategic acquisitions, which accounted for 69% of the total transaction volume. The transaction activity by strategic acquirers illustrates the appetite for consolidation as strategic players seek operational synergies through acquisitions.
- In Q2 2024, the food products, restaurants, and beverages industries accounted for 37.4%, 28.2%, and 20.1% of total volume, respectively.
- Transaction volume increased in Q2 2024 due to steady U.S. interest rates in combination with the interest rate cut by the Bank of Canada in June 2024.
- M&A activity is expected to increase in the second half of 2024, driven by an easing labour market, anticipated interest rate cuts, and high levels of deployable capital available to private equity firms.

Macroeconomic Indicators

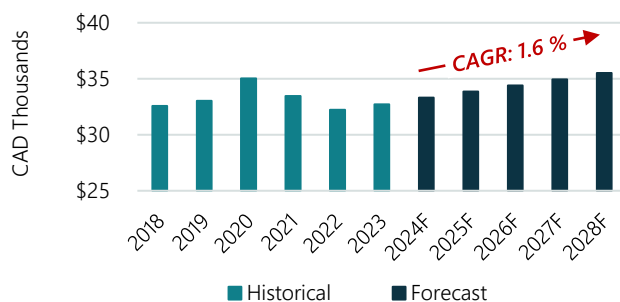
Key external factors that affect the Canadian food and beverage industry include per capita disposable income, consumer spending, the consumer price index for food, and the consumer confidence index.

Per capita disposable income returned to positive growth in 2023 as the job market remained strong, despite recessionary fears. However, the continued high cost of living and rising consumer debt levels restricted the increase in per capita disposable income. Per capita disposable income is forecasted to grow at an annualized rate of 1.6% through 2028. The Canadian economy is expected to rebound as inflationary pressures alleviate and the Bank of Canada eases monetary policy. The resulting increase in per capita disposable income will drive discretionary food and beverage expenditures in Canada.

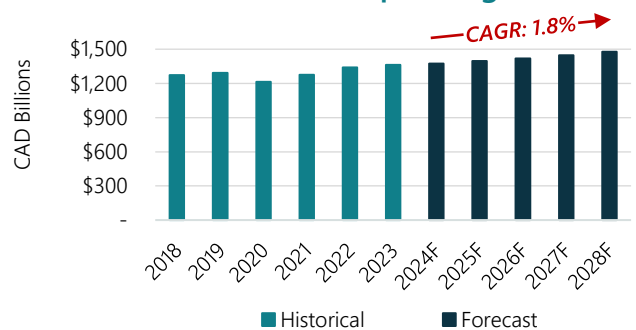
The consumer price index for food continued its upward trajectory in 2023, despite efforts to combat inflation through interest rate hikes. The increase in food prices has primarily been driven by a weakening Canadian dollar compared to the U.S. dollar, volatile commodity prices arising from geopolitical tension, and labour shortages in key sectors such as food processing, crop harvesting, and transportation. Uncertainty around geopolitical tension and the effects of climate change on crop production may result in increased food prices. However, prices are expected to stabilize in 2024 and increase at a more palatable annualized rate of 2.0% through 2028.

The consumer confidence index in 2024 is forecasted to increase at an annualized rate of 7.2% through 2028, driven by growing optimism towards central bank monetary policies, an improved outlook on inflation, and a future strengthening of the Canadian labour market. High consumer confidence is expected to drive demand in the food and beverage industry. Additionally, consumer spending is forecasted to increase at an annualized rate of 1.8%, fueled by improvements in consumer confidence and growth in per capita disposable income.

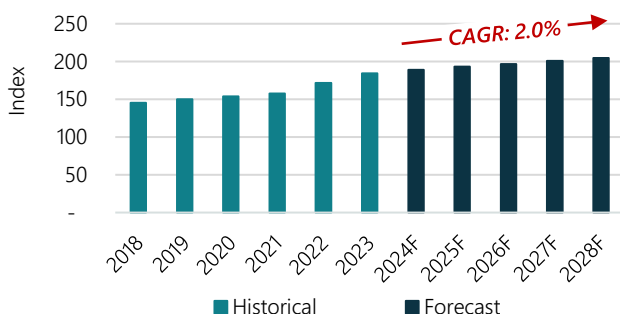
Per Capita Disposable Income



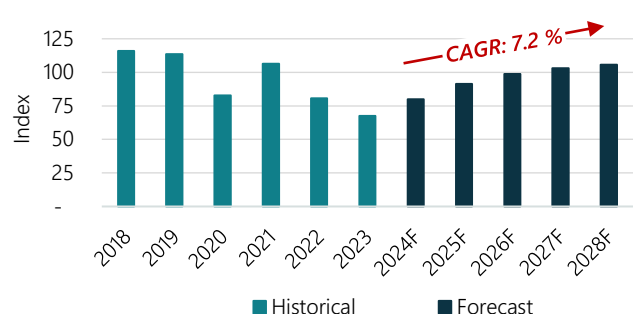
Consumer Spending



Consumer Price Index For Food



Consumer Confidence Index



Select Recent M&A Transactions

North America



Closed	Jun 30, 2024
EV	\$170 million
EV/EBITDA	Not Disclosed
EV/Revenue	Not Disclosed

- **Constellation Brands, Inc.** (Constellation), along with its subsidiaries, produces, imports, markets, and sells beer, wine, and spirits in the U.S., Canada, Mexico, New Zealand, and Italy. Constellation was founded in 1945 and is based in Victor, New York.
- **Sea Smoke Estate Vineyards** (Sea Smoke) produces and markets wine. The company was founded in 1998 and is based in Lompoc, California.
- The transaction further enhances Constellation's focus on higher-end wine and supports its portfolio growth strategy.



acquired



Closed	Jun 13, 2024
EV	\$280 million
EV/EBITDA	Not Disclosed
EV/Revenue	Not Disclosed

- **The Simply Good Foods Company** (Simply Good) is a consumer-packaged food and beverage company operating in North America and internationally. The company develops, markets, and sells snacks and meal replacements. Simply Good was founded in 2017 and is headquartered in Denver, Colorado.
- **Only What You Need, Inc.** (OWYN) is a plant-protein brand that produces and sells nutrition products, such as protein shakes and meal replacements. OWYN sells its products through the company's retail and online stores. The company was incorporated in 2016 and is based in New York, New York.
- The transaction enables Simply Good to diversify its portfolio further and establish a more significant presence in the protein shake portion of the nutritional snack category.

Select Recent M&A Transactions

North America



acquired



Closed	Apr 26, 2024
EV	\$355 million
EV/EBITDA	18.0x
EV/Revenue	4.1x

- **Glanbia plc** (Glanbia) is a global nutrition company that offers sports nutrition and lifestyle nutrition products in various formats, such as powders, ready-to-eat bars and snack food, and ready-to-drink beverages. Glanbia was founded in 1964 and is based in Kilkenny, Ireland.
- **Flavor Producers, LLC** (Flavor Producers) is one of the leading producers of natural, plant-based flavouring and extracts in the North American food and beverage industry. The company was founded in 1981 and is based in Valencia, California.
- The transaction enables Glanbia to build on their existing flavour offerings and positions them to capture long-term growth opportunities in the organic and natural flavours segments.



acquired
substantially
all the assets of



Closed	Jun 28, 2024
EV	\$110 million
EV/EBITDA	Not Disclosed
EV/Revenue	Not Disclosed

- **Cal-Maine Foods, Inc.** (Cal-Maine), together with its subsidiaries, produces, grades, packages, markets, and distributes shell eggs. The company sells its products to customers, including national and regional grocery stores, club stores, independent supermarkets, food service distributors, and egg product consumers. Cal-Maine was founded in 1957 and is based in Ridgeland, Mississippi.
- **ISE America, Inc.** (ISE) produces eggs for retail, food service, and further processor markets. The company's products include shell, hard-cooked, liquid/frozen, and farm eggs. The company was founded in 1980 and is based in Galena, Maryland.
- The transaction will enhance Cal-Maine's market reach in the Northeast and Mid-Atlantic U.S.

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.	\$267,556	\$323,237	\$92,106	(3.6%)	\$20,391	22.1%	15.7%	21.3%	14.2x	15.9x	3.5x
Tyson Foods, Inc.	\$20,343	\$29,147	\$52,879	(1.4%)	\$2,278	4.3%	0.8%	6.0%	9.1x	12.8x	0.6x
Campbell Soup Company	\$13,492	\$20,871	\$9,411	1.5%	\$1,826	19.4%	11.0%	19.3%	10.4x	11.4x	2.2x
B&G Foods, Inc.	\$639	\$2,701	\$2,026	(5.4%)	\$303	15.0%	(2.6%)	15.6%	8.8x	8.9x	1.3x
Median	\$16,917	\$25,009	\$31,145	(2.5%)	\$2,052	17.2%	5.9%	17.4%	9.7x	12.1x	1.8x
Mean	\$75,508	\$93,989	\$39,105	(2.2%)	\$6,199	15.2%	6.2%	15.5%	10.6x	12.2x	1.9x
Natural Foods											
The Hain Celestial Group, Inc.	\$621	\$1,434	\$1,765	(2.2%)	\$138	7.8%	(1.0%)	9.1%	9.0x	10.4x	0.8x
Sprouts Farmers Market, Inc.	\$8,406	\$9,796	\$6,988	7.6%	\$537	7.7%	8.2%	7.7%	16.8x	18.2x	1.4x
United Natural Foods, Inc.	\$779	\$4,355	\$30,242	0.4%	\$363	1.2%	3.1%	1.7%	8.0x	12.0x	0.1x
Median	\$779	\$4,355	\$6,988	0.4%	\$363	7.7%	3.1%	7.7%	9.0x	12.0x	0.8x
Mean	\$3,269	\$5,195	\$12,998	1.9%	\$346	5.6%	3.4%	6.2%	11.3x	13.6x	0.8x
Snacks											
General Mills	\$35,308	\$48,457	\$19,857	(1.2%)	\$4,321	21.8%	0.7%	20.9%	11.6x	11.2x	2.4x
The Hershey Company	\$37,176	\$42,352	\$11,430	6.4%	\$3,237	28.3%	0.3%	26.6%	13.9x	13.1x	3.7x
J&J Snack Foods Corp.	\$3,148	\$3,283	\$1,578	7.3%	\$186	11.8%	2.3%	13.6%	14.9x	17.7x	2.1x
Median	\$35,308	\$42,352	\$11,430	6.4%	\$3,237	21.8%	0.7%	20.9%	13.9x	13.1x	2.4x
Mean	\$25,211	\$31,364	\$10,955	4.2%	\$2,581	20.6%	1.1%	20.4%	13.5x	14.0x	2.7x
Alcoholic Beverages											
Anheuser-Busch InBev SA/NV	\$117,774	\$196,004	\$59,714	1.6%	\$18,237	30.5%	5.1%	34.9%	9.0x	10.7x	3.3x
Heineken N.V.	\$54,516	\$74,438	\$30,543	2.1%	\$6,168	20.2%	9.9%	22.1%	10.0x	12.1x	2.4x
Brown-Forman Corporation	\$20,573	\$23,324	\$4,178	(1.2%)	\$1,232	29.5%	0.9%	31.0%	17.8x	18.9x	5.6x
Molson Coors Beverage Company	\$10,790	\$17,006	\$11,952	10.3%	\$2,437	20.4%	(1.5%)	21.0%	6.9x	7.0x	1.4x
Median	\$37,544	\$48,881	\$21,248	1.9%	\$4,303	24.9%	3.0%	26.5%	9.5x	11.4x	2.9x
Mean	\$50,913	\$77,693	\$26,597	3.2%	\$7,019	25.2%	3.6%	27.2%	10.9x	12.2x	3.2x
Non-Alcoholic Beverages											
The Coca-Cola Company	\$274,201	\$302,566	\$46,465	5.3%	\$14,946	32.2%	(0.7%)	33.5%	19.6x	20.2x	6.5x
PepsiCo, Inc.	\$226,743	\$264,404	\$92,054	2.1%	\$17,058	18.5%	3.4%	19.5%	14.3x	15.5x	2.9x
Starbucks Corporation	\$88,181	\$110,271	\$36,530	7.4%	\$7,116	19.5%	4.5%	20.0%	14.4x	15.5x	3.0x
Monster Beverage Corporation	\$52,050	\$48,551	\$7,340	13.1%	\$2,142	29.2%	9.2%	30.0%	20.2x	22.7x	6.6x
Median	\$157,462	\$187,338	\$41,498	6.4%	\$11,031	24.3%	4.0%	25.0%	17.0x	17.9x	4.8x
Mean	\$160,294	\$181,448	\$45,597	7.0%	\$10,316	24.8%	4.1%	25.8%	17.1x	18.5x	4.8x
Fruit and Vegetable											
Lamb Weston Holdings, Inc.	\$12,140	\$15,959	\$6,468	20.9%	\$1,412	21.8%	4.3%	24.4%	9.7x	11.3x	2.5x
Fresh Del Monte Produce Inc.	\$1,047	\$1,606	\$4,300	(3.0%)	\$226	5.3%	2.7%	5.1%	N/A	7.1x	0.4x
Seneca Foods Corporation	\$401	\$1,048	\$1,459	(3.4%)	\$155	10.6%	N/A	N/A	N/A	6.8x	0.7x
Median	\$1,047	\$1,606	\$4,300	(3.0%)	\$226	10.6%	3.5%	14.7%	9.7x	7.1x	0.7x
Mean	\$4,529	\$6,204	\$4,075	4.8%	\$598	12.6%	3.5%	14.7%	9.7x	8.4x	1.2x
Fast Food											
McDonald's Corporation	\$183,659	\$233,766	\$25,758	6.5%	\$13,780	53.5%	4.5%	54.2%	16.0x	17.0x	9.1x
Chipotle Mexican Grill, Inc.	\$86,041	\$88,779	\$10,663	14.9%	\$2,142	20.1%	10.0%	20.7%	36.6x	41.5x	8.3x
Yum! Brands, Inc.	\$37,305	\$48,561	\$7,029	1.3%	\$2,570	36.6%	12.5%	35.2%	17.4x	18.9x	6.9x
Restaurant Brands International Inc.	\$22,264	\$37,554	\$7,171	7.9%	\$2,434	33.9%	25.8%	32.3%	12.9x	15.4x	5.2x
Median	\$61,673	\$68,670	\$8,917	7.2%	\$2,502	35.3%	11.2%	33.7%	16.7x	17.9x	7.6x
Mean	\$82,317	\$102,165	\$12,655	7.6%	\$5,231	36.0%	13.2%	35.6%	20.8x	23.2x	7.4x
Food Retail											
Costco Wholesale Corporation	\$376,830	\$374,628	\$253,695	7.8%	\$11,243	4.4%	5.8%	4.6%	30.1x	33.3x	1.5x
The Kroger Co.	\$36,039	\$52,484	\$150,143	0.9%	\$8,066	5.4%	(0.1%)	5.3%	6.7x	6.5x	0.3x
Median	\$206,435	\$213,556	\$201,919	4.3%	\$9,655	4.9%	2.8%	4.9%	18.4x	19.9x	0.9x
Mean	\$206,435	\$213,556	\$201,919	4.3%	\$9,655	4.9%	2.8%	4.9%	18.4x	19.9x	0.9x

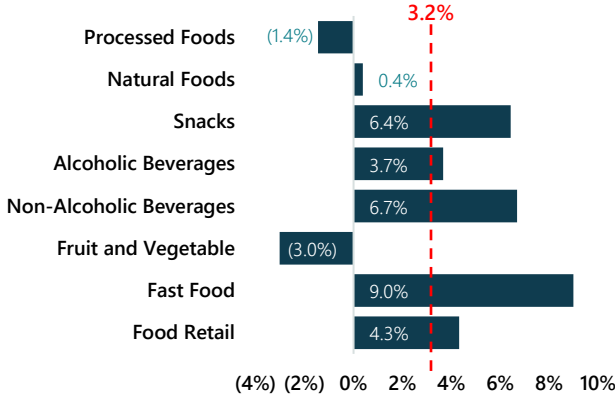
Source: Capital IQ. Data as of June 30, 2024.

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

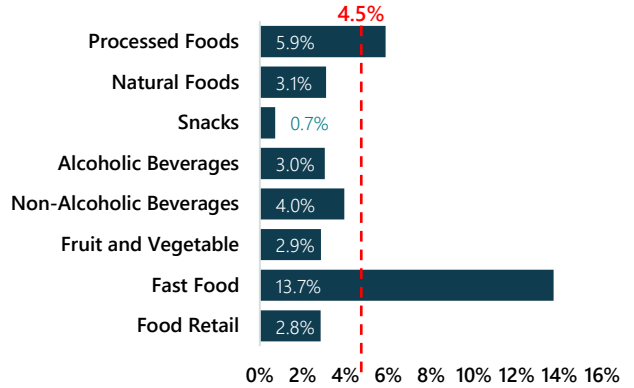
Public Comparable Analysis

Growth, Margins & Multiples

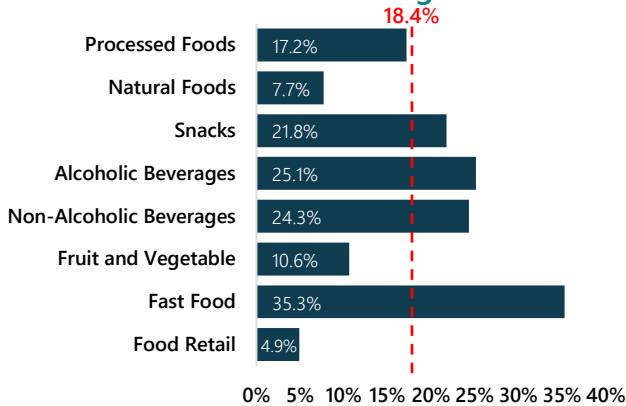
LTM Revenue Growth



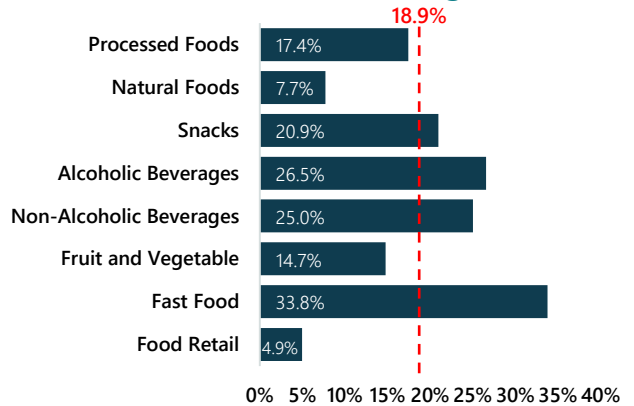
NTM Revenue Growth



LTM EBITDA Margin



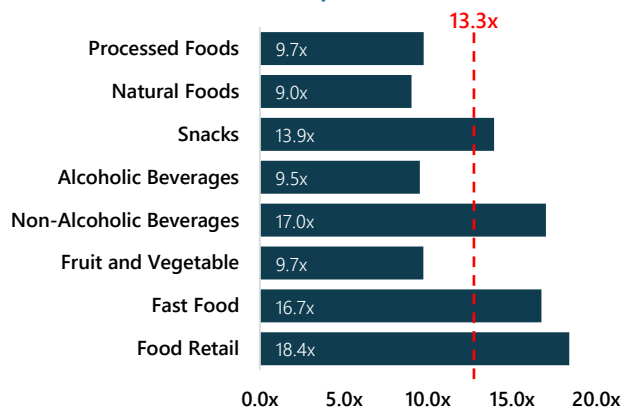
NTM EBITDA Margin



LTM EV/EBITDA



NTM EV/EBITDA

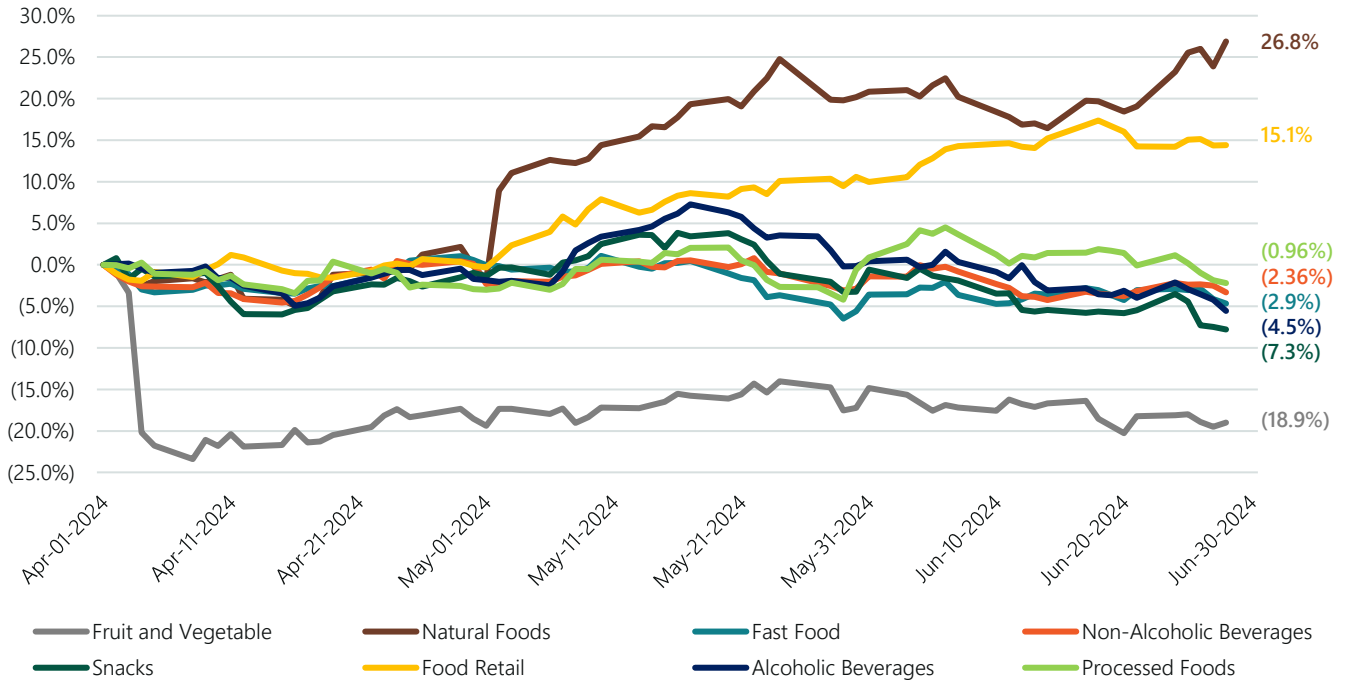


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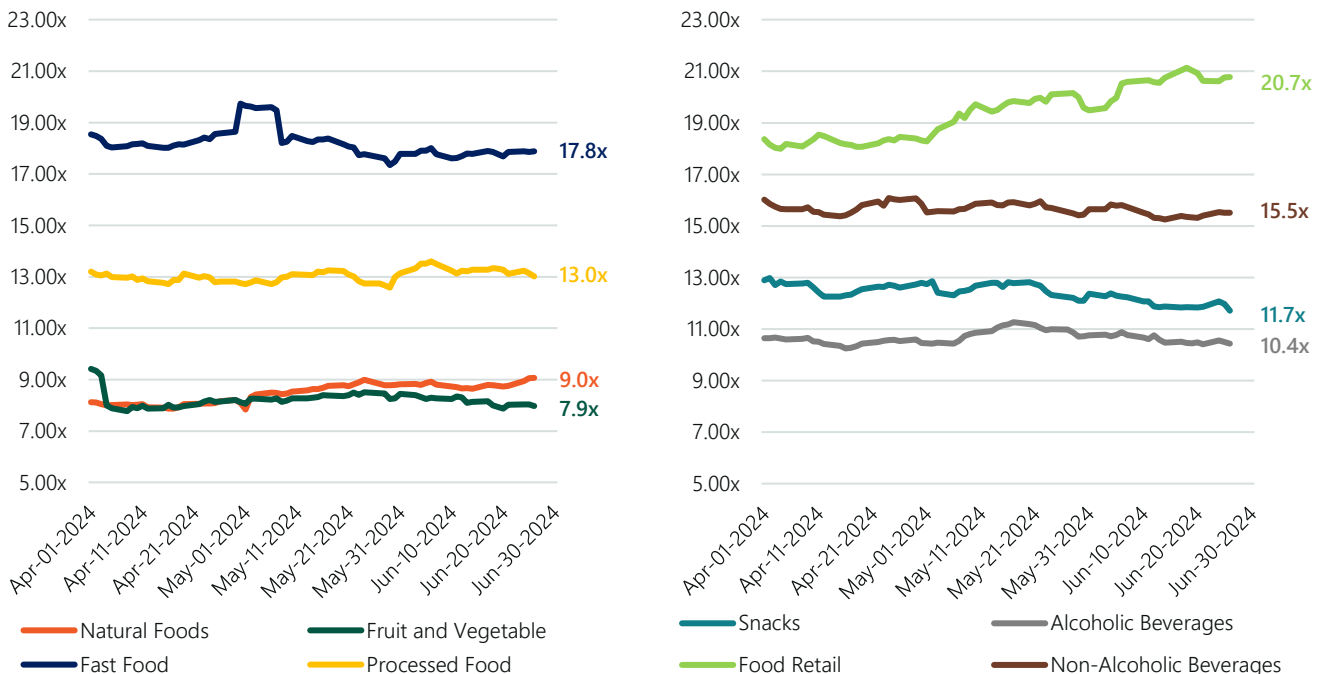
Public Comparable Analysis

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.

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 285 transactions worth almost \$5 billion (not including due diligence engagements).

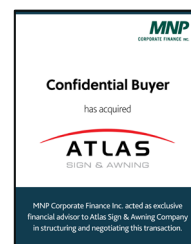
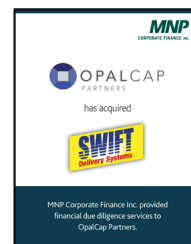
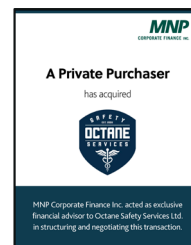
Industry Experience

- Food & Beverage
- Retail & Distribution
- Manufacturing
- Agriculture
- Automotive
- Materials
- Healthcare
- Pharmaceutical
- Transportation
- Construction
- Software
- Financial Services
- Technology
- Energy
- Oilfield Services
- Real Estate

Services

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

Recently Closed Deals (National)



About Us



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

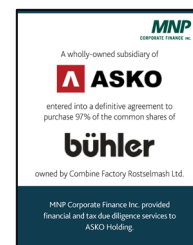
We draw on the vast experience and deep specialist knowledge network of our partners locally, nationally and internationally as specialty issues arise, such as pre-transaction tax planning, transaction structuring, estate planning, valuation, due diligence, performance improvement and risk management.

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.



Recently Closed Deals (National)

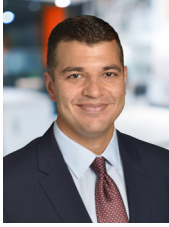


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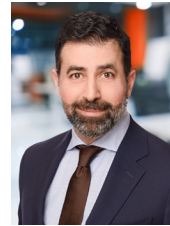
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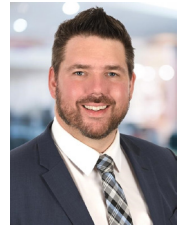
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