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Food & Beverage Industry

Q1/2018 Review

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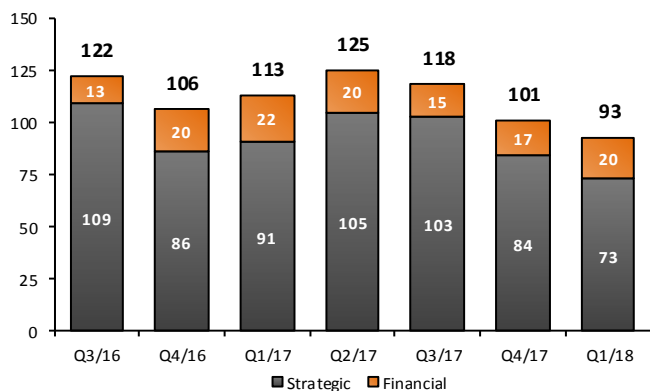
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July 2018

North American* M&A and Private Equity Trends

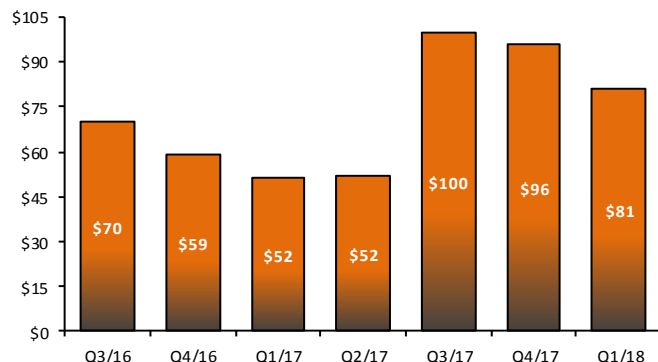
North American Food & Beverage (“F&B”) Announced Deal Volume

(Majority stake transactions only)

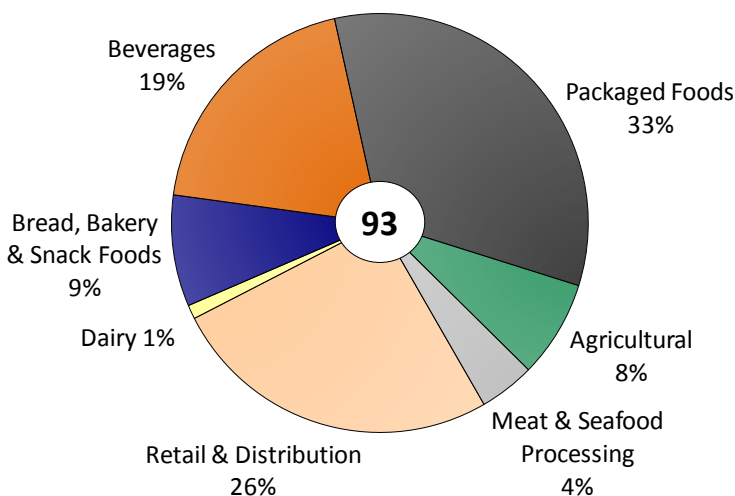


North American F&B Average Deal Size (US\$M)

(Average transaction value for all deals with disclosed values under US\$500M)



Q1/18 North American F&B Deal Volume by Segment



North American F&B Deal Volume by Country

Country	Q3/16	Q4/16	Q1/17	Q2/17	Q3/17	Q4/17	Q1/18
	8	19	19	11	19	23	12
	114	87	94	114	99	78	81
Total	122	106	113	125	118	101	93

Private Equity Market

- There were seven North American Private Equity (“PE”) acquisitions relating to the F&B Industry reported in Q1/18 along with 13 additional non PE financial transactions.
- The Canadian buyout and related PE market across all industries experienced a total of 81 transactions valued at CAD\$13.3B. Deal values increased by 98% compared to Q1 2017 while reaching the highest level ever recorded for any Q1. Deal volumes experienced a year-over-year decrease of 15%, resulting in an average disclosed deal value of CAD\$349M, also the highest ever reported.⁽¹⁾
- Despite the 15% decrease of Canadian buyout and related PE deals in Q1 2018, the rate of overall Canadian M&A fell even further by 19%. With 597 Canadian M&A targets in Q1 2018 versus 738 in Q1 2017, PE deals as a percentage of M&A increased from 12.9% to 13.6%.⁽¹⁾

⁽¹⁾ Source: Thomson Reuters

* All North American statistics/figures exclude Mexico



Q1/18 Featured Transactions

Featured North American Transactions

Packaged Foods

- France-based vegetable producer Bonduelle SA (ENXTPA:BON) agreed to acquire the Canadian-based **Del Monte Processed Fruit and Vegetable Business** from Conagra Brands, Inc. (NYSE:CAG) for CAD\$43M on February 20, 2018.
- Massachusetts-based Ocean Spray Cranberries, Inc. agreed to acquire Quebec-based Canneberges Atoka Cranberries Inc. on February 2, 2018.
- Mississauga-based PE firm Dane Creek Capital Corp. acquired Ontario-based frozen raw pet food producer **Pets4Life** on January 31, 2018.
- Regina-based Avena Foods Limited, a manufacturer and supplier of gluten-free oats, acquired Manitoba-based **Best Cooking Pulses, Inc.** on January 8, 2018.
- Luxembourg-based confectionary group Ferrero International S.A. acquired the **U.S. Confectionery Business of Nestlé S.A.** (SWX:NESN) for US\$2.8B on March 31, 2018. The deal includes more than 20 of its brands such as Butterfinger®, BabyRuth®, Crunch® and SweetTarts®.
- Colorado-based Flagship Food Group LLC, maker of 505 Southwestern® sauces, salsas and snacks, acquired certain assets of U.S.-based **Es Mi Tiempo, Inc.** on March 21, 2018. Es Mi Tiempo owns the Select New Mexico® brand of premium green chile food products.
- New York-based Grocery Delivery E-Services USA Inc., doing business as HelloFresh and a subsidiary of HelloFresh SE, agreed to acquire Denver-based **Green Chef Corporation** from TA Ventures and New Enterprise Associates on March 20, 2018. Green Chef offers organic ingredients for healthy cooking in Western and Central U.S.
- Texas-based Aspire Food Group USA, Inc., producer of Aketta cricket food products, acquired Brooklyn-based cricket powder protein bar producer **Exo, Inc.** on March 8, 2018.
- Florida-based salsas, dips, sauces and spreads producer Italian Rose Garlic Products, Inc. acquired California-based sauces and salsa manufacturer **La Mexicana Food Products** on February 27, 2018.
- Minneapolis-based General Mills, Inc. (NYSE:GIS) agreed to acquire Connecticut-based **Blue Buffalo Pet Products, Inc.** from various investors for US\$7.8B on February 22, 2018. The deal represents a **Total Enterprise Value (“TEV”) to Last Twelve Months (“LTM”) EBITDA of 25.6x** and a **TEV to LTM Revenue of 6.3x**.
- Japan-based food conglomerate Ezaki Glico Co., Ltd., agreed to acquire San Francisco-based craft chocolate maker **TCHO Ventures, Inc.** from Emil Capital Partners, LLC and others on February 20, 2018.
- Minnesota-based Cargill Animal Nutrition, a subsidiary of Cargill, Incorporated, acquired Ohio-based pet food manufacturer **Pro-Pet, LLC** from H.I.G. Capital, LLC on February 20, 2018.
- Chicago-based Newly Weds Foods, Inc., a manufacturer of food coatings, seasonings and ingredients for the food processing and foodservice industries, acquired Illinois-based **Mullins Food Products Inc.** on February 4, 2018. Mullins manufactures sauces, dressings and condiments for various service and retail companies in North America.
- New York-based packaged fruits and vegetables provider Seneca Foods Corporation (NasdaqGS:SENE.A) acquired the **maraschino cherry business from Burnette Foods, Inc.** on February 2, 2018.

Packaged Foods (cont’d)

- U.S.-based PE firm Highlander Partners, L.P. acquired Illinois-based popcorn seasoning provider **Kernel Season’s LLC** from VMG Partners and others on January 16, 2018.
- Wisconsin-based Gehl Foods, LLC, a producer of ready-to-serve dairy products, acquired **California Natural Products Inc.** on January 30, 2018. California Natural is an aseptic packager of dairy-based and dairy alternative beverages, soups, broths, teas and nutritional drinks.
- St. Louis-based agribusiness and food ingredient company Bunge North America, Inc., a subsidiary of Bunge Limited, acquired Texas-based **Minsa Corporation** from Grupo Minsa, S.A.B. de C.V. (BMV:MINSA B) for US\$75M on January 30, 2018. Minsa engages in the production and sale of corn flour.
- U.S. PE firm Kainos Capital, LLC acquired Wisconsin-based **Culinarte Marketing Group, LLC**, doing business as Boneworks Culinarte, in a recapitalization transaction on January 11, 2018. Boneworks provides chef-inspired sauce products for centre-of-the-plate entrees.
- New York-based vitamin and supplement manufacturer The Nature’s Bounty Co. acquired Maryland-based gluten-free protein bar producer **Best Bar Ever, Inc.** on January 9, 2018.

Agricultural

- Montreal-based agri-food enterprise La Coop Fédérée de Quebec agreed to acquire the **grain and crop inputs retail assets of Ontario of Cargill, Inc.** and 50% stake in **AG Partners L.L.C.**, an operator of grain and crop input facilities, on March 22, 2018.
- Ontario-based mushroom grower and distributor Highline Produce Limited acquired Ontario-based **Prairie Mushrooms (2010) Ltd.** on March 7, 2018.
- Virginia-based Gladstone Land Corporation (NasdaqGM:LAND), a real estate investment trust that invests in farmland and major agricultural markets, has acquired a **176 acre Blueberry Farm in Michigan** for US\$2.1M on March 13, 2018. The farm consists of 100 planted acres of blueberries.
- U.S.-based investment firm Agriculture Capital Management acquired California-based grape grower **M. Caratan Inc., doing business as Columbine Vineyards**, on March 6, 2018. Columbine Vineyards operates as a grower, packer and shipper of grapes.

Bread, Bakery & Snack Foods

- Kansas City-based sweet baked goods manufacturer Hostess Brands, Inc. (NasdaqCM:TWNK) acquired **certain U.S. breakfast assets of Aryzta LLC** for approximately US\$25M on February 1, 2018. The acquired assets include inventory, property, plant, equipment and customer relationships serviced by the Chicago-based bakery facility.
- Pennsylvania-based Bimbo Bakeries USA, Inc., a subsidiary of Grupo Bimbo, S.A.B. de C.V., acquired the U.S.-based **Legacy Cicero facility of Aryzta AG** on February 1, 2018.
- U.S.-based EVOLVE Brands, LLC, a recently established health-focused snack holding company, acquired Wisconsin-based organic snack manufacturer **Gorilly Goods** and Pennsylvania-based health snack producer **Supernola** on January 22, 2018.



Q1/18 Featured Transactions

Featured North American Transactions

Beverages

- Mississauga-based Cott Corporation (TSX:BCB), a route based water, coffee and tea service provider, acquired Connecticut-based **Crystal Rock Holdings, Inc.** (AMEX:CRVP), a producer and distributor of bottled water, from various investors for US\$35M on March 7, 2018. The deal represents a **TEV to LTM EBITDA of 8.0x** and a **TEV to LTM Revenue of 0.6x**.
- An investor group including certain individuals from U.S. PE firm Muirlands Capital LLC acquired the **California and Nebraska Operations of Green Flash Brewing Co.** on March 30, 2018.
- San Diego-based Council Brewing Company, LLC acquired California-based **Finest Made Ales** on March 20, 2018.
- California-based Youngevity International, Inc. (NasdaqCM:YGYI), a leading omni-direct lifestyle company, acquired Nevada-based **ViaViente** on March 6, 2018. ViaViente distributes ViaViente Miracle, a concentrated whole fruit puree blend comprising anti-oxidants, vitamins and minerals.
- Texas-based Uncle Billy's Brewery acquired Texas-based **Pedernales Brewing Company, LLC** on February 27, 2018.
- Private investor Ryan Reynolds acquired Portland-based **Aviation American Gin** from Davos Brands LLC on February 21, 2018.
- Vermont-based Maple Parent Holdings Corp., formerly Keurig Green Mountain, Inc. and a subsidiary of Acorn Holdings B.V., agreed to acquire **Dr Pepper Snapple Group, Inc.** (NYSE:DPS) in a reverse merger transaction on January 29, 2018. Dr Pepper manufactures various non-alcoholic beverages in the U.S., Mexico and Canada. The merger will create a drinks conglomerate with US\$11B in annual revenue.
- An unknown buyer acquired **Pittsburgh Brewing Company** from Uni-World Capital, L.P. on January 24, 2018.
- Texas-based spring water delivery service provider Samantha Springs, L.P. acquired Texas-based **Monticello Spring Water Company**, a processor and bottler of water, on January 2, 2018.

Meat & Seafood Processing

- B.C.-based Premium Brands Holdings Corporation (TSX:PBH) agreed to acquire Ontario-based **Concord Premium Meats, The Meat Factory Ltd.**, B.C.-based **Country Prime Meats Ltd.** and Quebec-based **Frandon Seafood Inc.** for approximately CAD\$230M on March 15, 2018. The deal represents a **TEV to LTM Revenue of 0.9x**. The consideration amount can be further proportioned as follows: CAD\$170M for Concord Premium and CAD\$57M for the remaining three companies.
- Vancouver-based KR Investment Ltd. agreed to acquire a 90% stake in Winnipeg-based **Wildnorth Fishery Limited** on February 22, 2018.
- U.S.-based private investment firms Pinnacle Asset Management, L.P. and Osprairie Management, LLC acquired Colorado-based **JBS Five Rivers Cattle Feeding LLC** from JBS USA Holdings, Inc. for US\$200M on March 16, 2018. JBS Five Rivers provides cattle feeding services and also manages a feed yard in Alberta.
- Texas-based high-protein snack manufacturer Stryve Foods LLC acquired New Jersey-based **Braaitime LLC** on February 22, 2018. Braaitime produces gourmet cured meats such as bittong, droewors, chilibites, and boerewors.

Food Retail & Distribution

- Private investors Larry Tanenbaum O.C. and Junior Bridgeman agreed to acquire the **Canadian bottling and distribution business, Coca-Cola Refreshments Canada (CCRC)**, from The Coca-Cola Company (NYSE:KO) on March 9, 2018. CCRC operates five production facilities and over 50 sales and distribution centres. CCRC conducts business in all 10 provinces and three territories.
- A group of investors acquired 81.86% stake in Vancouver-based tea and tea-related products distributor **Dizun International Enterprises Inc.** (CNSX:KDZ) on January 9, 2018.
- Iowa-based Kemin Industries, Inc., a manufacturer of ingredients for animal health and human nutrition applications, acquired the assets of Quebec-based **Agri-Marketing Corp.** on January 3, 2018. Agri-Marketing distributes and markets animal and pet food ingredients.
- California-based Santa Monica Seafood Company acquired **Seattle Fish Company of New Mexico, Inc.** on April 2, 2018.
- California-based food retailer Bodega Latina Corporation, doing business as El Super, agreed to acquire Houston-based **Fiesta Mart, L.L.C.** from ACON Investment, L.L.C. for approximately US\$270M on March 25, 2018. Fiesta owns and operates food retail stores across the U.S., Brazil, Mexico and several other countries.
- U.S.-based grocery store operators The Kroger Co. (NYSE:KR), Harris Teeter, Inc., a subsidiary of the Kroger Co., and Food Lion, LLC agreed to acquire **21 food and pharmacy stores of FF Acquisition, L.L.C.** for US\$43M on March 14, 2018. Ten stores will be acquired by Harris Teeter, eight by Kroger and the remaining three by Food Lion.
- Michigan-based food distributor Lipari Foods LLC acquired Wisconsin-based cheese distributor **Jim's Cheese LLC** on March 5, 2018.
- Iowa-based food ingredients distributor JM Swank, LLC acquired Pennsylvania-based **Lentz Milling Company** on March 1, 2018. Lentz provides bakery ingredients, frozen baked goods and ready to bake pastries to the baking industry.
- Florida-based Fresh Del Monte Produce Inc. (NYSE:FDP) acquired California-based **Mann Packing Co., Inc.** from a group of shareholders for US\$361M on February 26, 2018. Mann Packing is a leading grower, processor and supplier of fresh and value-added vegetable products in North America. The deal represents a **TEV to LTM Revenue of 0.7x**.
- U.K.-based EG Group Limited, a privately-held petrol forecourt convenience store retailer, agreed to acquire the U.S.-based **convenience store business unit of The Kroger Co.** (NYSE:KR) for US\$2.2B on February 5, 2018.
- U.S. PE firms Orangewood Partners LLC and ABDD Capital LLC acquired **24 stores of Taco Bell Corp.** on February 5, 2018.

Dairy

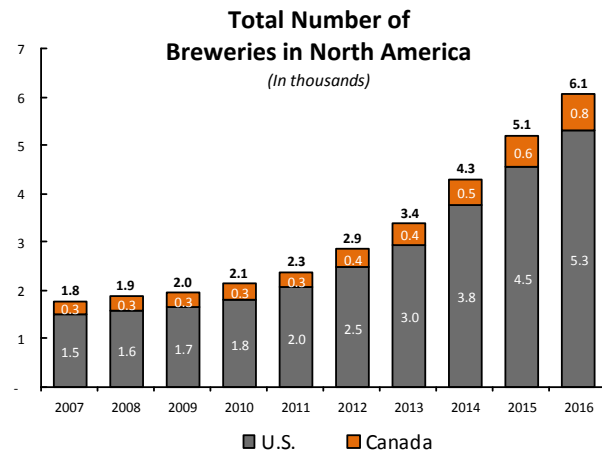
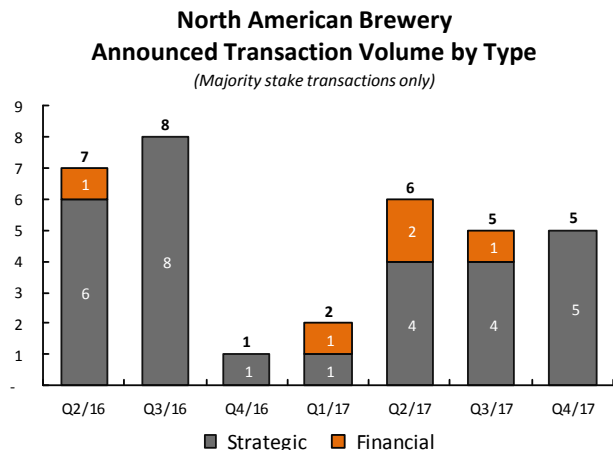
- France-based milk and dairy products producer Groupe Lactalis S.A. agreed to acquire New York-based **The Icelandic Milk & Skyr Corporation** from Emmi AG (SWX:EMMN) and others on January 5, 2018. Icelandic Milk & Skyr offers plain, probiotic and drinkable yogurts and yogurt tubes under the Siggis® brand name. As of December 2017, Siggis was the fastest growing yogurt in U.S. grocery stores and the best-selling yogurt brand overall at Whole Foods.





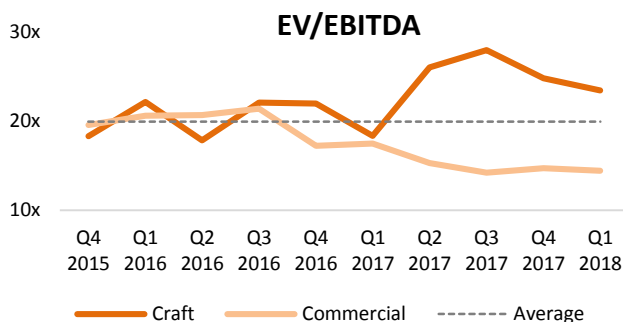
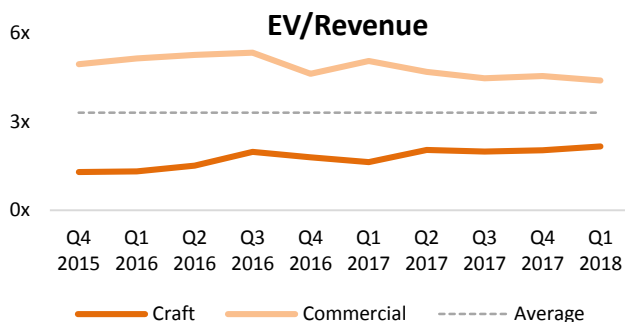
Craft Brewing Industry Overview

While annual consumption of beer has declined year over year as a category, the sub-category of Craft Beer has been making impressive gains. This is just now beginning to have a financial impact as sales of craft breweries are being consummated with both strategic and financial buyers.



North American Brewery Valuations Trends⁽¹⁾

The trends are favourable for owners of craft breweries. Valuations and transaction volumes are rising.



Conclusion

The craft beer segment is bucking the trend of overall declining sales of beer generally. Craft breweries are challenging the traditional beer marketing paradigm and are emphasizing quality ingredients, individualized tastes and variety as opposed to the good times party that has been the norm. New entrants are the strongest area of growth and many of the more established craft breweries are now seeing their own growth curves flattening. It is likely now that the competitive landscape for the craft breweries is changing: taking share from the big commercial breweries is now becoming not losing share to the upstarts.

Merger and acquisition activity in the space is growing and is likely to be an enduring trend. Buyers are not just other breweries; private equity has joined the buyer group as well as private equity combined with other brewers. EBITDA multiples are healthy and sellers are able to monetize their years of hard work.

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Sources: Brewers Association, Beer Canada, Capital IQ
⁽¹⁾ Averages of publicly traded companies



Q1/18 Valuation and Operating Metric Trends

Selected North American Public Companies

Ticker	Company	Stock Price 31-Mar-18	52 Week		Total Enterprise Value (TEV)	Total Debt	LTM Revenue	LTM EBITDA	EBITDA Margin	Total Debt to LTM EBITDA	TEV / LTM Revenue ⁽¹⁾	TEV / LTM EBITDA ⁽¹⁾
			High	Low								
Food Conglomerates Market												
		(US\$)			(US\$ millions)							
NYSE:CAG	Conagra Brands, Inc.	\$36.88	\$41.04	\$32.16	\$18,306	\$3,663	\$7,834	\$1,394	18%	2.63x	2.34x	13.13x
NYSE:GIS	General Mills, Inc.	45.06	60.69	43.96	36,574	9,625	15,657	3,199	20%	3.01x	2.34x	11.43x
NasdaqGS:MDLZ	Mondelez International, Inc.	41.73	47.23	39.19	79,527	19,479	26,247	4,945	19%	3.94x	3.03x	16.08x
Food Retailing Market												
TSX:EMP.A	Empire Company Limited	\$20.05	\$20.43	\$14.39	\$6,516	\$1,433	\$19,527	\$677	3%	2.12x	0.35x	10.00x
TSX:L	Loblaw Companies Limited	50.48	61.16	48.96	26,889	10,274	36,284	3,126	9%	3.29x	0.74x	8.63x
TSX:MRU	Metro Inc.	31.87	36.77	29.72	8,238	2,150	10,167	733	7%	2.94x	0.80x	11.08x
NYSE:KR	The Kroger Co.	23.94	31.45	19.69	36,070	15,590	122,662	4,945	4%	3.15x	0.29x	7.29x
NYSE:WMT	Walmart Inc.	88.97	109.98	71.38	306,433	46,673	500,343	32,778	7%	1.42x	0.61x	9.35x
Beverages Market												
TSX:ADW.A	Andrew Peller Limited	\$14.07	\$14.76	\$8.22	\$751	\$133	\$282	\$44	16%	3.00x	2.66x	16.88x
TSX:BCB	Cott Corporation	14.70	17.64	12.42	4,200	1,295	2,294	276	12%	4.69x	1.83x	15.22x
NYSE:TAP	Molson Coors Brewing Company	75.33	97.50	72.07	27,360	11,118	10,886	2,376	22%	4.68x	2.51x	11.52x
NasdaqGS:PEP	PepsiCo, Inc.	109.15	122.51	105.94	174,639	43,531	64,038	12,669	20%	3.44x	2.73x	13.78x
NYSE:KO	The Coca-Cola Company	43.43	48.62	42.19	214,191	48,993	33,918	10,908	32%	4.49x	6.31x	19.64x
Agricultural Food Market												
TSX:AGT	AGT Food and Ingredients Inc.	\$12.94	\$25.19	\$11.44	\$794	\$410	\$1,263	\$33	3%	12.55x	0.63x	24.28x
NYSE:ADM	Archer-Daniels-Midland Company	43.37	46.26	38.59	30,989	9,000	61,366	2,467	4%	3.65x	0.50x	12.56x
NYSE:INGR	Ingredion Incorporated	128.92	146.28	113.42	10,599	1,663	5,848	1,089	19%	1.53x	1.81x	9.73x
TSX:SOY	SunOpta Inc.	7.13	10.49	6.20	1,145	464	1,262	56	4%	8.31x	0.91x	20.47x
Bread, Bakery & Snack Foods Market												
NYSE:FLO	Flowers Foods, Inc.	\$21.86	\$21.95	\$16.80	\$5,437	\$838	\$3,921	\$447	11%	1.87x	1.39x	12.16x
TSX:WN	George Weston Limited	80.43	97.45	78.03	24,208	11,474	37,503	3,087	8%	3.72x	0.65x	7.86x
NasdaqCM:TWNK	Hostess Brands, Inc.	14.79	17.18	11.00	2,683	996	800	213	27%	4.69x	3.35x	12.62x
NasdaqGS:JJSF	J&J Snack Foods Corp.	136.56	157.33	121.20	2,421	1	1,143	164	14%	0.01x	2.12x	14.76x
NYSE:K	Kellogg Company	65.01	74.28	58.76	30,882	8,758	13,076	3,025	23%	2.90x	2.36x	10.21x
Dairy Market												
NasdaqGS:CALM	Cal-Maine Foods, Inc.	\$43.70	\$50.40	\$33.40	\$1,924	\$7	\$1,334	\$110	8%	0.07x	1.44x	17.57x
NYSE:DF	Dean Foods Company	8.62	20.10	8.18	1,684	907	7,780	315	4%	2.88x	0.22x	5.35x
TSX:SAP	Saputo Inc.	32.07	36.90	30.76	13,713	1,255	8,951	976	11%	1.29x	1.53x	14.05x
Meat & Seafood Processing Market												
TSX:CLR	Clearwater Seafoods Incorporated	\$3.55	\$9.33	\$3.06	\$580	\$371	\$475	\$69	15%	5.35x	1.22x	8.36x
TSX:HLF	High Liner Foods Incorporated	8.65	16.75	8.05	663	389	1,097	57	5%	6.83x	0.60x	11.65x
TSX:MFI	Maple Leaf Foods Inc.	24.35	28.75	23.90	2,922	47	2,736	245	9%	0.19x	1.07x	11.92x
TSX:PBH	Premium Brands Holdings Corpora	91.89	92.28	62.81	3,338	570	1,787	145	8%	3.92x	1.87x	22.95x
NasdaqGS:SAFM	Sanderson Farms, Inc.	119.02	176.43	101.83	2,329	0	3,426	511	15%	0.00x	0.68x	4.56x
NYSE:TSN	Tyson Foods, Inc.	73.19	84.65	57.20	36,308	10,000	39,997	4,038	10%	2.48x	0.91x	8.99x

Notes:

As at March 31, 2018

(1) All trading multiples based upon trading currency

Source: Capital IQ



CCC Investment Banking

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Established in 1975, CCC is Canada's leading independent middle market investment bank. CCC has a specialization in the North American food and beverage industry. CCC provides advisory services in:

- ◆ Mergers & Acquisitions ◆ Management Buy-outs ◆ Divestitures ◆ Financing Strategy and Placement
- ◆ Restructurings ◆ Strategic Reviews ◆ Valuations and Fairness Opinions

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