



CCC
INVESTMENT
BANKING



Food & Beverage Industry

Q3/2019 Review

Contents:

North American Merger & Acquisition Statistics

Featured Transactions

Valuation & Operating Metrics

Bill Farrell
Managing Director
416-619-9119
bfarrell@cccinvestmentbanking.com

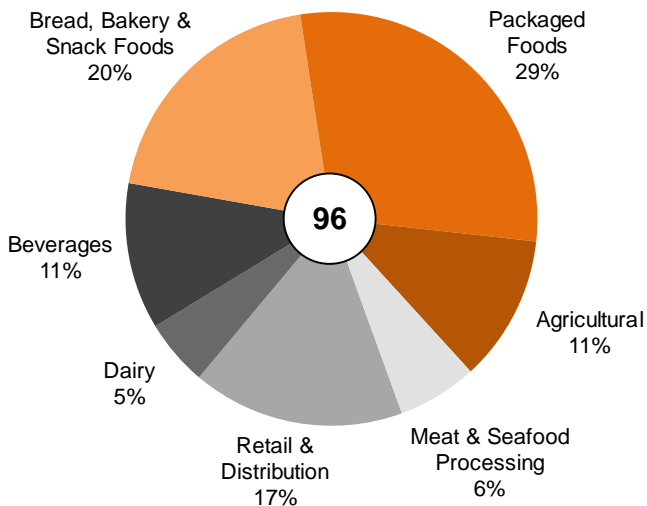
Hugh Notman
Managing Director
604-689-2495
hnotman@cccinvestmentbanking.com

December 2019

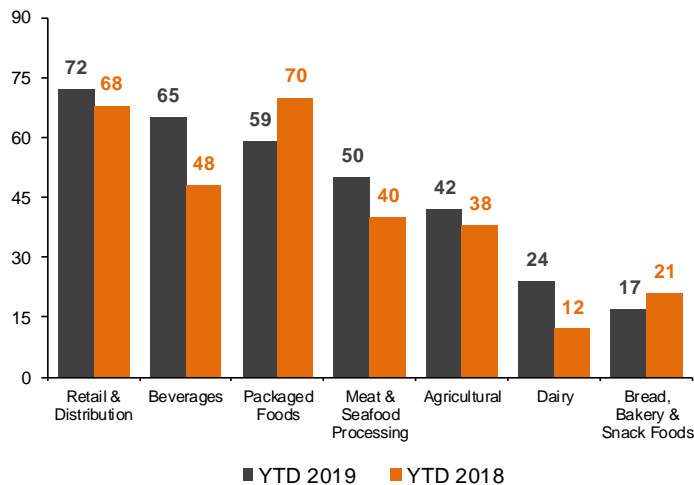


North American Merger and Acquisition Statistics

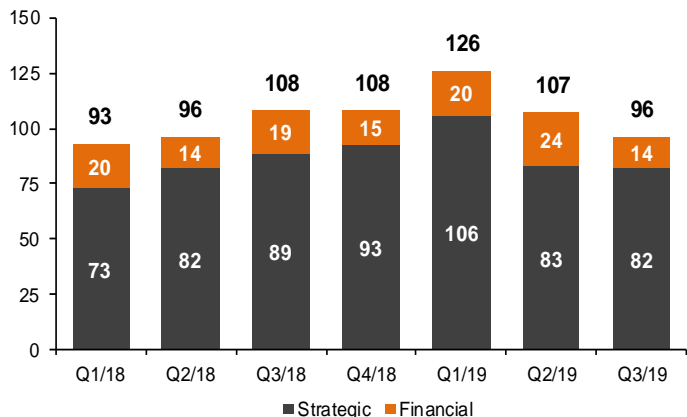
Q3/19 Food & Beverage ("F&B") Deal Volume by Segment



2019 YTD⁽¹⁾ F&B Transactions by Segment

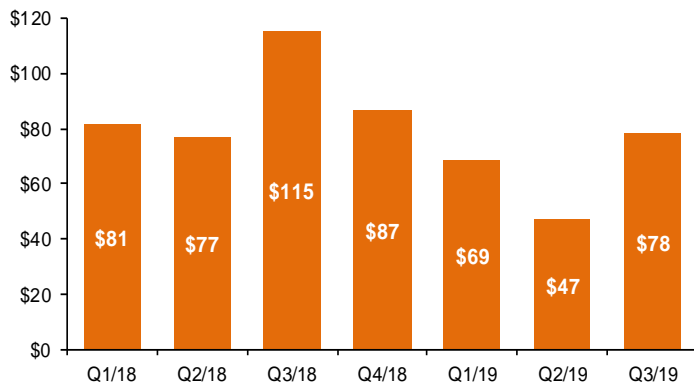


F&B Deal Volume by Transaction Type



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

(For disclosed transactions under US\$500M in value)

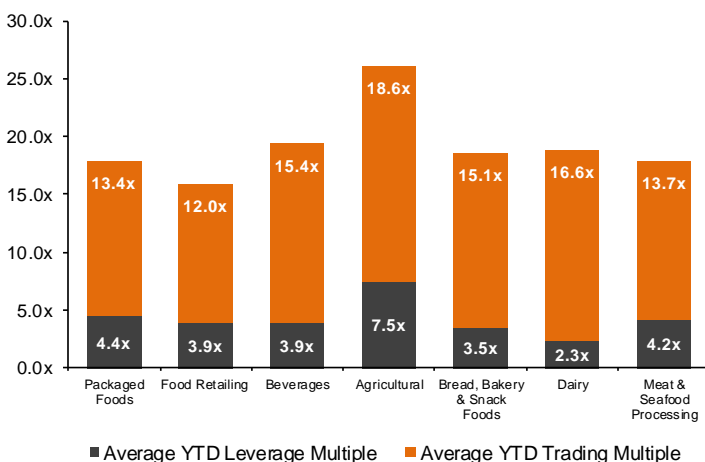


Notes:

All statistics are for majority stake transactions only.
 All North American statistics/figures exclude Mexico (Canada & U.S. only)
⁽¹⁾ YTD – Year-to-Date – ended September 30th
 Source: S&P Global Market Intelligence, CISION PR Newswire, Thomson Reuters

North American Merger and Acquisition Statistics

North American Public Company Trading⁽¹⁾ & Leverage⁽²⁾ Multiples



Economic Indicator Forecast⁽³⁾

| Exchange Rates | Actual | | Forecast | | | |
|----------------------------------|-------------------------|-------|----------|-------|-------|-------|
| | Q3/18 | Q3/19 | Q4/19 | Q1/20 | Q2/20 | Q3/20 |
| CAD/USD | 0.77 | 0.76 | 0.76 | 0.77 | 0.76 | 0.77 |
| Interest Rates | Actual | | Forecast | | | |
| | Q3/18 | Q3/19 | Q4/19 | Q1/20 | Q2/20 | Q3/20 |
| 5-year GOC Bonds | 2.32 | 1.40 | 1.35 | 1.42 | 1.47 | 1.58 |
| Other Key Rates | Q2/19 | | Q3/19 | | | |
| | CAD Prime Business Rate | | 3.95 | | 3.95 | |
| CAD 1 month BA ⁽⁴⁾ | | 1.82 | | 1.82 | | |
| USD 3 month LIBOR ⁽⁵⁾ | | 2.32 | | 2.09 | | |

Leverage Multiples for High Yield F&B Issuers

| Company Name | Industry Classification | S&P Entity Credit Rating | LTM Total Debt/EBITDA | |
|----------------------------------|-----------------------------|--------------------------|-----------------------|--------------|
| | | | Sep 30, 2018 | Sep 30, 2019 |
| Darling Ingredients Inc. | Agricultural Products | BB+ | 3.8x | 4.2x |
| Lamb Weston Holdings, Inc. | Packaged Foods | BB+ | 3.2x | 2.8x |
| Pilgrim's Pride Corporation | Meat & Seafood Processing | BB | 2.6x | 2.9x |
| TreeHouse Foods, Inc. | Packaged Foods | BB- | 5.0x | 4.8x |
| B&G Foods, Inc. | Packaged Foods | B+ | 6.5x | 7.6x |
| Clearwater Seafoods Incorporated | Meat & Seafood Processing | B+ | 4.8x | 4.8x |
| Hostess Brands, Inc. | Bread, Bakery & Snack Foods | B+ | 5.6x | 5.5x |
| Post Holdings, Inc. | Packaged Foods | B+ | 6.5x | 6.7x |
| The Chefs Warehouse, Inc. | Retail & Distribution | B+ | 4.2x | 5.6x |
| The Simply Good Foods Company | Packaged Foods | B+ | 2.7x | 2.1x |
| Cott Corporation | Beverages | B | 4.6x | 5.3x |
| High Liner Foods Incorporated | Meat & Seafood Processing | B | 7.4x | 5.6x |
| United Natural Foods, Inc. | Retail & Distribution | B | 1.1x | 7.1x |
| SunOpta Inc. | Packaged Foods | CCC | 10.8x | 23.7x |
| Mean | | | 4.9x | 6.3x |
| Median | | | 4.7x | 5.4x |

Notes:
⁽¹⁾ Enterprise Value to EBITDA - Earnings Before Interest, Taxes, Depreciation and Amortization
⁽²⁾ Leverage defined as Total Debt to EBITDA
⁽³⁾ Majority consensus of Canadian Chartered Banks
⁽⁴⁾ BA - Bankers' Acceptance
⁽⁵⁾ LIBOR - London Interbank Offered Rate
 Source: S&P Global Market Intelligence, Economic Indicator Forecasts from various Canadian Banks

Q3/19 Featured Transactions

BEVERAGES

| Date | Target Location | Target | Acquirer Location | Acquirer | Target Business Description | Enterprise Value* | EV / LTM Revenue | EBITDA |
|----------|-----------------|----------------------------------|-------------------|------------------------------|---|-------------------|------------------|--------|
| 09-20-19 | | Axle Brewing | | Eastern Market Brewing | Michigan-based manufacturer of craft beer. | - | - | - |
| 09-09-19 | | AQUAhydrate | | The Alkaline Water Company | Produces alkalized water that supports active lifestyles. | \$51 | 3.39x | - |
| 08-30-19 | | KIN Vineyards | | Marshangus Hospitality Group | Ontario-based vineyard & winery operator. | - | - | - |
| 08-29-19 | | Canal Street Brewing | | Mahou, S.A. | Brewery doing business as Founders Brewing Company. | - | - | - |
| 08-13-19 | | Castle Brands | | Pernod Ricard SA | Develops & imports alcohol & non-alcoholic beverages. | \$276 | 3.10x | 61.1x |
| 08-07-19 | | Platform Beer | | Anheuser-Busch Companies | Cleveland-based owner & operator of breweries. | - | - | - |
| 08-05-19 | | Firestone & Robertson Distilling | | Pernod Ricard USA | Operates an artisanal bourbon whiskey distillery. | - | - | - |
| 07-10-19 | | Microbrasserie Pit Caribou | | Private Investors | Quebec-based owner & operator of a microbrewery. | - | - | - |
| 07-09-19 | | Culmina Family Estate | | Arterra Wines Canada | B.C.-based wine producer. | - | - | - |

RETAIL & DISTRIBUTION

| Date | Target Location | Target | Acquirer Location | Acquirer | Target Business Description | Enterprise Value* | EV / LTM Revenue | EBITDA |
|----------|-----------------|-------------------------------------|-------------------|------------------------|--|-------------------|------------------|--------|
| 09-25-19 | | W. Lee Flowers & Co. | | Alex Lee | South-Carolina-based owner & operator of supermarkets. | - | - | - |
| 09-12-19 | | Islands West Manufacturing | | Fresh Direct Product | Wholesaler & distributor of produce & processed fruits. | - | - | - |
| 08-20-19 | | Chocolato | | Foodtastic | Operates a chain of chocolate shops out of Quebec. | - | - | - |
| 08-12-19 | | J. Kings Food Service Professionals | | Sysco Corp. | Distributes various food products in New York. | - | - | - |
| 07-31-19 | | Cumberland Farms | | EG Group | Owns and operates a network of convenience stores. | - | - | - |
| 07-24-19 | | International Coffee & Tea | | Jollibee Worldwide | Retailer doing business as The Coffee Bean & Tea Leaf. | \$350 | 1.12x | - |
| 07-09-19 | | FreshPack Produce | | Creation Gardens | Distributor of fruits and vegetables in Colorado. | - | - | - |
| 07-01-19 | | Reinhart FoodService | | Performance Food Group | 2nd largest privately held foodservice distributor in the U.S. | \$2,000 | 0.33x | - |
| 07-01-19 | | Get Fresh Produce | | IF & P Foods | Distributor of fresh produce & fresh-cut specialty products. | - | - | - |

MEAT & SEAFOOD PROCESSING

| Date | Target Location | Target | Acquirer Location | Acquirer | Target Business Description | Enterprise Value* | EV / LTM Revenue | EBITDA |
|----------|-----------------|-------------------------------------|-------------------|------------------------------------|---|-------------------|------------------|--------|
| 09-18-19 | | Gentry's Poultry | | Wincorp Properties | Operates a poultry processing & packaging company. | - | - | - |
| 08-06-19 | | Strauss Brands | | Insight Equity | Manufactures & supplies meat & livestock products. | - | - | - |
| 07-09-19 | | Pork & Milling sectors of F. Ménard | | Olymel S.E.C. & SOLLIO Agriculture | All assets of pork & milling sectors of F. Ménard | - | - | - |
| 07-05-19 | | Tri Marine International | | Bolton Group International | A leading global processor of tuna & tuna products. | - | - | - |

DAIRY

| Date | Target Location | Target | Acquirer Location | Acquirer | Target Business Description | Enterprise Value* | EV / LTM Revenue | EBITDA |
|----------|-----------------|---------------------------------|-------------------|-------------------|--|-------------------|------------------|--------|
| 09-30-19 | | Western Creamery | | Gay Lea Foods | Manufactures dairy products including cheese & yogurt. | - | - | - |
| 09-09-19 | | Halo Top Brand of Eden Creamery | | Wells Enterprises | Halo Top brand comprises an ice cream brand. | - | - | - |
| 07-05-19 | | Commonwealth Dairy | | Groupe Lactalis | Produces & markets dairy products & flavored yogurt. | - | - | - |

Notes:

* Implied Enterprise Value in \$USM

Source: S&P Global Market Intelligence, CISION PR Newswire

Q3/19 Featured Transactions

PACKAGED FOODS

| Date | Target Location | Target | Acquirer Location | Acquirer | Target Business Description | Enterprise Value* | EV / LTM Revenue | EBITDA |
|----------|-----------------|--|-------------------|-----------------------------------|--|-------------------|------------------|--------|
| 09-30-19 | | D'Agostino Pasta | | L. H. Hayward | Manufactures pasta and pasta sauces. | - | - | - |
| 09-18-19 | | Cameron's Coffee & Distribution | | Grupo Nutresa | Produces & supplies coffee & tea. | \$113 | 1.57x | - |
| 09-03-19 | | Blue Heaven Coffee | | City View Green Holdings | Ontario-based processor of Jamaican coffee beans. | - | - | - |
| 08-21-19 | | More Than Gourmet | | Ajinomoto Health & Nutrition N.A. | Produces & distributes a variety of sauces. | \$71 | 2.88x | - |
| 08-21-19 | | Quest Nutrition | | Atkins Nutritionals Holdings | Produces & markets protein bars, cookies, chips & powders. | \$1,000 | - | - |
| 8-21-19 | | Village Cannery of Vermont | | Stonewall Kitchen | Manufactures vinegar and sauces. | - | - | - |
| 08-08-19 | | Pro-Ag Products & Verus Animal | | Pestell Minerals & Ingredients | Manufactures and distributes animal nutrition products. | - | - | - |
| 08-07-19 | | Petit Muso | | Aliments Mackenzie | Quebec-based manufacturer of dog food. | - | - | - |
| 08-01-19 | | Stonewall Kitchen | | Audax Management & Yukon Partners | Maine-based provider of branded, specialty food products. | - | - | - |
| 07-31-19 | | Campbell Soup's International Business | | KKR & Co. | International business includes Arnott's biscuits. | \$2,200 | - | 6.50x |
| 07-31-19 | | Gourmet Foods | | Gourmet Culinary Holdings | Manufacturer of specialty prepared foods. | - | - | - |
| 07-29-19 | | Kosher Food Business | | Kenover Marketing | Kosher Food Business of The Manischewitz Company. | - | - | - |
| 07-18-19 | | Emperor Specialty Foods | | Fresh Direct Produce | Produces mushrooms and other fruits and vegetables. | - | - | - |

BREAD, BAKERY & SNACK FOODS

| Date | Target Location | Target | Acquirer Location | Acquirer | Target Business Description | Enterprise Value* | EV / LTM Revenue | EBITDA |
|----------|-----------------|---|-------------------|------------------------|---|-------------------|------------------|--------|
| 09-19-19 | | Foxtail Foods | | David's Cookies | Manufactures a variety of bakery/dessert products. | - | - | - |
| 09-10-19 | | Cafe Valley | | Swander Pace Capital | Indiana-based producer & distributor of bakery products. | - | - | - |
| 08-27-19 | | ONE Brands | | The Hershey Company | Produces a line of low sugar & nutritional snack bars. | \$401 | - | - |
| 08-22-19 | | The Christie Cookie Company | | Rich Products | Manufactures gourmet cookies & brownies. | - | - | - |
| 08-02-19 | | Evans Food Group | | Benestar Brands | Produces pork pellets & pork rinds for snack food brands. | - | - | - |
| 08-01-19 | | Superior Cake Products | | Sara Lee Frozen Bakery | Massachusetts-based producer of sweet baked goods. | \$65 | 1.51x | 9.29x |
| 07-18-19 | | Deiorio Foods | | Rudolph Capital | Manufacturer of bread, rolls & frozen pizza dough. | - | - | - |
| 07-08-19 | | Flagstone Foods & Linette Quality Choc. | | Atlas Holdings | Both companies produce healthy snacks, nuts & bars. | - | - | - |

AGRICULTURAL

| Date | Target Location | Target | Acquirer Location | Acquirer | Target Business Description | Enterprise Value* | EV / LTM Revenue | EBITDA |
|----------|-----------------|-----------------------------|-------------------|--------------------------------|---|-------------------|------------------|--------|
| 09-25-19 | | Wawona Packing Co. | | Gerawan Farming | Offers fruit growing & packing services. | - | - | - |
| 09-06-19 | | Green Plains Cattle Company | | AGR Partners & Stepstone Group | Operates cattle feedlots. | \$154 | - | - |
| 08-01-19 | | Cowlick Minerals | | Country Junction Feeds | Manufactures & supplies livestock feed for cow-calf operators. | - | - | - |
| 07-16-19 | | Delmar Commodities | | Ceres Global Ag | Provides processing & supply chain management of agricultural products. | \$18 | - | - |
| 07-08-19 | | B&W Quality Growers | | Blue Road Management | Grows, packs & ships a variety of baby leaves. | - | - | - |

Notes:

* Implied Enterprise Value in \$USM

Source: S&P Global Market Intelligence, CISION PR Newswire

Q3/19 Valuation and Operating Metrics

Select North American Public Companies

(all data in US\$M except for share price & multiples)

| Ticker | Company | Stock Price 30-Sep-19 | 52 Week | | Total Enterprise Value | Total Debt | LTM Revenue | LTM EBITDA | EBITDA Margin | Total Debt to LTM EBITDA | TEV / LTM | TEV / LTM |
|---|-------------------------------------|--------------------------|---------|---------|------------------------------|---------------|----------------|---------------|------------------|-----------------------------------|------------------------|-----------------------|
| | | | High | Low | | | | | | | Revenue ⁽¹⁾ | EBITDA ⁽¹⁾ |
| Packaged Foods | | | | | | | | | | | | |
| NYSE:CAG | Conagra Brands, Inc. | \$30.68 | \$37.60 | \$20.22 | \$25,394 | \$10,795 | \$10,095 | \$2,031 | 20% | 5.32x | 2.52x | 12.51x |
| NYSE:GIS | General Mills, Inc. | 55.12 | 56.40 | 36.42 | 48,399 | 14,729 | 16,774 | 3,649 | 22% | 4.04x | 2.89x | 13.26x |
| NasdaqGS:MDLZ | Mondelez International, Inc. | 55.32 | 56.72 | 38.79 | 98,974 | 20,357 | 25,728 | 5,024 | 20% | 4.05x | 3.85x | 19.70x |
| NYSE:SJM | The J. M. Smucker Company | 110.02 | 128.43 | 91.32 | 18,543 | 6,045 | 7,714 | 1,621 | 21% | 3.73x | 2.40x | 11.44x |
| NasdaqGS:KHC | The Kraft Heinz Company | 27.94 | 58.08 | 24.86 | 64,528 | 31,292 | 25,332 | 6,245 | 25% | 5.01x | 2.55x | 10.33x |
| Food Retailing Market | | | | | | | | | | | | |
| TSX:EMP.A | Empire Company Limited | \$27.10 | \$28.27 | \$16.91 | \$12,113 | \$5,235 | \$19,305 | \$848 | 4% | 6.18x | 0.63x | 14.31x |
| TSX:L | Loblaw Companies Limited | 57.00 | 57.64 | 39.20 | 32,561 | 12,435 | 35,362 | 2,570 | 7% | 4.84x | 0.91x | 12.53x |
| TSX:MRU | Metro Inc. | 44.06 | 44.52 | 29.49 | 13,013 | 2,019 | 12,679 | 1,022 | 8% | 1.98x | 1.03x | 12.75x |
| NYSE:KR | The Kroger Co. | 25.78 | 31.98 | 20.70 | 40,600 | 20,621 | 120,846 | 5,151 | 4% | 4.00x | 0.34x | 7.88x |
| NYSE:WMT | Walmart Inc. | 118.68 | 119.86 | 85.78 | 410,410 | 75,329 | 517,989 | 32,523 | 6% | 2.32x | 0.79x | 12.62x |
| Beverages Market | | | | | | | | | | | | |
| TSX:ADW.A | Andrew Peller Limited | \$10.69 | \$12.61 | \$8.79 | \$601 | \$128 | \$288 | \$43 | 15% | 2.99x | 2.09x | 14.02x |
| TSX:BCB | Cott Corporation | 12.48 | 16.10 | 11.80 | 3,121 | 1,548 | 2,394 | 291 | 12% | 5.32x | 1.31x | 10.74x |
| NYSE:TAP | Molson Coors Brewing Company | 57.50 | 67.62 | 49.92 | 22,019 | 9,586 | 10,512 | 2,181 | 21% | 4.40x | 2.09x | 10.10x |
| NasdaqGS:PEP | PepsiCo, Inc. | 137.10 | 139.18 | 104.53 | 220,846 | 34,047 | 66,045 | 12,787 | 19% | 2.66x | 3.34x | 17.27x |
| NYSE:KO | The Coca-Cola Company | 54.44 | 55.92 | 44.25 | 267,996 | 43,805 | 33,560 | 10,670 | 32% | 4.11x | 7.99x | 25.12x |
| Agricultural Food Market | | | | | | | | | | | | |
| NYSE:ADM | Archer-Daniels-Midland Company | \$41.07 | \$52.07 | \$36.45 | \$32,414 | \$9,762 | \$64,274 | \$2,519 | 4% | 3.88x | 0.50x | 12.87x |
| NasdaqGS:CVGW | Calavo Growers, Inc. | 95.18 | 101.31 | 67.52 | 1,678 | 6 | 1,184 | 80 | 7% | 0.08x | 1.42x | 20.94x |
| NYSE:INGR | Ingredion Incorporated | 81.74 | 107.52 | 73.00 | 7,374 | 2,223 | 5,737 | 921 | 16% | 2.41x | 1.29x | 8.01x |
| TSX:SOY | SunOpta Inc. | 1.83 | 7.73 | 1.80 | 806 | 587 | 1,215 | 25 | 2% | 23.68x | 0.66x | 32.54x |
| Bread, Bakery & Snack Foods Market | | | | | | | | | | | | |
| NYSE:FLO | Flowers Foods, Inc. | \$23.13 | \$24.36 | \$17.78 | \$6,191 | \$1,308 | \$4,044 | \$409 | 10% | 3.20x | 1.53x | 15.15x |
| TSX:WN | George Weston Limited | 84.19 | 86.07 | 65.51 | 32,332 | 15,944 | 36,875 | 3,351 | 9% | 4.76x | 0.87x | 9.54x |
| NasdaqCM:TWNK | Hostess Brands, Inc. | 13.99 | 14.86 | 9.87 | 2,569 | 984 | 906 | 178 | 20% | 5.53x | 2.84x | 14.44x |
| NasdaqGS:JJSF | J & J Snack Foods Corp. | 192.00 | 196.84 | 138.40 | 3,422 | 1 | 1,186 | 166 | 14% | 0.01x | 2.88x | 20.67x |
| NYSE:K | Kellogg Company | 64.35 | 72.98 | 51.34 | 31,918 | 8,371 | 13,672 | 2,065 | 15% | 4.05x | 2.33x | 15.46x |
| Dairy Market | | | | | | | | | | | | |
| NasdaqGS:CALM | Cal-Maine Foods, Inc. | \$39.96 | \$50.69 | \$36.65 | \$1,716 | \$4 | \$1,262 | \$29 | 2% | 0.13x | 1.36x | 58.18x |
| TSX:SAP | Saputo Inc. | 30.76 | 35.06 | 26.86 | 16,141 | 3,205 | 10,687 | 975 | 9% | 3.29x | 1.51x | 16.56x |
| Meat & Seafood Processing Market | | | | | | | | | | | | |
| TSX:CLR | Clearwater Seafoods Incorporated | \$4.25 | \$4.83 | \$3.42 | \$647 | \$356 | \$460 | \$73 | 16% | 4.84x | 1.41x | 8.81x |
| TSX:HLF | High Liner Foods Incorporated | 8.34 | 9.06 | 4.68 | 597 | 336 | 963 | 60 | 6% | 5.59x | 0.62x | 9.95x |
| TSX:MFI | Maple Leaf Foods Inc. | 22.45 | 27.05 | 19.68 | 3,268 | 545 | 2,885 | 216 | 7% | 2.53x | 1.13x | 15.16x |
| TSX:PBH | Premium Brands Holdings Corporation | 70.35 | 74.68 | 50.60 | 3,550 | 959 | 2,672 | 199 | 7% | 4.81x | 1.33x | 17.84x |
| NasdaqGS:SAFM | Sanderson Farms, Inc. | 151.33 | 158.32 | 93.98 | 3,308 | 30 | 3,332 | 170 | 5% | 0.18x | 0.99x | 19.47x |
| NYSE:TSN | Tyson Foods, Inc. | 86.14 | 94.07 | 49.77 | 43,806 | 11,932 | 42,405 | 3,978 | 9% | 3.00x | 1.03x | 11.01x |

Notes:

As at September 30, 2019

⁽¹⁾ All trading multiples based upon trading currency.

Source: S&P Global Market Intelligence

About CCC Investment Banking

Established in 1975, CCC is one of Canada's leading independent middle market investment banks. 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 ◆ Capital Raises

A Sample of CCC's F&B Transaction Experience



Contact Us

To find out how CCC can add value to your business, please contact one of our food and beverage specialists:

Bill Farrell, Managing Director

- 416-619-9119
- bfarrell@cccinvestmentbanking.com

Hugh Notman, Managing Director

- 604-689-2495
- hnotman@cccinvestmentbanking.com

We welcome your feedback. Let us know what you'd like to see in our next quarterly review. For more information on CCC, please visit: www.cccinvestmentbanking.com.

This market overview is not an offer to sell or solicit an offer to buy any security. It is not intended to be directed to investors as a basis for making an investment decision. This market overview does not rate or recommend securities of individual companies, nor does it contain sufficient information upon which to make an investment decision.

The information provided in this market overview was obtained from sources believed to be reliable, but its accuracy cannot be guaranteed. It is not to be construed as legal, accounting, financial, or investment advice. Information, opinions, and estimates reflect CCC's judgment as of the date of publication and are subject to change without notice. CCC undertakes no obligation to notify any recipient of this market overview of any such change. The charts and graphs used in this market overview have been compiled by CCC solely for illustrative purposes. All financial data and transaction summaries were collected from S&P Global Market Intelligence and Economic Indicator Forecasts from various Canadian Banks.

This market overview is not directed to, or intended for distribution to, any person in any jurisdiction where such distribution would be contrary to law or regulation, or which would subject CCC to licensing or registration requirements in such jurisdiction.

All photos provided by freefoodphotos.com and unsplash.com

The background features a dark grey field with large, bold, orange geometric shapes that resemble stylized, overlapping 'X' or 'Z' patterns. These shapes are composed of thick, solid-colored bands that intersect to create a dynamic, abstract design.

Toronto Office

155 Wellington Street West, Suite 3720
Toronto, Ontario M5V 3H1
T: 416 599 4206 F: 416 599 9250

Vancouver Office

450 – 400 Burrard Street
Vancouver, B.C. V6C 3A6
T: 604 689 2495

www.cccinvestmentbanking.com