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BANKING



# Food & Beverage Industry

## Q2/2020 Review

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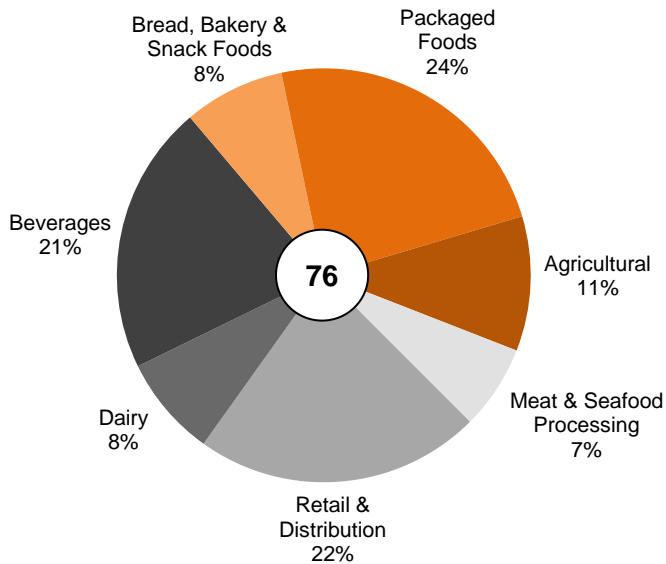
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August 2020

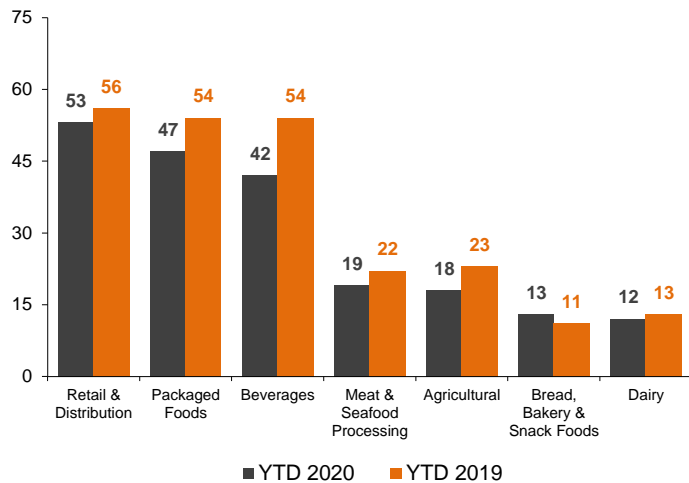


# North American Merger and Acquisition Statistics

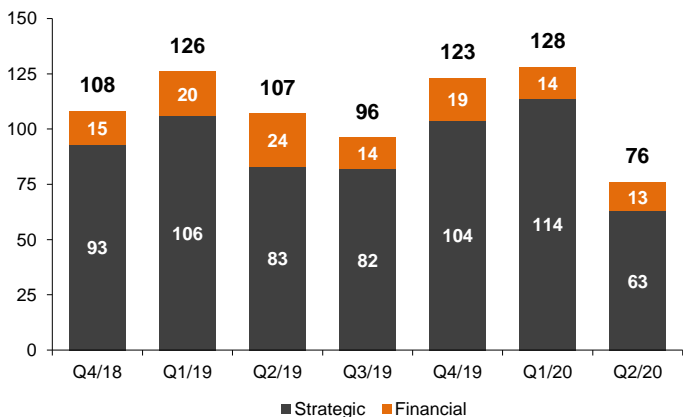
## Q2/20 Food & Beverage (“F&B”) Deal Volume by Segment



## 2020 YTD<sup>(1)</sup> F&B Transactions by Segment

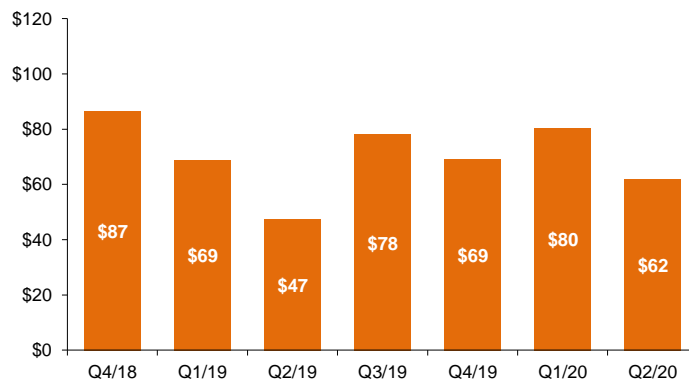


## F&B Deal Volume by Transaction Type



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

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



Notes:

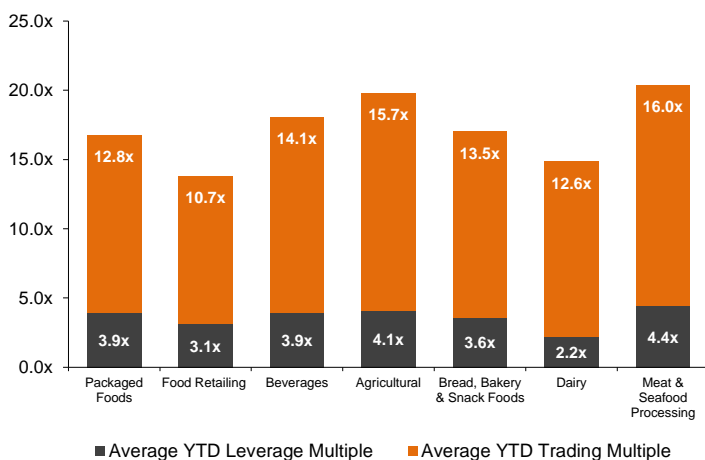
All statistics are for announced/closed majority stake transactions only.  
All North American statistics/figures exclude Mexico (Canada & U.S. only)

<sup>(1)</sup> YTD – Year-to-Date – ended June 30th

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

# North American Merger and Acquisition Statistics

## North American Public Company Trading<sup>(1)</sup> & Leverage<sup>(2)</sup> Multiples



## Economic Indicator Forecast<sup>(3)</sup>

Exchange Rates	Actual		Forecast			
	Q2/19	Q2/20	Q3/20	Q4/20	Q1/21	Q2/21
CAD/USD	0.76	0.74	0.73	0.73	0.74	0.75

Interest Rates	Actual		Forecast			
	Q2/19	Q2/20	Q3/20	Q4/20	Q1/21	Q2/21
5-year GOC Bonds	1.39	0.37	0.40	0.47	0.54	0.63

Other Key Rates	Q2/19	Q2/20
	CAD Prime Business Rate	3.95
CAD 1 month BA <sup>(4)</sup>	1.80	0.26
USD 3 month LIBOR <sup>(5)</sup>	2.32	0.30

## Leverage Multiples for High Yield F&B Issuers

Company Name	Industry Classification	S&P Entity Credit Rating	LTM Total Debt/EBITDA	
			Jun 30, 2019	Jun 30, 2020
Darling Ingredients Inc.	Agricultural Products	BB+	4.4x	4.5x
Lamb Weston Holdings, Inc.	Packaged Foods	BB+	2.8x	2.8x
Pilgrim's Pride Corporation	Meat & Seafood Processing	BB	3.3x	3.1x
TreeHouse Foods, Inc.	Packaged Foods	BB-	5.0x	5.4x
B&G Foods, Inc.	Packaged Foods	B+	6.3x	6.6x
Hostess Brands, Inc.	Bread, Bakery & Snack Foods	B+	5.5x	6.8x
Post Holdings, Inc.	Packaged Foods	B+	5.8x	7.2x
The Simply Good Foods Company	Packaged Foods	B+	2.2x	5.2x
Clearwater Seafoods Incorporated	Meat & Seafood Processing	B	5.0x	5.1x
Cott Corporation	Beverages	B	5.8x	4.9x
High Liner Foods Incorporated	Meat & Seafood Processing	B	5.3x	5.0x
United Natural Foods, Inc.	Retail & Distribution	B	8.2x	8.1x
The Chef's Warehouse, Inc.	Retail & Distribution	B-	5.9x	9.0x
SunOpta Inc.	Packaged Foods	CCC+	15.9x	10.6x
<b>Mean</b>			<b>5.8x</b>	<b>6.0x</b>
<b>Median</b>			<b>5.4x</b>	<b>5.3x</b>

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

# Q2/20 Featured Transactions

## BEVERAGES

Date	Target Location	Target	Acquirer Location	Acquirer	Target Business Description	Enterprise Value*	EV / LTM Revenue	EBITDA
06-25-20		Paul Mason Grande Amber Brandy Brand		Sazerac Company	Paul Masson Grande Amber Brandy of Constellation Brands.	\$255	-	-
06-24-20		CBUSO's grape concentrate business		Vie-Del Company	CBUSO's grape and high-color concentrate business.	-	-	-
06-22-20		Radiant Pig Beer		Coastal Extreme Brewing	New York-based producer and distributor of beer.	-	-	-
06-22-20		Brown-Forman Whiskey Brands		Sazerac Company	Early Times, Canadian Mist & Collingwood whiskey brands.	-	-	-
06-13-20		Beverage Enhancers Business		Sugar Foods	Beverage Enhancers Business of Diamond Crystal Brands.	-	-	-
06-10-20		Kona Brewing Operations in Hawaii		PV Brewing Partners	Kona Brewing operations in Hawaii.	-	-	-
06-09-20		Ferrari-Carano Vineyards & Winery		Foley Family Wines	California-based wine producer.	-	-	-
06-09-20		Pampelonne LLC		Precept Wine	Produces a variety of wine based canned cocktails.	-	-	-
06-02-20		ELXR Juicelab		LoveKind	Produces cold-pressed and protein-dense juices.	-	-	-
04-27-20		Mati Inc.		NOBL Coffee	Produces and sells energy drinks in various flavours.	-	-	-

## RETAIL & DISTRIBUTION

Date	Target Location	Target	Acquirer Location	Acquirer	Target Business Description	Enterprise Value*	EV / LTM Revenue	EBITDA
06-30-20		Bloom Supply		Ord Mountain Resources	Distributor of artisanal functional mushrooms.	\$2	-	-
06-29-20		Mike and Mike's		Fresh Direct Produce	Distributes organic fresh fruits and vegetables.	-	-	-
06-03-20		62 BI-LO & Harveys stores		Food Lion	62 BI-LO & Harveys Supermarkets of Southeastern Grocers.	-	-	-
06-02-20		Hung San Foods		GrubMarket	Seattle-based supplier of produce and specialty foods.	-	-	-
06-01-20		Brown Jug		Afognak Commercial Group	Operates as a retailer of wine, spirits and beer in Alaska.	\$16	-	-
06-01-20		Sustainable Agrico		Plantation Products	Provides organic seeds under the Seeds of Change brand.	-	-	-
05-26-20		Le Pain Quotidien U.S. Business		Aurify Brands	Operates as a bakery and restaurant business.	\$3	-	-
05-20-20		Maines Paper & Food Services		Lineage Logistics	QSR and casual dining distribution business of Maines.	-	-	-
05-11-20		Butts Foods		Quirch Foods	Distributes various proteins for retailers and restaurants.	-	-	-
05-08-20		Assets of Pierless Fish Corp.		Baldor Speciality Foods	Assets comprise of their seafood supply business.	-	-	-
05-07-20		Benchmark Beverage		LKI Investments	Michigan-based liquor broker known for helping craft brands.	-	-	-
04-02-20		Soybean Division of Quality Technology		CGB Enterprises	Food-Grade Soybean Division of Quality Technology Int.	-	-	-

## MEAT & SEAFOOD PROCESSING

Date	Target Location	Target	Acquirer Location	Acquirer	Target Business Description	Enterprise Value*	EV / LTM Revenue	EBITDA
05-29-20		Ocean Beauty Seafoods		Icicle Seafoods	One of the largest seafood processors in the U.S.	-	-	-
05-26-20		Willie Byrd Turkeys		Diestel Turkey Ranch	Owner and operator of a turkey producing farm.	-	-	-
05-22-20		Prime Pork		HyLife	Processes USDA all-natural, certified Duroc heritage pork.	-	-	-
05-05-20		Hog Farming of ProVista Ag		HyLife	Hog farming operations of Manitoba-based ProVista Ag.	-	-	-
04-24-20		Les Aliments Trans Gras		LHG Foods	Meat & fish processor doing business as Drummond Export.	-	-	-

Notes:

\* Implied Enterprise Value in \$USM

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

# Q2/20 Featured Transactions

## PACKAGED FOODS

Date	Target Location	Target	Acquirer Location	Acquirer	Target Business Description	Enterprise Value*	EV / LTM Revenue	EBITDA
06-29-20		Prairie Dog Pet Products		Kinderhook Industries	Manufactures treats and antler products for dogs	-	-	-
06-08-20		N.A. Buitoni® business of Nestlé		Buitoni Food Company	North American Buitoni® business of Nestlé USA, Inc.	\$115	-	-
06-02-20		Havrefras Brand of PepsiCo.		Orkla Foods Sverige	Breakfast cereals brand including Rug Fras and Mini Fras.	-	-	-
05-28-20		White Whale Group		SCB Global Java	Denver-based producer of coffee.	-	-	-
05-07-20		Ingredients Inc.		Barentz International	Develops and supplies ingredients for the U.S. food market.	-	-	-
05-05-20		Chicago Custom Foods		Sauer Brands	Leader in branded popcorn seasonings 'Kernel Seasons'.	-	-	-
05-04-20		Krave Pure Foods		Sonoma Brands	Produces culinary-style meat and poultry snacks.	-	-	-
04-30-20		A. Zerega's Sons		Philadelphia Macaroni Company	New Jersey-based producer of custom dry pasta.	-	-	-
04-27-20		Les Aliments Alternatifs 2000		Aliments Mackenzie	Quebec-based producer of pet food brand Karnivor.	-	-	-
04-09-20		Freshstone Brands		Tillridge Capital Partners	Manufacturer of private label packaged prepared foods.	-	-	-

## BREAD, BAKERY & SNACK FOODS

Date	Target Location	Target	Acquirer Location	Acquirer	Target Business Description	Enterprise Value*	EV / LTM Revenue	EBITDA
06-10-20		Pennsylvania Dutch Candies		Nassau Candy	Produces a variety of nostalgic snacks and confection.	-	-	-
06-04-20		Mazurek's Bakery		Baker Victory Services	Buffalo-based producer of various baking products.	-	-	-
06-04-20		Boulangerie-Pâtisserie Dumas		Champlain Financial	Québec-based producer of various baking products.	-	-	-
05-01-20		Three Bakers Gluten Free Bakery		Promise Gluten Free	Manufactures bread, pizzas, buns and stuffing mix.	-	-	-
05-01-20		Rudi's Organic Bakery		Promise Gluten Free	Produces organic breads and bakery products.	-	-	-

## AGRICULTURAL

Date	Target Location	Target	Acquirer Location	Acquirer	Target Business Description	Enterprise Value*	EV / LTM Revenue	EBITDA
06-05-20		Rose Drummond		Soucy Holding	Grows, processes and sells vegetables and flowers.	-	-	-
04-21-20		35 grain elevators of Bunge N.A.		CGB Enterprises	35 U.S. grain elevators of Bunge North America.	-	-	-
04-09-20		Vanguard Seed		Sakata Seed America	California-based producer of lettuce seed.	-	-	-
04-08-20		La Patate Saint-Ambroise		Québec Parmentier	Processor and packager of potatoes and vegetables.	-	-	-
04-06-20		Agronomy Business of Pipeline Foods		Crystal Valley Cooperative	Conventional agronomy inputs business of Pipeline Foods.	-	-	-

## DAIRY

Date	Target Location	Target	Acquirer Location	Acquirer	Target Business Description	Enterprise Value*	EV / LTM Revenue	EBITDA
06-22-20		Yogurt Fruit Line of Sensient		Frulact	Sensient's assets of its yogurt fruit preparations product line.	-	-	-
06-16-20		Assets of Borden Dairy		Capital Peak Partners & KKR & Co.	Dairy products manufacturing operations.	\$340	-	-
04-13-20		Dean Foods' Meadow Gold Hawaii business		Private Buyer	Includes the Hilo Facility and the Kauai & Maui branches.	-	-	-
04-04-20		Dean Foods Reno Nevada facility		Dairy Farmers of America	Reno-based facility produces milk and dairy products	\$3	-	-

Notes:

\* Implied Enterprise Value in \$USM

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

# Q2/20 Valuation and Operating Metrics

## Select North American Public Companies

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

Ticker	Company	Stock Price 30-Jun-20	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 <sup>(1)</sup>	EBITDA <sup>(1)</sup>
<b>Packaged Foods</b>												
NYSE:CAG	Conagra Brands, Inc.	\$35.17	\$35.79	\$22.83	\$26,325	\$9,747	\$11,054	\$2,218	20%	4.39x	2.38x	11.87x
NYSE:GIS	General Mills, Inc.	61.65	64.31	46.59	51,624	13,919	17,627	3,713	21%	3.58x	2.93x	13.90x
NasdaqGS:MDLZ	Mondelez International, Inc.	51.13	59.96	41.19	91,302	20,236	26,037	5,135	20%	3.41x	3.51x	17.78x
NYSE:SJM	The J. M. Smucker Company	105.81	125.62	91.88	17,459	5,784	7,801	1,739	22%	3.14x	2.24x	10.04x
NasdaqGS:KHC	The Kraft Heinz Company	31.89	34.00	19.99	66,455	32,779	25,175	6,305	25%	5.20x	2.64x	10.54x
<b>Food Retailing Market</b>												
TSX:EMP.A	Empire Company Limited	\$23.90	\$27.52	\$17.56	\$10,855	\$4,925	\$18,927	\$1,038	5%	3.81x	0.55x	10.09x
TSX:L	Loblaw Companies Limited	48.60	56.61	43.38	28,511	11,886	34,168	2,537	7%	3.72x	0.79x	10.62x
TSX:MRU	Metro Inc.	41.17	45.39	35.75	13,738	3,439	12,254	1,006	8%	3.11x	1.09x	13.30x
NYSE:KR	The Kroger Co.	33.85	36.84	20.70	44,222	20,643	126,584	5,955	5%	3.02x	0.35x	7.43x
NYSE:WMT	Walmart Inc.	119.78	133.38	102.00	406,738	76,587	534,661	34,191	6%	2.04x	0.76x	11.90x
<b>Beverages Market</b>												
TSX:ADW.A	Andrew Peller Limited	\$6.47	\$10.91	\$4.41	\$438	\$132	\$270	\$42	16%	2.97x	1.56x	10.01x
NYSE:KDP	Keurig Dr Pepper Inc.	28.40	32.00	18.98	55,039	15,273	11,229	3,308	29%	4.46x	4.90x	16.64x
NYSE:TAP	Molson Coors Beverage Company	34.36	61.94	33.55	17,023	9,931	10,379	2,130	21%	4.51x	1.64x	7.99x
NasdaqGS:PEP	PepsiCo, Inc.	132.26	147.20	101.42	213,601	44,978	67,654	12,360	18%	3.64x	3.16x	17.28x
NYSE:KO	The Coca-Cola Company	44.68	60.13	36.27	226,310	50,416	37,173	12,120	33%	4.16x	6.09x	18.67x
<b>Agricultural Food Market</b>												
NYSE:ADM	Archer-Daniels-Midland Company	\$39.90	\$47.20	\$28.92	\$31,015	\$13,490	\$64,322	\$2,609	4%	4.51x	0.48x	11.89x
NasdaqGS:CVGW	Calavo Growers, Inc.	62.91	99.71	48.31	1,227	119	1,206	54	4%	1.81x	1.02x	22.62x
NYSE:INGR	Ingredion Incorporated	83.00	99.51	59.11	7,407	2,107	6,216	913	15%	2.11x	1.19x	8.11x
TSX:SOY	SunOpta Inc.	4.70	5.40	1.25	1,059	535	1,221	50	4%	7.78x	0.84x	20.36x
<b>Bread, Bakery &amp; Snack Foods Market</b>												
NYSE:FLO	Flowers Foods, Inc.	\$22.36	\$25.08	\$17.42	\$5,954	\$1,476	\$4,210	\$430	10%	2.79x	1.41x	13.84x
TSX:WN	George Weston Limited	73.11	83.76	61.76	29,380	14,872	35,621	3,080	9%	4.28x	0.78x	9.02x
NasdaqCM:TWNK	Hostess Brands, Inc.	12.22	14.86	9.33	2,630	1,140	928	168	18%	6.51x	2.83x	15.67x
NasdaqGS:JJSF	J & J Snack Foods Corp.	127.13	196.84	105.67	2,257	68	1,194	154	13%	0.40x	1.89x	14.62x
NYSE:K	Kellogg Company	66.06	71.05	52.66	31,267	9,108	13,468	2,209	16%	3.89x	2.32x	14.15x
<b>Dairy Market</b>												
NasdaqGS:CALM	Cal-Maine Foods, Inc.	\$44.48	\$46.65	\$30.74	\$2,025	\$3	\$1,352	\$61	5%	0.05x	1.50x	32.95x
TSX:SAP	Saputo Inc.	23.80	31.49	21.55	12,789	3,165	10,543	975	9%	3.10x	1.16x	12.59x
<b>Meat &amp; Seafood Processing Market</b>												
TSX:CLR	Clearwater Seafoods Incorporated	\$3.76	\$4.54	\$2.82	\$588	\$360	\$422	\$70	17%	5.07x	1.34x	8.09x
TSX:HLF	High Liner Foods Incorporated	4.26	8.82	3.82	512	374	933	74	8%	4.75x	0.53x	6.68x
TSX:MFI	Maple Leaf Foods Inc.	20.96	26.33	12.53	3,256	713	2,862	125	4%	4.75x	1.09x	25.01x
TSX:PBH	Premium Brands Holdings Corporation	63.66	75.49	46.16	3,476	1,065	2,706	194	7%	4.96x	1.24x	17.31x
NasdaqGS:SAFM	Sanderson Farms, Inc.	115.89	179.45	102.13	2,762	246	3,519	91	3%	0.47x	0.78x	30.29x
NYSE:TSN	Tyson Foods, Inc.	59.71	94.24	42.57	34,121	12,661	43,472	4,096	9%	2.65x	0.78x	8.33x

Notes:

As at June 30, 2020

<sup>(1)</sup> 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



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The background features a dark grey field with large, overlapping, angular shapes in a vibrant orange color, creating a dynamic, abstract geometric pattern.

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