

Food & Beverage M&A Recap

THIRD QUARTER 2022

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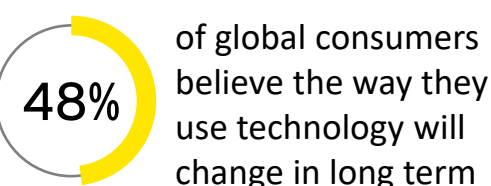
Five megatrends shaping the way food and beverage companies operate

As the world emerges from the pandemic, accelerated change and disruption have framed a new normal in the future. This has led to a fundamental reappraisal of values and priorities that will shape how consumers, companies, investors and regulators behave across a number of megatrends that are redefining the consumer landscape

Accelerated digital behaviours

- ▶ COVID-19 disruption and greater food-at-home consumption have increased penetration of e-commerce and direct-to-consumer (D2C).
- ▶ Capturing, understanding and integrating data to enable a listening organization will be crucial in meeting mounting expectations at speed.
- ▶ As digital behaviours continue to accelerate companies must build online engagement and fulfillment capabilities to personalize for, and serve, digital communities.

How can I use data to improve my understanding of my consumers?



Increased relevance of ESG and sustainability

- ▶ 2021 saw a rapid acceleration in sustainability commitments from companies, regulators and investors, as target horizons approach
- ▶ Consumers, regulators and investors will scrutinize impact across the value chain, with tech-enabled transparency becoming table stakes.
- ▶ Sustainable packaging is becoming crucial for food companies, along with deploying solutions to reduce water consumption and combat food waste.

How will sustainability unlock value for my business?



Changed ways of working, and living

- ▶ The shift in working practices and commuting patterns is likely to become entrenched and lead to more cooking and eating at home.
- ▶ This will not just impact how companies meet changing employee priorities but will change where people shop and ultimately where they live.
- ▶ Food companies are investing in production to build resilience to supply chain shocks and reduce stock-outs amid demand surges.

How will increased remote working impact my channel strategy?



Renewed focus on health and wellness

- ▶ Health and wellness, which was already an underlying trend, has gained focus, with mental well being and risk exposure becoming more prominent and companies shifting portfolios to immunity boosting and functional ingredients.
- ▶ The rise in plant-based consumption will continue to grow to promote well-ness and sustainability.
- ▶ Personalization could become more widespread as "healthy" now doesn't mean the same to all

How can I position my portfolio to address new consumer needs and preferences?



Increased cost of goods and services

- ▶ Food companies are seeing a surge in demand, but supply challenges make it difficult to cater to the demand and companies are focusing on price rise or productivity measures to soften the blow.
- ▶ The required supply investments are adding to the costs for higher raw material prices and other initiatives such as ESG, digital transformation or new work models and driving current global consumer price inflation even higher.

How will rising inflation impact supply chain and profitability?



Ruthlessly divest unprofitable segments

Innovate existing product offerings

Explore adjacent categories due to demand shifts

Given uncertainty of the length and shape of the recovery period, companies will need to perform flexible and frequent portfolio reviews. Organizations will have to continue to realign portfolios to address changing consumer needs. Close monitoring of changing consumer behaviours around meal occasions and signals of permanent shifts may have a material impact. They must use the pandemic as an opportunity to streamline portfolios to focus on growth and margin efficiency.

EY transaction snapshot

EY* is pleased to announce Station 22 (formerly known as Maison des Futailles, L.P.)

TO LEARN MORE



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has been acquired by



EY* acted as exclusive financial advisor to Station 22



* Ernst and Young Orenda Corporate Finance Inc.

About Station 22

Station 22 is a producer, distributor and bottler proudly established in Québec for over 100 years. The company currently produces over 6 million bottles of spirits, and 48 million canned beverages, and nearly 24 million bottles of wine each year. It operates a bottling facility in Montréal and its products are enjoyed by millions of consumers across North America. Station 22 had been owned by Kruger and the Fonds de solidarité FTQ since 2006.

About the Dandurand Group

The Dandurand Group is a Canadian family-run alcoholic beverage agency and importer. For 54 years, it has provided Canadian consumers, suppliers, customers and partners with a strategically built portfolio featuring premium brands from around the world. Over the years, the Dandurand Group has become synonymous with excellence in the field of alcoholic beverages in Canada.

The Win-Win

Station 22's highly efficient manufacturing facility, strategically located near the Port of Montréal, will enhance and expand the Dandurand Group's network with an optimized, more responsible and sustainable supply chain highly focused on local bottling capacity. This capability enables more cost-efficient and reliable North American supply chain operations while providing an improved global footprint.

The acquisition will enable Dandurand to solidify a totally integrated global beverage network with strong roots in Canada and offer clients an all-in-one business model that will include bottling, creative options, distribution, marketing and selling support.









Food and beverage recent announced transactions

Select announced transactions in Q3 2022

All figure in USD, unless otherwise noted

Announced Date	Target	Target HQ	Target Description	Buyer	Buyer HQ
Alcoholic Beverages					
Jul 05, 2022	Station 22 (formerly known as Maison des Futailles, L.P.)*		Manufacturer, marketer and distributor of wines, spirits and ready-to-drink beverage alcohol products sold through Canadian liquor boards, grocery retailers and the c-store channel.	Philippe Dandurand Wines Inc.	
Jul 15, 2022	Amsterdam Brewing Co. Limited		Operator of a brewery engaged in the production of beers of various tastes including blonde lager, big wheel amber, which sells through retail stores. <ul style="list-style-type: none">▶ EV – CAD\$44m▶ EV/Revenue – 1.3x▶ EV/EBITDA – 8.8x	Royal Unibrew A/S (CPSE:RBREW)	
Aug 23, 2022	Casa Komos Beverage Group LLC		Producer and seller of tequila and tequila based ready-to-drink cocktails.	Molson Coors Beverage Company (NYSE:TAP)	

*EY acted as financial advisor

Announced Date	Target	Target HQ	Target Description	Buyer	Buyer HQ
Bakery					
Jul 27, 2022	Klosterman Baking Cincinnati, LLC		Producer of fresh and frozen breads, buns, flatbreads, organic breads and others serving restaurants and grocery retailers & convenience stores and institutional customers.	New Water Capital, L.P.	
Sep 08, 2022	Handi Foods Ltd.		Manufacturer and seller of savoury and sweet pita-based snacks which sells through grocers, mass-merchants, and consumer packaged goods companies.	Ironbridge Equity Partners Limited	
Beverages					
Aug 01, 2022	Celsius Holdings, Inc.		Developer and distributor of functional drinks and liquid supplements through direct-to-store delivery distributors and direct to retailers, including supermarkets, convenience stores. ‣ EV – \$6,446m	PepsiCo, Inc.	
Sep 30, 2022	Coffee Holding Co., Inc. (NasdaqCM:JVA)		Manufacturer and distributor of roasted and blended coffees sold through wholesalers and retailers. ‣ EV – \$40m ‣ EV/Revenue – 0.6x	Delta Corp Holdings Ltd.	
Confectionary					
Sep 06, 2022	Huer Foods Inc.		Packager and distributor of confectionery and gummy products sold through grocery retailers.	Krystal Growth Partners Ltd.	
Distribution					
Jul 07, 2022	John Graves Food Service, Inc.		Distributor of food products such as beverages, frozen, dry goods and disposables serving healthcare, education, restaurants, convenience and hospitality sectors.	GS Foods Group, Inc.	











Announced Date	Target	Target HQ	Target Description	Buyer	Buyer HQ
Ingredients					
Aug 09, 2022	PureCircle Limited		Producer and distributor of natural sweeteners and flavors offering natural ingredients based on stevia for the food and beverage industry. ► EV – \$385.7m	Ingredion Incorporated (NYSE:INGR)	
Aug 11, 2022	Parker Food Group		Developer and manufacturer of specialty, value-added ingredients that are sold to industrial branded B2C customers, foodservice clients and industrial B2B customers.	Investindustrial	
Aug 22, 2022	Freeze-Dry Foods Inc.		Manufacturer of freeze-dried products, including pet treats, proteins, and food ingredients.	Thrive Foods LLC	
Aug 25, 2022	Meridian Flavors Inc.		Producer of food flavors serving bakery, beverage, brewery, confection, dairy and pet food markets.	FlavorSum, LLC	
Aug 30, 2022	B2B Powdered Cheese Business and Related Assets of The Kraft Heinz		Operator of B2B powdered cheese business which were sold through the Kraft's Ingredients business. ► EV – \$107.5m	Kerry Group plc (LSE:KYGA)	
Sep 01, 2022	Sokol & Company, Inc.		Manufacturer of food ingredients and retail-ready food products for food manufacturers, retail brands and retail grocers.	Burlington Capital Partners LLC	
Sep 20, 2022	Spice Chain Corporation		Supplier and importer of spices & seasonings serving industrial, food service and retail end markets.	iSpice Foods Inc	
Plant-Based Foods					
Sep 23, 2022	The Sausage-Less Food Company Inc.		Provider of plant-based foods such as sausage-less- roll, links and longanisa which sells through retail and food service outlets.	Modern Plant Based Foods Inc. (CNSX:MEAT)	



Announced Date	Target	Target HQ	Target Description	Buyer	Buyer HQ
Prepared Food					
Aug 11, 2022	Meal Preparation business of TreeHouse Foods, Inc.		Producer and seller of private label foods and beverages for retail grocery, foodservice and co-pack customers. <ul style="list-style-type: none">▶ EV – \$950m▶ EV/Revenue – 0.6x▶ EV/EBITDA – 13.6x	InvestIndustrial	
Aug 31, 2022	Water Lilies Food LLC		Manufacturer and distributor of premium frozen Asian-inspired cuisine such as dumplings, spring rolls, egg rolls, noodles, buns and bites for retail private label and foodservice customers.	Blue Point Capital Partners, LLC	
Protein					
Aug 02, 2022	Jobbers Meat Packing Co. Inc. (dba WilMar)		Processor and packager of meat products including ground beef, specialty and portion-controlled products for grocery retailers, foodservice providers and wholesale distributors.	Randall Foods, Inc.	
Aug 03, 2022	Certain Assets Associated with the Kitchen Basics Brand of Ready-to-use Stock and Broth of McCormick		Provider of ready-to-use stocks and broths such as chicken, beef and turkey, along with vegetable and seafood. <ul style="list-style-type: none">▶ EV – \$99m▶ EV/Revenue – 2.2x	Del Monte Foods	
Aug 05, 2022	Golden Valley Farms Inc. and King's Command	 	Producer of meat products specializes in processing and packaging ready-to-eat deli slice meats which sells through various brands. <ul style="list-style-type: none">▶ Deal Value – \$67.2m	Premium Brands Holdings Corporation (TSX:PBH)	
Sep 19, 2022	Pulmuone Foods USA Inc		Provider of protein-rich chicken and vegetable patties, noodles, juices and others through grocery and natural foods stores. <ul style="list-style-type: none">▶ EV – \$164m	Highland Equity Partners; Pulmuone USA Inc	



Announced Date	Target	Target HQ	Target Description	Buyer	Buyer HQ
Restaurants					
Aug 09, 2022	Recipe Unlimited Corporation (TSX:RECP)		Operator and franchisor of full-service restaurants brands such as Swiss Chalet, Harvey's, Montana's, Kelsey's, East Side Mario's and others. <ul style="list-style-type: none">▶ EV – CAD\$2,175.2m▶ EV/Revenue – 1.8x▶ EV/EBITDA – 9.3x	Fairfax Financial Holdings Limited (TSX:FFH)	
Aug 09, 2022	BBQ Holdings, Inc. (NasdaqGS:BBQ)		Franchisor and operator of casual and fast casual dining restaurants. <ul style="list-style-type: none">▶ EV – \$305.1m▶ EV/Revenue – 1.1x▶ EV/EBITDA – 8.8x	MTY Franchising USA, Inc.	
Sep 29, 2022	St. Louis Bar & Grill		Operator of a franchised casual dining bar and grill company offering signature wings, fries, garlic dill sauce, pickles, poppers, soup and others. <ul style="list-style-type: none">▶ EV – CAD\$50m▶ EV/EBITDA – 6.6x	Aegis Brands Inc. (TSX:AEG)	
Seafood					
Aug 09, 2022	Morubel NV		Producer of frozen shrimps and other seafood products serving retail, foodservice and food industry.	Cooke Inc.	

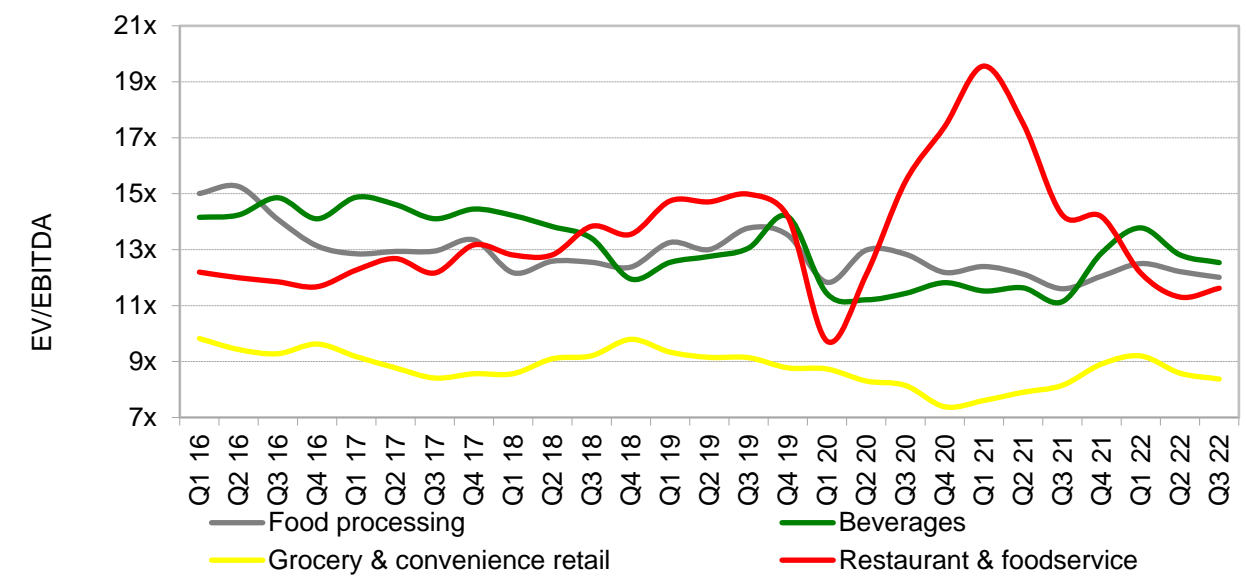


Our food and beverage index consists of the following publicly traded companies:

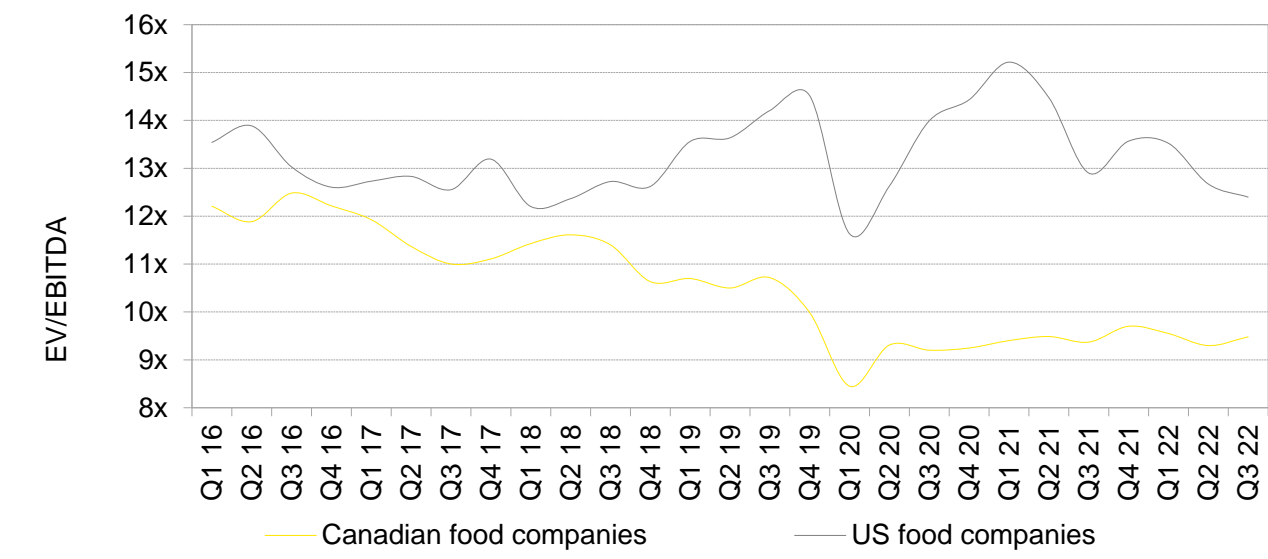
US food and beverage companies	Ticker symbol
Food processing	
Tyson Foods	TSN
The Kraft Heinz Company	KHC
Mondelez International, Inc.	MDLZ
General Mills, Inc.	GIS
ConAgra Brands, Inc.	CAG
Campbell Soup Company	CPB
McCormick & Company, Incorporated	MKC
Hormel Foods Corporation	HRL
The Hershey Company	HSY
Kellogg Company	K
Beverages	
The Coca-Cola Company	KO
Pepsico, Inc.	PEP
Constellation Brands Inc.	STZ
Grocery and convenience retail	
The Kroger Co.	KR
Weis Markets, Inc.	WMK
Restaurant and foodservice	
Starbucks Corporation	SBUX
McDonald's Corp.	MCD
Jack in the Box Inc.	JACK
Yum! Brands, Inc.	YUM
Darden Restaurants, Inc.	DRI
Brinker International, Inc.	EAT
Dine Brands Global, Inc.	DIN
Canadian food and beverage companies	
Food processing	
Maple Leaf Foods Inc.	MFI
George Weston Limited	WN
Saputo Inc.	SAP
High Liner Foods Inc.	HLF
Beverages	
Molson Coors Brewing Company	TAP
Primo Water Corporation	PRMW
Lassonde Industries Inc.	LAS.A
Andrew Peller Limited	ADW.A
Corby Spirit & Wine Limited	CSW.A
Grocery and convenience retail	
Loblaw Companies	L
Metro Inc.	MRU.A
Alimentation Couche-Tard Inc.	ATD.B
Restaurant and foodservice	
MTY Food Group Inc.	MTY
Recipe Unlimited Corporation	RECP

EY Food and Beverage Index

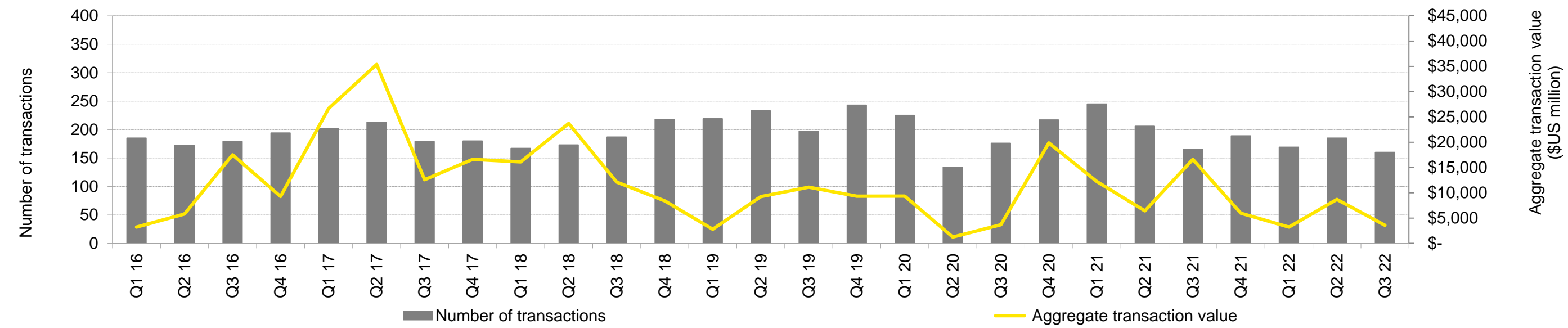
Enterprise value trends by sector



Enterprise value trends by country



North American transaction volume and size



Aggregate transaction value (\$US million)



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