Seale & Associates

Creative Solutions. Trusted Advice.

NON-ALCOHOLIC BEVERAGES INDUSTRY

Q2 2021 VALUATION UPDATE

INTRODUCTION

We are pleased to share our Non-Alcoholic Beverages Industry Valuation Update for Q2 2021.

We at Seale & Associates are committed to provide process-driven solutions designed to optimize value and achieve our clients' strategic objectives on a range of transactions including Mergers, Acquisitions, Divestitures and Carve-Outs, Business Sales, Recapitalizations, and Joint Ventures, among other corporate finance and strategy consulting services.

Over the course of 20 years we have been successfully serving clients all over the world, and we are delighted to provide investment banking advisory services to our Non-Alcoholic Beverage Industry clients that are looking to grow through acquisitions or optimize their portfolio through strategic divestitures.

Sector Relevant Experience

caffenio
has partnered with
OXXO
a subsidiary of
FEMSA

FOQUE
GRUPO FOMENTO QUERETANO
has merged its Beverage Division with
Coca-Cola FEMSA

GRUPO TAMPICO
has merged its Beverage Division with
Coca-Cola FEMSA

caffenio
has partnered with
CAFÉS TOMARI

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CAFÉ DEL PACÍFICO

Target: Café Del Pacífico, S.A. de C.V (“Caffenio”)
Transaction Type: Joint Venture advisory
Industries: Food and Beverage
Geography: Hermosillo, Mexico

caffenio
has partnered with
OXXO
a subsidiary of
FEMSA

Situation

Seale & Associates was retained by the family owners of Caffenio, a leading Mexican roaster and producer of coffee and coffee related products to advise on the structuring of a transaction with OXXO, their largest client by sales and volume. OXXO and our client had strong concerns about the highly dependent nature of their commercial relationship and how best to grow the venture.

Seale & Associates’ Approach

Seale performed a comprehensive analysis of the situation and designed an optimal transaction structure that addressed the concerns of both partners.

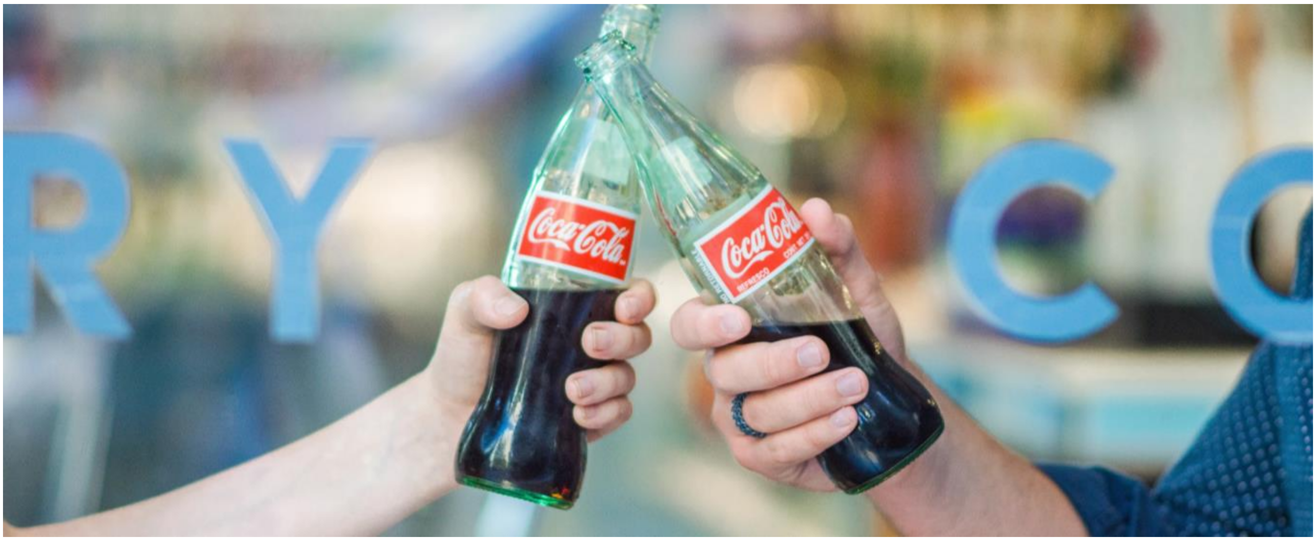
Outcome

The process resulted in the sale of a minority equity participation and the execution of a long-term supply agreement with OXXO. After the transaction, Caffenio has experienced accelerated growth driven by a stronger relationship with OXXO.

“We asked Seale to help us design and execute a joint venture with a major customer. They designed a custom transaction structure that perfectly addressed our needs and the needs of our major customer. They earned our trust and the trust of our partner – and both parties could not be happier about the outcome.”

José Antonio Díaz, President and CEO Café Del Pacífico, S.A. de C.V.

SEALE & ASSOCIATES' REPRESENTATIVE TRANSACTION



GRUPO FOMENTO QUERETANO

Target: Grupo Fomento Queretano
Transaction Type: Merger Advisory
Industries: Consumer Products, Food & Beverage
Geography: Queretaro, Mexico
Size: US$580 million

FOQUE
GRUPO FOMENTO QUERETANO

has merged its Beverage Division with

Coca-Cola FEMSA

Situation

Seale & Associates was retained by the family owners of Grupo Fomento Queretano, one of the oldest family-owned Coca-Cola bottlers in Mexico, to analyze strategic alternatives for their business in the context of a changing industry landscape.

Seale & Associates' Approach

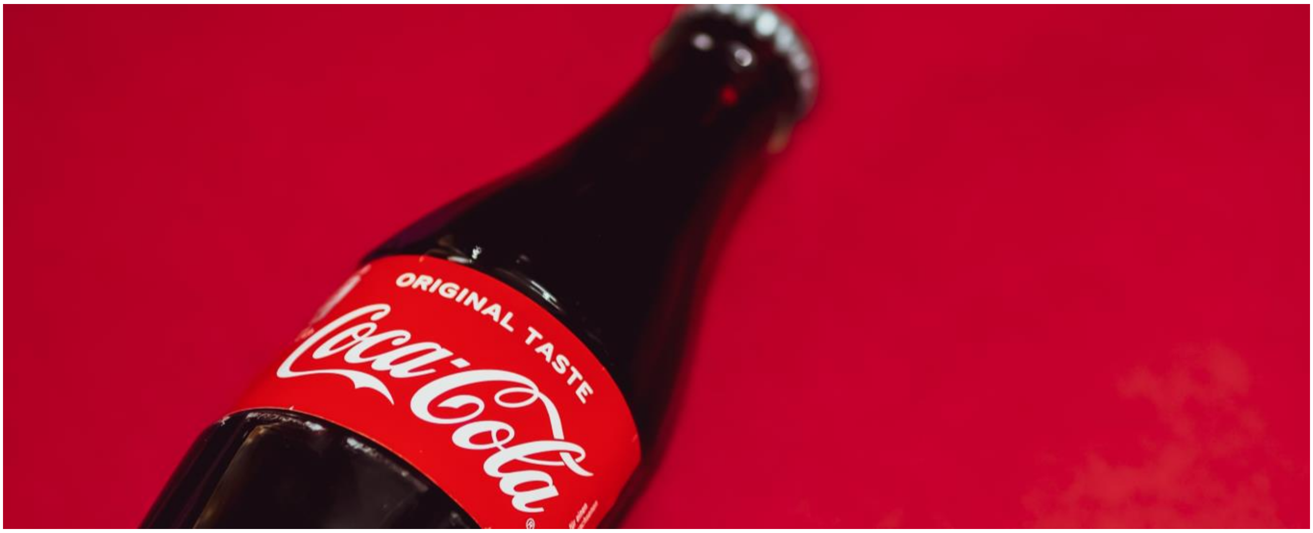
Seale presented the family with a range of strategic alternatives and outcome scenarios for a sale or merger with three industry consolidators considering the family's value, timing, and control objectives. After the family decided that a merger with Coca-Cola FEMSA was the preferred alternative, Seale ran a disciplined and expedited process to achieve the shareholder's objectives.

Outcome

Seale's approach resulted in a successful merger with Coca-Cola FEMSA. As a result of the merger, Grupo Fomento Queretano's shareholders received 45.1 million newly issued KOF series L shares for a total aggregate enterprise transaction value of approximately Ps. 7.6 billion (US$580 million), including the assumption of debt.

"From the very beginning of the planning process before our merger with Coca-Cola FEMSA, Seale listened and provided straightforward answers to each and every one of our family member's questions and concerns and outlined the full range of options. Their professionals provided invaluable guidance and support as they helped us to navigate the merger negotiations. We knew we could count on their trusted advice to make certain we made the best decisions for our company, our employees, and our family."

Federico Ruiz Rubio, Board member and shareholder, Grupo Fomento Queretano



GRUPO TAMPICO

Target: Grupo Tampico
Transaction Type: Merger Advisory
Industries: Consumer Products, Food & Beverage
Geography: Tamaulipas, Mexico
Size: US$800 million

Situation

Seale & Associates was retained by Grupo Tampico's shareholders to properly analyze and structure the merger of the company's beverage division with Coca-Cola FEMSA.

Seale & Associates' Approach

Seale presented the family with a range of strategic alternatives and outcome scenarios for a sale or merger with three industry consolidators considering the family's value, timing, and control objectives. After the family decided that a merger with Coca-Cola FEMSA was the preferred alternative, Seale ran a disciplined and expedited process to achieve the shareholder's objectives.

Outcome

Seale's approach resulted in a successful merger with Coca-Cola FEMSA. As a result of the merger, Grupo Tampico's shareholders received 63.5 million newly issued KOF series L shares at a value of Ps. 103.20 per share.

GRUPO TAMPICO

has merged its Beverage Division with

Coca-Cola FEMSA

"Seale provided our shareholders with valuable guidance on a wide range of important topics during the process and served as a trusted advisor in helping us to structure a successful merger with Coca-Cola FEMSA that met our family shareholders' objectives."

Robert Fleishman, Vice President, Grupo Tampico

"We are pleased to have successfully closed this very important merger transaction in a short period of time and consolidating our position as a leader in the Mexican beverage industry."

Carlos Salazar Lomelin, Chief Executive Officer, Coca-Cola FEMSA

GLOBAL COMPARABLE PUBLIC COMPANIES
SMALL CAP

Company	Country	Market Cap. US$MM	Enterprise Value US$MM	Revenue US$MM	EBITDA Margin	Annual Average EV/EBITDA		Second Quarter Jun. 30, 2021	
						2019	2020	EV/ EBITDA	EV/ Revenue
A.G. BARR p.l.c.	GBR	$795	$730	$310	18.6%	15.6x	10.6x	11.7x	2.3x
Corporación Lindley S.A.	PER	$911	$1,151	$666	23.3%	7.2x	7.9x	8.4x	1.9x
Hokkaido Coca-Cola Bottling Co.,Ltd.	JPN	$270	$165	$454	6.9%	3.7x	4.0x	5.3x	0.4x
Kofola CeskoSlovensko a.s.	CZE	$276	$464	$271	13.3%	8.9x	7.5x	10.6x	1.7x
Mineralbrunnen Überkingen-Teinach GmbH & Co. KGaA	DEU	$144	$165	$148	11.8%	7.0x	6.9x	9.9x	1.1x
Nichols plc	GBR	$729	$669	$175	16.8%	16.7x	12.5x	29.1x	4.1x
Organización Cultiba, S.A.B. de C.V.	MEX	$415	$457	$244	11.5%	24.9x	81.5x	7.0x	1.6x
Société de Services, de Participations, de Direction et d'Elaboration	BEL	$920	$857	$326	18.8%	13.1x	12.9x	14.0x	2.7x
Wisynco Group Limited	JAM	$389	$358	$211	13.6%	14.7x	13.7x	12.7x	1.7x
					Mean	10.9x	9.5x	10.0x	1.9x
					Median	11.0x	9.2x	10.3x	1.7x

- - Excluded from mean and median

GLOBAL COMPARABLE PUBLIC COMPANIES
MID CAP

Company	Country	Market Cap. US$MM	Enterprise Value US$MM	Revenue US$MM	EBITDA Margin	Annual Average EV/EBITDA		Second Quarter Jun. 30, 2021	
						2019	2020	EV/ EBITDA	EV/ Revenue
Arca Continental, S.A.B. de C.V.	MEX	$10,211	$12,762	$8,839	19.2%	9.1x	8.0x	7.6x	1.5x
Britvic plc	GBR	$3,454	$4,370	$1,833	13.2%	13.9x	13.1x	17.0x	2.4x
Embotelladora Andina S.A.	CHL	$2,093	$2,858	$2,535	19.5%	8.7x	7.4x	6.2x	1.2x
Ito En, Ltd.	JPN	$5,917	$5,832	$4,083	6.8%	14.5x	17.8x	21.2x	1.5x
Lotte Chilsung Beverage Co.,Ltd.	KOR	$1,233	$2,310	$2,030	12.0%	9.7x	9.8x	10.9x	1.1x
National Beverage Corp.	USA	$4,407	$4,252	$1,072	22.9%	11.0x	13.4x	16.4x	4.0x
Primo Water Corporation	USA	$2,697	$4,248	$1,958	16.2%	10.1x	9.2x	11.2x	2.1x
					Mean	11.0x	10.1x	11.5x	1.6x
					Median	10.1x	9.5x	11.0x	1.5x

- - Excluded from mean and median

Sources: Capital IQ, S&P Market Intelligence

GLOBAL COMPARABLE PUBLIC COMPANIES
LARGE CAP

Company	Country	Market Cap. US$MM	Enterprise Value US$MM	Revenue US$MM	EBITDA Margin	Annual Average EV/EBITDA 2019	Annual Average EV/EBITDA 2020	Second Quarter Jun. 30, 2021 EV/ EBITDA	Second Quarter Jun. 30, 2021 EV/ Revenue
Coca-Cola FEMSA, S.A.B. de C.V.	MEX	$11,120	$13,380	$9,428	19.7%	8.7x	7.5x	8.0x	1.5x
Keurig Dr Pepper Inc.	USA	$49,950	$64,339	$11,907	31.7%	22.7x	15.9x	16.5x	5.4x
Monster Beverage Corporation	USA	$48,284	$46,146	$4,780	36.4%	22.2x	24.4x	26.4x	9.7x
PepsiCo, Inc.	USA	$204,716	$241,862	$74,583	18.4%	15.5x	17.4x	17.9x	3.4x
Suntory Beverage & Food Limited	JPN	$11,639	$12,677	$10,585	13.3%	9.6x	7.7x	9.0x	1.2x
The Coca-Cola Company	USA	$233,305	$267,917	$36,412	35.7%	20.9x	19.7x	20.3x	8.0x
					Mean	16.6x	13.6x	14.3x	2.9x
					Median	18.2x	15.9x	16.5x	2.4x

- - Excluded from mean and median

NON-ALCOHOLIC BEVERAGES – Q2 GLOBAL TRANSACTIONS

Date	Target	Country	Description	Buyer	Seller	Stake %	Size US$MM	EV/ EBITDA	EV/ Revenue
Jun-21	H-FACTOR	USA	Produces and sells juices and water	Ficaar, Inc.	-	100.0%	-	-	-
Jun-21	BBM production facility in UAE	ARE	Comprises a beverage manufacturing facility	Almarai المراعي	BINGHATTI بن غاطي	100.0%	$58.5	-	-
Apr-21	little WEST	USA	Manufactures and sells cold pressed juices	PlantX	-	100.0%	-	-	-
Apr-21	Plant in Udine	ITA	Comprises a water bottling plant	SAN BENEDETTO	-	100.0%	-	-	-
Apr-21	Sodenthaler	DEU	Produces and sells non-alcoholic beverages	VILSA	Coca-Cola European Partners	100.0%	-	-	-
Apr-21	Société Alto 2000 Inc.	CAN	Sells commercial water	DWR	-	100.0%	-	-	-

Sources: Capital IQ, S&P Market Intelligence

REPRESENTATIVE GLOBAL ENGAGEMENTS

Honeywell
has sold
TENSOR
to
GE Power Systems

Rheem
has acquired
HTPG

gcp applied technologies
has acquired
StirlingLloyd

Hertz
has acquired
DONLEN

KPAC
has sold
JBI JAMES BURN INTERNATIONAL
to
spiral
and
JBI Holding SAS

state WATER HEATERS
has been acquired by
AO Smith

caffenio
has partnered with
OXXO
a subsidiary of
FEMSA

ARCACONTINENTAL
has acquired
WISE

ARCACONTINENTAL
has acquired
Enjoy Life Naturally DEEP RIVER SNACKS

ZN ZINC NACIONAL JGI
has acquired
The Zinc Recycling Business
of
HMG Recylex Group

ANDES CHEMICAL CORP
has been acquired by
IMCD

Grupo Educativo IEJV
UNIVERSIDAD JOSÉ VASCONCELOS
ITM
has been acquired by
NACER GLOBAL

Carrier
a subsidiary of
United Technologies
has sold
HTPG
A division of Carrier Commercial Refrigeration, Inc.
to
MONOMOY and Starboard Capital Partners

H G
HARRISON GYPSUM, LLC
has been recapitalized by
H.I.G. PRIVATE EQUITY

tyco
has sold the North American guarding business of
to
GARDA

KENTZ
Engineers & Constructors
has acquired
ALEGRO PROJECTS LIMITED

Wood Crafters
has been acquired by
Fortune Brands Home & Security

ConvaTec
has sold
SENSI-CARE and ALOE VESTA
to
MEDLINE

GRUPO SICELUB LUBRITECH
has been acquired by
COLFAX

COSMOCEL
has sold
Cosmocel Química
to
ICL Performance Products LP
a business unit of
ICL

intelectiva
has acquired
KFC Costa Rica
from
QSR

CEMEX
has sold its concrete pumping business to
GRUPO PUMPING TEAM

GRUPO TAMPICO
has acquired
SEAT HONDA
dealerships from
GRUPO FRAL

INVEKRA
Holding company of
sanfer
has acquired a majority stake in
Portugal 1864

GBM
has been acquired by
Arysta LifeScience

INMAGUSA
Grupo Galaz, S.A de C.V.
has been acquired by
IOCHPE - MAXION

DLG Grupo
has acquired
Workshop and store in Mexico City from
GREENBRIER RAIL SERVICES

Anne Sullivan
has been acquired by
Discovery Americas

GRUPO TAMPICO
has merged its beverage division with
Coca-Cola FEMSA

GRUPO INDUSTRIAL SALTILLO
has sold
Its sanitaryware businesses
ST. THOMAS CREATIONS
and
VITROMEX
to
Villeroy & Boch 1748

Seale & Associates

Creative Solutions. Trusted Advice.

Since 1999, **Seale & Associates** has been the trusted advisor to respected public and private companies from around the world. Seale is a global investment bank with extensive experience in mergers and acquisitions (M&A), corporate finance advisory, and enterprise level strategy consulting with a track record of success in a diverse range of industries. Our experienced team of professionals are committed to serving clients with excellence and integrity, while offering innovative ideas and solutions to address complex transactions.

ADVISOR TO LEADING COMPANIES WORLDWIDE

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Please contact us if you would like further information about M&A trends and/or specific transaction multiples for your industry

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