

Greater Montréal: Epicentre of the Food Processing Industry in Québec





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Executive summary: top reasons to invest in food processing in Greater Montréal



A COMPLETE ECOSYSTEM

- Access to abundant and high-quality **raw agricultural products**
- **1,385 companies** in the food processing sector
- **Many R&D and technology transfer centres**
- **Industry 4.0** is growing



QUALIFIED WORKERS

- Strong presence of **specialized training centres** that helps foster innovation
- **20,000 specialists** in food processing
- More than **12,000 university students** currently enrolled in a program related to food processing



LOW COSTS

- **A 23% cost advantage** over the average of North America's largest metropolitan areas
- Competitive **salaries**
- Access to a reliable, renewable and affordable **source of energy**
- **An attractive tax treatment** for the manufacturing industry sector



STRATEGIC LOCATION

- Access to more than **1.5 billion wealthy consumers** thanks to trade agreements
- **A world-class logistics hub**
- High-quality **transportation infrastructure**
- **Seamless integration** within North American distribution networks



A UNIQUE QUALITY OF LIFE

- Low cost of living
- Affordable housing
- **Safe city**
- **#1 city** in the Americas for students
- **#2 city** in the world for millennials
- Gastronomic capital of North America

01

A Rich and Diverse Ecosystem



Agri-food in Québec: a substantial sector



7% of Québec's GDP



12% of jobs



66,500 companies



10% of Québec's exports



A complete
and diversified ecosystem

Major actor in food processing in Canada

Province of Québec

- Ranks **1st** in processing of milk, pork, chocolate, cocoa and maple products
- **2nd** province in importance in food processing
- **70%** of yogurt production
- **75%** of cheese production

Food Processing in Québec

(2017)



\$8.6B of GDP



\$8.7B in exports



69,700 jobs



2,546 companies

Greater Montréal area: 1st food processing Centre in Québec

Food Processing in Greater Montréal

(% of Québec's total)



+\$6.2B of GDP (73%)



+\$17.2B value of
shipments (66%)

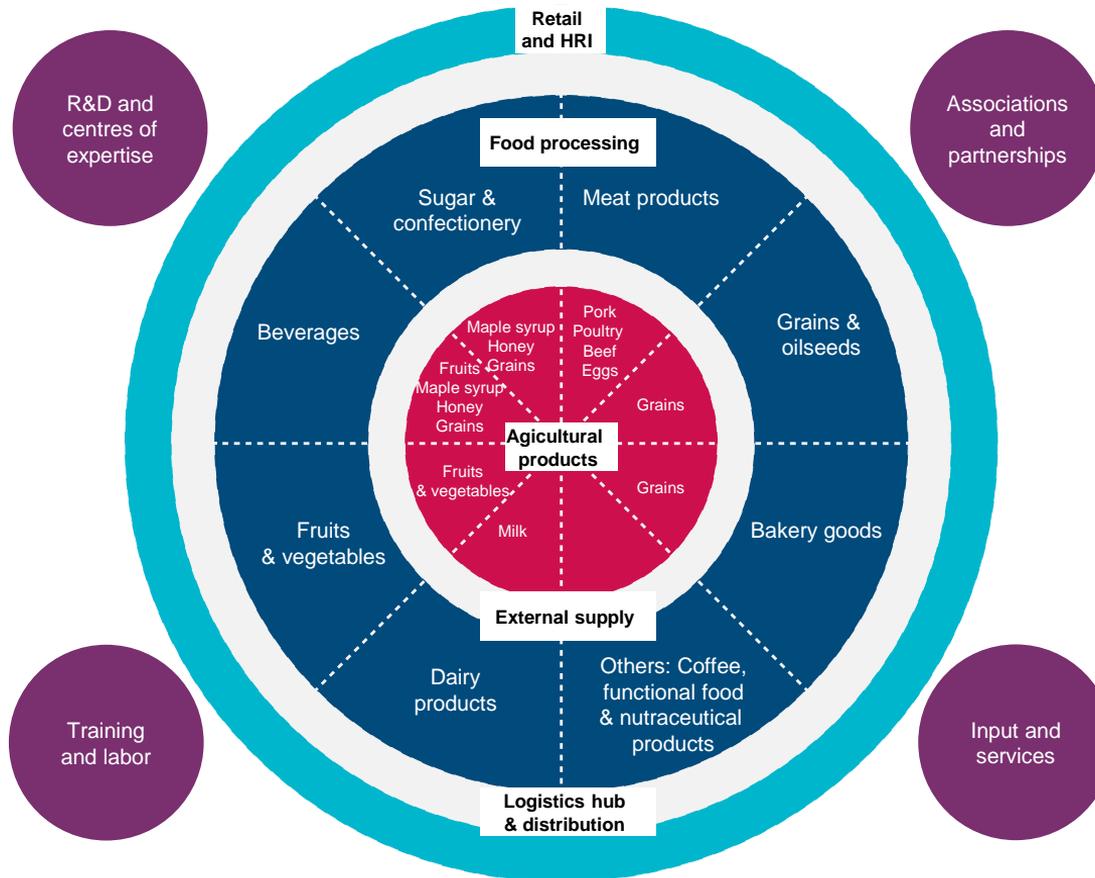


+46,500 jobs (67%)



+1,500 companies (59%)

A complete and diversified ecosystem



Direct access to abundant and high-quality raw agricultural products

The province of Québec is a Canadian leader in the following primary agriculture production:

1st producer of:

- Milk
- Pork
- Maple syrup
- Cranberries

2nd producer of:

- Fresh vegetables
- Vegetables for processing
- Corn and soy

An abundance of grains and oilseeds, poultry, eggs, fruits and nuts

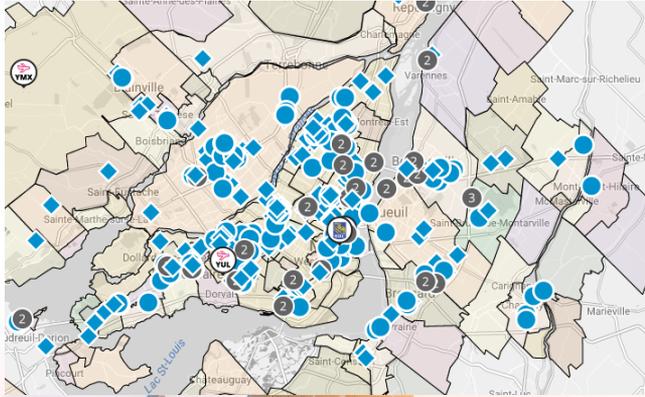
Distinctive advantages

- **High quality and large quantities of water**
- **A highly competitive price for sugar**
 - Nearly 35% less expensive than in the USA
 - No import tariffs
 - Key players in the field provide a unique expertise



The largest concentration of food processing companies in Québec

Overview of foreign subsidiaries and local businesses in Greater Montréal:



CAPTION

- Foreign subsidiaries
- ◇ Local businesses
- ◇ Universities

A seamlessly integrated ecosystem that combines **agriculture production**, the **knowledge-based industry**, a **vast network of suppliers** and a **high-quality labour force**, and contributes to expertise development and networking opportunities.

Examples of food processing businesses in Greater Montréal

DAIRY PRODUCTS



BEVERAGES



PASTRY & BAKERY GOODS



SUGAR & CONFECTIONERY



FRUITS & VEGETABLES



MEAT PRODUCTS



PROCESSED FOOD



FLOUR & GRAINS



EXCELDOR



World-class companies

The top three food processing businesses with the **most substantial revenue growth** in Québec are based in Greater Montréal:

 **+83%**
since 2011



+63%
since 2012



+48%
since 2012

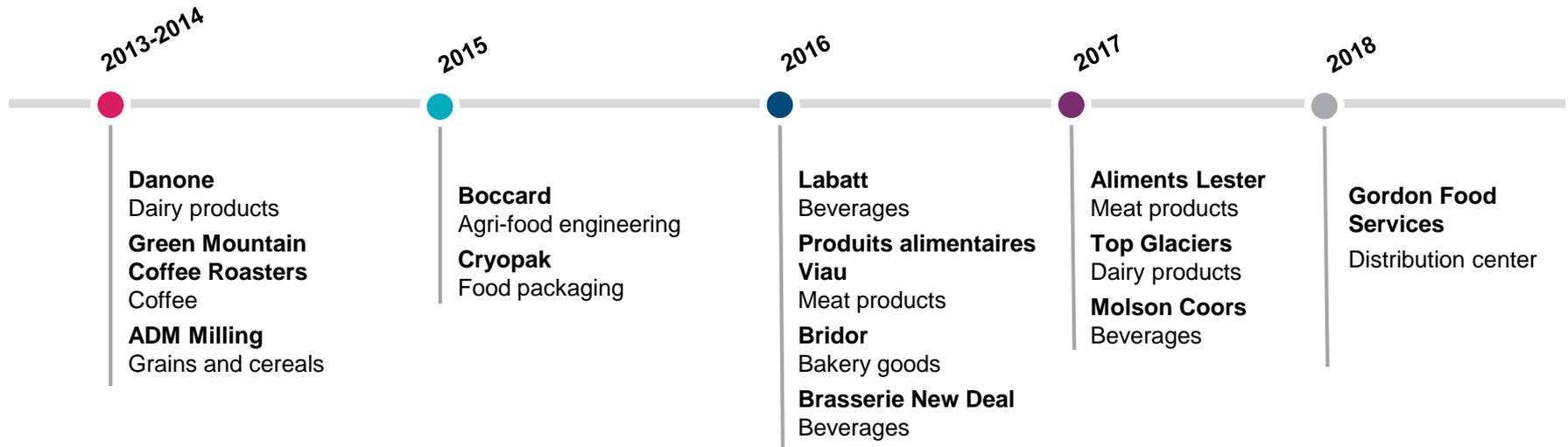
Six leading food processing companies have **more than \$1B** in revenues and alone generate **42% of all shipments** originating from the Québec food processing sector.

Three of them are located in the Greater Montréal:



Companies are investing in Greater Montréal

Investment projects related to food processing in Greater Montréal



A large and diverse network of research and innovation centres

The Greater Montréal Area hosts a wide variety of research and technology transfer centres focused on a number of food processing subsectors.

Main technology transfer and expertise centres



Centre d'expertise fromagère du Québec



Main R&D Centres



Saint-Hyacinthe Research and Development Centre



Consortium RITA
Recherche. Innovation. Transformation. Alimentaire.



Main promotion agencies



Industry 4.0 plays a key role in food processing

- The Government of Québec is encouraging manufacturing companies to integrate new technologies, with its new **Innovative Manufacturer Strategy**.
- **Funding opportunities are offered to Innovative Manufacturers** to help them hire an expert for implementing an innovation process or to market an innovative product.
- The food and beverage processing sector is the **second-largest manufacturing market for robotics**.

Many companies provide equipment and services specialized in robotics and automation:

The logo for ABB, consisting of the letters 'ABB' in a bold, red, sans-serif font.The logo for ASA, featuring the letters 'ASA' in blue with a circular graphic of dots to the left. Below it, the text 'Avantages et Solutions d'Automatisation' is written in a smaller font.The logo for Jalbert AUTOMATISATION, with 'Jalbert' in blue and 'AUTOMATISATION' in a smaller blue font below it. Below that, the tagline 'sceller votre qualité' is written in a smaller blue font.The logo for KUKA, with the word 'KUKA' in a bold, orange, sans-serif font.The logo for Génik, featuring a stylized orange and yellow cube icon to the left of the word 'Génik' in a bold, black, sans-serif font. Below it, the tagline 'IMAGINER · IMPLANTER · INNOVER' is written in a smaller black font.The logo for LECLERC ROBOTIQUE, with a stylized 'LR' in red and black to the left of the text 'LECLERC ROBOTIQUE' in a bold, black, sans-serif font.The logo for AUTOMATECH Robotik, featuring a stylized orange robot head icon above the text 'AUTOMATECH Robotik' in a black, sans-serif font.

02

A Deep and Growing Pool of Highly Qualified Talent



A labour pool of highly qualified workers

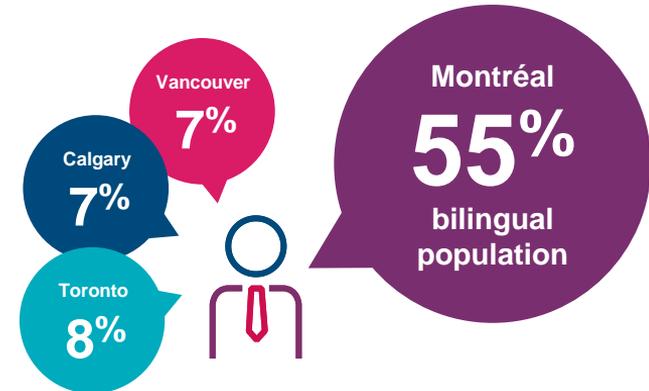
A diversified network that includes 11 academic institutions and many colleges and vocational training centres:

- **The best student city in the Americas**, according to QS Best Student Cities 2018
- **More than 200,000 university students**
- **35,500 international students**
- **2 Montréal institutions ranked** among the **world's top universities** by QS World University Ranking 2019:
 - McGill University (#33)
 - Université de Montréal (#149)



Most bilingual and trilingual region in Canada

- **2.5 million residents speak English**, which is 9% more than in Vancouver
- **55% of the population is bilingual** (English and French), compared to less than 8% in Toronto and Vancouver



Specialized training centres

Vocational and technical training



Public higher education institution offering training programs in agriculture production and food processing, including 3 specialized technical programs in food processing and food quality technology; agricultural business management and technologies; and horticultural production and environmental technology.



Vocational training centre offering 5 Diploma of Vocational Studies (DVS) in agri-food and motorized equipment maintenance. Thanks to a partnership with Collège Lionel-Groulx, they also offer 2 collegial programs related to agriculture.



At Campus de Saint-Hyacinthe, this technological training centre offers 6 training programs leading to a Diploma of College Studies (DCS) and a diploma in agri-food technology.



This institution offers a program in processing leading to an Attestation of College Studies (ACS) aiming at training a highly qualified workforce in food manufacturing and supervision of personnel.

University



The Faculty of Agricultural and Environmental Sciences focuses on strategic research activities, from basic molecular sciences to applied sciences in agriculture, food and environmental sciences, with applications in the medical and industrial fields.

A new generation ready to take over

In Greater Montréal, more than 12,000 students were enrolled in a university program related to food processing in 2017-2018, and close to 3,000 graduated in 2018.

University programs related to food processing	Students enrolled 2017-2018
Agriculture	78
Rural and Agricultural Engineering	375
Chemical Engineering	969
Chemistry	1,063
Biochemistry	1,368
Electrical Engineering	3,498
Mechanical Engineering	5,138
Total	12,489

 Université du Québec
Institut national
de la recherche
scientifique



 Université
de Montréal



 UNIVERSITÉ DE
SHERBROOKE

 UQAM

26,800 specialists in food processing

Number of specialists in Greater Montréal in 2018

Occupations related to food processing	Number of jobs
2221 - Biological technologists and technicians	2,400
2211 - Chemical technologists and technicians	4,200
9461 - Process control and machine operators, food and beverage processing	8,200
9617 - Labourers in food and beverage processing	5,200
TOTAL	20,000

Highly qualified workforce available in complimentary sectors:

- Mechanical engineering
- Air conditioning systems
- Refrigeration systems
- Product preparation
- Packaging
- Distribution and transportation of food products

Ease of recruitment

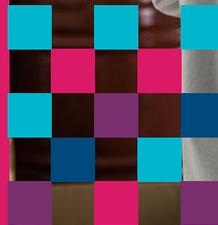
According to Aon Hewitt*, Montréal ranks 3rd in North America in the lowest overall risk associated with recruiting, employing and relocating workers.

*Overall workforce risk includes relocation and expatriation; mergers, acquisitions and partnerships; absenteeism; employee health and well-being programs; internal relationships; employment in general; globalization; cultural differences; and talent sources.

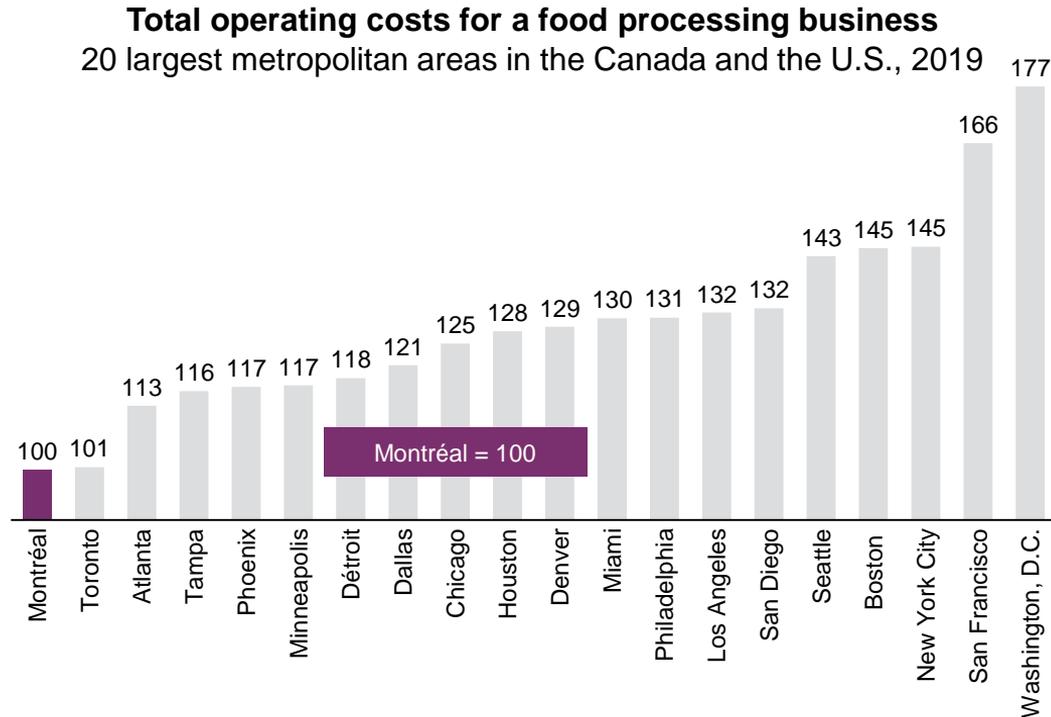
Source: National Occupational Classification (NOC) 2018; Statistics Canada 2016; Aon Hewitt Consulting, Global Research Center, 2013.

03

Attractive Operating Costs and Incentives



Very low operating costs



Operating a food processing business is very affordable in Greater Montréal:

- **1st rank:** most competitive operating costs among the 20 largest metropolitan areas in Canada and the U.S.
- **A cost advantage close to 23%** over the average for the largest metropolitan areas in Canada and the U.S.

Competitive salaries

Median annual salaries* (CA\$) for 9 typical professions in food processing

	Montréal	Toronto
Production helper	\$35,102	\$37,391
Process control and machine operators	\$44,407	\$47,255
Machinery and heavy equipment electrician	\$56,359	\$59,854
Biologist	\$67,135	\$71,629
Operations supervisor	\$71,935	\$76,360
Food chemist	\$72,699	\$77,219
Quality assurance technician	\$76,613	\$81,310
Quality assurance director	\$94,955	\$101,329
Plant manager	\$113,241	\$120,605

*Salaries based on 5 years of experience.

Source: Economic Research Institute – Code Scian 311 - Food manufacturing, March, 28, 2019.



Low mandatory benefit costs for employers

Examples of mandatory benefit costs for employers, 2019

Gross annual salary	\$50,000	\$100,000	\$125,000
Québec Pension Plan (employee: 5.4%; employer: 5.4%, max.\$ 2,991.45)	\$2,700.00	\$2,991.45	\$2,991.45
Québec Parental Insurance Plan (employee: 0.526%, employer: 0.736%, max. sal. of \$ 76,500.00)	\$263.00	\$402.39	\$402.39
Employment Insurance (employee: 1.25%, employer: 1.75%, max. sal. of \$ 53,100.00)	\$875.00	\$929.25	\$929.25
Health Services Fund (1.25% if global salary total less than \$1M, max. 4.26%)	\$625.00	\$1,250.00	\$1,562.50
Commission des normes du travail (labour standards board) (0.07%, max. sal. of \$ 76,500.00)	\$35.00	\$53.55	\$53.55
<i>Commission de la santé et sécurité du travail</i> (occupational health and safety board - 0.47% in service sector, max. sal. of \$ 76,500.00)*	\$235.00	\$359.55	\$359.55
Total	\$4,733.00	\$5,986.19	\$6,298.69
Total cost	\$54,733.00	\$105,986.19	\$131,298.69
Total benefits in % of gross annual salary	9%	6%	5%

Note: Vacation represent a minimum of 4% of salary pursuant to the Act respecting labour standards.

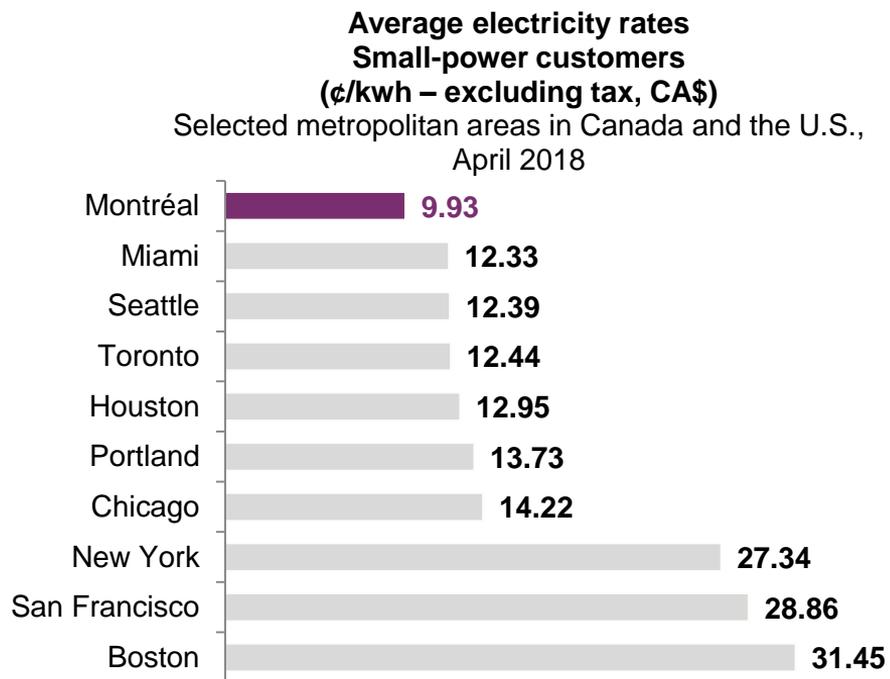
Some rates apply up to a maximum insurable revenue.

* The rate for the service sector (65110 - Bureau de courtage ; bureau de services professionnels ; bureau offrant des services de soutien administratif) is 0.47% but the rate for an employer can vary from 0.23 % to 18.87 % depending on the sector.

Paid holidays (approx. 10 days or 4%) are included in gross salary.

Source: Revenu Québec, 2019.

Low and stable energy costs for small-power customers

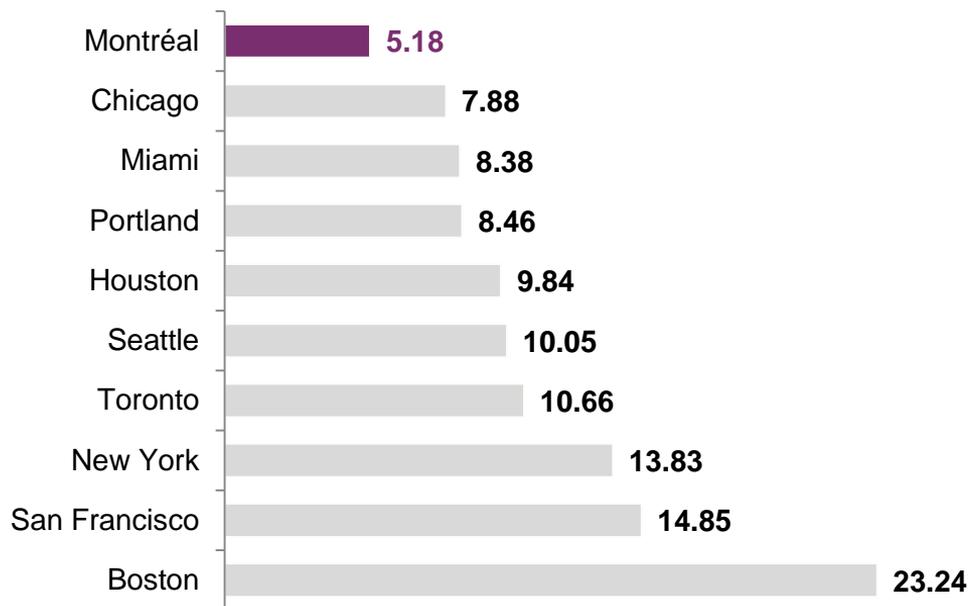


- **Stable electricity rates:** Thanks to the collective wealth represented by our water resource, the rates are not subject to the volatility of oil and gas prices
- Hydro-Québec generates more than **99%** of its electricity from water, a source of **clean, renewable** energy
- The **quality** and **reliability** of the power grid are also two major advantages

Low and stable energy costs for large-power customers

Average electricity rates
Large-power customers
(¢/kwh – excluding tax, CA\$)

10 largest metropolitan areas in North America, April 2018



- **1st place** in North America for the **lowest Electricity prices for large-power customers** along Winnipeg
- **Preferential energy rates are also available for major consumers** (aluminum smelters, data centres, etc.)

Note: Estimations by Hydro-Québec are based on a monthly consumption of 3,060,000 kWh, a power demand of 5,000 kW and an 85% load factor.
Source: Hydro-Québec, 2018.

Tax credits and programs for R&D



Major and Innovative Projects

ESSOR Program

Support to major projects with refundable (interest-free & low interest loans) and non-refundable contributions. Investment projects with eligible expenditures of **\$250,000** or more to start a new business or expand (including modernizing) an existing business

Innovative Manufacturer Financing

Loan of **\$250,000** or less to finance the implementation of innovative projects

Strategic Innovation Fund

Repayable and non-repayable contributions of **up to 50%** of eligible costs for a project of at **least \$10 M.**



Research and Development tax credit

Québec's tax credit for Scientific Research and Experimental Development (R&D)

14% tax credit on salaries and subcontractor fees paid in Québec, fully refundable, whether or not the business makes a profit.

Canada's Scientific Research and Experimental Development (SR&ED) tax incentive

15% federal tax credit on eligible activities and expenditures

AgrilInnovate Program – Agriculture and Agri-Food Canada

Applies to 2 types of investments: 1. To support R&D activities leading to innovation in the sector. 2. To help the industry to market the results of R&D activities, through their adoption and/or commercialization. Projects must be completed within 5 years.



Project Development

Financial Assistance for Job Creation and Training

25% of eligible costs for the implementation of a training program and **50% of costs** incurred for the creation of a human resources department with the creation of 50 jobs or more over two years

Innov'action agroalimentaire – MAPAQ

4 sections are available to help **increase competitiveness for businesses** in the agricultural and food processing sectors.

04

A Strategic Geographical Location





A gateway to 70% of the world's GDP

Thanks to **NAFTA, CETA, CPTPP**
and 12 other free trade agreements in force*

Direct access to **1.5 billion wealthy consumers**
and a **combined GDP of US\$55 trillion**
(70% of the world's output of goods and services)

**Only Canada has free trade agreements
with all G7 countries**

*North American Free Trade Agreement (NAFTA), Comprehensive Economic and Trade Agreement (CETA) and Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).
Source: Invest in Canada, 2019; The World Bank, 2017.

A world-class logistics hub



Major maritime hub: port of Montréal

- **Largest container port** in eastern Canada and main port for approximately **95% of all importers and exporters** in Québec and Ontario
- **2nd largest port** in Canada
- Open **12 months/year**
- **More than 38 million tonnes** of goods are handled at the port of Montréal each year, **36%** of which are containerized
- **30% growth** in the last 10 years
- **Expansion project** for the Contrecœur terminal, contributing **\$2.1B** in added value to the Canadian economy

High-quality transportation infrastructure

- **Intermodal transportation hub:** air, maritime, road and rail transportation
- More than **142 million tonnes** of goods handled
- **3 industrial port zones** (IPZ) in greater Montréal (Montréal, Contrecœur, Côte-sainte-catherine) dedicated to transportation and logistics projects



A logistics hub with many advantages



- **Transit times**
Shortest transit times from Europe and the Mediterranean to North America
- **Strategic location**
Closest international container port to North America's industrial heartland
- **Speed**
One-stop port, with no intermediate calls
- **Reliability**
Dedicated weekly services from the leading global carriers
- **Cost efficiency**
Balanced equipment flows through full vessel discharge and load
- **Flexibility**
Partners are flexible to extraordinary requests and can accommodate needs on a case-by-case basis
- **Efficiency**
Container dwell time lower than North American East Coast standards
- **Choice**
Directly connected to two Class 1 North American rail networks, with daily departures to Toronto, Chicago and Detroit
- **Market reach**
Access to 40 million consumers within one trucking day and 70 million consumers within two rail days
- **Supply chain collaboration**
Continuous communication among terminal operators, the Montréal Port Authority and railway companies to ensure seamless operations and low dwell times

05

An Exceptional Quality of Life

**MTL
INTL** Montréal
International



The new food capital of North America

Well known for its creative and cosmopolitan character, Montréal's food scene is supported by its diverse immigration which contributes to a great gastronomic diversity, quality and originality. Greater Montréal was selected as:

- **The food capital of North America**
- *Town & Country, 2016*
- **Rising star foodie destination**
- *Gogobot, 2016*

Discover Montréal's top chefs

- Normand Laprise (Toqué!)
- Laurent Godbout (Chez L'Épiciier)
- Charles-Antoine Crête (Montréal Plaza)
- Patrice Demers (Patrice Pâtissier)
- And more...

...and french chefs living in montréal

- Daniel Boulud (Maison Boulud, Ritz-Carlton)
- Jérôme Ferrer (Europea)
- Christian Faure (Maison Christian Faure)
- André Loiseau (Carte Blanche)

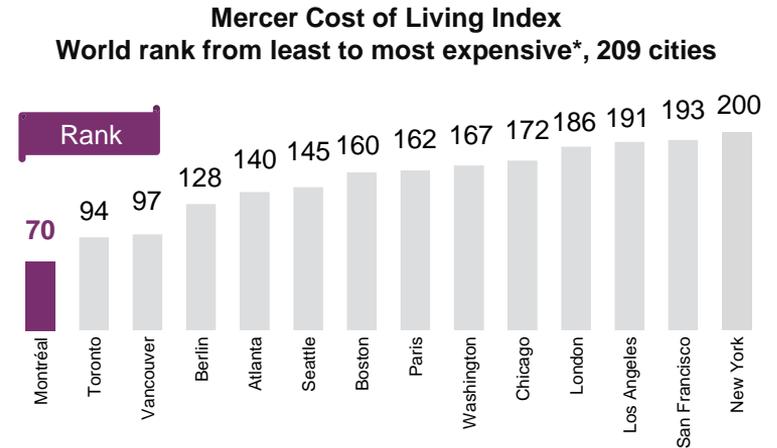
Source: "Montreal is the New Food Capital of North America", Town & Country, 2016 ; Tourisme Montréal, 2016.





A low cost of living

Greater Montréal is **cheaper than almost all other large cities** in North America and Western Europe:



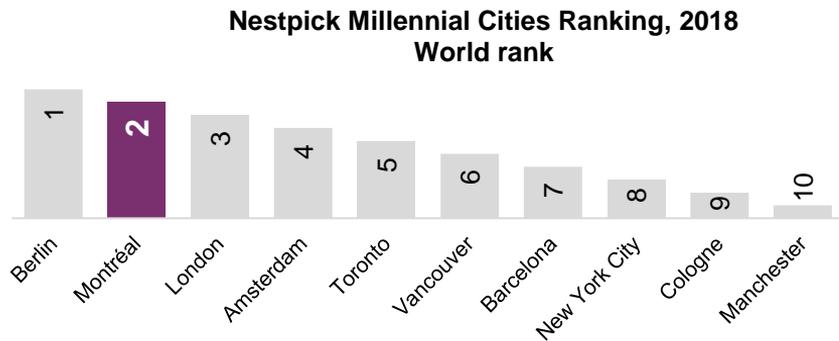
Greater Montréal offers a higher purchasing power thanks to:

- **Cheap housing**
- **Generous family allowances**
- **Low private medical insurance costs**
- **Affordable child care**

* Montréal International Analysis.
Source: "Cost of Living Survey," Mercer, 2019.

An exceptional quality of life

Montréal is the 2nd best city in the world for millennials:



- **Lowest homicide rate** among the 20 largest metropolitan areas in Canada and the U.S.
- **Health care provided at no cost**
- **Lowest education tuition fees** in North America
- **Vibrant cultural metropolis** with +100 festivals and 70 museums

Source: "Millennial Cities Ranking", Nestpick, 2018; "Quality of Living Survey", Mercer, 2017; Federal Bureau of Investigation, 2018; Statistics Canada, 2018.





A worldwide recognition

Best city in Canada and 6th in the world

TimeOut, 2019

Most reputable city in the Americas

Reputation institute, 2018

Best student city in the Americas

Qs best student cities 2019

Most affordable major city in Canada and the U.S.

UBS prices and earnings, 2018

Best bicycle-friendly city in North America

Copenhagenize, 2017

3rd friendliest city in the world

Rough guides, 2016

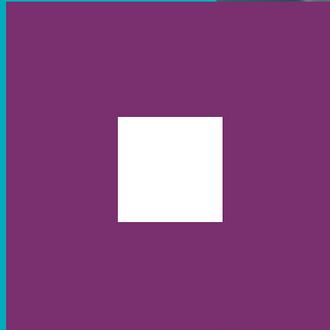
UNESCO city of design since 2006

Top host city in North America for international association events

Union of international associations (UIA), 2018

06

Montréal International's Personalized, Free and Confidential Services



Montréal international, a single point of access to a series of personalized, free and confidential services



**Long-term
strategic support**



**Economic data
and communication
services**



**Government
relations facilitation**



**Incentive programs
assistance**



**Foreign workers
immigration
assistance**



**International
recruiting missions**



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