

The Top 10 Food & Beverage Themes in 2019

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BRIAN BOYLE
Managing Director
Head of Food & Beverage, Agribusiness
brian.boyle@raymondjames.com
+1.312.655.2713

THE TOP 10 FOOD & BEVERAGE THEMES IN 2019:

Now that 2019 is in the rearview mirror, we wanted to review some of the more prominent Food & Beverage themes and trends for the year. Some of the most powerful food trends have been carried over from previous years while others are more recent. We hope this is helpful.

1. HIGH TRANSPORTATION AND LOGISTICS COSTS

After the sharp 11.4% increase in freight rates in 2018⁽¹⁾, there has not been much relief in 2019. Many of the cost increases were attributable to inventory carrying costs as companies responded to tensions between the US and China by building inventories. Other underlying forces include the continuing growth in e-commerce, tight trucking capacity leading to a spike in rates, changes in government regulations resulting in limitations on drivers' hours of service and a shortage of truck drivers causing companies to raise wages to attract drivers.

2. TIGHT LABOR CONDITIONS

Persistently low unemployment, now hovering around 3.5%, has made it harder for food companies to attract and retain workers, especially at the production level. Similarly to the trucking industry, this labor shortage has resulted in companies raising wages to attract workers. Adding fuel to the fire, there has been stricter enforcement by immigration officials to crack down on illegal workers. Immigration officials have sharply increased audits of companies to verify that their employees are authorized to work in the US. The tight labor conditions have catalyzed a shift towards robotics and other automation. We expect this trend to accelerate.

3. SUSTAINABILITY

Sustainable food is not just about the food itself; it is a combination of how the food is produced, packaged and distributed. Beginning with farming practices, the goals are to increase output while decreasing environmental impact. Sustainable farming supports organic and low carbon production and avoids the use of artificial fertilizers and pesticides as well as genetically modified organisms. Sustainable farmers use livestock techniques that protect animal health and wellbeing, including the reduction of animal suffering as part of the food production process. The overall impact on the surrounding flora and fauna, waterways and air quality are invariably considered. In terms of packaging, 2019 will be remembered as the year that the international community revolted against the use of plastics. As a result, many food companies are replacing their plastic packaging with cardboard and other more environmentally-friendly alternatives. Good employment practices also play an important role in sustainability, including safe, hygienic and fair working conditions. And finally, with respect to distribution, it is becoming increasingly important to optimize efficiency and operate closer to the customer in an effort to reduce carbon emissions.

4. SPECIAL DIETS

Every year there seems to be a new theory on the best diet for optimal nutritional value and weight management. As a result, there are no shortages of "special diets," and in 2019, Americans (led by Millennials) have taken this to the next level. According to a recent survey by Sweet Earth, 57% of people surveyed said they follow some sort of special diet. The researchers identified five main rationales behind following a special diet: healthier for the body (67%), working to lose weight (53%), concerns over health problems / illnesses (48%), better for the environment / more sustainable (44%) and more ethical (37%). Some of the more popular diets for the year were DASH, Keto, Mediterranean, Paleo, Vegan, Whole 30, Zone and several other variations focused on plant-based eating. Overlaying these trends is a greater awareness towards higher protein consumption while limiting processed carbohydrates. Gut health was also a key theme of 2019.

(1) Transportation Topics

5. PLANT-BASED EXPLOSION^(1,2)

Plant-based meat alternatives in both refrigerated and frozen form are two of the top three fastest growing segments of the specialty food industry. The total plant-based food market grew 10.3% YoY from \$11.7 billion in 2018 to \$12.9 billion in 2019. This average growth rate is expected to continue for the next several years. Specifically, the growth of companies like Beyond Meat and Impossible Foods in foodservice have been a large driver of this trend. This rise in popularity is aligned with the most current consumer food trends, although plant-based meat alternatives, specifically, is not a new concept. Veggie burgers have been sold widely for years, but the marketing was largely focused towards vegetarians and vegans, which represent a small, niche portion of the population. Once it became clear that the majority of consumers were open to trying plant-based protein (given that it would be tasty and affordable) a rise in innovation was sparked. Investments in plant-based food brands have topped \$17 billion since 2009, with \$13 billion raised in the last two years alone.

6. THE RISE OF FOOD VC

Over the last five years, there have been about \$12 billion of venture capital investments made into hundreds of early stage food and beverage companies from both CPG corporations and VC investment firms. This past year was no exception to this trend. The recent “tech mentality” wave in food & beverage has resulted in sky-high valuations across the board. “Big Food” companies are using their VC arms to diversify into fast-growing emerging brands and are paying premiums to stay relevant. VCs and early-stage / growth-oriented PE firms are investing heavily into potentially disruptive brands, often at the unprofitable stage. These companies are frequently valued at 3x-7x multiples of revenue, and sometimes much higher. Beyond Meat’s notorious post-IPO performance once valued the business with \$100 mm of sales at over 120x revenue. These tech-like valuations within an industry of historically single-digit growth has created a wave of startups and disruptive brands, as well as a long line of investors willing to pay what it takes for a piece of the next big trend.

7. TRANSPARENCY

Tracking food from farm to table has become a focus of both “Big Food” companies and consumers, and newer technologies have accelerated this trend. Food companies are using sophisticated supply chain tracking software as well as blockchain technologies to accomplish this, primarily for quality assurance, supply chain efficiency and food safety purposes. New applications with barcode technologies enable shoppers to scan products with their smartphones to see where the product originated and where it stopped along the supply chain. There has been a proliferation of “food fraud” occurring, especially with certain imported products, and these technologies help ensure a product’s authenticity among other things.

8. CONNECTED TO THE PLATE

Food has become a form of self-expression and is at the heart of many social connections. Social media have enabled consumers to chat about their experiences, share their “foodie-inspired” flavors and recipes and even collaborate in real time. According to Innova Market Insights, 55% of US consumers between the ages of 26 and 35 want to share what they eat online. Food bloggers are growing in numbers and are rapidly increasing their sphere of influence. As the intersection of food, technology and people expands, food companies are leveraging technology to better connect with their customers. This, in turn, is encouraging greater levels of transparency from these same companies. People want to know where their food came from and what is in the product that they are consuming. They want clean, simple ingredients that they can understand, and if they perceive any problems or issues with the product, they will let others know about it.

9. OMNI-CHANNEL CONVENIENCE

Food & Beverage is now at the forefront of today’s modern, “on-demand” world. On-the-go consumers are shopping across multiple channels for grab-and-go breakfasts and lunches, quick snacks and dinnertime solutions. This applies to young urbanites as well as suburban parents looking to feed their children quick and healthy meals. Traditional grocery stores like Kroger and Albertsons have substantially increased their freshly-prepared offerings, similar to what Amazon has built at Whole Foods. Amazon has also successfully commercialized a new retail concept with Amazon Go stores, which has changed how we think of convenience stores. With a wide range of freshly-prepared grab-and-go options, premium prepared foods, and internationally-inspired meal kits, Amazon Go has been a great success story and has inspired more traditional convenience stores to upgrade their offerings, while also attracting new participants who are aspiring to replicate Amazon’s modern convenience store model. For consumers who don’t want to leave their home at all, Amazon Fresh delivers directly to shoppers’ doors for a minimal fee. Needless to say, Amazon is integrating itself into every aspect of eating in a consumer’s day.

10. INTERNATIONALIZATION OF CUISINES

Americans have become infatuated with the flavors and cuisines of different countries and cultures. While changing demographics have accelerated this trend, consumers are actively seeking out new and exciting flavors. Additionally, the rapid proliferation of a truly global and affordable shipping infrastructure have made authentic imports more accessible than ever. While consumers formerly equated ethnic foods with broad categories of cuisines such as Asian, Italian or Latino, now they distinguish with much greater specificity the country of origin and even regional cuisines within a country. For example, rather than considering a meal as broadly Mexican food, consumers may distinguish between Baja, Mayan, Oaxacan, Puebla or Tex Mex varieties. Additionally, US producers have significantly expanded their international offerings within categories of African, Caribbean, Greek, Indian, Latin American, Vietnamese, Mediterranean and Spanish-style foods. The combination of imported, foreign-produced foods and ethnic foods authentically produced in the US has created an abundance of choices for US consumers. This ample supply has been met with strong demand in both foodservice and retail channels.

SELECTED 2019 PRECEDENT M&A TRANSACTIONS:

Announcement			Enterprise	Enterprise Value /		Business Description
Date	Target/Issuer	Buyers/Investors	Value (\$ mm)	LTM Revenue	LTM EBITDA	
12/24/2019	Country Pure Foods, Inc.	Blue Point Capital Partners	72.5	-	-	US-based company that produces, processes and distributes aseptic juice products and other beverages
12/19/2019	Flavors Holdings Inc.	Act II Global Acquisition Corp.	510.0	-	-	Flavors Holdings Inc., through its subsidiaries Merisant and MAFCO Worldwide, manufactures and markets tabletop sweeteners, including those under the Equal and Canderel brand names, as well as licorice extracts
12/17/2019	Califia Farms LP	Temasek Holdings Pte. Ltd. (Government of Singapore)	800.0	3.6x	-	Califia Farms LP manufactures plant-based, dairy-free beverages and related products
12/16/2019	Zumbro River Brand, Inc.	Balchem Corporation	52.0	-	-	US-based contract manufacturer of agglomerated and extruded food ingredients, such as cereals, crisps and other powdered food ingredients
12/12/2019	Constellation Brands, Inc. (Portfolio of wine and spirits brands, along with multiple winemaking facilities)	E. & J. Gallo Winery, Inc.	1,093.0	-	-	Wine And Spirits Portfolio Of Constellation Brands, Inc. comprises wine and spirit production operations located in the US
12/11/2019	Nestle USA, Inc. (US Ice Cream Business)	Froneri Limited (PAI Partners)	4,000.0	2.2x	14.5x	US-based ice cream business of Nestle USA, Inc.
12/02/2019	BFY Brands LLC	PepsiCo, Inc.	-	-	-	US-based healthy salted snack foods manufacturer
12/02/2019	Voortman Cookies Limited	Hostess Brands, LLC	320.0	-	-	Canada-based producer and seller of sugar-free and specialty cookies and wafers
10/29/2019	Sun-Rype Products Ltd.	Lassonde Industries Inc.	77.2	0.6x	11.2x	Sun-Rype Products Ltd. produces juices, juice concentrates and apple purée, juice blends and fruit-based snack foods
10/21/2019	Innophos Holdings, Inc.	One Rock Capital Partners, LLC	928.1	1.2x	9.1x	US-based producer of specialty ingredient solutions
10/15/2019	Creative Snacks Co., LLC	KIND LLC (Mars Inc.)	-	-	-	Creative Snacks Co., LLC produces and sells snack food, dried fruits, pretzels, nuts and seeds, granolas, and sweet and confections
10/9/2019	popchips, inc.	VMG Partners	-	-	-	US-based company that produces and supplies snack food products
10/7/2019	Simple Mills, Inc.	Vestar Capital Partners LLC	-	-	-	US-based company engaged in providing baking mix ingredients
9/11/2019	Conagra Brands, Inc. (Direct Store Delivery Snacks Business)	UTZ Quality Foods, LLC. (C. Dean Metropoulos)	140.0	-	-	US-based Direct Store Delivery Snacks Business of Conagra Brands
9/9/2019	AQUAhydrate, Inc.	The Alkaline Water Company Inc.	50.8	3.4x	-	AQUAhydrate, Inc., a health and fitness company, produces alkalized water that supports active lifestyle individuals
8/27/2019	ONE Brands, LLC	The Hershey Company	397.0	-	-	ONE Brands, LLC produces nutritional snack bars. The company sells its products through retail partners across the US, as well as through online stores
8/26/2019	Village Cannery of Vermont Inc.	Stonewall Kitchen, LLC (Audax Group)	-	-	-	Village Cannery of Vermont Inc. manufactures vinegar and sauces
8/21/2019	Quest Nutrition, LLC.	The Simply Good Foods Company	1,000.0	2.9x	20.0x	US-based developer and manufacturer of protein bars and other healthy snacks
8/12/2019	Constellation Brands (Black Velvet Canadian Whisky)	Heaven Hill Brands	266.0	4.0x	-	Canada-based whisky brand
8/5/2019	Evans Food Group Ltd.	Benestar Brands (Highlander Partners)	-	-	-	Evans Food Group Ltd. produces private label and co-packed pork rinds for snack food brands. It also provides pork skins, popcorn, potato chips, and more
8/1/2019	Stonewall Kitchen, LLC	Audax Group, Inc.	-	-	-	Stonewall Kitchen, LLC produces and retails specialty food products and kitchen and home products. Its food products include mixes, toppings, beverages, oils, sauces, condiments, snacks, seasonings and more
8/1/2019	Caviar Inc.	DoorDash, Inc. (Sequoia Capital, SoftBank)	410.0	-	-	Caviar Inc. provides an online platform that enables users to order food from local restaurants in the United States
8/1/2019	Superior Cake Products, Inc.	Sara Lee Frozen Bakery (Kohlberg & Company)	65.0	1.5x	9.3x	Superior Cake Products, Inc. produces sweet baked goods. Its offers breads, pastries, cupcakes, cookies, brownies and more
7/10/2019	Welcome Dairy Holdings, LLC	New Heritage Capital, LLC	-	-	14.0x	US-based provider of dairy flavorings, cheese sauces, seasonings and functional cheese
7/8/2019	Flagstone Foods, Inc./ Linette Quality Chocolates, Inc.	Atlas Holdings LLC	90.0	-	10.0x	Flagstone Foods, Inc. manufactures and distributes private label healthy snacks. Linette Quality Chocolates, Inc. manufactures dry and oil roasted products and nuts
6/25/2019	Bragg Live Food Products, Inc.	Swander Pace Capital; Dragoneer Investment Group, LLC	-	-	-	Bragg Live Food Products, Inc. manufactures and distributes organic apple cider vinegar products, oils, sauces, seasonings and dressings
6/25/2019	Sunrise Foods International Inc.	Hassad Food Company (Qatar Investment Authority)	-	-	9.7x	Sunrise Foods International Inc. distributes agricultural products such as cereal grains, feed grains, oil seeds, oil pulses and more
6/19/2019	Perfect Bar & Company	Mondelez International, Inc.	300.0	-	16.0x	Perfect Bar & Company produces nutrition bars in peanut butter, fruit and nut, almond butter and other flavors

SELECTED 2019 PRECEDENT M&A TRANSACTIONS:

Announcement			Enterprise Value (\$ mm)	Enterprise Value /		Business Description
Date	Target/Issuer	Buyers/Investors		LTM Revenue	LTM EBITDA	
6/17/2019	Bluegrass Dairy & Food, Inc.	Public Pension Capital Management	-	-	10.0x	Bluegrass Dairy & Food, Inc. offers dairy powders, cream, butter, custom ingredients and more. It also offers custom spray drying and blending services
5/31/2019	Skinny Mixes, LLC	Goodwest Industries, Inc. (Palladium Equity)	18.0	-	9.0x	Skinny Mixes, LLC produces better-for-you cocktails and drink mixes including daiquiris, mojitos, peppermintinis, margaritas, pina coladas, appletinis and cosmopolitans
5/23/2019	CJ Foods America Corp.	Bain Capital Private Equity, LP	1,179.1	-	-	CJ Foods America Corp. manufactures and distributes Asian food products, including dumplings, noodles and sauces
5/23/2019	Panorama Meats	Perdue Premium Meat Company (Perdue Farms)	-	-	-	Panorama Meats produces organic beef. The company was founded in 2002 and is based in Woodland, California
5/23/2019	Arcobasso Foods, Inc.	Golding Farms Foods, Inc. (Centre Partners, Yukon Partners)	-	-	-	Arcobasso Foods, Inc. manufactures sauces, dressings, beverages and marinades. It also offers bottling and packaging options for custom products
5/15/2019	Clabber Girl Corporation	B&G Foods	80.0	-	-	Clabber Girl Corporation manufactures food products for foodservice institutions. It offers corn starches, baking powders, stabilizers, fillings, desserts, mixes and private label products
5/9/2019	Hain Pure Protein Corporation	Aterian Investment Partners, LLC	80.0	-	-	Hain Pure Protein Corporation operates poultry processing facilities. It offers organic and antibiotic-free chicken, cooked chicken, wings and diced chicken thighs and breasts
5/9/2019	Dogfish Head Craft Brewery, Inc.	The Boston Beer Company Inc	300.7	2.7x	-	US-based brewing company
5/2/2019	Ready-to-Eat Cereal Business of TreeHouse Foods, Inc.	Post Holdings, Inc.	-	-	-	Ready-to-Eat Cereal Business of TreeHouse Foods, Inc. manufactures cereals. The book value of the total assets sold equals \$139 mm and the division produced \$260 mm in annual revenues
4/18/2019	Olly Public Benefit Corporation	Unilever Group	-	-	-	Olly Public Benefit Corporation develops nutritional supplements, multivitamins, as well as protein powders, bars and related products
4/16/2019	Fieldbrook Foods Inc.	Wells Enterprises, Inc.	-	-	-	Fieldbrook Foods Inc. offers ice cream and fruit bar products, including pops, ice cream sandwiches, cones, cups and yogurt. The company also offers a range of private label products
4/12/2019	Wm. Bolthouse Farms, Inc.	Butterfly Enterprises, LLC	510.0	-	-	Wm. Bolthouse Farms, Inc. produces fresh produce and beverages, including juices, smoothies, fruit tubes, dressings, yogurt and carrots and veggie snacks
4/12/2019	Stremicks Heritage Foods, LLC	Dairy Farmers of America, Inc.	1,795.3	-	-	Stremicks Heritage Foods, LLC offers foodservice/private label dairy and non-dairy products, such as soy, rice and almond milk, creams, meal replacement products, juices and more
4/2/2019	Van Law Food Products, Inc.	STIR Foods, LLC (Wind Point Partners)	-	-	-	Van Law Food Products, Inc. produces and distributes syrups, flavorings, beverage bases, marinades, pasta sauces, bar mixes, dressings, lemon juices and toppings
4/1/2019	Kellogg Company (Selected Cookies and Fruit Snacks Business)	Ferrero SpA	1,300.0	1.4x	-	US-based business of Kellogg Company consisting of selected cookies, fruit and fruit-flavored snacks, pie crusts, and ice cream cones businesses
3/22/2019	Silver Eagle Distributors, L.P. (Beer Distribution Business in Houston)	Redwood Capital Investments, LLC	1,000.0	-	-	US-based beer distribution business
3/19/2019	Eby-Brown Company, LLC	Performance Food Group Company	-	-	-	Eby-Brown Company, LLC distributes pre-packaged candy, snacks, beverages and tobacco products for the convenience industry
3/11/2019	Iowa Premium, LLC	National Beef Packing Company (Jefferies Financial Group)	150.0	0.2x	-	US-based company providing meat slaughtering and meat product packing services
2/25/2019	SunOpta, Inc. (Specialty, Organic Soy and Corn Business)	Pipeline Foods, LLC (AMERRA Capital Management)	66.5	0.6x	9.2x	US-based company engaged in supplying organic ingredients including specialty, organic soy and corn
2/20/2019	Watson Foods Co., Inc.	Glanbia plc	89.0	0.9x	-	Watson Foods Co., Inc. produces nutrition products and ingredient systems for food and supplement industries. It offers custom nutrient premixes, bases, fibers, stabilizers and more
2/19/2019	CytoSport Business of Hormel Foods Corporation	PepsiCo, Inc.	465.0	1.6x	-	CytoSport Business of Hormel Foods Corporation comprises a sports-oriented nutritional products manufacturing business
2/11/2019	Eddy Packing Co., Inc.	Insight Equity	-	-	-	US based producer of beef, pork and poultry products
2/8/2019	Cott Beverages LLC	Refresco Group N.V.	50.0	0.6x	-	Cott Beverages LLC develops and manufactures soft drink concentrates for bottlers in the United States and internationally.
1/31/2019	American Dehydrated Foods, Inc.; International Dehydrated Foods, Inc.; IsoNova Technologies LLC	Symrise AG	900.0	4.1x	17.6x	US-based companies engaged in the processing and supplying of premium poultry ingredients to chefs and pet-food manufacturers
1/28/2019	Waugh Foods, Inc.	Sysco Corporation	-	-	-	Waugh Foods, Inc. operates as a broadline foodservice distributor in Illinois
1/11/2019	Florida Chemical Company, Inc.	Archer-Daniels-Midland Company	175.0	-	-	Florida Chemical Company, Inc. produces and distributes essential oils and citrus isolates. The company offers d-limonene and other terpenes, citrus oils, flavors and other products
1/8/2019	Lipari Foods, LLC	H.I.G. Capital, LLC	-	-	-	Lipari Foods, LLC distributes branded baked goods, confectionery, dairy, protein and foodservice products, as well as manufactures sandwiches and nut / popcorn mixes. It also offers repacking, labeling and co-packing services
2019 Selected Transactions Mean				2.0x	12.3x	
2019 Selected Transactions Median				1.5x	10.0x	

Source: S&P Capital IQ, MergerMarket, company filings, press releases and Raymond James estimates.

FOOD & BEVERAGE PUBLIC COMPARABLES UNIVERSE:

Industry and Segment		Current Price	Total Enterprise		Price /		LT EPS
		% of 52 Week High	Value / EBITDA	Value / EBITDA	Earnings	Earnings	Growth
			CY19E	CY20E	CY19E	CY20E	(5yr)
Food and Beverage	Branded Processed Foods	90.5%	14.6x	13.9x	20.6x	19.2x	6.5%
	Dairy	81.8%	11.4x	10.5x	17.8x	16.2x	6.8%
	Baked Goods	85.1%	10.5x	9.8x	24.1x	20.0x	10.0%
	Snacks	90.0%	17.9x	16.9x	25.8x	25.5x	6.8%
	Natural / Organic Foods / Better-For-You	80.8%	20.9x	15.7x	42.0x	33.6x	19.5%
	Private Label Foods and Beverages	85.7%	18.4x	17.4x	27.7x	26.3x	7.3%
	Non-Alcoholic Beverages	81.2%	14.4x	13.5x	22.6x	22.5x	12.3%
	Alcoholic Beverages	86.0%	16.0x	14.6x	27.7x	23.2x	10.3%
Inputs	Protein Processing	87.1%	10.1x	8.6x	18.8x	15.6x	23.3%
	Ingredients / Flavors	83.6%	15.4x	13.9x	25.2x	21.6x	8.6%
	Agribusiness	80.8%	10.2x	9.1x	27.1x	16.3x	6.3%
Distribution	Grocery Distribution	61.3%	8.9x	8.7x	11.5x	10.7x	9.9%
	Food Service Distribution	87.2%	13.6x	11.5x	27.6x	20.9x	9.4%
Overall Median		85.1%	14.4x	13.5x	25.2x	20.9x	9.4%

Comparable Company Analysis	Stock Price	Current Price	Capitalization		Total Enterprise		Price /		LT EPS
<i>\$ in millions, except stock price</i>	Price	% of 52 Week	Market	Enterprise	Value / EBITDA		Earnings		Growth
Company	1/9/20	High	Capitalization	Value	CY19E	CY20E	CY19E	CY20E	(5yr)
Branded Processed Foods									
Nestlé S.A.	\$105.92	91.1%	\$305,834.7	\$345,912.4	16.8x	16.2x	23.3x	21.7x	8.2%
Mondelez International, Inc.	54.05	95.3%	77,822.5	96,659.5	18.6x	17.7x	21.8x	20.3x	6.6%
General Mills, Inc.	52.98	93.9%	32,043.2	46,588.9	13.2x	12.8x	15.9x	15.5x	5.6%
The Hershey Company	146.04	90.0%	30,510.9	34,955.3	17.5x	16.7x	25.4x	23.7x	7.9%
Associated British Foods plc	34.72	98.4%	27,393.5	26,299.6	9.5x	8.0x	19.5x	17.6x	6.7%
Hormel Foods Corporation	44.59	97.3%	23,843.9	23,410.4	17.2x	17.0x	25.6x	25.1x	4.1%
Kellogg Company	68.89	98.4%	23,498.0	31,977.0	14.3x	13.7x	17.8x	17.1x	1.4%
McCormick & Company, Incorporated	167.38	96.6%	22,256.6	26,765.0	23.4x	22.3x	31.3x	30.2x	7.4%
Conagra Brands, Inc.	31.87	89.5%	15,514.8	26,146.9	13.1x	12.0x	17.1x	14.4x	8.1%
Campbell Soup Company	47.35	95.5%	14,283.4	22,832.4	13.6x	13.8x	19.0x	17.9x	6.8%
The J. M. Smucker Company	103.30	80.4%	11,782.0	17,758.0	10.9x	10.8x	12.7x	12.4x	3.0%
Post Holdings, Inc.	108.29	95.2%	7,658.1	14,113.8	11.5x	11.0x	21.7x	20.8x	NA
Premium Brands Holdings Corporation	69.55	92.1%	2,604.7	3,562.0	15.1x	13.3x	27.8x	22.4x	12.1%
B&G Foods, Inc.	16.51	53.5%	1,057.4	2,968.3	9.8x	9.7x	9.9x	9.6x	NA
Branded Processed Foods Mean		90.5%			14.6x	13.9x	20.6x	19.2x	6.5%
Branded Processed Foods Median		94.6%			13.9x	13.5x	20.6x	19.1x	6.8%

Source: S&P Capital IQ, company filings and press releases.

FOOD & BEVERAGE PUBLIC COMPARABLES UNIVERSE:

Comparable Company Analysis	Stock	Current Price	Capitalization		Total Enterprise		Price /		LT EPS
\$ in millions, except stock price	Price	% of 52 Week	Market	Enterprise	Value / EBITDA		Earnings		Growth
Company	1/9/20	High	Capitalization	Value	CY19E	CY20E	CY19E	CY20E	(5yr)
Dairy									
Danone S.A.	\$80.68	88.2%	\$52,265.1	\$68,183.4	12.9x	11.8x	19.0x	17.2x	8.6%
Saputo Inc.	30.27	85.4%	12,348.5	15,457.6	14.0x	12.1x	23.2x	20.1x	NA
Emmi AG	868.26	86.8%	4,645.0	4,858.5	13.3x	12.6x	26.5x	25.2x	9.0%
Glanbia plc	11.23	52.2%	3,315.0	4,180.7	11.6x	10.9x	11.5x	11.0x	2.9%
Fromageries Bel SA	332.93	87.7%	2,259.5	3,176.7	NA	NA	NA	NA	NA
Savencia SA	71.02	90.1%	989.7	1,926.4	5.3x	4.9x	8.6x	7.4x	NA
Dairy Mean		81.8%			11.4x	10.5x	17.8x	16.2x	6.8%
Dairy Median		87.3%			12.9x	11.8x	19.0x	17.2x	8.6%
Baked Goods									
George Weston Limited	\$78.79	90.5%	\$12,118.6	\$31,675.3	8.0x	7.4x	13.9x	13.2x	NA
Grupo Bimbo, S.A.B. de C.V.	1.86	80.0%	8,600.5	14,594.6	8.5x	7.7x	24.9x	20.7x	16.7%
Flowers Foods, Inc.	21.31	87.5%	4,507.4	5,802.3	13.7x	13.0x	22.2x	20.9x	3.2%
Lancaster Colony Corporation	157.24	88.2%	4,321.7	4,176.6	18.7x	17.6x	29.6x	27.6x	10.0%
Yamazaki Baking Co., Ltd.	18.05	87.3%	3,924.9	3,795.1	6.5x	6.3x	30.7x	27.6x	NA
Hostess Brands, Inc.	14.10	94.9%	1,704.7	2,526.8	12.4x	11.6x	23.3x	20.4x	10.0%
ARYZTA AG	1.08	67.0%	1,067.2	1,897.5	5.6x	5.2x	NM	9.8x	NA
Baked Goods Mean		85.1%			10.5x	9.8x	24.1x	20.0x	10.0%
Baked Goods Median		87.5%			8.5x	7.7x	24.1x	20.7x	10.0%
Snacks									
PepsiCo, Inc.	\$134.70	95.9%	\$187,830.4	\$216,191.4	16.5x	15.5x	24.4x	22.6x	5.8%
Mondelez International, Inc.	54.05	95.3%	77,822.5	96,659.5	18.6x	17.7x	21.8x	20.3x	6.6%
The Hershey Company	146.04	90.0%	30,510.9	34,955.3	17.5x	16.7x	25.4x	23.7x	7.9%
J & J Snack Foods Corp.	182.04	92.5%	3,440.4	3,198.0	19.2x	18.0x	36.0x	34.7x	NA
Tootsie Roll Industries, Inc.	34.21	83.8%	2,251.4	2,097.1	NA	NA	NA	NA	NA
John B. Sanfilippo & Son, Inc.	88.76	82.3%	1,010.9	1,058.0	NA	NA	21.5x	26.0x	7.0%
Snacks Mean		90.0%			17.9x	16.9x	25.8x	25.5x	6.8%
Snacks Median		91.3%			18.0x	17.2x	24.4x	23.7x	6.8%
Natural / Organic Foods / Better-For-You									
The Simply Good Foods Company	\$27.82	88.8%	\$2,651.8	\$2,576.4	24.6x	15.4x	45.6x	34.9x	22.6%
The Hain Celestial Group, Inc.	25.21	95.2%	2,630.2	3,023.3	16.2x	15.7x	38.5x	32.3x	16.3%
SunOpta Inc.	2.83	58.6%	249.1	925.0	22.0x	16.0x	NM	NM	NA
Natural / Organic Foods / Better-For-You Mean		80.8%			20.9x	15.7x	42.0x	33.6x	19.5%
Natural / Organic Foods / Better-For-You Median		88.8%			22.0x	15.7x	42.0x	33.6x	19.5%
Private Label Foods and Beverages									
Lamb Weston Holdings, Inc.	\$91.26	96.6%	\$13,332.4	\$15,723.1	16.7x	15.2x	27.3x	24.8x	8.8%
TreeHouse Foods, Inc.	46.65	68.7%	2,622.3	5,008.4	10.4x	10.0x	19.7x	17.8x	11.6%
Cott Corporation	14.12	87.7%	1,901.4	3,320.4	10.1x	9.6x	NM	37.3x	29.3%
Seneca Foods Corporation	37.63	89.9%	342.6	681.3	NA	NA	NA	NA	NA
Private Label Foods and Beverages Mean		85.7%			18.4x	17.4x	27.7x	26.3x	7.3%
Private Label Foods and Beverages Median		88.8%			10.4x	10.0x	23.5x	24.8x	11.6%

Source: S&P Capital IQ, company filings and press releases.

FOOD & BEVERAGE PUBLIC COMPARABLES UNIVERSE:

Comparable Company Analysis	Stock	Current Price	Capitalization		Total Enterprise		Price /		LT EPS
<i>\$ in millions, except stock price</i>	Price	% of 52 Week	Market	Enterprise	Value / EBITDA		Earnings		Growth
Company	1/9/20	High	Capitalization	Value	CY19E	CY20E	CY19E	CY20E	(5yr)
Non-Alcoholic Beverages									
The Coca-Cola Company	\$54.35	97.2%	\$232,862.1	\$265,649.1	23.0x	21.3x	25.8x	24.1x	5.9%
PepsiCo, Inc.	134.70	95.9%	187,830.4	216,191.4	16.5x	15.5x	24.4x	22.6x	5.8%
Keurig Dr Pepper Inc.	27.76	86.8%	39,052.4	54,526.4	16.1x	14.7x	22.8x	19.8x	14.8%
Monster Beverage Corporation	63.82	96.1%	34,314.8	33,033.4	22.2x	20.4x	31.3x	28.1x	14.4%
Suntory Beverage & Food Limited	41.32	85.7%	12,769.1	14,329.0	8.6x	8.2x	20.3x	19.0x	3.6%
National Beverage Corp.	46.88	55.2%	2,182.9	1,993.6	12.0x	12.0x	19.0x	18.5x	NA
Cott Corporation	14.12	87.7%	1,901.4	3,320.4	10.1x	9.6x	NM	37.3x	29.3%
Lassonde Industries Inc.	118.79	72.8%	823.6	1,125.8	9.1x	8.1x	16.9x	14.7x	NA
A.G. BARR p.l.c.	6.87	53.7%	764.0	768.5	12.5x	11.7x	20.3x	18.7x	NA
Non-Alcoholic Beverages Mean		81.2%			14.4x	13.5x	22.6x	22.5x	12.3%
Non-Alcoholic Beverages Median		86.8%			12.5x	12.0x	21.5x	19.8x	10.1%
Alcoholic Beverages									
Anheuser-Busch InBev SA/NV	\$81.52	79.2%	\$159,733.7	\$274,102.0	12.5x	12.0x	18.7x	18.2x	9.5%
Diageo plc	42.37	89.3%	99,045.2	116,582.1	19.2x	18.1x	24.1x	22.6x	6.9%
Heineken N.V.	109.27	94.7%	62,301.5	81,341.6	13.3x	12.5x	22.5x	20.8x	7.6%
Pernod Ricard SA	177.23	89.0%	46,757.1	54,335.7	16.6x	15.3x	24.4x	21.9x	10.7%
Constellation Brands, Inc.	190.29	88.7%	36,337.5	48,926.7	15.8x	16.1x	22.1x	21.5x	8.3%
Brown-Forman Corporation	67.14	97.3%	31,398.0	33,667.0	27.8x	25.7x	37.1x	35.4x	7.1%
Carlsberg A/S	148.50	96.8%	21,858.0	25,219.7	11.7x	10.9x	24.7x	22.2x	11.8%
Kirin Holdings Company, Limited	21.61	86.7%	18,774.9	24,483.0	12.4x	10.2x	33.9x	14.6x	NA
Suntory Beverage & Food Limited	41.32	85.7%	12,769.1	14,329.0	8.6x	8.2x	20.3x	19.0x	3.6%
Molson Coors Beverage Company	55.02	81.8%	11,916.7	21,336.9	9.3x	9.8x	12.8x	13.8x	NA
Davide Campari-Milano S.p.A.	9.13	88.4%	10,512.7	11,576.1	21.8x	19.9x	34.2x	30.5x	11.8%
Becle, S.A.B. de C.V.	1.85	97.0%	6,645.8	6,809.6	21.4x	19.0x	33.5x	29.5x	11.2%
Rémy Cointreau SA	122.85	77.5%	6,118.3	6,628.7	20.1x	18.4x	32.0x	29.9x	8.3%
The Boston Beer Company, Inc.	373.38	84.0%	4,447.6	4,467.0	20.7x	16.6x	39.6x	31.4x	21.6%
Sapporo Holdings Limited	23.71	92.3%	1,846.8	4,129.3	11.6x	10.6x	45.5x	24.2x	NA
MGP Ingredients, Inc.	47.38	47.4%	806.7	849.4	12.6x	10.9x	18.4x	15.9x	15.0%
Alcoholic Beverages Mean		86.0%			16.0x	14.6x	27.7x	23.2x	10.3%
Alcoholic Beverages Median		88.6%			14.5x	13.9x	24.6x	22.1x	9.5%
Protein Processing									
Tyson Foods, Inc.	\$89.39	95.0%	\$32,660.9	\$44,251.9	10.6x	9.1x	16.1x	12.7x	13.2%
Hormel Foods Corporation	44.59	97.3%	23,843.9	23,410.4	17.2x	17.0x	25.6x	25.1x	4.1%
JBS S.A.	6.86	81.7%	18,291.0	31,730.6	6.8x	5.8x	12.6x	9.5x	NA
WH Group Limited	1.13	88.2%	16,590.2	20,413.9	8.7x	8.1x	13.9x	12.3x	10.2%
Pilgrim's Pride Corporation	30.94	91.9%	7,721.7	9,741.5	9.5x	7.8x	17.3x	12.4x	22.5%
Seaboard Corporation	4,178.00	88.1%	4,866.7	4,851.7	NA	NA	NA	NA	NA
Sanderson Farms, Inc.	171.92	95.8%	3,821.8	3,781.3	15.3x	7.5x	45.1x	14.1x	73.5%
Industrias Bachoco, S.A.B. de C.V.	51.72	90.7%	2,586.0	1,965.7	6.6x	6.3x	13.4x	12.3x	NA
Thai Union Group Public Company Limited	0.46	70.2%	2,191.8	4,416.0	13.5x	12.7x	12.2x	12.0x	16.1%
Austevoll Seafood ASA	10.19	77.3%	2,056.6	3,886.2	7.7x	6.2x	15.1x	9.8x	NA
Cal-Maine Foods, Inc.	38.03	80.9%	1,851.6	1,720.6	NM	9.6x	NM	32.2x	NA
Marfrig Global Foods S.A.	2.62	87.8%	1,837.0	5,709.2	5.2x	4.9x	16.4x	19.4x	NA
Protein Processing Mean		87.1%			10.1x	8.6x	18.8x	15.6x	23.3%
Protein Processing Median		88.2%			9.1x	7.8x	15.6x	12.4x	14.7%

Source: S&P Capital IQ, company filings and press releases.

FOOD & BEVERAGE PUBLIC COMPARABLES UNIVERSE:

Comparable Company Analysis	Stock	Current Price	Capitalization		Total Enterprise		Price /		LT EPS
\$ in millions, except stock price	Price	% of 52 Week	Market	Enterprise	Value / EBITDA		Earnings		Growth
Company	1/9/20	High	Capitalization	Value	CY19E	CY20E	CY19E	CY20E	(5yr)
Ingredients / Flavors									
Givaudan SA	\$3,090.80	98.2%	\$28,491.2	\$32,313.6	24.2x	21.7x	34.2x	30.8x	11.3%
Kerry Group plc	124.40	94.9%	21,959.1	24,298.0	20.6x	18.8x	28.6x	26.0x	11.0%
Koninklijke DSM N.V.	126.40	96.2%	21,192.4	22,196.7	11.9x	11.3x	23.3x	21.5x	2.4%
Symrise AG	101.99	97.2%	13,811.7	15,161.4	19.4x	17.1x	38.6x	33.0x	14.1%
International Flavors & Fragrances Inc.	124.14	81.2%	13,255.2	17,583.7	15.9x	14.9x	20.1x	18.9x	5.7%
Chr. Hansen Holding A/S	77.52	68.9%	10,208.2	11,021.4	24.3x	22.7x	36.7x	34.2x	9.2%
Ingredion Incorporated	91.31	91.4%	6,096.2	7,892.2	8.5x	8.2x	14.0x	13.4x	NA
Tate & Lyle plc	10.24	96.8%	4,769.7	5,335.0	8.4x	8.3x	14.8x	15.3x	3.0%
Darling Ingredients Inc.	28.58	98.5%	4,678.9	6,414.0	14.7x	13.3x	49.2x	24.6x	NA
Balchem Corporation	103.38	97.0%	3,325.6	3,493.8	22.2x	20.7x	32.6x	31.9x	10.0%
Glanbia plc	11.23	52.2%	3,315.0	4,180.7	11.6x	10.9x	11.5x	11.0x	2.9%
Sensient Technologies Corporation	63.37	84.3%	2,681.7	3,304.6	14.7x	13.5x	21.6x	20.4x	10.0%
Corbion N.V.	32.09	95.8%	1,886.0	2,214.7	13.4x	11.6x	30.3x	23.6x	NA
MGP Ingredients, Inc.	47.38	47.4%	806.7	849.4	12.6x	10.9x	18.4x	15.9x	15.0%
Innophos Holdings, Inc.	31.93	85.1%	625.3	994.4	8.1x	7.4x	15.4x	13.2x	NA
Rogers Sugar Inc.	3.67	78.0%	385.1	638.1	9.5x	8.8x	13.7x	12.4x	NA
SunOpta Inc.	2.83	58.6%	249.1	925.0	22.0x	16.0x	NM	NM	NA
Ingredients / Flavors Mean		83.6%			15.4x	13.9x	25.2x	21.6x	8.6%
Ingredients / Flavors Median		91.4%			14.7x	13.3x	22.5x	20.9x	10.0%
Agribusiness									
Glencore plc	\$3.11	66.8%	\$41,070.8	\$75,120.7	6.8x	6.1x	17.8x	14.3x	NA
Archer-Daniels-Midland Company	44.61	94.5%	24,833.8	33,712.8	11.4x	9.8x	17.4x	13.7x	6.0%
CF Industries Holdings, Inc.	45.79	83.0%	9,956.2	16,609.2	9.9x	9.4x	21.8x	16.7x	6.0%
The Mosaic Company	21.11	62.3%	7,995.7	12,444.7	8.8x	7.1x	43.5x	15.2x	7.0%
Bunge Limited	56.39	94.5%	7,988.3	15,712.3	10.7x	10.5x	19.7x	16.4x	NA
Darling Ingredients Inc.	28.58	98.5%	4,678.9	6,414.0	14.7x	13.3x	49.2x	24.6x	NA
The Andersons, Inc.	25.14	65.8%	814.1	2,104.7	8.8x	7.6x	20.1x	13.4x	NA
Agribusiness Mean		80.8%			10.2x	9.1x	27.1x	16.3x	6.3%
Agribusiness Median		83.0%			9.9x	9.4x	20.1x	15.2x	6.0%
Grocery Distribution									
Core-Mark Holding Company, Inc.	\$25.72	62.8%	\$1,172.0	\$1,952.0	10.5x	9.9x	15.7x	14.2x	9.9%
United Natural Foods, Inc.	9.45	60.5%	505.7	4,776.0	8.5x	8.7x	6.6x	7.0x	NA
SpartanNash Company	13.63	60.6%	495.4	1,480.5	7.9x	7.5x	12.1x	11.0x	NA
Grocery Distribution Mean		61.3%			8.9x	8.7x	11.5x	10.7x	9.9%
Grocery Distribution Median		60.6%			8.5x	8.7x	12.1x	11.0x	9.9%
Food Service Distribution									
Sysco Corporation	\$84.53	98.3%	\$43,129.5	\$52,044.7	14.5x	13.6x	22.8x	21.2x	8.0%
US Foods Holding Corp.	40.88	94.8%	8,969.9	14,195.9	11.9x	10.4x	17.4x	15.6x	10.1%
Performance Food Group Company	52.27	99.2%	5,514.0	8,290.4	15.8x	11.7x	31.1x	27.0x	9.9%
The Chefs' Warehouse, Inc.	38.91	92.5%	1,180.3	1,583.0	18.1x	16.4x	39.0x	33.2x	NA
Colabor Group Inc.	0.42	50.9%	42.7	103.1	7.5x	5.6x	NA	7.8x	NA
Food Service Distribution Mean		87.2%			13.6x	11.5x	27.6x	20.9x	9.4%
Food Service Distribution Median		94.8%			14.5x	11.7x	27.0x	21.2x	9.9%

Source: S&P Capital IQ, company filings and press releases.

RAYMOND JAMES FOOD & BEVERAGE SENIOR BANKING TEAM



BRIAN BOYLE

*Managing Director
Head of Food & Beverage
Investment Banking*
+1.312.655.2713

brian.boyle@raymondjames.com

Mr. Boyle heads the Food & Beverage practice within the Raymond James Consumer Investment Banking Group. Prior to joining Raymond James, Mr. Boyle was Managing Director and Co-Head of the Consumer team at PwC Corporate Finance, where he focused on advising Food & Beverage and Agribusiness clients. Mr. Boyle has over 30 years of capital markets experience, including 13 years at Lehman Brothers, 12 years at RSM Capital Markets (where he ran the firm's Food & Beverage Group and was a member of the firm's Leadership Committee) and 4 years at DA Davidson as head of the Food & Nutrition practice. Mr. Boyle has successfully negotiated and completed over 90 sale and recapitalization transactions within Food & Beverage and Consumer related businesses. Mr. Boyle received a Bachelors degree from the University of Pennsylvania, where he attended the Wharton School of Business.



MARK GOODMAN

*Managing Director
Head of Consumer
Investment Banking*
+1.410.525.5171

mark.goodman@raymondjames.com

Mr. Goodman joined Raymond James in 2014. Most recently, he was head of the consumer and business services group at Oppenheimer & Co., having joined Oppenheimer/CIBC World Markets in February 2002. A 30-year industry veteran, Mr. Goodman previously headed consumer investment banking at Deutsche Bank and at Alex. Brown for 12 years. Prior to founding the group at Alex. Brown in 1990, Mr. Goodman was a managing director at Drexel Burnham Lambert. Mr. Goodman has an MBA from the Harvard Business School and an undergraduate degree from Yale University.



ROB ARNOLD

*Managing Director
Head of Restaurant
Investment Banking*
+1.415.616.8902

rob.arnold@raymondjames.com

Rob Arnold joined Raymond James in 2011 from FBR Capital Markets, where he served as a vice president. Previously, he was a vice president at Piper Jaffray, where he worked on a multitude of transactions across the restaurant, apparel, retail, food and beverage, grocery and consumer products industries. Prior to joining Piper Jaffray, he was an associate at Financial Technology Partners and an analyst at Donaldson, Lufkin & Jenrette prior to CSFB's acquisition of DLJ in 2000. Mr. Arnold has been providing broad industry and transactional, including mergers, acquisitions, public offering and private placement, advice to growth-oriented consumer companies and private equity firms for approximately 10 years. He has advised on over 40 M&A and financing transactions totaling more than \$8 billion of aggregate value. Mr. Arnold received his Bachelor of Arts degree from Southern Methodist University.



JOHN BARRYMORE

*Managing Director
Food and Nutrition
Investment Banking*
+1.415.616.8042

john.barrymore@raymondjames.com

Prior to joining Raymond James in 2018, Mr. Barrymore spent five years leading the food and nutrition M&A practice at Duff & Phelps. Prior to Duff & Phelps, Mr. Barrymore founded 6Pacific Group, a merchant-banking firm focused on advising and investing in food, nutrition and consumer health companies. During his investment banking career, Mr. Barrymore has been involved in numerous significant industry transactions while representing family-held businesses, private equity firms and global corporations on buy-side, sell-side and capital raising transactions. Prior to founding 6Pacific Group, Mr. Barrymore held various leadership roles at BMO Capital Markets, Piper Jaffray & Co. and DLJ/CSFB. A graduate of Southern Methodist University with a bachelor's degree in Economics and International Studies, Mr. Barrymore also received his Indian Certificate from the London School of Economics and Political Science.



TASO SKALKOS

*Director
Consumer & Retail
Investment Banking*
+1.617.624.7072

taso.skalkos@raymondjames.com

Taso Skalkos joined Raymond James in 2013 and has over 12 years of experience working with consumer growth companies. Most recently, Mr. Skalkos worked for C.W. Downer (now Alantra) where he primarily focused on consumer and industrial M&A transactions. Prior to that, he spent five years at Thomas Weisel Partners (now Stifel) working in both the consumer and healthcare investment banking groups. Mr. Skalkos received his Bachelor of Arts degree from Harvard University in 2005.



MONIKA NICKL

*Managing Director (Europe)
Consumer & Retail
Investment Banking*
+49.89.23.23.77.66

monika.nickl@raymondjames.com

Monika Nickl joined Raymond James in 2016 and has almost 15 years of mergers and acquisitions experience. Prior to Raymond James, Ms. Nickl joined Mummert & Company in 2004 and served as managing director since 2014 advising companies within the consumer, retail, tech and health care industries. Before joining Mummert & Company, Ms. Nickl was responsible for business development at a real estate investment company. Ms. Nickl earned a Master of Science in Business Administration from Ludwig-Maximilians-University, Munich and was awarded a scholarship for highly talented students.

NOTES AND DISCLOSURES

Source: S&P Capital IQ as of January 9, 2020.

*Past performance is not indicative of future results.

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RAYMOND JAMES

INTERNATIONAL HEADQUARTERS: THE RAYMOND JAMES FINANCIAL CENTER
880 CARILLON PARKWAY // ST. PETERSBURG, FL 33716 // TOLL-FREE: 800.248.8863 // RAYMONDJAMES.COM

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