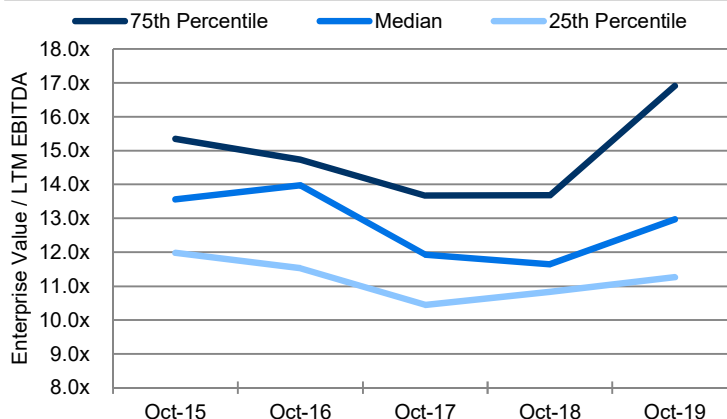


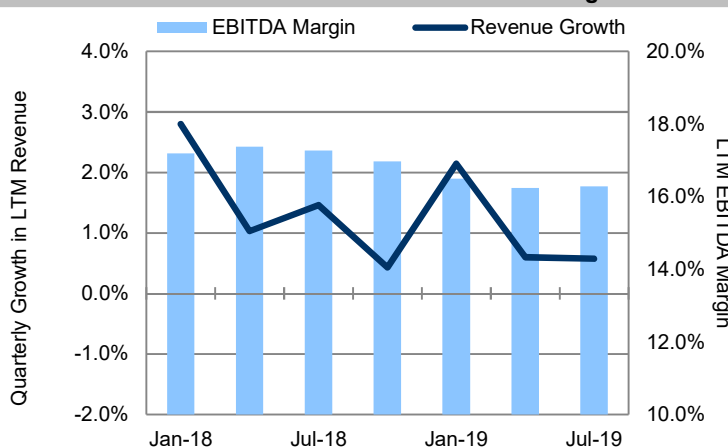
Industry Highlights

- In the five years leading to 2019 the food & beverage industry has experienced growth due to rising discretionary income among households and evolving consumer preferences. In that time Americans have become increasingly health conscious and seek more nutritious alternatives to traditional snacks and drinks. Pressure has led many companies to focus efforts on high growth, and often healthier, brands and product offerings as consumer tastes and preferences evolve.
- In response to the above changes, manufacturers have continued to add various healthy snacks to their product portfolios via acquisition or by reformulating products to meet consumer demands for lower sugar, sodium and calories. Recent acquisitions such as PepsiCo Inc.'s purchase of a 26% interest in China-based Natural Food International (\$131 million), Mondelez's acquisition of a majority stake in Perfect Snacks, and Flower Foods' acquisition of gluten-free baking company Canyon (\$205 million) exemplify this trend.
- In 2019, many of the key brands and industry leaders have struggled to keep up with consumer preferences and an ever evolving food and beverage landscape. Headlines have been dominated with concerns about growth and sales of underperforming brands such as Campbell's fresh-food unit and Kellogg's Keebler cookie brand. Conagra, General Mills and Campbell have all fallen short of their financial targets leaving investors disappointed and frustrated. Kellogg even announced layoffs in the wake of poor performance and declining operating profit.
- One noticeable trend among the selected industry peers is the focus on pet nutrition. Both J.M. Smucker and General Mills made acquisitions in 2018 related to this segment to capture a piece of the growing pet food category (\$30 billion annually). SJM purchased Ainsworth Pet Nutrition for \$1.9 billion (approximately 12x EBITDA), and GIS purchased Blue Buffalo Pet Products for \$8.0 billion (nearly 25x EBITDA). Most recently Archer Daniels Midland acquired animal nutrition company Neovia for \$1.7 billion (14.1x EBITDA). These brands may provide some relief to other traditional brands which have struggled so far in 2019.
- Other notable transactions include Valeo Foods purchase of Kettle Foods and Yellow Chips from The Campbell Soup Company for \$79 million, Utz Quality Foods acquisition of Direct Store Delivery from Conagra, and Pilgrim's Pride acquisition of Tulip for \$354 million.

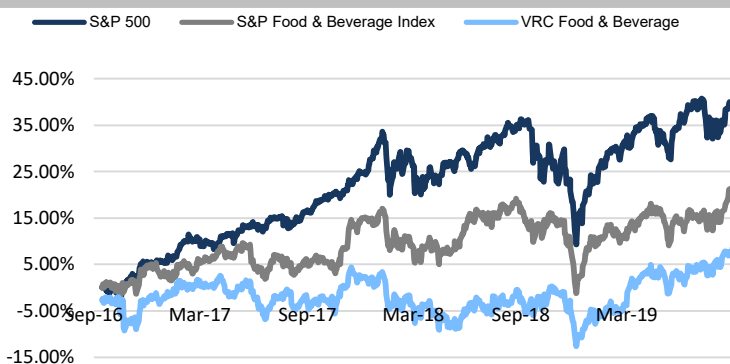
Trend in Industry EBITDA Multiples²



Trends in Revenue Growth and EBITDA Margins²



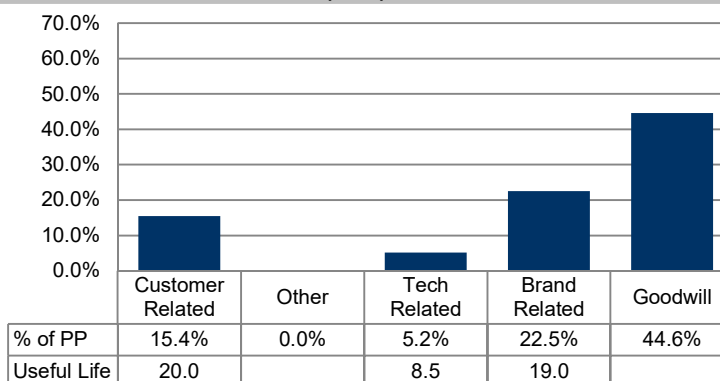
Relative Stock Price Returns¹



¹ The CPG Food & Beverage Industry is a custom, equal-weighted index constructed with the below listed companies.

² Calculated using aggregated data for KHC, MDLZ, GIS, K, HSY, TSN, CAG, HRL, PEP, CPB, SJM, MKC, INGR, PF, LW, PPC, POST, THS, SEB, BUFF, and FLO.

Purchase Price Allocation (PPA) % from Recent Transactions



Notable M&A Deals



The Hershey Company has had an active August in 2019 with two deals announced. The first is an unknown stake in Blue Stripes/Fulfil Holdings, the maker of chocolate confectionary products. On August 27, Hershey acquired ONE Brands, a producer of low sugar nutritional snack bars, for \$397 million.



On August 3, 2019, The Campbell Soup Company announced it had entered into a definitive agreement to sell its Arnott's Biscuits and related business to KKR for \$2.2 billion. KKR will grow the Arnott's brands as an independent business in Australia, in addition to further developing Campbell's brands across the Asian market.

Atlas Holdings



On July 8, 2019, Atlas Holdings entered a definitive agreement to acquire Flagstone Foods, Inc. and Linette Quality Chocolates, Inc. from Treehouse Foods, Inc. for \$90 million. Treehouse's snacks division (Flagstone & Linette) is one of the largest distributors and manufacturers of private label healthy snacks in North America.

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