

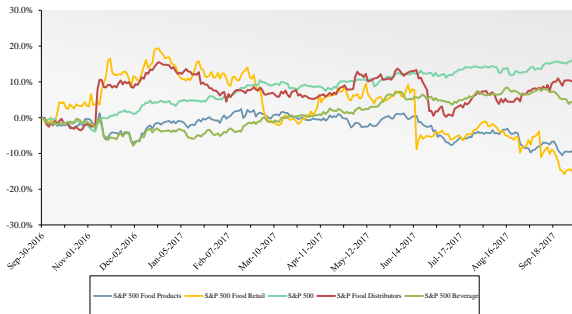
## The Cupboard



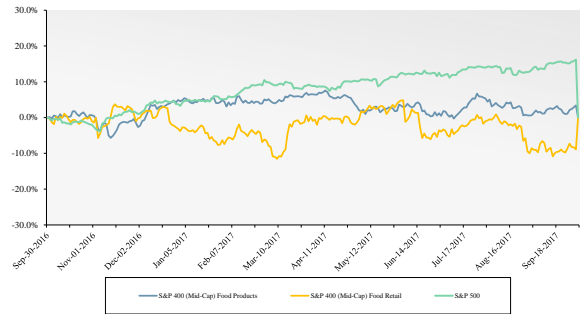
A Food & Beverage Industry Newsletter



### Overall Food & Beverage Industry Performance (shown as % change)



### Mid-Cap Food Industry Performance (Shown as % change)



### Indices Performance (% change)

	September 2017	LTM		September 2017	LTM		September 2017	LTM
S&P 500	2.0%	16.2%	S&P 500 Food Products	(0.0%)	(9.2%)	S&P 400 Food Products (Mid-Cap)	1.4%	3.4%
Dow Jones	2.3%	22.4%	S&P 500 Food Retail	(10.0%)	(15.3%)	S&P 400 Food Retail (Mid-Cap)	0.1%	(8.9%)
NASDAQ	1.1%	22.3%	S&P 500 Food Distributors	2.0%	10.1%			
			S&P 500 Beverage	(2.8%)	4.4%			

Source: Capital IQ

### Largest Beverages Movers and Losers (largest % changes in the month of September)

Celsius Holdings, Inc.	13.1%	Molson Coors Brewing Company	(7.6%)
Craft Brew Alliance, Inc.	4.5%	Pepsico, Inc.	(5.6%)
Brown-Forman Corporation	1.4%	National Beverage Corp.	(5.3%)
Constellation Brands, Inc.	0.5%	Dr Pepper Snapple Group, Inc.	(4.4%)
Willamette Valley Vineyards, Inc.	0.4%	Monster Beverage Corporation	(1.5%)

### Largest Food Producers Movers and Losers (largest % changes in the month of September)

Inventure Foods, Inc.	45.4%	Bunge Limited	(8.8%)
Cal-Maine Foods, Inc.	25.1%	Farmer Bros. Co.	(7.7%)
Seneca Foods Corporation	13.8%	Pinnacle Foods Inc.	(4.8%)
Tyson Foods, Inc.	11.0%	Kellogg Company	(4.6%)
Lifeway Foods, Inc.	10.0%	HRG Group, Inc.	(3.3%)

Source: Capital IQ

### Food Industry Contacts

**Tom Denison**  
(312) 283-0819  
thomas.denison@thechicagocorp.com

**Diane Selph**  
(312) 283-0828  
diane.selph@thechicagocorp.com

**Fred Floberg**  
(312) 283-0802  
fred.floberg@thechicagocorp.com

**Phil Clarke**  
(312) 283-0803  
philip.clarke@thechicagocorp.com

**Jeff Schneiders**  
(312) 283-0807  
jeff.schneiders@thechicagocorp.com

**Stan Cutter**  
(312) 283-0804  
stan.cutter@thechicagocorp.com



## The Cupboard



A Food & Beverage Industry Newsletter



### Select Public Trading Statistics

#### Beverage:

(\$ in millions, except per share data)

Company	Share Price 09/30/2017	% of 52 Wk High	Market Capitalization	Enterprise Value	Valuation Multiples			PE Multiples			LTM Operating Margins			Net Debt/EBITDA	
					TEV/Total Revenue	TEV/EBITDA	TEV/EBIT	LTM P/E	CY15 P/E	CY16 P/E	Gross	EBIT	EBITDA		
Anheuser-Busch InBev SA/NV	ENX:BR:ABT	\$119.15	86.0%	\$230,398	\$354,324	6.6x	18.1x	22.3x	NM	25.2x	35.6x	60.9%	29.2%	36.1%	5.8x
The Coca-Cola Company	KO	\$45.01	95.8%	\$191,981	\$214,565	5.5x	18.1x	20.7x	47.5x	22.6x	23.8x	61.2%	24.1%	28.0%	2.1x
Pepico, Inc.	PEP	\$111.43	93.3%	\$158,845	\$181,142	2.9x	14.6x	17.6x	23.6x	23.1x	24.3x	54.9%	16.5%	19.9%	1.7x
Diageo plc	LSE:DEGE	\$32.52	93.8%	\$81,553	\$94,446	5.9x	17.0x	18.3x	22.8x	22.6x	NM	61.2%	29.7%	32.2%	2.1x
Constellation Brands, Inc.	STZ	\$199.45	97.2%	\$38,922	\$47,943	6.5x	18.3x	20.3x	25.0x	28.1x	28.5x	49.5%	31.6%	35.1%	NM
Monster Beverage Corporation	MINST	\$55.25	96.5%	\$31,391	\$30,290	9.5x	23.7x	24.6x	41.8x	51.8x	42.9x	64.7%	38.7%	40.0%	NM
Brown-Forman Corporation	BF:b	\$54.30	90.9%	\$21,101	\$23,091	7.6x	21.4x	22.6x	30.0x	31.6x	27.3x	67.4%	33.5%	35.4%	1.8x
Dr Pepper Snapple Group, Inc.	DPS	\$88.47	88.9%	\$16,077	\$20,493	3.1x	13.0x	15.1x	21.2x	22.6x	21.0x	59.9%	20.7%	24.0%	2.8x
National Beverage Corp.	FIZZ	\$124.05	95.6%	\$5,779	\$5,598	6.4x	29.5x	31.8x	49.8x	NM	29.6x	39.7%	20.3%	21.8%	NM
The Boston Beer Company, Inc.	SAM	\$156.20	86.6%	\$1,857	\$1,785	2.0x	9.6x	13.2x	22.2x	33.4x	24.5x	51.2%	15.3%	21.1%	NM
Mean				\$77,790	\$97,368	5.6x	18.3x	20.6x	31.5x	29.0x	28.6x	57.1%	26.0%	29.4%	2.7x
Median				\$35,157	\$39,116	6.2x	18.1x	20.5x	25.0x	25.2x	27.3x	60.4%	26.7%	30.1%	2.1x
High				\$230,398	\$354,324	9.5x	29.5x	31.8x	49.8x	51.8x	42.9x	67.4%	38.7%	40.0%	5.8x
Low				\$1,857	\$1,785	2.0x	9.6x	13.2x	21.2x	22.6x	21.0x	39.7%	15.3%	19.9%	1.7x

Source: Capital IQ

Total Enterprise Value (TEV) = Market Capitalization + Preferred Equity + Debt + Minority Interest - Cash

LTM = Last Twelve Months

#### Retail & Distribution:

(\$ in millions, except per share data)

Company	Share Price 09/30/2017	% of 52 Wk High	Market Capitalization	Enterprise Value	Valuation Multiples			PE Multiples			LTM Operating Margins			Net Debt/EBITDA	
					TEV/Total Revenue	TEV/EBITDA	TEV/EBIT	LTM P/E	CY15 P/E	CY16 P/E	Gross	EBIT	EBITDA		
Sysco Corporation	SY	\$53.95	94.5%	\$28,479	\$35,887	0.6x	11.8x	16.0x	25.9x	NM	23.2x	19.1%	4.0%	5.5%	2.4x
The Kroger Co.	KR	\$20.06	55.0%	\$17,844	\$31,058	0.3x	5.6x	10.1x	12.1x	21.3x	17.0x	22.7%	2.6%	4.7%	2.4x
Casey's General Stores, Inc.	CASY	\$109.45	86.5%	\$4,148	\$5,061	0.7x	10.0x	16.7x	25.9x	NM	26.2x	25.3%	4.5%	7.5%	1.8x
Weis Markets, Inc.	WMK	\$43.50	63.2%	\$1,170	\$1,141	0.3x	6.6x	12.4x	14.3x	NM	NM	27.5%	2.7%	5.1%	NM
SpartanNash Company	SPTN	\$26.37	65.3%	\$983	\$1,620	0.2x	7.1x	11.2x	15.1x	14.5x	16.1x	14.4%	1.8%	2.9%	2.8x
SUPERVALU Inc.	SVU	\$21.75	56.6%	\$834	\$2,083	0.2x	4.5x	7.9x	55.0x	12.9x	8.3x	14.3%	2.0%	3.6%	2.7x
Ingles Markets, Incorporated	IMKT.A	\$25.70	49.0%	\$521	\$1,383	0.4x	6.1x	11.8x	10.7x	NM	NM	24.2%	3.0%	5.9%	3.8x
Village Super Market, Inc.	VULGE.A	\$24.74	67.9%	\$357	\$320	0.2x	4.8x	7.5x	14.4x	NM	NM	27.2%	2.6%	4.1%	NM
Mean				\$6,792	\$9,819	0.4x	7.0x	11.7x	21.7x	16.2x	18.2x	21.8%	2.9%	4.9%	2.6x
Median				\$1,076	\$1,852	0.3x	6.3x	11.5x	14.7x	14.5x	17.0x	23.4%	2.7%	4.9%	2.6x
High				\$28,479	\$35,887	0.7x	11.8x	16.7x	55.0x	21.3x	26.2x	27.5%	4.5%	7.5%	3.8x
Low				\$357	\$320	0.2x	4.5x	7.5x	10.7x	12.9x	8.3x	14.3%	1.8%	2.9%	1.8x

Source: Capital IQ

Total Enterprise Value (TEV) = Market Capitalization + Preferred Equity + Debt + Minority Interest - Cash

LTM = Last Twelve Months



## The Cupboard



A Food & Beverage Industry Newsletter



### Fruits, Vegetables & Nuts:

(\$ in millions, except per share data)

Company	Share Price 09/30/2017	% of 52 Wk High	Market Capitalization	Enterprise Value	Valuation Multiples			PE Multiples			LTM Operating Margins			Net Debt/EBITDA	
					TEV/Total Revenue	TEV/EBITDA	TEV/EBIT	LTM P/E	CY15 P/E	CY16 P/E	Gross	EBIT	EBITDA		
Fresh Del Monte Produce Inc.	FDP	\$45.46	68.0%	\$2,278	\$2,505	0.6x	8.6x	11.8x	14.5x	0.0x	15.9x	9.7%	5.2%	7.1%	0.7x
Calavo Growers, Inc.	CVGW	\$73.20	95.3%	\$1,283	\$1,314	1.3x	19.4x	22.7x	35.4x	NM	33.4x	10.5%	5.6%	6.5%	0.4x
Seneca Foods Corporation	SENEA	\$34.50	80.9%	\$340	\$718	0.6x	13.3x	26.4x	29.0x	NM	NM	8.1%	2.1%	4.2%	7.0x
Adventure Foods, Inc.	SNAK	\$4.69	46.2%	\$93	\$181	0.7x	54.6x	NM	NM	NM	(39.6)	12.7%	(1.6%)	1.3%	26.6x
<b>Mean</b>				\$999	\$1,179	0.8x	24.0x	20.3x	26.3x	0.0x	3.2x	10.3%	2.8%	4.8%	8.7x
<b>Median</b>				\$812	\$1,016	0.7x	16.4x	22.7x	29.0x	0.0x	15.9x	10.1%	3.6%	5.4%	3.9x
<b>High</b>				\$2,278	\$2,505	1.3x	54.6x	26.4x	35.4x	0.0x	33.4x	12.7%	5.6%	7.1%	26.6x
<b>Low</b>				\$93	\$181	0.6x	8.6x	11.8x	14.5x	0.0x	-39.6x	8.1%	-1.6%	1.3%	0.4x

Source: Capital IQ

Total Enterprise Value (TEV) = Market Capitalization + Preferred Equity + Debt + Minority Interest - Cash

LTM = Last Twelve Months

### Protein Products:

(\$ in millions, except per share data)

Company	Share Price 09/30/2017	% of 52 Wk High	Market Capitalization	Enterprise Value	Valuation Multiples			PE Multiples			LTM Operating Margins			Net Debt/EBITDA	
					TEV/Total Revenue	TEV/EBITDA	TEV/EBIT	LTM P/E	CY15 P/E	CY16 P/E	Gross	EBIT	EBITDA		
Tyson Foods, Inc.	TSN	\$70.45	93.5%	\$25,848	\$36,457	1.0x	9.6x	11.8x	14.9x	16.6x	15.7x	13.3%	8.2%	10.1%	2.8x
Hormel Foods Corporation	HRL	\$32.14	82.7%	\$16,964	\$16,585	1.8x	11.5x	12.6x	19.8x	27.0x	23.7x	22.5%	13.7%	15.2%	(0.3x)
Pilgrim's Pride Corporation	PPC	\$28.41	95.1%	\$7,067	\$8,218	1.0x	8.2x	10.2x	14.3x	8.6x	13.1x	12.6%	9.8%	12.2%	1.1x
Sanderson Farms, Inc.	SAFM	\$161.52	97.6%	\$3,674	\$3,275	1.0x	6.2x	7.6x	13.0x	11.0x	10.5x	19.6%	13.4%	16.4%	(0.8x)
Bridford Foods Corporation	BRID	\$12.05	66.9%	\$109	\$99	0.6x	7.1x	9.1x	13.0x	NM	NM	37.6%	7.5%	9.6%	(0.7x)
<b>Mean</b>				\$10,732	\$12,927	1.1x	8.5x	10.3x	15.0x	15.8x	15.8x	21.1%	10.5%	12.7%	0.4x
<b>Median</b>				\$7,067	\$8,218	1.0x	8.2x	10.2x	14.3x	13.8x	14.4x	19.6%	9.8%	12.2%	(0.3x)
<b>High</b>				\$25,848	\$36,457	1.8x	11.5x	12.6x	19.8x	27.0x	23.7x	37.6%	13.7%	16.4%	2.8x
<b>Low</b>				\$109	\$99	0.6x	6.2x	7.6x	13.0x	8.6x	10.5x	12.6%	7.5%	9.6%	(0.8x)

Source: Capital IQ

Total Enterprise Value (TEV) = Market Capitalization + Preferred Equity + Debt + Minority Interest - Cash

LTM = Last Twelve Months

### Dairy:

(\$ in millions, except per share data)

Company	Share Price 09/30/2017	% of 52 Wk High	Market Capitalization	Enterprise Value	Valuation Multiples			PE Multiples			LTM Operating Margins			Net Debt/EBITDA	
					TEV/Total Revenue	TEV/EBITDA	TEV/EBIT	LTM P/E	CY15 P/E	CY16 P/E	Gross	EBIT	EBITDA		
Danone	BN	\$77.72	95.5%	\$48,668	\$70,134	2.6x	14.5x	17.8x	22.6x	22.8x	22.7x	50.2%	14.3%	17.7%	4.5x
Dean Foods Company	DF	\$10.88	48.8%	\$989	\$1,862	0.2x	4.9x	9.3x	17.6x	16.5x	12.4x	24.3%	2.5%	4.8%	2.3x
Lifeway Foods, Inc.	LWAY	\$8.90	48.2%	\$143	\$140	1.1x	21.6x	39.1x	91.1x	93.3x	58.4x	29.5%	2.9%	5.2%	(0.4x)
<b>Mean</b>				\$16,600	\$24,045	1.3x	13.7x	22.1x	43.8x	44.2x	31.2x	34.7%	6.6%	9.2%	2.1x
<b>Median</b>				\$989	\$1,862	1.1x	14.5x	17.8x	22.6x	22.8x	22.7x	29.5%	2.9%	5.2%	2.3x
<b>High</b>				\$48,668	\$70,134	2.6x	21.6x	39.1x	91.1x	93.3x	58.4x	50.2%	14.3%	17.7%	4.5x
<b>Low</b>				\$143	\$140	0.2x	4.9x	9.3x	17.6x	16.5x	12.4x	24.3%	2.5%	4.8%	-0.4x

Source: Capital IQ

Total Enterprise Value (TEV) = Market Capitalization + Preferred Equity + Debt + Minority Interest - Cash

LTM = Last Twelve Months



## The Cupboard

A Food & Beverage Industry Newsletter



### Organics & Healthy:

(\$ in millions, except per share data)

Company	Share Price 09/30/2017	% of 52 Wk High	Market Capitalization	Enterprise Value	Valuation Multiples			PE Multiples			LTM Operating Margins			Net Debt/EBITDA	
					TEV/Total Revenue	TEV/EBITDA	TEV/EBIT	LTM P/E	CY15 P/E	CY16 P/E	Gross	EBIT	EBITDA		
The Hain Celestial Group, Inc.	HAIN	\$41.15	90.2%	\$4,268	\$4,871	1.7x	18.7x	25.5x	63.3x	NM	27.0x	19.0%	6.7%	9.1%	2.3x
Amplify Snack Brands, Inc.	BETR	\$7.09	43.8%	\$544	\$1,119	3.2x	13.8x	16.3x	47.1x	38.7x	26.3x	41.7%	19.9%	23.5%	7.1x
Inventure Foods, Inc.	SNAC	\$4.69	46.2%	\$93	\$181	0.7x	54.6x	NM	NM	NM	(39.6x)	12.7%	(1.6%)	1.3%	26.6x
<b>Mean</b>				\$1,635	\$2,057	1.9x	29.0x	20.9x	55.2x	38.7x	4.6x	24.4%	8.3%	11.3%	12.0x
<b>Median</b>				\$544	\$1,119	1.7x	18.7x	20.9x	55.2x	38.7x	26.3x	19.0%	6.7%	9.1%	7.1x
<b>High</b>				\$4,268	\$4,871	3.2x	54.6x	25.5x	63.3x	38.7x	27.0x	41.7%	19.9%	23.5%	26.6x
<b>Low</b>				\$93	\$181	0.7x	13.8x	16.3x	47.1x	38.7x	-39.6x	12.7%	-1.6%	1.3%	2.3x

Source: Capital IQ

Total Enterprise Value (TEV) = Market Capitalization + Preferred Equity + Debt + Minority Interest - Cash

LTM = Last Twelve Months

### Food Conglomerates:

(\$ in millions, except per share data)

Company	Share Price 09/30/2017	% of 52 Wk High	Market Capitalization	Enterprise Value	Valuation Multiples			PE Multiples			LTM Operating Margins			Net Debt/EBITDA	
					TEV/Total Revenue	TEV/EBITDA	TEV/EBIT	LTM P/E	CY15 P/E	CY16 P/E	Gross	EBIT	EBITDA		
Nestlé S.A.	NESN	\$82.86	94.3%	\$256,737	\$278,338	3.0x	15.0x	18.1x	27.1x	23.2x	23.7x	50.5%	15.8%	19.2%	1.2x
Mondelez International, Inc.	MDLZ	\$40.66	86.1%	\$61,301	\$78,974	3.1x	17.1x	20.8x	35.8x	28.2x	25.3x	38.8%	13.9%	17.1%	4.0x
General Mills, Inc.	GIS	\$51.76	80.8%	\$29,417	\$40,031	2.6x	11.8x	14.1x	18.5x	NM	NM	35.7%	17.8%	21.5%	2.8x
Kellogg Company	K	\$62.37	79.6%	\$21,526	\$29,512	2.3x	13.0x	16.8x	28.2x	20.0x	21.8x	37.7%	13.8%	17.7%	3.5x
Campbell Soup Company	CPB	\$46.82	72.9%	\$14,071	\$17,318	2.2x	8.6x	10.3x	16.2x	NM	19.4x	38.8%	21.4%	25.4%	1.6x
Conagra Brands, Inc.	CAG	\$33.74	69.1%	\$14,024	\$17,062	2.2x	11.7x	14.2x	24.7x	20.3x	NM	30.1%	14.4%	17.7%	2.2x
The J. M. Smucker Company	SIM	\$104.93	73.0%	\$11,918	\$16,961	2.3x	10.5x	14.3x	22.0x	NM	17.4x	37.9%	16.2%	22.0%	3.1x
Post Holdings, Inc.	POST	\$88.27	99.1%	\$5,840	\$9,960	2.0x	11.2x	17.1x	NM	NM	34.5x	30.1%	11.6%	17.7%	4.6x
Trehouse Foods, Inc.	THS	\$67.73	74.9%	\$3,873	\$6,316	1.0x	9.7x	17.1x	NM	30.7x	29.9x	18.8%	5.8%	10.2%	3.7x
Snyder's-Lance, Inc.	LNCE	\$38.14	93.4%	\$3,686	\$4,823	2.2x	18.1x	28.8x	NM	40.3x	31.0x	36.7%	7.6%	12.0%	4.2x
Lancaster Colony Corporation	LANC	\$120.12	80.5%	\$3,297	\$3,154	2.6x	14.4x	16.3x	28.6x	NM	28.1x	26.5%	16.1%	18.2%	(0.7x)
J&J Snack Foods Corp.	JJSF	\$131.30	91.7%	\$2,460	\$2,318	2.3x	15.3x	21.0x	32.7x	28.6x	30.7x	30.2%	10.7%	14.7%	(0.9x)
B&G Foods, Inc.	BGS	\$31.85	64.8%	\$2,118	\$3,888	2.6x	12.2x	14.2x	20.9x	24.5x	22.3x	30.7%	18.0%	20.9%	5.6x
<b>Mean</b>				\$33,098	\$39,127	2.3x	13.0x	17.1x	25.5x	27.0x	25.8x	34.0%	14.1%	18.0%	2.7x
<b>Median</b>				\$11,918	\$16,961	2.3x	12.2x	16.8x	25.9x	26.3x	25.3x	35.7%	14.4%	17.7%	3.1x
<b>High</b>				\$256,737	\$278,338	3.1x	18.1x	28.8x	35.8x	40.3x	34.5x	50.5%	21.4%	25.4%	5.6x
<b>Low</b>				\$2,118	\$2,318	1.0x	8.6x	10.3x	16.2x	20.0x	17.4x	18.8%	5.8%	10.2%	(0.9x)

Source: Capital IQ

Total Enterprise Value (TEV) = Market Capitalization + Preferred Equity + Debt + Minority Interest - Cash

LTM = Last Twelve Months

## Valuation Summary

### Public Company Trading Metrics (LTM)

Industry	TEV/Revenue	TEV/EBITDA
Beverage	6.2x	18.1x
Retail & Distribution	0.3x	6.3x
Fruits, Vegetables & Nuts	0.7x	16.4x
Protein Products	1.0x	8.2x
Dairy	1.1x	14.5x
Organics & Healthy	1.7x	18.7x
Food Conglomerates	2.3x	12.2x
<b>Mean</b>	1.9x	13.5x
<b>Median</b>	1.1x	14.5x

Note: Multiples represent median values

Source: Capital IQ



## The Cupboard

A Food & Beverage  
Industry Newsletter



### Commodity Score Card

Commodity	Units	9/30/2017	1 month prior	6 months prior	1 year prior
Corn	\$ per bu.	\$3.50	\$3.58	\$3.64	\$3.46
Coffee	\$ per lb.	\$1.25	\$1.29	\$1.39	\$1.48
Cocoa	\$ per lb.	\$0.94	\$0.87	\$0.95	\$1.27
Wheat	\$ per bu.	\$4.48	\$4.35	\$4.26	\$3.95
Live Cattle	\$ per lb.	\$1.15	\$1.05	\$1.11	\$1.00

Source: Capital IQ

## Select M&A and Capital Raising News, September 2017

### ❖ Dow and DuPont Complete Merger

September 1, 2017 – A merger of equals between The Dow Chemical Co. and E.I. du Pont de Nemours & Co. has been completed, leading to a new company called DowDuPont, effective August 31. DowDuPont will operate as a holding company with three divisions: agriculture, materials science and specialty products. DowDuPont eventually will split off as the three divisions are scheduled to become separate companies within 18 months. The merger, first announced in December 2015, is expected to result in run-rate cost synergies of about \$3 billion and the potential for about \$1 billion in growth synergies. DowDuPont expects to reach 100% run-rate on the cost synergies within the first 24 months of the merger closing.

### ❖ Unilever Acquires Organic Tea Business

September 7, 2017 – Unilever P.L.C. has acquired Pukka Herbs Ltd., an organic herbal tea business. Financial terms were not disclosed. Founded in 2001, United Kingdom-based Pukka Herbs has £30 million (\$39.3 million) in sales and growth of around 30%. The company's teas are made with certified organic and ethically sourced ingredients from growers across Europe, Africa, India, Southeast Asia and Central America. The acquisition is expected to strengthen Unilever's foothold in the \$2.1 billion herbal, fruit and green tea market and joins Lipton and Pure Leaf tea brands in the company's portfolio. As a premium player in the fast-growing natural and organic segment, Pukka Herbs addresses a gap in Unilever's tea business.

### ❖ Pilgrim's Pride Acquires Northern Ireland's Moy Park

September 11, 2017 – Pilgrim's Pride Corp. has acquired Moy Park, a poultry processor and prepared foods manufacturer based in Northern Ireland, from JBS S.A. for approximately \$1.3 billion. Moy Park has seven processing plants, four focused on the primary processing of poultry and three value-added plants that manufacture cooked, marinated and sliced products. The company markets two consumer brands under the Moy Park Chicken and O'Kane names. Pilgrim's Pride management expects the acquisition to be immediately accretive to earnings and that the company will achieve approximately \$50 million in annualized synergies during the next two years. Moy Park will remain headquartered in Craigavon, Northern Ireland, and its current management team will continue to run the company.

### ❖ Bunge to Acquire a Majority Stake in IOI Loders Croklaan

September 12, 2017 – Bunge Ltd. has entered into an agreement to acquire a 70% stake in IOI Loders Croklaan for approximately \$946 million (0.84x revenue valuation) from the IOI Corporation Berhad. IOI Loders Croklaan manufactures palm- and other tropical-oil products and generated sales of approximately \$1.6 billion in fiscal 2016. As part of the transaction, for a period of five years after closing, Bunge will have the right to purchase the remaining interest in Loders from IOI Corporation, and IOI will have the right to sell its interest to Bunge. The acquisition will strengthen Bunge's position as a solutions provider in such categories as confectionery, baking and infant nutrition. The acquisition also will give Bunge a stronger presence in the Southeast Asian market. Once the transaction is complete, Bunge's Food & Ingredients revenue in that region will be four times as large as it is today. Bunge also will have an enhanced footprint in Europe and North America, and Loders will have exposure to new markets where Bunge has a strong presence, including Latin America and India.

### ❖ Kellogg Invests in Mushroom Protein Company

September 14, 2017 – MycoTechnology, Inc., an organic food technology company that uses mushrooms to create functional ingredients for the food and beverage industry, has closed a \$35 million Series B round of financing with a number of food investors, including Kellogg Co.'s venture capital fund, eighteen94 capital.

### ❖ Post Holdings to Acquire Bob Evans Farms

September 19, 2017 – Post Holdings, Inc. said it will acquire Bob Evans Farms, Inc. for \$77 per share in a transaction valued at approximately \$1.5 billion (3.9x LTM revenue, 25.0x LTM EBITDA). The combination is expected to expand Post's presence in higher-growth packaged foods categories. Based in New Albany, Ohio, Bob Evans is a producer and distributor of refrigerated potato, pasta and vegetable side dishes, pork sausage, and refrigerated and frozen products under the Bob Evans, Owens, Country Creek and Pineland Farms brands. The company also has a growing food service business that represents approximately 35% of volume.

### ❖ Campbell Soup Hits Snag in Pacific Foods Acquisition

September 28, 2017 – Campbell Soup Co.'s pending acquisition of organic soup maker Pacific Foods may not materialize due to a lawsuit filed against Pacific Foods by a former shareholder. Campbell Soup on July 6 had entered into an agreement to acquire Pacific Foods of Oregon for \$700 million (3.2x revenue). On August 21, the estate of former shareholder Edward Lynch filed a lawsuit against Pacific Foods seeking more than \$250 million in damages. Campbell Soup is not named in the suit but has given Pacific Foods 60 days to resolve the issues arising from the suit if the transaction is to be completed. After that period, Campbell may extend the cure period or terminate the agreement. Founded in 1987, Tualatin, Oregon-based Pacific Foods produces organic broth, soup, shelf-stable plant-based beverages, meals and side dishes. Products manufactured by the company are sold under the Pacific brand. The company generated approximately \$218 million in sales in the 12 months ended May 31. The acquisition would expand Campbell Soup's footprint in the \$11 billion organic food and beverage category.



## The Cupboard

A Food & Beverage  
Industry Newsletter



### Industry News, September 2017

#### ❖ Former Sam's Club CEO Joins Starbucks

September 6, 2017 – Rosalind Brewer has been named group president and COO of Starbucks Corp., effective Oct. 2. Ms. Brewer is currently a member of Starbucks board of directors and will continue to serve on the board. In her new role, Ms. Brewer will lead Starbucks' operating businesses across the United States, Canada and Latin America, as well as the global functions of supply chain, product innovation and store development organizations. Most recently, Ms. Brewer was president and CEO of Sam's Club, where she spent the last five years.

#### ❖ Kraft Heinz Makes Management Changes

September 8, 2017 – Kraft Heinz unveiled several management changes, including the appointment of Paulo Basilio to zone president of the U.S. business and David Knopf to executive vice-president and CFO. In his new role, Mr. Basilio will be responsible for all facets of Kraft Heinz's U.S. business. He joined the company in June 2013 and most recently was executive vice-president and CFO. Succeeding Mr. Basilio as CFO will be Mr. Knopf, who currently is vice-president and category head of the Planters business. Mr. Knopf joined Kraft Heinz in July 2015 in connection with the merger of Kraft Foods and H.J. Heinz, initially serving as vice-president of finance, head of global budget and business planning, zero-based budgeting, and financial and strategic planning. Earlier, he held various roles at 3G Capital, Onex Partners and Goldman Sachs. Kraft Heinz also said that George Zoghbi, currently COO of the U.S. business, will transition to a strategic adviser role. In his new position Mr. Zoghbi will work with the Kraft Heinz board of directors; Bernardo Hess, CEO; and Mr. Basilio. All the moves will take effect on October 1.

#### ❖ Ready Pac Promotes Laport to COO

September 14, 2017 – Peter Laport has been promoted to COO of Ready Pac Foods, Inc., a wholly-owned subsidiary of Bonduelle. Mr. Laport was most recently chief supply chain officer for the company. In his new role, Mr. Laport will oversee all operating units, including plants, warehousing, quality and food safety, environmental health and safety, engineering and maintenance. Mr. Laport joined Ready Pac Foods in 2014 as chief supply chain officer. Prior to Ready Pac, he was vice-president of global supply chain and manufacturing for Dunkin' Brands Group.

#### ❖ Ingredient Selects Zallie as New President and CEO

September 18, 2017 – The board of directors of Ingredient Inc. selected Jim Zallie as the company's president and CEO, effective January 1, 2018. Mr. Zallie will succeed Ilene Gordon, who will transition to executive chairman of the board, a position she will hold until her retirement in July 2018. Mr. Zallie is currently executive vice-president of global specialties and president, Americas. He joined Ingredient in 2010 when the company acquired National Starch L.L.C. Prior to his current role, he was responsible for Ingredient's operations in the Asia Pacific and Europe, Middle East and Africa regions, along with corporate-wide responsibility for global innovation and operational excellence. Prior to Ingredient, Mr. Zallie was president and CEO of National Starch. During his four-year tenure, compound annual sales at National Starch grew by double digits.

#### ❖ Welch's Hires President for U.S. Operations

September 20, 2017 – Lesya Lysyj has been named to the newly created position of president, U.S., at Welch's, where she will lead sales and marketing. Ms. Lysyj most recently was president of Weight Watchers NA and has worked with start-ups in the e-commerce and membership model space. Prior to joining Weight Watchers in December 2013, Ms. Lysyj was chief marketing officer, U.S., at Heineken and earlier was vice-president of confectionery, U.S. and Canada, at Mondelez International. She began her career with Cadbury Schweppes.

#### ❖ Kellogg Names New CEO

September 28, 2017 – Steven Cahillane has been named CEO of Kellogg Co., effective October 2. He succeeds John Bryant, who has announced plans to retire. Mr. Cahillane most recently was president and CEO of The Nature's Bounty Co., a health and wellness business. Mr. Cahillane also will join the company's board of directors. Mr. Bryant will continue as executive chairman of the board until March 15, 2018, at which time Mr. Cahillane will assume the role of chairman and CEO.

#### ❖ Flowers Reducing Management Headcount by 15%

September 28, 2017 – Flowers Foods, Inc. will sustain charges of at least \$27 million in the company's third fiscal quarter in connection with its voluntary separation incentive program. Per Flower's CEO, the company is poised to reduce costs, invest in core brands and capitalize on strategic growth opportunities. Part of the cost reduction efforts include the VSIP, first announced in July. The program just recently closed and, together with other initiatives, will result in a net overall headcount reduction of approximately 450 associates, including a 15% reduction in management positions.

#### ❖ Tyson Foods to Cut 450 Jobs

September 29, 2017 – Tyson Foods, Inc. has announced plans to eliminate 450 jobs across several areas and levels of the company. Most of the jobs will be in the corporate offices in Springdale, Arkansas, Chicago and Cincinnati. Tyson is benefiting from the \$4.2 billion acquisition of AdvancePierre Foods Holdings Inc. in June by realizing synergies of more than \$200 million. Through a combination of synergies from the AdvancePierre integration and additional eliminations of non-value-added costs, the company expects cumulative net savings of \$200 million, \$400 million and \$600 million over fiscal years 2018, 2019 and 2020, respectively. The Prepared Foods and Chicken segments will be the most impacted by these savings, specifically in the areas of supply chain, procurement and overhead.

The Cupboard is a monthly newsletter published by The Chicago Corporation. To subscribe, please visit, [www.thechicagocorp.com](http://www.thechicagocorp.com).

Information contained in this publication is based on data obtained from sources we deem to be reliable, however, it is not guaranteed as to accuracy and does not purport to be complete. Nothing contained in this publication is intended to be a recommendation of a specific security or company nor is any of the information contained herein intended to constitute an analysis of any company or security reasonably sufficient to form the basis for any investment decision. Nothing contained in this publication constitutes an offer to buy or sell or the solicitation of an offer to buy or sell any security. Officers or employees of affiliates of The Chicago Corporation, or members of their families, may have a beneficial interest in the securities of a specific company mentioned in this publication and may purchase or sell such securities in the open market or otherwise.

Sources include foodbusinessnews.net, Capital IQ and various publicly available news publications.

Additional information is available upon request.

