

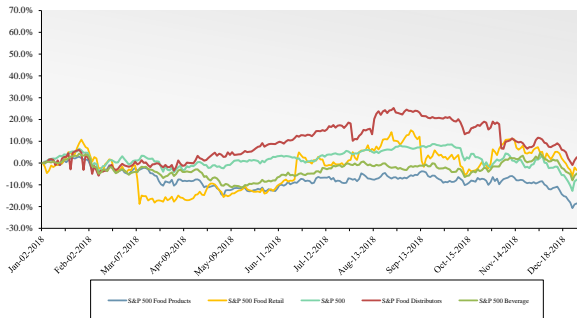
The Cupboard



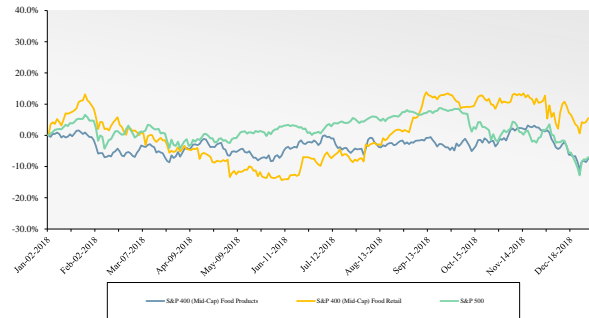
A Food & Beverage Industry Newsletter



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



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



Indices Performance (% change)

	December 2018	LTM		December 2018	LTM		December 2018	LTM
S&P 500	(10.5%)	(7.0%)	S&P 500 Food Products	(10.4%)	(18.7%)	S&P 400 Food Products (Mid-Cap)	(8.4%)	(7.5%)
Dow Jones	(10.1%)	(6.0%)	S&P 500 Food Retail	(8.0%)	(2.8%)	S&P 400 Food Retail (Mid-Cap)	(4.1%)	5.5%
NASDAQ	(11.5%)	(5.3%)	S&P 500 Food Distributors	(7.2%)	3.6%			
			S&P 500 Beverage	(8.0%)	(4.8%)			

Source: Capital IQ

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

MGP Ingredients, Inc.	11.9%	Constellation Brands, Inc.	(15.3%)
Castle Brands Inc.	9.4%	The Boston Beer Company, Inc.	(11.5%)
Nuverra Environmental Solutions, Inc.	8.2%	PepsiCo, Inc.	(7.8%)
Celsius Holdings, Inc.	7.9%	Monster Beverage Corporation	(7.5%)
Reed's, Inc.	7.8%	National Beverage Corp.	(7.3%)

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

Bridgford Foods Corporation	18.3%	Conagra Brands, Inc.	(29.9%)
Coffee Holding Co., Inc.	13.7%	S&W Seed Company	(21.9%)
Sanderson Farms, Inc.	9.9%	Calavo Growers, Inc.	(13.5%)
TreeHouse Foods, Inc.	9.0%	Campbell Soup Company	(11.2%)
Spectrum Brands Holdings, Inc.	7.0%	Potbelly Corporation	(8.5%)

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 12/31/2018	% 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	CY18 P/E	CY19 P/E	Gross	EBIT	EBITDA		
The Coca-Cola Company	KO	\$47.35	93.1%	\$201,546	\$229,518	7.1x	18.8x	20.7x	65.4x	24.9x	23.4x	63.7%	31.2%	34.8%	2.3x
PepsiCo, Inc.	PEP	\$110.48	90.2%	\$155,950	\$177,272	2.7x	13.9x	16.8x	31.9x	20.7x	19.6x	54.4%	16.3%	19.7%	1.7x
Anheuser-Busch InBev S.A/NV	ENXTR:ABH	\$66.19	59.7%	\$129,521	\$244,961	4.5x	11.2x	13.8x	19.5x	26.6x	21.1x	63.0%	32.0%	39.8%	5.0x
Diageo plc	LSE:DEGE	\$35.85	96.9%	\$86,577	\$100,676	6.5x	17.7x	19.1x	23.1x	23.9x	22.3x	61.9%	31.3%	33.9%	2.2x
Constellation Brands, Inc.	STZ	\$160.82	68.0%	\$30,558	\$40,540	5.1x	9.2x	9.9x	9.6x	27.0x	24.1x	50.3%	31.4%	35.5%	NM
Monster Beverage Corporation	MINST	\$49.22	70.1%	\$27,217	\$26,045	7.1x	19.6x	20.5x	29.3x	35.1x	31.3x	60.8%	34.4%	35.9%	NM
Brown-Forman Corporation	BFb	\$47.58	79.9%	\$22,667	\$25,020	7.6x	22.6x	24.2x	30.7x	29.6x	29.2x	67.3%	31.5%	33.6%	2.1x
National Beverage Corp.	FIZZ	\$71.77	56.4%	\$3,347	\$3,092	3.0x	13.8x	14.7x	20.1x	28.8x	25.4x	40.0%	20.6%	21.9%	NM
The Boston Beer Company, Inc.	SAM	\$240.84	73.0%	\$2,737	\$2,668	2.7x	17.2x	25.8x	28.2x	36.3x	32.1x	51.5%	10.6%	15.9%	NM
Mean				\$73,347	\$94,421	5.1x	16.0x	18.4x	28.6x	28.1x	25.4x	57.0%	26.6%	30.1%	2.7x
Median				\$30,558	\$40,540	5.1x	17.2x	19.1x	28.2x	27.0x	24.1x	60.8%	31.3%	33.9%	2.2x
High				\$201,546	\$244,961	7.6x	22.6x	25.8x	65.4x	36.3x	32.1x	67.3%	34.4%	39.8%	5.0x
Low				\$2,737	\$2,668	2.7x	9.2x	9.9x	9.6x	20.7x	19.6x	40.0%	10.6%	15.9%	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 12/31/2018	% 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	CY18 P/E	CY19 P/E	Gross	EBIT	EBITDA		
Sysco Corporation	SY	\$62.66	82.5%	\$32,570	\$40,575	0.7x	12.3x	16.1x	22.2x	21.8x	20.0x	18.9%	4.3%	5.6%	2.4x
The Kroger Co.	KR	\$27.50	84.0%	\$21,938	\$36,485	0.3x	7.4x	15.0x	6.3x	14.6x	13.8x	21.7%	2.0%	4.0%	3.0x
Casey's General Stores, Inc.	CASY	\$128.14	93.5%	\$4,691	\$5,938	0.7x	11.5x	21.2x	13.7x	27.6x	25.5x	22.3%	3.4%	6.2%	2.4x
Weis Markets, Inc.	WMK	\$47.78	82.6%	\$1,285	\$1,192	0.3x	6.6x	13.4x	11.4x	NM	NM	27.1%	2.5%	5.1%	NM
SpartanNash Company	SPTN	\$17.18	62.0%	\$617	\$1,300	0.2x	6.6x	11.4x	7.3x	10.6x	10.4x	13.6%	1.4%	2.4%	3.5x
Ingles Markets, Incorporated	IMKT.A	\$27.22	72.3%	\$551	\$1,407	0.3x	5.9x	11.3x	5.7x	0.0x	0.0x	23.9%	3.0%	5.8%	3.6x
Village Super Market, Inc.	VLGLA	\$26.74	84.9%	\$384	\$346	0.2x	5.6x	9.4x	13.6x	NM	NM	27.4%	2.3%	3.8%	NM
Mean				\$8,862	\$12,463	0.4x	8.0x	14.0x	11.5x	14.9x	13.9x	22.1%	2.7%	4.7%	3.0x
Median				\$1,285	\$1,407	0.3x	6.6x	13.4x	11.4x	14.6x	13.8x	22.3%	2.5%	5.1%	3.0x
High				\$32,570	\$40,575	0.7x	12.3x	21.2x	22.2x	27.6x	25.5x	27.4%	4.3%	6.2%	3.6x
Low				\$384	\$346	0.2x	5.6x	9.4x	5.7x	0.0x	0.0x	13.6%	1.4%	2.4%	2.4x

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



Fruits, Vegetables & Nuts:

(\$ in millions, except per share data)

Company	Share Price 12/31/2018	% 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	CY18 P/E	CY19 P/E	Gross	EBIT	EBITDA		
Fresh Del Monte Produce Inc.	FDP	\$28.27	53.9%	\$1,368	\$2,042	0.5x	10.9x	21.5x	238.0x	47.0x	20.1x	6.6%	2.2%	4.3%	3.2x
Calavo Growers, Inc.	CVGW	\$72.96	67.6%	\$1,282	\$1,297	1.2x	22.1x	28.5x	39.7x	36.8x	NM	10.4%	5.3%	6.5%	0.2x
Seneca Foods Corporation	SENEA	\$28.22	78.6%	\$276	\$655	0.5x	25.7x	NM	NM	NM	NM	5.2%	(0.5%)	1.9%	14.8x
Mean				\$975	\$1,331	0.7x	19.6x	25.0x	138.8x	41.9x	20.1x	7.4%	2.3%	4.2%	6.1x
Median				\$1,282	\$1,297	0.5x	22.1x	25.0x	138.8x	41.9x	20.1x	6.6%	2.2%	4.3%	3.2x
High				\$1,368	\$2,042	1.2x	25.7x	28.5x	238.0x	47.0x	20.1x	10.4%	5.3%	6.5%	14.8x
Low				\$276	\$655	0.5x	10.9x	21.5x	39.7x	36.8x	20.1x	5.2%	-0.5%	1.9%	0.2x

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 12/31/2018	% 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	CY18 P/E	CY19 P/E	Gross	EBIT	EBITDA		
Hormel Foods Corporation	HRL	\$42.68	92.3%	\$22,817	\$22,986	2.4x	16.7x	18.9x	22.9x	22.7x	21.5x	20.9%	12.1%	13.8%	0.1x
Tyson Foods, Inc.	TSN	\$53.40	64.7%	\$19,525	\$29,135	0.7x	7.0x	9.0x	6.5x	11.7x	11.7x	13.1%	8.0%	10.4%	2.3x
Pilgrim's Pride Corporation	PPC	\$15.51	49.6%	\$3,862	\$5,796	0.5x	6.5x	9.4x	9.9x	15.7x	12.1x	8.9%	5.6%	8.1%	2.1x
Sanderson Farms, Inc.	SAFM	\$99.29	72.2%	\$2,200	\$2,078	0.6x	14.8x	70.0x	36.8x	(201.8x)	42.3x	7.8%	0.9%	4.3%	(0.9x)
Bridgford Foods Corporation	BRID	\$19.87	92.2%	\$180	\$167	1.0x	15.7x	24.5x	24.3x	NM	NM	32.3%	4.3%	6.5%	(1.2x)
Mean				\$9,717	\$12,033	1.1x	12.1x	26.3x	20.1x	-37.9x	21.9x	16.6%	6.2%	8.6%	0.5x
Median				\$3,862	\$5,796	0.7x	14.8x	18.9x	22.9x	13.7x	16.8x	13.1%	5.6%	8.1%	0.1x
High				\$22,817	\$29,135	2.4x	16.7x	70.0x	36.8x	22.7x	42.3x	32.3%	12.1%	13.8%	2.3x
Low				\$180	\$167	0.5x	6.5x	9.0x	6.5x	-201.8x	11.7x	7.8%	0.9%	4.3%	(1.2x)

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 12/31/2018	% 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	CY18 P/E	CY19 P/E	Gross	EBIT	EBITDA		
Danone SA	BN	\$70.56	85.7%	\$45,637	\$61,487	2.1x	10.0x	12.0x	14.6x	21.0x	19.4x	49.3%	14.7%	18.2%	3.0x
Dean Foods Company	DF	\$3.81	31.6%	\$348	\$1,225	0.2x	5.6x	20.6x	NM	(25.1x)	68.5x	22.1%	0.7%	2.7%	4.1x
Lifeway Foods, Inc.	LWAY	\$1.88	21.7%	\$30	\$33	0.3x	268.9x	NM	NM	NM	NM	26.9%	(3.1%)	0.1%	22.8x
Mean				\$15,338	\$20,915	0.9x	94.8x	16.3x	14.6x	-2.0x	44.0x	32.8%	4.1%	7.0%	10.0x
Median				\$348	\$1,225	0.3x	10.0x	16.3x	14.6x	-2.0x	44.0x	26.9%	0.7%	2.7%	4.1x
High				\$45,637	\$61,487	2.1x	268.9x	20.6x	14.6x	21.0x	68.5x	49.3%	14.7%	18.2%	22.8x
Low				\$30	\$33	0.2x	5.6x	12.0x	14.6x	-25.1x	19.4x	22.1%	-3.1%	0.1%	3.0x

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 12/31/2018	% 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	CY18 P/E	CY19 P/E	Gross	EBIT	EBITDA		
Lamb Weston Holdings, Inc.	LW	\$73.56	87.7%	\$10,773	\$13,057	3.7x	15.8x	19.2x	24.6x	26.0x	25.0x	26.5%	17.3%	21.4%	2.9x
The Hain Celestial Group, Inc.	HAIN	\$15.86	37.1%	\$1,650	\$2,317	1.0x	11.7x	16.7x	40.5x	27.6x	21.2x	20.2%	5.7%	8.2%	3.4x
The Simply Good Foods Company	SMPL	\$18.90	89.9%	\$1,547	\$1,627	3.8x	22.6x	25.1x	19.7x	36.6x	36.9x	48.0%	15.1%	16.7%	(0.3x)
Mean				\$4,657	\$5,667	2.8x	16.7x	20.3x	28.3x	NM	27.7x	31.6%	12.7%	15.4%	2.0x
Median				\$1,650	\$2,317	3.7x	15.8x	19.2x	24.6x	NM	25.0x	26.5%	15.1%	16.7%	2.9x
High				\$10,773	\$13,057	3.8x	22.6x	25.1x	40.5x	36.6x	36.9x	48.0%	17.3%	21.4%	3.4x
Low				\$1,547	\$1,627	1.0x	11.7x	16.7x	19.7x	26.0x	21.2x	20.2%	5.7%	8.2%	(0.3x)

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 12/31/2018	% 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	CY18 P/E	CY19 P/E	Gross	EBIT	EBITDA		
Nestlé S.A.	NESN	\$81.19	92.3%	\$248,677	\$279,328	3.0x	14.6x	17.4x	30.1x	22.6x	20.8x	50.1%	16.4%	19.7%	1.6x
Mondelez International, Inc.	MDLZ	\$40.03	86.0%	\$58,197	\$77,263	3.0x	14.7x	17.4x	17.9x	20.2x	19.8x	40.1%	14.7%	17.8%	4.1x
General Mills, Inc.	GIS	\$38.94	64.2%	\$23,237	\$38,835	2.4x	11.0x	13.4x	11.4x	14.6x	14.2x	34.3%	17.3%	21.2%	NM
Kellogg Company	K	\$57.01	76.0%	\$19,784	\$28,965	2.1x	9.0x	10.6x	10.7x	15.9x	15.7x	39.0%	18.8%	22.4%	2.9x
The J. M. Smucker Company	SM	\$93.49	70.1%	\$10,635	\$16,739	2.2x	10.2x	13.7x	7.9x	13.5x	12.8x	37.7%	16.0%	21.7%	3.7x
Conagra Brands, Inc.	CAG	\$21.36	54.2%	\$10,373	\$21,494	2.6x	12.9x	15.3x	11.9x	16.2x	15.7x	29.3%	15.9%	19.1%	7.1x
Campbell Soup Company	CPB	\$32.99	68.1%	\$9,931	\$19,581	2.1x	10.0x	12.8x	55.9x	15.3x	14.6x	32.3%	16.6%	21.3%	4.9x
Post Holdings, Inc.	POST	\$89.13	87.9%	\$5,943	\$12,329	2.0x	10.7x	16.2x	14.5x	26.0x	20.3x	29.9%	12.2%	18.5%	5.5x
Lancaster Colony Corporation	LANC	\$176.86	91.0%	\$4,862	\$4,644	3.7x	22.5x	26.0x	33.6x	32.9x	27.6x	24.9%	14.4%	16.6%	(1.1x)
TreeHouse Foods, Inc.	THS	\$50.71	91.2%	\$2,840	\$5,097	0.8x	10.0x	19.7x	NM	25.4x	21.1x	16.8%	4.3%	8.4%	4.5x
J & J Snack Foods Corp.	JJSF	\$144.59	88.8%	\$2,714	\$2,583	2.3x	16.4x	23.3x	26.2x	38.0x	31.6x	29.5%	9.7%	13.8%	(0.8x)
B&G Foods, Inc.	BGS	\$28.91	81.2%	\$1,906	\$3,955	2.3x	12.3x	14.6x	10.1x	16.0x	15.4x	26.4%	15.6%	18.7%	6.3x
Mean				\$33,258	\$42,568	2.4x	12.9x	16.7x	20.9x	21.4x	19.1x	32.5%	14.3%	18.3%	3.5x
Median				\$10,152	\$18,160	2.3x	11.6x	15.8x	14.5x	18.2x	17.7x	31.1%	15.7%	18.9%	4.1x
High				\$248,677	\$279,328	3.7x	22.5x	26.0x	55.9x	38.0x	31.6x	50.1%	18.8%	22.4%	7.1x
Low				\$1,906	\$2,583	0.8x	9.0x	10.6x	7.9x	13.5x	12.8x	16.8%	4.3%	8.4%	(1.1x)

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	5.1x	17.2x
Retail & Distribution	0.3x	6.6x
Fruits, Vegetables & Nuts	0.5x	22.1x
Protein Products	0.7x	14.8x
Dairy	0.3x	10.0x
Organics & Healthy	3.7x	15.8x
Food Conglomerates	2.3x	11.6x
Mean	1.9x	14.0x
Median	0.7x	14.8x

Note: Multiples represent median values

Source: Capital IQ



The Cupboard

A Food & Beverage
Industry Newsletter



Commodity Score Card

Commodity	Units	12/31/2018	1 month prior	6 months prior	1 year prior
Corn	\$ per bu.	\$3.76	\$3.73	\$3.71	\$3.51
Coffee	\$ per lb.	\$1.04	\$1.12	\$1.15	\$1.26
Cocoa	\$ per lb.	\$1.07	\$0.98	\$1.14	\$0.86
Wheat	\$ per bu.	\$5.14	\$5.08	\$5.01	\$4.27
Live Cattle	\$ per lb.	\$1.26	\$1.20	\$1.07	\$1.22

Source: Capital IQ

Select M&A and Capital Raising News, December 2018

❖ Inspire Finalizes Acquisition of Sonic

December 7, 2018 – Inspire Brands, Inc. has completed its \$2.3 billion acquisition of Sonic Corp. With Sonic now in the fold alongside Arby's, Buffalo Wild Wings and Rusty Taco, Inspire is the fifth-largest restaurant company in the United States with more than 8,300 restaurants and annual system wide sales in excess of \$12 billion. Along with the completion of the acquisition, Inspire said J. Clifford Hudson, former chairman and CEO of Sonic, will serve as a senior adviser to Sonic until March 2019.

❖ Nutrisystem Sold for \$1.3 Billion

December 11, 2018 – Tivity Health, Inc., a provider of fitness and health improvement programs, has entered into an agreement to acquire Nutrisystem, Inc. for \$1.3 billion. Nutrisystem manages weight management brands under its namesake and the South Beach Diet. Under the terms of the agreement, Nutrisystem shareholders will receive \$38.75 per share in cash and 0.2141 Tivity Health shares for each share of Nutrisystem common stock. The transaction values Nutrisystem at an enterprise value of \$1.3 billion and an equity value of \$1.4 billion, or approximately \$47 per share. The implied stock consideration of \$8.25 per Nutrisystem share is based on the volume-weighted average price of Tivity Health's stock for the 10 days ended December 3, 2018. Upon the closing of the transaction, Tivity Health said it expects to maintain all existing Nutrisystem brands as well as its offices in Fort Washington, Pennsylvania. Ms. Zier will also become president and COO of the company and report to Mr. Tramuto.

❖ Private Equity Firm to Acquire Cholula

December 12, 2018 – Private equity firm L Catterton has entered into a definitive agreement to acquire Cholula, a leading producer and distributor of hot sauce. Financial terms of the transaction were not disclosed. Launched in the United States in 1989, Cholula features a blend of piquin and arbol peppers that pairs well with a broad range of global cuisines. Following the completion of the transaction, Cholula will become a standalone enterprise. The company manufactures six varieties of hot sauce in Jalisco, Mexico.

❖ Flowers Foods Finalizes Purchase of Gluten-Free Baker

December 17, 2018 – Flowers Foods, Inc. finalized its \$205 million (2.6x net sales) acquisition of Canyon Bakehouse L.L.C., a privately-held, gluten-free baking company based in Johnstown, Colorado. Canyon Bakehouse will operate as an independent subsidiary of Flowers Foods. Canyon Bakehouse offers 21 gluten-free bread, buns, bagels, English muffins and specialty items, primarily distributed frozen through natural, specialty, grocery and mass retailers nationwide. The Canyon Bakehouse brand is the top gluten-free loaf brand in the natural and specialty channel, the No. 2 brand in the overall gluten-free loaf category and the fastest-growing gluten-free bread loaf brand in the United States, according to sales data from SPINS and Information Resources, Inc. The company was founded in 2009 by Josh and Christi Skow and Ed Miknevicius and has 206 employees at a 165,625-square-foot bakery with two production lines in Johnstown. Under terms of the transaction, Mr. Skow will continue to lead the business as president, and Ms. Skow, who has celiac disease, will serve as brand ambassador. Canyon Bakehouse has generated a compound annual net sales growth rate of approximately 45% since 2014. The gluten-free packaged bread category has grown at a rate of 6.6% per year since 2015, outpacing the broader \$14.5 billion U.S. retail baked foods market, according to SPINS and I.R.I. data. The company expects to generate approximately \$70 million to \$80 million in net sales in 2019.

❖ Jack in the Box Exploring Potential Sale

December 17, 2018 – Jack in the Box Inc., one of the United States' largest hamburger chains with more than 2,200 restaurants in 21 states and Guam, is exploring strategic and financing alternatives to maximize shareholder value. The San Diego-based company's board of directors said potential alternatives may include a sale of the company or executing on its previously announced plans to increase leverage. Jack in the Box said it has had discussions with potential buyers but added that there can be no assurance that the exploration of strategic and financing alternatives will result in a transaction. The company has not set a timetable for the conclusion of the review process and said no further comments will be made on the process until further disclosure "is appropriate or required by law." The potential for a Jack in the Box sale would continue a trend of major merger and acquisition movement in the quick-service restaurant segment. Private equity firm Apollo Global Management L.L.C. acquired Qdoba from Jack in the Box earlier this spring.

❖ Conagra Finds Another Buyer for its Wesson Oil Brand

December 19, 2018 – Richardson International Ltd., a privately-held Canadian agriculture and food processing company, has signed a definitive agreement to acquire the Wesson oil business from Conagra Brands, Inc. Financial terms were not disclosed. The agreement includes all assets related to the Wesson brand, including a 280,000-square-foot manufacturing facility in Memphis, Tennessee. The Wesson edible oil portfolio includes vegetable, canola, corn and blended oils. The transaction is expected to close by the end of the first quarter of 2019 and is subject to customary closing conditions, including regulatory approvals. The announcement follows a terminated transaction between Conagra Brands and The J.M. Smucker Co., which in May 2017 had agreed to buy the Wesson oil brand for approximately \$285



The Cupboard

A Food & Beverage
Industry Newsletter



million in cash. In March 2018, the companies called off the transaction after the Federal Trade Commission (“F.T.C.”) threatened to block it. Smucker owns the Crisco brand, a key competitor to Wesson in the market for edible oils. A key issue raised by the F.T.C. was that if the transaction were completed, Orrville, Ohio-based Smucker would control at least 70% of the market for branded canola and vegetable oils sold at retail. Headquartered in Winnipeg, Richardson International is a subsidiary of family-owned James Richardson & Sons, Ltd. and is a global handler and merchandiser of grains and oilseeds. The company produces a variety of food products and ingredients for retail, food service and industrial markets.

❖ General Mills-backed Tio Gazpacho Acquired

December 20, 2018 – Novamex, an importer and marketer of Mexican soft drinks and grocery products in the United States, has acquired Tio Gazpacho for an undisclosed sum. The ready-to-drink soup start-up previously raised funds from 301 INC, the business development and venture capital arm of General Mills, Inc. Launched in 2014, Tio Gazpacho was inspired by founder Austin Allan’s four years living abroad in Spain. Mr. Allan partnered with chef and restaurateur José Andrés to develop a line of five flavors of portable, chilled soup sold in Northeast, West coast and Chicago markets and online. Brands marketed in the United States by El Paso-based Novamex include Jarritos, Sidral Mundet and Sangria Señorial. The company was founded in 1986 and has a portfolio of more than 160 products.

❖ Coca-Cola Invests in Dirty Lemon Parent

December 27, 2018 – Iris Nova, a direct-to-consumer beverage company, has announced a \$15 million round of seed funding including investment from the Coca-Cola Co.’s Venturing & Emerging Brands (V.E.B.) business unit. The company said it plans to expand its portfolio of brands and technology through its text message-based distribution platform. Iris Nova launched its first brand, Dirty Lemon, in 2015 as a first-of-its-kind beverage sold exclusively by text message. Dirty Lemon has doubled revenue year-over-year since inception and is projecting growth of 250% in 2019. Its lineup of products includes trending ingredients such as turmeric, collagen, charcoal, matcha and ginseng. A second concept, The Drug Store, is described as a retail experience used to test new beverage concepts before they are produced on a national scale using a direct-to-consumer “conversational commerce” model, or “c-commerce,” which interacts with consumers via text message. Iris Nova is developing two additional beverage concepts set to launch in 2019. Coca-Cola’s V.E.B. was created with a mission to identify and nurture businesses with “billion-dollar potential.” Its family of brands include Zico, Fairlife, Suja and Honest Tea, among others. Through partnerships with L.A. Libations, an investment group and beverage incubator, and First Beverage Group’s venture capital arm, Coca-Cola has an indirect ownership stake in more than 12 up-and-coming beverage brands.

Industry News, December 2018

❖ JBS Taps Tomazoni as Global CEO

December 6, 2018 – The board of directors of JBS S.A. has elected Gilberto Tomazoni as global CEO. He succeeds Jose Batista Sobrinho, who was the first president of JBS and remains a member of the company’s board of directors. Mr. Tomazoni has spent more than 35 years in the food industry, including the past year as COO of JBS. He joined the company in 2013 as global president of poultry and was named president of global operations in 2015. Prior to JBS he was with Bunge Alimentos, where he was executive director of South and Central America and vice-president. Earlier, he spent 27 years at Sadia, rising from a trainee to CEO.

❖ Coca-Cola Makes Changes to Board of Directors

December 7, 2018 – James Robert B. Quincey, president and CEO of Coca-Cola Co., has been elected chairman of the company’s board. He will succeed Muhtar Kent, who plans to retire in April 2019. Mr. Quincey will become Coca-Cola’s 14th chairman in the company’s 132-year history following the company’s annual meeting in April 2019. He will then serve as chairman and CEO. Brian Smith is set to take over as president and COO on January 1. Mr. Kent was chairman and CEO from 2009 until 2017, and he continued as chairman after Mr. Quincey was named CEO. Additionally, Coca-Cola’s board has elected Maria Elena Lagomasino as lead independent director. She will succeed Sam Nunn, who will not stand for re-election at the 2019 annual meeting. A former U.S. senator from Georgia, Mr. Nunn spent 22 years on Coca-Cola’s board, including the past five years as lead independent director. Ms. Lagomasino is CEO and managing partner of WE Family Offices, a global family office serving high net-worth families. She also is on the board of The Walt Disney Co. and previously was a director of Avon Products Inc.

❖ Conagra to Add Former Taco Bell Executive to Board

December 7, 2018 – Melissa B. Lora, a longtime executive with Taco Bell Corp., has been named to the board of directors of Conagra Brands, Inc., effective January 4. Ms. Lora spent 31 years at Taco Bell Corp., a subsidiary of Yum! Brands, Inc. She held a variety of leadership positions, most recently as president of Taco Bell’s international business from 2014 until her retirement earlier this year. She has been a member of the board of directors of KB Home for more than 14 years and currently is the company’s lead independent director. She also is a member of the board of directors of MGIC Investment Corp., where she is part of the audit committee and risk committee.

❖ Bunge’s CEO to Depart

December 10, 2018 – Soren W. Schroder has announced his intent to step down as CEO of Bunge Ltd. He will continue his role as CEO until a successor has been appointed. A search committee has been established to identify the company’s next CEO. Additionally, Kathleen Hyle has been named chairman of the board, effective immediately. Mr. Schroder joined Bunge in 2000. There he helped organize the company’s global grain trading platform — Bunge Global Markets, establishing teams in Europe and Asia. He also headed various Bunge business operations in the United States, Mexico and Canada before becoming CEO of Bunge North America in 2010. His tenure has included a significant strengthening of Bunge’s core activities in agribusiness and growth in food and ingredients, with the recent acquisition of Loders Crocklaan. Mr. Schroder has focused on creating a simpler, more efficient organization, establishing a series of global partnerships, building a first-class team and increasing Bunge’s focus on customers. In addition to the announcement of Mr. Schroder’s impending departure, Bunge’s board has made changes. Ms. Hyle, who has been named chairman, has served on Bunge’s board of directors since 2012. L. Patrick Lupo, who has served on Bunge’s board since 2006 and in the role of chairman since 2014, will remain a board member. Ms. Hyle will serve on the CEO search committee, along with board members Mr. Fribourg, J. Erik Fyrwald and Mark Zenuk. Ms. Hyle has served as the head of the audit committee for the Bunge board of directors for the past five years. She also has served as senior vice-president of Constellation Energy and chief operating officer of Constellation Energy Resources from 2008 until her retirement in 2012, when Constellation completed its merger with Exelon Corp.



The Cupboard

A Food & Beverage
Industry Newsletter



❖ **Chipotle Adds Two to Leadership Team**

December 14, 2018 – Chipotle Mexican Grill, Inc. has filled out its leadership team with the addition of two executives. Roger E. Theodoredis joins the company as chief legal officer, and Tabassum Zalotrawala has been named chief development officer. Both will report to Brian R. Niccol, CEO of Chipotle Mexican Grill. Mr. Theodoredis most recently was general secretary at Danone North America with responsibility for legal, public affairs, communications, scientific affairs and corporate security. Previously, he held various legal roles at WhiteWave Foods Co., Mead Johnson Nutritionals and Chiquita Brands International. Ms. Zalotrawala joins the company from Panda Restaurant Group, where she was chief development officer and vice-president of design, construction, facilities and strategic sourcing. Prior to that, she held roles focusing on store development and franchisee support at Arby's Restaurant Group.

❖ **Butterball Elevates Jandrain to President, CEO**

December 17, 2018 – Jay Jandrain has been named president and CEO of Butterball, L.L.C. He succeeds Kerry Doughty, who is stepping down for health reasons. Mr. Jandrain most recently was COO, overseeing plant operations, corporate purchasing, transportation and warehousing, demand and supply planning, corporate engineering and R&D. He joined Butterball in May 2002 as the director of product R&D and has since held roles including vice-president of deli sales, vice-president of product R&D, vice-president of integrated business strategy and executive vice-president of sales. Prior to Butterball, Mr. Jandrain held multiple sales, marketing and R&D management positions with companies such as Cargill and Plantation Foods. Mr. Doughty steps away from Butterball after four years as president and CEO and more than 40 years in the industry. He joined the company in 2007 after a lengthy career in food service sales and branding. He was named president and CEO in 2014. Butterball L.L.C. is a joint venture of Seaboard Corp. and Maxwell Farms L.L.C.

❖ **Kroger Names New CFO**

December 18, 2018 – J. Michael Schlotman, CFO of The Kroger Co., plans to retire at the end of 2019. Gary Millerchip, CEO of Kroger Personal Finance, will succeed Mr. Schlotman as senior vice-president and CFO, effective April 4, 2019. Mr. Schlotman will then remain with the company as an executive vice-president during a transition period until Dec. 28, 2019. Mr. Schlotman joined Kroger in 1985. He became vice-president and corporate controller in 1995, and in 2000 he advanced to the CFO role. Mr. Millerchip joined the company in 2010 to lead Kroger Personal Finance, the division of Kroger that delivers financial and retail services through the company's family of brands and stores. He also is responsible for several retail grocery divisions and oversees the integration of Kroger's corporate strategic initiatives. Prior to Kroger, he led the Royal Bank of Scotland Personal Credit Card business at the Royal Bank of Scotland in the United Kingdom. He joined the Royal Bank of Scotland in 1987 and held various leadership roles there.

❖ **PepsiCo's Carey to Step Down as CEO of North America**

December 21, 2018 – PepsiCo, Inc. will transition to new leadership over the next several months in some of its key North America units, continuing a changing of the guard at the Purchase-based company that began earlier this year when Ramon Laguarta took over as CEO of PepsiCo, Inc. from Indra K. Nooyi. Albert P. Carey, CEO of PepsiCo North America, has announced his intent to retire at the end of March 2019. A 37-year-veteran of PepsiCo, Mr. Carey had been CEO of PepsiCo North America since 2016. When Mr. Carey was promoted to that position, PepsiCo said it was bringing the company's three North America businesses — North America Beverage (N.A.B.), Frito-Lay North America (F.L.N.A.) and Quaker Foods North America (Q.F.N.A.) — under a single leader to enable the company to further leverage its complementary brand portfolio across snacks, beverages and nutrition to unlock new growth opportunities. With Mr. Carey's retirement, PepsiCo will return to its earlier model of separate leaders for its North America units, with Vivek Sankaran and Kirk Tanner taking over as CEOs of F.L.N.A. and N.A.B., respectively. Mr. Sankaran, currently president and COO of F.L.N.A., has been promoted to CEO of F.L.N.A. Since joining PepsiCo in 2009, Mr. Sankaran has held senior leadership positions spanning snacks, Power of One customers, and corporate strategy, including as chief commercial officer for PepsiCo North America, chief customer officer for F.L.N.A., senior vice-president and general manager of F.L.N.A.'s South business unit, and senior vice-president of corporate strategy and development. Prior to joining PepsiCo, he was a partner at McKinsey, where he advised Fortune 100 companies with a focus on retail and technology. Mr. Tanner, currently president and COO of N.A.B., has been promoted to CEO of N.A.B. A 26-year veteran of PepsiCo with experience across snacks, beverages and food service, Mr. Tanner has worked in 11 domestic and international locations during his PepsiCo career and held numerous leadership roles across sales, operations, customer marketing, distribution and channel development.

The Cupboard is a monthly newsletter published by The Chicago Corporation. To subscribe, please visit, 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.

