



MERIDIAN CAPITAL
INVESTMENT BANKERS



FOOD AND BEVERAGE OVERVIEW | Winter 2018
M&A UPDATE AND INDUSTRY PARTICIPANTS

Meridian Capital Overview

Exceptional Results Delivered

- Over \$5B in transaction experience
- Trusted advisor to leading middle market companies
- Focus on businesses with \$20M to \$500M+ in enterprise value
- 20+ years experience with complex corporate finance and M&A challenges
- 18 seasoned professionals with finance, operational and legal backgrounds

Transaction Expertise

- M&A
- Equity/Debt Capital Raises
- Strategic Advisory

Customized Processes

- High Touch Approach
- Multidisciplinary Deal Team
- End-to-end Service

Deep Industry Insights

- Dedicated industry teams
- Holistic industry coverage
- Deep buyer relationships

CONSUMER EXPERTISE



FOOD AND BEVERAGE



HOUSEWARES



ACTIVE LIFESTYLE
AND OUTDOOR



JUVENILE PRODUCTS



Food and Beverage Team

Transaction Leadership & Execution

Brian Murphy

Managing Director
& President



Michael Barber

Managing Director



Head of Food and Beverage

Nick Colmenero

Senior Associate



Josh Aguilar

Analyst



Ty Kjellesvik

Analyst



Years Experience

13 years – M&A and
Corporate Finance

15 years – M&A and
Corporate Development

6 years – Investment
Banking and Corporate
Development

2 years – Investment
Banking

1 year – Investment
Banking

Background

• Redlands (BS, BS)

• Southern Methodist
(JD)
• Northwestern (MBA)

• Washington (BBA, BBA)

• Washington (BBA)

• Washington (BBA)

Prior Experience

• Accenture

• Nordstrom (Corporate
Development)
• Johnsonville Sausage
(Corporate
Development)
• Thompson & Knight

• Starbucks (Corporate
Development)

• Cascadia Capital



Meridian's Select Industry Experience



Manufacturer of artisanal Greek yogurt

- Strategic Advisory -

SMITH AND GREENE

Foodservice equipment and supplies distributor

- Acquired By -



Manufacturer of branded gluten-free food products

- Acquired By -



Producer of natural, dairy-free creamers

- Strategic Advisory and Growth Financing -



Leading brand of protein products

- Buy-Side Advisory -



Innovative grain and ingredient processing

- Strategic Advisory -



Leading producer of poultry products

- Buy-Side Advisory -



Branded kitchen tools and gadgets

- Acquired By -



Leading manufacturer of bulk fresh apple juice

- Capital Raise By -



Craft distillery and pub chain

- Acquired By -

Private Investors



76-unit casual seafood and chowder chain (Owner and Operator)

- Acquired By -

Private Business Group



Quick service Mexican restaurant with 100+ locations

- Strategic Advisory -



Distributor of Wine and Spirits

- Debt Financing and Strategic Advisory -



Leading coffee company

- Acquired By -



Seafood restaurant chain

- Acquired By -

Private Investors

*Includes transactions completed by Meridian principals at Meridian or prior firms





M&A Activity and Public Market Metrics

M&A Trends

Plant-based Protein Garnering Strong Investment Interest

- ❑ The market for plant-based protein continues to evolve at a rapid pace as consumers display increased demand for products in this category. Driven by health, environmental, and animal welfare concerns, global sales of plant-based dairy and meat alternatives are forecasted to reach \$19.5B and \$5B, respectively, by 2020¹. Further, In 2017 U.S. sales of plant-based milk alternatives grew 3.1% while sales of cow's milk declined 5%¹.
- ❑ Plant-based food and beverage companies are garnering strong investment interest from both strategic corporations and financial firms. Nestle USA recently entered the plant-based food segment through the acquisition of Sweet Earth, a manufacturer of plant-based foods including meat alternatives. Impossible Foods, a provider of plant-based burgers, closed a \$75M Series E venture round in a deal led by Temasek Holdings; the Company has raised more than \$300M in total funding to date.
- ❑ Other notable transactions include: Maple Leaf Foods's \$120M acquisition of Field Roast Grain Meat and Dean Foods's investment in Good Karma Foods, the leading producer of flaxseed-based milk and yogurt alternatives.

CPG Companies Shifting Core Value Propositions

- ❑ CPG manufacturers continue to adjust their product portfolios to better align with shifting consumer preferences. Growth within many CPG legacy brands has been stagnant, driving companies to seek acquisition and investment opportunities within higher-growth segments and diversify their core product mix.
- ❑ Kellogg's acquisition of Chicago Bar, the owner of RXBAR protein bars, illustrates a recent strategic shift among processed food manufacturers to expand product offerings into healthier, higher-growth segments. Other notable transactions include General Mills's investment in Urban Remedy, a producer of plant-based meals and beverages; Nestle's divestiture of its confectionery business, Hershey Co.'s acquisition of Amplify Snack Brands; and General Mills' acquisition of Blue Buffalo Pet Food.

Growing Momentum in the Cannabis Industry

- ❑ M&A activity in the cannabis industry is gaining strong momentum as the legislation around both medical and recreational marijuana consumption continues to evolve. For U.S. companies operating in states where cannabis consumption has been legalized, there has been increased consolidation due to a variety of factors including: existing companies looking to expand their geographical footprint and product capabilities, new entrants seeking to acquire established assets, and legacy business founders seeking liquidation.
- ❑ M&A activity has also accelerated in the Canadian market where recreational marijuana is expected to become legalized on a National level by 2019. This year has already seen the largest cannabis marijuana M&A transaction as Canada's second largest marijuana producer Aurora Cannabis has agreed to acquire smaller rival CanniMed Therapeutics for \$852M.
- ❑ U.S.-based Constellation Brands, the \$51B company behind Corona and Svedka, recently acquired a 9.9% stake valued at \$191M in Canadian medical marijuana company Canopy Growth. The wine and spirits conglomerate has no intention of selling cannabis products in the U.S. until it is legal nationwide, but it has positioned itself to be an early entrant if and when it does.

1) Food Business News: "Interest in plant-based protein intensifies"

Select Case Studies



Acquired in January 2018

<u>Deal Size</u>	<u>EV/Rev</u>	<u>EV/EBITDA</u>
\$1,000	4.3x	19.9x
<p>Target Description: Supplier of non-GMO and allergen-free snack products.</p> <p>Investment Rationale: The acquisition will add to Hershey's portfolio of snack brands and is expected to facilitate growth, cost synergies, and margin expansion.</p> <p>Buyer Quote: "The acquisition is an important step in our journey to becoming an innovative snacking powerhouse as together it will enable us to bring scale and category management capabilities to a key sub-segment of the warehouse snack aisle." – Michele Buck, CEO of Hershey Company</p>		



Acquired in October 2017

<u>Deal Size</u>	<u>EV/Rev</u>	<u>EV/EBITDA</u>
\$250	-	-
<p>Target Description: Maker of BOOMCHICKAPOP, a gluten free, non-GMO, whole grain popcorn snack.</p> <p>Investment Rationale: The deal adds to a series of acquisitions aimed at expanding Conagra's portfolio of healthy snacks.</p> <p>Buyer Quote: "Angie's BOOMCHICKAPOP business is a leader in the fast-growing, better-for-you snacking segment. It will be a great complement to our growing snack business." – Sean Connolly, President and CEO of Angie's</p>		



Acquired in September 2017

<u>Deal Size</u>	<u>EV/Rev</u>	<u>EV/EBITDA</u>
-	-	-
<p>Target Description: Provider of plant-based frozen meals, burritos, breakfast sandwiches, and chilled plant-based burgers and proteins.</p> <p>Investment Rationale: The acquisition gives Nestle instant access into the rapidly growing plant-based foods segment.</p> <p>Buyer Quote: "In the US, we're experiencing a consumer shift toward plant-based proteins. In fact, as many as 50 percent of consumers now are seeking more plant-based foods in their diet." – Paul Grimwood, Nestle USA CEO</p>		



Acquired in January 2018

<u>Deal Size</u>	<u>EV/Rev</u>	<u>EV/EBITDA</u>
\$120	3.2x	-
<p>Target Description: Leading manufacturer and brand of premium grain-based 'meat' and vegan cheese products.</p> <p>Investment Rationale: The acquisition of Field Roast, along with Lightlife Foods acquired in early 2017, positions Maple Leaf as the leader in the U.S. retail market for plant-based proteins.</p> <p>Buyer Quote: "This acquisition advance Maple Leaf's vision to be the most sustainable protein company on earth." – Maple Leaf Press Release</p>		



Notable Recent M&A Transactions

Date	Target	Description	Buyer	Deal Size (M)	EV/Revenue	EV/EBITDA
Feb-18	Mann Packing Co., Inc.	Vegetables	Fresh Del Monte Produce Inc. (NYSE:FDP)	\$361	0.7x	-
Feb-18	Blue Buffalo (NAS:BUFF)	Pet Food	General Mills	\$8,000	6.2x	25.9x
Jan-18	Amplify Snack Brands, Inc.	Snack Foods	The Hershey Company (NYSE:HSY)	\$1,536	4.3x	19.9x
Jan-18	Dr. Pepper Snapple Group (NYS:DPS)	Sodas and Juices	Keurig Green Mountain	\$23,000	3.9x	16.9x
Jan-18	Field Roast Grain Meat Co., Inc.	Meat Products	Maple Leaf Foods Inc. (TSX:MFI)	\$120	3.2x	-
Dec-17	Northern Harvest Sea Farms Inc.	Salmon and Seafood	Marine Harvest ASA (OB:MHG)	\$247	-	-
Dec-17	Sandwich Bros. of Wisconsin	Sandwiches	Conagra Brands, Inc. (NYSE:CAG)	\$87	-	-
Dec-17	Galaxy Nutritional Foods, Inc.	Cheese Products	GreenSpace Brands Inc. (TSXV:JTR)	\$17	1.0x	-
Dec-17	Snyder's-Lance, Inc. (NasdaqGS:LNCE)	Snack Foods	Campbell Soup Company (NYSE:CPB)	\$6,136	2.7x	19.9x
Dec-17	Pendleton Whisky Brands	Distillers	Beckle, S.A.B. de C.V. (BMV:CUERVO *)	\$205	-	-
Nov-17	Richelieu Foods Inc.	Frozen Pizza and Sauces	Freiberger USA Inc.	\$435	1.3x	-
Nov-17	Tazo Tea Company	Teas and Herbs	Unilever United States, Inc.	\$384	3.4x	-
Nov-17	Betin, Inc	Goat Cheese	Saputo Inc. (TSX:SAP)	\$264	2.3x	-
Oct-17	Columbus Manufacturing, Inc.	Salamis and Deli Meats	Hormel Foods Corporation (NYSE:HRL)	\$850	2.8x	-
Oct-17	Inventure Foods, Inc.	Specialty Snacks	Utz Quality Foods, LLC	\$143	0.5x	-
Oct-17	Chicago Bar Company LLC	Protein Bars	Kellogg Company (NYSE:K)	\$600	-	-
Oct-17	Angie's Artisan Treats, LLC	Snack Foods	Conagra Brands, Inc. (NYSE:CAG)	\$250	-	-
Oct-17	Omega Protein Corporation	Nutritional Foods	Cooke Inc.	\$509	1.4x	8.1x
Sep-17	Sweet Earth Natural Foods	Plant-based Food Products	Nestle USA	-	-	-
Sep-17	Sager Creek Vegetable Company, Inc.	Canned Vegetables	McCall Farms, Inc.	\$55	-	-
Sep-17	Bob Evans Farms, Inc.	Frozen Foods	Post Holdings, Inc. (NYSE:POST)	\$1,757	3.8x	16.5x
Sep-17	Rader Farms Inc. and Willamette Valley Fruit LLC	Berries	Oregon Potato Co.	\$50	-	-
Aug-17	Fells Point Wholesale Meats, Inc.	Meat Products	The Chefs' Warehouse, Inc. (NasdaqGS:CHEF)	\$45	-	-
Aug-17	Boyd Coffee Company, Inc.	Coffees and Teas	Farmer Bros. Co. (NasdaqGS:FARM)	\$59	0.6x	-
Aug-17	Back to Nature Foods Company, LLC	Snack Foods	B&G Foods, Inc. (NYSE:BGS)	\$163	-	-
Aug-17	Capitol Wholesale Meats, Inc.	Meat Products	Hormel Foods Corporation (NYSE:HRL)	\$425	-	-
Aug-17	Preferred Brands International Inc.	Ready-to-eat Asian Entrees	Effem Holdings Ltd.	\$173	-	-
Jul-17	Daiya Foods Inc.	Plant-based food and Bev	Otsuka Pharmaceutical Co., Ltd.	\$323	4.5x	NA
Jul-17	Creekstone Farms Premium Beef, LLC	Premium Beef	Marubeni Corporation (TSE:8002)	\$170	0.3x	NA
Jul-17	East Balt, Inc.	Breads	Grupo Bimbo, S.A.B. de C.V. (BMV:BIMBO A)	\$650	1.6x	9.3x
Jul-17	French's Food companies and Tigers Milk LLC	Packaged Food	McCormick & Company, Incorporated (NYSE:MKC)	\$4,200	7.5x	NA
Jul-17	Alberville Quality Foods, Inc.	Protein	OK Foods, Inc.	\$140	0.5x	NA
Jul-17	H&N Distribution, Inc.	Food and Ingredients	United 1 International Laboratories LLC	\$19	NA	NA
Jul-17	L.B. Maple Treat Corporation	Maple Syrup	Lantic Inc.	\$124	1.0x	8.7x
Jul-17	Pacific Foods of Oregon, Inc.	Natural and Organic Foods	Campbell Investment Company	\$700	3.2x	-
Jul-17	Stonyfield Farm, Inc.	Organic Yogurt	Groupe Lactalis S.A.	\$875	2.8x	-

1) Source: Pitchbook

Median	\$264	2.7x	16.5x
Average	\$1,516	2.6x	15.5x



Select Public Food and Beverage Companies

Company	Gross Margin	1 Yr		Market Cap	Net Debt	Enterprise Value			EV / Revenue	EV / EBITDA
		Revenue Growth				Value	Revenue	EBITDA		
B&G Foods, Inc. (NYSE:BGS)	29%	22%	\$1,842	\$1,830	\$3,672	\$1,608	\$293	2.3x	12.5x	
Campbell Soup Company (NYSE:CPB)	38%	(1%)	\$12,941	\$3,298	\$16,247	\$7,849	\$1,678	2.1x	9.7x	
Conagra Brands, Inc. (NYSE:CAG)	30%	(5%)	\$14,476	\$3,444	\$18,008	\$7,821	\$1,277	2.3x	14.1x	
Dean Foods Company (NYSE:DF)	24%	2%	\$790	\$922	\$1,713	\$7,878	\$300	0.2x	5.7x	
Dr Pepper Snapple Group, Inc. (NYSE:DPS)	60%	4%	\$20,895	\$4,418	\$25,313	\$6,690	\$1,563	3.8x	16.2x	
Flowers Foods, Inc. (NYSE:FLO)	49%	(0%)	\$4,368	\$833	\$5,201	\$3,921	\$310	1.3x	16.8x	
General Mills, Inc. (NYSE:GIS)	35%	(2%)	\$28,765	\$8,765	\$38,682	\$15,568	\$3,399	2.5x	11.4x	
Hormel Foods Corporation (NYSE:HRL)	22%	(4%)	\$17,190	(\$194)	\$17,000	\$9,168	\$1,411	1.9x	12.0x	
Kellogg Company (NYSE:K)	39%	(1%)	\$22,889	\$8,334	\$31,239	\$12,923	\$2,411	2.4x	13.0x	
Pepsico, Inc. (NYSE:PEP)	55%	1%	\$157,525	\$17,985	\$175,510	\$63,591	\$12,718	2.8x	13.8x	
Pinnacle Foods Inc. (NYSE:PF)	28%	4%	\$6,422	\$2,841	\$9,264	\$3,119	\$557	3.0x	16.6x	
Post Holdings, Inc. (NYSE:POST)	30%	8%	\$5,207	\$5,590	\$10,807	\$5,409	\$635	2.0x	17.0x	
Seneca Foods Corporation (NasdaqGS:SENE.A)	7%	2%	\$289	\$446	\$736	\$1,315	\$46	0.6x	15.9x	
The Coca-Cola Company (NYSE:KO)	62%	(12%)	\$184,372	\$21,743	\$206,148	\$37,307	\$7,924	5.5x	26.0x	
The Hain Celestial Group, Inc. (NasdaqGS:HAIN)	20%	1%	\$3,614	\$628	\$4,242	\$2,915	\$195	1.5x	21.8x	
The Hershey Company (NYSE:HSY)	46%	1%	\$20,682	\$2,540	\$23,239	\$7,515	\$1,471	3.1x	15.8x	
J&J Snack Foods Corp (NASDAQ: JJSF)	30%	13%	\$2,509	(\$129)	\$2,380	\$1,124	\$124	2.1x	19.2x	
The J. M. Smucker Company (NYSE:SJM)	38%	(2%)	\$14,348	\$5,077	\$19,425	\$7,335	\$1,421	2.6x	13.7x	
The Kraft Heinz Company (NasdaqGS:KHC)	37%	(1%)	\$81,721	\$29,907	\$111,841	\$26,232	\$7,800	4.3x	14.3x	
Treehouse Foods, Inc. (NYSE:THS)	17%	2%	\$2,147	\$2,399	\$4,546	\$6,307	(\$115)	0.7x	NM	
Tyson Foods, Inc. (NYSE:TSN)	13%	6%	\$27,336	\$9,393	\$36,748	\$39,307	\$3,673	0.9x	10.0x	

Average	34%	2%	\$30,016	\$6,194	\$36,284	\$13,091	\$2,338	2.3x	14.8x
Median	30%	1%	\$14,348	\$3,298	\$17,000	\$7,515	\$1,411	2.3x	14.2x

Valuation Multiples²



1) Source: Pitchbook

2) Multiples represent company set presented above

■ EV/EBITDA — EV/Revenue



Exceptional Results Delivered



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