

Food & Snack Industry Update

Industry Valuation Multiples At Record Highs; M&A Activity Strong

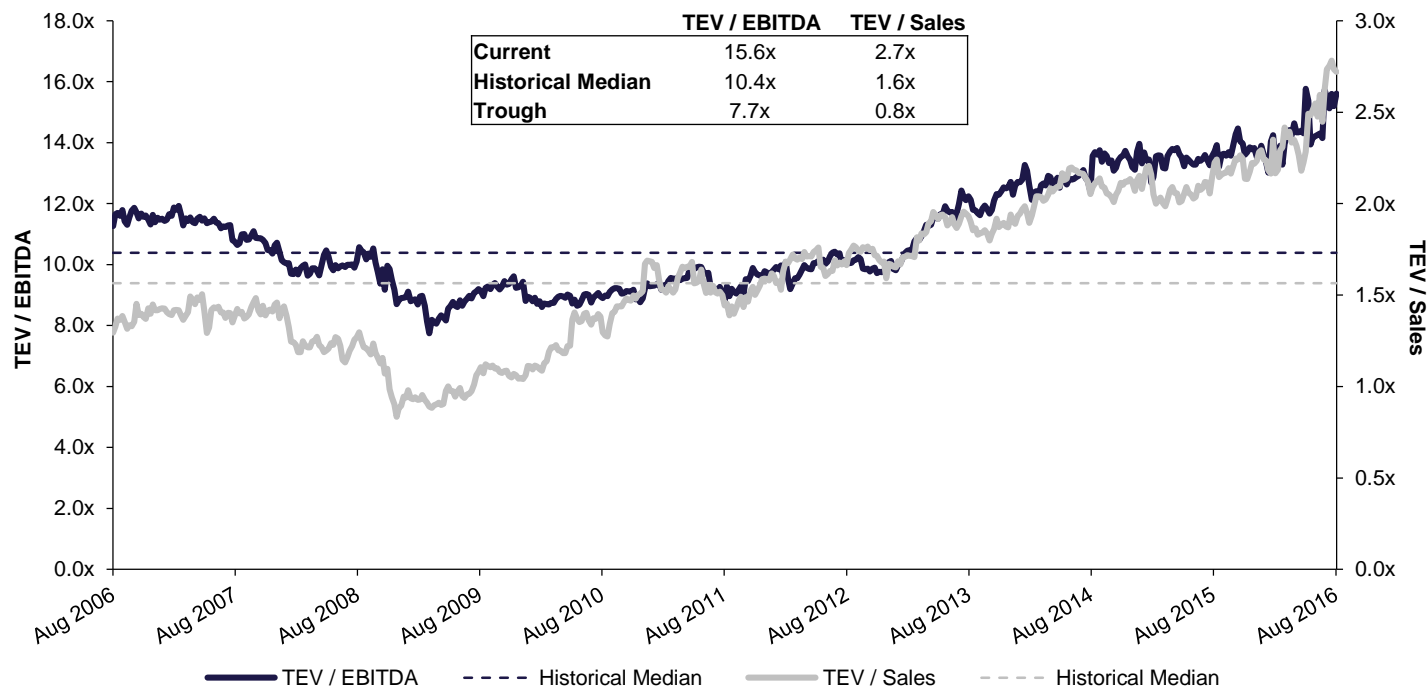
Key Takeaways

- Branded food & snack company valuation multiples are at record highs, more than 2.0x last cycle trough
- Companies effectively penetrating niche markets are ripe for acquisition as strategic acquirers will attempt to gain market share in new segments of the food & beverage industry
- Healthy / “better-for-you” food & snack companies are trading at elevated TEV / EBITDA multiples compared to broader food & snack companies
- Valuation multiples are at peak levels, representing an opportunistic market for company owners in the industry seeking near-term monetization and other strategic options; deep in the cycle for sellers

Industry Highlights

- Evolving consumer tastes will play an increasingly important role in the industry going forward
- Companies offering healthy, organic or natural products are well positioned to capture macroeconomic trends and boost growth
- According to the Nutrition Business Journal, the natural and organic market is expected to grow at a CAGR of 11.7% from 2010 - 2020 – nearly five times greater than conventional foods
- Increasing demand for healthy / natural foods, particularly from millennials, presents both a challenge and an opportunity for conventional food companies

Food & Snack Valuation Cycle



Note: Composite composed of both “Healthy Food & Snacks” companies and “Conventional Food & Snacks” companies as listed on page 2.

Sources: Bridgepoint Merchant Banking, Capital IQ, PitchBook

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Healthy Food & Snacks

(\$ in millions, except per share data)

Company Name	Country	8/8/2016 Share Price	Equity Value	Enterprise Value	P / E	TEV / Revenue			TEV / EBITDA			TEV / EBIT
					2017E	LTM	2017E	2018E	LTM	2017E	2018E	2017E
Amplify Snack Brands, Inc.	United States	\$14.26	\$1,066.6	\$1,269.0	23.2x	6.1x	5.0x	3.8x	16.8x	14.0x	10.9x	14.1x
Inventure Foods, Inc.	United States	9.36	184.1	290.8	149.8x	1.0x	1.0x	0.9x	31.4x	17.4x	11.1x	28.9x
SunOpta Inc.	Canada	5.76	492.9	1,007.6	24.3x	0.8x	0.7x	0.7x	18.0x	9.9x	8.2x	17.6x
The Hain Celestial Group, Inc.	United States	52.19	5,399.0	6,191.0	25.8x	2.1x	2.1x	2.0x	16.7x	15.6x	14.3x	18.5x
The WhiteWave Foods Company	United States	55.56	9,845.0	11,957.2	39.7x	3.0x	2.8x	2.6x	25.4x	20.3x	18.1x	26.6x
Healthy Food & Snacks												
High					149.8x	6.1x	5.0x	3.8x	31.4x	20.3x	18.1x	28.9x
Mean					52.6x	2.6x	2.3x	2.0x	21.7x	15.4x	12.5x	21.1x
Median					25.8x	2.1x	2.1x	2.0x	18.0x	15.6x	11.1x	18.5x
Low					23.2x	0.8x	0.7x	0.7x	16.7x	9.9x	8.2x	14.1x

Conventional Food & Snacks

(\$ in millions, except per share data)

Company Name	Country	8/8/2016 Share Price	Equity Value	Enterprise Value	P / E	TEV / Revenue			TEV / EBITDA			TEV / EBIT
					2017E	LTM	2017E	2018E	LTM	2017E	2018E	2017E
Associated British Foods plc	United Kingdom	\$37.87	\$29,847.3	\$30,648.2	28.0x	1.9x	1.8x	1.6x	15.6x	15.4x	13.9x	21.3x
B&G Foods Inc.	United States	51.09	3,201.1	4,640.7	23.2x	3.8x	3.3x	3.2x	16.1x	14.3x	13.7x	16.2x
Campbell Soup Company	United States	61.35	18,935.5	22,266.5	20.6x	2.8x	2.8x	2.8x	14.0x	12.6x	12.2x	15.2x
ConAgra Foods, Inc.	United States	46.65	20,466.3	25,241.0	19.4x	2.2x	2.2x	2.2x	14.7x	12.5x	11.8x	15.2x
General Mills, Inc.	United States	70.63	42,167.6	51,057.3	22.7x	3.1x	3.2x	3.1x	14.7x	14.3x	13.4x	17.3x
Golden Enterprises Inc.	United States	11.90	134.4	138.8	-	1.0x	-	-	15.9x	-	-	-
Hormel Foods Corporation	United States	36.48	19,329.3	19,202.6	22.9x	2.1x	2.0x	2.0x	14.0x	13.3x	13.0x	14.7x
J&J Snack Foods Corp.	United States	120.24	2,243.4	2,131.1	28.8x	2.2x	2.1x	2.1x	13.8x	13.7x	13.0x	18.2x
John B Sanfilippo & Son Inc.	United States	47.03	527.0	615.9	17.5x	0.7x	0.7x	0.7x	9.1x	-	-	11.9x
Kellogg Company	United States	82.92	29,043.5	36,723.5	22.8x	2.8x	2.8x	2.8x	17.8x	14.6x	13.8x	18.4x
McCormick & Company, Incorporated	United States	100.72	12,752.8	14,204.2	26.8x	3.3x	3.2x	3.1x	18.7x	18.4x	17.0x	21.5x
Nestlé S.A.	Switzerland	78.77	236,971.7	255,073.6	23.0x	2.8x	2.8x	2.7x	14.0x	14.6x	13.8x	18.1x
Pepsico, Inc.	United States	108.14	155,630.5	177,853.5	22.8x	2.9x	2.8x	2.8x	14.7x	14.1x	13.3x	17.3x
Post Holdings, Inc.	United States	82.44	5,329.7	9,107.6	33.6x	1.8x	1.8x	1.8x	10.7x	9.9x	9.7x	15.0x
Snyder's-Lance, Inc.	United States	34.28	3,285.2	4,671.2	27.2x	2.7x	2.0x	1.8x	22.8x	14.7x	12.1x	21.7x
The Hershey Company	United States	110.69	23,597.9	26,462.8	26.0x	3.6x	3.6x	3.5x	15.2x	15.1x	14.6x	17.7x
The J. M. Smucker Company	United States	154.47	17,984.9	23,305.1	22.0x	3.0x	3.0x	2.9x	13.8x	13.4x	12.7x	17.2x
Trehouse Foods, Inc.	United States	98.67	5,596.3	8,444.5	32.1x	1.9x	1.3x	1.3x	18.1x	12.7x	10.9x	22.3x
Conventional Food & Snacks												
High					33.6x	3.8x	3.6x	3.5x	22.8x	18.4x	17.0x	22.3x
Mean					24.7x	2.5x	2.4x	2.4x	15.2x	14.0x	13.0x	17.6x
Median					23.0x	2.8x	2.8x	2.7x	14.7x	14.2x	13.2x	17.3x
Low					17.5x	0.7x	0.7x	0.7x	9.1x	9.9x	9.7x	11.9x

Selected Industry Transactions

(\$ in millions)

Date Announced	Target	Country	Acquiror	Country	TEV (\$mm)	TEV / LTM		
						Sales	EBITDA	EBIT
08/08/2016	Tyrrells Potato Crisps Ltd.	United Kingdom	Amplify Snack Brands, Inc. (NYSE:BETR)	United States	\$392.0	3.5x	16.0x	-
07/19/2016	Golden Enterprises Inc. (NasdaqGM:GLDC)	United States	UTZ Quality Foods, Inc.	United States	142.4	1.0x	16.3x	29.2x
07/07/2016	The WhiteWave Foods Company (NYSE:WWAV)	United States	Danone (ENXTPA:BN)	France	12,475.3	3.0x	24.9x	33.8x
11/24/2015	Boulder Brands, Inc.	United States	Pinnacle Foods Inc. (NYSE:PF)	United States	967.5	1.9x	22.1x	40.5x
11/16/2015	thinkThin LLC	United States	Glanbia plc (ISE:GL9)	Ireland	217.0	2.6x	-	-
11/02/2015	Ralcorp Holdings Inc.	United States	Trehouse Foods, Inc. (NYSE:THS)	United States	2,700.0	0.8x	-	-
10/28/2015	Diamond Foods, Inc.	United States	Snyder's-Lance, Inc. (NasdaqGS:LNCE)	United States	1,925.1	2.2x	17.9x	24.4x
08/07/2015	Wallaby Yogurt Company, Inc.	United States	The WhiteWave Foods Company (NYSE:WWAV)	United States	122.3	2.7x	-	-

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Contact Us

Matt Plooster
Managing Principal
 402.817.7900
 mplooster@bridgepointmb.com

Adam Claypool
Managing Principal
 515.325.7615
 aclaypool@bridgepointmb.com

Wm. Lee Merritt
Managing Principal
 402.817.7900
 wmerritt@bridgepointmb.com

Office Locations
 Lincoln, NE
 Omaha, NE
 Des Moines, IA
 Denver, CO