



Food and beverage M&A update:
Q4 2015



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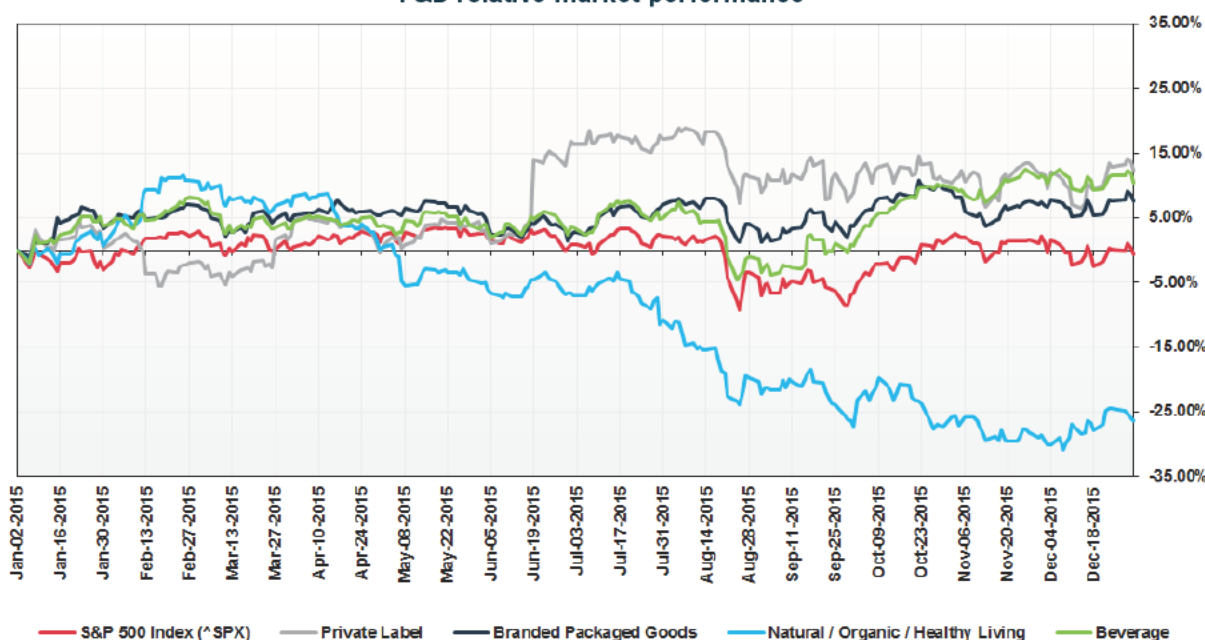
Major US indexes

Q4-2015 experienced positive financial results for the broader US equity market, as the S&P, DJIA, and NASDAQ closed up 6.5%, 7.0%, and 8.4%, respectively for the quarter. Market sentiment for the fourth quarter was driven by positive momentum in the US labor markets as unemployment claims data trended downward for the period. Additionally, the U.S. Federal Reserve Bank had indicated that their data suggested that market conditions had improved to a point where they would reduce their landmark monetary easing policies. Obviously, January 2016 was a different story.

F&B relative performance

As of December 31, 2015, the "Private Label" segment, the "Branded Packaged Goods" segment, and the "Beverage" segment of the Food and Beverage ("F&B") industry exhibited stock gains for the year, exceeding the returns that were realized by the S&P 500 Index for the observed period. The "Natural / Organic / Healthy Living" segment exhibited declines during the period, being driven by the collective under performance by all but one of the segment's constituents, as detailed in Table 2.

Table 1
F&B relative market performance



Source: Capital IQ and Baker Tilly Capital research, Dec. 2015.
Indices are market capitalization weighted.

Table 2
"Natural / Organic / Healthy Living" constituents

Company Name	2015 Calendar Year Change	High	Low	Enterprise Value (EV)	Last 12-Months (LTM)		Revenue Growth		LTM Margin		EV/ LTM	
					Revenue	EBITDA	1-Year	3-Year ¹	Gross	EBITDA	Revenue	EBITDA
The Hain Celestial Group, Inc.	-29.3%	\$ 70.65	\$ 38.12	\$ 4,899	\$ 2,801	\$ 361	2.0%	4.3%	23.3%	12.9%	1.7x	13.6x
SunOpta Inc.	-12.5%	\$ 10.85	\$ 4.31	640	1,201	51	(0.2%)	(1.7%)	10.4%	4.2%	0.5x	12.5x
Natural Grocers by Vitamin Cottage, Inc	-27.7%	\$ 35.00	\$ 19.50	483	647	51	3.5%	6.2%	29.1%	7.9%	0.7x	9.4x
Lifeway Foods Inc.	-40.2%	\$ 22.38	\$ 9.88	181	119	6	(0.4%)	0.1%	28.2%	5.4%	1.5x	28.1x
United Natural Foods, Inc.	-48.8%	\$ 83.91	\$ 36.11	2,468	8,269	306	1.0%	4.6%	15.2%	3.7%	0.3x	8.1x
Whole Foods Market, Inc.	-37.0%	\$ 57.57	\$ 28.73	11,105	15,389	1,397	1.2%	2.6%	35.2%	9.1%	0.7x	7.9x
REEDS, Inc.	-8.4%	\$ 7.00	\$ 4.25	81	45	(2)	(3.5%)	1.3%	24.6%	-5.3%	1.8x	NM
The Fresh Market, Inc.	-44.9%	\$ 42.09	\$ 18.70	1,096	1,818	193	0.8%	1.8%	34.0%	10.6%	0.6x	5.7x
Fairway Group Holdings Corp.	-78.7%	\$ 7.81	\$ 0.59	257	779	15	(1.8%)	(1.2%)	31.5%	2.0%	0.3x	16.6x
Sprouts Farmers Market, Inc.	-20.6%	\$ 38.45	\$ 16.41	4,243	3,397	282	4.2%	7.0%	29.3%	8.3%	1.2x	15.1x
The WhiteWave Foods Company	12.4%	\$ 52.53	\$ 32.37	9,060	3,750	437	4.1%	4.5%	34.3%	11.6%	2.4x	20.7x
High							4.2%	7.0%	35.2%	12.9%	2.4x	28.1x
Average							1.0%	2.7%	26.8%	6.4%	1.1x	13.8x
Median							1.0%	2.6%	29.1%	7.9%	0.7x	13.1x
Low							(3.5%)	(1.7%)	10.4%	(5.3%)	0.3x	5.7x

Source: Capital IQ
LTM as of 12/31/2015
NM = Not Meaningful

1) Three year revenue growth calculated using a compounded annual rate.

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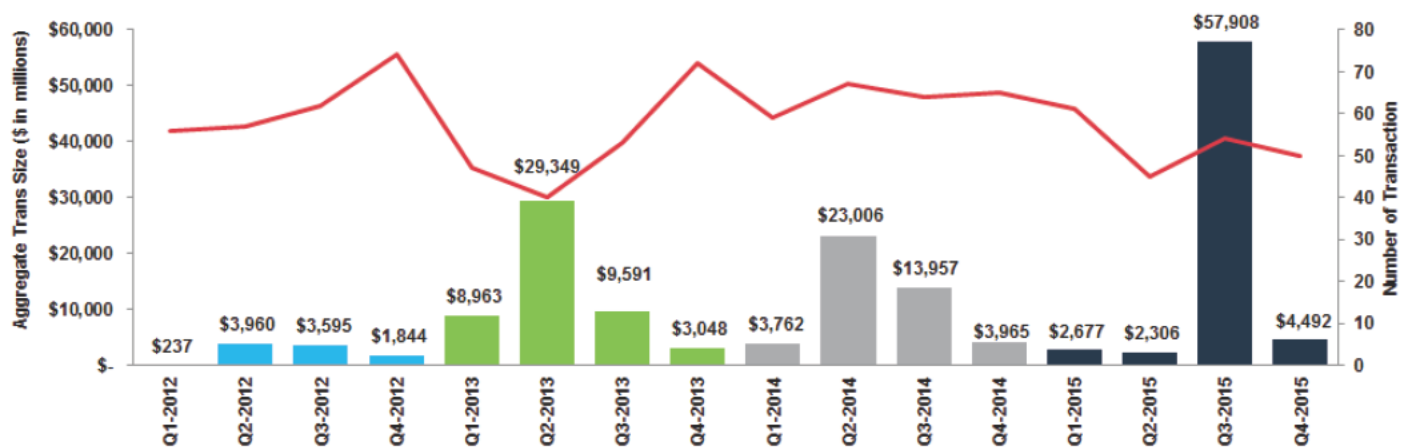


M&A Activity

There were 50 reported F&B M&A transactions that closed during Q4-2015. Activity decreased from 54 transactions that closed during Q3-2015. The Q4-2015 reported transactions were down from 65 reported deals for the same period in 2014.

The aggregate deal value of the M&A transactions with reported values was \$4.49 billion during Q4-2015. This is a decrease from the total deal value of \$57.91 billion in Q3-2015 which was largely driven by \$55.0 billion merger between H.J. Heinz and Kraft Foods Group. Additionally, it should be noted that quarters with peak values were driven by large individual transactions that took place during each respective period.

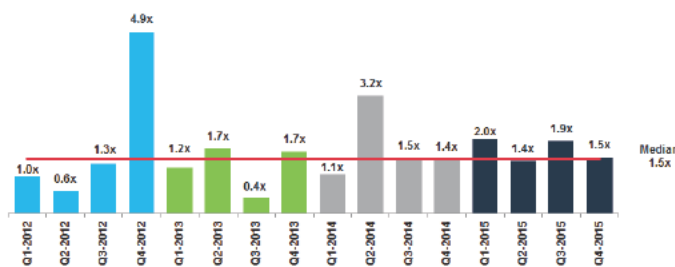
Table 3
Quarterly US F&B M&A activity for transactions closed



Source: Capital IQ and Baker Tilly Capital research, Dec. 2015.

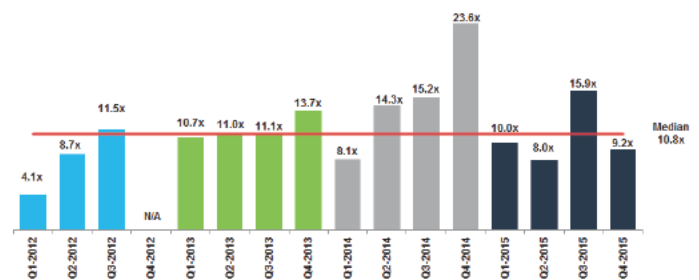
As detailed in Table 4 and Table 5 the Q4-2015 reported median revenue multiple was equal to the historic median revenue multiple, while the median EBITDA multiple was lower than the historic median revenue multiple.

Table 4
Quarterly F&B M&A TEV / revenue multiples



Source: Capital IQ and Baker Tilly Capital, Dec. 2015.

Table 5
Quarterly F&B M&A TEV / EBITDA multiples



S&P Capital IQ screening criteria is as follows:

- 1) Industry Classifications (Target/Issuer): Beverages (Primary) OR Food Products (Primary)
- 2) All Transactions Closed Date: [10/1/2015-12/31/2015]
- 3) Geographic Locations (Target/Issuer): United States of America (Primary)
- 4) Transaction Types: Merger/Acquisition
- 5) Percent Sought (%): is greater than 50

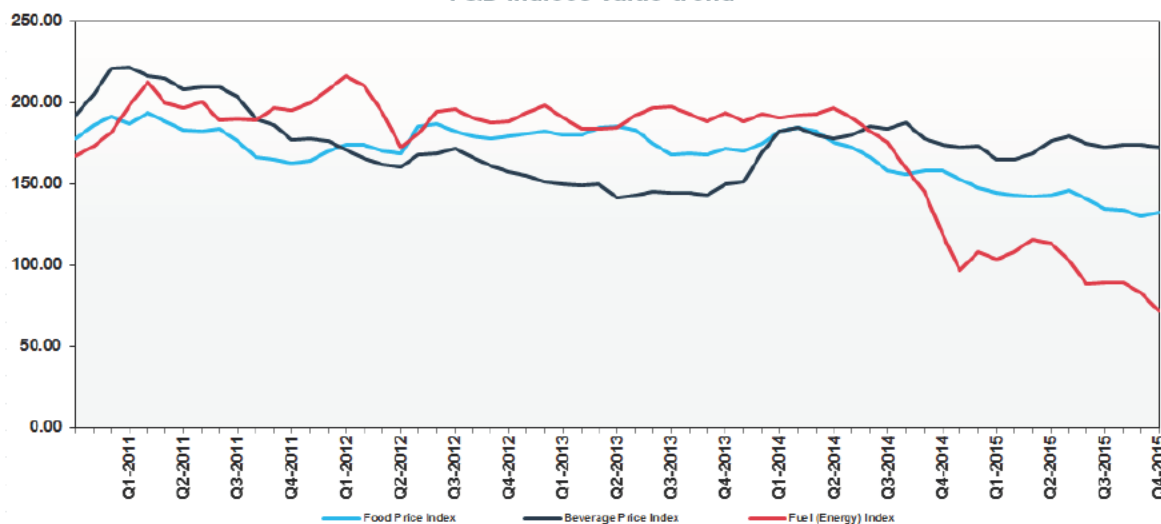
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Commodity prices

Commodity pricing fluctuations are the result of supply and demand. Supply factors include subsidies, trade barriers, and weather, while demand is impacted by population growth, economic expansion, improved living standards, speculators, and the strength/weakness of the U.S. dollar. As shown in Table 6, food and beverage commodity indices have exhibited a steady downward trend in prices of each respective basket of goods, beginning approximately between Q2-2014 and Q3-2014. Table 7 provides the monthly price volatility of the underlying data that was used in indices in Table 6, demonstrating that each respective commodity index is impacted by a measured degree of volatility.

Table 6
F&B indices value trend



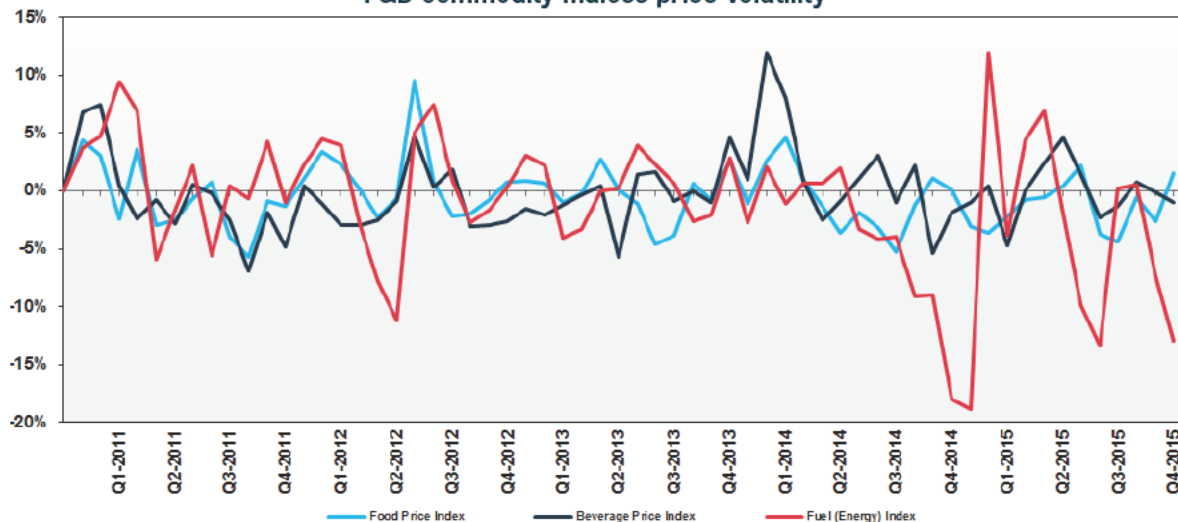
Source: International Monetary Fund

Commodity Food Price Index includes cereal, vegetable oils, meat, seafood, bananas, and orange prices

Commodity Beverage Price Index includes coffee, tea, and cocoa prices

Commodity Fuel (Energy) Price Index includes crude oil, natural gas, and coal price

Table 7
F&B commodity indices price volatility



Source: International Monetary Fund

Commodity Food Price Index includes cereal, vegetable oils, meat, seafood, bananas, and orange prices

Commodity Beverage Price Index includes coffee, tea, and cocoa prices

Commodity Fuel (Energy) Price Index includes crude oil, natural gas, and coal price

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Table 8
Notable Q-4 2015 Announced Food and Beverage Deals

Announced Date	Buyers/Investors	Target	Value (\$MM)	Buyer Type
12/23/2015	Viva Trade Investments Limited	Noble Agri Limited	950.0	Strategic
12/16/2015	GreenSpace Brands Inc.	Central Roast Inc.	7.7	Strategic
12/08/2015	Cott Corporation	AquaTerra Corporation	45.6	Strategic
12/07/2015	Acorn Holdings	Keurig Green Mountain, Inc.	14,253.3	Strategic
11/26/2015	Reddy Ice Holdings, Inc.	Schur International	41.0	Strategic
11/24/2015	Pinnacle Foods Inc.	Boulder Brands, Inc.	991.4	Strategic
11/20/2015	Harris Spice Company Inc.	Farmer Brothers Co., Spice Products	11.0	Strategic
11/19/2015	Satori Capital	Suntree	20.0	Financial
11/18/2015	Dairy Farmers of America, Inc.	DairiConcepts	126.1	Strategic
11/16/2015	Glanbia	thinkThin	217.0	Strategic
11/16/2015	Constellation Brands Inc.	Home Brew Mart, Inc.	1,021.3	Strategic
11/12/2015	Massimo Zanetti Beverage USA, Inc.	Club Coffee	18.8	Strategic
11/11/2015	Molson Coors Brewing Company	MillerCoors	12,000.0	Strategic
11/10/2015	Labatt Brewing Company	Mark Anthony Group, Inc.	350.0	Strategic
11/02/2015	Treehouse Foods, Inc.	Ralcorp Holdings Inc.	2,700.0	Strategic
11/02/2015	Seneca Foods Corp.	Gray & Company, Inc.	36.5	Strategic
10/28/2015	Snyder's-Lance, Inc.	Diamond Foods, Inc.	1,937.8	Strategic
10/05/2015	Saputo Inc.	Woolwich Dairy Inc.	61.1	Strategic

Source: Capital IQ and Baker Tilly Capital, Dec. 2015.

Noteworthy F&B industry development

Update to the Q3-2015 development pertaining to Anheuser-Busch InBev NV ("AB InBev") proposal to acquire SABMiller Plc ("SABMiller"): On November 11, 2015 AB InBev made a formal offer to acquire SABMiller for \$107 billion. This deal would combine the world's two largest breweries into one entity controlling approximately half of the industry's profits. In an effort to gain regulatory approval, Molson Coors Brewing Co. will acquire SABMiller's 58 percent stake in MillerCoors for \$12 billion, giving it full control over brands like Coors Light and Blue Moon. AB InBev will finance part of the transaction from existing resources and third-party debt, for which it had lined up banks to raise \$75 billion in debt financing.

Source: Bloomberg.com and Baker Tilly Capital research, Dec. 2015.

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- > Baker Tilly Capital, LLC is a boutique investment banking firm specializing in merger and acquisition (M&A), capital sourcing, project finance, and corporate finance advisory services.
- > The Baker Tilly Capital, LLC team is led by investment bankers and corporate finance specialists that have meaningful experience advising clients in evaluating strategic and financial alternatives, creating and executing sell-side and buy-side M&A strategies, and identifying cost-effective financing alternatives and sources.
- > Baker Tilly Capital, LLC leverages more than fifty specialized professionals to provide strategic guidance and pragmatic insight to help clients achieve their strategic and financial objectives throughout the business life cycle.
- > Backed by Baker Tilly Virchow Krause, LLP, a national accounting and advisory firm with significant industry expertise, Baker Tilly Capital, LLC offers value added insights before, during, and after the transaction.

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