

Q4: Quarterly Industry Update

AS OF December 31, 2019

cogent valuation
FINANCIAL OPINIONS

Food Distribution

INDUSTRY SUMMARY

COGENT VALUATION identified **Food Distributors** publicly traded companies, IPOs, and recent M&A transactions within the Food Distributors industry, which provides a basis for market and transaction pricing that can be used by your firm in estimating market sentiment and its impact on your firm's value. Over the last year since December 31, 2018, the median 52-week share price return of the Food Distributors industry was -31.0%. Between December 31, 2017 and December 31, 2019, the median EV/EBITDA multiple decreased from 13.6 to 11.4. Furthermore, the median price-to-earnings multiple decreased from 16.8 to 11.6 over the same period.

Public Company Key Statistics

Median 52-Week
Return

-31%

Median 3-Year CAGR
Return

-9%

Median EV/Revenue
Multiple

1.2x

Median EV/EBITDA
Multiple

11.4x

Median Price/Earnings
Multiple

11.6x

Median EV/Gross CF
Multiple

17.2x

Comparable Public Company Market Price Returns as of December 31, 2019

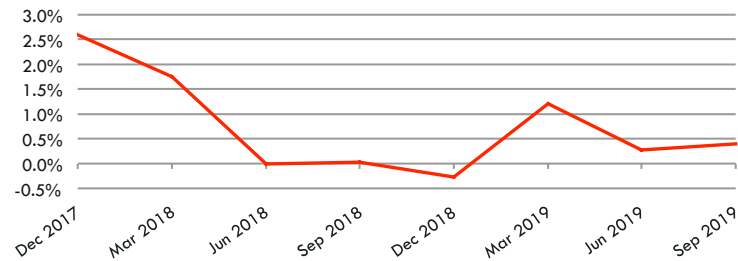
	2019	3 Month	1 Year	2 Year	3 Year	2018	2017	2016
B&G Foods, Inc.	-32.6%	-32.6%	-41.1%	0.2%	5.0%	-19.7%	25.1%	17.1%
Dean Foods Company	-25.4%	-25.4%	-56.2%	-17.9%	-6.4%	-46.9%	27.0%	-11.5%
Flowers Foods, Inc.	13.2%	13.2%	12.6%	-5.2%	0.8%	-3.3%	-7.1%	12.0%
Hormel Foods Corporation	-5.7%	-5.7%	-0.9%	-4.1%	7.7%	4.5%	-12.0%	51.8%
Inventure Foods, Inc.	-2.8%	-2.8%	48.1%	42.5%	-28.7%	46.8%	38.4%	59.7%
Koninklijke Wessanen N.V.	-25.1%	-25.1%	-44.2%	-15.1%	45.8%	-30.5%	3.7%	-40.1%
Lifeway Foods, Inc.	-20.8%	-20.8%	9.4%	18.6%	-13.7%	63.6%	-14.0%	-32.6%
Pilgrim's Pride Corporation	-7.7%	-7.7%	2.7%	6.4%	-2.4%	8.3%	4.5%	-42.6%
The Hain Celestial Group, Inc.	-24.3%	-24.3%	-13.8%	11.9%	-7.0%	8.6%	-3.4%	-30.7%
United Natural Foods, Inc.	-12.8%	-12.8%	-0.7%	-7.4%	-12.2%	3.2%	21.2%	-49.1%
Median of Industry Public Companies	-16.8%	6.0%	-0.8%	-7.4%	-6.4%	3.9%	4.1%	-21.1%

Multiple year periods are calculated as the average annual return.

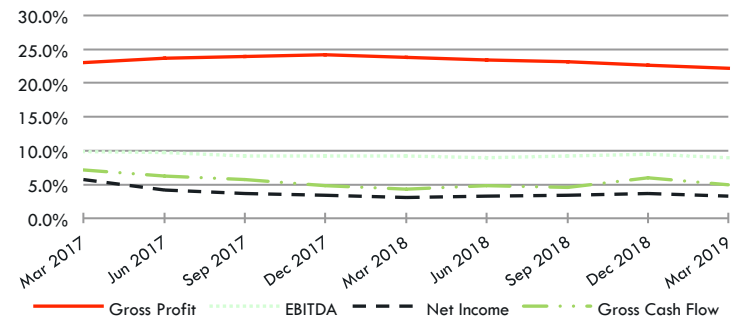
■ Highest Return
 ■ Lowest Return
 ■ Median Return

Industry Revenue Growth and Profit Margins for the Past Two Years

Median Quarterly Revenue Growth of All Food Distribution Companies



Median Gross Profit, EBITDA, Net Income, and Gross Cash Flow Margins



Public Company Median Multiples by Quarter

	12/31/19	9/30/19	6/30/19	3/31/19	12/31/18	9/30/18	6/30/18	3/31/18
EV/Revenues Multiple	1.2x	1.2x	1.2x	1.2x	1.2x	1.3x	1.4x	1.1x
EV/EBITDA Multiple	11.4x	12.2x	13.3x	11.8x	12.7x	12.7x	13.6x	13.6x
Price/Earnings Multiple	11.6x	21.0x	20.9x	22.2x	22.0x	24.4x	23.0x	16.8x
EV/Gross Cash Flows Multiple	17.2x	18.8x	18.5x	17.0x	17.6x	17.7x	18.3x	17.4x

■ Highest Multiple
 ■ Lowest Multiple
 ■ Median Multiple

Industry Initial Public Offerings—Food Distribution (dollars in millions, except share prices)

Offer Date	Company Name	Offer Price	Shares Offered	Amount Raised	Total Assets	Debt	LTM Revenues	LTM EBITDA	LTM Net Income	LTM Cash Flows
12/4/19	Wide Open Agriculture Limited	\$0.13	62.5	\$19.0	\$43.9	\$0.0	\$47.4	\$5.5	\$11.8	\$17.9
11/30/19	Everything Fresh Limited	\$0.30	1.7	\$21.6	N/A	N/A	\$65.4	\$0.0	N/A	N/A
9/13/19	B & S International Holdings Ltd.	\$12.79	280.0	\$8.3	\$7.2	\$0.0	\$0.0	\$8.2	(\$0.2)	\$2.1
6/27/19	Eagle Health Holdings Limited	\$0.03	18.6	\$390.6	\$1,149.4	\$1,279.3	\$24.2	\$2.1	\$105.0	\$260.5
6/2/19	BORATR CO., Ltd.	\$12.79	0.4	\$3.7	N/A	\$119.0	\$1,558.4	\$231.7	N/A	\$0.0
6/15/18	Asia Grocery Distribution Limited	\$0.03	44.4	\$1,022.2	\$9,023.6	\$5,030.0	N/A	N/A	\$173.7	\$1,147.6
6/15/18	Nousouken Corporation	\$9.92	14.5	\$275.5	\$3,404.7	\$1,506.3	\$23,167.0	\$883.0	\$62.1	\$367.0
5/25/16	US Foods Holding Corp.	\$23.00	29.0	\$580.0	\$4,400.0	\$2,612.8	\$15,501.3	\$290.7	\$534.5	\$447.5
6/29/17	Median of all IPOs	nm	nm	\$185.3	\$1,149.4	\$440.3	\$959	\$223.3	\$52.5	\$17.9

Size of Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions)

Transaction Date	Target	Acquirer	Transaction Size	% Bought	LTM Revenues	EV/ Revenues
11/26/19	Marketing and Distribution Rights of Various Brands of Starbucks Corporation	Nestlé S.A.	\$7,150.0	100%	\$2,231.4	2.7x
9/14/19	Best Choice Food and Beverage	M Line Holdings, Inc.	\$0.3	100%	\$418.2	4.2x
7/1/19	China Forest Food Limited	F8 Enterprises (Holdings) Group Limited	\$1.6	100%	N/A	N/A
6/8/19	Riverford Organic Vegetables Ltd.	N/A	\$8.5	100%	N/A	N/A
5/25/19	Siam Samut Warin Co., Ltd	The Foodsource Company Limited	\$1.3	100%	N/A	N/A
4/27/19	Sunland Volonte Agency Sdn. Bhd.	EA Holdings Berhad	\$21.3	100%	\$418.2	0.4x
4/23/19	Green Isle Foods Ltd.	Nomad Foods Limited	\$275.2	70%	N/A	N/A
3/26/19	Snyder's-Lance, Inc.	Campbell Soup Company	\$1.3	100%	N/A	N/A
1/12/19	Bob Evans Farms, Inc.	Performance Food Group	\$21.3	100%	N/A	2.2x
9/30/16	Super Group Ltd	Jacobs Douwe Egberts	\$275.2	70%	\$140.0	1.2x
2/1/16	Ralcorp Holdings Inc.	Treehouse Foods, Inc.	\$12,511.1	100%	\$357.6	0.8x
1/15/16	Boulder Brands, Inc.	Pinnacle Foods Inc.	\$1,006.5	100%	\$4,120.9	1.9x

■ USA ■ International

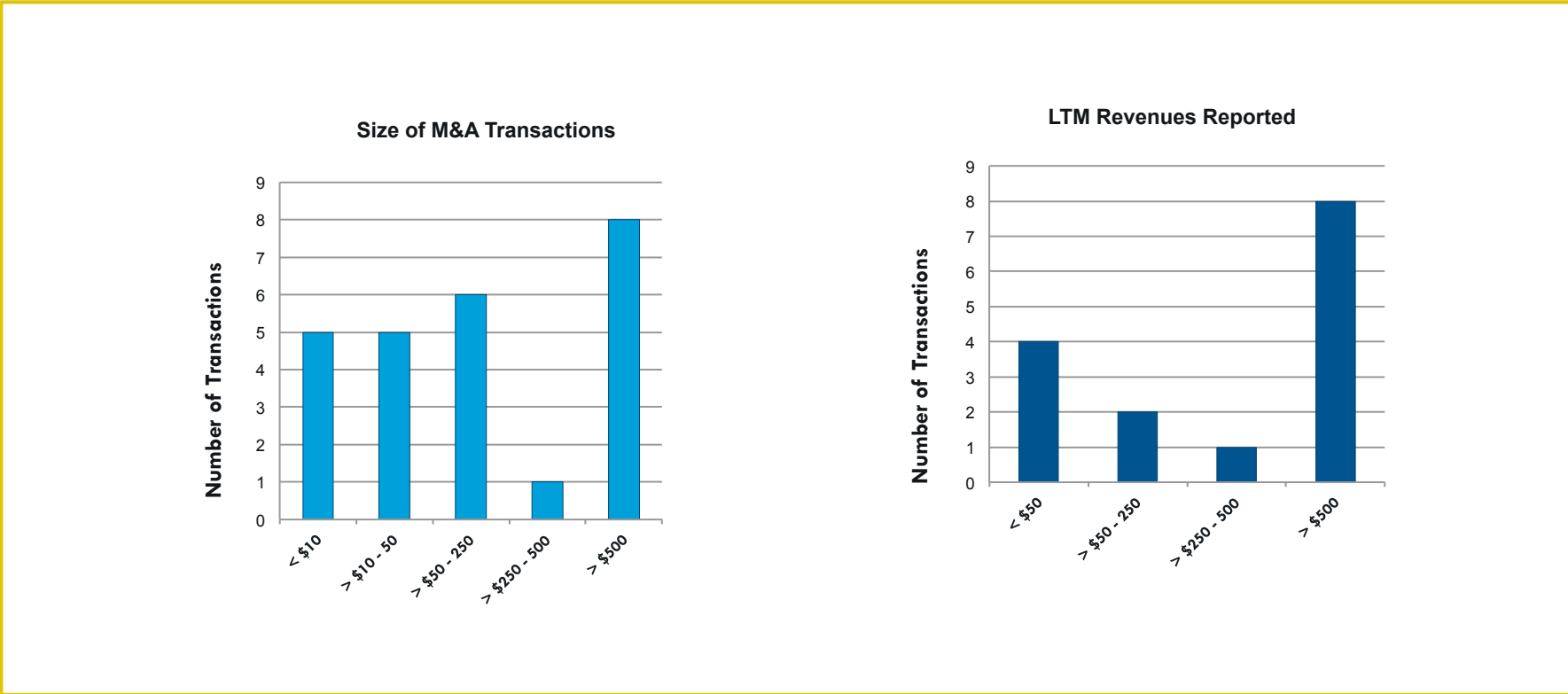
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Size of Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions)

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Transaction Date	Target	Acquirer	Transaction Size	% Bought	LTM Revenues	EV/ Revenues
5/13/16	FineFrance UK Limited	Vestey Group Limited	\$5.9	100%	N/A	N/A
3/31/16	Alpine Valley Bread	Flowers Bakeries, LLC	\$217.5	100%	N/A	N/A
2/29/16	Jacks International Limited	N/A	\$68.6	66%	\$10.8	1.5x
2/25/16	Goodman Fielder Ltd.	First Pacific Company	\$1,949.6	90%	\$2,076.7	0.8x
5/13/16	La Sirena Alimentación	OpCapita LLP	\$56.2	100%	N/A	0.8x
11/30/14	Associated Wholesalers	C&S Wholesale Grocers	\$256.6	100%	\$1,100.0	N/A
10/24/14	Abatewood Limited	Zeno Capital Ltd.	\$3.8	100%	\$10.3	0.2x
10/21/14	Annie's, Inc.	General Mills, Inc.	\$68.6	100%	\$208.1	0.4x
	Median of the 25 M&A Transaction Targets		\$1,788.8	100%	\$508.2	0.9x

Size of Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions)



Definitions of Financial Terms Used in this Quarterly Industry Update:

Enterprise Value (EV): Market Value of Equity + Market Value of Debt —Cash

Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA): Referred to as operating profit or operating earnings.

Gross Cash Flows: Net Income + Depreciation and Amortization Expense

Latest Twelve Months (LTM): Financial information is as of the latest twelve months through the date of this Quarterly Industry Update.

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