



LAKESHORE

F O O D A D V I S O R S



Weekly Update

Monday, September 9, 2019

Stocks Near Record Highs as Investors Prepare for the Worst

Stocks have ticked higher to start this month while signs of uncertain growth keep investors on their toes as they navigate what has historically been a turbulent period for markets. In the past, September has proven to be the index's worst month of the year, and money managers are fearful today of the similarities between current market and economic conditions and those of last fall.

The **Dow Jones Industrial Average** increased 1.5% on the week, finishing at 26,797.

The **S&P 500** increased 1.8% on the week, finishing at 2,979.

The **NASDAQ Composite** increased 1.8% on the week, finishing at 8,103.

Yield on the **10-year Treasury** increased five basis points during the week, ending at 1.55%.

Crude oil increased 2.6% on the week, ending at \$56.52 per barrel.

Corn decreased 3.9% on the week, ending at \$3.56 per bushel.

NASDAQ Highs: Costco Wholesale Corp., John B. Sanfilippo & Son, Inc., Mondelez International Inc., PepsiCo, Inc., Pilgrim's Pride Corp., Sanderson Farms, Inc. **Lows:** Andersons, Inc., Craft Brew Alliance, Inc., National Beverage Corp.

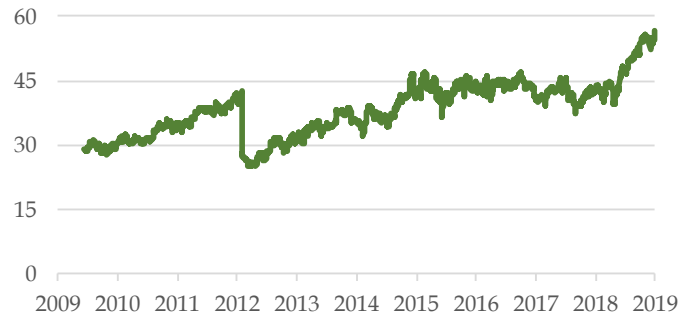
NYSE Highs: Brown-Forman Corp., Darden Restaurants, Inc., The Hershey Company, Shake Shack Inc., US Foods Holding Corp., Walmart Inc., Zoetis Inc. **Lows:** B&G Foods, Inc., Ingredion Incorporated, The Mosaic Company

Featured Stocks of the Week:

Sanderson Farms (NASDAQ: SAFM) 10-Year History



Mondelez International (NASDAQ: MDLZ) 10-Year History



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The Lakeshore Food Chain

Company Name	Price 9/6/19	Price Compared to 8/30/19	52-Week Range		Price as Compared to YE:		Forward P/E	Enterprise Value to LTM:		Total Debt to LTM EBITDA		
			High	Low	2018	2017		Revenue	EBITDA			
											Sector Average:	
Dow Jones Industrial Average	26,797	1.5%	27,359	21,792	14.9%	8.4%	17.0x					
S&P 500	2,979	1.8%	3,026	2,351	18.8%	11.4%	17.3					
NASDAQ Composite Index	8,103	1.8%	8,330	6,193	22.1%	17.4%						
		Sector Average:		18.6%		12.4%						
AGRICULTURAL LAND HOLDINGS												
Farmland Partners Inc.	\$6.43	6.6%	\$7.85	\$4.45	41.6%	(25.9%)	NM	17.51x	26.4x	14.0x		
Gladstone Land Corporation	11.71	1.7%	13.85	11.12	2.0%	(12.8%)	NM	18.41	24.3	15.5		
Limoneira Company	19.36	6.6%	33.42	17.05	(1.0%)	(13.6%)	NM	3.25	44.0	12.7		
		Sector Average:		14.2%		(17.4%)		NM		13.06x	31.6x	14.1x
INPUTS												
American Vanguard Corporation	\$15.41	8.8%	\$21.19	\$12.69	1.4%	(21.6%)	18.9x	1.40x	10.7x	3.0x		
CF Industries Holdings, Inc.	48.64	0.9%	56.51	38.90	11.8%	14.3%	18.2	3.74	9.6	2.8		
Corteva, Inc.	28.39	(3.2%)	32.78	24.35	NA	NA	20.7	4.37	66.6	8.2		
FMC Corporation	87.40	1.2%	92.76	69.36	18.2%	(7.7%)	13.8	3.05	11.2	2.6		
Intrepid Potash, Inc.	3.19	7.4%	4.41	2.51	22.7%	(33.0%)	14.8	2.80	7.8	1.2		
The Mosaic Company	19.54	6.3%	37.37	17.36	(33.1%)	(23.9%)	12.7	1.29	6.1	2.4		
* Nutrien Ltd.	68.12	1.6%	76.17	59.97	6.2%	NA	16.1	2.11	9.8	2.8		
S&W Seed Company	2.56	(3.4%)	3.20	1.81	41.4%	(34.4%)	NM	2.00	NM	NM		
The Scotts Miracle-Gro Company	108.50	2.1%	114.63	57.96	76.5%	1.4%	22.1	2.56	14.9	3.7		
Zoetis Inc.	128.43	1.6%	129.48	78.90	50.1%	78.3%	34.7	10.95	28.4	2.9		
		Sector Average:		21.7%		(3.3%)		19.1x		3.43x	18.4x	3.3x
AGRICULTURAL EQUIPMENT												
* Ag Growth International Inc.	\$42.18	(2.7%)	\$64.72	\$41.30	(9.9%)	(20.9%)	15.8x	1.58x	11.0x	5.5x		
AGCO Corporation	71.97	4.1%	80.64	49.50	29.3%	0.8%	13.6	0.80	8.4	2.5		
Art's-Way Manufacturing Co., Inc.	2.02	(0.2%)	3.81	1.85	1.0%	(32.3%)	0.0	0.78	NM	NM		
* Buhler Industries Inc.	2.64	0.0%	3.98	2.62	(31.6%)	(39.3%)	0.0	0.47	NM	NM		
CNH Industrial N.V.	10.54	2.7%	12.68	8.41	14.4%	(21.3%)	12.6	1.33	13.0	9.1		
Deere & Company	156.52	1.0%	171.22	128.32	4.9%	0.0%	14.6	2.37	14.9	7.4		
Lindsay Corporation	89.30	1.2%	109.50	73.00	(7.2%)	1.2%	36.7	2.08	42.6	5.1		
Titan Machinery Inc.	14.22	(5.6%)	21.88	11.99	8.1%	(32.8%)	13.7	0.66	16.0	11.2		
		Sector Average:		1.1%		(18.1%)		17.8x		1.26x	12.7x	6.8x
AGRIBUSINESS												
The Andersons, Inc.	\$22.03	(3.9%)	\$40.38	\$21.86	(26.3%)	(29.3%)	13.5x	0.40x	11.6x	8.5x		
Archer-Daniels-Midland Company	38.71	1.7%	52.07	36.45	(5.5%)	(3.4%)	11.6	0.49	10.4	4.1		
Bunge Limited	55.80	4.5%	72.35	47.26	4.4%	(16.8%)	20.6	0.37	9.5	4.4		
Darling Ingredients Inc.	18.92	1.7%	22.62	17.99	(1.7%)	4.4%	22.5	1.47	9.5	4.5		
* Gruma, S.A.B. de C.V.	189.02	1.3%	242.99	165.03	(15.1%)	(24.2%)	15.8	1.34	8.5	2.3		
Ingredion Incorporated	79.17	2.5%	107.52	73.00	(13.4%)	(43.4%)	12.1	1.26	7.8	2.4		
Landec Corporation	11.21	2.0%	15.57	9.02	(5.3%)	(11.0%)	41.1	0.86	22.2	7.1		
MGP Ingredients, Inc.	51.41	6.7%	100.00	44.12	(9.9%)	(33.1%)	18.8	2.43	15.6	0.8		
* Olam International Limited	1.83	(2.7%)	2.10	1.57	10.9%	(9.9%)	12.3	0.44	12.5	11.1		
		Sector Average:		(6.9%)		(18.5%)		18.7x		1.01x	12.0x	5.0x
DIVERSIFIED FOODS												
B&G Foods, Inc.	\$18.45	9.0%	\$33.00	\$16.70	(36.2%)	(47.5%)	9.9x	1.82x	10.4x	6.3x		
Campbell Soup Company	44.98	(0.0%)	48.03	32.04	36.3%	(6.5%)	17.9	2.72	14.1	5.6		
Conagra Brands, Inc.	28.66	1.1%	38.43	20.22	34.2%	(23.9%)	13.8	2.56	12.0	5.5		
General Mills, Inc.	54.96	2.2%	55.43	36.42	41.1%	(7.3%)	16.4	2.85	13.0	4.0		
The Hain Celestial Group, Inc.	19.62	3.0%	29.42	14.45	23.7%	(53.7%)	29.1	1.15	16.8	4.1		
The J. M. Smucker Company	105.21	0.0%	128.43	91.32	12.5%	(15.3%)	12.5	2.33	11.1	3.7		
Kellogg Company	64.22	2.3%	74.98	51.34	12.6%	(5.5%)	16.6	2.31	13.5	4.1		
The Kraft Heinz Company	27.28	6.9%	59.91	24.86	(36.6%)	(64.9%)	10.9	2.49	10.0	5.0		
Lancaster Colony Corporation	147.49	1.1%	194.38	138.90	(16.6%)	14.1%	28.1	2.95	18.5	0.0		
Mondelez International, Inc.	56.63	2.6%	56.72	38.79	41.5%	32.3%	22.3	3.93	19.0	4.2		
* Nestlé S.A.	113.20	2.0%	113.20	77.74	41.9%	35.1%	24.5	3.92	18.5	2.3		
* Nomad Foods Limited	20.72	2.8%	23.06	15.87	23.9%	22.5%	15.4	2.22	13.8	5.1		
Post Holdings, Inc.	105.49	5.8%	113.73	83.88	18.4%	33.1%	21.6	2.39	12.2	5.6		
The Simply Good Foods Company	29.89	0.9%	30.37	16.55	58.1%	109.6%	41.8	4.85	28.0	2.2		
SunOpta Inc.	3.07	0.0%	10.23	2.56	(41.9%)	(68.3%)	NM	0.70	25.5	17.0		
TreeHouse Foods, Inc.	55.91	10.4%	67.88	41.18	10.3%	13.0%	20.9	1.04	11.7	5.3		
The Unilever Group	56.78	0.6%	57.77	45.30	19.8%	20.2%	21.6	3.44	12.3	2.1		
		Sector Average:		14.3%		(0.8%)		18.8x		2.57x	15.3x	4.8x

Company Name	Price 9/6/19	Price Compared to 8/30/19	52-Week Range		Price as Compared to YE:		Forward P/E	Enterprise Value to LTM:		Total Debt to LTM EBITDA
			High	Low	2018	2017		Revenue	EBITDA	
ETHANOL										
Green Plains Inc.	\$9.27	12.9%	\$19.39	\$7.01	(29.3%)	(45.0%)	NM	0.37x	NM	NM
Pacific Ethanol, Inc.	0.78	20.9%	3.24	0.50	(9.4%)	(82.9%)	NM	0.24	NM	NM
Renewable Energy Group, Inc.	14.08	15.7%	32.52	9.90	(45.2%)	19.3%	9.6	0.34	37.5	12.4
Sector Average:					(28.0%)	(36.2%)	9.6x	0.31x	37.5x	12.4x
FRUIT & VEGETABLE										
Calavo Growers, Inc.	\$98.51	11.1%	\$108.00	\$67.52	35.0%	16.7%	32.4x	1.55x	31.0x	0.1x
Fresh Del Monte Produce Inc.	28.50	9.4%	38.33	22.98	0.8%	(40.2%)	15.6	0.50	11.7	4.3
Lamb Weston Holdings, Inc.	71.22	1.2%	83.86	58.83	(3.2%)	26.2%	20.5	3.38	14.3	2.8
Seneca Foods Corporation	28.03	2.0%	35.90	21.97	(0.7%)	(8.8%)	0.0	0.51	NM	NM
* Total Produce plc	1.31	0.3%	2.19	1.23	(7.4%)	(48.8%)	8.9	0.27	8.0	5.1
Sector Average:					4.9%	(11.0%)	15.5x	0.71x	16.2x	3.1x
PROTEIN										
Beyond Meat, Inc.	\$154.99	(7.5%)	\$239.71	\$45.00	NA	NA	NM	55.2	NM	NM
Cal-Maine Foods, Inc.	42.70	5.3%	51.55	36.65	0.9%	(3.9%)	NM	1.30	16.4	0.0
Hormel Foods Corporation	42.60	(0.0%)	46.26	37.00	(0.2%)	17.1%	24.1	2.36	16.1	0.2
Industrias Bachoco, S.A.B. de C.V.	55.68	1.2%	58.93	37.66	40.8%	(2.8%)	13.9	0.67	10.3	1.5
* JBS S.A.	30.06	1.4%	30.87	8.17	159.4%	206.4%	13.1	0.69	10.2	4.4
Nathan's Famous, Inc.	67.73	1.7%	91.94	62.20	1.9%	(10.3%)	0.0	3.58	12.4	5.2
Pilgrim's Pride Corporation	31.29	0.4%	31.77	14.83	101.7%	0.7%	14.1	0.91	12.3	3.3
Sanderson Farms, Inc.	154.49	3.3%	158.32	93.98	55.6%	11.3%	17.9	1.01	19.9	0.2
Seaboard Corporation	4,324.92	4.7%	4,743.71	3,434.71	22.2%	(1.9%)	0.0	0.74	28.5	6.3
Tyson Foods, Inc.	86.04	(7.5%)	94.07	49.77	61.1%	6.1%	13.9	1.05	10.6	3.1
Sector Average:					35.5%	2.0%	12.1x	1.37x	15.2x	2.7x
BAKING & INGREDIENTS										
* ARYZTA AG	\$0.87	8.6%	\$12.69	\$0.68	(20.1%)	(97.7%)	7.9x	0.47x	5.2x	4.8x
Balchem Corporation	96.85	9.1%	117.79	73.16	23.6%	20.2%	30.6	5.23	22.1	1.6
Flowers Foods, Inc.	22.73	(0.3%)	24.36	17.78	23.1%	17.7%	23.4	1.51	14.9	3.2
* Grupo Bimbo, S.A.B. de C.V.	37.28	6.3%	43.75	32.55	(4.8%)	(14.3%)	22.2	0.98	8.0	3.2
J & J Snack Foods Corp.	193.38	0.2%	196.74	138.40	33.7%	27.4%	36.4	2.93	20.9	0.0
* Kerry Group plc	109.00	0.6%	111.10	85.31	26.0%	16.6%	26.8	3.07	22.0	2.5
McCormick & Company, Incorporated	164.98	1.3%	171.10	119.00	18.5%	61.9%	30.8	4.86	23.1	4.2
* Tate & Lyle plc	7.37	2.4%	8.10	6.28	11.7%	4.8%	14.0	1.36	7.9	1.3
Sector Average:					14.0%	4.6%	24.0x	2.55x	15.5x	2.6x
CANDY, NUTS, & SNACKS										
Bridgford Foods Corporation	\$34.09	1.8%	\$38.00	\$13.47	71.6%	171.6%	0.0x	1.70x	24.3x	1.1x
The Hershey Company	158.98	0.3%	162.20	99.15	48.3%	40.1%	26.9	4.75	18.5	2.2
John B. Sanfilippo & Son, Inc.	94.54	2.1%	96.88	53.12	69.9%	49.5%	28.2	1.26	15.2	0.4
Rocky Mountain Chocolate Factory, Inc.	9.18	(1.5%)	10.50	7.95	7.7%	(22.1%)	0.0	1.53	10.6	0.8
Tootsie Roll Industries, Inc.	37.70	2.8%	40.82	27.26	16.3%	9.9%	0.0	4.39	24.4	0.1
Sector Average:					42.8%	49.8%	27.6x	2.73x	18.6x	0.9x
PET FOOD AND PRODUCTS										
Central Garden & Pet Company	\$26.89	1.8%	\$41.12	\$22.40	(21.9%)	(30.9%)	14.5x	0.73x	8.2x	3.3x
Freshpet, Inc.	50.11	2.1%	51.85	28.44	55.8%	164.4%	153.0	8.48	221.7	4.6
Sector Average:					16.9%	66.8%	14.5x	4.60x	8.2x	4.0x
WINE & BEVERAGE										
The Boston Beer Company, Inc.	\$403.56	(8.0%)	\$444.65	\$230.93	67.6%	111.2%	41.1x	4.46x	25.1x	0.4x
Brown-Forman Corporation	62.30	5.6%	62.34	44.57	30.9%	13.4%	34.4	9.53	27.2	2.2
The Coca-Cola Company	55.23	0.3%	55.92	44.25	16.6%	20.4%	25.2	8.27	23.1	4.3
Constellation Brands, Inc.	204.75	0.2%	228.91	150.37	27.3%	(10.4%)	23.9	6.53	14.0	4.7
* Cott Corporation	17.22	2.6%	21.31	15.62	(9.4%)	(17.9%)	29.8	1.35	11.6	5.7
Craft Brew Alliance, Inc.	9.02	(10.2%)	18.95	8.75	(37.0%)	(53.0%)	62.6	1.22	29.4	8.7
Crimson Wine Group, Ltd.	7.80	4.7%	9.13	7.00	(0.3%)	(26.9%)	0.0	2.61	33.0	4.2
* Diageo plc	34.59	(1.3%)	36.34	25.13	23.7%	26.9%	24.4	7.39	20.0	2.9
Monster Beverage Corporation	57.17	(2.6%)	66.38	47.74	16.2%	(9.7%)	26.8	7.50	21.0	0.0
Jones Soda Co.	0.52	4.0%	0.98	0.22	120.8%	42.4%	0.0	2.86	NM	NM
National Beverage Corp.	40.66	(0.6%)	124.94	38.28	(43.3%)	(58.3%)	15.3	1.77	9.8	0.3
PepsiCo, Inc.	137.37	0.5%	139.18	104.53	24.3%	14.6%	24.0	3.39	17.3	2.5
Starbucks Corporation	95.74	(0.8%)	99.72	54.10	48.7%	66.7%	31.9	4.64	21.8	2.1
Willamette Valley Vineyards, Inc.	6.80	(2.3%)	8.13	6.55	(1.3%)	(17.6%)	0.0	2.44	10.8	2.4
Sector Average:					20.3%	7.3%	24.2x	4.57x	20.3x	3.1x

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DAIRY										
* Danone S.A.	\$81.72	0.3%	\$82.38	\$59.72	32.9%	16.8%	20.2x	2.71x	14.1x	4.1x
Dean Foods Company	1.15	13.9%	8.15	0.72	(69.8%)	(90.1%)	NM	0.19	NM	NM
Lifeway Foods, Inc.	2.98	2.0%	4.75	1.81	58.4%	(62.8%)	0.0	0.52	36.0	4.1
* Saputo Inc.	40.51	1.2%	46.41	35.56	3.4%	(10.3%)	22.0	1.48	16.8	4.0
Sector Average:					6.2%	(36.6%)	21.1x	1.23x	22.3x	4.1x
WHOLESALE, FOOD SERVICE, & DISTRIBUTION										
The Chefs' Warehouse, Inc.	\$37.85	(1.9%)	\$39.57	\$29.56	18.4%	84.6%	33.9x	1.01x	20.9x	5.7x
Core-Mark Holding Company, Inc.	32.87	1.5%	40.95	22.53	41.4%	4.1%	19.3	0.16	14.3	4.3
Performance Food Group Company	45.70	(2.3%)	47.26	28.05	41.6%	38.1%	25.4	0.31	14.0	3.1
SpartanNash Company	10.76	(0.1%)	23.00	8.82	(37.4%)	(59.7%)	8.3	0.17	8.3	6.1
Sysco Corporation	75.71	1.9%	75.98	59.44	20.8%	24.7%	19.9	0.77	13.9	2.4
United Natural Foods, Inc.	9.31	15.8%	35.15	6.75	(12.1%)	(81.1%)	5.3	0.21	9.6	8.4
US Foods Holding Corp.	40.66	0.5%	41.72	27.51	28.5%	27.3%	17.5	0.50	11.7	3.3
Sector Average:					14.5%	5.4%	18.5x	0.45x	13.2x	4.8x
MASS MERCHANDISE & CLUB STORES										
Bj's Wholesale Club	\$27.23	3.7%	\$32.92	\$19.31	22.9%	NA	17.3x	0.57x	13.0x	6.6x
Costco Wholesale Corporation	303.76	3.1%	304.64	189.51	49.1%	63.2%	36.4	0.88	21.4	1.1
Walmart Inc.	114.73	0.4%	117.96	85.78	23.2%	16.2%	23.0	0.77	12.3	2.3
Sector Average:					36.1%	39.7%	29.7x	0.74x	15.6x	1.7x
DOLLAR STORES										
Dollar General Corporation	\$161.54	3.5%	\$162.19	\$98.08	49.5%	73.7%	23.4x	1.96x	19.7x	4.1x
Dollar Tree, Inc.	109.62	8.0%	113.38	78.78	21.4%	2.2%	19.7	1.53	15.7	4.5
Sector Average:					35.4%	37.9%	21.6x	1.74x	17.7x	4.3x
TRADITIONAL RETAIL										
* Ahold Delhaize	\$21.78	2.3%	\$24.01	\$18.60	(1.4%)	18.8%	12.6x	0.55x	8.6x	3.7x
Ingles Markets, Incorporated	40.13	3.2%	40.58	25.57	47.4%	16.0%	10.3	0.39	6.4	3.3
The Kroger Co.	24.70	4.3%	32.73	20.70	(10.2%)	(10.0%)	11.2	0.33	7.7	4.0
Village Super Market, Inc.	25.13	0.6%	32.20	23.75	(6.0%)	9.6%	0.0	0.19	5.0	0.8
Weis Markets, Inc.	39.84	4.2%	53.30	35.26	(16.6%)	(3.7%)	0.0	0.33	6.8	1.2
Sector Average:					(8.5%)	6.1%	11.4x	0.36x	6.9x	2.6x
SPECIALTY RETAIL										
Natural Grocers by Vitamin Cottage, Inc.	\$9.49	0.5%	\$24.50	\$8.50	(38.1%)	6.3%	22.1x	0.29x	5.6x	1.3x
Sprouts Farmers Market, Inc.	18.49	3.0%	29.67	16.46	(21.4%)	(24.1%)	17.1	0.70	11.2	4.9
Sector Average:					(29.7%)	(8.9%)	19.6x	0.50x	8.4x	3.1x
TRADITIONAL RESTAURANTS										
Brinker International, Inc.	\$39.47	3.9%	\$53.61	\$36.44	(10.3%)	1.6%	9.5x	0.83x	7.2x	3.3x
The Cheesecake Factory Incorporated	39.98	5.2%	55.63	35.83	(8.1%)	(17.0%)	14.9	1.20	12.8	4.7
Darden Restaurants, Inc.	125.48	3.7%	127.61	95.83	25.7%	30.7%	19.6	1.89	13.8	0.9
Dine Brands Global, Inc.	72.29	2.5%	104.00	65.63	7.4%	42.5%	10.2	3.42	12.1	7.6
Jack in the Box Inc.	88.13	3.3%	90.49	70.77	13.5%	(10.2%)	18.9	3.62	12.6	3.9
McDonald's Corporation	220.03	0.9%	221.93	156.56	23.9%	27.8%	26.2	10.14	20.3	4.4
The Wendy's Company	22.38	1.7%	22.84	14.96	43.4%	36.3%	33.4	6.46	20.7	9.4
YUM! Brands, Inc.	119.21	2.1%	119.72	84.53	29.7%	46.1%	29.6	8.53	23.8	5.6
Sector Average:					15.6%	16.5%	20.3x	4.51x	15.4x	5.0x
HIGH-GROWTH RESTAURANTS										
Chipotle Mexican Grill, Inc.	\$836.32	(0.3%)	\$848.84	\$383.20	93.7%	189.4%	55.2x	4.85x	41.3x	4.4x
El Pollo Loco Holdings, Inc.	10.73	5.1%	18.47	9.60	(29.3%)	8.4%	15.0	1.56	11.5	5.0
The Habit Restaurants, Inc.	8.92	1.8%	17.45	8.43	(15.0%)	(6.6%)	71.0	0.84	10.8	5.4
Noodles & Company	5.88	1.9%	13.50	5.13	(15.9%)	12.0%	30.0	1.21	19.3	10.5
Potbelly Corporation	4.48	(3.2%)	13.55	3.10	(44.3%)	(63.6%)	59.7	0.80	15.2	11.1
Shake Shack Inc.	103.12	4.0%	105.84	40.67	127.0%	138.7%	143.0	6.52	51.3	4.8
Wingstop Inc.	96.89	(3.3%)	107.43	56.95	50.9%	148.6%	121.7	18.00	67.3	6.9
Sector Average:					23.9%	61.0%	70.8x	2.63x	24.9x	6.9x

Notes:

*Denotes local currency.

Source: Capital IQ.

Summary multiples adjusted for extraordinary and non-recurring items; outliers excluded from mean calculation.

Major Indices (1-year & 12-year History)

S&P 500



Dow Jones Industrial Average



10-year Treasury



CBOE Market Volatility Index - VIX



Lakeshore Sector Indices vs. S&P 500 (1-year)



Food For Thought...

Partner Column

Written by Mary Burke

Welcome back to the expanded Weekly Update. August is a good time for Lakeshore to take a look at the Weekly Update and make adjustments to it as well for us to get some vacation time in. As we produce this all in-house, it is good to step back and see what is working and what is not. Any suggestions you have are always welcome.

A majority of analysts are forecasting the Fed will reduce interest rates below 1% by 2021. The yield curve is inverted and a number of first world economies have negative yields on their debt. What does this mean? Forecasters believe we are headed to another recession. Consumer confidence is down as well, especially in August, the latest month results are available. So, what does this mean for your business? Take a look at the dashboard on page 9 for some forecasts of what is ahead for different sectors.

African Swine Flu is saving the pork and poultry industries and is a boom for beef as well at this point. While much of our exports to Asia of pork is going through Mexico, this will not be a long-term solution. We know that with the culling of herds in many Asian countries there is a need for more product there to meet their dietary needs. The US would like to serve it and will continue to find ways to get product there, but what happens when ASF arrives here in the US in full force?

Smaller harvests of corn and soybeans this year, compared to the last two record harvests should help farmer income for the upcoming year but will still be depressed for this year.

Direct government farm payments are forecast to increase to \$5.8 billion to \$19.5 billion (up 42.5%). The increase in payments is due to higher anticipated payments from the Market Facilitation Program. This program provides assistance to farmers and ranchers with commodities directly impacted by unjustified foreign retaliatory tariffs, resulting in the loss of traditional export markets. With the addition of these payments the average net cash farm income is forecast to increase this year after four years of declines. The use of this program is a change from a historically free trade policy of the US government. It is not forecasted at this point if the use of government money will continue next year or be for only one year. The record deficit will make it more difficult for the payments to continue.

Traditional brands continue to struggle as millennial buying preferences continue to evolve and they are not purchasing what their parents purchased. The big CPG companies have purchased and continue to purchase many smaller niche brands and their names never show up on the labels. Who would have thought Nabisco would want to hide their brand on the packaging of a co-owned product.

Seventy-six companies announced earnings this week inclining Coffee Holding Co., Inc. and Kroger. Fred's was supposed to as well but they filed for bankruptcy today, whom you may remember as price impact retailer. Since 2017, more than twenty US retailers have filed bankruptcy.

Have a good week!

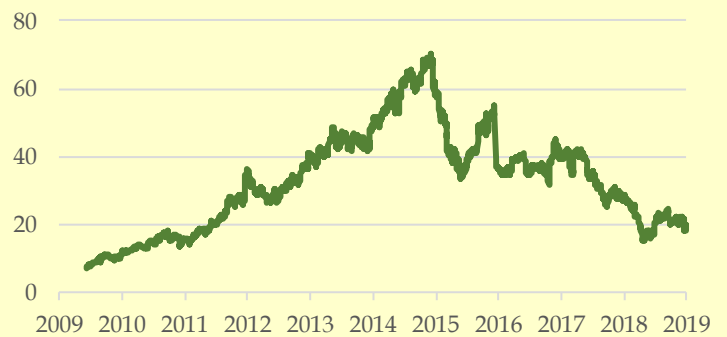
Food For Thought...

Calavo Growers Records Impressive Q3 Results. Calavo Growers, the fruit farming and avocado supplier, reported an all-time high revenue of \$359.3 million for the quarter. The growth is attributed to their core 'Calavo Fresh' segment, which benefitted from strong avocado pricing and increase in tomato sales. Gross margin increased by 220 basis points compared to prior year due to rising efficiency in the company's sourcing, production, and sales processes. In recent years, Calavo has extended its business in the consumer staples segment beyond its core avocado sourcing and sales, and into fresh foods, prepared meals, and meal kits. In the organization's earnings press release, CEO Lee Cole emphasized the diversity of its revenue streams as an inherent business strength: "Our company has in place a very strong, flexible strategic platform – with multiple revenue and profit drivers – capable of performing well across a range of market conditions as Calavo has repeatedly demonstrated."

Hain Celestial Reports Earnings. Hain Celestial reported net sales decrease of about 10% year over year to \$557.7 million. The top line was hurt by sluggish performance in the United States and U.K. segments. Net sales at the United States segment fell 11% year over year while net sales in the U.K. crashed 10% to \$214.4 million accountable to sales declines witnessed in Ella's Kitchen and Hain Daniels. Gross margin expanded 190 basis points to 23%, due to efficiencies from trade, lower supply-chain expenses in the United States, and Project Terra sale. Hain Celestial benefitted from Project Terra, which is aimed at cutting costs and complexity alongside driving sales. The company generated savings of nearly \$32.9 million from this program in the fourth quarter and \$91.6 million in fiscal 2019. However, elevated commodity expenses remained a headwind.

So far, progression of acquisition aligns with the company's transformation strategy, which aimed at simplifying portfolio, solidifying key capacities, enhancing margins, reviving top-line growth, and improving cash flows and return on investor capital. For fiscal 2020, the company expects to expand adjusted profit and EBITDA despite a lower top line. Further, it plans to rebuild a profitable base, improve top line, and efficiently manage mix, price, margin, and volumes. Management further stated that from fiscal 2020, it will change its reporting segments to North America, international and corporate. The company envisions tremendous purchasing, marketing, innovation and manufacturing synergies within North America.

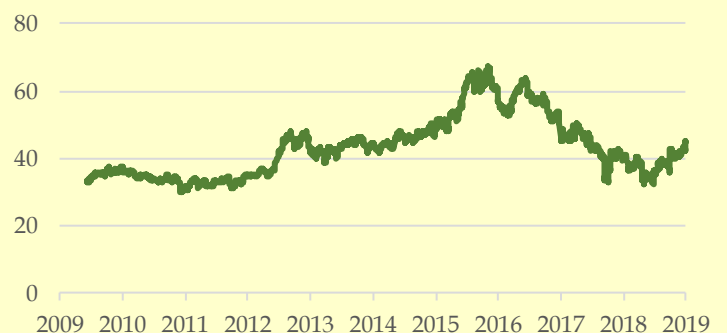
Hain Celestial, Inc (NASDAQ: HAIN) 10-Year History



Campbell Soup Announces Q4 and Full Year Results. Campbell reported Q4 revenue of \$2.0 billion, a 1.5% increase compared to prior year. The company benefitted from a 1% and 4% gain in market share in their meals & beverages segment and snacks segment, respectively. Additionally, Campbell experienced an increase in soup sales within the United State market signaling hope for their signature product. Gross margin expanded 260 basis points to 34% in Q4 compared to prior year of 31.4%. President Mark Clouse commented "We made significant progress against our 2019 strategic initiatives including focusing the portfolio on our two core businesses in North America; and, completing the divestiture of Campbell Fresh and announcing the divestiture of Campbell International. We have created a solid foundation to build upon in fiscal 2020."

Campbell announced total revenue for FYE 2019 of \$8.1 billion, a 23% increase from previous year. Sales were fueled by the acquisition of Snyder's-Lance and Pacific Foods. Management maintained their sales outlook on the year of a 1% to 3% increase as they continue to rejuvenate their soup and snack brands.

Campbell Soup Company (NYSE: CPB) 10-Year History

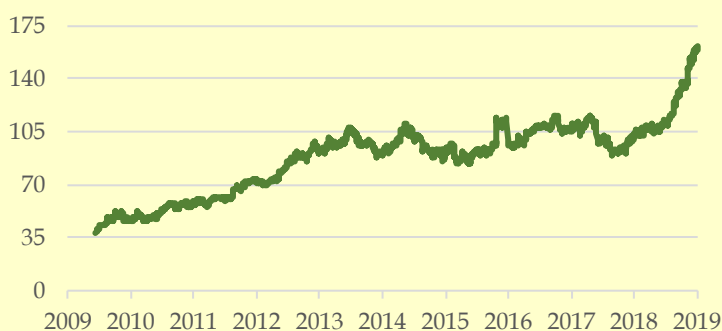


Heard on the Street...

Hershey Investing In Protein Bars: To Acquire One Brands For \$397M.

The Hershey Co. has been seeking new snack additions since 2017, when the company announced a potential cutdown in workforce by 15% and snack portfolio expansion. Understandably so, as a recent study estimates the snack industry to grow to \$762 billion by 2024, growing at a CAGR of 5.3%. To keep up with this market trend, Hershey has recently announced two key snack investments, with a focus on the protein bar sector. In August the Company announced it will be investing and taking a minority stake in Dublin-based vitamin-packed protein bar company Fulfil. Close on the heels of this is Hershey's new acquisition of One Brands for \$397 million. Mary Beth West, chief growth officer at Hershey Co. commented the Company is looking to "broaden [its] better-for-you portfolio" with an expected close in Q4 of this year. The Company plans to leverage the sales and distribution channels from One Brands to increase their market share dominance.

Hershey (NYSE: HSY) 10-Year History

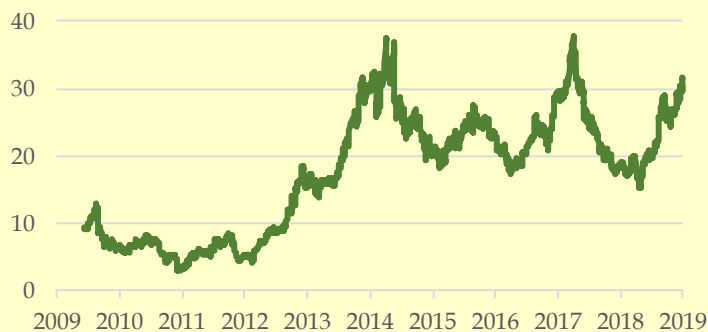


Pilgrim's To Acquire Tulip Limited From Danish Crown For \$354M.

JBS S.A. subsidiary Pilgrim's announced it will be acquiring Tulip Limited from Denmark-based global meat processing company Danish Crown. The purchase, agreed at \$354M which represents a 5.4x EBITDA multiple, will come entirely out of Pilgrim's cash on hand and was voted for unanimously by Pilgrim's Board of Directors. Pilgrim's focuses primarily in the production and processing of chicken in the United States, U.K., Europe, and Mexico.

Tulip Limited, by contrast, is a large pork processor based in the United Kingdom. Tulip generates sales of roughly \$1 billion annually while Pilgrim's is nearly 11 times that, at \$10.9 billion. Danish Crown, a multinational meat processor, commented the sale of Tulip Limited was due to its subpar performance in the giant's portfolio. Tulip acts as an attractive platform for Pilgrim's planned expansion into the U.K. market.

Pilgrim's Pride (NASDAQ: PPC) 9-Year History



Hain Celestial Sells Tilda Rice To EBRO FOODS SA For \$342M.

The Hain Celestial Group reported fiscal 2019 earnings results August 29. The resounding result is the Company has had a rocky 2019. Overall sales have declined and analysts have questioned the health of the business, to which Mark L. Schiller, president and chief executive officer responded with the company's divestitures and current year restructuring of the business. The plans to scale back their portfolio will result in lower sales overall but a healthier financial result. To achieve this, in May of this year the Company sold two parts of the business, Hain Pure Protein to Aterian Investment Partners III LP, a private equity firm for \$80 million.

Earlier this week, the Company sold WestSoy to Keystone Natural Holdings. Fast forward to today, the Company announced on August 28 the sale of Tilda Rice to Spanish-based company EBRO FOODS SA for \$342M, representing an adjusted EBITDA multiple of 13.5x. Tilda provides basmati rice in the United Kingdom and abroad and Hain Celestial Group commented in selling Tilda they hope to relieve any possible business disturbance associated with Brexit and currency implications and fluctuations.

Campbell Continues International Divestitures With Sale Of European Chips Business For \$80M.

This year Campbell Soup Co. has been on a roll selling off its international businesses to various parties. In its most recent sale, The Valeo Foods Group will take over Campbell's European chips business for a sale of \$80 million. Included in the sale are Kettle Foods Ltd. and Yellow Chips B.V. that are located in the United Kingdom and the Netherlands. The Valeo Foods Group is a CPG focused company based in Ireland with sales of \$930 million annually. With the acquisition it will extend its reach further across the U.K. and continental Europe.

Dashboard

Sector	Outlook		Sector	Outlook	
	6-month	3-year		6-month	3-year
INPUT			PROTEIN		
<ul style="list-style-type: none"> s/ Prices for eight major fertilizers up slightly compared to last year, boosting revenues s/ Strong international demand for fertilizers help offset poor domestic demand through 2019 growing season w/ Germany joins several other European countries in banning glyphosate in 2023 w/ General Mills announces plan to decrease use of pesticides after trace amounts found in cereals 	↔	↑	<ul style="list-style-type: none"> s/w/ Increasing consumer health-consciousness drives dietary transition from red meat to poultry over the past 5 decades s/ Protein packing capability improves industry-wide as Tyson, SAJM and Seaboard announced capacity ramp up s/ Pork packer margins are expected to improve drastically from increased hogs supply and shortage due to ASF w/ Tyson beef plant fire caused capacity loss of 6,000 heads daily, amounting to 6% of U.S. daily fed cattle capacity 	↑	↑
AG EQUIPMENT			CANDY & NUT		
<ul style="list-style-type: none"> s/ Net Farm Income projected to rise \$4.0 billion to \$88.0 billion in 2019, mainly due to higher government aid w/ International demand for ag equipment weakened due to tariffs and economic uncertainty w/ Deere reporting retail sales declining at accelerating rate w/ Recent slide in corn prices unlikely to support an increase in large ag equipment volumes 	↓↓	↔	<ul style="list-style-type: none"> s/ Walnut shipments up 13% even with exports to Asia down due to tariffs, growth seen in the Middle East s/ World sugar prices at lowest level in decade due to strong dollar, slowing world economy and surfeit of Indian exports, domestic beet production expected to be down w/ Pecans which are heavily exported seeing prices fall due to tariffs w/ Almonds inventory down 12% and salable supplies about flight for this year. Exports about flat this year 	↔	↔
AGRIBUSINESS			DAIRY		
<ul style="list-style-type: none"> s/w USDA decreased soybean crops and increased corn expected crops from previous estimates, still below last year w/ Trade uncertainties adding to concerns by all players within the value chain s/w/ Traders are making money in the market with the fluctuations w/ Projected strong hurricane season could hurt shipping reliability 	↓	↔	<ul style="list-style-type: none"> s/ USDA recently raised their forecast for all milk price by \$0.10 for August 2020 to \$18.80 s/ US protein supplement market size expected to increase at CAGR of 6.2% due to increase demand for whey and casein w/ Milk industry continues to struggle from oversupply in the market and high feed costs w/ U.S. dairy exports June YTD 2019 down 8% compared to 2018 driven by decrease to Mexico and China 	↓	↔
DIVERSIFIED FOODS			WHOLESALE, FOOD SERVICE & DISTRIBUTION		
<ul style="list-style-type: none"> s/ The Hershey Co. is to acquire One Brands LLC for \$397 million. Close is anticipated to take place in Q4 of this year s/ The global market for snack food is expected to reach \$762 billion by 2024, growing at a CAGR of 3.34% for the period 2019-2024 s/w/ Consumer dietary habits and trends lean towards wellness and balance. Resulting in rise of healthy alternatives both sweet & savory s/w/ General Mills and Kellogg concentrate on rebuilding their cereal portfolios. Focusing on marketing for their target consumers 	↔	↑	<ul style="list-style-type: none"> s/ U.S. Foods announces addition of US Foods Direct, the company's exclusive e-commerce platform s/ Performance Food Group beats Q4 Earnings and Revenue estimates at \$70 per share (\$.63 per share estimate) s/ Sysco acquires J. Kings Food Service Professionals for an undisclosed amount s/ Associated Wholesale Grocers announces the launch of a scan-based trading program with ReposiTrak, providing visibility into out-of-stock inventory 	↑	↑
ALTERNATIVE FUELS			TRADITIONAL RETAIL		
<ul style="list-style-type: none"> s/ Brazil increasing the quota cap for ethanol, allowing more U.S. ethanol imports to the country tariff-free before enacting a 20 percent tariff on the U.S. s/w/ Industry awaits next opportunity for Congress to extend the expired Alternative Fuels Tax Credit this September w/ ADM remains committed to exiting the industry as the corn-based fuel has become a drag on the company's performance s/ World Shipping Council asking International Maritime Organization to set up an international research board to find zero-carbon alternative fuel 	↑	↑	<ul style="list-style-type: none"> s/w/ Instacart has partnered with over 300+ grocery stores and operates in all 50 states. Instacart holds 8% of online consumer good sales s/w/ Thus far in 2019 YTD there have been over 140 executive changes in retail. This represents a 31% increase from 2018 s/ Walmart introducing new merchandising for its fresh food to be more visually appealing. New initiative called Produce 2.0 w/ In a study conducted by Regina Corso Consulting, commissioned by Phonic, 40-50% of consumers think retail chains need to adapt 	↓	↓
FRUIT & VEGETABLE			NON-TRADITIONAL RETAIL		
<ul style="list-style-type: none"> s/ Maglio Companies has launched a new package to ship cut watermelons, with the aim to make them last longer s/w/ Florida and Georgia have expressed concern over USMCA uncertainty, claiming potential economic losses if ratified w/ California volume down on last year's table grape volume by roughly one million boxes this year due to spring rains and extreme heat w/ Limoneira has lowered its guidance for the year as a result of increased lemon sizes due to excessive rainfall 	↔	↔	<ul style="list-style-type: none"> s/ Costco received 139k subscriptions at its grand opening in Shanghai, China, planning the opening of a second location s/ Dollar General expanded store space with its stock price increasing 46% this year, despite bearish retail market conditions s/ Grocers online platforms develop attributes like periodic reminders and multi-trip discounts to move consumers from trial periods s/ Omnichannel customers tend to spend more online and in-store and are more loyal in comparison to single-channel customers 	↑	↔
ALTERNATIVE GROWING			BIG PICTURE INDUSTRY DRIVERS		
<ul style="list-style-type: none"> s/ Vertical growing continues to expand. Trying to move beyond leafy greens s/ Aquaculture has new technology that reduces the need for new water, improving its footprint s/ LED lighting improves cost of indoor growing s/ Algae farms offering protein at a reduced price with great availability 	↑↑	↑↑↑	<ul style="list-style-type: none"> Size of corn and soybean harvest ASF impact Brexit uncertainty Trade with China? Change in shopping patterns and brands purchased 		
			LEGEND:		
			Strong Positive	↑↑↑	
			Positive	↑↑	
			Slight Positive	↑	
			Neutral	↔	
			Slight Negative	↓	
			Negative	↓↓	
			Strong Negative	↓↓↓	

Commodities Overview (1-year & 12-year History)

Soybean



Milk



Sugar



Cotton



Cattle



Oil



Broiler price based off spot closing price. All other commodity prices are based off the closing price of their respective nearby futures contract.

Sources: Thomson Financial Data Securities, Capital IQ, Reuters, Edgar Online, Wall Street Journal, Barron's, New York Times, Bloomberg, Chicago Tribune, Denver Post, MarketWatch, USDA, The Economist, BusinessWeek, Food Institute, Food Business News, Supermarket News, LPC, Company Press Releases. The information contained in this publication is compiled using publicly available news/media sources and industry-specific sources that Lakeshore Food Advisors, LLC ("LFA") believes to be reliable, but the accuracy and completeness of which LFA cannot guarantee.

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