



# LAKE SHORE

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## FOOD ADVISORS



## Weekly Update

Monday, October 8, 2018

### *U.S. Stocks Close Lower As Worries About Rising Yields Overshadow Strong Jobs Report.*

Worries about rising interest rates overshadowed the September jobs report, which pointed to strength in the broader economy. Major equity indexes were volatile last week as Treasury yields climbed to the highest level since 2011, forcing a reassessment of assets that are seen as risky.

The **Dow Jones Industrial Average** increased 0.0% on the week, finishing at 26,477.

The **S&P 500** declined 1.0% on the week, finishing at 2,886.

The **NASDAQ Composite** declined 3.2% on the week, finishing at 7,788.

Yield on the **10-year Treasury** increased fourteen basis during the week, ending at 3.19%.

**Crude oil** increased 1.5% on the week, ending at \$74.33 per barrel.

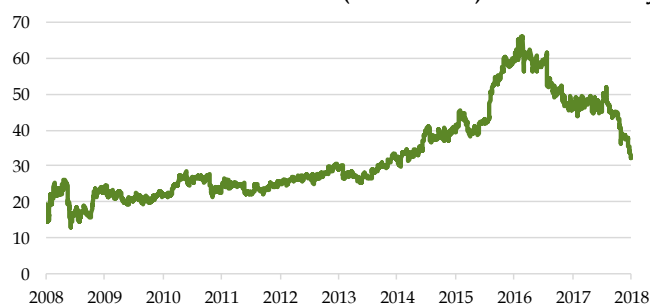
**Corn** decreased 3.2% on the week, ending at \$3.68 per bushel.

**NASDAQ Highs:** Bojangle's, Inc., Renewable Energy Group **Lows:** Rocky Mountain Chocolate Factory, Inc., Willamette Valley Winery, Inc.

**NYSE Highs:** CF Industries Holdings, Inc., Lamb Weston Holdings, Inc., Lindsay Corporation, McCormick & Company, Inc., The Mosaic Company, YUM! Brands, Inc., Zoetis, Inc. **Lows:** Fresh Del Monte Produce Inc.

### *Featured Stocks of the Week:*

Fresh Del Monte Produce Inc. (NYSE: FDP) 10-Year History



Renewable Energy Group (NASDAQ: REGI) 6-Year History



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# The Lakeshore Food Chain

Company Name	Price	Price	52-Week Range		Price as Compared to		Forward P/E	Enterprise Value to LTM:		Total Debt to LTM
	10/5/18	Compared to 9/28/18	High	Low	YE:			Revenue	EBITDA	
					2017	2016				
Dow Jones Industrial Average	26,447	(0.0%)	26,828	22,761	7.0%	33.8%	25.2x			
S&P 500	2,886	(1.0%)	2,931	2,545	7.9%	28.9%	17.5			
NASDAQ Composite Index	7,788	(3.2%)	8,110	6,557	12.8%	44.7%	NA			
Sector Average:					7.5%	35.8%				
<b>AGRICULTURAL LAND HOLDINGS</b>										
Farmland Partners Inc.	\$6.98	4.2%	\$9.68	\$5.15	(19.6%)	(37.5%)	155.1x	20.73x	30.4x	15.6x
Gladstone Land Corporation	12.03	(2.5%)	14.29	11.36	(10.4%)	7.0%	NM	15.23	28.0	17.3
Limoneira Company	25.57	(2.1%)	33.42	19.62	14.2%	18.9%	28.8	4.11	24.5	3.4
Sector Average:					(15.0%)	13.0%	14.4x	13.35x	27.6x	16.5x
<b>INPUTS</b>										
American Vanguard Corporation	\$18.32	1.8%	\$24.00	\$17.40	(6.8%)	(4.3%)	21.9x	1.49x	11.6x	1.4x
CF Industries Holdings, Inc.	55.02	1.1%	56.51	33.50	29.3%	74.8%	29.8	4.63	14.0	3.5
DowDuPont Inc.	63.19	(1.7%)	77.08	61.27	(11.3%)	NA	14.2	2.12	10.2	2.2
FMC Corporation	90.66	4.0%	98.70	72.73	(4.2%)	60.3%	14.1	3.65	13.1	2.7
Intrepid Potash, Inc.	3.53	(1.7%)	5.31	3.12	(25.8%)	69.7%	22.7	3.73	13.5	1.7
The Mosaic Company	33.11	1.9%	34.01	20.72	29.0%	12.9%	15.4	2.06	11.3	3.4
* Nutrien Ltd.	58.02	0.6%	58.87	42.72	NA	NA	19.1	3.36	16.9	4.5
S&W Seed Company	2.76	12.7%	4.40	2.35	(29.2%)	(40.0%)	NM	1.77	NM	156.3
The Scotts Miracle-Gro Company	78.75	0.0%	110.12	72.67	(26.4%)	(17.6%)	19.1	2.54	15.1	5.3
Zoetis Inc.	91.95	0.4%	94.31	63.03	27.6%	71.8%	28.6	8.54	22.0	2.3
Sector Average:					(2.0%)	28.4%	20.5x	2.82x	14.2x	3.0x
<b>AGRICULTURAL EQUIPMENT</b>										
* Ag Growth International Inc.	\$47.37	(2.7%)	\$50.02	\$36.39	11.4%	21.1%	17.2x	1.86x	13.1x	4.9x
AGCO Corporation	60.50	(0.5%)	75.95	56.36	(15.3%)	4.6%	14.0	0.72	8.1	2.5
Art's-Way Manufacturing Co., Inc.	2.64	5.6%	5.45	2.20	(11.6%)	(22.4%)	NA	0.72	NM	NM
* Buhler Industries Inc.	2.78	(0.1%)	3.78	2.73	(19.8%)	(15.8%)	NA	0.45	NM	NM
CNH Industrial N.V.	11.86	(1.2%)	15.65	10.09	(11.5%)	36.5%	15.5	1.31	11.5	7.9
Deere & Company	156.40	4.0%	175.26	126.93	(0.1%)	51.8%	14.1	2.53	16.6	7.8
Lindsay Corporation	101.59	1.3%	105.00	83.57	15.2%	36.2%	27.8	1.97	18.1	1.9
Titan Machinery Inc.	16.13	4.2%	25.09	13.66	(23.8%)	10.7%	24.0	0.60	14.8	8.8
Sector Average:					(6.9%)	15.3%	18.8x	1.27x	14.8x	5.7x
<b>AGRIBUSINESS</b>										
* AGT Food and Ingredients Inc.	\$13.70	0.4%	\$18.55	\$10.05	(14.6%)	(49.8%)	32.3x	0.66x	25.5x	12.1x
The Andersons, Inc.	36.67	(2.6%)	41.70	29.60	17.7%	(18.0%)	17.2	0.49	10.3	4.8
Archer-Daniels-Midland Company	51.07	1.6%	51.11	38.59	27.4%	11.9%	14.3	0.56	11.2	2.8
Bunge Limited	68.93	0.3%	83.20	61.28	2.8%	(4.6%)	9.6	0.40	15.6	6.8
Darling Ingredients Inc.	19.28	(0.2%)	20.96	15.80	6.3%	49.3%	26.6	1.34	8.3	3.8
* Gruma, S.A.B. de C.V.	12.07	(5.7%)	14.56	10.90	(5.0%)	(5.5%)	15.1	1.61	10.0	2.1
Ingredion Incorporated	104.04	(0.9%)	146.28	95.01	(25.6%)	(16.7%)	13.4	1.48	8.1	1.6
Landec Corporation	13.40	(6.9%)	15.60	11.42	6.3%	(2.9%)	28.7	0.85	16.2	3.0
MGP Ingredients, Inc.	74.79	(5.3%)	99.73	61.74	(2.7%)	49.6%	34.3	3.70	24.0	0.7
* Olam International Limited	1.42	(4.5%)	1.81	1.36	(6.6%)	4.1%	11.7	0.59	12.2	9.8
Sector Average:					0.6%	1.7%	20.3x	1.17x	12.9x	3.9x
<b>DIVERSIFIED FOODS</b>										
B&G Foods, Inc.	\$26.38	(3.9%)	\$39.75	\$22.00	(25.0%)	(39.8%)	12.7x	2.19x	11.5x	6.4x
Campbell Soup Company	37.23	1.6%	51.07	32.63	(22.6%)	(38.4%)	15.2	2.40	10.7	5.1
Conagra Brands, Inc.	33.59	(1.1%)	39.43	32.82	(10.8%)	(15.1%)	15.0	2.13	10.8	2.6
General Mills, Inc.	43.49	1.3%	60.69	41.01	(26.6%)	(29.6%)	13.9	2.63	12.2	4.6
The Hain Celestial Group, Inc.	26.32	(2.9%)	44.37	25.41	(37.9%)	(32.6%)	21.3	1.36	15.3	3.3
The J. M. Smucker Company	102.95	0.3%	133.38	96.13	(17.1%)	(19.6%)	12.2	2.43	11.0	4.0
Kellogg Company	69.38	(0.9%)	74.98	56.40	2.1%	(5.9%)	15.4	2.52	10.4	3.0
The Kraft Heinz Company	55.89	1.4%	82.48	54.11	(28.1%)	(36.0%)	15.0	3.78	12.2	4.2
Lancaster Colony Corporation	146.91	(1.5%)	161.69	115.81	13.7%	3.9%	28.5	3.13	19.1	0.0
Mondelez International, Inc.	42.42	(1.3%)	46.54	37.42	(0.9%)	(4.3%)	17.4	3.08	15.3	4.2
* Nestlé S.A.	81.45	(2.8%)	87.05	73.47	(5.3%)	13.3%	20.0	3.05	14.8	2.0
Pinnacle Foods Inc.	64.59	(0.3%)	70.51	52.25	8.6%	20.8%	21.4	3.29	15.5	4.1
Post Holdings, Inc.	96.23	(1.8%)	101.43	70.66	21.5%	19.7%	18.6	2.22	11.8	6.5
SunOpta Inc.	7.23	(1.2%)	9.56	6.18	(6.3%)	1.5%	NM	0.97	23.3	9.8
TreeHouse Foods, Inc.	46.50	(2.8%)	68.90	36.35	(6.0%)	(35.6%)	19.1	0.79	9.2	4.5
Unilever N.V.	53.79	(3.5%)	60.21	48.49	(4.6%)	30.3%	19.1	2.83	14.3	2.9
Sector Average:					(9.1%)	(9.8%)	17.7x	2.42x	12.9x	4.2x

Company Name	Price 10/5/18	Price Compared to 9/28/18	52-Week Range		Price as Compared to YE:		Forward P/E	Enterprise Value to LTM:		Total Debt to LTM EBITDA
			High	Low	2017	2016		Revenue	EBITDA	
<b>ETHANOL</b>										
Green Plains Inc.	\$17.61	2.4%	\$21.90	\$15.25	4.5%	(36.8%)	NM	0.49x	13.2x	9.0x
Pacific Ethanol, Inc.	1.88	(1.1%)	5.75	1.55	(58.7%)	(80.2%)	NM	0.18	17.3	14.7
Renewable Energy Group, Inc.	28.48	(1.1%)	29.58	9.50	141.4%	193.6%	6.6	0.43	4.0	0.8
Sector Average:					29.1%	25.5%	6.6x	0.37x	8.6x	4.9x
<b>FRUIT &amp; VEGETABLE</b>										
Calavo Growers, Inc.	\$97.28	0.7%	\$108.00	\$68.70	15.3%	58.4%	29.0x	1.58x	22.1x	0.1x
Fresh Del Monte Produce Inc.	32.54	(4.0%)	52.43	31.66	(31.7%)	(46.3%)	15.5	0.54	11.8	3.5
Lamb Weston Holdings, Inc.	74.70	12.2%	73.90	48.59	32.3%	97.4%	24.2	3.76	16.0	3.2
Seneca Foods Corporation	31.83	(5.5%)	36.60	25.45	3.5%	(20.5%)	NA	0.49	27.7	15.3
* Total Produce plc	2.37	(3.3%)	2.96	2.34	(22.9%)	14.3%	18.0	0.24	8.1	2.6
Sector Average:					(0.7%)	20.6%	21.7x	0.71x	19.4x	2.4x
<b>PROTEIN</b>										
Cal-Maine Foods, Inc.	\$44.38	(8.1%)	\$52.30	\$39.50	(0.2%)	0.5%	24.2x	1.17x	6.6x	0.0x
Hormel Foods Corporation	39.70	0.8%	42.29	29.75	9.1%	14.0%	22.3	2.27	15.9	0.6
Industrias Bachoco, S.A.B. de C.V.	53.84	(0.7%)	65.38	53.00	(6.0%)	9.8%	14.4	0.64	4.5	0.6
* JBS S.A.	2.23	(4.8%)	2.77	1.78	(24.6%)	(36.3%)	7.2	0.45	6.2	5.2
Nathan's Famous, Inc.	84.13	2.1%	107.05	60.35	11.4%	29.6%	NA	4.29	15.3	5.0
Pilgrim's Pride Corporation	17.77	(1.8%)	38.39	16.30	(42.8%)	(6.4%)	8.9	0.58	5.4	2.2
Sanderson Farms, Inc.	101.39	(1.9%)	176.43	95.97	(26.9%)	7.6%	89.2	0.60	6.6	0.0
Seaboard Corporation	3,725.00	0.4%	4,690.00	3,525.00	(15.5%)	(5.7%)	NA	0.59	10.7	1.8
Tyson Foods, Inc.	61.55	3.4%	84.65	56.79	(24.1%)	(0.2%)	10.6	0.81	7.8	2.5
Sector Average:					(13.3%)	1.4%	14.7x	0.69x	6.8x	2.0x
<b>BAKING &amp; INGREDIENTS</b>										
* ARYZTA AG	\$10.58	10.6%	\$39.18	\$8.16	(73.0%)	(75.7%)	18.2x	0.68x	7.8x	7.1x
Balchem Corporation	105.66	(5.7%)	117.79	70.23	31.1%	25.9%	38.1	5.59	23.4	1.4
Flowers Foods, Inc.	18.99	1.8%	22.82	17.71	(1.7%)	(4.9%)	18.4	1.22	11.0	1.9
* Grupo Bimbo, S.A.B. de C.V.	2.02	(5.5%)	2.50	1.84	(9.0%)	(11.6%)	23.7	0.97	8.3	2.9
J&J Snack Foods Corp.	146.79	(2.7%)	159.05	125.98	(3.3%)	10.0%	29.5	2.27	16.0	0.0
* Kerry Group plc	107.39	(3.0%)	114.76	87.48	(4.3%)	49.8%	25.3	2.78	21.1	2.1
McCormick & Company, Incorporated	135.75	3.0%	135.78	93.70	33.2%	45.5%	25.9	4.22	20.4	4.6
* Tate & Lyle plc	8.67	(2.7%)	9.34	6.84	(8.8%)	(0.8%)	13.2	1.27	7.4	1.3
Sector Average:					(4.5%)	4.8%	24.0x	2.38x	14.4x	2.7x
<b>CANDY, NUTS, &amp; SNACKS</b>										
Bridgford Foods Corporation	\$16.49	(3.0%)	\$21.55	\$12.20	31.4%	45.0%	NA	0.78x	12.8x	0.0x
The Hershey Company	104.39	2.3%	115.82	89.10	(8.0%)	0.9%	19.0	3.38	13.5	2.4
John B. Sanfilippo & Son, Inc.	68.90	(3.5%)	79.37	54.32	8.9%	(2.1%)	17.4	0.95	12.4	1.0
Rocky Mountain Chocolate Factory, Inc.	10.05	(2.0%)	12.60	10.04	(14.7%)	(1.4%)	NA	1.49	8.9	0.4
Tootsie Roll Industries, Inc.	28.74	(1.7%)	37.04	27.45	(18.7%)	(23.3%)	NA	3.69	20.3	0.1
Sector Average:					(0.2%)	10.6%	18.2x	2.06x	13.6x	0.8x
<b>PET FOOD AND PRODUCTS</b>										
Central Garden & Pet Company	\$35.43	(1.7%)	\$45.02	\$34.81	(9.0%)	7.1%	18.5x	1.08x	11.2x	3.3x
Freshpet, Inc.	34.60	(5.7%)	38.30	15.05	82.6%	240.9%	233.3	7.01	140.4	0.5
Sector Average:					(9.0%)	7.1%	18.5x	4.04x	11.2x	1.9x
<b>WINE &amp; BEVERAGE</b>										
The Boston Beer Company, Inc.	\$283.06	(1.5%)	\$329.95	\$160.40	48.1%	66.7%	35.0x	3.46x	19.9x	0.0x
Brown-Forman Corporation	49.69	(1.7%)	59.58	43.31	(9.5%)	38.3%	29.2	7.97	23.4	2.2
The Coca-Cola Company	45.88	(0.7%)	48.62	41.45	0.0%	10.7%	21.4	6.77	18.7	4.3
Constellation Brands, Inc.	223.18	3.5%	236.62	198.85	(2.4%)	45.6%	22.5	6.61	11.8	3.4
* Cott Corporation	14.95	(7.3%)	17.58	13.77	(10.6%)	32.1%	42.7	1.36	11.5	4.6
Craft Brew Alliance, Inc.	17.32	5.9%	21.00	15.76	(9.8%)	2.5%	44.7	1.61	15.0	0.5
Crimson Wine Group, Ltd.	8.76	(2.1%)	11.16	8.76	(17.9%)	(6.5%)	42.7	1.36	11.5	4.6
* Diageo plc	35.08	(1.1%)	37.76	30.70	(4.8%)	34.7%	44.7	1.61	15.0	0.5
Monster Beverage Corporation	56.19	(3.6%)	70.22	47.61	(11.2%)	26.7%	30.2	8.41	23.1	0.0
Jones Soda Co.	0.47	14.5%	0.53	0.25	28.8%	4.4%	NA	1.69	NM	NM
National Beverage Corp.	106.26	(8.9%)	127.32	83.78	9.1%	108.0%	27.7	4.67	21.1	0.0
PepsiCo, Inc.	106.49	(4.7%)	122.51	95.94	(11.2%)	1.8%	18.1	2.65	13.5	2.8
Starbucks Corporation	55.76	(1.9%)	61.94	47.37	(2.9%)	0.4%	22.1	3.32	14.8	1.3
Willamette Valley Vineyards, Inc.	7.85	(0.8%)	8.86	7.77	(4.9%)	(2.0%)	NA	2.58	10.6	1.6
Sector Average:					0.1%	19.6%	31.7x	3.86x	16.1x	2.0x

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<b>DAIRY</b>										
* Danone SA	\$75.37	(2.7%)	\$83.02	\$71.64	(10.3%)	18.6%	17.4x	2.25x	10.5x	4.3x
Dean Foods Company	7.27	2.4%	12.09	7.06	(37.1%)	(66.6%)	19.9	0.19	5.2	3.0
Lifeway Foods, Inc.	2.79	4.9%	10.75	2.60	(65.1%)	(75.8%)	NA	0.42	41.7	5.3
* Saputo Inc.	30.45	2.5%	36.78	29.17	(15.5%)	(13.9%)	20.8	1.52	14.9	2.4
Sector Average:					(32.0%)	(52.1%)	19.3x	1.09x	10.2x	3.7x
<b>WHOLESALE, FOOD SERVICE, &amp; DISTRIBUTION</b>										
The Chefs' Warehouse, Inc.	\$38.31	5.4%	\$38.20	\$16.15	86.9%	142.5%	43.7x	1.04x	21.9x	4.9x
Core-Mark Holding Company, Inc.	33.57	(1.1%)	38.16	17.10	6.3%	(22.1%)	24.9	0.15	18.5	3.9
Performance Food Group Company	30.06	(9.7%)	39.45	26.35	(9.2%)	25.3%	18.1	0.25	11.3	3.1
SpartanNash Company	18.91	(5.7%)	27.72	16.32	(29.1%)	(52.2%)	8.9	0.17	6.8	3.5
SUPERVALU INC.	32.02	(0.6%)	32.40	13.60	48.2%	(2.0%)	23.4	0.18	6.6	3.9
Sysco Corporation	72.03	(1.7%)	75.98	52.30	18.6%	30.1%	20.6	0.77	13.9	2.6
United Natural Foods, Inc.	29.43	(1.7%)	52.69	28.25	(40.3%)	(38.3%)	8.5	0.18	5.4	1.1
US Foods Holding Corp.	29.69	(3.7%)	40.92	25.43	(7.0%)	8.0%	13.8	0.41	9.9	3.6
Sector Average:					9.3%	(7.3%)	21.9x	0.39x	11.8x	3.3x
<b>MASS MERCHANDISE &amp; CLUB STORES</b>										
BJ's Wholesale Club	\$24.98	(6.7%)	\$32.92	\$20.56	NA	NA	NA	0.00x	0.0x	0.0x
Costco Wholesale Corporation	218.82	(6.8%)	245.16	154.11	17.6%	36.7%	28.4	0.67	16.4	1.1
Walmart Inc.	93.31	(0.6%)	109.98	78.25	(5.5%)	35.0%	19.9	0.62	9.6	1.7
Sector Average:					6.0%	35.8%	24.1x	0.65x	13.0x	1.4x
<b>DOLLAR STORES</b>										
Dollar General Corporation	\$103.76	(5.1%)	\$112.59	\$78.83	11.6%	40.1%	16.2x	1.22x	12.0x	1.1x
Dollar Tree, Inc.	80.64	(1.1%)	116.65	79.17	(24.9%)	4.5%	13.9	1.04	9.0	1.9
Sector Average:					(6.6%)	22.3%	15.0x	1.13x	10.5x	1.5x
<b>TRADITIONAL RETAIL</b>										
* Ahold Delhaize	\$21.89	(4.6%)	\$25.41	\$17.66	(0.6%)	3.5%	12.3x	0.42x	6.3x	2.0x
Ingles Markets, Incorporated	31.60	(7.7%)	37.65	22.63	(8.7%)	(34.3%)	11.5	0.37	6.3	3.7
The Kroger Co.	29.07	(0.1%)	32.74	19.99	5.9%	(15.8%)	13.4	0.30	7.4	2.9
Village Super Market, Inc.	25.44	(6.5%)	31.49	21.95	10.9%	(17.7%)	NA	0.21	5.5	0.8
Weis Markets, Inc.	41.49	(4.4%)	57.82	31.26	0.2%	(37.9%)	NA	0.29	6.1	0.0
Sector Average:					4.1%	(26.4%)	12.4x	0.32x	6.3x	1.9x
<b>SPECIALTY RETAIL</b>										
Natural Grocers by Vitamin Cottage, Inc.	\$15.12	(10.5%)	\$19.98	\$4.79	69.3%	27.2%	40.9x	0.47x	8.8x	1.3x
Sprouts Farmers Market, Inc.	26.89	(1.9%)	29.67	17.55	10.4%	42.1%	20.6	0.80	11.8	1.8
Sector Average:					39.9%	34.6%	30.7x	0.64x	10.3x	1.5x
<b>TRADITIONAL RESTAURANTS</b>										
Brinker International, Inc.	\$46.39	(0.7%)	\$54.14	\$29.94	19.4%	(6.3%)	12.3x	1.08x	8.2x	3.7x
The Cheesecake Factory Incorporated	51.57	(3.7%)	60.19	41.01	7.0%	(13.9%)	19.3	1.03	10.3	0.6
Darden Restaurants, Inc.	108.39	(2.5%)	124.00	77.93	12.9%	49.1%	19.1	1.73	12.9	0.8
Dine Brands Global, Inc.	76.37	(6.1%)	95.00	42.05	50.5%	(0.8%)	11.7	4.46	14.2	7.5
Jack in the Box Inc.	83.52	(0.4%)	108.55	79.23	(14.9%)	(25.2%)	19.5	2.37	10.1	3.1
McDonald's Corporation	166.57	(0.4%)	178.70	146.84	(3.2%)	36.8%	21.4	7.35	15.7	3.1
The Wendy's Company	17.26	0.7%	18.69	13.57	5.1%	27.7%	27.7	5.38	16.7	7.1
YUM! Brands, Inc.	90.00	(1.0%)	91.27	74.18	10.3%	42.1%	25.8	6.59	19.5	5.0
Sector Average:					10.9%	13.7%	19.6x	3.23x	13.5x	3.9x
<b>HIGH-GROWTH RESTAURANTS</b>										
Bojangles', Inc.	\$16.51	5.2%	\$17.10	\$11.35	39.9%	(11.5%)	21.3x	1.32x	10.8x	2.0x
Chipotle Mexican Grill, Inc.	449.36	(1.1%)	530.68	247.52	55.5%	19.1%	43.8	2.56	23.0	0.0
El Pollo Loco Holdings, Inc.	12.31	(1.9%)	14.40	9.05	24.3%	0.1%	17.1	1.33	9.4	1.5
The Habit Restaurants, Inc.	15.40	(3.4%)	18.30	8.11	61.3%	(10.7%)	223.8	0.92	12.4	0.6
Noodles & Company	11.07	(8.5%)	13.30	3.95	110.9%	170.0%	103.7	1.20	17.9	2.1
Papa Murphy's Holdings, Inc.	5.06	(2.5%)	6.50	4.40	(5.9%)	19.9%	10.3	1.71	7.8	4.2
Potbelly Corporation	12.15	(1.2%)	14.15	11.05	(1.2%)	(5.8%)	29.3	0.64	8.1	0.0
Shake Shack Inc.	61.18	(2.9%)	70.12	33.00	41.6%	70.9%	102.1	4.35	27.7	0.3
Wingstop Inc.	68.86	0.9%	70.74	31.53	76.7%	132.7%	79.4	19.41	50.3	4.9
Zoe's Kitchen, Inc.	12.72	0.0%	17.65	8.22	(23.9%)	(47.0%)	NM	0.89	16.4	2.6
Sector Average:					29.8%	18.6%	50.9x	1.66x	14.8x	1.6x

**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



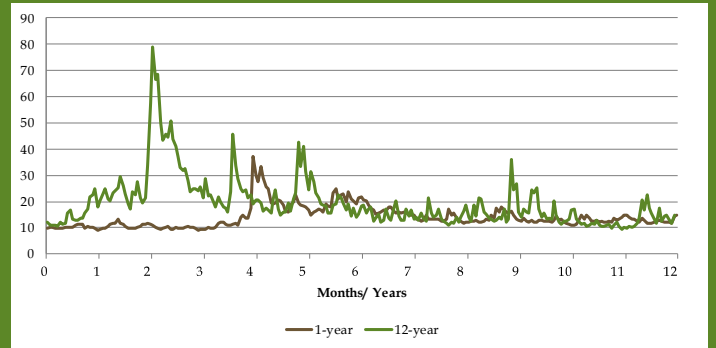
## Dow Jones Industrial Average



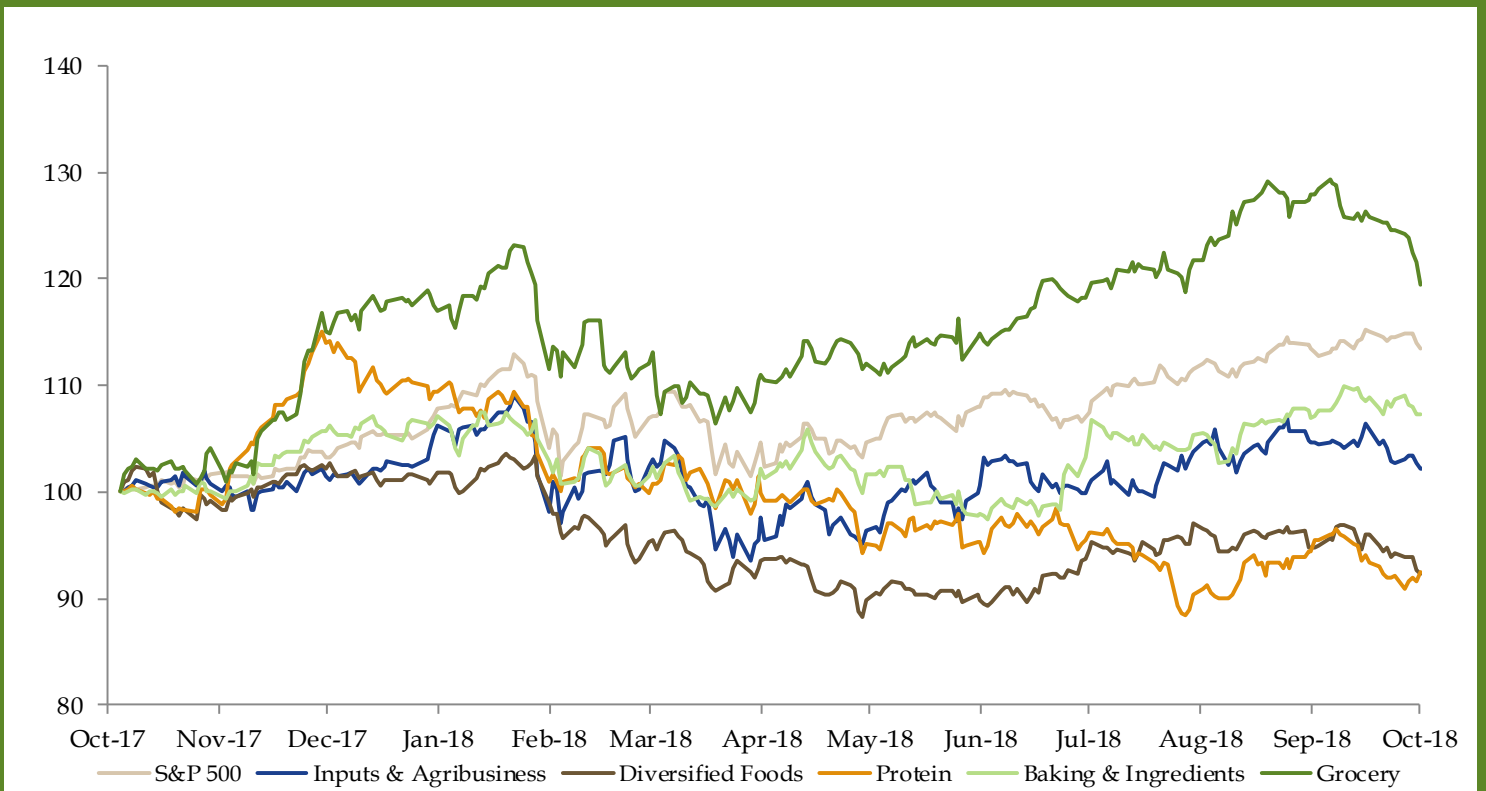
## 10-year Treasury



## CBOE Market Volatility Index - VIX



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



## Food For Thought...

*Partner Column*

*Written By William Whipple*

**Fresh Del Monte-** (FDP) posted a big miss on quarterly earnings expectations. The miss was caused by uncontrollable factors? Fresh Del Monte is one of the worst performing stock of the last two months - stock has dropped 38% from the beginning of May to \$32.54/share Friday. The reason for the bad performance is their insane miss on earnings expectations. Did everything that could have gone wrong in the quarter, go wrong? Is it time to take advantage of the drop in stock?

**Largest Distributor Of Natural & Organic Products - United Natural Foods** stock has declined 30+% since July 26th announcement of the \$2.9 billion Supervalu acquisition. The company needs more distribution capacity, but the stock analysts hate this deal - think debt & integration risk. If you look back to the week before the announcement of the Supervalu acquisition (July 17), shares of UNFI were trading close to \$45/share vs \$29.43/share.

The company has a fully-committed contract with Amazon's Whole Foods through 2025. Whole Foods makes-up about 35-38% of revenue. UNFI makes its money on a cost-plus basis. The business is about service, scale, sophistication (data & trend analytics) and selection. Because of deflationary trends in grocery, along with rising inbound freight, gross margins and operating margins are narrowing. This marks the 9th consecutive quarter of either modest deflation or near-zero inflation, compared to the 10-year average of 2.1%. With customer contracts predominantly cost-plus percentage markup, the lack of inflation remains a headwind to EBITDA growth. Investors need to see Revenue growth and EBITDA growth.

With 50+M shares at \$30/share, Market Capitalization equals \$1.5B. With \$380 million of debt, enterprise value equals \$1.9 billion. This gives a pre-acquisition Enterprise Value/EBITDA of 5.7x. After the acquisition, Proforma FY19 EBITDA for the combined businesses reflects a Debt/EBITDA of 4.7x leverage. The company will reduce leverage 2 turns within the first 3yrs of closing - excluding the sale of Albertson's retail business. The combined Debt/EBITDA leverage is expected to be 3.9x at the close of the deal - excluding the Albertson's retail - and assuming no cost synergies. Think scale and buying a good business with a leadership position in the fastest-growing segment of the wholesale food industry.

**Chef's Warehouse-** from a low of \$16 last fall to this week's close of \$38+/share, Chef's has rebuilt their earnings from 2014. October 5 the company was named to join the S&P SmallCap 600 Index and the stock climbed 6% on the news. (The company pays no dividend.)

**B&G Foods, With A 7+% Dividend, The Classic Dilemma Of Fear Vs Greed.** The stock has dropped 33% in value from their high last fall. Now \$26.36/share, the stock has declined almost 20% since September 13th. The company notes that 78% of US households have at least one B&G product.

**J.M. Smucker** (SJM) has lost 32% of its value, from \$150/share, 2-years ago, to today's price of \$102/share - with the last 10% the previous month. Is the company a bargain? Will the company return to prominence?

Revenues have stagnated, and the company has missed analyst estimates multiple times over the past ten quarters. The company levered up its balance sheet with two big acquisitions of pet food companies. The acquisitions pushed long-term debt up to \$6.7B, or 3.7x EBITDA. Then the Pet Food segment, the largest product segment, experienced a harmful recall of its newly-acquired pet food products - contained a chemical highly lethal to dogs. Pet sector is highly competitive as name brands try to deter store brands from stealing market share.

The stock is trading at an earnings multiple of 12x next-year earnings of \$8.50/share - a large discount (35%) to Smucker's 10-yr earnings multiple of 18.67x/share.

**General Mills Trading At \$43.49, Offers A 4.5% Stock Dividend - And \$30+B Market Cap.** It recently added \$6B in debt at 5% with the acquisition of Blue Buffalo - debt now totals \$14B. The debt is fixed-rate, except for about 13% floating. Next year's interest expense is expected to be \$600M annually. EBIT will cover interest payments 4x. The Company pays out \$1.2B dividends and \$600M interest against \$2.6B earnings - 70%. The stock has dropped 10% in the last 30 days and nearly 30% since January.

**President Trump to Iowa this week-** think Ethanol - Green Plains / ADM - to name a few.

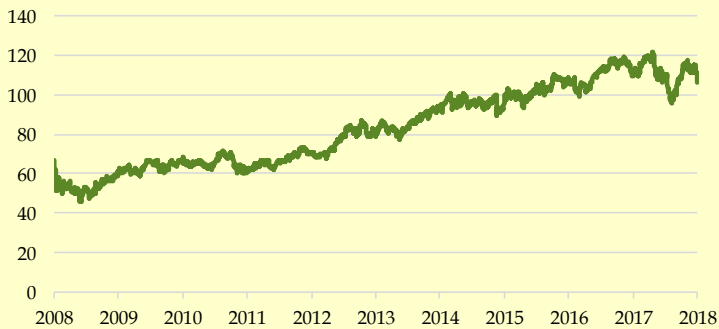
*Have a good week!*

## Food For Thought...

**PepsiCo Growth Among International Markets.** PepsiCo reported Q3 earnings on October 2 and delivered slightly better-than-expected results. Sales were driven by a 2.3% rise in North American beverage sales, the first increase in five quarters, driven by company offering more healthier options for their Gatorade and sparkling water brands. CEO Indra Nooyi, who stepped down from CEO, following the earnings release, stated "We continued to see very strong operating performance from our international divisions, propelled by developing and emerging markets, specifically India, Mexico, and China." PepsiCo's new CEO is President Ramon Laguarta while Nooyi will stay on as chairman until early 2019.

Despite the growth in the North American beverage sales, operating profit declined roughly 11% due to increased aluminum costs and marketing expenses. Marketing expenses are expected to remain consistent as the company attempts to wrestle market share from rival beverage maker Coca Cola. PepsiCo has continued to invest in the healthier beverage business after announcing the acquisition of carbonated drink maker SodaStream in August for \$3.2 billion, in hopes to further penetrate the water and at-home appliances market.

**PepsiCo (NASDAQ: PEP) 10-Year History**



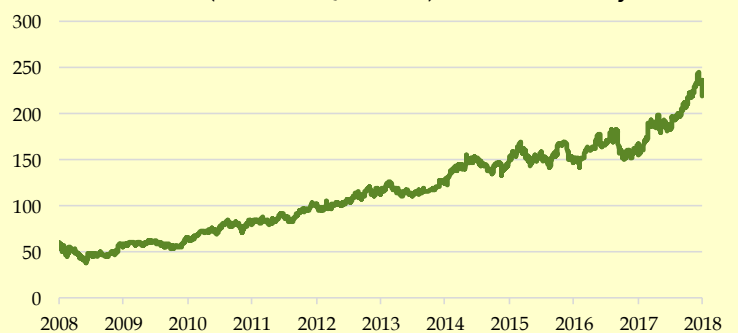
**Increased Investment In Smart Checkout Technology.** Several retail and quick-service restaurants have experienced growth in mobile ordering and in-store scan apps. These advanced technology apps and checkout lanes allow retailers to manage inventory more efficiently and provide better in-store customer service. Some retailers have already launched these automated checkout platforms such as Amazon Go, and Chinese D-Mart. In addition, quick-service restaurants are relying more on mobile ordering to provide an easier and efficient way for on the go consumers. Dunkin Brands recently invested \$100 million to equip more locations with better mobile ordering equipment. Retailers appear to be altering their business models to providing faster and easier checkout process to consumers.

**Constellation Brands Reports Strong Growth.** Constellation Brands reported strong Q2 earnings on October 4 resulting in shares rising by as much as 7.1%. The Corona producer attributed top line growth to a booming beer business as revenues were \$3.0 billion versus an expected \$2.3 billion. In addition to the strong earnings, CEO Rob Sands stated the company was "extremely bullish, if not more bullish" on their \$4 billion investment from August in Canopy Growth, the Canadian marijuana producer. An increasing amount of beverage companies are showing interest in the cannabis market, as this could be a significant growth opportunity going forward.

**Costco Faces Backlash After Material Weakness Warning.** Costco reported Q4 earnings on October 4, posting strong top line growth of \$141.6 billion in FY 2018 compared to \$129.0 billion in FY 2017, and same-store sales growth of 9.5% for the year. Despite the strong growth in revenues, the company's earnings report was overshadowed by management's warning of a material weakness in internal control related to IT systems that support financial reporting processes. Management released a statement saying "The access issues relate to the extent of privileges afforded users authorized to access company systems. There have been no misstatements identified in the financial statements as a result of these deficiencies."

Despite the material weakness not affecting financial statements, the company's stock tumbled ~5% after the earnings release. The company still has strong signs of growth with their loyal customer base, ascent in same store sales, and growing e-commerce business. In addition, one of Costco's leading warehouse competitor Sam's Club announced that it would be closing approximately 63 stores nationwide, opening the door for Costco to gain new customers.

**Costco (NASDAQ: COST) 10-Year History**



## Heard on the Street...

***Giant Eagle Acquires Ricker's C-Store Chain.*** Supermarket chain Giant Eagle announced it plans to purchase Ricker Oil's convenience store chain, which operates 56 stores in Indiana. Giant Eagle officials have said they don't have immediate plans to change the store experience, but that will likely change as the companies share knowledge around technology, fresh foods and more.

The company also said it has no plans to change the Ricker's name to its GetGo brand. Ricker's President and CEO Quinn Ricker, will team up with Giant Eagle to oversee operations. Jay Ricker will work as a consultant in the company's legal battle with the state legislature to serve cold beer in its convenience stores. The merger is expected to be completed by the end of the year.

Giant Eagle operates 200 supermarkets and 210 GetGo convenience stores. It currently has six convenience stores in Indiana, with a seventh set to open in Zionsville this month. With its acquisition of Ricker's stores, Giant Eagle gains a well-known c-store brand while also growing its footprint in Indiana. Ricker's gives Giant Eagle another advantage. Recently, Ricker's partnered with Skip, a mobile checkout app, to develop a "hybrid" of mobile payment and an Amazon-Go like shopping experience. The grocer can now easily track how successful the technology is and if it proves to be so, may adopt it into its grocery stores and GetGo locations.

***Maple Leaf Foods Inc. Acquires VIAU Foods.*** Maple Leaf Foods Inc. announced it has signed a definite agreement to acquire VIAU Food, a Canadian producer of premium Italian cooked, dry-cured and charcuterie meats, for a purchase price of \$215 million, including \$30 million in Maple Leaf stock. The transaction is expected to close in December, subject to regulatory review. VIAU Foods will continue to be managed by its current management team following the close of the deal.

The deal will expand the Mississauga, Ontario-based processor's share of the growing market for premium dry-cured and pepperoni meat products and will provide further production in Quebec as it seeks to grow its Canadian and U.S. sales. The transaction allows VIAU to expand its portfolio to include raised without antibiotics products. Pat De Marco, CEO of VIAU has said "The resources that Maple Leaf brings allow us to more quickly grow our business, provide additional product offerings to our customers, make further inroads into the U.S. market, and provide more opportunities to our people."

***Lavazza To Acquire Mars Inc. Coffee Business.*** Italian coffee maker, Lavazza will purchase Mars Drinks business, in a deal worth approximately \$650 million, including debt. In the acquisition Lavazza will get Mars Drink brands such as Flavia machine and Klix freestanding vending machine business, two leading brands in the office coffee service and vending machine segments. Mars Drinks specializes in coffee machines and systems for the workplace. The deal includes coffee operations in Germany, the U.K., France, Canada and Japan including its related systems and production facilities in the U.K. and U.S. BNP Paribas, Intesa Sanpaolo and UniCredit provided a \$463 million loan to the coffee maker for the transaction, according to Reuters. However, the financial details were not disclosed.

The Lavazza Group reported that this new deal will allow it to "consolidate its direct coverage of all coffee market segments, with a particular focus on the away-from-home business as part of a direct consumer interaction approach." The transaction would expand Lavazza's global reach. Antonio Baravalle, CEO of the Lavazza Group, said: "This acquisition fits perfectly within our international expansion strategy, the objective of strengthening key markets, as well as the pursuit of having an even closer relationship with end consumers. Indeed, this acquisition strengthens Lavazza's position in the OCS and vending segments, which offer considerable opportunities for growth and development."

The acquisition follows the purchase of Australia's Blue Pod Coffee announced by Lavazza last July. The deal itself comes amid an acquisition spree in the global coffee sector which has seen Coca-Cola acquiring coffee chain Costa from Britain's Whitbread for \$5.1 billion in August and Nestle to a licensing deal with Starbucks.

***Wilbur-Ellis Feed Acquires Ameri-Pac Inc.*** Wilbur-Ellis Feed, LLC announced the acquisition of the assets of Ameri-Pac Inc. a family owned, value-added manufacturing business focused on animal health and nutrition specialty products for pet food, companion animals, livestock and aquaculture industries. Wilbur-Ellis plans to keep Ameri-Pac's business facilities and existing employees in the St. Joseph metro area. Andrew Loder, President of Wilbur-Ellis Feed said "Ameri-Pac is a strategic fit for Wilbur-Ellis that bolsters our offerings of value-added ingredients, excellent service and innovative solutions that maximize returns for our customers and suppliers." The acquisition of Ameri-Pac will both strengthen Wilbur-Ellis Feed's Midwest presence and expand its premix capacity, the company said.



## Recent U.S. Food &amp; Agribusiness M&amp;A Activity

(\$ in millions)

Date	Target	Acquirer	Enterprise Value	Enterprise Value / Revenue	EBITDA	Target Description
10/1/2018	Mars Drinks North America, LLC	Luiga Lavazza S.p.A	n/a	n/a	n/a	Specialty single serve coffees, teas, and hot chocolate drinks
9/28/2018	So Cal MM Patients Association, LLC.	GSRX Industries Inc. (OTCPK:GSRX)	n/a	n/a	n/a	The Coughy Shop, operates as licensed retail cannabis dispensary
9/28/2018	Tyra Tech Inc. (AIM:TYR)	American Vanguard Corp. (NYSE:AVD)	\$11.5	10.42x	n/a	Development and manufacturing of proprietary insect and parasite control products
9/27/2018	Core Nutrition, LLC	Keurig Dr Pepper Inc. (NYSE:KDP)	\$477.7	n/a	n/a	Produces organic and bottled water
9/27/2018	Best Choice Nuts, Candy and Specialties, Inc.	M Line Holdings, Inc (OTCPL:MLHC)	\$0.6	n/a	n/a	Distributes candy, dried fruits, bar mixes, and fresh nuts
9/27/2018	New England Confectionery Company, Inc.	Doscher's Candies	n/a	n/a	n/a	Candy Buttons Brand of NECCO
9/24/2018	Assets of NORPAC Foods Inc	Kettle Cuisine, LLC	n/a	n/a	n/a	Frozen soup business
9/24/2018	Drink Fresh Waster LLC	New Age Farm Inc. (OTCPK:NWGF)	\$2.6	n/a	n/a	Manufactures cannabidiol infused beverage
9/24/2018	Fort Hill Pharmacy, Inc.	CVS Health Corporation (NYSE:CVS)	n/a	n/a	n/a	Pharmacy store
9/24/2018	Multiple	Graeter's Inc.	n/a	n/a	n/a	11 Franchise Stores
9/21/2018	New England Confectionery Company, Inc.	Spangler Candy Company	14.5	0.24x	n/a	Sweethearts and NECCO Wafers Brands
9/20/2018	Heartland Foods & Media Solutions Corp.	B&R Stores, Inc.	n/a	n/a	n/a	Store in Beatrice comprises retail grocery store
9/17/2018	Macdonald Meat Company, LLC	Armand Agra, Inc.	n/a	n/a	n/a	Processes and supplies meat products to restaurants and hotels
9/17/2018	19 Shop 'N Save Locations	Schnuck Markets, Inc.	n/a	n/a	n/a	19 grocery stores, 16 pharmacy stores, 10 prescription stores, 4 fuel centers
9/17/2018	Redco Foods	Harris Tea Company	n/a	n/a	n/a	Tea Manufacturing Assets
9/15/2018	Art of Beverage, LLC	Whole Brain Consulting	n/a	n/a	n/a	Assets of Art of Beverage
9/14/2018	One Utopia, LLC	Elev8 Brands Inc.	n/a	n/a	n/a	Operates retail store that sells oils, salt lamps, massage products
9/14/2018	Alma Chocolate, LLC	Moonstruck Chocolate Co.	n/a	n/a	n/a	Produces chocolate products
9/13/2018	Assets Of Mars Petcare US, Inc.	Arbor Private Investment Company	n/a	n/a	n/a	Private Label Business of Mars
9/12/2018	Pirate Brands, LLC.	Hershey Co.	420.0	n/a	n/a	Manufactures snack products
9/11/2018	Florida Food Products, Inc.	MidOcean Partners	n/a	n/a	n/a	Plant extracts as healthy and natural ingredients for food, cosmetic, pharmaceutical
9/11/2018	Albie's Foods, Inc.	Union Capital Associates, L.P.	n/a	n/a	n/a	Produces breadsticks, calzones, sandwiches, pastries, pot pies
9/11/2018	Bellisio Foods, Inc.	Hilco Industrial, LLC.	n/a	n/a	n/a	Frozen food processing and packaging business
9/11/2018	Ciao Bella Gelato Company	High Road Craft Ice Cream, Inc.	n/a	n/a	n/a	Produces and sells gelato/sorbets
9/10/2018	Assets Of Freds Pharmacies	Walgreen Co.	165.0	n/a	n/a	Prescriptions and inventory of Fred Pharmacies
9/10/2018	Suncliff Assets of Coulee Frenchman, LLC	GreenLink International (OPTPK:WSHE)	0.1	n/a	n/a	Comprises cannabis cultivation facility and related infrastructure
9/10/2018	McCloy Ranch	NGL Energy Partners LP (NYSE:NGL)	n/a	n/a	n/a	87,000 acre land with 2 million barrels water rights
9/10/2018	Bloom Ferments Inc.	Prospectors, LLC	n/a	n/a	n/a	Produces kombucha tea on natural fermentation and roots
9/6/2018	Wyoming Whiskey	Edrington Americas	n/a	n/a	n/a	Distillery produces whiskey
9/5/2018	Chromatin, Inc.	S&W Seed Company (NSQD:SANW)	26.5	n/a	n/a	Produces sorghum
9/5/2018	Duck Pond Cellars, Inc.	The Great Oregon Wine Co.	n/a	n/a	n/a	Produces and sells wines
9/5/2018	23 stores of Gristede's Foods, Inc.	Allegiance Retail Services, LLC.	n/a	n/a	n/a	Supermarket chain
9/4/2018	C-Store Business of TA Operating LLC	EG Retail (America), LLC	330.8	n/a	n/a	owns and operates chain of convenience stores and restaurant
9/4/2018	Ready Seafood Co.	Premium Brands Holdings Corp (TSX:PBH)	n/a	n/a	n/a	Processes, produces, and distributes lobsters
9/4/2018	Willow Valley Square Store	Giant Food Stores, LLC	n/a	n/a	n/a	Comprises of a grocery store
9/3/2018	Cibus Fresh Inc.	IF & P Foods, Inc	n/a	n/a	n/a	Made-to-order packaged convenience food company
8/31/2018	Cave Shake, LLC	L.A. Libations LLC	n/a	n/a	n/a	Cave Shake, LLC produces and retails ready-to-drink ketogenic shakes.

Source: Capital IQ.

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

## Soybeans



## Sugar



## Cattle



## Milk



## Cotton



## 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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