



LAKE SHORE

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



Weekly Update

Monday, November 5, 2018

Strong October Jobs Report Sparks Interest Rate Concerns

The October jobs report beat estimates with a reported gain of 250,000 jobs versus estimates of 190,000. Wage growth gains passed 3% for the first time since 2009 while the unemployment rate remained unchanged at 3.7%, the lowest since December 1969. Strong hiring trends and wage growth could signal the Fed to hike interest rates again before year end.

The **Dow Jones Industrial Average** increased 2.4% on the week, finishing at 25,271.

The **S&P 500** increased 2.4% on the week, finishing at 2,723.

The **NASDAQ Composite** increased 2.6% on the week, finishing at 7,357.

Yield on the **10-year Treasury** increased fourteen basis during the week, ending at 3.22%.

Crude oil decreased 6.6% on the week, ending at \$63.14 per barrel.

Corn increased 1.0% on the week, ending at \$3.71 per bushel.

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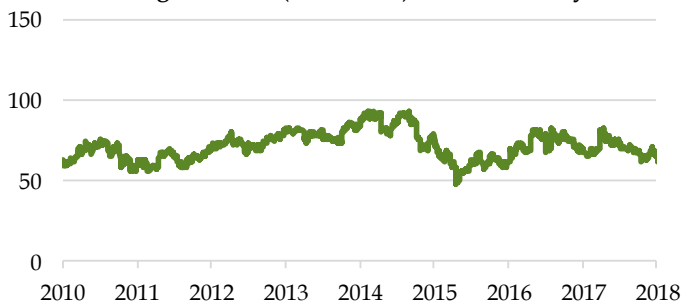
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NASDAQ Highs: Core-Mark Holding Company, Inc., El Pollo Loco Holdings, Inc., Lancaster Colony Corp., Renewable Energy Group, Inc., Starbucks Corporation **Lows:** Art's Way Manufacturing Co., Inc., The Kraft Heinz Company, Pacific Ethanol Inc., Papa Murphy's Holdings, Inc., Pilgrim's Pride Corp., United Natural Foods, Inc.

NYSE Highs: Darling Ingredients Inc., Dollar General Corp., Hormel Foods Corp., McCormick & Company Inc., McDonald's Corp., Zoetis Inc. **Lows:** Bunge Limited, Constellation Brands, Inc., Deere & Company, Fresh Del Monte Produce Inc., Industrias Bachoco, S.A.B. de C.V., The Scotts Miracle-Gro Company

Featured Stocks of the Week:

Bunge Limited (NYSE: BG) 10-Year History



The Kraft Heinz Company (NASDAQ: KHC) 4-Year History



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
	11/2/18	Compared to 10/26/18	High	Low	2017	2016		Revenue	EBITDA	
Dow Jones Industrial Average	25,271	2.4%	26,828	23,271	2.2%	27.9%	23.9x			
S&P 500	2,723	2.4%	2,931	2,565	1.8%	21.6%	16.2			
NASDAQ Composite Index	7,357	2.6%	8,110	6,706	6.6%	36.7%	NA			
Sector Average:					2.0%	28.7%				
AGRICULTURAL LAND HOLDINGS										
Farmland Partners Inc.	\$7.00	1.7%	\$9.68	\$5.15	(19.4%)	(37.3%)	155.6x	20.74x	30.4x	15.6x
Gladstone Land Corporation	12.42	(0.7%)	13.98	11.36	(7.5%)	10.5%	NM	15.41	28.3	17.3
Limoneira Company	25.71	2.8%	33.42	19.62	14.8%	19.5%	28.3	4.13	24.7	3.4
Sector Average:					(13.4%)	15.0%	14.1x	13.43x	27.8x	16.5x
INPUTS										
American Vanguard Corporation	\$17.07	9.1%	\$24.00	\$15.31	(13.1%)	(10.9%)	20.4x	1.40x	10.9x	1.4x
CF Industries Holdings, Inc.	49.68	11.9%	56.51	33.50	16.8%	57.8%	18.1	4.06	11.4	3.1
DowDuPont Inc.	57.73	11.0%	77.08	51.32	(18.9%)	NA	12.7	1.89	9.0	2.1
FMC Corporation	80.46	6.2%	98.70	72.73	(15.0%)	42.3%	12.7	3.32	11.9	2.7
Intrepid Potash, Inc.	4.00	20.8%	5.31	3.12	(16.0%)	92.3%	21.8	4.03	13.3	1.5
The Mosaic Company	31.91	7.0%	34.01	22.24	24.4%	8.8%	14.0	2.01	11.0	3.4
* Nutrien Ltd.	55.18	6.9%	58.09	42.15	NA	NA	17.5	3.27	16.5	4.5
S&W Seed Company	3.04	10.1%	4.40	2.35	(22.1%)	(33.9%)	NM	1.88	NM	156.3
The Scotts Miracle-Gro Company	70.64	5.0%	110.12	65.20	(34.0%)	(26.1%)	17.1	2.37	14.1	5.3
Zoetis Inc.	92.77	4.4%	96.57	67.44	28.8%	73.3%	28.1	8.67	22.2	2.9
Sector Average:					(5.5%)	25.5%	18.0x	2.69x	13.4x	3.0x
AGRICULTURAL EQUIPMENT										
* Ag Growth International Inc.	\$45.50	4.4%	\$49.35	\$35.90	7.0%	16.4%	16.9x	1.96x	13.8x	4.9x
AGCO Corporation	57.14	11.6%	75.95	49.50	(20.0%)	(1.2%)	12.9	0.67	7.6	2.4
Art's-Way Manufacturing Co., Inc.	2.10	(18.6%)	5.45	2.05	(29.6%)	(38.2%)	NA	0.68	NM	NM
* Buhler Industries Inc.	2.94	6.0%	3.73	2.69	(15.1%)	(11.0%)	NA	0.47	NM	NM
CNH Industrial N.V.	10.81	7.2%	15.65	9.67	(19.3%)	24.4%	14.3	1.26	11.1	7.9
Deere & Company	141.72	6.6%	175.26	128.32	(9.4%)	37.5%	12.8	2.40	15.7	7.8
Lindsay Corporation	102.63	11.4%	105.00	83.57	16.4%	37.6%	30.8	1.94	19.2	2.1
Titan Machinery Inc.	14.85	10.2%	25.09	13.28	(29.9%)	1.9%	22.1	0.58	14.3	8.8
Sector Average:					(12.5%)	8.4%	18.3x	1.24x	14.8x	5.7x
AGRIBUSINESS										
* AGT Food and Ingredients Inc.	\$13.40	0.5%	\$17.31	\$9.91	(16.4%)	(50.9%)	32.0x	0.66x	25.4x	12.1x
The Andersons, Inc.	36.66	3.5%	41.70	29.60	17.7%	(18.0%)	17.3	0.49	10.3	4.8
Archer-Daniels-Midland Company	48.00	3.3%	52.07	38.59	19.8%	5.1%	13.2	0.53	10.7	2.8
Bunge Limited	62.50	(4.2%)	83.20	61.26	(6.8%)	(13.5%)	11.2	0.37	10.6	4.5
Darling Ingredients Inc.	20.97	9.0%	21.51	15.80	15.7%	62.4%	30.2	1.42	8.8	3.8
* Gruma, S.A.B. de C.V.	10.97	(2.8%)	13.30	10.21	(13.7%)	(14.1%)	14.7	1.52	9.4	1.8
Ingredion Incorporated	103.49	5.9%	146.28	89.48	(26.0%)	(17.2%)	14.1	1.47	8.4	1.7
Landec Corporation	13.80	1.2%	15.60	11.42	9.5%	0.0%	29.6	0.87	16.5	3.0
MGP Ingredients, Inc.	65.42	(3.4%)	99.73	64.34	(14.9%)	30.9%	29.3	3.19	20.7	0.8
* Olam International Limited	1.34	4.4%	1.82	1.24	(11.9%)	(1.8%)	11.0	0.58	11.9	9.8
Sector Average:					(2.7%)	(1.7%)	20.3x	1.11x	11.9x	3.7x
DIVERSIFIED FOODS										
B&G Foods, Inc.	\$26.97	2.0%	\$39.75	\$22.00	(23.3%)	(38.4%)	13.1x	2.21x	11.9x	6.4x
Campbell Soup Company	36.88	0.4%	51.07	32.63	(23.3%)	(39.0%)	15.2	2.39	10.7	5.1
Conagra Brands, Inc.	35.00	(1.2%)	39.43	32.82	(7.1%)	(11.5%)	15.9	2.62	13.3	2.6
General Mills, Inc.	42.17	(3.1%)	60.69	41.01	(28.9%)	(31.7%)	13.4	2.58	11.9	4.6
The Hain Celestial Group, Inc.	25.26	4.6%	44.37	23.75	(40.4%)	(35.3%)	20.6	1.36	15.3	3.3
The J. M. Smucker Company	105.69	0.3%	133.38	96.13	(14.9%)	(17.5%)	12.6	2.47	11.1	4.0
Kellogg Company	63.00	(8.9%)	74.98	56.40	(7.3%)	(14.5%)	14.8	2.30	9.6	3.0
The Kraft Heinz Company	50.73	(7.2%)	82.48	50.41	(34.8%)	(41.9%)	13.7	3.53	12.1	4.2
Lancaster Colony Corporation	167.24	1.6%	175.37	115.81	29.4%	18.3%	30.3	3.53	21.3	0.0
Mondelez International, Inc.	41.98	4.7%	46.54	37.42	(1.9%)	(5.3%)	17.2	3.07	15.2	4.4
* Nestlé S.A.	83.67	(0.3%)	86.14	72.70	(2.7%)	16.3%	20.3	3.15	15.3	2.0
Post Holdings, Inc.	89.19	4.3%	101.43	70.66	12.6%	10.9%	17.4	2.14	11.3	6.5
SunOpta Inc.	7.15	(2.3%)	9.13	6.10	(7.3%)	0.4%	NM	0.97	23.3	9.8
TreeHouse Foods, Inc.	44.68	(1.3%)	55.60	36.35	(9.7%)	(38.1%)	19.1	0.79	9.4	4.6
Unilever N.V.	53.75	(0.9%)	57.10	47.96	(4.7%)	30.2%	19.6	2.85	14.4	2.9
Sector Average:					(11.0%)	(12.3%)	17.4x	2.40x	13.1x	4.2x

Company Name	Price 11/2/18	Price Compared to 10/26/18	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	
ETHANOL										
Green Plains Inc.	\$18.00	6.3%	\$21.90	\$15.25	6.8%	(35.4%)	NM	0.50x	13.3x	9.0x
Pacific Ethanol, Inc.	1.82	19.7%	5.10	1.38	(60.0%)	(80.8%)	NM	0.18	30.5	25.2
Renewable Energy Group, Inc.	28.69	(3.0%)	32.52	9.50	143.1%	195.8%	7.2	0.43	4.0	0.8
			Sector Average:		30.0%	26.5%	7.2x	0.37x	8.7x	4.9x
FRUIT & VEGETABLE										
Calavo Growers, Inc.	\$98.51	0.8%	\$108.00	\$68.77	16.7%	60.4%	29.5x	1.60x	22.4x	0.1x
Fresh Del Monte Produce Inc.	32.88	4.2%	52.43	29.06	(31.0%)	(45.8%)	14.2	0.51	12.1	3.4
Lamb Weston Holdings, Inc.	76.98	(0.0%)	79.97	50.60	36.4%	103.4%	24.9	3.85	16.4	3.2
Seneca Foods Corporation	32.50	3.7%	35.38	25.45	5.7%	(18.9%)	NA	0.49	27.8	15.3
* Total Produce plc	2.29	6.9%	2.93	2.09	(25.6%)	10.3%	17.6	0.24	7.9	2.6 *
			Sector Average:		0.4%	21.9%	21.6x	0.71x	19.7x	2.3x
PROTEIN										
Cal-Maine Foods, Inc.	\$48.61	2.8%	\$52.30	\$39.50	9.4%	10.0%	31.8x	1.30x	7.3x	0.0x
Hormel Foods Corporation	43.20	4.9%	43.98	30.69	18.7%	24.1%	24.4	2.47	17.3	0.6
Industrias Bachoco, S.A.B. de C.V.	42.13	(12.1%)	64.44	42.00	(26.5%)	(14.1%)	10.9	0.45	3.7	0.7
* JBS S.A.	2.75	0.9%	2.90	1.87	(7.0%)	(21.4%)	6.9	0.48	6.6	5.2 *
Nathan's Famous, Inc.	72.01	(5.1%)	107.05	60.35	(4.6%)	11.0%	NA	3.75	13.2	5.0
Pilgrim's Pride Corporation	18.73	8.0%	38.39	16.01	(39.7%)	(1.4%)	10.4	0.60	7.4	2.7
Sanderson Farms, Inc.	102.14	1.9%	176.43	95.97	(26.4%)	8.4%	NM	0.61	6.7	0.0
Seaboard Corporation	3,679.98	(2.4%)	4,499.95	3,525.00	(16.6%)	(6.9%)	NA	0.55	12.0	2.7
Tyson Foods, Inc.	61.56	1.8%	84.65	56.79	(24.1%)	(0.2%)	10.6	0.81	7.9	2.5
			Sector Average:		(13.0%)	1.1%	16.8x	0.68x	7.4x	2.1x
BAKING & INGREDIENTS										
* ARYZTA AG	\$7.43	(17.2%)	\$38.77	\$7.19	(81.0%)	(83.0%)	11.0x	0.61x	7.0x	7.1x *
Balchem Corporation	94.25	(2.3%)	117.79	70.23	16.9%	12.3%	30.1	5.01	21.0	1.4
Flowers Foods, Inc.	18.77	(1.8%)	22.82	17.71	(2.8%)	(6.0%)	18.2	1.20	10.9	1.9
* Grupo Bimbo, S.A.B. de C.V.	1.93	(1.8%)	2.36	1.74	(13.0%)	(15.5%)	24.9	0.93	7.8	2.6 *
J&J Snack Foods Corp.	155.64	0.7%	161.82	125.98	2.5%	16.6%	31.4	2.42	17.0	0.0
* Kerry Group plc	104.79	1.7%	113.50	86.52	(6.7%)	46.2%	25.0	2.75	20.8	2.1 *
McCormick & Company, Incorporated	143.46	3.7%	146.57	93.70	40.8%	53.7%	27.4	4.41	21.3	4.6
* Tate & Lyle plc	8.68	2.0%	9.25	6.78	(8.7%)	(0.7%)	13.3	1.28	7.4	1.3 *
			Sector Average:		(6.5%)	3.0%	22.7x	2.33x	14.1x	2.6x
CANDY, NUTS, & SNACKS										
Bridgford Foods Corporation	\$17.30	5.8%	\$21.55	\$12.20	37.8%	52.2%	NA	0.83x	13.5x	0.0x
The Hershey Company	105.84	3.2%	115.82	89.10	(6.8%)	2.3%	18.8	3.37	13.7	2.5
John B. Sanfilippo & Son, Inc.	63.90	(10.1%)	79.37	54.32	1.0%	(9.2%)	21.7	0.92	13.0	1.4
Rocky Mountain Chocolate Factory, Inc.	8.25	0.1%	12.60	8.12	(30.0%)	(19.0%)	NA	1.25	7.7	0.3
Tootsie Roll Industries, Inc.	31.32	2.2%	37.04	27.45	(11.4%)	(16.4%)	NA	3.88	21.4	0.1
			Sector Average:		(1.8%)	6.6%	20.3x	2.05x	13.8x	0.8x
PET FOOD AND PRODUCTS										
Central Garden & Pet Company	\$32.44	5.4%	\$45.02	\$30.71	(16.6%)	(2.0%)	17.2x	1.01x	10.5x	3.3x
Freshpet, Inc.	36.05	(5.0%)	40.58	15.30	90.2%	255.2%	243.1	7.30	146.2	0.5
			Sector Average:		(16.6%)	(2.0%)	17.2x	4.15x	10.5x	1.9x
WINE & BEVERAGE										
The Boston Beer Company, Inc.	\$290.40	4.3%	\$329.95	\$160.40	52.0%	71.0%	35.0x	3.31x	20.8x	0.0x
Brown-Forman Corporation	47.25	1.4%	59.58	43.87	(14.0%)	31.5%	27.8	7.61	22.3	2.2
The Coca-Cola Company	48.00	4.5%	48.62	41.45	4.6%	15.8%	22.3	7.19	19.0	4.0
Constellation Brands, Inc.	201.32	(4.1%)	236.62	196.26	(11.9%)	31.3%	20.3	6.07	10.9	3.4
* Cott Corporation	14.96	4.1%	17.35	13.58	(10.6%)	32.2%	41.9	1.37	11.6	4.6 *
Craft Brew Alliance, Inc.	18.29	1.6%	21.00	15.76	(4.7%)	8.2%	47.2	1.70	15.8	0.5
Crimson Wine Group, Ltd.	8.15	(2.7%)	11.16	8.06	(23.6%)	(13.0%)	41.9	1.37	11.6	4.6
* Diageo plc	34.16	(1.2%)	37.41	30.42	(7.3%)	31.1%	47.2	1.70	15.8	0.5 *
Monster Beverage Corporation	54.10	6.0%	70.22	47.61	(14.5%)	22.0%	29.2	8.09	22.3	0.0
Jones Soda Co.	0.34	11.8%	0.53	0.25	(6.9%)	(24.5%)	NA	1.26	NM	NM
National Beverage Corp.	95.00	(3.9%)	127.32	83.78	(2.5%)	86.0%	24.8	4.15	18.7	0.0
PepsiCo, Inc.	111.17	0.7%	122.51	95.94	(7.3%)	6.3%	18.9	2.76	14.0	2.8
Starbucks Corporation	64.32	10.8%	65.68	47.37	12.0%	15.9%	24.4	3.43	15.6	1.8
Willamette Valley Vineyards, Inc.	7.44	(2.1%)	8.57	7.35	(9.8%)	(7.1%)	NA	2.49	10.2	1.6
			Sector Average:		(3.2%)	17.0%	31.7x	3.75x	16.1x	2.0x

Company Name	Price	Price	52-Week Range		Price as Compared to		Forward	Enterprise Value to		Total Debt
	11/2/18	Compared to 10/26/18	High	Low	YE:			LTM:		
					2017	2016	P/E	Revenue	EBITDA	EBITDA
DAIRY										
* Danone SA	\$71.65	0.6%	\$82.12	\$69.63	(14.7%)	12.8%	16.6x	2.18x	10.2x	4.3x
Dean Foods Company	7.47	(2.4%)	12.09	6.94	(35.4%)	(65.7%)	21.0	0.20	5.3	3.0
Lifeway Foods, Inc.	3.18	26.0%	10.45	2.01	(60.3%)	(72.4%)	NA	0.48	47.2	5.3
* Saputo Inc.	28.70	(5.2%)	35.32	27.12	(20.3%)	(18.8%)	19.7	1.37	14.2	2.1
Sector Average:					(32.7%)	(52.3%)	19.1x	1.06x	9.9x	3.7x
WHOLESALE, FOOD SERVICE, & DISTRIBUTION										
The Chefs' Warehouse, Inc.	\$35.00	7.8%	\$39.26	\$16.15	70.7%	121.5%	37.5x	0.91x	19.4x	4.3x
Core-Mark Holding Company, Inc.	38.15	2.5%	40.12	17.10	20.8%	(11.4%)	27.9	0.17	20.5	3.9
Performance Food Group Company	29.38	2.2%	39.45	26.35	(11.2%)	22.4%	17.8	0.24	11.1	3.1
SpartanNash Company	18.74	4.6%	27.72	16.32	(29.8%)	(52.6%)	8.9	0.17	6.8	3.5
Sysco Corporation	71.29	2.1%	75.98	52.30	17.4%	28.8%	20.4	0.77	13.8	2.7
United Natural Foods, Inc.	22.09	0.2%	52.69	21.16	(55.2%)	(53.7%)	6.6	0.14	4.3	1.1
US Foods Holding Corp.	29.22	1.2%	40.92	25.43	(8.5%)	6.3%	13.7	0.41	9.8	3.6
Sector Average:					0.6%	(10.0%)	21.0x	0.40x	12.2x	3.2x
MASS MERCHANDISE & CLUB STORES										
BJ's Wholesale Club	\$22.37	6.3%	\$32.92	\$20.33	NA	NA	NA	0.00x	0.0x	0.0x
Costco Wholesale Corporation	230.16	5.5%	245.16	163.78	23.7%	43.8%	29.7	0.71	17.0	1.2
Walmart Inc.	101.34	2.4%	109.98	81.78	2.6%	46.6%	21.8	0.66	10.3	1.7
Sector Average:					13.1%	45.2%	25.8x	0.69x	13.7x	1.4x
DOLLAR STORES										
Dollar General Corporation	\$112.12	4.0%	\$114.66	\$79.79	20.5%	51.4%	17.5x	1.31x	12.9x	1.1x
Dollar Tree, Inc.	85.15	2.2%	116.65	78.78	(20.7%)	10.3%	14.7	1.08	9.4	1.9
Sector Average:					(0.1%)	30.8%	16.1x	1.20x	11.1x	1.5x
TRADITIONAL RETAIL										
* Ahold Delhaize	\$23.16	1.1%	\$25.13	\$18.33	5.2%	9.5%	12.8x	0.44x	6.6x	2.0x
Ingles Markets, Incorporated	33.04	6.6%	37.65	22.70	(4.5%)	(31.3%)	12.0	0.37	6.4	3.7
The Kroger Co.	30.17	9.4%	32.74	20.74	9.9%	(12.6%)	13.9	0.31	7.6	2.9
Village Super Market, Inc.	25.55	0.8%	31.49	21.95	11.4%	(17.3%)	NA	0.20	5.5	0.8
Weis Markets, Inc.	45.70	5.1%	57.82	31.26	10.4%	(31.6%)	NA	0.32	6.3	0.0
Sector Average:					9.2%	(23.2%)	12.9x	0.33x	6.5x	1.9x
SPECIALTY RETAIL										
Natural Grocers by Vitamin Cottage, Inc.	\$17.56	(2.1%)	\$19.98	\$4.83	96.6%	47.7%	46.5x	0.53x	10.1x	1.3x
Sprouts Farmers Market, Inc.	26.50	(1.8%)	29.67	19.80	8.8%	40.1%	19.7	0.77	11.6	1.7
Sector Average:					52.7%	43.9%	33.1x	0.65x	10.8x	1.5x
TRADITIONAL RESTAURANTS										
Brinker International, Inc.	\$45.35	5.0%	\$54.14	\$31.74	16.8%	(8.4%)	11.9x	0.92x	7.2x	2.9x
The Cheesecake Factory Incorporated	49.17	1.1%	60.19	41.75	2.1%	(17.9%)	18.7	0.97	9.9	0.6
Darden Restaurants, Inc.	105.30	1.3%	124.00	79.18	9.7%	44.8%	18.5	1.69	12.6	0.8
Dine Brands Global, Inc.	87.35	10.2%	95.00	42.05	72.2%	13.4%	13.0	4.62	14.6	7.2
Jack in the Box Inc.	79.74	1.8%	108.55	75.09	(18.7%)	(28.6%)	18.7	2.29	9.8	3.1
McDonald's Corporation	176.75	2.0%	178.96	146.84	2.7%	45.2%	22.0	7.81	16.2	3.2
The Wendy's Company	17.00	0.9%	18.69	13.57	3.5%	25.7%	27.3	5.33	16.5	7.1
YUM! Brands, Inc.	86.90	1.3%	92.21	75.88	6.5%	37.2%	24.0	6.43	18.8	5.0
Sector Average:					11.8%	13.9%	19.3x	3.18x	13.2x	3.7x
HIGH-GROWTH RESTAURANTS										
Bojangles', Inc.	\$15.80	3.5%	\$17.10	\$11.35	33.9%	(15.3%)	20.7x	1.27x	10.5x	2.0x
Chipotle Mexican Grill, Inc.	476.39	8.7%	530.68	247.52	64.8%	26.3%	43.8	2.65	23.2	0.0
El Pollo Loco Holdings, Inc.	15.42	21.5%	16.11	9.05	55.8%	25.4%	19.7	1.59	13.2	1.7
The Habit Restaurants, Inc.	14.85	6.6%	18.30	8.11	55.5%	(13.9%)	125.5	0.83	10.6	0.6
Noodles & Company	9.47	(2.4%)	13.50	3.95	80.4%	131.0%	72.6	1.01	14.8	1.5
Papa Murphy's Holdings, Inc.	4.65	4.7%	6.50	4.28	(13.6%)	10.2%	9.5	1.64	7.5	4.2
Potbelly Corporation	11.66	2.7%	14.15	10.91	(5.2%)	(9.6%)	27.8	0.61	7.7	0.0
Shake Shack Inc.	47.19	(9.7%)	70.12	35.56	9.2%	31.9%	67.3	3.15	21.1	0.3
Wingstop Inc.	62.41	(7.1%)	75.58	35.49	60.1%	110.9%	72.2	16.99	44.1	4.6
Zoe's Kitchen, Inc.	12.72	0.1%	17.65	8.22	(23.9%)	(47.0%)	NM	0.89	16.4	2.6
Sector Average:					26.3%	13.2%	41.7x	1.51x	13.9x	1.5x

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



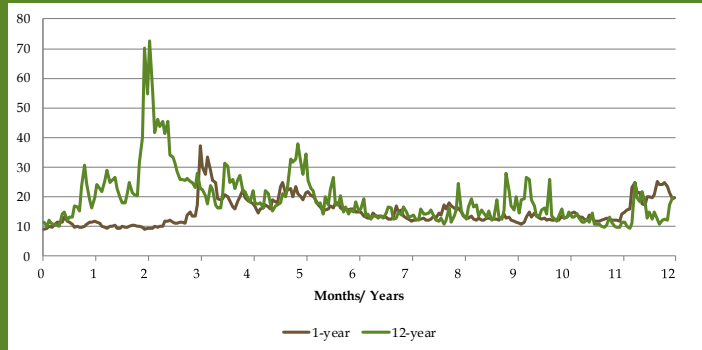
Dow Jones Industrial Average



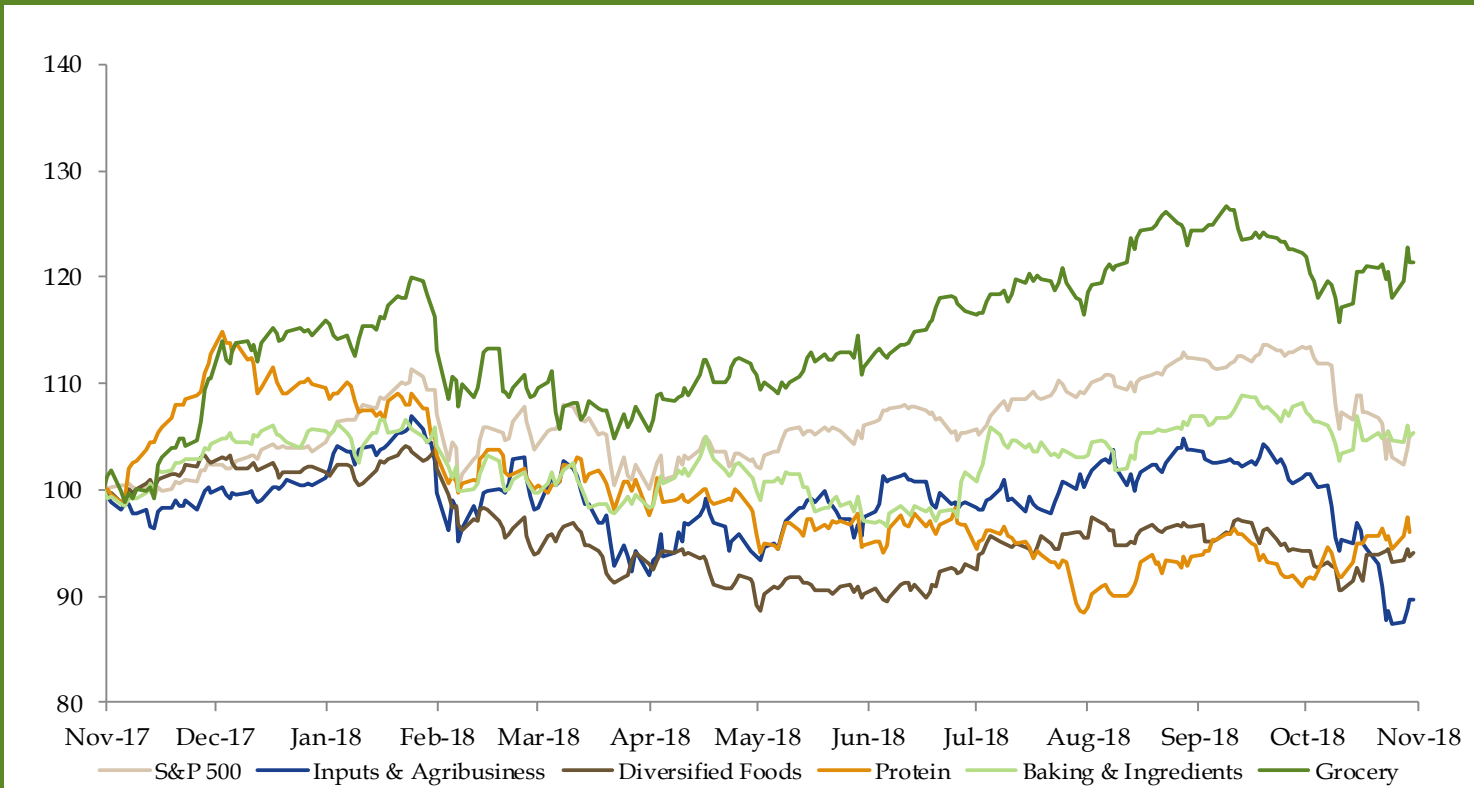
10-year Treasury



CBOE Market Volatility Index - VIX



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



Food For Thought...

Partner Column

Written By William Whipple

Packaged-Food stocks take earnings-hit this past week.

Kraft Heinz dropped roughly 8% Friday on negative pricing and input costs, followed down by General Mills at 6%, Smucker's at 4%, Campbell Soup & Post Holdings at 3.5%, Conagra & Flowers at 2% and Kellogg's at 1.5%. Another punch to consumer staples. You never heard anyone complain when cost cuts accrued to company's benefit.

Kraft has lost more than 1/3 of its value in 2018.

Sustained sales growth has proved elusive for Kraft Heinz the past three years. The company's strategic agenda has focused on cutting costs, resulting in above-peer group operating margins. However, operating margin just dropped 500 basis points to 21%, reflecting higher commodity costs, the proverbial higher transportation costs, and increased investments to support the brands. Consumer Staples have not proven themselves the safe, steady earners of the past, influenced by changing consumer tastes to natural products, private-label, and higher debt levels cutting into buyback programs. With little to no growth in unit sales, pricing is everything to maintaining profits. Analysts want to see a financially-driven company post some revenue growth from product innovation.

Valero Energy/Ethanol.

Valero Energy purchased the three Green Plains ethanol facilities for \$1.08/gal of nameplate capacity. Valero reported \$21 million third quarter ethanol operating income, down from \$82 million YOY. The decrease is attributed to lower ethanol prices. Valero currently owns 11 ethanol plants with a combined capacity of 1.4B gal/year. With the acquisition of the three GPRE facilities, Valero will own 14 ethanol plants with 1.7 million gal/yr capacity. Ethanol Producer Magazine online plant map shows U.S. with 204 ethanol plants and a 16.7 billion capacity. Valero believes corn ethanol is the most competitive octane source in the world and expect ethanol demand to grow globally. Ethanol Exports accounted for 10% of U.S. production in 2018.

Concerns for Weight Watchers.

Weight Watchers dropped 30% on the week to around \$49/share following third quarter financial results. The stock is off midyear highs when it was trading for just over \$100/share. Concerns exist on financial promotions and cheaper on-line subscriptions.

Corteva Ag - DowDupont spinoff. Goldman Sachs did a valuation analysis based on average of 50% 2019 and 50% 2020 sales forecast on \$16+ billion in sales with \$3.7 billion EBITDA and a 11.5x multiple for \$42 billion valuation. Risks are slower synergies, delayed spin-offs, and economic weakness.

B&G Foods. After just closing the \$420 million sale to Hershey of its snack-food brand for 19x EBITDA, B&G has capacity to acquire accretive acquisitions. With dividends above 7%, does B&G represent another dividend trap? The company typically buys companies in the 7.5x-9.0x EBITDA range. The company figures that 1/2 the margins turn into free-cash flow, with about 1/2 of that returned to the shareholders.

Bunge Possibly Selling Off AG Trading Company.

Bunge is talking with Continental Grain about adding four new directors to its board and opening a strategic review on ultimately selling the Ag Trading Company. The company, one of the world's largest soybean processors, was supposedly sold to ADM earlier this year. Bunge expects 2018 EBITDA to be \$1.3 billion or more than \$700 million higher than in 2017. ADM stock has increased 10%, from low \$40's/share earlier this year to \$48/share. Their 52-week high was \$52/share a month ago. Bunge trades at \$62/share, with their 52-week high of \$83/share during March sale discussions.

Green Plains selling assets for \$650 million.

Green Plains to sell assets for \$650 million in cash this October. The assets include 20% of Ethanol Production Capacity (\$300M) and Fleischmann's Vinegar Company (\$350M). The newfound liquidity will be put to use undoing 2015-2017 expansion by paying-off debt, repurchasing shares, and distillers grain shift into animal feed sector. Will GPRE be able to purchase its new-vision assets that are earnings-accretive?

Poet Purchases Ethanol Facility.

Poet building acquires 80 million gal/yr Ethanol Facility in Shelbyville, IN for roughly \$160 million, with anticipated completion in spring 2020. I would never correlate the 2 plants but interesting comparison, but you can do the math!

Another Strong Week for McDonalds.

McDonalds stock up 3.4% to \$176.75 for the week - holy cow.

Have a good week!

Food For Thought...

New Stores Drive Sprouts' Sales. Sprouts Farmers Market recently reported net sales of \$1.3 billion for its third quarter. The company's strong performance comes from new and remodeled stores driving growth, the company noted. The company's same-store sales increased 1.5% this quarter, a slowdown from previous quarters and reflective of a deflationary environment in perishables, particularly produce, which comprises close to a quarter of Sprouts' sales. Additionally, gross profit for the quarter grew to 28.8%, an increase of five basis points over the year-ago period.

Comparable store sales continued to slow from Sprouts in this third quarter, with its 1.5% growth contrasting consecutive 4.6% increases late last year and early this year. The deceleration, executives pointed out, is due primarily to deflation in produce, Sprouts' biggest draw and sales leader. But inflation in this category is expected to return next year.

During the third quarter, Sprouts opened up new stores in two new states, Washington and Pennsylvania, bringing its total to 315 locations within 19 states. Sprouts accomplished its goal of opening 30 stores this year and plans on opening 30 more next year, with seven coming in the first quarter. In addition, Sprouts is upgrading its stores around a concept focused on prepared foods, fresh and healthy offerings. Ted Frumkin, Sprouts' chief development officer, said that shoppers treat these stores as meal destinations and find them easier to shop than the company's legacy stores. The new locations are incorporating this concept, and by 2020 the chain will have all of the stores upgraded in line with this model, Frumkin said. Sprouts' store growth, its recent adjustments, and the popularity of its core model with today's shoppers bode well for the company. However, it will still face competition from others such as Whole Foods and Krogers.

Strong FY2019 Results For Chili's. Chili's streamlined menu and new value platforms helped push sales and traffic within its restaurants during the most recent quarter. The restaurant chain recently reduced its menu items by 40% and introduced value propositions such as \$5 margaritas and a 3 for \$10 menu. Wyman T. Roberts, CEO and president of parent company Brinker International Inc said "Ever since then, we've delivered sequential improvements in our results," during the earnings call. Brinker International Inc. who owns Chili's, had its first quarter of fiscal 2019 had a net income of \$26.4 million, which was up 177% from \$9.9 million, in the previous year's first quarter. Total revenues in the first quarter of fiscal 2019 rose 1.9% to \$753.8 million from \$739.4 million.

Seaboard Operating Incomes Decline. Seaboard Foods last week announced its quarterly results, which showed declines in operating income in both the pork and turkey divisions. The pork division posted operating income of \$2 million on sales of \$412 million in the third quarter, down from income of \$59 million and \$404 million of sales last year. Seaboard's investment in turkey processor Butterball reported a \$19 million operating loss in the quarter and sales of \$399 million. Last year the unit reported a profit of \$9 million and sales of \$439 million. Seaboard also announced investments of \$50 million in its pork operations over the quarter, primarily for improvements to existing facilities and new hog finishing barns.

Mondelez Looks To Reverse Falling Sales. Mondelez International, Inc. (NASDAQ: MDLZ) reported last week that quarterly revenues declined 3.7% to \$6.29 billion, led by weaker than expected sales in North America. Analyst estimates came were revenue of \$6.32 billion in the quarter. Like many other CPG companies, Mondelez is facing challenges in North America, where higher costs and changing consumer demands for healthier products are pressuring legacy brands such as Mondelez's Oreos. To help stabilize its profitability, Mondelez announced price increases in its latest report. This follows Hershey's price increase announced last week, and reports that Nestle is considering doing the same.

In addition to efforts to boost sales of existing brands, many CPG companies have turned to M&A for growth. In last week's report, Mondelez provided an update on its acquisition of Tate's Bake Shop – known for its clean label cookies made from high-quality ingredients such as brown cane sugar and butter. Mondelez acquired Tate's for approximately \$500 million earlier in 2018. The company noted Tate's is growing in the 'double-digits' and continues to expand its distribution across the U.S.

Mondelez (NASDAQ: COST) 10-Year History



Heard on the Street...

PepsiCo Fights For Protein With Health Warrior Acquisition. PepsiCo purchased Health Warrior, a brand of plant-based, protein-dense bars, mixes and snacks, for an undisclosed amount, the company announced last Wednesday. Health Warrior is the first brand that will be part of its new innovation program, The Hive, which focuses on smaller, emerging brands. Health Warrior was started in 2011 by a group of college friends who wanted to make nutritious superfoods more accessible to consumers. The brand's offerings are non-GMO and gluten-free, and include ingredients like pumpkin and chia seeds. Health Warrior will continue to operate out of its current headquarters in Richmond, Virginia.

With plant-based and protein-dense snacking trending and continuing to grow, it makes sense that the first brand brought aboard for Pepsi's The Hive program would fit the profile of Health Warrior. Through acquisitions, the company best known for its signature soda has been branching into healthier snacking. This has been a strategy for years, though the company seems to be accelerating more into this space now. After all, PepsiCo bought Quaker Oats in 2001 and has jointly owned hummus and dips company Sabra since 2008. More recently, it bought baked fruit maker Bare Foods earlier this year and acquired probiotic drink maker KeVita in 2016. On an earnings call earlier this year, former CEO Indra Nooyi estimated PepsiCo has grown its business of good-for-you and better-for-you products from 38% of revenue in 2006 to about 50% last year.

Coca-Cola Launches Global Ventures Group To Integrate Acquisitions. The Coca-Cola Co. has created a new Global Ventures group to make sure the company can adequately connect with and globally scale its key acquisitions, investments, and partnerships, President and CEO James Quincey said during an Oct. 30 earnings call, according to a transcript. Coca-Cola's announcement in August that it would purchase British multinational Costa Coffee for \$5.1 billion was the biggest M&A deal of the quarter. Just before that, the company bought a minority stake in BodyArmor sports drinks, and may completely acquire the brand in the future. And it sounds like more deals will be forthcoming. Quincey noted on the third-quarter earnings call this week that besides integrating existing purchases, the Global Ventures group "will also partner with colleagues around the world to identify and nurture the next series of fast-growing opportunities." It would appear Coca-Cola is looking for external opportunities to assist in driving and sustaining growth.

George's Inc. Completes Acquisition Of Ozark Mountain Poultry. George's Inc. of Springdale, Ark., announced that it has completed its acquisition of Ozark Mountain Poultry (OMP) of Rogers, Ark. Both George's and OMP are fully integrated poultry companies, with facilities and employees across four states, supplying the retail, foodservice and industrial market sectors with more than 25 million pounds of poultry products and prepared foods weekly. "It's an exciting time at George's as we integrate two established Arkansas family owned and operated companies into one best-in-class operation. The combined strengths of both organizations will help drive our growth and innovation for generations to come," Charles George, co-chief executive officer of George's, said. "OMP offers a wealth of operational talent, trusted brands, and they are a tremendous addition to our family and company." George's was founded in Springdale in the 1920s and is now led by its fourth generation, Carl and Charles George. OMP was founded by Dr. Ed Fryar in 2001. Combined, George's will own and operate eight production locations in four states, employing more than 7,000 people. "With our combined assets, we look forward to being able to offer consumers additional choices with affordable antibiotic free and non-genetically modified poultry products," George's co-CEO Carl George said.

Saputo To Acquire F&A Dairy Products For \$85 Million. Saputo Inc. has entered into an agreement to acquire cheese maker F&A Dairy Products, Inc. for \$85 million. The transaction, which is expected to close by the end of the year, includes two manufacturing facilities in Las Cruces, NM and Dresser, WI with approximately 170 employees. Las Cruces-based F&A Dairy generated \$163 million in revenue during its last fiscal year. The company manufactures a variety of cheeses, including mozzarella, provolone, and muenster, for distribution throughout the U.S. and Mexico. The acquisition is the latest in Saputo's recent spree of purchases that expand its international footprint. Within the past year, the company acquired Southeast Milk, Belleview FL, Montchevre-Betin, Belmont, WI, Murray Goulburn, Southbank, Victoria, Australia; and Shepherd Gourmet Dairy, Ontario. Recent acquisitions will look to be integrated immediately and help drive domestic and international revenue. Saputo produces, markets, and globally distributes an array of dairy products including cheese, fluid milk, extended shelf-life milk and cream products, cultured products and dairy ingredients. The company markets its products under brands such as Saputo, Alexis de Portneuf, Armstrong, COON, Cracker Barrel, etc.

M&A

Global M&A finished strong in the third quarter with a barrage of deals in energy, technology, and healthcare. Global deals worth almost \$3.3 trillion have been agreed to, a 39% increase from this time last year. The food sector was no exception with large packaged food players continuing to gobble up smaller brands. Just look at Hershey's September decision to purchase Pirate Brands, maker of Pirate's Booty.

It highlights the pressure legacy brands are under to innovate and reach consumers seeking better-for-you snacks, a theme we've touched on before. This month, PepsiCo echoed a similar strategic rationale, jumping into the fray by picking up Health Warrior, a maker of nutrition bars featuring superfoods like chia seeds and quinoa. For some big brands, acquisition is more appetizing than innovation.

Recent U.S. Food & Agribusiness M&A Activity

(\$ in millions)

Date	Target	Acquirer	Enterprise Value	Enterprise Revenue	Enterprise Value / EBITDA	Target Description
10/31/2018	Health Warrior, Inc.	PepsiCo, Inc. (NasdaqGS:PEP)	n/a	n/a	n/a	Health Warrior, which launched in 2011, makes products out of chia, pumpkin seeds, and other superfoods.
10/30/2018	Bonide Products, Inc.	ControlSolutions, Inc.	n/a	n/a	n/a	Maker of products and solutions for home, lawn, and garden pest problems.
10/30/2018	Terri Lynn, Inc.	-	n/a	n/a	n/a	Direct source of nuts, dried fruits and chocolate coated products serving thousands of fundraising groups, retailers, and resellers.
10/30/2018	Noosa Yoghurt, LLC	Sovos Brands	n/a	n/a	n/a	Australian style Greek yogurt that was originally put on the market in January 2018, with an asking price was \$650 million.
10/29/2018	Signature Brands, LLC	Traub Capital Management, LLC	n/a	n/a	n/a	Maker of cake decorations for distributors and commercial bakers
10/29/2018	VSLV Management, LLC.	Curaleaf Holdings, Inc. (CNSX:CURA)	n/a	n/a	n/a	Cannabis
10/26/2018	F&A Dairy Products, Inc.	Saputo Inc. (TSX:SAP)	n/a	n/a	n/a	Wisconsin based Italian cheese manufacturer.
10/25/2018	Dimensions Beverage and Branding, LLC	The Caravel Group, LLC	n/a	n/a	n/a	Marketer of energy drinks and energy drink related apparel.
10/24/2018	Pretzels, Inc.	PeakRock Capital	n/a	n/a	n/a	Indiana based manufacturer of pretzels and extruded corn snacks.
10/24/2018	Morley Brands, LLC	Kar Nut Products Company	n/a	n/a	n/a	Confectioner and candy maker originally founded in 1919.
10/23/2018	Assets of Joey's Fine Foods, Inc.	Indulge Desserts Holdings, LLC	n/a	n/a	n/a	Manufacturer and distributor of wholesale cookies, including their famous black and white cookie.
10/22/2018	Viktoryas Medical Supplies, LLC	MedMen Enterprises Inc. (CNSX:MMEN)	n/a	n/a	n/a	Cannabis distributor
10/22/2018	All the Assets of Bantam Bagels, LLC	T. Marzetti Company	n/a	n/a	n/a	Innovative New York City based bagel company selling bite size, cream cheese filled bagels.
10/22/2018	Vista Hills Vineyards in Oregon	The Family Coppola	n/a	n/a	n/a	Oregon based vineyard specializing in Willamette Valley Pinot Noir.
10/19/2018	Jerusalem Foods	Lipari Foods, LLC	n/a	n/a	n/a	Mediterranean and Middle Eastern Food Distributor in Michigan.
10/17/2018	Empson Drug Co., Inc.	Walgreens Boots Alliance, Inc. (NasdaqGS:WBA)	n/a	n/a	n/a	Small pharmacy based in Ashland City, TN.
10/16/2018	Sky Unlimited, LLC	Sugarmade, Inc. (OTCPK:SGMD)	n/a	n/a	n/a	Sky Unlimited offers multiple popular hydroponic brands to several growing agricultural cultivation sectors.
10/16/2018	Advanced Fresh Concepts Corp.	Zensho Holdings Co., Ltd. (TSE:7550)	n/a	n/a	n/a	Franchises over 4,000 independently owned and operated food service counter locations in retail establishments throughout the United States, Canada, and Australia.
10/15/2018	Algae World, Inc.	KYN Capital Group, Inc. (OTCPK:KYNK)	n/a	n/a	n/a	Maker of CBD Infused Water and other beverages.
10/15/2018	Lansing Trade Group, LLC	The Andersons Grain Group	166.0	0.03	n/a	Physical trading for grain and energy.
10/12/2018	Verve Beverage Company	Weekend Unlimited Inc. (CNSX:YOLO)	n/a	n/a	n/a	Energy drinks that focus on healthy ingredients and innovative blends.
10/10/2018	All Assets of Featherland Egg Farms, Inc.	Cal-Maine Foods, Inc. (NasdaqGS:CALM)	n/a	n/a	n/a	Large commercial egg farm in Texas.
10/10/2018	Wynwood Brewing Company, LLC	Craft Brew Alliance, Inc. (NasdaqGS:BREW)	n/a	n/a	n/a	Brewery in Miami.
10/10/2018	Full Circle Farm, Inc.	Capay Incorporated	n/a	n/a	n/a	Organic farm in Washington specializing in produce boxes shipped to consumers.
10/9/2018	Louisiana Fish Fry Products, LTD	PeakRock Capital	n/a	n/a	n/a	Cajun cuisine rubs and dry mixes, including batter for fish and shrimp.
10/8/2018	Spark Dispensary	Curaleaf Holdings, Inc. (CNSX:CURA)	n/a	n/a	n/a	Dispensary.
10/8/2018	Gulf Coast Blenders, Inc.	L. H. Hayward & Co., LLC	n/a	n/a	n/a	Supplies restaurants with dry ingredient mixes and blends.
10/5/2018	Substantially All Of The Assets Of Triple - T Foods Arkansas, Inc.	Darling Ingredients Inc. (NYSE:DAR)	n/a	n/a	n/a	Wet pet food manufacturer.
10/5/2018	WholeMe, LLC	Log House Foods, Inc.	n/a	n/a	n/a	Gluten free snacking clusters that come in four flavors.
10/5/2018	Jeppson's Malort	CH Distillery	n/a	n/a	n/a	A brand of baskliquoir introduced in the 1930's.
10/2/2018	Substantially All The Assets of Isabelle et Vincent	-	n/a	n/a	n/a	French bakery and confectioner in Connecticut.

Source: Capital IQ.

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

Corn



Wheat



Hogs



Broilers



Cocoa



Gold



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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