



LAKE SHORE

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



Weekly Update

Monday, December 17, 2018

Dow Tumbles Nearly 500 Points Due To Global Growth Fears.

Stocks fell sharply Friday, ending the week on a bleak note and sending the Dow Jones Industrial Average into correction territory after a batch of weaker-than-expected economic data out of China and Europe sparked fresh worries about the state of the world's second-biggest economy and prospects for global growth.

The **Dow Jones Industrial Average** decreased 5.6% on the week, finishing at 24,101.

The **S&P 500** decreased 5.8% on the week, finishing at 2,600.

The **NASDAQ Composite** decreased 5.7% on the week, finishing at 6,911.

Yield on the **10-year Treasury** increased four basis points during the week, ending at 2.89%.

Crude oil decreased 3.3% on the week, ending at \$51.47 per barrel.

Corn decreased 0.2% on the week, ending at \$3.85 per bushel.

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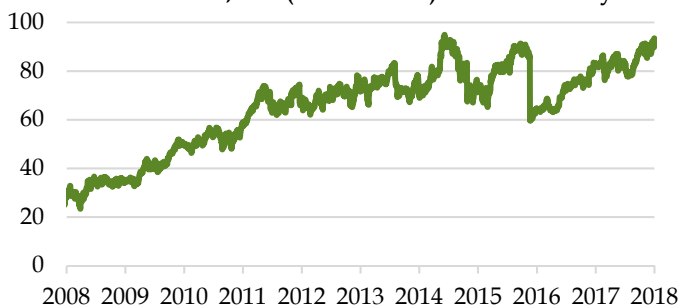
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NASDAQ Highs: None **Lows:** Green Plains Inc., The Hain Celestial Group, Inc., The Kraft Heinz Company, National Beverage Corp., Pacific Ethanol, Inc., Potbelly Corp., United Natural Foods, Inc., Willamette Valley Vineyards, Inc.

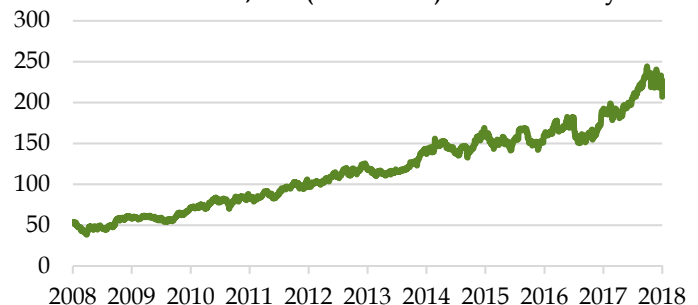
NYSE Highs: McCormick & Company Inc., YUM! Brands, Inc. **Lows:** American Vanguard Corporation, Brown-Forman Corporation, CNH Industrial N.V., Conagra Brands, Inc., Constellation Brands, Inc., Dean Foods Company, General Mills, Inc., Intrepid Potash, Inc., The Scotts Miracle-Gro Company, Tyson Foods, Inc.

Featured Stocks of the Week:

Yum! Brands, Inc. (NYSE: YUM) 10-Year History



General Mills, Inc. (NYSE: GIS) 10-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 EBITDA
	12/14/18	Compared to 12/7/18	High	Low	YE:			Revenue	EBITDA	
Dow Jones Industrial Average	24,101	(1.2%)	26,828	23,526	(2.5%)	22.0%	22.8x			
S&P 500	2,600	(1.3%)	2,931	2,579	(2.8%)	16.1%	15.7			
NASDAQ Composite Index	6,911	(0.8%)	8,110	6,777	0.1%	28.4%	NA			
Sector Average:					(2.6%)	22.2%				
AGRICULTURAL LAND HOLDINGS										
Farmland Partners Inc.	\$5.21	(9.7%)	\$9.68	\$5.15	(40.0%)	(53.3%)	41.7x	19.02x	28.2x	15.2x
Gladstone Land Corporation	12.58	(6.2%)	13.95	11.36	(6.3%)	11.9%	NM	16.09	29.8	18.0
Limoneira Company	20.63	(6.4%)	33.42	19.62	(7.9%)	(4.1%)	22.7	3.44	20.5	3.4
Sector Average:					(23.2%)	3.9%	11.3x	12.85x	26.2x	16.6x
INPUTS										
American Vanguard Corporation	\$15.68	4.6%	\$24.00	\$14.60	(20.2%)	(18.1%)	18.4x	1.28x	9.6x	1.6x
CF Industries Holdings, Inc.	42.06	2.5%	56.51	35.70	(1.1%)	33.6%	16.0	3.66	10.2	3.1
DowDuPont Inc.	52.78	(1.8%)	77.08	51.32	(25.9%)	NA	11.6	1.75	8.4	2.1
FMC Corporation	77.22	(3.6%)	98.70	72.73	(18.4%)	36.5%	12.8	2.90	10.7	2.3
Intrepid Potash, Inc.	2.89	(5.9%)	5.31	2.84	(39.3%)	38.9%	17.0	2.96	9.9	1.5
The Mosaic Company	30.93	(7.7%)	37.37	22.90	20.5%	5.5%	13.1	1.72	8.9	2.6
* Nutrien Ltd.	46.97	(5.8%)	56.91	41.30	NA	NA	14.1	2.55	13.2	4.3
S&W Seed Company	2.60	(2.6%)	4.40	2.35	(33.3%)	(43.5%)	NM	1.50	33.2	10.3
The Scotts Miracle-Gro Company	63.51	(8.7%)	110.12	62.50	(40.6%)	(33.5%)	15.2	2.06	12.6	4.7
Zoetis Inc.	88.45	0.4%	96.57	70.20	22.8%	65.2%	26.7	8.31	21.3	2.9
Sector Average:					(15.1%)	10.6%	16.1x	2.27x	11.7x	2.8x
AGRICULTURAL EQUIPMENT										
* Ag Growth International Inc.	\$34.62	(8.0%)	\$48.36	\$34.20	(18.6%)	(11.5%)	14.2x	1.63x	10.8x	4.8x
AGCO Corporation	54.76	(3.5%)	75.95	49.50	(23.3%)	(5.4%)	12.6	0.64	7.3	2.4
Art's-Way Manufacturing Co., Inc.	2.25	(0.9%)	5.45	2.05	(24.6%)	(33.8%)	NA	0.71	NM	NM
* Buhler Industries Inc.	2.69	(0.6%)	3.65	2.64	(22.5%)	(18.6%)	NA	0.45	NM	NM
CNH Industrial N.V.	9.29	(2.5%)	15.65	9.29	(30.7%)	6.9%	11.6	1.19	10.2	7.6
Deere & Company	149.01	1.2%	175.26	128.32	(4.8%)	44.6%	13.0	2.37	15.4	7.5
Lindsay Corporation	96.92	(0.3%)	109.50	83.57	9.9%	29.9%	29.1	1.82	18.1	2.1
Titan Machinery Inc.	15.28	(4.8%)	25.09	13.28	(27.8%)	4.9%	18.7	0.55	12.6	7.5
Sector Average:					(17.8%)	2.1%	16.5x	1.17x	13.4x	5.3x
AGRIBUSINESS										
* AGT Food and Ingredients Inc.	\$12.59	(3.8%)	\$16.96	\$9.71	(21.5%)	(53.8%)	35.5x	0.67x	22.8x	11.5x
The Andersons, Inc.	30.53	(1.3%)	41.70	29.86	(2.0%)	(31.7%)	15.3	0.46	9.7	4.9
Archer-Daniels-Midland Company	44.61	0.3%	52.07	39.28	11.3%	(2.3%)	12.3	0.50	9.2	2.7
Bunge Limited	58.83	(1.1%)	83.20	56.14	(12.3%)	(18.6%)	10.9	0.36	10.3	4.5
Darling Ingredients Inc.	20.88	(2.6%)	22.38	16.26	15.2%	61.7%	20.9	1.46	9.1	3.8
* Gruma, S.A.B. de C.V.	10.77	(0.9%)	12.74	10.09	(15.2%)	(15.7%)	14.5	1.50	9.3	1.8
Ingredion Incorporated	95.68	(1.6%)	146.28	89.48	(31.6%)	(23.4%)	13.1	1.37	7.9	1.7
Landec Corporation	13.13	(5.0%)	15.60	11.90	4.2%	(4.9%)	31.8	0.84	15.8	3.0
MGP Ingredients, Inc.	56.51	(8.2%)	99.73	53.66	(26.5%)	13.1%	25.3	2.78	18.0	0.8
* Olam International Limited	1.22	(0.5%)	1.82	1.20	(19.7%)	(10.5%)	12.9	0.50	10.2	8.6
Sector Average:					(9.8%)	(8.6%)	19.3x	1.04x	11.1x	3.5x
DIVERSIFIED FOODS										
B&G Foods, Inc.	\$30.97	4.0%	\$37.05	\$22.00	(11.9%)	(29.3%)	15.2x	2.36x	12.7x	6.4x
Campbell Soup Company	39.16	3.7%	50.66	32.63	(18.6%)	(35.2%)	15.7	2.33	10.9	5.0
Conagra Brands, Inc.	29.89	(3.1%)	39.43	29.58	(20.7%)	(24.4%)	13.8	2.30	11.7	2.6
General Mills, Inc.	37.38	(2.9%)	60.69	37.22	(37.0%)	(39.5%)	11.9	2.40	11.1	4.6
The Hain Celestial Group, Inc.	18.45	(4.4%)	42.71	18.37	(56.5%)	(52.7%)	14.9	1.06	13.0	3.6
The J. M. Smucker Company	101.91	3.8%	133.38	96.13	(18.0%)	(20.4%)	12.5	2.33	10.7	3.8
Kellogg Company	60.36	(0.8%)	74.98	56.40	(11.2%)	(18.1%)	14.4	2.23	9.4	3.0
The Kraft Heinz Company	47.46	(2.6%)	80.67	47.19	(39.0%)	(45.6%)	12.9	3.38	11.7	4.2
Lancaster Colony Corporation	185.83	5.6%	189.34	115.81	43.8%	31.4%	33.7	3.94	23.7	0.0
Mondelez International, Inc.	43.55	(0.6%)	46.54	37.42	1.8%	(1.8%)	17.9	3.15	15.6	4.4
* Nestlé S.A.	84.11	(1.7%)	86.78	73.16	(2.2%)	17.0%	20.2	3.15	15.3	2.0
Post Holdings, Inc.	91.69	0.3%	101.43	70.66	15.7%	14.1%	18.0	2.00	10.8	6.4
SunOpta Inc.	4.33	(5.3%)	8.94	4.05	(43.9%)	(39.2%)	NM	0.79	22.2	11.5
TreeHouse Foods, Inc.	54.01	7.8%	55.60	36.35	9.2%	(25.2%)	22.5	0.88	10.4	4.6
Unilever N.V.	55.86	0.1%	56.65	47.58	(0.9%)	35.3%	20.6	2.96	14.9	2.9
Sector Average:					(12.6%)	(14.6%)	17.4x	2.35x	13.0x	4.3x

Company Name	Price 12/14/18	Price Compared to 12/7/18	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.	\$14.38	(8.3%)	\$21.90	\$14.27	(14.7%)	(48.4%)	NM	0.49x	15.2x	10.9x
Pacific Ethanol, Inc.	1.40	(9.7%)	4.80	1.36	(69.2%)	(85.3%)	NM	0.17	29.2	25.9
Renewable Energy Group, Inc.	24.82	(5.3%)	32.52	9.50	110.3%	155.9%	14.6	0.38	3.1	0.7
Sector Average:					8.8%	7.4%	14.6x	0.34x	9.1x	5.8x
FRUIT & VEGETABLE										
Calavo Growers, Inc.	\$85.67	(7.1%)	\$108.00	\$73.13	1.5%	39.5%	25.6x	1.39x	19.5x	0.1x
Fresh Del Monte Produce Inc.	32.50	1.0%	52.43	29.06	(31.8%)	(46.4%)	14.7	0.51	12.0	3.4
Lamb Weston Holdings, Inc.	75.83	3.2%	83.86	52.92	34.3%	100.3%	24.5	3.80	16.2	3.2
Seneca Foods Corporation	32.41	1.0%	35.90	25.45	5.4%	(19.1%)	NA	0.53	27.3	15.3
* Total Produce plc	1.56	(1.6%)	2.90	1.52	(49.3%)	(24.9%)	12.2	0.17	5.7	2.6 *
Sector Average:					(8.0%)	9.9%	19.3x	0.65x	18.7x	2.3x
PROTEIN										
Cal-Maine Foods, Inc.	\$45.10	3.3%	\$52.30	\$39.50	1.5%	2.1%	27.9x	1.19x	6.7x	0.0x
Hormel Foods Corporation	44.57	0.5%	46.26	31.71	22.5%	28.0%	24.3	2.51	17.4	0.5
Industrias Bachoco, S.A.B. de C.V.	39.07	(5.2%)	64.44	38.61	(31.8%)	(20.3%)	10.9	0.40	3.3	0.7
* JBSSA.	3.10	(0.2%)	3.18	2.03	4.7%	(11.5%)	5.0	0.48	7.1	5.2 *
Nathan's Famous, Inc.	67.33	(4.9%)	107.05	60.35	(10.8%)	3.7%	NA	3.56	12.5	5.0
Pilgrim's Pride Corporation	16.96	(1.1%)	33.15	16.01	(45.4%)	(10.7%)	11.1	0.56	6.9	2.6
Sanderson Farms, Inc.	98.48	(4.7%)	148.26	95.97	(29.0%)	4.5%	NM	0.58	6.4	0.0
Seaboard Corporation	3,797.53	0.6%	4,416.24	3,505.01	(13.9%)	(3.9%)	NA	0.57	12.5	2.7
Tyson Foods, Inc.	55.30	(1.6%)	83.03	54.48	(31.8%)	(10.3%)	9.3	0.74	7.1	2.4
Sector Average:					(14.9%)	(2.0%)	15.5x	0.65x	7.2x	2.1x
BAKING & INGREDIENTS										
* ARYZTA AG	\$1.20	(0.2%)	\$39.01	\$1.14	(96.9%)	(97.2%)	11.9x	0.74x	8.5x	7.1x *
Balchem Corporation	79.62	(1.7%)	117.79	70.23	(1.2%)	(5.1%)	24.8	4.23	17.5	1.1
Flowers Foods, Inc.	19.04	(0.8%)	22.82	18.12	(1.4%)	(4.7%)	20.6	1.22	11.4	2.0
* Grupo Bimbo, S.A.B. de C.V.	1.91	(0.7%)	2.33	1.72	(13.9%)	(16.4%)	25.2	0.93	7.8	2.6 *
J & J Snack Foods Corp.	153.74	0.1%	162.80	125.98	1.3%	15.2%	30.6	2.42	17.5	0.0
* Kerry Group plc	101.42	(1.1%)	112.60	85.84	(9.7%)	41.5%	24.4	2.69	20.4	2.1 *
McCormick & Company, Incorporated	151.57	0.8%	156.00	98.34	48.7%	62.4%	29.0	4.62	22.3	4.6
* Tate & Lyle plc	8.67	(2.1%)	9.08	6.57	(8.8%)	(0.8%)	13.4	1.31	7.7	1.4 *
Sector Average:					(10.2%)	(0.6%)	22.5x	2.27x	14.1x	2.6x
CANDY, NUTS, & SNACKS										
Bridgford Foods Corporation	\$17.99	2.7%	\$21.55	\$12.20	43.3%	58.2%	NA	0.86x	14.1x	0.0x
The Hershey Company	107.87	0.7%	115.82	89.10	(5.0%)	4.3%	19.2	3.43	13.9	2.5
John B. Sanfilippo & Son, Inc.	62.21	0.0%	79.37	54.32	(1.6%)	(11.6%)	21.2	0.90	12.7	1.4
Rocky Mountain Chocolate Factory, Inc.	8.42	1.4%	12.60	7.95	(28.5%)	(17.4%)	NA	1.28	7.8	0.3
Tootsie Roll Industries, Inc.	33.79	(0.9%)	36.76	27.45	(4.4%)	(9.8%)	NA	4.01	23.1	0.1
Sector Average:					0.8%	8.4%	20.2x	2.10x	14.3x	0.8x
PET FOOD AND PRODUCTS										
Central Garden & Pet Company	\$33.05	0.1%	\$45.02	\$29.81	(15.1%)	(0.1%)	18.0x	0.90x	9.4x	3.2x
Freshpet, Inc.	34.20	7.8%	40.58	15.67	80.5%	236.9%	150.7	6.55	135.0	0.2
Sector Average:					(15.1%)	(0.1%)	18.0x	3.72x	9.4x	1.7x
WINE & BEVERAGE										
The Boston Beer Company, Inc.	\$269.03	1.2%	\$329.95	\$160.40	40.8%	58.4%	32.6x	3.06x	19.3x	0.0x
Brown-Forman Corporation	47.06	2.5%	59.58	45.29	(14.3%)	31.0%	27.4	7.55	22.5	2.3
The Coca-Cola Company	49.34	0.5%	50.84	41.45	7.5%	19.0%	22.9	7.37	19.4	4.0
Constellation Brands, Inc.	181.27	(3.9%)	236.62	180.17	(20.7%)	18.2%	18.4	5.60	10.0	3.4
* Cott Corporation	14.41	(2.1%)	16.74	13.31	(13.9%)	27.3%	41.7	1.35	11.4	4.6 *
Craft Brew Alliance, Inc.	15.59	(1.3%)	21.00	15.24	(18.8%)	(7.8%)	56.4	1.45	14.8	0.5
Crimson Wine Group, Ltd.	7.75	(2.1%)	10.90	7.75	(27.4%)	(17.3%)	41.7	1.35	11.4	4.6
* Diageo plc	35.49	0.0%	36.24	29.47	(3.6%)	36.2%	56.4	1.45	14.8	0.5 *
Monster Beverage Corporation	52.69	(8.2%)	70.22	47.61	(16.7%)	18.8%	27.5	7.57	21.1	0.0
Jones Soda Co.	0.32	(3.0%)	0.53	0.25	(12.3%)	(28.9%)	NA	1.20	NM	NM
National Beverage Corp.	78.89	(5.7%)	127.32	78.15	(19.0%)	54.4%	20.7	3.34	15.3	0.0
PepsiCo, Inc.	113.95	(1.6%)	122.51	95.94	(5.0%)	8.9%	19.4	2.82	14.3	2.8
Starbucks Corporation	65.34	(0.2%)	68.98	47.37	13.8%	17.7%	24.7	3.30	15.1	1.9
Willamette Valley Vineyards, Inc.	7.04	(4.2%)	8.55	7.00	(14.7%)	(12.1%)	NA	2.37	10.1	1.7
Sector Average:					(7.5%)	13.0%	32.5x	3.55x	15.3x	2.0x

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	12/14/18	Compared to 12/7/18	High	Low	YE:			LTM:		
					2017	2016	P/E	Revenue	EBITDA	EBITDA
DAIRY										
* Danone SA	\$72.37	(0.5%)	\$81.47	\$69.08	(13.8%)	13.9%	16.8x	2.21x	10.3x	4.3x
Dean Foods Company	4.48	(0.7%)	12.09	4.28	(61.2%)	(79.4%)	NM	0.17	5.9	4.2
Lifeway Foods, Inc.	2.34	(9.7%)	8.91	2.01	(70.8%)	(79.7%)	NA	0.37	NM	49.5
* Saputo Inc.	30.52	(0.2%)	34.61	26.57	(15.3%)	(13.7%)	21.4	1.47	15.3	2.1
Sector Average:					(40.3%)	(57.6%)	19.1x	1.06x	10.5x	15.0x
WHOLESALE, FOOD SERVICE, & DISTRIBUTION										
The Chefs' Warehouse, Inc.	\$36.46	(0.8%)	\$39.26	\$18.40	77.9%	130.8%	39.1x	0.94x	19.7x	4.2x
Core-Mark Holding Company, Inc.	24.76	0.1%	40.12	17.10	(21.6%)	(42.5%)	17.6	0.12	12.9	3.5
Performance Food Group Company	33.82	(0.7%)	39.45	28.05	2.2%	40.9%	19.9	0.27	12.2	3.2
SpartanNash Company	17.78	(0.2%)	27.72	16.10	(33.4%)	(55.0%)	9.4	0.16	6.7	3.6
Sysco Corporation	65.45	0.7%	75.98	56.01	7.8%	18.2%	19.0	0.71	12.8	2.7
United Natural Foods, Inc.	10.94	(26.5%)	52.55	10.88	(77.8%)	(77.1%)	7.1	0.42	13.4	11.9
US Foods Holding Corp.	31.81	(0.1%)	40.92	27.51	(0.4%)	15.8%	14.8	0.43	10.2	3.5
Sector Average:					(6.5%)	(16.6%)	20.0x	0.43x	12.6x	4.6x
MASS MERCHANDISE & CLUB STORES										
Bj's Wholesale Club	\$22.60	(3.7%)	\$32.92	\$19.31	NA	NA	NA	0.00x	0.0x	0.0x
Costco Wholesale Corporation	207.06	(7.9%)	245.16	175.79	11.3%	29.3%	26.3	0.62	15.2	1.1
Walmart Inc.	91.85	(1.4%)	109.98	81.78	(7.0%)	32.9%	19.7	0.64	9.9	1.9
Sector Average:					2.1%	31.1%	23.0x	0.63x	12.6x	1.5x
DOLLAR STORES										
Dollar General Corporation	\$104.98	2.2%	\$118.45	\$85.54	12.9%	41.7%	16.3x	1.20x	11.9x	1.1x
Dollar Tree, Inc.	85.86	3.0%	116.65	78.78	(20.0%)	11.2%	15.2	1.08	9.6	1.9
Sector Average:					(3.6%)	26.5%	15.8x	1.14x	10.7x	1.5x
TRADITIONAL RETAIL										
* Ahold Delhaize	\$25.62	1.4%	\$26.27	\$19.16	16.4%	21.2%	14.0x	0.47x	7.0x	2.2x
Ingles Markets, Incorporated	29.43	2.1%	37.65	26.52	(14.9%)	(38.8%)	9.2	0.35	6.1	3.6
The Kroger Co.	29.55	1.3%	32.74	22.85	7.7%	(14.4%)	13.2	0.31	7.5	2.9
Village Super Market, Inc.	27.40	4.6%	31.49	21.95	19.5%	(11.3%)	NA	0.22	5.7	0.8
Weis Markets, Inc.	45.69	(0.5%)	57.82	36.50	10.4%	(31.6%)	NA	0.32	6.3	0.0
Sector Average:					13.5%	(24.0%)	12.1x	0.33x	6.5x	1.9x
SPECIALTY RETAIL										
Natural Grocers by Vitamin Cottage, Inc.	\$17.96	0.9%	\$24.50	\$6.18	101.1%	51.1%	45.6x	0.53x	9.9x	1.2x
Sprouts Farmers Market, Inc.	23.96	(2.0%)	29.67	20.63	(1.6%)	26.6%	18.1	0.71	10.6	1.7
Sector Average:					49.8%	38.8%	31.9x	0.62x	10.3x	1.4x
TRADITIONAL RESTAURANTS										
Brinker International, Inc.	\$48.59	(1.9%)	\$54.14	\$32.03	25.1%	(1.9%)	12.8x	0.96x	7.5x	2.9x
The Cheesecake Factory Incorporated	44.76	(2.5%)	60.19	43.26	(7.1%)	(25.3%)	16.9	0.90	9.1	0.6
Darden Restaurants, Inc.	103.20	(1.6%)	124.00	82.38	7.5%	41.9%	18.1	1.66	12.3	0.8
Dine Brands Global, Inc.	82.05	(7.3%)	95.09	48.00	61.7%	6.6%	12.2	4.47	14.1	7.2
Jack in the Box Inc.	80.33	(3.4%)	104.75	75.09	(18.1%)	(28.0%)	18.8	3.60	12.0	4.1
McDonald's Corporation	183.29	0.2%	190.88	146.84	6.5%	50.6%	22.8	8.05	16.7	3.2
The Wendy's Company	16.71	(2.3%)	18.69	14.80	1.8%	23.6%	26.4	4.87	14.9	6.9
YUM! Brands, Inc.	91.70	1.4%	94.13	75.88	12.4%	44.8%	25.4	6.68	20.6	5.2
Sector Average:					11.2%	14.0%	19.2x	3.30x	13.4x	3.9x
HIGH-GROWTH RESTAURANTS										
Bojangles', Inc.	\$16.04	(0.4%)	\$17.10	\$11.35	35.9%	(14.0%)	20.1x	1.29x	10.6x	1.9x
Chipotle Mexican Grill, Inc.	457.83	(2.1%)	530.68	247.52	58.4%	21.3%	42.1	2.54	22.0	0.0
El Pollo Loco Holdings, Inc.	15.05	0.1%	16.95	9.05	52.0%	22.4%	19.2	1.53	11.0	1.2
The Habit Restaurants, Inc.	11.34	(1.6%)	18.30	8.11	18.7%	(34.3%)	99.8	0.64	8.2	0.6
Noodles & Company	6.95	(6.6%)	13.50	4.85	32.4%	69.5%	53.3	0.77	11.3	1.5
Papa Murphy's Holdings, Inc.	5.14	0.2%	6.13	4.28	(4.5%)	21.8%	14.3	1.75	8.0	4.2
Potbelly Corporation	9.17	(0.4%)	14.15	9.12	(25.4%)	(28.9%)	35.4	0.47	5.9	0.0
Shake Shack Inc.	45.76	(4.5%)	70.12	36.58	5.9%	27.9%	65.4	3.06	20.2	0.3
Wingstop Inc.	63.21	2.9%	75.58	37.50	62.2%	113.6%	77.0	17.18	44.6	4.6
Sector Average:					25.4%	16.2%	40.8x	1.34x	10.8x	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



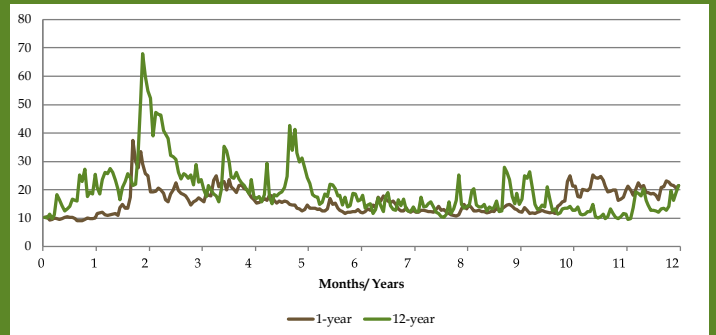
Dow Jones Industrial Average



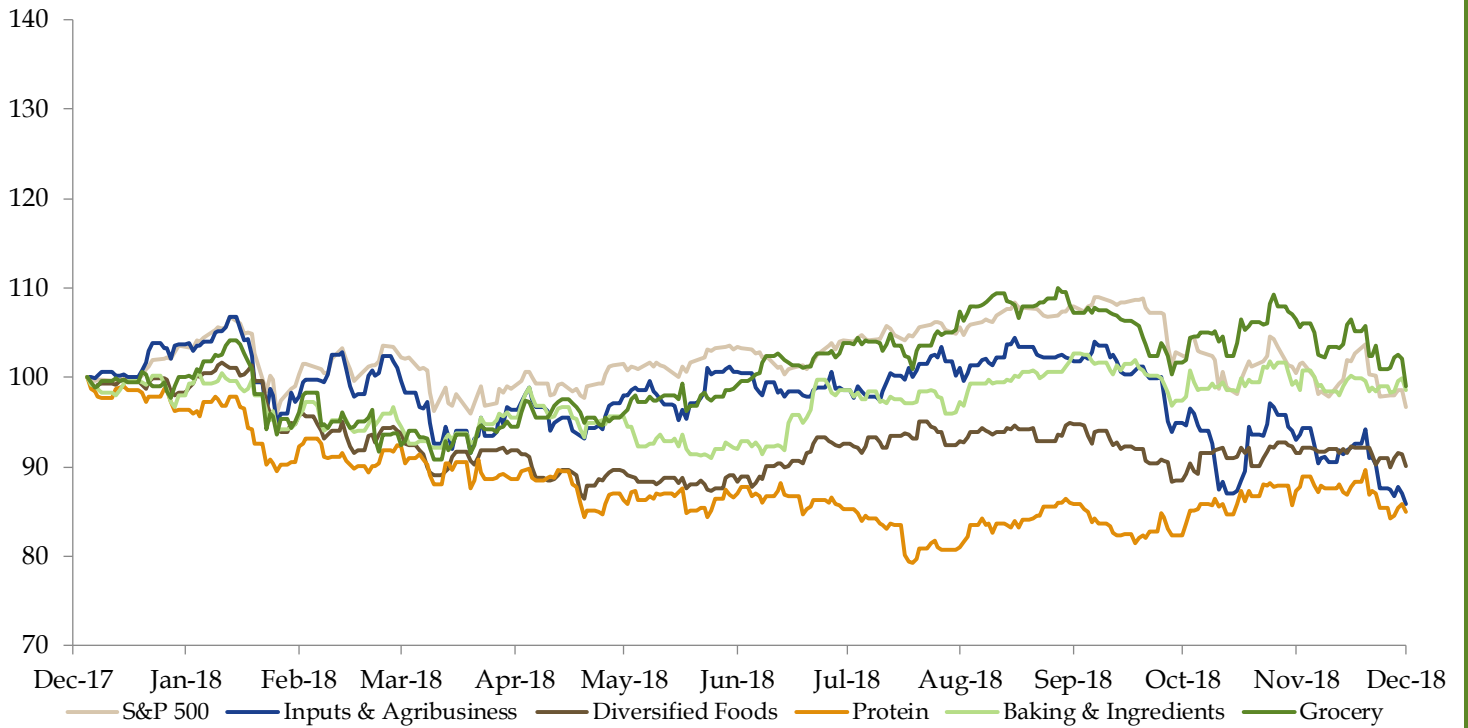
10-year Treasury



CBOE Market Volatility Index - VIX



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



Food For Thought...

Partner Column

Written By William Whipple

Walmart – as we preview Christmas season, Walmart has pulled back from its recent runup to \$105/share in November to sit at \$92/share today, despite some very good quarterly numbers and 40% growth in ecommerce. The company's stock price has recently declined to under \$92/share. Walmart is involved in a death spiral with Amazon. Walmart's online sales are growing nicely at 40%. Walmart's 52 week high/low is \$109/share set in Jan of 2018 / \$82/share set in May of 2018.

Weight Watchers & Oprah Winfrey – in my point-of-interest weight-loss column, it appears Oprah Winfrey's ownership has run its course as the Weight Watchers stock which peaked in June of 2018 at \$105/share has now declined back to \$47/share, or just slightly over its 52-week low of \$43/share set in December, 2017. Oprah did manage to sell 1/3 of her shares earlier this year and remains on the Board. No word of her current diet regimen!

2019 Corn/Soybean Acreage & Usage Forecast – totally dependent on "direct" China trade. Focus is too difficult to call correctly so expect errors in actual acreage numbers. Good for traders. Good news - Trump is negotiating for US farmers/America - expect a good deal - or nothing. Remember, worldwide soybean demand/usage is a zero-sum game - but not price.

Palm Oil Struggling To Cope With Record Output - Southeast Asia plantations delaying harvest as storage tanks overflow.

Mega-Dairy Moratorium - coalition of groups asking Oregon leaders to put moratorium on large, commercial dairies, claiming inadequate oversight by state regulators and insufficient laws to protect the environment, animal welfare and small farms - after the highly publicized breakdown of Lost Valley Farm near Boardman, Ore., permitted March 2017 for 30,000 cows, 2nd largest dairy in Oregon. Economics is driving today's Dairy Industry.

J.M. Smucker "Pet Snacks" to make up 26% of expected 2019 net sales. Analysts expect pet food/treat sales to increase 34% YOY. Pet Snacks/Treats is Smucker's largest and fastest growing category.

2018 Beef/Pork/Poultry Outlook Raised from last month as higher beef and poultry forecasts offset lower pork production - USDA.

Pet Parents Feel Guilty About Leaving Pets At Home for extended periods, so Smucker's developed new treats that take longer for a dog to devour, thus extending the amount of time the pet is kept entertained - good for large dog interaction. Milk-Bone dog chew will take dogs 15 to 20 minutes to work-through.

Cow Processing Up 7% YTD. Beef Cow Processing up 10.5% YOY as beef cow culling returns to normal levels. Dairy Cow Processing up 4% YTD on Dairy Crisis. Cow Processing is nearly 20% of total cattle slaughter in 2018 vs long-term average 18% of total slaughter.

Big Oil Hypocrisy - President Trump's October announcement calling for the year-round availability of E15 was enthusiastically cheered by biofuel producers, farmers and consumers, it drew predictable jeers and indignation from the oil industry and its allies. And hell, hath no fury like Big Oil scorned. In response to the president's E15 directive, the American Petroleum Institute launched a barrage of advertisements ridiculously claiming E15 can "damage engines," "put consumers at risk," and "void manufacturer warranties." The API ads go on to assert that three out of four vehicles on the road are "not designed for E15." Of course, none of those claims are true

Chicago Bears / Green Bay Packer Game is one of football's great rivalries and Sunday was no exception except that the Chicago Bears finally knocked-off that noose around their necks for so long called Aaron Rogers.

Our Neighbor, Wisconsin, Good-Bye To 638 Dairy Herds in 2018 -40% last 10 years -50% previous 16 years.

Merry Christmas – From everyone at Lakeshore, we wish you the Merriest of Christmas this Holiday season! Joy to the world!

Have a good week!

Food For Thought...

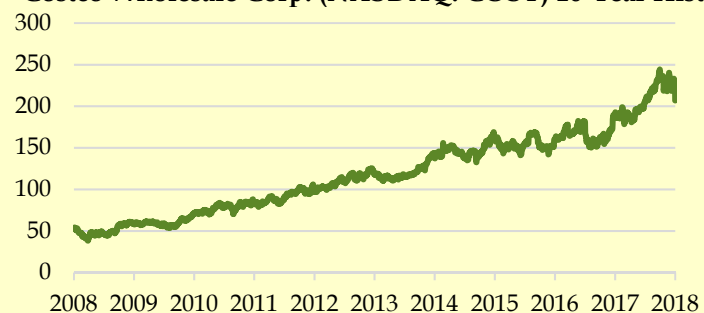
Smart Shelf Management Can Drive Sales, Study Finds.

Shelf management practices may be more important than ever as more than half of shoppers (55%) say their purchasing decisions are made in-store, most often by looking through the section for the best price (22%), according to a new report by Acosta, a leading full-service sales and marketing agency. The top categories are spices/seasonings, cookies, meat marinades/rubs, chocolate and canned tuna. Retailers are always looking for paths to grow sales, and where you place the product on the shelf can be just as important as the product itself. It is estimated that 42% of shoppers make their shopping decisions prior to getting to the store, with the majority making their lists before arriving to the store, while approximately 11% look at ads for what is on sale and approximately 5% look at coupons. It's no secret that products placed at eye-level are seen first and are more likely to be purchased. "Fixing the shelf" can lift sales by 6% over the long-term. At the same time, YOY, the grocery industry has seen a decline in lift from promotions. A key trend influencing shelf management is private brands. On average, private label brands are 11% over-spaced. Giving preference to brands could potentially lead to reduced and out-of-stock inventory of top selling items. Another factor contributing to shelf management is e-commerce, which has created the rise of the "endless aisle", allowing stores to provide a larger product assortment without having to take up shelf space with less popular items.

Fred's Reports Third Quarter Results. With its third-quarter results, Fred's saw its gross profits improve, even as comparable-store sales and net sales declined. The Memphis-based chain posted net sales of \$306.4 million – down 5.5% from its previous-year third quarter – with comps down 5.3% from the prior-year period. Gross profit grew to \$77 million in the third quarter, up from \$70 million in the prior year. The company posted a net loss from continuing operations of \$30.8 million, an improvement from the year before. Fred's interim CEO and CFO Joe Anto said the company has managed to reduce its debt load, with its ABL balance down to \$51.9 million as of December 12 from \$153.4 million at the outset of its fiscal year. He also said the company would continue to explore options for its remaining pharmacy business. For the fiscal YTD, Fred's posted \$964.7 million in net sales – a 5.9% decrease from the prior-year's first nine fiscal months. "There is still much work to be done with regards to our operations," Anto said. "We are continuing to execute against our turnaround plan, with a focus on bringing in talent, optimizing our cost structure and improving the front-store business."

Costco Misses Earnings, Beats Revenue. Costco reported Q1 earnings on December 14 with total revenue of \$35.1 billion (Wall Street estimated \$34.8 billion) compared to \$31.8 billion in the prior year. The increase in revenue was driven by boosted membership fees the company implemented in June of 2017, resulting in an approximately 9.5% increase in membership fee income. The company reported net income of \$767 million versus \$640 million in the comparable year-earlier period. Despite the increase in net income, the company missed earnings due to gross margins being compressed as a result of increased competition in the grocery retail market. CFO Richard Galanti acknowledged growing competition in the grocery business on the earnings call, and the company's margins suffered as they remain competitive with larger rivals in the market such as Walmart and Amazon.

Costco Wholesale Corp. (NASDAQ: COST) 10-Year History



Non-Chocolate Candy Sales To Hit \$12.42 in 2023. The U.S. non-chocolate candy market is poised to reach \$12.42 billion in 2023, according to a new report from Packaged Facts. The non-chocolate candy market is expected to grow by a CAGR of 2.6% over the next five years. Sales of non-chocolate candy are expected to hit almost \$11 billion in 2018 and \$26 billion in 2023. Packaged Facts also cited the ongoing shift toward "better-for-you" sweets that are organic, natural or made without GMOs, high fructose corn syrup and artificial colors and flavors. In terms of shopping channels, supercenters and mass discount centers led the way in 2017 with 23% of non-chocolate candy sales, representing \$2.45 billion.

Convenience stores followed with 21% of non-chocolate candy sales, representing \$2.23 billion. Grocery stores took third with 19% of non-chocolate sales, generating \$2.02 billion. "Industry research on candy purchases shows that 80% of volume is purchased on impulse," the report reads. "Even if the check-out lane can be overrated as candy buying territory, the proliferation of self-checkout lanes at supermarkets cuts out the front-end holding pen where consumers are lined up to categories of high-margin impulse purchases."

Heard on the Street...

Tivity Health, Inc. To Acquire Nutrisystem, Inc. Tivity Health announced they entered into a definitive agreement with Nutrisystem, a leading provider of weight management products and services. The transaction was unanimously approved by Tivity's Board of Directors, valuing Nutrisystem at an enterprise value of \$1.3 billion (~10.25x EBITDA multiple). Tivity is a leading provider of fitness and health improvement programs and believes the combination of the two companies will lead to the creation of unique new value health plans, fitness partners, and additional consumers in search of healthier lifestyles. With an expanded portfolio, Tivity intends to better position the company to address weight management issues, one of the leading problems to diseases.

The transaction plans to create meaningful value for Tivity's shareholders as cost and revenue synergies will lead to a stronger bottom-line. Tivity's CEO Donato Tramuto stated "The company has the opportunity to accelerate its already impressive growth with the addition of Nutrisystem. Our combined platform has the potential to attract new users, increase enrollment, and enhance engagement."

L Catterton To Acquire Cholula Hot Sauce. Private equity firm, L Catterton, entered into a definitive agreement to acquire one of the leading hot sauce producers and distributors, Cholula. Known for its resonance with millennial and Hispanic consumers, Cholula generation old recipe for hot sauce features a blend of piquin and arbol peppers and a distinguishable wooden cap and distinctive yellow label on its bottles. The Cholula brand, named after on the oldest inhabited cities in Mexico, has become a hot sauce fixture among restaurants and retail stores throughout the U.S. Cholula manufactures each bottle in Jalisco, Mexico and offer six flavors.

L Catterton, based in Greenwich CT, is one of the leading global consumer-focused firms and has significant experience investing globally in CPG brands. The firm is comprised of six funds with over \$15 billion in capital, with this transaction signifying a partnership between their Flagship Buyout Fund and their Latin American Fund. Global co-CEO of L Catterton Scott Dahnke stated "Cholula represents a compelling opportunity to invest in a premium brand with an established reputation for quality and authenticity in the growing hot sauce category." As the hot sauce category continues to experience global expansion, Cholula will be uniquely positioned to broaden its distribution around the world with this transaction.

Mondelez International to Sell Middle East Kraft Brand. Arla Foods, an international dairy cooperative comprised of 11,200 farmers from Denmark, UK, Sweden, Belgium, Germany, Luxembourg, and the Netherlands has reached an agreement to acquire Kraft branded cheese business in the Middle East and Africa. The acquisition features the Kraft branded cheese products in the Middle East and Africa markets along with a cheese manufacturing facility in Bahrain. Executive Vice-President of Arla Foods' International commented "We have an established and growing business in the Middle East and know our consumers and customers well in this part of the world. This deal is an excellent strategic fit for us as it enables us to both expand our branded presence in the cheese category." For Mondelez, this transaction plays into the company's strategic plan to drive top-line growth on faster-growing categories in chocolate, biscuits, gum, and candy.

Lakeview Farms Expansion With Acquisition. Lakeview Farms, a marketer and manufacturer of refrigerated desserts, dips, spreads, and seafood salads primarily sold in retail outlets across the U.S., announced the acquisition of Tribe Mediterranean Foods. The company will acquire a leading manufacturer and distributor of preservative-free prepared hummus products. Tribe Mediterranean Foods produces high-quality hummus that are plant-based with no artificial preservatives or cholesterol, and offer a variety of innovative flavors. With the addition of Tribe Mediterranean Foods, Lakeview Farms will have the opportunity to penetrate even further into the hummus market with an established national brand. Tom Davis, CEO of Lakeview Farms expressed "Tribe brings an impressive product portfolio, deep talent and industry expertise, a state-of-the-art manufacturing facility and a strong plan for growth." The combined businesses will be able to offer a broader range of products and higher level of service to customers.

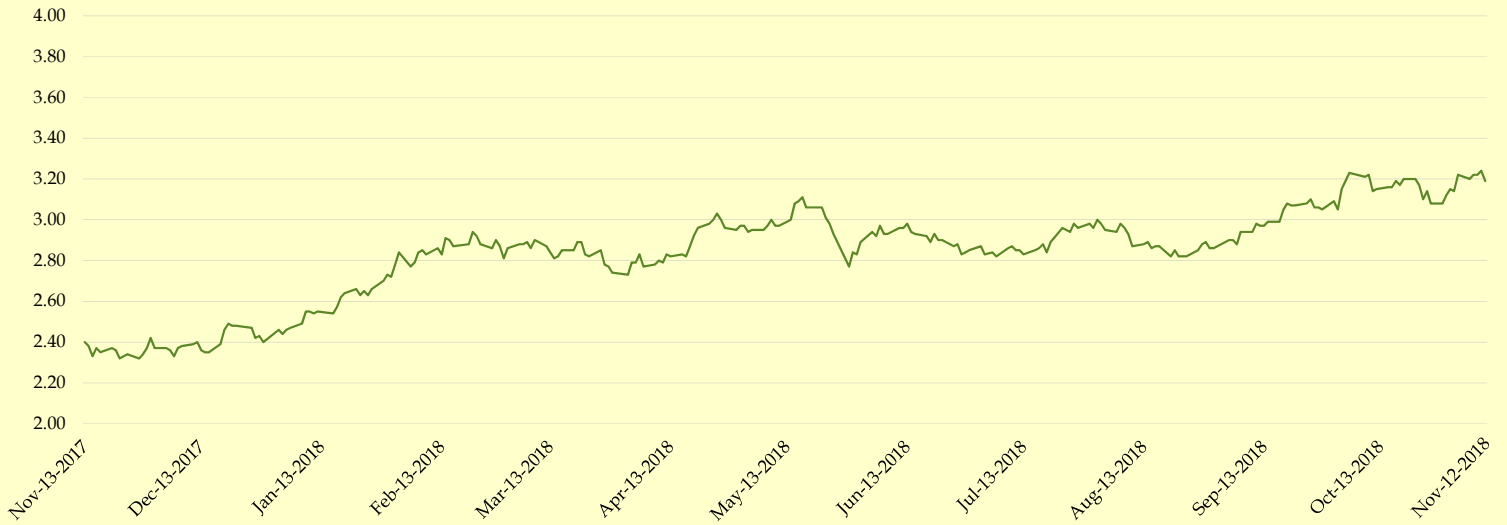
Waitr Holdings Announced Agreement To Acquire Bite Squad. Waitr Holdings, the fast-growing restaurant platform for online ordering and on-demand food delivery, announced a definitive agreement to acquire an online restaurant food delivery service company known as Bite Squad. The transaction, subject to adjustments, was valued at roughly \$321.3 million. Bite Squad, founded in 2012, operates out of Minneapolis and assists in connecting restaurants with W-2 drivers and active diners. This acquisition will expand Waitr's footprint across the U.S. to more than 500 cities and 22 states. Bite Squad has a 85% year-over-year gross food sales growth.

Capital

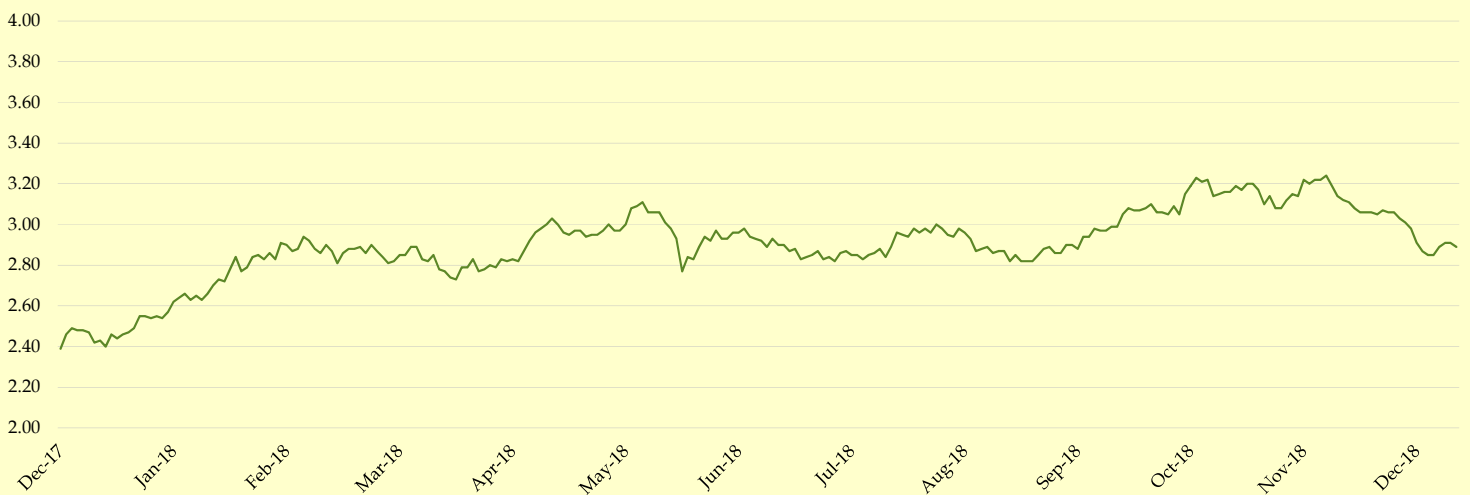
Following the release of weaker-than-expected data from China and Europe on Friday, the market focus is largely centered on fears around slowing global growth. Meanwhile at home in the U.S., evolving worries over declining inflation and growth expectations may put pressure on the central bank, and investors are less optimistic about the number of times the Fed will raise rates next year. The Federal Reserve will conclude its final policy meeting of the year on Wednesday and while analysts widely expect the central bank to raise short-term interest rates, the focus will be on the Fed's outlook for next year. Softening economic data and falling oil prices are

leading to expectations of slower rate increases in 2019. Remarks in November by Fed Chairman Jerome Powell, who said rates looked like they were "just below" neutral, a level that would neither speed nor hamper economic growth, are also guiding expectations. November outlook is complicated by recent data indicating that economies in Europe and China are slowing has sparked worries that the malaise could spread to the U.S., despite relatively steady readings on the American economy. If the Federal Reserve does raise short term rates, a benchmark for many consumer and business loans, this would be its ninth hike since late 2015.

Will The 3-Month Treasury Continue Its Climb?



10-Year Treasury Continues Its Climb



Source: CapitalIQ

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

Soybean



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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