



LAKE SHORE

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



Weekly Update

Monday, February 25, 2019

U.S. and China Talks Advance

Stocks rallied to extend an eight-week gaining streak last Friday in hopes that trade talks with China were progressing. Investors are optimistic that the Fed's reversal in interest rate policy since their December meeting will aid the U.S. in negotiations with China. As U.S. rates increase, the value of the U.S. dollar against the Chinese yuan rises, but makes it easier for China to continue exporting.

The **Dow Jones Industrial Average** increased 0.6% on the week, finishing at 26,032.

The **S&P 500** rose 0.6% on the week, finishing at 2,793.

The **NASDAQ Composite** gained 0.7% on the week, finishing at 7,528.

Yield on the **10-year Treasury** decreased one basis point during the week, ending at 2.65%.

Crude oil increased 2.3% on the week, ending at \$57.26 per barrel.

Corn increased 0.5% on the week, ending at \$3.85 per bushel.

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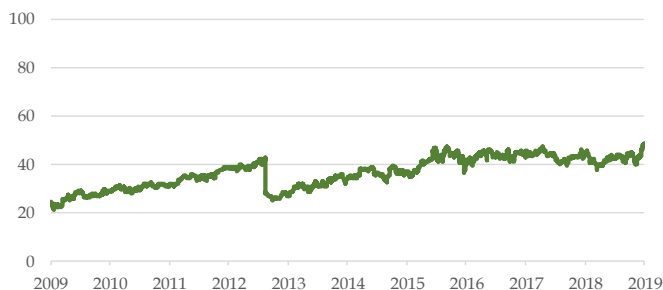
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NASDAQ Highs: Mondelez International, Inc. **Lows:** The Kraft Heinz Company

NYSE Highs: Diageo plc., Dine Brands Global Inc., The Hershey Company, Tootsie Roll Industries, Inc. **Lows:** Bunge Limited

Featured Stocks of the Week:

Mondelez International, Inc. (NSDQ: MDLZ) 10-Year History



The Kraft Heinz Company. (NSDQ: KHC) 3-Year History



The Lakeshore Food Chain

Company Name	Price 2/22/19	Price Compared to 2/15/19	52-Week Range		Price as Compared to YE:		Forward P/E	Enterprise Value to LTM:		Total Debt to LTM EBITDA
			High	Low	2018	2017		Revenue	EBITDA	
Dow Jones Industrial Average	26,032	0.6%	26,828	21,792	11.6%	5.3%	0.00			
S&P 500	2,793	0.6%	2,931	2,351	11.4%	4.5%	16.8x			
NASDAQ Composite Index	7,528	0.7%	8,110	6,193	13.4%	9.0%				
Sector Average:					11.5%	6.3%				

AGRICULTURAL LAND HOLDINGS

Farmland Partners Inc.	\$5.37	(4.4%)	\$9.19	\$4.45	18.3%	(38.1%)	43.0x	19.1x	28.3x	15.2x
Gladstone Land Corporation	12.27	(1.8%)	13.85	11.12	6.9%	(8.6%)	NM	15.9x	29.5x	18.0x
Limoneira Company	23.61	1.1%	33.42	18.07	20.8%	5.4%	30.1	3.9x	26.8x	4.3x
Sector Average:					12.6%	(1.6%)	15.0x	13.00x	28.2x	16.6x

INPUTS

American Vanguard Corporation	\$18.73	4.8%	\$24.00	\$13.98	23.3%	(4.7%)	21.8x	1.5x	11.1x	1.6x
CF Industries Holdings, Inc.	44.07	5.5%	56.51	35.70	1.3%	3.6%	17.7	3.8x	10.1x	2.9x
DowDuPont Inc.	54.97	1.3%	74.12	48.89	2.8%	(22.8%)	13.9	1.8x	8.5x	2.4x
FMC Corporation	88.51	3.7%	92.95	69.36	19.7%	(6.5%)	15.5	3.1x	11.1x	2.1x
Intrepid Potash, Inc.	3.97	4.2%	5.31	2.51	52.7%	(16.6%)	20.5	4.0x	13.4x	1.5x
The Mosaic Company	32.30	0.6%	37.37	22.90	10.6%	25.9%	13.7	1.8x	9.2x	2.6x
* Nutrien Ltd.	54.10	1.5%	57.79	42.90	15.1%	NA	17.8	2.1x	10.2x	2.4x
S&W Seed Company	2.85	10.9%	3.95	1.81	57.5%	(26.9%)	NM	2.0x	87.5x	34.3x
The Scotts Miracle-Gro Company	79.85	1.2%	93.00	57.96	29.9%	(25.4%)	19.0	2.4x	15.7x	5.4x
Zoetis Inc.	94.61	(0.8%)	96.57	77.00	10.6%	31.3%	27.3	8.6x	23.0x	3.0x
Sector Average:					22.3%	(4.7%)	18.6x	2.48x	12.5x	2.7x

AGRICULTURAL EQUIPMENT

* Ag Growth International Inc.	\$43.85	1.1%	\$49.10	\$33.20	27.8%	3.1%	18.1x	1.9x	12.4x	4.8x
AGCO Corporation	66.95	3.4%	68.88	49.50	20.3%	(6.3%)	14.4	0.7x	7.8x	1.8x
Art's-Way Manufacturing Co., Inc.	2.24	16.1%	5.45	1.85	12.0%	(24.9%)	0.0	0.8x	NM	NM
* Buhler Industries Inc.	2.78	2.4%	3.26	2.68	(1.6%)	(19.7%)	0.0	0.5x	NM	NM
CNH Industrial N.V.	10.86	1.9%	14.11	8.41	17.9%	(19.0%)	12.6	1.2x	14.1x	10.2x
Deere & Company	165.97	4.4%	168.31	128.32	11.3%	6.0%	14.5	2.4x	15.2x	7.0x
Lindsay Corporation	91.35	3.3%	109.50	83.57	(5.1%)	3.6%	27.2	1.8x	19.3x	2.3x
Titan Machinery Inc.	19.41	0.4%	25.09	11.99	47.6%	(8.3%)	23.6	0.6x	14.3x	7.5x
Sector Average:					16.3%	(8.2%)	13.8x	1.24x	15.1x	5.6x

AGRIBUSINESS

* AGT Food and Ingredients Inc.	\$13.53	0.6%	\$14.87	\$9.86	11.0%	(15.6%)	16.7x	0.7x	23.3x	11.5x
The Andersons, Inc.	36.98	1.7%	41.70	27.62	23.7%	18.7%	16.1	0.6x	12.0x	5.6x
Archer-Daniels-Midland Company	42.49	1.2%	52.07	39.16	3.7%	6.0%	12.1	0.5x	8.9x	2.9x
Bunge Limited	51.77	(1.0%)	79.10	48.89	(3.1%)	(22.8%)	18.3	0.3x	8.6x	3.5x
Darling Ingredients Inc.	22.16	3.1%	22.38	16.36	15.2%	22.2%	22.2	1.5x	9.5x	3.8x
* Gruma, S.A.B. de C.V.	11.29	(4.0%)	13.53	10.71	(0.4%)	(11.1%)	14.4	1.5x	9.3x	1.8x
Ingredion Incorporated	93.66	(0.1%)	135.40	87.02	2.5%	(33.0%)	13.2	1.4x	8.2x	2.1x
Landec Corporation	12.82	2.3%	15.60	10.17	8.3%	1.7%	34.2	0.9x	16.5x	3.1x
MGP Ingredients, Inc.	78.00	2.3%	99.73	53.66	36.7%	1.5%	34.9	3.8x	24.5x	0.8x
* Olam International Limited	1.49	4.7%	1.85	1.16	22.8%	(2.1%)	15.4	0.5x	10.9x	8.6x
Sector Average:					12.0%	(3.4%)	19.8x	1.16x	12.0x	3.6x

DIVERSIFIED FOODS

B&G Foods, Inc.	\$25.83	(1.4%)	\$33.50	\$22.00	(10.7%)	(26.5%)	12.8x	2.2x	11.6x	6.4x
Campbell Soup Company	32.83	(5.6%)	44.82	32.04	(0.5%)	(31.8%)	13.3	2.1x	9.9x	5.0x
Conagra Brands, Inc.	23.38	(4.6%)	39.43	20.22	9.5%	(37.9%)	11.4	2.8x	13.6x	7.4x
General Mills, Inc.	46.58	3.4%	53.43	36.42	19.6%	(21.4%)	14.6	2.7x	12.3x	4.4x
The Hain Celestial Group, Inc.	17.64	(0.7%)	36.15	14.45	11.2%	(58.4%)	24.5	1.1x	14.1x	4.1x
The J. M. Smucker Company	101.42	(1.9%)	133.38	91.32	8.5%	(18.4%)	12.4	2.3x	10.7x	3.8x
Kellogg Company	56.73	(0.1%)	74.98	54.14	(0.5%)	(16.5%)	14.3	2.1x	11.0x	3.7x
The Kraft Heinz Company	34.95	(26.6%)	70.02	34.51	(18.8%)	(55.1%)	12.3	2.8x	10.3x	4.4x
Lancaster Colony Corporation	158.34	(0.8%)	194.38	115.81	(10.5%)	22.5%	28.1	3.3x	19.7x	0.0x
Mondelez International, Inc.	47.72	(0.9%)	48.46	37.42	19.2%	11.5%	19.3	3.3x	16.9x	4.1x
* Nestlé S.A.	90.95	2.7%	91.83	72.93	12.1%	5.8%	20.9	3.3x	15.7x	2.2x
Noman Foods Limited	19.00	(1.3%)	21.45	15.35	13.6%	12.4%	13.3	2.4x	14.5x	5.4x
Post Holdings, Inc.	101.20	(1.7%)	104.41	70.66	13.5%	27.7%	19.5	2.1x	11.2x	5.5x
SunOpta Inc.	4.19	(1.4%)	9.08	3.75	8.2%	(45.7%)	NM	0.8x	21.7x	11.5x
TreeHouse Foods, Inc.	60.98	1.7%	61.48	36.43	20.3%	23.3%	24.0	1.0x	11.0x	4.6x
Unilever N.V.	55.31	0.3%	56.88	47.77	1.9%	(1.9%)	19.2	2.9x	13.5x	2.3x
Sector Average:					6.0%	(12.4%)	17.3x	2.31x	13.1x	4.7x

Company Name	Price 2/22/19	Price Compared to 2/15/19	52-Week Range		Price as Compared to YE:		Forward P/E	Enterprise Value to LTM:		Total Debt to LTM EBITDA
			High	Low	2018	2017		Revenue	EBITDA	
ETHANOL										
Green Plains Inc.	\$15.85	3.3%	\$21.90	\$12.00	20.9%	(5.9%)	NM	0.4x	19.4x	12.2x
Pacific Ethanol, Inc.	1.20	5.3%	4.40	0.76	39.4%	(73.6%)	NM	0.2x	28.2x	25.9x
Renewable Energy Group, Inc.	26.91	1.9%	32.52	10.65	4.7%	128.1%	15.8	0.4x	3.3x	0.7x
Sector Average:					21.7%	16.2%	15.8x	0.31x	11.3x	6.4x
FRUIT & VEGETABLE										
Calavo Growers, Inc.	\$83.35	2.9%	\$108.00	\$67.52	14.2%	(1.2%)	27.3x	1.4x	25.2x	0.2x
Fresh Del Monte Produce Inc.	27.87	(20.9%)	52.43	26.81	(1.4%)	(41.5%)	15.9	0.5x	11.4x	3.7x
Lamb Weston Holdings, Inc.	70.50	1.4%	83.86	53.31	(4.2%)	24.9%	22.0	3.5x	14.7x	3.1x
Seneca Foods Corporation	30.00	0.5%	35.90	25.45	6.3%	(2.4%)	0.0	0.5x	NM	NM
* Total Produce plc	2.13	3.3%	2.83	1.50	31.6%	(30.7%)	18.6	0.2x	7.5x	2.6x
Sector Average:					9.3%	(10.2%)	16.8x	0.63x	17.1x	2.4x
PROTEIN										
Cal-Maine Foods, Inc.	\$44.63	1.5%	\$52.30	\$40.63	5.5%	0.4%	26.3x	1.2x	7.0x	0.0x
Hormel Foods Corporation	42.91	(0.7%)	46.26	31.99	0.5%	17.9%	22.9	2.4x	16.7x	0.5x
Industrias Bachoco, S.A.B. de C.V.	46.90	3.0%	64.38	37.66	18.6%	(18.2%)	13.6	0.5x	6.4x	1.0x
* JBS S.A.	3.80	(4.7%)	4.22	2.12	27.1%	28.4%	7.7	0.5x	7.6x	5.2x
Nathan's Famous, Inc.	72.95	(1.8%)	107.05	60.35	9.8%	(3.4%)	0.0	3.8x	13.3x	5.1x
Pilgrim's Pride Corporation	20.08	(0.0%)	25.98	14.83	29.5%	(35.4%)	12.4	0.6x	9.0x	3.0x
Sanderson Farms, Inc.	119.19	(1.6%)	128.88	93.98	20.0%	(14.1%)	75.7	0.8x	17.9x	0.0x
Seaboard Corporation	3910.00	3.4%	4300.00	3434.71	10.5%	(11.3%)	0.0	0.6x	13.5x	2.7x
Tyson Foods, Inc.	63.32	1.1%	76.55	49.77	18.6%	(21.9%)	10.6	0.9x	8.6x	3.0x
Sector Average:					15.6%	(6.4%)	16.0x	0.73x	10.0x	2.3x
BAKING & INGREDIENTS										
* ARYZTA AG	\$1.15	9.1%	\$24.78	\$0.99	4.1%	(97.1%)	11.6x	0.7x	8.3x	7.1x
Balchem Corporation	86.83	0.5%	117.79	73.16	10.8%	7.7%	27.5	4.6x	19.0x	1.1x
Flowers Foods, Inc.	21.06	1.6%	22.82	17.78	14.0%	9.1%	21.7	1.4x	13.4x	2.5x
* Grupo Bimbo, S.A.B. de C.V.	1.97	3.9%	2.34	1.82	(1.2%)	(11.2%)	22.7	0.9x	7.5x	2.6x
J & J Snack Foods Corp.	156.07	(0.6%)	162.84	125.98	7.9%	2.8%	30.7	2.4x	17.7x	0.0x
* Kerry Group plc	104.66	0.9%	113.05	86.18	5.7%	(6.8%)	23.8	2.7x	19.7x	2.3x
McCormick & Company, Incorporated	135.74	5.7%	156.00	99.53	(2.5%)	33.2%	26.0	4.2x	20.2x	4.4x
* Tate & Lyle plc	9.55	5.3%	9.64	6.82	13.5%	0.5%	14.2	1.4x	8.1x	1.4x
Sector Average:					6.5%	(7.7%)	22.3x	2.29x	14.2x	2.7x
CANDY, NUTS, & SNACKS										
Bridgford Foods Corporation	\$23.84	(3.3%)	\$32.76	\$12.56	20.0%	90.0%	0.0x	1.2x	21.5x	0.0x
The Hershey Company	110.22	0.8%	111.52	89.10	2.8%	(2.9%)	19.6	3.4x	13.1x	2.2x
John B. Sanfilippo & Son, Inc.	70.36	(0.8%)	79.37	53.12	26.4%	11.2%	24.9	1.0x	13.1x	0.9x
Rocky Mountain Chocolate Factory, Inc.	9.10	1.1%	12.47	7.95	6.8%	(22.7%)	0.0	1.4x	9.3x	0.3x
Tootsie Roll Industries, Inc.	37.80	5.4%	38.15	27.45	13.2%	7.0%	0.0	4.3x	24.5x	0.1x
Sector Average:					13.8%	16.5%	8.9x	2.27x	16.3x	0.7x
PET FOOD AND PRODUCTS										
Central Garden & Pet Company	\$31.07	3.2%	\$45.02	\$29.56	(9.8%)	(20.2%)	16.5x	0.8x	9.3x	3.4x
Freshpet, Inc.	39.09	(0.9%)	40.58	15.67	21.5%	106.3%	NM	7.5x	154.3x	0.2x
Sector Average:					(9.8%)	(20.2%)	16.5x	4.16x	9.3x	1.8x
WINE & BEVERAGE										
The Boston Beer Company, Inc.	\$308.70	13.8%	\$329.95	\$160.40	28.2%	61.5%	35.9x	3.5x	20.4x	0.0x
Brown-Forman Corporation	48.84	(0.2%)	59.58	44.57	2.6%	(11.1%)	28.4	7.8x	23.2x	2.3x
The Coca-Cola Company	45.28	0.1%	50.84	41.45	(4.4%)	(1.3%)	21.6	7.0x	19.2x	4.1x
Constellation Brands, Inc.	169.06	(3.3%)	236.62	150.37	5.1%	(26.0%)	18.2	5.7x	11.1x	4.6x
* Cott Corporation	13.81	(11.7%)	16.99	13.51	(0.9%)	(17.5%)	36.2	1.3x	10.7x	4.8x
Craft Brew Alliance, Inc.	16.97	1.9%	21.00	13.64	18.6%	(11.6%)	61.3	1.6x	16.2x	0.5x
Crimson Wine Group, Ltd.	8.05	(0.7%)	10.09	7.30	2.9%	(24.6%)	0.0	2.8x	20.8x	2.6x
* Diageo plc	39.43	0.1%	40.01	30.62	10.7%	7.0%	22.7	6.8x	18.1x	2.8x
Monster Beverage Corporation	58.44	(0.5%)	66.35	47.61	18.7%	(7.7%)	30.0	8.4x	23.5x	0.0x
Jones Soda Co.	0.37	5.7%	0.53	0.22	55.0%	0.0%	0.0	1.4x	NM	NM
National Beverage Corp.	73.31	(2.4%)	127.32	70.57	2.1%	(24.8%)	19.2	3.1x	14.1x	0.0x
PepsiCo, Inc.	116.76	0.7%	122.00	95.94	5.7%	(2.6%)	21.2	2.9x	14.6x	2.5x
Starbucks Corporation	71.30	0.8%	71.54	47.37	10.7%	24.2%	25.9	3.7x	17.2x	1.8x
Willamette Valley Vineyards, Inc.	7.57	5.1%	8.55	6.66	9.9%	(8.3%)	0.0	2.5x	10.6x	1.7x
Sector Average:					11.8%	(1.4%)	22.9x	4.16x	16.9x	2.1x

Company Name	Price	Price	52-Week Range		Price as Compared to		Forward	Enterprise Value to LTM:		Total Debt
	2/22/19	Compared to 2/15/19	High	Low	YE:			Revenue	EBITDA	to LTM EBITDA
					2018	2017	P/E			
DAIRY										
* Danone SA	\$76.52	3.3%	\$78.47	\$67.72	8.6%	(8.9%)	17.6x	2.3x	11.1x	0.0x
Dean Foods Company	4.58	(4.4%)	11.14	3.61	20.2%	(60.4%)	NM	0.2x	5.9x	4.2x
Lifeway Foods, Inc.	2.38	(1.7%)	7.18	1.81	26.6%	(70.3%)	0.0	0.4x	NM	49.5x
* Saputo Inc.	32.55	3.8%	34.72	26.98	13.3%	(9.6%)	22.6	1.5x	15.9x	2.1x
			Sector Average:		17.2%	(46.8%)	20.1x	1.09x	11.0x	13.9x
WHOLESALE, FOOD SERVICE, & DISTRIBUTION										
The Chefs' Warehouse, Inc.	\$32.31	(5.0%)	\$39.26	\$21.25	1.0%	57.6%	32.9x	0.8x	17.0x	3.9x
Core-Mark Holding Company, Inc.	31.26	5.9%	40.12	17.10	34.5%	(1.0%)	22.3	0.1x	15.4x	3.5x
Performance Food Group Company	38.53	(2.4%)	39.68	28.05	19.4%	16.4%	22.3	0.3x	12.7x	3.1x
SpartanNash Company	19.33	(11.2%)	26.99	16.08	12.5%	(27.5%)	11.5	0.2x	7.0x	3.6x
Sysco Corporation	67.33	(0.3%)	75.98	58.12	7.5%	10.9%	18.8	0.7x	12.9x	2.7x
United Natural Foods, Inc.	14.86	(1.3%)	49.40	9.23	40.3%	(69.8%)	10.0	0.4x	14.0x	11.9x
US Foods Holding Corp.	35.39	0.2%	40.92	27.51	11.9%	10.8%	16.2	0.5x	11.1x	3.6x
			Sector Average:		18.1%	(10.0%)	20.6x	0.44x	12.9x	4.6x
MASS MERCHANDISE & CLUB STORES										
BJ's Wholesale Club	\$25.87	0.0%	\$32.92	\$19.31	16.7%	NA	18.3x	0.4x	10.6x	3.8x
Costco Wholesale Corporation	216.29	(0.1%)	245.16	180.83	6.2%	16.2%	27.5	0.6x	15.9x	1.1x
Walmart Inc.	99.55	(0.4%)	106.21	81.78	6.9%	0.8%	21.0	0.7x	10.6x	1.8x
			Sector Average:		6.5%	8.5%	24.3x	0.66x	13.3x	1.4x
DOLLAR STORES										
Dollar General Corporation	\$118.38	(0.5%)	\$120.33	\$85.54	9.5%	27.3%	18.1x	1.32x	13.1x	1.1x
Dollar Tree, Inc.	97.11	(1.8%)	108.83	78.78	7.5%	(9.5%)	17.4	1.20	10.6	1.9
			Sector Average:		8.5%	8.9%	17.7x	1.26x	11.9x	1.5x
TRADITIONAL RETAIL										
* Ahold Delhaize	\$25.93	0.1%	\$26.69	\$19.92	2.6%	17.8%	14.2x	0.48x	7.1x	2.2x
Ingles Markets, Incorporated	30.25	(2.8%)	37.65	25.68	11.1%	(12.6%)	9.0	0.35	6.1	3.7
The Kroger Co.	28.52	(3.3%)	32.74	22.85	3.7%	3.9%	12.5	0.30	7.4	3.0
Village Super Market, Inc.	31.17	4.7%	31.49	23.30	16.6%	35.9%	NA	0.22	5.8	0.8
Weis Markets, Inc.	51.80	(1.9%)	57.82	37.06	8.4%	25.2%	NA	0.36	6.9	0.0
			Sector Average:		7.8%	13.1%	11.9x	0.34x	6.7x	1.9x
SPECIALTY RETAIL										
Natural Grocers by Vitamin Cottage, Inc.	\$14.51	(3.7%)	\$24.50	\$6.79	(5.3%)	62.5%	34.2x	0.41x	7.6x	1.2x
Sprouts Farmers Market, Inc.	23.48	(4.4%)	29.67	20.63	(0.1%)	(3.6%)	18.2	0.70	10.4	1.7
			Sector Average:		(2.7%)	29.5%	26.2x	0.55x	9.0x	1.5x
TRADITIONAL RESTAURANTS										
Brinker International, Inc.	\$44.36	(2.6%)	\$54.14	\$34.05	0.9%	14.2%	11.1x	0.92x	7.4x	3.2x
The Cheesecake Factory Incorporated	47.53	1.1%	60.19	41.63	9.2%	(1.3%)	17.5	0.92	9.3	0.6
Darden Restaurants, Inc.	111.76	(0.3%)	124.00	82.38	11.9%	16.4%	18.7	1.73	12.7	0.9
Dine Brands Global, Inc.	99.87	14.3%	100.78	61.89	48.3%	96.9%	12.0	4.42	14.0	7.2
Jack in the Box Inc.	81.23	1.2%	93.98	74.19	4.6%	(17.2%)	19.3	3.69	12.3	4.1
McDonald's Corporation	183.17	1.8%	190.88	146.84	3.2%	6.4%	21.4	7.84	16.2	3.1
The Wendy's Company	17.72	(1.6%)	18.69	14.96	13.5%	7.9%	28.2	5.00	15.3	6.9
YUM! Brands, Inc.	95.39	1.3%	95.45	77.09	3.8%	16.9%	24.8	6.80	20.5	5.3
			Sector Average:		11.9%	17.5%	19.1x	3.35x	13.5x	3.9x
HIGH-GROWTH RESTAURANTS										
Chipotle Mexican Grill, Inc.	\$600.22	(0.9%)	\$612.60	\$307.70	39.0%	107.7%	47.7x	3.17x	27.9x	0.0x
El Pollo Loco Holdings, Inc.	15.19	(0.1%)	18.47	9.20	0.1%	53.4%	19.4	1.58	11.3	1.2
The Habit Restaurants, Inc.	11.22	(0.4%)	18.30	8.20	6.9%	17.5%	90.8	0.59	7.5	0.6
Noodles & Company	8.06	7.3%	13.50	6.05	15.3%	53.5%	56.2	0.78	11.4	1.5
Papa Murphy's Holdings, Inc.	5.34	0.4%	5.75	4.28	12.4%	(0.7%)	NA	1.76	8.0	4.2
Potbelly Corporation	8.47	1.4%	14.15	7.71	5.2%	(31.1%)	32.1	0.42	5.4	0.0
Shake Shack Inc.	52.89	(0.2%)	70.12	37.13	16.4%	22.4%	72.9	3.41	22.5	0.3
Wingstop Inc.	68.35	0.0%	75.58	41.76	6.5%	75.3%	82.6	18.28	47.4	4.6
			Sector Average:		12.4%	34.9%	51.8x	1.46x	11.7x	1.4x

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



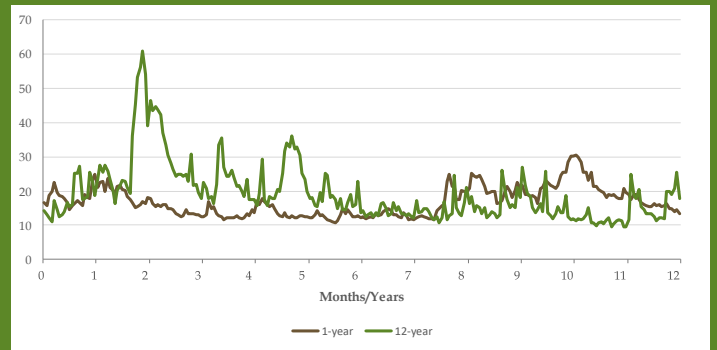
Dow Jones Industrial Average



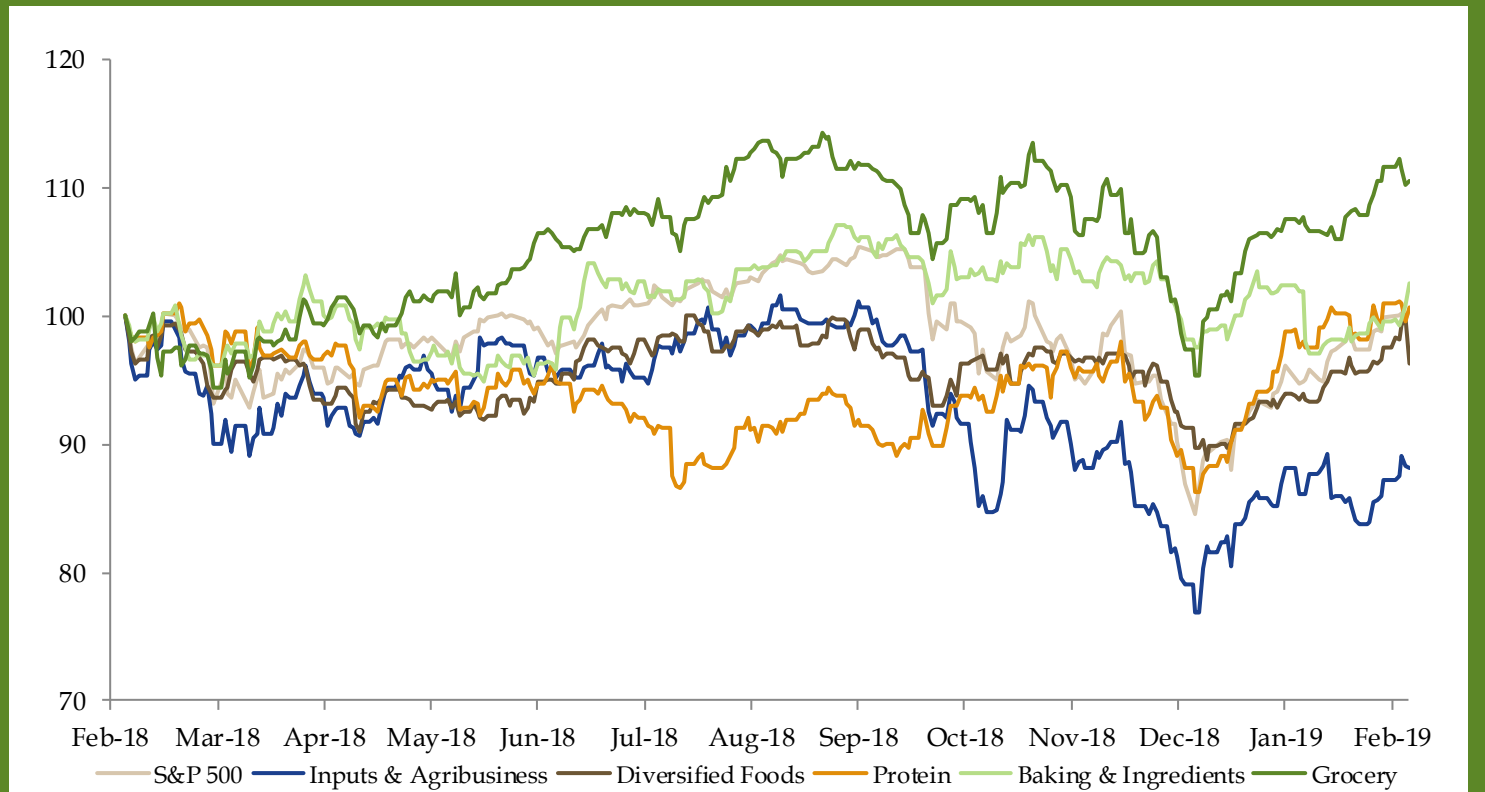
10-year Treasury



CBOE Market Volatility Index - VIX



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



Food For Thought...

Partner Column

Written By William W. Whipple

"A Deal is more likely than not!" Nobody knows and Trump is the ultimate negotiator. The U.S./World need a responsible China to assume its role as a fair and responsible Global Partner to the World economy. A deal would be huge for the American farmer and American agriculture, and at a time when U.S agriculture needs solutions to over-expansion in so many sectors. A deal offers hope to the beef, pork and chicken sectors, corn & soybeans (ethanol), and many of our packaged food businesses hope for renewed growth. Cross your fingers and don't count on anything, but just maybe?

Kraft announced a December-quarter loss, cut its dividend, and wrote down its Kraft and Oscar Mayer brands by \$15 billion! Shares are now worth less than half since the merger of Kraft and Heinz! The company cut the dividend to reduce debt and to strengthen the balance sheet. Millennial consumers desire simpler, more natural ingredients and don't always buy at the traditional grocery store. Growth requires innovation to keep up with the changing consumer tastes. Finding ways to appeal to consumer tastes proves harder than cutting costs. Think Campbell Soup, Kellogg, General Mills, ConAgra & many others.

Ethanol and Biofuel. Brazil is the world's leading producer/exporter of ethanol. Brazil uses its massive sugarcane crop for processing ethanol instead of corn. In 2018, a glut of sugar in the world and a bumper crop in Brazil together with a lower level of the Brazilian currency combined to push the price of sugar to its lowest level in a decade at \$9.83 cents per pound. In June 2006, when ethanol traded above \$4 per gallon, the price of sugar traded to a high at \$16.20 per pound. With ethanol almost 70% lower, the price of sugar at \$0.13 cents is over 19% lower which is more supportive of ethanol production in Brazil than processing corn. The low price of ethanol presents challenges for sugar as well as corn as a refining input.

China is the 800-pound gorilla in ethanol export markets. China could change the export dynamics. If ethanol demand in China continues to grow, it would have significant impact on ethanol businesses. A weather event in either market would cause dramatic price appreciation. The prices of corn & sugar are close to their lowest levels since 2006. Growing Chinese ethanol demand would create a bull-market under both markets. A trade deal with China has the potential to unleash an ethanol boom!

Green Plains results. Ethanol production is 62.5% of capacity. Crush margin \$(16.8M) or (0.08) per gallon. Current capacity is 1.1B gallons. Completed sale of three ethanol facilities to Valero for \$318 million in cash. The completed sales of Fleishmann's Vinegar Company for \$353 million in cash, resulting in a pay down of \$500 million debt.

Production Swine Growers do not do businesses with any Company purchasing Chinese feed products of any kind, for any animal species. Kansas State confirms African Swine Fever can easily be spread through feed. With no effective vaccine or treatment, preventing introduction of the virus is the only goal for U.S. producers.

Ethanol futures set new contract lows in late 2018 when the price probed below the \$1.20/gallon. The March futures contract was trading at \$1.34/gallon, off the low but much closer to the bottom than the top over the past thirteen years. Ethanol Futures rarely trade over 1,000 contracts/session versus crude oil trading over 1,000,000 contracts daily. Ethanol suffers low levels of liquidity. Forget that ethanol hit a peak in 2006 at \$4.33 per gallon, with corn under \$2.60 per bushel!

Fresh Del Monte Produce Q4 - Fresh Del Monte Produce's Board of Directors has suspended the company's dividend due to terms of their credit facility. The stock recently declined from \$35/share to \$27/share, and company's 52-week high was \$52/share. Fresh Del Monte is one of the world's leading vertically integrated fresh/fresh-cut fruit & vegetable companies.

Warren Buffett's annual letter to shareholders. Warren Buffett released the annual newsletter this past Saturday which stated that Berkshire owned \$173 billion of stocks and suffered a fourth quarter loss of \$22.7 billion, roughly 13 percent. While the stocks have recovered this year, Buffett urged shareholders to focus on operating profits and pay little attention to gains or losses. Operating profits are what create value.

S&P. September 21, 2018 S&P set an all-time intraday high of 2,904 - followed by a trough of 2,351 on December 24, 2018. Last Friday, February 5, 2019, the S&P closed at 2,792 - 5% off its 2018 high!

Have a good week!

Food For Thought...

Walmart Announces Q4 Earnings. Walmart announced earnings for the holiday quarter that bolstered analysts' expectations, as its e-commerce sales increased 43 percent. Sales were driven by an increased number of shoppers utilizing its online grocery delivery service and spending more per trip. CEO Doug McMillon said in a statement "a favorable economic environment has been helping Walmart grow sales and take market share from rivals, particularly in food and toys." Dismal December sales data released by the Commerce Department caused some concern for the retail industry. However, Walmart's earnings results displayed shoppers continued to flock to its stores. Walmart also benefited from food stamps being released early because of the partial government shutdown, giving sales a last-minute boost.

Revenue totaled \$138.8 billion versus an estimated \$138.7 billion. Additionally, same-store sales in the U.S increased 4.2 percent compared to analysts expected 3.2 percent. The company is targeting e-commerce sales growth of 35 percent for fiscal 2020, which won't be as robust as what it was able to achieve last year. The company has been investing heavily in adding more products such as celebrity-inspired apparel and high-end camping gear — to its website in order to achieve that target and compete with Amazon..

Kraft Heinz Shares Plummet After Q4 Earnings. Kraft Heinz reported earnings on February 21 displaying a growth of 1% on sales in the fourth quarter. However, the company experienced higher than expected manufacturing and logistics costs influenced by the increase in price of commodities such as agricultural products and materials used for packaging. The company reported a net loss of \$12.6 billion, compared to \$8.0 billion in the prior year quarter, heavily influenced by a \$15.4 billion impairment write-down the company recognized on the Kraft and Oscar Meyer brands. The loss resulted in the company slashing dividends by approximately 36% to \$0.40 a share compared to \$0.63 cents a share.

Kraft Heinz also announced that their accounting policies, procedures, and internal controls related to vendor agreements are under investigation by the Securities and Exchange Commission. CFO David Knopf stated "While we expect to take a step backwards in 2019, we remain confident in delivering consistent profit growth from 2020 onwards, driven by fully leveraging our advantage brands, cost structures, and capabilities." Knopf revealed that the company is evaluating divestures to restructuring the debt load, which could involve the sale of business segments to reduce debt and assist in making the company more profitable in the near-term.

SpartanNash Company Announces Q4 and FYE 2018 Results. SpartanNash Company reported its 11th consecutive quarter of sales growth for Q4 on February 20. Sales for 2018 increased to \$8.06 billion compared to \$7.96 billion in prior year, with the increase being driven by sales growth within the food distribution (4.3% increase) and military distribution (1.1% increase) segment. Reported earnings totaled \$33.8 million at FYE 2018 compared to a loss of \$52.6 million at FYE 2017, as higher sales volume and lower administrative costs benefitted the company. CEO and President David Staples stated "We continue to be pleased with the ability to grow our top line, however we were unable to translate this growth to our bottom-line results." SpartanNash anticipates mid-single digit growth in sales for 2019, which will be inclusive of the acquisition of Martin's. David Staples stated on the outlook of the company "as we look forward over the next couple of years, we believe the landscape will continue to provide us with growth opportunities through acquisition, new customers, and expanded programs with existing customers."

Bunge Limited Reports Disappointing Q4 Earnings. The world's largest oilseed processor reported fourth quarter and FYE 2018 earnings on February 21. Net sales for the quarter totaled \$11.5 billion, a slight decline from \$11.6 billion in the year prior. The company experienced lower results in their agribusiness segment, attributable to the reduction in value of the company's Brazilian soybean ownership in relation to the ongoing China trade war causing prices to dip. Additionally, the company's sugar and bioenergy segment reported disappointing results due to the combination of sustained rain during the quarter which negatively impacted sugar prices and lower than expected ethanol prices. Net loss for the quarter was \$35 million compared to a loss of \$60 million in the previous year. Acting CEO Greg Heckman attributed the struggles to operational and risk management missteps and stated "we had crush plant downtime as well as startup delays that caused us to miss volumes and profits in markets that were enjoying robust demand."

Bunge is in the midst of a leadership transition as former CEO Soren Schroder stepped down in December 2017, with current board member Greg Heckman stepping in as acting CEO. The company added a new head of agribusiness, global risk management, and added four directors to the board. Non-Executive Board Chair, Kathleen Hyle, stated the company's four main areas of focus for 2019 will be driving operational performance, optimizing the portfolio, implementing a more rigorous approach to capital allocation framework, and improving financial discipline.

Heard on the Street...

PepsiCo Acquires Muscle Milk Producer. PepsiCo announced that the company will be acquiring CytoSport, a Hormel Foods Corp. business and most notably known for their product Muscle Milk. Transaction details were not disclosed. Founded in 1998 and headquartered in California, CytoSport was acquired by Hormel Foods in 2014. CytoSport offers consumers ready-to-drink protein beverages, protein-based powders, sports nutrition bars, and energy chews. Hormel Foods CEO Jim Snee commented "PepsiCo has deep expertise and experience in the sports nutrition category and has been a long-standing distribution partner for CytoSport and the Muscle Milk brand, which puts them in a strong position to grow this dynamic business." As more consumers turn to healthy and low-sugar products, PepsiCo has expanded their portfolio of products to offer their consumers just that. PepsiCo recent acquisitions have included SodaStream, at home sparkling water brand, and Kevita, a kombucha beverage producer. With the most recent acquisition of CytoSport, PepsiCo is attempting to capture additional healthy and nutritional market share.

Lipari Foods Acquires Troyer Cheese. Lipari Foods, distributor, manufacturer, and importer of specialty and branded food products announced that it will acquire the Troyer family of companies which includes Troyer Cheese, Inc., Troyer Bros Trucking, Ltd., and Amish Wedding Foods. H.I.G. Capital acquired Lipari Foods earlier this year in January and will now integrate Troyer's geographic advantages and likewise impressive abilities to the company's portfolio. Thom Lipari, CEO of Lipari Foods, said "we are excited about the addition of Troyer's unique product offerings into our existing portfolio. Troyer is an excellent strategic fit that builds on Lipari's heritage in deli, dairy, confectionary, and other specialty food categories." Troyer was founded in 1959 and is primarily engaged in the distribution, processing, and manufacturing of premium deli, cheese, jar goods, confections, and other specialty food products currently serving 2,400 grocery retail customers throughout 48 states.

NEO Water Purchased by Betta4U Brands, Inc. Betta4U Brands announced the acquisition of NEO Water, a high pH alkaline bottled water company. NEO water is carried in over 2,500 locations nationwide from small to large retailers, including Whole Foods, and distributes to retailers across natural, grocery, convenience, and wellness channel of trade. Betta4U Brands is a portfolio beverage company targeting a public offering through acquisitions and organic growth.

Saputo Agrees To Acquire UK Cheesemaker Dairy Crest. Canadian based dairy group Saputo has agreed to buy cheese and butter maker Dairy Crest. Saputo is one of the largest dairy processors in the world and with this acquisition will acquire the UK's largest cheese brand, Cathedral City. Lino Saputo, Chairman and CEO of Saputo commented "Dairy Crest is an attractive platform for Saputo and fits well within our growth strategy. We believe that under the Saputo ownership, Dairy Crest will be able to accelerate its long-term growth and business development potential."

Discussions between the two companies were rumored to begin in January of this year and began to pick up substantially. This transaction comes at a time where Britain's anticipated plan to exit the European Union will put increased pressure on supply chains and boost prices of dairy products. Saputo's offer price of \$1.27 billion represents a premium of about 12 percent to Dairy Crest stock price at close on February 21. Saputo has completed 30 deals since becoming publicly traded in 1997 with the most recent acquisition being Australia's Murray Goulburn milk producer for \$490 million.

Canadian Based Tilray Acquires FHF Holdings Ltd. Canadian cannabis company Tilray Inc. reported that it was purchasing FHF Holdings Ltd., the parent company of hemp-food maker Manitoba Harvest, from a U.S. private-equity firm for up to \$315 million in cash and stock. Manitoba Harvest has a portfolio of hemp-derived foods including Hemp Harts, Hemp Oil, Hemp Yeah! Granola, Hemp Yeah! Protein Powder, and Hemp Bliss Milk. The company's products are available in about 16,000 retail outlets across North America.

The acquisition arms Tilray with another high-profile brand name in the cannabis production world, and one of the biggest hemp-food producers globally, particularly in the rapidly expanding U.S. cannabidiol, or CBD, market. Tilray CEO Brendan Kennedy said in a statement, "Tilray's acquisition of Manitoba Harvest is a milestone for the cannabis industry. It is built on the strategic partnerships we have formed with consumer brand industry leaders and demonstrates our track record of disrupting the global pharmaceutical, alcohol, CPG, and functional food and beverage categories." The transaction emphasizes Tilray's focus on the fast-moving U.S. CBD market, which some analysts estimate could be worth more than \$20 billion by 2022, compared to roughly \$600 million now.

Dashboard

Sector	Outlook		Sector	Outlook	
	6-month	3-year		6-month	3-year
INPUT			ALTERNATIVE GROWING		
<ul style="list-style-type: none"> s/ Fertilizer segment faces logistical pressure as transportation costs increase due to driver shortages w/ Phosphate dim outlook for 2019 as farmers expect significant cutback in soybean acreage due to counter-tariff impact s/ Nitrogen anticipated strong performance in 2019 as planted corn acreage expected to be 92 million, up from 89 million in 2018 s/ Farmers utilizing e-commerce options to purchase inputs, as younger farmers are more comfortable with technology 	↔	↑	<ul style="list-style-type: none"> s/ Hydroponics and aquaponics sectors are to reach \$2 billion internationally by 2022 s/ Hydroponics and aquaponics use 10% of the fertilizer and 5% of the water to receive the same yields w/ Vertical greenhouses continue to expand and improve returns but struggle to do crops beyond leafy greens s/ New generation of agricultural robots use artificial intelligence, big data, and autonomy to help deliver Precision Agriculture s/ The Internet of Things in Agriculture allow advancement in agricultural planning such as data analytics and communication 	↑↑	↑↑↑
AG EQUIPMENT			CANDY & NUT		
<ul style="list-style-type: none"> s/ U.S. sales of self-propelled combines and four-wheel-drive tractors increased in January 2019 compared to January 2018 w/ Deere & Co. reported a profit shortfall for the first quarter as it faces threats from both ends of a trade war s/ Revenues from the global autonomous farm equipment market will increase at 13.6% CAGR during 2017-2026 w/ Caterpillar had its biggest earnings miss in ten years as sales in its Asia/Pacific unit were down 4% from a year ago w/ Tariffs on imported steel and aluminum from Canada, Mexico and the EU have forced manufacturers to raise prices 	↔	↑	<ul style="list-style-type: none"> s/ Nestle expects organic sales to rise in 2019 after an improving performance in China and North America boosted growth s/w/ Ferraro's Butterfinger is rolling out an ad campaign to highlight the bar's new recipe which includes cleaner ingredients w/ California almond farmers are hoping a long run of rainstorms won't have negative impacts on this year's crop s/ World cocoa prices are forecast to rise slightly on increased demand this year despite a small global surplus s/ The global gummy vitamin market is projected to swell by a compound annual growth rate of 5% to \$4.17 billion in 2025 	↑	↔
AGRIBUSINESS			DAIRY		
<ul style="list-style-type: none"> s/ Investors continue to feel optimistic about ongoing U.S. - China trade negotiations w/ Farmers have to wait for USDA requirements for hemp production plans before growing hemp outside research programs s/ China proposes to buy \$30 billion in U.S. ag products, allowing the U.S. trade deficit to shrink s/ New innovations in farming technology enable farmers with more improved seed placement and accuracy 	↓	↔	<ul style="list-style-type: none"> w/ U.S. dairy industry continues to face increased competition, oversupply of milk, and emerging dairy-alternative products w/ Dairies located in the Midwest experiencing spike in milk hauling rates, as lower volume has increased charge per CWT s/w/ Dairy alternatives market projected to reach \$30 billion by 2023, increasing from \$17 billion in 2019 s/ USDA raised 2019 all milk price forecast from \$16.90 to \$17.60 per CWT driven by higher butter, nonfat dry milk, powder prices 	↓	↓
DIVERSIFIED FOODS			WHOLESALE, FOOD SERVICE & DISTRIBUTION		
<ul style="list-style-type: none"> s/ Frozen food sales grew 2.6% in dollars and 2.3% in units at grocery retailers in 2018 s/w/ 2019 food inflation forecast to be low (+1.0-2.0% for food-at-home), providing modest boost to diversified foods companies w/ Magnitude of Kraft Heinz woes shocked investors and reiterated the ongoing center store challenges w/ IRI data shows private-label makes up a 14.9% dollar share in the U.S. compared to 39.4% in Europe 	↓↓	↑	<ul style="list-style-type: none"> s/ Innovations in robotic technology are improving the efficiency of grocery distribution warehouses s/ Food-away-from-home inflation forecast of +2.0-3.0% for 2019 is good news for wholesale and distribution s/ Case growth is leading to revenue gains for distributors and foodservice establishments w/ Tight labor and trucking markets are increasing warehousing costs, transportation expenses, and employee wages 	↔	↑
ALTERNATIVE FUELS			TRADITIONAL RETAIL		
<ul style="list-style-type: none"> s/w/ Arizona is considering implementing taxes on alternative fuel vehicles to offset lost revenue from gas taxes s/ Researchers report they've created a cheap way to use UV light to convert methanol to ethanol s/ The EPA has agreed to conduct a study to assess the impact of burning ethanol as a motor vehicle fuel on air quality s/w/ Nikola Motor has racked up more than \$14 billion in orders for fuel-cell electric trucks that have yet to be built s/w/ If a large number of soybean farmers hurt by trade rotate to corn for next year's crop, ethanol prices could come down 	↑	↑	<ul style="list-style-type: none"> s/ The troubles of Blue Apron give traditional retail an opening to serve their customers s/ Modest food inflation helps retailer's cashflow and allows for some pricing flexibility w/ Kroger opening two robotic warehouses in Florida that will deliver directly to consumers bypassing bricks and mortar w/ Traditional retail continues under pressure and more Chapter 11 filings expected in Q1 s/w Branded food manufacturers need to work more closely with retailers to achieve similar goals. 	↓	↓
FRUIT & VEGETABLE			NON-TRADITIONAL RETAIL		
<ul style="list-style-type: none"> s/w/ Changing lifestyle and culture has infused the need for convenience food, likely drive growth for frozen fruits and vegetables s/w/ The number of businesses in the fruit and vegetable wholesaling industry is expected to grow 0.7% in 2019 s/ Global fresh fruits and vegetables market observes favorable growth driven by rising population, and changing consumer lifestyle s/ North America projected growth in market due to the increasing awareness and willingness to buy higher cost organic food 	↑	↑↑	<ul style="list-style-type: none"> s/ Persistent growth of dollar stores expected to continue as U.S. dollar stores expected to reach 38,000 by 2021 s/ Online grocery sales continue to gain market share, driven by Walmart and Amazon e-commerce grocery segment. s/w/ C-stores placing more emphasis on mobile apps and computerized ordering kiosks to compete with online retailers s/ C-Stores are shifting shelf space to begin carrying consumer-desired fresh healthy meals and alternative diet options 	↑↑	↑
PROTEIN			BIG PICTURE INDUSTRY DRIVERS	LEGEND:	
<ul style="list-style-type: none"> s/ Despite the growth of the meat alternative sector (\$19.5B) meal alternatives are facing headwinds with international markets s/ JBS USA's 2020 well received sustainability program for animal agriculture has led to global launch negotiations s/w/ In November 2018, beef exports from the U.S. maintained their strong rate while pork was impacted by retaliatory duties w/ Development of gene editing for livestock is stalled at the FDA; FDA oversight will treat gene-edited animal as an animal drug s/w/ Group president of international for Tyson Foods says 90% of protein consumption growth will occur outside the U.S. 	↓	↓	<ul style="list-style-type: none"> Brexit uncertainty Uncertainty on trade with China USMCA uncertainty Record federal deficit implications Weakening U.S. dollar increasing export opportunities 	<ul style="list-style-type: none"> Strong Positive ↑↑↑ Positive ↑↑ Slight Positive ↑ Neutral ↔ Slight Negative ↓ Negative ↓↓ Strong Negative ↓↓↓ 	

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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