



# LAKE SHORE

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



## Weekly Update

Monday, May 13, 2019

### *The Most Sizable Pullback In Global Stocks This Year*

Trade and tariff tensions rose as the U.S. announced an increase in tariffs from 10% to 25% on \$200 billion of imports from China this Friday. The most significant escalation since last December's truce raised the odds of a breakdown in the negotiations and a strong hit to investors' confidence. While domestic fundamentals remain intact, markets may return to normal volatility soon.

The **Dow Jones Industrial Average** dropped 2.1%, finishing at 25,942.

The **S&P 500** decreased 2.2% on the week, finishing at 2,881.

The **NASDAQ Composite** was down 3.0% on the week, finishing at 7,917.

Yield on the **10-year Treasury** decreased seven basis point during the week, ending at 2.47%.

**Crude oil** dropped 0.2% on the week, ending at \$61.80 per barrel.

**Corn** decreased 5.1% on the week, ending at \$3.52 per bushel.

**NASDAQ Highs:** Core-Mark Holding Company, Inc., Freshpet, Inc., Pilgrim's Pride Corp., Sanderson Farms, Inc., Starbucks Corp., The Wendy's, Wingstop Inc. **Lows:** Landec Corp., Potbelly Corp., SpartanNash Co.

**NYSE Highs:** The Boston Beer Co., Diageo plc, The Hershey Co., The J. M. Smucker Co., McCormick & Company, Inc., McDonald's Corp., Post Holdings, Inc., Tyson Foods. **Lows:** B&G Foods, Inc., Ingredion Inc., Weis Markets, Inc.

### *Featured Stocks of the Week:*

Pilgrim's Pride (NASDAQ: PPC) 10-Year History



DowDuPont (NYSE: DWDP) 10-Year History



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# The Lakeshore Food Chain

Company Name	Price 5/10/19	Price Compared to 5/3/19	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	25,942	(2.1%)	26,828	21,792	11.2%	4.9%	16.5x			
S&P 500	2,881	(2.2%)	2,946	2,351	14.9%	7.8%	17.0			
NASDAQ Composite Index	7,917	(3.0%)	8,164	6,193	19.3%	14.7%				
Sector Average:					15.2%	9.1%				
<b>AGRICULTURAL LAND HOLDINGS</b>										
Farmland Partners Inc.	\$6.48	(2.0%)	\$9.19	\$4.45	42.7%	(25.3%)	76.2x	17.78x	26.1x	13.8x
Gladstone Land Corporation	12.48	(1.3%)	13.85	11.12	8.7%	(7.1%)	NM	16.15	27.8	17.7
Limoneira Company	23.02	1.4%	33.42	18.07	17.7%	2.8%	29.8	3.69	28.4	5.5
Sector Average:					23.1%	(9.9%)	35.4x	12.54x	27.4x	12.3x
<b>INPUTS</b>										
American Vanguard Corporation	\$14.86	(8.1%)	\$23.90	\$13.98	(2.2%)	(24.4%)	16.1x	1.32x	9.6x	2.6x
CF Industries Holdings, Inc.	41.62	(5.9%)	56.51	38.90	(4.3%)	(2.2%)	18.1	3.63	9.8	3.1
DowDuPont Inc.	31.48	(9.8%)	71.93	30.41	(41.1%)	(55.8%)	15.4	1.26	6.2	2.8
FMC Corporation	79.44	2.4%	92.95	69.36	7.4%	(16.1%)	13.2	2.85	10.5	2.6
Intrepid Potash, Inc.	3.54	(2.7%)	5.31	2.51	36.2%	(25.6%)	16.8	2.94	8.6	1.0
The Mosaic Company	23.90	(6.7%)	37.37	22.84	(18.2%)	(6.9%)	12.3	1.47	6.7	2.4
* Nutrien Ltd.	52.06	(3.7%)	56.72	44.65	10.8%	NA	16.6	2.18	10.6	2.8
S&W Seed Company	2.55	(12.7%)	3.55	1.81	40.9%	(34.6%)	NM	1.99	NM	NM
The Scotts Miracle-Gro Company	89.71	(3.4%)	94.49	57.96	46.0%	(16.2%)	20.1	2.52	15.2	5.0
Zoetis Inc.	102.29	(1.4%)	103.97	78.90	19.6%	42.0%	29.0	9.09	24.7	3.0
Sector Average:					9.5%	(15.5%)	17.5x	2.93x	11.3x	2.8x
<b>AGRICULTURAL EQUIPMENT</b>										
* Ag Growth International Inc.	\$40.80	(4.9%)	\$48.19	\$32.58	19.0%	(4.1%)	14.8x	1.86x	12.2x	5.6x
AGCO Corporation	73.32	(2.0%)	75.56	49.50	31.7%	2.6%	14.7	0.80	8.8	2.6
Art's-Way Manufacturing Co., Inc.	2.15	(1.4%)	5.45	1.85	7.5%	(27.9%)	0.0	0.83	NM	NM
* Buhler Industries Inc.	2.69	(0.0%)	2.96	2.63	(5.0%)	(22.5%)	0.0	0.45	NM	NM
CNH Industrial N.V.	9.78	(9.5%)	13.02	8.41	6.2%	(27.0%)	11.1	1.25	12.2	8.7
Deere & Company	156.05	(6.5%)	169.99	128.32	4.6%	(0.3%)	13.7	2.35	15.3	7.4
Lindsay Corporation	86.74	(1.7%)	109.50	82.41	(9.9%)	(1.7%)	30.9	1.85	25.2	3.1
Titan Machinery Inc.	16.91	(2.8%)	21.52	11.99	28.6%	(20.1%)	19.9	0.52	12.3	6.5
Sector Average:					10.3%	(12.6%)	17.5x	1.24x	15.4x	6.3x
<b>AGRIBUSINESS</b>										
* AGT Food and Ingredients Inc.	\$13.40	(0.0%)	\$13.99	\$9.68	9.8%	(16.5%)	0.0x	0.73x	18.8x	9.5x
The Andersons, Inc.	29.59	(9.5%)	41.70	27.62	(1.0%)	(5.0%)	12.2	0.58	14.5	10.5
Archer-Daniels-Midland Company	42.43	(2.8%)	52.07	39.16	3.6%	5.9%	11.8	0.51	10.1	3.6
Bunge Limited	53.76	5.1%	73.13	47.26	0.6%	(19.9%)	19.5	0.33	9.2	4.2
Darling Ingredients Inc.	20.54	(3.0%)	22.62	17.31	6.8%	13.3%	24.3	1.54	10.2	4.3
* Gruma, S.A.B. de C.V.	10.01	(0.1%)	13.52	9.76	(11.7%)	(21.2%)	15.8	1.37	8.6	2.2
Ingredion Incorporated	85.72	(1.2%)	116.39	82.32	(6.2%)	(38.7%)	12.1	1.33	8.1	2.3
Landec Corporation	9.85	(3.4%)	15.60	9.73	(16.8%)	(21.8%)	34.0	0.79	15.6	5.3
MGP Ingredients, Inc.	66.69	(8.1%)	100.00	53.66	16.9%	(13.3%)	25.8	3.14	19.9	0.8
* Olam International Limited	1.32	(4.9%)	1.71	1.15	9.1%	(13.0%)	12.1	0.48	12.2	9.9
Sector Average:					1.1%	(13.0%)	16.8x	1.08x	12.7x	5.3x
<b>DIVERSIFIED FOODS</b>										
B&G Foods, Inc.	\$22.46	(1.1%)	\$33.50	\$21.36	(22.3%)	(36.1%)	12.1x	1.86x	10.6x	5.7x
Campbell Soup Company	38.74	1.2%	43.98	32.04	17.4%	(19.5%)	15.8	2.15	10.5	4.7
Conagra Brands, Inc.	28.72	(4.3%)	39.43	20.22	34.5%	(23.8%)	13.8	2.80	13.1	6.1
General Mills, Inc.	51.54	0.7%	52.17	36.42	32.4%	(13.1%)	15.8	2.78	12.5	4.1
The Hain Celestial Group, Inc.	22.88	1.8%	31.53	14.45	44.3%	(46.0%)	29.3	1.31	18.3	4.4
The J. M. Smucker Company	126.90	2.7%	127.04	91.32	35.7%	2.1%	15.3	2.64	12.3	3.7
Kellogg Company	58.64	3.8%	74.98	53.14	2.9%	(13.7%)	15.1	2.20	12.0	4.2
The Kraft Heinz Company	32.65	0.2%	64.99	31.53	(24.1%)	(58.0%)	11.7	2.67	9.9	4.4
Lancaster Colony Corporation	148.44	(2.1%)	194.38	124.75	(16.1%)	14.9%	26.7	3.01	18.4	0.0
Mondelez International, Inc.	51.87	0.2%	52.57	38.79	29.6%	21.2%	20.5	3.64	19.4	4.6
* Nestlé S.A.	96.42	0.9%	97.43	72.11	18.9%	12.1%	21.8	3.50	16.7	2.2
* Nomad Foods Limited	21.63	3.8%	21.81	15.87	29.4%	27.9%	16.1	2.35	14.3	5.2
Post Holdings, Inc.	108.22	4.9%	113.73	75.01	21.4%	36.6%	19.8	2.38	12.5	5.6
SunOpta Inc.	4.36	24.9%	8.91	2.17	12.6%	(43.6%)	NM	0.79	25.1	13.4
TreeHouse Foods, Inc.	58.34	0.4%	67.88	41.18	15.0%	18.0%	22.6	1.02	11.7	5.2
Unilever N.V.	59.47	(1.1%)	60.76	50.72	9.5%	5.5%	20.3	3.13	11.3	1.8
Sector Average:					15.1%	(6.8%)	18.5x	2.39x	14.3x	4.7x

Company Name	Price 5/10/19	Price Compared to 5/3/19	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	
<b>ETHANOL</b>										
Green Plains Inc.	\$16.17	(5.0%)	\$21.90	\$12.00	23.3%	(4.0%)	NM	0.44x	51.7x	31.6x
Pacific Ethanol, Inc.	1.24	18.1%	3.78	0.76	44.0%	(72.7%)	NM	0.24	NM	NM
Renewable Energy Group, Inc.	16.96	(5.1%)	32.52	13.65	(34.0%)	43.7%	8.7	0.38	8.3	3.4
Sector Average:					11.1%	(11.0%)	8.7x	0.35x	30.0x	17.5x
<b>FRUIT &amp; VEGETABLE</b>										
Calavo Growers, Inc.	\$96.63	0.4%	\$108.00	\$67.52	32.4%	14.5%	31.9x	1.58x	30.6x	0.5x
Fresh Del Monte Produce Inc.	28.58	0.6%	47.99	25.13	1.1%	(40.0%)	15.6	0.51	13.8	5.2
Lamb Weston Holdings, Inc.	67.45	0.5%	83.86	63.02	(8.3%)	19.5%	19.7	3.34	14.1	3.0
Seneca Foods Corporation	25.12	0.0%	35.90	23.60	(11.0%)	(18.3%)	0.0	0.44	NM	NM
* Total Produce plc	1.79	2.1%	2.61	1.49	10.7%	(41.6%)	11.3	0.25	7.8	2.9
Sector Average:					5.0%	(13.2%)	15.7x	0.70x	16.6x	2.9x
<b>PROTEIN</b>										
Beyond Meat, Inc.	66.22	(0.9%)	85.45	45.00	NA	NA	NM	NM	NM	NM
Cal-Maine Foods, Inc.	43.05	1.5%	52.30	40.37	1.8%	(3.1%)	57.0	1.16	7.7	0.0
Hormel Foods Corporation	39.86	0.5%	46.26	34.12	(6.6%)	9.5%	21.8	2.24	15.5	0.5
Industrias Bachoco, S.A.B. de C.V.	51.15	1.8%	62.50	37.66	29.3%	(10.7%)	14.5	0.63	11.0	1.3
* JBS S.A.	5.05	(3.1%)	5.27	1.99	68.7%	70.6%	10.1	0.57	8.4	4.6
Nathan's Famous, Inc.	68.70	(1.7%)	107.05	62.20	3.4%	(9.0%)	0.0	3.61	12.7	5.1
Pilgrim's Pride Corporation	28.32	1.2%	28.85	14.83	82.6%	(8.8%)	14.2	0.86	13.2	3.8
Sanderson Farms, Inc.	152.91	0.6%	154.82	93.98	54.0%	10.2%	35.3	1.05	33.0	0.6
Seaboard Corporation	4,275.00	(2.5%)	4,743.71	3,434.71	20.8%	(3.1%)	0.0	0.76	32.7	7.4
Tyson Foods, Inc.	79.81	6.3%	79.90	49.77	49.5%	(1.6%)	12.7	1.01	10.0	3.0
Sector Average:					27.6%	(2.1%)	18.4x	1.3x	16.0x	2.9x
<b>BAKING &amp; INGREDIENTS</b>										
* ARYZTA AG	\$1.39	(8.7%)	\$22.15	\$0.98	25.5%	(96.5%)	10.9x	0.60x	6.8x	4.8x
Balchem Corporation	100.32	(2.4%)	117.79	73.16	28.0%	24.5%	32.0	5.24	22.1	1.0
Flowers Foods, Inc.	21.58	(0.1%)	22.67	17.78	16.8%	11.8%	22.2	1.40	13.7	2.5
* Grupo Bimbo, S.A.B. de C.V.	2.18	(3.3%)	2.28	1.82	9.6%	(1.4%)	24.1	1.05	8.6	3.2
J & J Snack Foods Corp.	161.92	0.3%	165.64	134.82	12.0%	6.6%	31.5	2.51	18.1	0.0
* Kerry Group plc	114.67	1.5%	115.68	95.91	15.8%	2.1%	26.1	2.98	21.6	2.3
McCormick & Company, Incorporated	156.67	3.0%	157.00	99.53	12.5%	53.7%	29.8	4.67	22.4	4.3
* Tate & Lyle plc	10.09	(0.0%)	10.55	7.73	19.9%	6.2%	14.9	1.45	8.5	1.4
Sector Average:					17.5%	0.9%	23.9x	2.49x	15.2x	2.4x
<b>CANDY, NUTS, &amp; SNACKS</b>										
Bridgford Foods Corporation	\$29.17	0.6%	\$32.76	\$12.56	46.8%	132.4%	26.3x	1.48x	24.4x	0.7x
The Hershey Company	126.88	4.1%	126.98	89.29	18.4%	11.8%	22.0	3.91	15.7	2.4
John B. Sanfilippo & Son, Inc.	78.26	(2.3%)	83.57	53.12	40.6%	23.7%	25.8	1.10	14.3	1.0
Rocky Mountain Chocolate Factory, Inc.	9.54	(2.1%)	11.75	7.95	12.0%	(19.0%)	0.0	1.52	9.8	0.3
Tootsie Roll Industries, Inc.	38.96	0.3%	40.12	26.80	20.1%	13.6%	0.0	4.34	24.7	0.1
Sector Average:					27.6%	32.5%	23.9x	2.47x	17.8x	0.9x
<b>PET FOOD AND PRODUCTS</b>										
Central Garden & Pet Company	\$29.09	5.5%	\$45.02	\$25.07	(15.6%)	(25.3%)	15.1x	0.85x	9.8x	3.4x
Freshpet, Inc.	47.08	2.5%	47.60	19.90	46.4%	148.4%	269.0	8.32	172.6	2.0
Sector Average:					(15.6%)	(25.3%)	15.1x	4.59x	9.8x	2.7x
<b>WINE &amp; BEVERAGE</b>										
The Boston Beer Company, Inc.	\$347.83	5.8%	\$350.60	\$228.45	44.4%	82.0%	40.6x	3.73x	20.9x	0.2x
Brown-Forman Corporation	51.88	(2.1%)	59.58	44.57	9.0%	(5.6%)	29.2	8.09	24.5	2.3
The Coca-Cola Company	48.19	(1.1%)	50.84	41.45	1.8%	5.0%	22.6	7.48	20.6	4.3
Constellation Brands, Inc.	203.23	(3.9%)	234.26	150.37	26.4%	(11.1%)	23.7	6.46	10.4	4.6
* Cott Corporation	13.95	(2.1%)	16.68	13.34	0.1%	(16.6%)	31.6	1.38	12.0	5.6
Craft Brew Alliance, Inc.	15.53	2.4%	21.00	13.16	8.5%	(19.1%)	63.5	1.80	34.3	6.5
Crimson Wine Group, Ltd.	7.40	0.0%	9.45	7.28	(5.4%)	(30.6%)	0.0	2.48	23.0	3.1
* Diageo plc	42.29	0.3%	42.56	32.74	18.7%	14.8%	24.4	7.13	19.0	2.8
Monster Beverage Corporation	63.00	(0.2%)	66.38	47.61	28.0%	(0.5%)	30.0	8.56	23.8	0.0
Jones Soda Co.	0.72	(0.4%)	0.98	0.22	204.5%	96.4%	0.0	2.65	NM	NM
National Beverage Corp.	55.89	(2.4%)	127.32	50.53	(22.1%)	(42.6%)	18.7	2.29	11.1	0.0
PepsiCo, Inc.	128.01	0.3%	128.39	96.36	15.9%	6.7%	22.7	3.19	15.9	2.5
Starbucks Corporation	78.42	0.5%	78.80	47.37	21.8%	36.5%	27.1	3.99	18.8	1.8
Willamette Valley Vineyards, Inc.	7.08	(4.6%)	8.55	6.66	2.8%	(14.2%)	0.0	2.26	9.1	1.5
Sector Average:					25.3%	11.1%	23.9x	4.39x	18.7x	2.7x

Company Name	Price	Price	52-Week Range		Price as Compared to		Forward	Enterprise Value to LTM:			Total Debt
	5/10/19	5/3/19	High	Low	YE:			P/E	Revenue	EBITDA	EBITDA
					2018	2017					
<b>DAIRY</b>											
* Danone SA	\$78.49	(3.2%)	\$81.55	\$67.14	11.5%	(6.5%)	17.8x	2.36x	11.1x		4.0x
Dean Foods Company	1.76	15.8%	11.14	1.45	(53.8%)	(84.8%)	NM	0.20	30.5		32.7
Lifeway Foods, Inc.	2.22	(10.1%)	6.54	1.81	18.1%	(72.3%)	0.0	0.37	15.5		2.4
* Saputo Inc.	34.04	1.1%	34.56	26.48	18.5%	(5.5%)	23.8	1.55	16.8		2.1
					Sector Average:	(1.4%)	(42.3%)	20.8x	1.12x	18.5x	10.3x
<b>WHOLESALE, FOOD SERVICE, &amp; DISTRIBUTION</b>											
The Chefs' Warehouse, Inc.	\$33.50	(1.6%)	\$39.26	\$26.25	4.8%	63.4%	31.2x	0.94x	20.0x		5.9x
Core-Mark Holding Company, Inc.	38.99	6.6%	40.38	18.13	67.7%	23.5%	24.1	0.17	16.2		3.5
Performance Food Group Company	39.22	(3.0%)	41.85	28.05	21.5%	18.5%	21.9	0.29	12.5		2.8
SpartanNash Company	16.16	2.7%	26.99	14.33	(5.9%)	(39.4%)	9.5	0.16	6.4		3.5
Sysco Corporation	73.99	4.9%	75.98	59.44	18.1%	21.8%	19.8	0.77	13.6		2.6
United Natural Foods, Inc.	11.81	(3.3%)	47.73	9.23	11.5%	(76.0%)	5.8	0.27	10.4		8.9
US Foods Holding Corp.	38.80	6.4%	40.92	27.51	22.6%	21.5%	17.2	0.49	11.5		3.5
					Sector Average:	20.0%	4.8%	18.5x	0.44x	12.9x	4.4x
<b>MASS MERCHANDISE &amp; CLUB STORES</b>											
BJ's Wholesale Club	\$27.24	(4.3%)	\$32.92	\$19.31	22.9%	NA	18.5x	0.43x	10.7x		3.5x
Costco Wholesale Corporation	247.02	1.0%	248.70	189.51	21.3%	32.7%	30.3	0.74	17.7		1.1
Walmart Inc.	101.91	(0.2%)	106.21	81.78	9.4%	3.2%	21.5	0.68	10.7		1.8
					Sector Average:	15.3%	18.0%	25.9x	0.71x	14.2x	1.4x
<b>DOLLAR STORES</b>											
Dollar General Corporation	\$121.84	(2.3%)	\$126.84	\$86.87	12.7%	31.0%	18.1x	1.32x	13.1x		1.1x
Dollar Tree, Inc.	104.02	(4.4%)	111.61	78.78	15.2%	(3.1%)	17.4	1.20	10.6		1.9
					Sector Average:	13.9%	14.0%	17.7x	1.26x	11.9x	1.5x
<b>TRADITIONAL RETAIL</b>											
* Ahold Delhaize	\$23.14	(3.2%)	\$26.99	\$20.91	(8.5%)	5.1%	14.2x	0.48x	7.1x		2.2x
Ingles Markets, Incorporated	29.91	8.4%	37.65	25.57	9.9%	(13.6%)	9.0	0.35	6.1		3.7
The Kroger Co.	25.83	0.3%	32.74	23.52	(6.1%)	(5.9%)	12.5	0.30	7.4		3.0
Village Super Market, Inc.	28.03	(2.5%)	32.20	23.75	4.8%	22.2%	NA	0.22	5.8		0.8
Weis Markets, Inc.	40.22	(3.8%)	57.82	38.11	(15.8%)	(2.8%)	NA	0.36	6.9		0.0
					Sector Average:	(6.4%)	1.0%	11.9x	0.34x	6.7x	1.9x
<b>SPECIALTY RETAIL</b>											
Natural Grocers by Vitamin Cottage, Inc.	\$12.18	(3.6%)	\$24.50	\$10.11	(20.5%)	36.4%	34.2x	0.41x	7.6x		1.2x
Sprouts Farmers Market, Inc.	22.47	1.5%	29.67	20.58	(4.4%)	(7.7%)	18.2	0.70	10.4		1.7
					Sector Average:	(12.5%)	14.3%	26.2x	0.55x	9.0x	1.5x
<b>TRADITIONAL RESTAURANTS</b>											
Brinker International, Inc.	\$42.64	(2.2%)	\$54.14	\$40.29	(3.0%)	9.8%	11.1x	0.92x	7.4x		3.2x
The Cheesecake Factory Incorporated	47.77	(4.5%)	60.19	41.63	9.8%	(0.9%)	17.5	0.92	9.3		0.6
Darden Restaurants, Inc.	121.75	3.5%	124.00	84.37	21.9%	26.8%	18.7	1.73	12.7		0.9
Dine Brands Global, Inc.	89.79	1.6%	101.18	61.89	33.3%	77.0%	12.0	4.42	14.0		7.2
Jack in the Box Inc.	77.89	(0.1%)	93.98	74.19	0.3%	(20.6%)	19.3	3.69	12.3		4.1
McDonald's Corporation	199.99	1.3%	200.36	153.13	12.6%	16.2%	21.4	7.84	16.2		3.1
The Wendy's Company	18.85	2.3%	19.45	14.96	20.8%	14.8%	28.2	5.00	15.3		6.9
YUM! Brands, Inc.	101.43	(1.3%)	104.47	77.09	10.3%	24.3%	24.8	6.80	20.5		5.3
					Sector Average:	13.3%	10.1%	19.1x	3.35x	13.5x	3.9x
<b>HIGH-GROWTH RESTAURANTS</b>											
Chipotle Mexican Grill, Inc.	\$705.44	(0.6%)	\$721.42	\$383.20	63.4%	144.1%	47.7x	3.17x	27.9x		0.0x
El Pollo Loco Holdings, Inc.	11.89	0.8%	18.47	10.00	(21.6%)	20.1%	19.4	1.58	11.3		1.2
The Habit Restaurants, Inc.	12.93	5.6%	18.30	8.60	23.1%	35.4%	90.8	0.59	7.5		0.6
Noodles & Company	8.54	15.7%	13.50	5.85	22.2%	62.7%	56.2	0.78	11.4		1.5
Papa Murphy's Holdings, Inc.	6.44	(0.2%)	6.50	4.28	35.6%	19.7%	NA	1.76	8.0		4.2
Potbelly Corporation	6.45	(27.1%)	14.15	6.39	(19.9%)	(47.6%)	32.1	0.42	5.4		0.0
Shake Shack Inc.	60.39	0.3%	70.12	40.67	33.0%	39.8%	72.9	3.41	22.5		0.3
Wingstop Inc.	78.94	4.2%	79.92	47.83	23.0%	102.5%	82.6	18.28	47.4		4.6
					Sector Average:	19.5%	44.9%	57.4x	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)

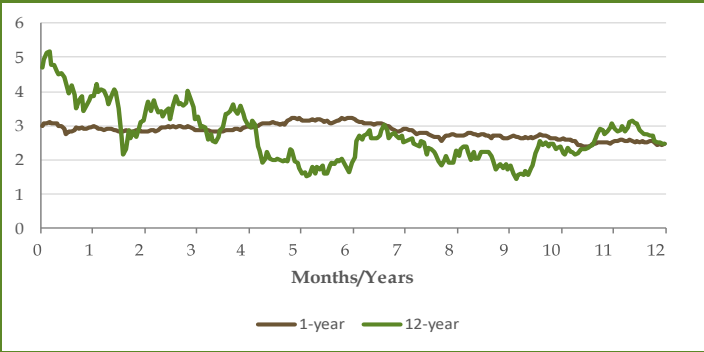
## S&P 500



## Dow Jones Industrial Average



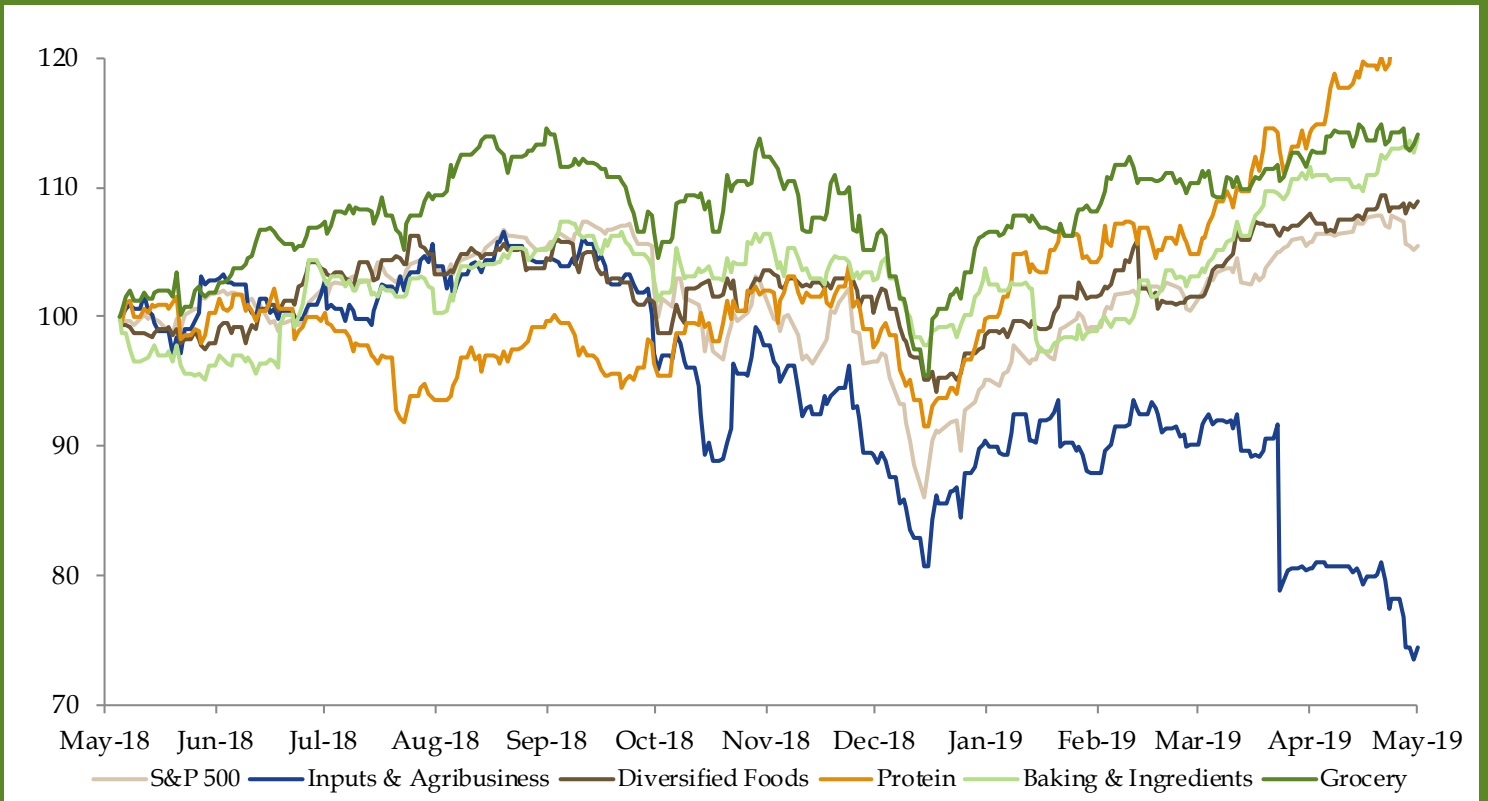
## 10-year Treasury



## 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*

**Danone CEO Says U.S. Plant-Based Products Could Become As “Big” As Dairy!** Danone/Owner of WhiteWave “Silk” says plant-based to be as big as its traditional yogurt business in 10 years! Danone swaps cows for almonds?

**African Swine Fever and Feed Manufacturers.** As I have said before, swine growers of all types should immediately quit doing business with any feed manufacturer that imports feed products of any type from China as it is not worth the risk (including pet food items). Feed products get mixed overseas and not disclosed to buyers and the only way to protect yourself (and the industry) is to refuse to do business with any manufacturer importing any feed products from China and for that matter, Asia!

**Cal-Maine Foods Just Declared \$0.272 Qtrly Dividend.** An 82% increase from prior dividend of \$0.15 and 2% yield. One of my egg industry CEO's called asking my opinion on Cal-Maine and I had to express shock, shock, shock at their ability to maintain their earnings and stock price. Good work in the face of cage-free inventories.

**Global trade is a Zero-sum game.** China's ASF is creating massive shortages worldwide. No known cures and no vaccines! The U.S has every right to be worried about its sow herds. Let us hope the sale of product can be accomplished safely.

**Pilgrim's Pride Sits 40%.** Higher than where I envisioned the stock the end of 2019, now at \$28.32. ASF has made a mess of Chinese meat supply/inventories.

**Dean Foods.** As I have chronicled on these pages, Dean's business is struggling mightily. Farmers who ship to Dean are leery of their longevity and Milk Buyers are uncertain because of disruptions from closed plants. The company recently supplied its bankers with collateral. Dean's shares rose nearly 5% this past Tuesday and are now down almost 54% this year at \$1.76/share. Milk prices have fallen as consumption has decreased, but production continued to grow, pressuring prices.

**Treehouse Foods Slumped 5%.** After the company lowered full-year guidance, the stock price took a dip. Management says the year-over-year decline in the quarter is expected to be driven by weaker results in snacks and lighter volume in meal solutions.

**Corteva Spin-Off From DowDuPont.** In the past three years, Corteva AgriScience, had basically flat sales of around \$14+ Billion. Corteva 2019 sales have been affected by the weather/rain. 2018 preliminary Corteva estimates on sales of \$14 billion × 2.0x multiple equals \$28 billion, or \$2 billion EBITDA at 10.0x multiple equaling \$20 billion.

With a \$25 billion value less one-third of net DWDP debt or \$4.5 billion gets you to a \$20 billion Market Value divided by 824 million shares for a \$24/share for Corteva. Corteva's value estimate is one-third of the present value DWDP market value, up 40%. This coincides with a one Corteva share for three DWDP share spin-off ratio. Corteva anticipates the same dividend per share (Nutrien trades at 2.0x sales and 10.5x EBITDA). The spin-off is set to occur on June 1, 2019.

*Have a good week!*

## Food For Thought...

**US Foods Reports Q1 Earnings.** US Foods Holding Corp. announced its Q1 results last week. The company recorded a 6% increase in net income, to \$71 million for the period, on net sales that rose 3.6% to \$6 billion, the result of organic growth in the company's distribution business. "Our first quarter fiscal 2019 results were in line with our expectations," said Chairman and CEO Pietro Satriano, in the release. "We accelerated case volumes across all customer types and are particularly pleased with our 5.5% organic independent restaurant case growth rate. We remain favorable on the overall industry outlook and expect to deliver the full year fiscal 2019 guidance targets that we discussed on our fourth quarter call."

For fiscal year 2019, US Foods said it expects total case volume growth of 1% to 2%. Operating expenses for the first quarter were \$921 million, an increase of 3.6% from the prior year. The increase was driven by higher wage, distribution and acquisition-related costs, partially offset by the positive impact of expense control initiatives, the company said. Adjusted operating expenses for the quarter were \$820 million, a 3.8% increase from the prior year. Income before income taxes was \$91 million, a \$28 million increase from the prior year.

**US Foods Holding Corp (NYSE: USFD) 3-Year History**



**Amazon Makes Changes, While Q1 Results Increase.** Amazon announced another expansion of its grocery delivery service through its Whole Foods Market division, just days after reporting a 17% increase in sales in the first quarter of the year.

The Seattle-based online sales giant added 13 metropolitan areas for the delivery service available exclusively to Amazon Prime members, bringing the total number of cities and towns where the service is available to 88, the company said in a news release. Prime members are able to receive their grocery deliveries in a little as one hour after shopping for products at Whole Foods online, or as soon as 30 minutes if they choose to pick the items up themselves, Amazon said.

**Tyson Foods Announces Q2 Earnings.** Tyson Foods reported higher sales in the second quarter of fiscal 2019 – despite a decline in adjusted operating income – and announced contingencies to respond to African Swine Fever (ASF) as well as the upcoming debut of its alternative-protein product. Tyson posted sales of more than \$10.4 billion in the second quarter, up 7% from the same period one year ago. Adjusted net income reached \$1.20 a share, down from earnings of \$1.27 a share in the second quarter of 2018 but higher than consensus estimates of \$1.15.

The company noted that strong sales and margin gains in its beef and prepared foods divisions offset an expected decline in chicken, which the company forecasts will turn around in the second half of the fiscal year. Tyson's pork sales slipped slightly to \$1.2 billion in the quarter, although the operating margin for pork rose 8.5%, second only to the 12.1% jump in margins for prepared foods. "The results reflect the strength of our diversified business model," Tyson President and CEO Noel White told industry analysts in a conference call this morning. He added that the integration of Tyson's Keystone Foods purchase in November and the upcoming closing of the company's purchase of the Thai and European operations of BRF S.A. later this year will help Tyson better compete globally with more value-added products, especially in foodservice. White also said Tyson is working with the pork industry, government representatives and other parties to prepare for the possibility of ASF expanding into the United States.

**Tyson (NYSE: TSN) 10-Year History**



**Wendy's Reports Q1 Earnings.** Wendy's announced last week that sales climbed 9% to \$168 million in the first quarter, compared to a year ago (and \$408 million including fees and franchise revenue, up from \$380 million last year). The company noted strong sales at company-owned restaurants and an increase in franchise royalty revenue and fees for its strong first quarter. Having more restaurants in operation and new restaurant development programs contributed to the overall improvement, the Dublin, Ohio-based company said.

## Heard on the Street...

### ***Campbell Soup Considering Sale Of Kettle Chips Brand.***

Campbell Soup plans on selling its Kettle chips brand. The company acquired the brand as part of its \$5 billion dollar deal with Snyder's-Lance that closed last year. The soup giant reportedly hired Barclays to explore the sale of the brand. A source told The Press Association that Kettle could be worth between \$65.5 million and \$131 million. Kettle, which offers a variety of potato chips, launched in 1978. If the sale goes through, the transaction will mark Kettle's third owner in four years. That transaction has forced the company to use M&A to streamline its business and now it's looking to cut Kettle. Last month, Campbell Soup announced it would sell its Bolthouse Farms business to an affiliate of private equity firm Butterfly Equity for \$510 million. Just a few months earlier, Campbell Soup sold its Garden Fresh Gourmet brand to an affiliate of Fountain of Health USA.

At the same time, as pressure from activist investor Daniel Loeb continues to hover, Campbell is looking to sell its International business, which includes Arnott's and Kelsen biscuit brands. Although Mondelez reportedly submitted a bid to buy the international business in March, insiders say the companies are in a stalemate over the price. For right now, the sale of the potato chips brands in the U.K. remains in the investigation stages. Campbell may determine that it is not ready to sell or may try to reinvigorate it. However, should a sale come to fruition, it is a proposition that several CPG companies will likely have interest in.

***Walmart Eyes Acquisition Of StoreKing.*** Walmart has begun initial talks with StoreKing, an India based tech company that connects stores in rural areas to brands and suppliers. The company announced that they have moved to partnership with StoreKing. Management believes the strategic partnership will assist in the sale of inventory from Walmart-India, its wholesale business arm. StoreKing has over 40,000 Kirana stores across ten states which allow store customers to browse through the inventory of brand partners. Once a customer places an order on the app, the supplier will then ship the product to the retail store while Kirana shop owners earn commission. Walmart's continued investment in Kiranas is a follow up to Kiranas' announcement of their launch into ecommerce world. However, StoreKing reached an agreement with Amazon for distribution of their wholesale products three years ago. It remains unclear how this agreement will continue after the Walmart partnership.

***Keystone Natural Holdings Acquires WestSoy.*** Keystone Natural Holdings, a portfolio company of Chicago-based Keystone Capital, has recently acquired the WestSoy tofu, seitan and tempeh businesses from The Hain Celestial Group, Inc. The transaction did not include the WestSoy plant-based beverage business, which has been retained by Hain Celestial. Financial terms were not disclosed. "This brand divestiture is in-line with the core objectives of our transformational strategic plan to reduce complexity and streamline our portfolio of brands to drive sustainable growth and shareholder value," said Mark L. Schiller, president and CEO of Hain Celestial. "We believe the WestSoy tofu, seitan and tempeh business, while not core to our strategy, will be a strong performer in the hands of an owner who is committed in this category and will continue to deliver innovative high-quality products to our customers."

### ***Aterian Investment Partners III To Acquire Hain Pure Protein.***

Aterian Investment Partners III, a private equity company that focuses on turning around middle market companies, has agreed to buy the Hain Pure Protein Corp. from the Hain Celestial Group, Inc. for \$80 million. The Hain Pure Protein business includes such brands as Empire Kosher and FreeBird. The transaction is expected to close before June 30. "We are pleased to have entered into an agreement for the sale of our remaining Hain Pure Protein businesses," said Mark L. Schiller, president and chief executive officer of Hain Celestial. "This divestiture is another step forward in simplifying our organization aligned with our transformational strategic plan as we aggressively pursue margin enhancing initiatives to fuel long-term sustainable growth and profitability."

### ***Albertsons Companies Announces Tender Offer For Safeway, Inc. And New Albertsons L.P.***

Albertsons Companies, Inc. one of the largest foods and drug retailers in the U.S., announced that its wholly owned subsidiaries Safeway, Inc. and New Albertsons L.P. have commenced tender offers to purchase for cash the current outstanding debt securities. The tender offers consist of offers to purchase for cash up to an aggregate principle amount approximately \$1.8 billion. The tender offers will expire after June 3rd. Albertsons Cos. operates stores across 34 states and the District of Columbia under 20 well-known banners including Albertsons, Safeway, Vons, Jewel-Osco, Shaw's, Acme, Tom Thumb, Randalls, United Supermarkets, Pavilions, Star Market, Haggen and Carrs, as well as meal kit company Plated based in New York City.



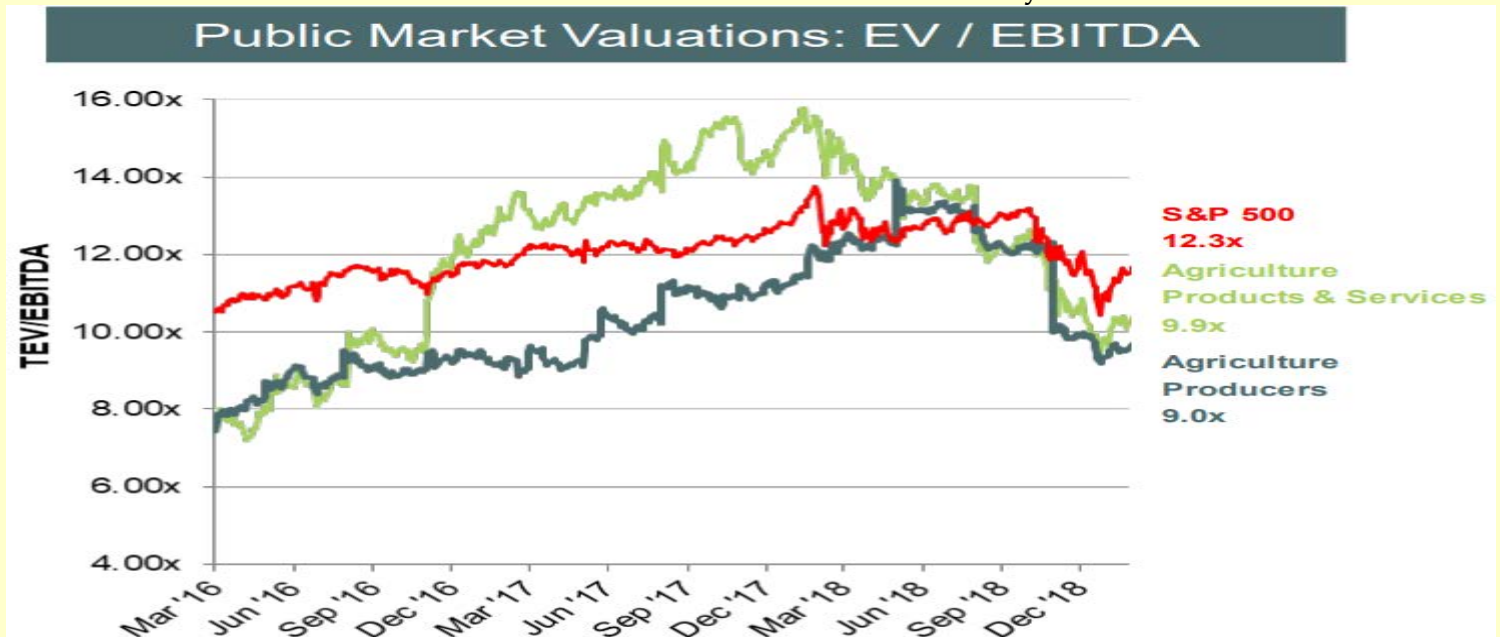
The USDA is expecting U.S. net farm income to rebound this year, forecasting a range from \$65 to \$70 billion (~10% increase from 2018) with the driving forces being rising crop prices and reduced production expenses. The new U.S. farm bill was approved by Congress at the end of 2018. While the government shutdown slowed the implementation of the new bill, the USDA has stated that they are doing what’s necessary to put the new bill into practice as quickly as possible. Reported M&A activity in the Agribusiness sector for 2018 declined marginally as compared to 2017. Institutional investors continued to show interest and make investments in the industry, which has led to transaction values maintaining historically high levels. Interestingly, Agribusiness M&A, as a percentage of total M&A, has increased in the past two years, as more interest in the segment has developed. Consolidation and increased PE Sponsorship within the Agribusiness industry is expected to continue for the foreseeable future. It is also expected that Agribusiness M&A will continue to increase as a percentage of total M&A over the next several years.

M&A activity in the vegetable seeds, fresh produce, precision agriculture and biotechnology segments continue to be active as over 60% of crop agriculture transactions involved businesses categorized in one of the four sectors. This trend is expected to continue in 2019 as consumer demand for fresh and healthy food options continues to increase, leading to a rising interest in vegetable seed and fresh produce companies. Consumer demand for fresh and healthy foods has increased the appetite

for the acquisition of produce companies and for the vegetable seed companies that are responsible for the production of fresh vegetables; Ag-Tech is an area of expansion with great hope for the future of farming and medical cannabis is a fast-growing area that has captured the interest of the financial community.

The agricultural market remains poised for continued consolidation as strategic participants seek improved efficiencies, more robust technology, and a stronger and more diverse geographical presence. The majority of agricultural company is fortunate to have strong balance sheets with investable cash and an appetite to build on strengths and fill in voids. Additionally, financial investors look for attractive and stable returns in a segment that is now considered to be less risky and more viable than pre-recession days. Following upon one of the most substantial reorganizations the crop input industry has ever experienced, multinationals will have a better understanding of their new partners, products, and markets, and will look to explore new opportunities to bolster growth, largely through acquisition. Small to mid-size companies with unique offerings, reputable brands, solid profitability, and sound management teams are likely to see premiums paid. This will be especially relevant globally as trade turmoil settles and economic globalization continues. In spite of much talk about low commodity prices, tariffs, GMOs, and other concerns, there is reason for a high level of optimism for agriculture.

M&A Historical Valuations in Food Industry



Source: CapitalIQ.

# 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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