



LAKE SHORE

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



Weekly Update

Monday, April 15, 2019

Oil Settles Higher As Demand Worries Ease

Oil futures settled higher on Friday, recovering a portion of the sharp loss suffered a day earlier, as violence in Libya raised the risks to the nation's oil production and economic data from China helped ease concerns over a slowdown in energy demand. The announcement of a major energy deal also appeared to provide a boost early Friday in oil prices toward the session's highs.

The **Dow Jones Industrial Average** remained flat on the week, finishing at 26,412.

The **S&P 500** rose 0.5% on the week, finishing at 2,907.

The **NASDAQ Composite** increased 0.6% on the week, finishing at 7,984.

Yield on the **10-year Treasury** climbed six basis during the week, ending at 2.56%.

Crude oil increased 1.5% on the week, ending at \$64.02 per barrel.

Corn gained 1.9% on the week, ending at \$3.70 per bushel.

NASDAQ Highs: Papa Murphy's Holdings, Inc., Sanderson Farms, Inc., Starbucks Corp., Wingstop Inc. **Lows:** Landec Corp., Seneca Foods Corp.

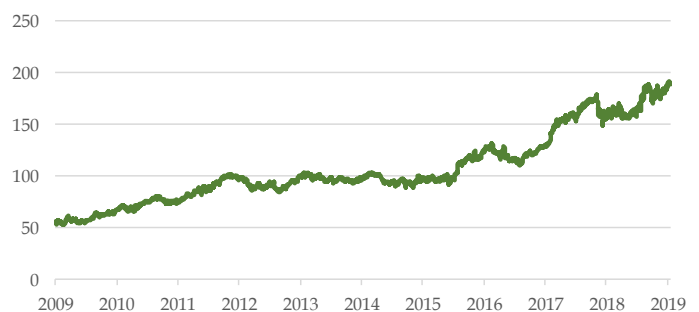
NYSE Highs: AGCO Corp., Chipotle Mexican Grill, Inc., The Hershey Company, McDonald's Corp., Performance Food Group Company, Tootsie Roll Industries. YUM! Brands, Inc. **Lows:** Dean Foods Company, Lindsay Corp.

Featured Stocks of the Week:

Lindsay Corp (NYSE: LNN) 10-Year History



McDonald's Corp (NYSE: MCD) 10-Year History



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The Lakeshore Food Chain

Company Name	Price	Price	52-Week Range		Price as Compared to		Forward P/E	Enterprise Value to LTM:		Total Debt to LTM
	4/12/19	4/5/19	High	Low	YE:			Revenue	EBITDA	EBITDA
					2018	2017				
Dow Jones Industrial Average	26,412	(0.0%)	26,828	21,792	13.2%	6.8%	16.8x			
S&P 500	2,907	0.5%	2,931	2,351	16.0%	8.7%	17.6			
NASDAQ Composite Index	7,984	0.6%	8,110	6,193	20.3%	15.7%				
Sector Average:					14.6%	10.4%				
AGRICULTURAL LAND HOLDINGS										
Farmland Partners Inc.	\$6.66	0.9%	\$9.19	\$4.45	46.7%	(23.3%)	NM	18.34x	26.8x	13.7x
Gladstone Land Corporation	12.52	1.0%	13.85	11.12	9.1%	(6.8%)	NM	15.81	28.8	18.1
Limoneira Company	23.92	(3.2%)	33.42	18.07	22.4%	6.8%	31.0	3.81	29.2	5.5
Sector Average:					27.9%	0.0%	15.5x	12.65x	28.3x	15.9x
INPUTS										
American Vanguard Corporation	\$17.65	(0.6%)	\$24.00	\$13.98	16.2%	(10.2%)	20.0x	1.35x	9.8x	1.5x
CF Industries Holdings, Inc.	42.58	(2.1%)	56.51	37.02	(2.1%)	0.1%	18.0	3.67	9.9	2.9
DowDuPont Inc.	39.47	4.1%	71.93	36.09	(26.2%)	(44.6%)	17.2	1.36	6.5	2.4
FMC Corporation	79.97	(0.6%)	92.95	69.36	8.1%	(15.5%)	14.2	2.79	10.3	2.1
Intrepid Potash, Inc.	3.88	0.3%	5.31	2.51	49.2%	(18.5%)	20.1	3.19	10.1	1.0
The Mosaic Company	26.80	(4.0%)	37.37	24.52	(8.3%)	4.4%	11.8	1.48	7.2	2.3
* Nutrien Ltd.	52.14	(3.8%)	57.15	43.41	11.0%	NA	17.4	1.99	9.8	2.4
S&W Seed Company	2.47	(11.3%)	3.80	1.81	36.5%	(36.7%)	NM	1.80	80.2	34.3
The Scotts Miracle-Gro Company	81.87	0.3%	91.81	57.96	33.2%	(23.5%)	19.3	2.48	16.0	5.4
Zoetis Inc.	101.67	(0.4%)	103.33	77.00	18.9%	41.1%	29.4	9.18	24.6	3.0
Sector Average:					13.6%	(11.5%)	18.6x	2.24x	11.6x	2.6x
AGRICULTURAL EQUIPMENT										
* Ag Growth International Inc.	\$45.02	(2.9%)	\$48.56	\$32.83	31.3%	5.9%	17.1x	1.76x	12.4x	4.2x
AGCO Corporation	71.96	1.1%	72.00	49.50	29.3%	0.7%	15.5	0.72	8.2	1.9
Art's-Way Manufacturing Co., Inc.	2.02	(6.9%)	5.45	1.85	1.0%	(32.3%)	0.0	0.80	NM	NM
* Buhler Industries Inc.	2.72	1.8%	3.08	2.65	(4.0%)	(21.7%)	0.0	0.45	NM	NM
CNH Industrial N.V.	11.03	0.3%	13.02	8.41	19.8%	(17.7%)	12.8	1.26	12.4	8.8
Deere & Company	161.46	(2.2%)	167.82	128.32	8.2%	3.2%	14.1	2.40	15.6	7.4
Lindsay Corporation	84.72	(12.2%)	109.50	82.41	(12.0%)	(3.9%)	30.1	1.80	24.6	3.1
Titan Machinery Inc.	16.80	0.0%	22.00	11.99	27.8%	(20.6%)	19.8	0.52	12.2	6.5
Sector Average:					12.7%	(10.8%)	13.7x	1.21x	15.4x	5.3x
AGRIBUSINESS										
* AGT Food and Ingredients Inc.	\$13.47	0.5%	\$14.10	\$9.75	10.4%	(16.0%)	15.6x	0.73x	18.8x	9.5x
The Andersons, Inc.	32.96	0.9%	41.70	27.62	10.3%	5.8%	14.3	0.61	11.1	5.3
Archer-Daniels-Midland Company	43.38	1.0%	52.07	39.16	5.9%	8.2%	12.5	0.48	9.1	2.9
Bunge Limited	52.65	(1.1%)	76.95	48.89	(1.5%)	(21.5%)	18.7	0.30	8.7	3.5
Darling Ingredients Inc.	22.05	0.4%	22.62	16.36	14.6%	21.6%	23.8	1.55	8.9	3.9
* Gruma, S.A.B. de C.V.	10.57	1.8%	13.80	10.50	(6.8%)	(16.8%)	14.2	1.37	8.6	1.8
Ingredion Incorporated	94.56	0.5%	131.99	87.02	3.5%	(32.4%)	13.4	1.39	8.2	2.1
Landec Corporation	10.41	(3.9%)	15.60	9.99	(12.1%)	(17.4%)	35.9	0.82	16.2	5.3
MGP Ingredients, Inc.	79.14	0.5%	100.00	53.66	38.7%	2.9%	30.3	3.65	22.3	0.5
* Olam International Limited	1.46	0.2%	1.76	1.16	20.8%	(3.6%)	12.5	0.50	12.7	9.9
Sector Average:					8.4%	(6.9%)	19.1x	1.14x	11.8x	3.9x
DIVERSIFIED FOODS										
B&G Foods, Inc.	\$23.92	0.1%	\$33.50	\$21.92	(17.3%)	(31.9%)	13.0x	1.87x	10.3x	5.3x
Campbell Soup Company	39.81	4.1%	43.98	32.04	20.7%	(17.3%)	16.1	2.18	10.6	4.7
Conagra Brands, Inc.	29.75	5.2%	39.43	20.22	39.3%	(21.0%)	14.2	2.85	13.4	6.1
General Mills, Inc.	51.58	1.4%	51.96	36.42	32.5%	(13.0%)	15.9	2.79	12.5	4.1
The Hain Celestial Group, Inc.	22.07	1.1%	32.30	14.45	39.2%	(47.9%)	30.2	1.25	16.7	4.1
The J. M. Smucker Company	118.34	1.5%	123.46	91.32	26.6%	(4.7%)	14.3	2.51	11.7	3.7
Kellogg Company	57.57	1.4%	74.98	53.14	1.0%	(15.3%)	14.6	2.13	11.1	3.7
The Kraft Heinz Company	33.07	(0.3%)	64.99	31.53	(23.2%)	(57.5%)	11.9	2.69	10.0	4.4
Lancaster Colony Corporation	154.90	(0.8%)	194.38	120.52	(12.4%)	19.9%	27.3	3.20	19.3	0.0
Mondelez International, Inc.	49.79	0.2%	50.05	37.42	24.4%	16.3%	20.1	3.46	17.5	4.1
* Nestlé S.A.	95.41	(0.2%)	97.10	72.83	17.6%	11.0%	22.0	3.44	16.4	2.2
* Nomad Foods Limited	20.70	0.2%	21.81	15.64	23.8%	22.4%	14.8	2.47	15.2	5.1
Post Holdings, Inc.	110.24	1.7%	110.68	73.58	23.7%	39.1%	21.3	2.18	11.7	5.5
SunOpta Inc.	3.40	(5.0%)	8.98	2.19	(12.2%)	(56.0%)	NM	0.70	20.5	11.9
TreeHouse Foods, Inc.	63.49	2.7%	64.91	36.43	25.2%	28.4%	24.9	0.98	11.3	4.6
Unilever N.V.	57.61	(0.6%)	59.00	50.52	6.1%	2.2%	20.0	3.03	10.9	1.8
Sector Average:					13.4%	(7.4%)	18.7x	2.36x	13.2x	4.5x

Company Name	Price 4/12/19	Price Compared to 4/5/19	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.	\$17.43	(0.2%)	\$21.90	\$12.00	33.0%	3.4%	NM	0.38x	20.4x	12.2x
Pacific Ethanol, Inc.	1.17	7.3%	3.95	0.76	35.9%	(74.3%)	NM	0.19x	NM	NM
Renewable Energy Group, Inc.	23.33	0.3%	32.52	12.50	(9.2%)	97.7%	24.8	0.37x	2.5	0.6
Sector Average:					19.9%	9.0%	24.8x	0.32x	11.4x	6.4x
FRUIT & VEGETABLE										
Calavo Growers, Inc.	\$91.28	1.8%	\$108.00	\$67.52	25.1%	8.2%	30.2x	1.50x	28.9x	0.5x
Fresh Del Monte Produce Inc.	26.34	(2.2%)	52.43	25.13	(6.8%)	(44.7%)	17.7	0.45	11.0	3.7
Lamb Weston Holdings, Inc.	71.11	(0.7%)	83.86	63.01	(3.3%)	26.0%	20.8	3.49	14.8	3.0
Seneca Foods Corporation	24.40	2.3%	35.90	23.60	(13.5%)	(20.7%)	0.0	0.44	NM	NM
* Total Produce plc	1.87	(2.1%)	2.75	1.50	15.2%	(39.3%)	11.6	0.25	8.1	2.9
Sector Average:					3.3%	(14.1%)	16.0x	0.66x	18.2x	2.5x
PROTEIN										
Cal-Maine Foods, Inc.	\$41.60	(1.0%)	\$52.30	\$40.63	(1.7%)	(6.4%)	55.1x	1.11x	7.3x	0.0x
Hormel Foods Corporation	41.15	(1.9%)	46.26	34.12	(3.6%)	13.1%	22.3	2.31	16.0	0.5
Industrias Bachoco, S.A.B. de C.V.	46.35	1.7%	64.05	37.66	17.2%	(19.1%)	13.4	0.53	6.3	1.0
* JBS S.A.	4.56	6.1%	4.59	2.04	52.3%	54.0%	8.8	0.53	7.9	4.6
Nathan's Famous, Inc.	70.83	0.3%	107.05	62.20	6.6%	(6.2%)	0.0	3.70	13.0	5.1
Pilgrim's Pride Corporation	23.23	6.0%	24.30	14.83	49.8%	(25.2%)	14.4	0.71	10.1	3.0
Sanderson Farms, Inc.	139.50	6.8%	139.88	93.98	40.5%	0.5%	52.3	0.96	30.1	0.6
Seaboard Corporation	4397.71	0.3%	4489.00	3434.71	24.3%	(0.3%)	0.0	0.69	15.4	2.7
Tyson Foods, Inc.	70.84	1.5%	72.42	49.77	32.7%	(12.6%)	11.8	0.94	9.3	3.0
Sector Average:					24.2%	(0.2%)	22.5x	0.78x	12.3x	2.3x
BAKING & INGREDIENTS										
* ARYZTA AG	\$1.37	(0.7%)	\$24.75	\$0.99	23.6%	(96.5%)	10.6x	0.60x	6.7x	4.8x
Balchem Corporation	97.88	1.4%	117.79	73.16	24.9%	21.4%	31.8	5.07	21.3	1.0
Flowers Foods, Inc.	21.39	1.0%	22.82	17.78	15.8%	10.8%	22.0	1.39	13.6	2.5
* Grupo Bimbo, S.A.B. de C.V.	2.15	(2.8%)	2.34	1.86	7.7%	(3.2%)	25.3	0.96	7.9	2.6
J & J Snack Foods Corp.	155.08	0.1%	162.84	125.98	7.3%	2.1%	30.9	2.43	17.6	0.0
* Kerry Group plc	111.12	0.6%	113.50	92.51	12.2%	(1.0%)	25.2	2.88	20.8	2.3
McCormick & Company, Incorporated	153.86	1.3%	156.00	99.53	10.5%	51.0%	29.3	4.60	22.1	4.3
* Tate & Lyle plc	9.54	0.2%	9.68	7.20	13.4%	0.4%	14.0	1.37	8.0	1.4
Sector Average:					14.4%	(1.9%)	23.7x	2.41x	14.8x	2.4x
CANDY, NUTS, & SNACKS										
Bridgford Foods Corporation	\$24.98	3.2%	\$32.76	\$12.56	25.7%	99.0%	0.0x	1.26x	20.8x	0.7x
The Hershey Company	116.11	0.2%	116.73	89.10	8.3%	2.3%	20.6	3.61	13.7	2.2
John B. Sanfilippo & Son, Inc.	71.81	0.9%	79.37	53.12	29.0%	13.5%	24.8	1.00	13.4	0.9
Rocky Mountain Chocolate Factory, Inc.	9.38	0.0%	12.19	7.95	10.1%	(20.4%)	0.0	1.49	9.6	0.3
Tootsie Roll Industries, Inc.	38.47	0.6%	38.53	26.65	18.6%	12.1%	0.0	4.27	24.5	0.1
Sector Average:					18.4%	21.3%	9.1x	2.33x	16.4x	0.8x
PET FOOD AND PRODUCTS										
Central Garden & Pet Company	\$25.95	0.2%	\$45.02	\$25.07	(24.7%)	(33.3%)	13.9x	0.73x	8.1x	3.4x
Freshpet, Inc.	41.49	1.6%	44.04	17.70	29.0%	118.9%	NM	7.61	154.4	0.0
Sector Average:					(24.7%)	(33.3%)	13.9x	4.17x	8.1x	1.7x
WINE & BEVERAGE										
The Boston Beer Company, Inc.	\$261.27	(2.6%)	\$329.95	\$212.05	8.5%	36.7%	30.1x	2.89x	17.1x	0.0x
Brown-Forman Corporation	53.27	0.1%	59.58	44.57	12.0%	(3.0%)	29.9	8.30	25.1	2.3
The Coca-Cola Company	46.74	0.6%	50.84	41.45	(1.3%)	1.9%	22.3	7.21	19.8	4.1
Constellation Brands, Inc.	190.53	(1.4%)	236.62	150.37	18.5%	(16.6%)	22.1	6.16	9.7	4.4
* Cott Corporation	14.91	(0.1%)	16.81	13.36	7.0%	(10.9%)	41.2	1.33	11.3	4.8
Craft Brew Alliance, Inc.	14.29	(0.3%)	21.00	13.42	(0.1%)	(25.6%)	81.2	1.57	20.5	3.0
Crimson Wine Group, Ltd.	7.51	(4.9%)	9.60	7.30	(4.1%)	(29.7%)	0.0	2.53	22.2	3.0
* Diageo plc	40.85	0.6%	41.39	31.95	14.7%	10.9%	23.5	6.91	18.4	2.8
Monster Beverage Corporation	53.02	0.3%	66.38	47.61	7.7%	(16.2%)	26.3	7.31	20.4	0.0
Jones Soda Co.	0.65	(5.2%)	0.82	0.22	177.7%	79.1%	0.0	2.34	NM	NM
National Beverage Corp.	53.09	(8.3%)	127.32	50.53	(26.0%)	(45.5%)	16.8	2.16	10.5	0.0
PepsiCo, Inc.	122.23	0.5%	123.19	95.94	10.6%	1.9%	22.1	3.02	15.2	2.5
Starbucks Corporation	76.65	2.2%	76.95	47.37	19.0%	33.5%	27.8	3.93	18.4	1.8
Willamette Valley Vineyards, Inc.	7.23	3.0%	8.55	6.66	4.9%	(12.4%)	0.0	2.29	9.2	1.5
Sector Average:					17.8%	3.8%	24.5x	4.14x	16.7x	2.3x

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			High	Low	2018	2017		Revenue	EBITDA	
DAIRY										
* Danone SA	\$78.53	3.1%	\$78.87	\$67.58	11.5%	(6.5%)	18.1x	2.35x	11.1x	4.0x
Dean Foods Company	2.14	(11.6%)	11.14	2.04	(43.8%)	(81.5%)	NM	0.14	9.5	8.4
Lifeway Foods, Inc.	2.21	0.9%	6.54	1.81	17.5%	(72.4%)	0.0	0.35	NM	49.5
* Saputo Inc.	34.38	0.4%	34.82	26.68	19.7%	(4.6%)	24.0	1.56	16.9	2.1
Sector Average:					1.2%	(52.8%)	21.0x	1.10x	12.5x	16.0x
WHOLESALE, FOOD SERVICE, & DISTRIBUTION										
The Chefs' Warehouse, Inc.	\$32.10	1.4%	\$39.26	\$22.95	0.4%	56.6%	32.7x	0.83x	17.3x	4.0x
Core-Mark Holding Company, Inc.	36.85	(1.7%)	40.12	17.10	58.5%	16.7%	23.7	0.16	15.3	2.9
Performance Food Group Company	39.95	0.5%	40.50	28.05	23.8%	20.7%	23.2	0.30	13.1	3.1
SpartanNash Company	16.71	0.4%	26.99	15.30	(2.7%)	(37.4%)	9.8	0.16	6.5	3.5
Sysco Corporation	69.01	2.8%	75.98	59.44	10.1%	13.6%	19.3	0.73	13.1	2.7
United Natural Foods, Inc.	13.65	4.8%	47.73	9.23	28.9%	(72.3%)	7.2	0.27	10.7	8.9
US Foods Holding Corp.	35.63	1.0%	40.92	27.51	12.6%	11.6%	16.3	0.47	11.1	3.6
Sector Average:					18.8%	(7.8%)	20.8x	0.42x	12.4x	4.1x
MASS MERCHANDISE & CLUB STORES										
BJ's Wholesale Club	\$28.75	1.6%	\$32.92	\$19.31	29.7%	NA	19.5x	0.44x	11.1x	3.5x
Costco Wholesale Corporation	241.95	(1.6%)	247.09	187.01	18.8%	30.0%	29.6	0.72	17.4	1.1
Walmart Inc.	101.56	2.8%	106.21	81.78	9.0%	2.8%	21.4	0.68	10.7	1.8
Sector Average:					13.9%	16.4%	25.5x	0.70x	14.0x	1.4x
DOLLAR STORES										
Dollar General Corporation	\$122.38	(0.2%)	\$123.50	\$86.87	13.2%	31.6%	18.1x	1.32x	13.1x	1.1x
Dollar Tree, Inc.	104.45	(1.5%)	106.90	78.78	15.6%	(2.7%)	17.4	1.20	10.6	1.9
Sector Average:					14.4%	14.5%	17.7x	1.26x	11.9x	1.5x
TRADITIONAL RETAIL										
* Ahold Delhaize	\$24.82	(4.2%)	\$27.16	\$21.05	(1.8%)	12.7%	14.2x	0.48x	7.1x	2.2x
Ingles Markets, Incorporated	27.17	0.6%	37.65	25.57	(0.2%)	(21.5%)	9.0	0.35	6.1	3.7
The Kroger Co.	25.67	7.4%	32.74	23.48	(6.7%)	(6.5%)	12.5	0.30	7.4	3.0
Village Super Market, Inc.	27.49	1.3%	32.20	23.75	2.8%	19.9%	NA	0.22	5.8	0.8
Weis Markets, Inc.	41.30	(1.2%)	57.82	39.73	(13.6%)	(0.2%)	NA	0.36	6.9	0.0
Sector Average:					(4.8%)	(2.1%)	11.9x	0.34x	6.7x	1.9x
SPECIALTY RETAIL										
Natural Grocers by Vitamin Cottage, Inc.	\$12.65	2.7%	\$24.50	\$6.79	(17.5%)	41.7%	34.2x	0.41x	7.6x	1.2x
Sprouts Farmers Market, Inc.	21.33	(0.7%)	29.67	20.63	(9.3%)	(12.4%)	18.2	0.70	10.4	1.7
Sector Average:					(13.4%)	14.6%	26.2x	0.55x	9.0x	1.5x
TRADITIONAL RESTAURANTS										
Brinker International, Inc.	\$42.98	(3.1%)	\$54.14	\$37.91	(2.3%)	10.7%	11.1x	0.92x	7.4x	3.2x
The Cheesecake Factory Incorporated	47.63	(2.3%)	60.19	41.63	9.5%	(1.1%)	17.5	0.92	9.3	0.6
Darden Restaurants, Inc.	116.50	(2.1%)	124.00	84.37	16.7%	21.3%	18.7	1.73	12.7	0.9
Dine Brands Global, Inc.	90.63	(3.2%)	101.18	61.89	34.6%	78.7%	12.0	4.42	14.0	7.2
Jack in the Box Inc.	78.71	(4.2%)	93.98	74.19	1.4%	(19.8%)	19.3	3.69	12.3	4.1
McDonald's Corporation	191.60	0.5%	192.28	153.13	7.9%	11.3%	21.4	7.84	16.2	3.1
The Wendy's Company	18.44	1.0%	18.69	14.96	18.1%	12.3%	28.2	5.00	15.3	6.9
YUM! Brands, Inc.	101.40	1.4%	101.60	77.09	10.3%	24.2%	24.8	6.80	20.5	5.3
Sector Average:					12.0%	17.2%	19.1x	3.35x	13.5x	3.9x
HIGH-GROWTH RESTAURANTS										
Chipotle Mexican Grill, Inc.	\$712.44	0.6%	\$721.21	\$315.95	65.0%	146.5%	47.7x	3.17x	27.9x	0.0x
El Pollo Loco Holdings, Inc.	12.69	0.5%	18.47	9.40	(16.3%)	28.2%	19.4	1.58	11.3	1.2
The Habit Restaurants, Inc.	10.69	(1.8%)	18.30	8.20	1.8%	11.9%	90.8	0.59	7.5	0.6
Noodles & Company	6.56	3.3%	13.50	5.85	(6.2%)	25.0%	56.2	0.78	11.4	1.5
Papa Murphy's Holdings, Inc.	6.44	26.5%	6.44	4.28	35.6%	19.7%	NA	1.76	8.0	4.2
Potbelly Corporation	8.94	(4.5%)	14.15	7.71	11.1%	(27.3%)	32.1	0.42	5.4	0.0
Shake Shack Inc.	60.66	0.9%	70.12	40.67	33.6%	40.4%	72.9	3.41	22.5	0.3
Wingstop Inc.	77.64	4.7%	78.20	46.52	21.0%	99.2%	82.6	18.28	47.4	4.6
Sector Average:					21.7%	45.5%	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



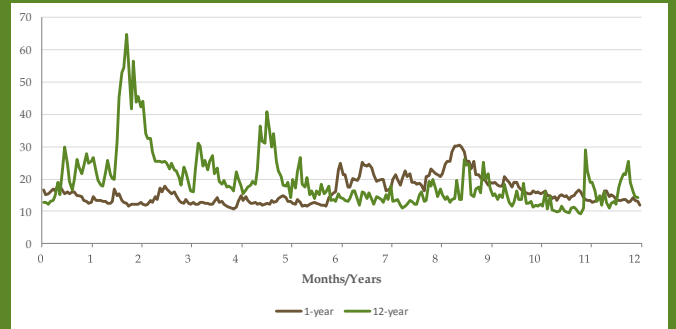
Dow Jones Industrial Average



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 Mary Burke

Traditionally, food prices follow corn prices, higher corn prices mean more expensive food. The condensed food chain goes from corn → chicken, pork, beef feed → human consumption or ingredient → cooking oil → baked goods → human consumption → ethanol → works inversely as high corn prices mean less ethanol.

Recently, USDA announced the March Prospective Planting Report of expected increased corn acreage of 92.8 million acres up from 92.0 million acres in its February estimate. This is a significant increase from the 88 million acres planted in 2018. It is early still as there is snow in some states, as well as flooding in others. Still corn futures fell as did the cash price. Current cash price is \$3.59/bushel versus \$3.86/bushel a year ago. More corn means lower priced food.

The hog futures' historic rise throughout March, continued into April. Hog prices had been depressed given the tariff war with China but recent concerns over the African swine fever in China and hopes that a new trade deal are in the near future have driven the rise. Current cash price is \$76.29/cwt compared to last year \$55/cwt.

Farm income has been at low levels the past years and it does not appear that this upcoming year will be much better. Already we have seen forecasts for the year from farm equipment manufacturers forecasting a tough year. With most farmers using precision agriculture techniques, spring application of fertilizer and chemicals will continue to remain flat if not down slightly.

All of this can be good for consumers as food prices are not forecasted to increase. It is bad news for manufacturers, wholesalers and retailers as some price increase are good for them.

The private label space is a place where retailers can differentiate and make a better margin.

Retailer	Number of private label products	Degree of private label penetration
Kroger	7,084	13%
Target	6,465	6%
H-E-B	5,174	8%
Walmart	4,589	10%
Publix	2,195	5%
Sprouts	1,399	7%
Amazon Fresh	1,336	9%

These stores private label penetration is significantly below their European counterparts. BIG OPPORTUNITY!

Have a good week!

National Restaurant Association Forecasts Sales To Reach \$863 Billion In 2019. The National Restaurant Association released their State of the Restaurant Industry Report that examines significant forces such as the economy, workforce, technology, food and menu trends, as well as developments pertaining to limited-service restaurants. The report forecasted sales to reach \$863 billion by the end of this year, as restaurant operators are optimistic about the economy and disposable income of consumers. Although the economy is strong, restaurant operators are raising concerns on the rising costs of labor, a tightening labor market, and increased competition. Dawn Sweeney, National Restaurant Association's President and CEO, stated "the restaurant industry is on a continued growth trajectory, driven by an expanding U.S. economy and positive consumer sentiment."

Technology will continue to boost business as restaurants are increasing technology usage in their locations to gain a competitive edge. The specific technologies that restaurants are focusing on include customer servicing technologies such as online or app ordering, delivery management, inventory and table management (reservations), and customer facing tech devices. This has become evident over the past month, as McDonald's has made two acquisitions that enhance their online and app ordering as well as customer facing tech devices. Senior vice president of the National Restaurant Association said "Operators across all restaurant segments will focus on building their business among millennials and younger consumers in the years ahead. To attract these digital natives, we can expect the majority of operators to get creative in offering personalized incentives, deals, loyalty programs and rewards through various digital channels."

African Swine Fever Threatens 1/3 Of China's Hogs. A recent report from RaboResearch Food & Agribusiness stated that China total hog loss from African Swine Fever can peg as high as 35%. If this forecast comes to materialize, that would drop China's pork production to levels equivalent to Europe and only 30% higher than the U.S. production. The Chinese pork struggle points to higher protein prices for all livestock and presents opportunities for companies that export to Asia, despite the current trade restrictions with China. Product shortfalls are expected to occur in countries that were previously provided by China creating short-term market volatility that can result in higher global protein prices. The report stated "potential for outbreaks to restrict exports from significant pork-producing countries cannot be ruled out. Such restrictions would complicate the trade response to African Swine Fever in China and Southeast Asia. Rabobank is projecting a net supply gap of almost 10 million metric tons in the total 2019 animal protein supply."

Lindsay Reports Q2 Earnings. Lindsay Corporation, manufacturer of farm machinery and center pivot irrigation systems, announced revenue of \$109.2 million, down 16% year over year. North America irrigation revenues decreased 3% from the year-ago quarter, while international irrigation revenues were up 15% year over year. The segment's operating income plunged 37% year over year to \$7.5 million in the recently-reported quarter. Its operating margin was affected by lower equipment sales volumes in North America, higher warranty costs and operational inefficiencies. Additionally, cost of operating revenues was down 10.8% year over year to \$84.7 million. Gross profit declined 31% to \$24 million from the \$35 million witnessed in the year-earlier quarter. Gross margin came in at 22% compared to the 27% recorded in the year-ago quarter. Operating expenses flared up 3.2% year over year to \$29 million in the quarter under review. The company reported an operating loss of \$4.5 million compared to the operating profit of \$7.3 million recorded in the prior year.

Grocery Expansion In 2018 Expected To Continue In 2019. Grocery openings increased approximately 29% in 2018, with Florida adding the most new grocery space making up 9.7% of the total. California and Texas accounted for close to 8% of total new grocery openings, boosted by growth in Aldi, Kroger, and Sprouts Farmers Market. Although there was growth with the national chains, smaller grocery shops carry a big appeal to consumers who visit the grocery store in frequent trips for items needed. Smaller stores are convenient to consumers and are easier to navigate than the national grocery chains. Top grocery assets remain a bright spot in retail investment sales, as investors are looking for retail sectors that are continuing to adapt to everchanging consumer trends.

Continuing Growth In Teen Food Spending. Spending on food by upper income teens remained the single largest category of spending at 28%, spending approximately \$16 per week. Cuisine preferences for upper income teens remained largely dominated by the U.S. segment, specifically McDonald's, Chipotle, Chick-Fil-A, Dunkin', and Starbucks maintaining their high status as a preferred brand. From a trend perspective, upper income teen spending increased by roughly 6% vs the fall of 2018. Roughly 14% and 61% of students estimate that total spending money contributed by parents was more or the same respectively.

For average income teens, spending was roughly \$14 per week at restaurants, flat compared to the fall of 2018. American cuisine largely dominated the area, while steak and seafood and Italian experienced growth. Deli, chicken, sandwich, and salad cuisine preference remained steady.

Heard on the Street...

H.I.G. Capital Acquires Jenny Craig Inc. Private equity firm H.I.G. Capital acquired Carlsbad-based weight loss company Jenny Craig. The Miami-based private equity firm acquired Craig Holdings Inc. from North Castle Partners for an undisclosed amount. Genevieve Craig founded the eponymous business in Australia in 1983. Two years later, she and her husband incorporated the business in the U.S. after moving. In 2006, Nestle acquired Jenny Craig for \$600 million. It sold the company to North Castle Partners seven years later. Jenny Craig's program includes prepackaged meals and access to a consultant for a monthly fee. It has 500 company-owned and franchised locations in North America, and 600 worldwide. Monty Sharma will stay on as Jenny Craig's CEO after the acquisition. CEO Monty Sharma of Jenny Craig said in a news release, "H.I.G. will enable Jenny Craig to continue successfully delivering our time-tested programs to millions of customers while expanding both our reach and breadth," "We are very excited about the future of the Company and believe our clients and employees will benefit greatly from H.I.G.'s support, allowing Jenny Craig to attain its next level of growth."

Kettle Cuisine Announces Acquisition Of Harry's Fresh Foods. Kettle Cuisine, a leading artisan producer of refrigerated and frozen all-natural soups, announced that it has acquired Harry's Fresh Foods, a privately held custom food manufacturing company based in Portland, Oregon. The transaction strengthens Kettle Cuisine's leadership in the fresh soup category as the only coast-to-coast fresh soup producer. Dan Hopkin, Partner at Kainos Capital, added, "When Kainos acquired Kettle, we embarked on a strategy to expand Kettle from a regional fresh soup provider to a category leader capable of serving an increasingly national customer base. The addition of Harry's - together with prior acquisitions and investments in the areas of production capacity, product extensions, and automation - are all in line with this strategy. Kainos will continue to support additional opportunities to invest behind Kettle Cuisine's growth strategy going forward." Kainos acquired Kettle Cuisine in 2015 and has been invested over \$300 million to develop broth capability, expand production, and integrate complementary businesses.

Sysco Acquires Hispanic Food Distributors. Sysco has acquired J&M Wholesales Meats and Imperio Foods, Inc., two California distributors with approximately \$44 million in combined annual sales. Founded in 2003, J&M is a food service distributor specializing in the center-of-plate products for food service customers in small retail locations in the Hispanic segment. Imperio Foods was founded in 2014 and carries dry Hispanic retail-pack canned good products.

Campbell Plans To Sell Bolthouse Farms. Campbell is in advanced talks to sell Bolthouse Farms to an investor group led by its former CEO Jeffrey Dunn, for roughly \$500 million. Campbell paid \$1.5 billion for Bolthouse Farms in 2012, when the brand had more than \$100 million in EBITDA. The deal is pending board approval, which could come as soon as the end of the month. At a purchase price of \$500 million, it is roughly half of what Campbell paid for the carrot and juice company seven years ago. The fresh food industry, proved to be a poor and challenging fit for Campbell. The industry requires expertise in agriculture that Campbell lacked. It is difficult as a public company to manage a fresh food business, which is subject to the whims of the weather, contrary to the predictability public investors demand. An ill-timed California drought further exacerbated Campbell's challenges with Bolthouse.

Campbell earlier this year sold its Garden Fresh Gourmet salsa business to an affiliate of hummus and dip company Fountain of Health USA for an undisclosed amount. It bought the brand for \$231 million in 2015. Campbell is selling its fresh food business, along with its international snack brands, to help pay down debt. The company more than tripled its debt load to help finance its \$6.1 billion acquisition of snack business Snyder's-Lance earlier this year.

OSI Group Acquires Rose Packing. OSI Group has acquired Rose Packing Co. Inc., a well-established, premier U.S. producer of pork products for leading foodservice and retail customers. Rose Packing is a fifth-generation, family owned and operated leader in the meat industry, has headquarters in Barrington, IL and operates a Chicago, IL production facility with more than 700 employees. Rose Packing chief executive officer Dwight Stiehl, along with his management team, will remain with the company and work with OSI leadership on post-transaction integration. "This transaction brings together two longtime leaders in the food industry, and we are excited to have Rose join the OSI Group," said Kevin Scott, senior executive vice president of OSI North America.

Taylor Farms Acquires Earthbound Farm From Danone. Taylor Farms announced the acquisition of Earthbound Farm from Danone, SA, effective April 11th. Earthbound Farm will join the Taylor Farms Retail Group and help lead growth in the dynamic organic fresh produce category. Taylor Farms said it will build on Earthbound Farm's tradition of organic authenticity, new variety development and quality focus with expanded regional organic growing and processing capability to better serve Earthbound Farm's customers and consumers.

The Fed released their minutes this week from March's decision to cease raising interest rates. Outlined concerns included sluggish U.S. growth early this year, a weak global economy, and the ongoing global uncertainty in regards to Brexit and U.S. China trade tensions. Rising inflation was not a worry, as the minutes from the March meeting stated "It was noteworthy that inflation had not shown greater signs of firming in response to strong labor market conditions and rising nominal wage growth, as well as to the short-term upward pressure to prices arising from tariff increases." Some members of the Fed even went as far to say that inflation might not be able to meet the central bank's longstanding 2% target.

The Fed announced that they will stop selling off assets of their \$4 trillion portfolio of government and mortgage-related bonds by September. Members of the Fed questioned whether the central bank should resume purchases of Treasuries after the balance sheet run-off is over, with some noting that the Fed should resume these purchases relatively soon. The reasoning is they preferred to let the average level of reserves decline

naturally for a while in the hopes that it would give the Fed a sense of underlying demand by banks.

Global bonds are benefitting from central banks' shift away from policy normalization. However, growth can be coming to a halt until global economic data signals a dramatic upturn and investors raise expectations. A potential large problem is emerging-market growth has slowed down in recent years, resulting in investors reducing their investment. Additionally, the Fed's dovish shift this year has resulted in other countries doing the same, such as India who lowered its benchmark rate for the second time this year.

Emerging market countries also face political volatility this year, with many elections occurring this year. Thailand, Nigeria, and Turkey all had elections in recent weeks, while the Philippines, Indonesia, and South Africa have their elections upcoming. Investors will keep close eyes on the outcome of these elections, and the fiscal policies of the elected parties.

Market Outlook for U.S. Inflation Below 2.0%.



Source: Bloomberg

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

Soybeans



Sugar



Cattle



Milk



Cotton



Oil



Broiler price based off spot closing price. All other commodity prices are based off the closing price of their respective nearby futures contract.

Sources: Thomson Financial Data Securities, Capital IQ, Reuters, Edgar Online, Wall Street Journal, Barron's, New York Times, Bloomberg, Chicago Tribune, Denver Post, MarketWatch, USDA, The Economist, BusinessWeek, Food Institute, Food Business News, Supermarket News, LPC, Company Press Releases. The information contained in this publication is compiled using publicly available news/media sources and industry-specific sources that Lakeshore Food Advisors, LLC ("LFA") believes to be reliable, but the accuracy and completeness of which LFA cannot guarantee.

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