

YEARBOOK

INDUSTRY GROUP: Agri, Food & Beverages

SECTOR THEMES¹

The Agri, Food & Beverages industry sector has attracted private and institutional investors – pension funds, endowments, and family offices are increasing allocations – during the past year. At present, over 440 funds are operating in the Agri, Food & Beverages industry sector, almost 10 times the 2005 figure. As of 2017, these funds managed around US\$73 billion in assets.

Regarding companies, many in 2018 will add new product lines or introduce healthier products and ingredients to their existing portfolios during 2018. Yet, rather than developing these newer products within their operations, more and more, we're seeing companies acquiring businesses instead of developing them from scratch. These acquisitions are frequently done at a lower cost when taking into account the time and resources required for newer developing.

RECENT TRANSACTIONS¹

Dow Chemical and DuPont: In December 2015, it was announced a merger between Dow Chemical and DuPont, the world's fourth and fifth most valuable chemicals firms, in a US\$130 billion deal. The deal, which has closed, was the largest-ever tie-up in the industry and triggered other mega-mergers.

ChemChina and Syngenta: In February 2016, ChemChina, a Chinese giant player in the chemical industry, offered US\$43 billion in cash for Syngenta. Deal was closed in 2017. ChemChina plans to merge in 2018 with a local rival, Sinochem, to create a firm with revenues in excess of US\$100 billion.

Bayer and Monsanto: In September 2016, Bayer, a German conglomerate, agreed to merge with Monsanto in a deal worth US\$66 billion. The deal is expected to close early in 2018. The deal will create a company owning more than a quarter of the aggregate global market share for seeds and pesticides.

Kellogg's and RXBar: In October 2017, Kellogg announced the acquisition of a five-year-old "wholefood" protein bar company, RXBar, for US\$600 million or 6.0x revenues. RXBar has taken

¹ Source: 2018 Global Food & Agriculture Investment Outlook (Valoral Advisors).

advantage of the increasing demand for food and beverage products with simplified ingredients that are easily recognizable.

MARKET OBSERVATIONS²

2017 saw an end to the declines in most commodity prices, which had been occurring since 2011. It also coincided with a weakening U.S. Dollar. The current investment climate may be characterized by improved economic growth around the world – both in developed and emerging markets – which offers a constructive outlook for continued growth in consumer demand for the entire spectrum of food and agricultural products.

Bold and exotic flavors, snacking and health and wellness are all at the forefront of consumer food preferences in 2018, and the millennial generation is frequently driving those choice options with their adventurous palates. Subscription food home delivery will also continue to evolve, keeping in mind consumers' wishes to be part of the meal-making process with easy-to-follow recipes and healthy, fresh ingredients. Likewise, on-the-go, convenient packaging, like bowl-based choices featuring kale, quinoa and more, will be in demand as eager consumers look for quick but healthy eating options.

Staying on top of these shifting lifestyles and preferences will be essential for relevant and profitable food and beverage companies. As it was witnessed in 2017, large packaged food companies that haven't been on-trend with healthy snacking resulted in declining sales.

Most importantly, the renovated drive for food industry consolidation is happening as traditional food companies watch their sales drop and struggle to create growth or innovation on their own. In their new, reloaded role, large consumer goods companies are seeking to improve margins through divestitures of non-core brands while, at the same time, pursuing innovation through the acquisition of healthy, organic, and clean label brands in premium segments, or other emerging categories like meat alternatives. Millennials' new consumption habits remain a driving force for these innovations.

EVOLUTION OF VALUATION MULTIPLES³

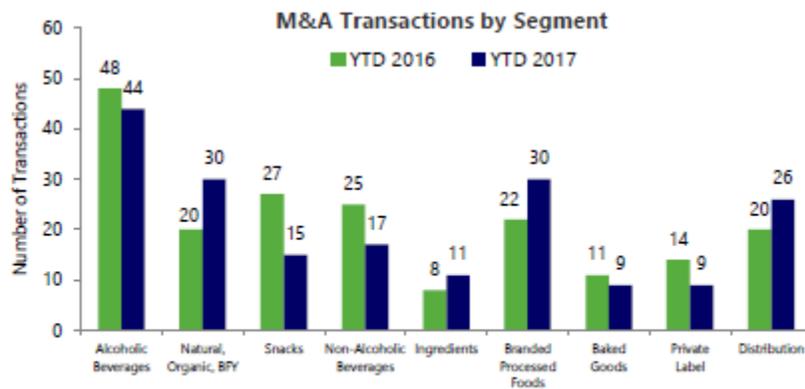
The record levels of M&A activity in the food sector during 2017 are supported by macro trends but also by specific food trends. Valuation multiples are currently somehow high, credit markets are still highly accommodative, and companies and private equity firms have record levels of capital available.

² Source: *2018 Global Food & Agriculture Investment Outlook (Valoral Advisors)*.

³ Source: *Food & Beverage M&A Coverage Report Q1 2018 (Capstone Headwaters)*.

M&A activity was robust through year to date with 253 total transactions announced or completed by December 2017 compared to 244 in the same period in 2016. The Alcoholic Beverages segment saw the highest level of deal volume with 44 total transactions as buyers targeted craft brewers, distillers, and vintners. The Natural, Organic & Better-For-You segment also saw strong activity with 30 deals, already surpassing the 17 deals seen for all of 2016. Other segments in high demand were Snacks (15 deals), Non-Alcoholic Beverages (17) and Branded Processed Foods (30). The Agri, Food & Beverage industry as a whole experienced increased interest from the private equity community, accounting for 33.6% of total deal volume YTD, compared to 28.0% in 2016.

Overall, companies are seeing premium valuations as private equity groups compete to outbid strategic buyers. This is due, in part, to private equity groups having considerable cash on hand and access to inexpensive debt to fund acquisitions. The median EBITDA multiple for transactions increased significantly in 2017 to 13.5x compared to 10.3x in 2016.



YTD and valuation multiples ended December 1
Source: Capital IQ and Capstone Headwaters Research

Breakdown by Region

In recent years, lower farm income and lower trading profitability pushed investors and managers to expand into higher-value markets and integration opportunities (e.g. permanent crops, animal feed and animal protein, food ingredients, consumer brands, etc.). This shift has increased valuations in those sectors, especially across North America and Europe.

Europe is consistently attracting interest from different investors. Farmland assets across Eastern European countries that are part of the EU28 group continue to be in demand. There are some attractive opportunities in Western Europe, such as organic farming in Denmark and permanent crops in the Iberian Peninsula.

Australia and New Zealand are also growing destinations for Food & Agriculture investments as these countries capitalize on their low-risk institutional profile and the strategic position as food suppliers to China and the Asia Pacific markets.

Africa, Middle East, and the Asia Pacific regions are very different, with diverse social conditions, available infrastructure, and investment environments. However, they have one thing in common: Food & Agriculture investments in these regions are mostly oriented towards the associated inputs, services, food processing and infrastructure through traditional private equity strategies.

North America is a leading destination for investments due to its large capital and commodities markets. Even as U.S. farmland prices have recently peaked and looked like trending downwards and farm income is down following low commodity prices, several U.S. farmland and private equity funds have continued to raise funds.

South America is turning to become a more market-friendly political and economic environment which may offer the regional food and agriculture sector an opportunity to become an ever more important supplier to the world and a source of sustainable development for the region. South America bears a massive area of arable land, with attractive soil conditions, conducive weather and important sources of fresh water. It has a diverse agricultural production platform that allows the region to produce and export growing surplus of food to the world. The region is today the largest net food exporter in the world.

The South American Food & Agriculture sector, namely Argentina, has been attracting a growing number of investors – both local and foreign – pursuing exposures to one of the few regions in the world with the potential to produce and export an increasing surplus of food to the world.

Breakdown by Sector

Through 2017, Alcoholic and Non-Alcoholic beverage companies have been highly sought after in the M&A market. With 61 transactions announced or completed, beverage companies have accounted for 24.1% of total Agri, Food & Beverages industry M&A volume. Alcoholic beverage M&A activity has intensified as industry consolidation continues and valuations increases. Public company multiples have reached 17.6x EBITDA, surpassing the Natural & Organic segment as the highest publicly valued segment within the industry.

Meanwhile, demand for Non-Alcoholic Beverage products has been driven by the preference for Better-For-You products. Financial and strategic buyers have increasingly targeted natural beverage companies as the industry continues to grow at a rapid pace. In addition to coconut water, juices and plant protein wellness shots represent one of the latest trends in the natural beverages market. Wellness shots have emerged as healthy and natural alternatives to unhealthy and potentially harmful energy drinks.

A continued rise in disposable income has supported increased spending on fruits, vegetables, and Better-For-You products. A corresponding shift in M&A demand for produce and agribusiness companies has been identified as 14 deals have been announced or closed YTD, which is more than double the volume for all of 2016 (6 deals). Favorable macroeconomic

conditions coupled with consumer demand for healthy products are expected to drive demand within the segment.

CASE STUDIES

Livsmart Americas S.A. de C.V. acquires a stake in the share capital of El Carmen S.A.

On June 14, 2016, Livsmart Americas S.A. de C.V. ("Livsmart") announced the closing of an agreement for the acquisition of 50% of El Carmen S.A. ("El Carmen"), in order to expand its beverage and juice business in Latin America.

Finanzas & Gestión S.A. acted as the financial advisor of Livsmart in the structuring of the transaction and coordinated the negotiations with the interested parties.

About Livsmart:

Livsmart is an industrial company from Guatemala dedicated to the manufacture of juices, functional and nutritious drinks. Livsmart is part of CBC group (Central American Bottling Corporation), a leader corporation since 1885, founded in Guatemala and present in 18 countries distributed in the five continents.

About El Carmen:

El Carmen is an agroindustrial company founded in Argentina, with industrial plants in the Provinces of Tucumán and Corrientes, dedicated to the cultivation, harvest, and industrialization of citrus, for the subsequent manufacture and commercialization of natural juice squeezed under the citrus brand.

Verónica S.A.C.I.A.F. e I. successfully concludes a process of bank and financial liabilities reorganization for AR\$668,760,950

On June 30 and September 26, 2016, Verónica S.A.C.I.A.F. e I. ("Verónica") successfully completed a process of the bank and financial liabilities reorganization for a total amount equivalent to AR\$668,760,950 with 100% of its bank and financial creditors.

Finanzas & Gestión S.A. acted as the financial advisor of Verónica and its shareholders in the structuring of the transaction and in the development of the financial restructuring proposal, and coordinated negotiations with all the creditor banks.

About Verónica:

Verónica is a dairy company from Argentina with more than 90 years of experience in the industry. It has three industrial plants located in the Province of Santa Fe, in the main Argentine milk basin. Veronica produces a variety of dairy products, including long-life milk, milk powder, hard and semi-hard cheeses, chocolate, butter and *dulce de leche*, among others. Its main input is raw milk, which is acquired directly from approximately 400 dairy farmers. Verónica's

products are commercialized both in the domestic and foreign market. Currently, Verónica employs more than 670 people and processes about 400 million liters of raw milk per year.

Sale of the productive unit of Rasic Hermanos S.A. to Proteinsa S.A.

On October 26, 2016, Proteinsa S.A. (a consortium formed by Ovoprot International S.A., Tanacorsa S.A., and Suerte Agro S.A., hereinafter "Proteinsa") was awarded the productive unit of Rasic Hermanos S.A. ("Rasic Hnos.") based on an economic offer equivalent to US\$121 million.

Finanzas & Gestión was appointed by the National Commercial Court No. 18 Secretary No. 35 as an assistant to the aforementioned Court to collaborate in the sale process of the Rasic Hnos' productive unit which included the industrial plants, the main operating assets and "Cresta Roja" brand.

About Rasic Hnos.:

Rasic Hnos. is a leader agroindustrial company in the Argentine poultry sector. Rasic Hnos. was founded in Ezeiza, Province of Buenos Aires by European immigrants settled in the country in 1958. On 25 August 2014, Rasic Hnos. was presented in bankruptcy proceedings and on 22 December 2015, its bankruptcy was decreed. Rasic Hnos. was the second poultry company in the country, selling meat products under the "Cresta Roja" brand.

Agrana Beteiligungs-AG acquires 100% of the capital stock of Main Process S.A. through affiliate companies

Agrana Beteiligungs-AG (VIE: AGR) ("Agrana") announced on December 1, 2016 the closing of its agreement, through its subsidiary companies Agrana Fruit S.A.S. and Agrana Fruit Services S.A.S., for the acquisition of 100% of the share capital of Main Process S.A. ("Main Process"), in order to consolidate its business in Latin America.

Finanzas & Gestión acted as the financial advisor of Main Process in the structuring of the transaction and coordinated negotiations with stakeholders.

About Agrana:

Agrana is an Austrian multinational company dedicated to the manufacture of a wide range of processed products of the agricultural industry, specializing in products derived from sugar, starch and fruit processing. Agrana has a presence in 23 countries distributed in the five continents.

About Main Process:

Main Process is an Argentine company founded in 1997, dedicated to the design, development, manufacture, and sale of fruit preparations, yogurts and ice cream, bases for beverages, fillings for bakeries and confectionery and coverage for snacks and toppings.

Orkla ASA acquires 80% of SR Food A/S

Orkla ASA announced on May 16, 2017 the closing of an agreement, through its subsidiary Dragsbaek A/S, to acquire 80% of the share capital of SR Food A/S in order to consolidate its business in vegan products.

CIGNO acted as exclusive sell-side financial advisor to SR Food A/S in the transaction.

About Orkla ASA:

Orkla is one of the largest listed companies in Norway. Orkla is a leading supplier of branded consumer goods to the grocery, out-of home, specialized retail, pharmacy and bakery sectors. The Nordic and Baltic regions and certain countries in Central Europe are Orkla's main markets. The Orkla Group also holds strong positions in selected product categories in India. Orkla also covers some financial investments. Orkla has more than 18,000 employees and a turnover of NOK37.8 billion.

About SR Food A/S:

SR Food is a wholesale company specialized in fresh dough and specialties with presence in Southern Europe. SR Food A/S also holds a strong position in the Scandinavian grocery market of fresh dough and vegan product lines, which was the main reason for Orkla's acquisition of SR Food A/S.

RECENT TRANSACTIONS

This announcement appears as a matter of record only

In 2016



was sold to PIUS Verbeeten

Transaction Industry: Food

Aeternus Corporate Finance, acted as a consultant for Heldro




This announcement appears as a matter of record only

In 2016



WOK

share package sold

Transaction Industry: Food

Avvalor acted as sell-side advisor to a minority shareholder




This announcement appears as a matter of record only

In January 2016



International Fast Food Restaurant chain

Medium Term financing

Transaction Industry: Food

Avvalor advised Obica




This announcement appears as a matter of record only

In September 2016



Wine producer, a 60 per cent stake has been sold to



Transaction Industry: Food

Avvalor, together with its local partner Pro.Dev.in, has advised the seller




This announcement appears as a matter of record only



SOLD



Frozen Meals Producer




This announcement appears as a matter of record only

In 2016



LGC Group

has acquired



BRC Global Standards

Transaction Industry: Food

Bluebox Corporate Finance acted as exclusive financial advisor to BRC Global Standards




This announcement appears as a matter of record only

May 2017 Orkla ASA acquired SR Food A/S




CIGNO, Denmark, acted as exclusive sell-side advisor for SR Food A/S



member of MSA WORLDWIDE

This announcement appears as a matter of record only

In 2016



Main Process S.A.

was acquired by



Agrana Fruit S.A.S.

Transaction Industry: Food

Finanzas & Gestión acted as exclusive financial advisor to Main Process S.A.



member of MSA WORLDWIDE

This announcement appears as a matter of record only

In 2016



The assets of Rasic Hermanos S.A.

were acquired by

Proteinsa S.A.

Transaction Industry: Food

Finanzas & Gestión acted as financial advisor designated by the National Court of First Instance in Commercial Matters N|18, Sec. N| 35 in the Tender for the Transfer of Property



member of MSA WORLDWIDE

This announcement appears as a matter of record only

In 2016



Verónica S.A.C.I.A.F. e I.

Has Restructured its Financial Debt














Transaction Industry: Dairy

Finanzas & Gestión acted as exclusive financial advisor to Verónica S.A.C.I.A.F. e I.



member of MSA WORLDWIDE

This announcement appears as a matter of record only

In 2016



Livsmart Americas S.A. de C.V.

Has Acquired a 50% Equity Interest in



100% owned

El Carmen S.A.

Transaction Industry: Soft Beverages

Finanzas & Gestión acted as exclusive financial advisor to Livsmart Americas S.A. de C.V.



member of MSA WORLDWIDE

This announcement appears as a matter of record only

In 2016



La Gloriosa S.A. (and related companies)

Evaluation of Financial Alternatives for Project Development

Transaction Industry: Food

Finanzas & Gestión acted as exclusive financial advisor to La Gloriosa S.A.



member of MSA WORLDWIDE

This announcement appears as a matter of record only

In 2016



Frigorífico Rioplatense S.A.I.C.I.F.

Structuring of Working Capital Facility



Transaction Industry: Food

Finanzas & Gestión acted as exclusive financial advisor to Frigorífico Rioplatense S.A.I.C.I.F.



member of MSA WORLDWIDE

This announcement appears as a matter of record only

In 2016



was acquired by




Cured Meat Products



Sell-side

This announcement appears as a matter of record only

In 2016



BIEN-et-BIO

Management Buy In

Transaction Industry: B2C organic products

LINKERS, France, acted as exclusive sell-side advisor for BIEN-et-BIO



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Tootem

Early stage Venture raised with Business Angels

Growing Equipment



Equity raising

KAPLAN
livré chez vous

was acquired by



Imaginé pour vous

Last mile chilled and frozen delivery



Sell-side

This announcement appears as a matter of record only

In 2016



Coraly's

was acquired by



Newrest

Transaction Industry: Food

MBA Capital acted as exclusive financial advisor to Coraly's



member of MSA WORLDWIDE

This announcement appears as a matter of record only

In 2016

Stéphane Mayaud

acquired

EXOFOOD

Exofood

Transaction Industry: Food

MBA Capital acted as exclusive financial advisor to Exofood

mba capital

member of
M&A WORLDWIDE
THE NETWORK FOR MERGERS & ACQUISITIONS



Collective catering

was acquired by



Global collective catering

MBA capital advised the seller

M&A WORLDWIDE FRANCE

KIEHL BOISSONS

Beverage trade

was acquired by



Beverage trade

MBA capital advised the seller

M&A WORLDWIDE FRANCE

Jean Louis Hodiesne

NÉGOCE - PRODUITS DU SOL - TRANSPORTS

Trade - products of the soil - transports

was acquired by



Agri-supply

MBA capital advised the seller

M&A WORLDWIDE FRANCE