

October 2017 edition



Industry Report

Agri & Food & Beverages

Introduction

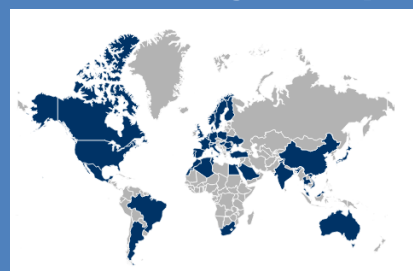
In the constantly evolving Agri, Food & Beverage industry, new key trend drivers pop up on the agenda every day and require focus in a rapidly changing world, with population growth, global climate change, growing economy and new markets. Some of the pleasant main key drivers and customer demands are sustainability, traceability, ecology and convenience.

M&A Worldwide is with our partners all around the world, and the Agri, Food & Beverage specialist group, always aligned with the sector development, new demands and strategic requirements, which allows us to be a valuable M&A partner in strategic business decisions, buying, selling, valuation, etc.

This report covers market outlook, articles with focus on hot subjects in the sector and recent M&A deals in the Agri, Food & Beverages industry. Feel free to contact M&A Worldwide members for further dialogue.

M&A Worldwide

The Network for Mergers & Acquisitions



Established in 2004, M&A Worldwide is a leading global alliance of mid-market merger & acquisition specialists. M&A Worldwide has 42 member firms operating in 42 different countries. All members are closely linked in a global alliance to advise clients on mergers, acquisitions, divestitures, joint-ventures, capital raising, and other strategic transactions.

In 2016, the members of M&A Worldwide closed 641 deals in for an aggregate value of over US\$3.7 billion.

M&A Worldwide is able to provide specialized M&A consultants in a variety of industries who are willing to share their knowledge and insights on various sectors. For more information, please visit www.m-a-worldwide.com



M&A in Agri, Food & Beverages

Global M&A Review

The global M&A market continues the growth from 2016 and is by the end of Q3 2017 at a volume of \$2,147 BN. Cross-Border deals have increased from 21% in 2015 to 50% in 2017.

Private equity remains a major driver of global M&A, but closer scrutiny of the numbers reveals that PE deals are also getting bigger. The average value of PE transactions between 2015 and today is almost 12 per cent higher than between 2012 and 2014.

Debt continues to be relatively cheap and readily available and funds are flush with cash on the back of recent record-breaking fund raisings.

As a result, PE firms are chasing bigger targets and taking advantage of the synergies in managing fewer assets to exit. This dynamic is also resulting in more consortium acquisitions – not only because of the efficiencies involved but also to prevent funds from becoming overexposed to a small concentration of investments.

And the trend for bigger deals is itself driving activity – firms are eating through their funds more quickly, bringing them

back to the market for capital more regularly and creating further pressure to buy.

M&A Activity in Agri, Food & Beverages

The most influential development in the Agri, Food & Beverages sector so far in 2017 was Amazon's \$13.7 billion acquisition of Whole Foods Market, an American supermarket chain exclusively featuring foods without artificial preservatives, colors, flavors, sweeteners, and hydrogenated fats.

The strategic implications of the deal, which is one of the biggest retail mergers in years, is that Amazon get access to Whole Foods treasure trove of consumer data about grocery buying habits and patterns. Secondly, Amazon gets in control over Whole Foods' strong "365" private brand product, that helps Amazon to offer more differentiated products to its customers and to support Amazon's increasing vertical integration, which traditionally offers higher margins than third-party branded product.

Another significant deal was the Reckitt Benckiser Group PLC acquisition of Mead Johnson Nutrition Co for US\$17.8 billion. Mead Johnson is a global leader in pediatric nutrition with more than 70 products in over 50 markets worldwide with a mission to nourish the world's children for the best start in life. Reckitt Benckiser already reaches millions of mothers through its hygiene education programs and through world class brands such as Nurofen and Mucinex.

The online food industry is witnessing consolidation due to intense competition and a slowdown in investments. Amid the e-retail euphoria, food technology is still one of the most talked-about segments.

The culture of eating outside is now

accompanied equally by the comfort of getting the food delivered at home, thereby providing a push to the online food market. Online restaurant booking, online food ordering and delivery market is mushrooming with the changing lifestyle of modern urban households, resulting in an abundance of many "me-too" players.

Thus, to strengthen their presence and deepen their service/product offerings, the players are making acquisitions or entering partnerships with rivals.

The packaged food industry is seeing a greater push, on the back of increasing disposable income of the consumers, improving standards of living and a shift in food habits. To capitalize on the opportunities offered in this growing segment, domestic and international players are exploring the inorganic route to expand their offerings and cater to a larger market.

M&A Rationale

Companies will continue to seek both innovative and transformative transactions to complement organic growth. Investors' receptivity to enhanced scale and synergistic strategic fits, as demonstrated by encouraging acquirer stock price reactions, and should support this trend.

With ongoing modest global GDP growth expected, a strong M&A market performance in nearby future will be necessary to accelerate expansion. As markets adjust to ongoing political and regulatory changes, the M&A market should be buoyed by strong fundamentals and the potential for pro-business policy changes.

Opportunities may emerge from





M&A in Agri, Food & Beverages

potential new U.S. policies, such as cash repatriation, corporate tax reform and more modest regulation. Alongside regulatory uncertainty, the greatest threat to M&A activity is equity market valuations, which ended at all-time high last year, and the related risk of overpaying for assets.

The likely result is a larger stock component in deal offerings to bring some balance to valuations. In addition, regulatory scrutiny for large transformative transactions will most likely continue, at least partially offset by a higher deal count.

An increased activity is expected from private equity fund, that are likely to come under pressure to deploy their substantial available capital in the nearby future.

The following themes will impact the inclination to deal making:

- An active M&A market seems to continue, as companies face continued pressure to complement modest organic growth. Activity will be encouraged, in part, by low cost of funding and positive acquirer share price reactions.
- Regulatory uncertainty will remain. The impact of US president Trump, Brexit, and increased regulatory and political scrutiny in China in addition to several key global elections and administration changes will contribute to regulatory uncertainty, which may have an adverse effect on companies' readiness to pursue complex deals with a possible lengthy path to completion.
- Cross-border transactions will continue to provide a source of value creation. As companies continue to look for strategic growth, new regions provide exposure to different economic-, market- and consumer dynamics.
- Activist investors will remain prominent. Activists continue to prove adept at challenging corporate strategies and expanding their influence globally.
- Acquirers experienced generally neutral to slightly positive stock price reactions to last years' deals, which may be viewed by the boards of potential acquirers as an endorsement of deal activity.

| Driver | Detail |
|-------------------------------------|--|
| E-retail dominates | E-retail dominated the M&A activity in the retail and consumer product sector, sustaining the momentum witnessed last year with greater internet and mobile penetration, a rise in online shoppers and an increase in per capita income. |
| Combining offline and online | Significant activity was seen in the online retail space that was driven by companies' efforts to strengthen their business models by combining offline and online platforms and the consolidation seen in the sector. |
| Demonetization have negative impact | The sector might face short-term headwinds, as the recent demonetization initiative might have a negative impact, though temporary, on the sales of online retail companies which are heavily dependent on cash on delivery payments. |
| Consumers are digital | However, in the long run, it will push the consumers to opt for digital transactions, thus boosting the overall growth for the industry. |

Source: EY: Transactions 2017; J.P. Morgen: 2017 M&A Global Outlook; Forbes: Amazon's Acquisition of Whole Foods Is About Two Things: Data and Product.



Countries on the Radar



Argentina

Argentina is a leading country in terms of food production with vast natural resources and an extremely fertile land. In the first half of 2017, Argentina exported food products for US\$12 billion, soybeans and its sub products, fishing products, meat and wine being the most relevant.

Main export destinations were India, Brazil, Vietnam, Spain, the United States, Chile, and Indonesia, among others. During 2017, M&A activity in Argentina's Agri, Food & Beverages sector has been dynamic. After acquiring a stake in Mastellone Hermanos S.A. in 2010, Arcor S.A., one of the world leading candy producers, increased its shareholding by 4.9% for US\$14 million.

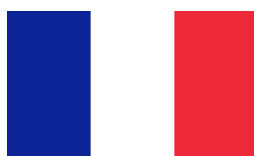
Also, Viñas de Argentina S.A., the wine business unit of local conglomerate Cartellone, was sold to Vicentín S.A., an integrated agribusiness company. Bioceres S.A., a biotechnology firm, acquired 91% of Chemotecnica S.A. (farming supplies) resulting in a US\$10 million deal. Finally, through its local subsidiary, Bunge Ltd. acquired all of the equity capital of Aceitera Martínez S.A.



Denmark

The Top 10 rank of companies in Denmark includes Arla, Carlsberg and Danish Crown which shows the value of the Agri, Food & Beverage sector in Denmark. Considering those companies' strategy, acquisitions and the sector in general, they all focus on sustainability, traceability, ecology and convenience with export focus. The Brexit decision has made some changes in acquisition policies of the big 3. Danish Crown has acquired Easey Holding Ltd. a big pig farm, to secure their platform and production in UK. Arla continues their acquisitions of dairies both in Denmark and abroad with focus on ecology.

Foreign companies such as Norwegian Orkla strengthen their position in Denmark by acquiring SR Food A/S. Latest Norwegian Credo Partners has acquired Geia Foods A/S. The economic environment is good and back on solid track with growth rate of 2%.



France

The 2017 French M&A activity is at its peak since 2007 with more than US\$140bn in transactions so far.

In the Agri, Food and Beverage industry alone, **35 deals** and **40 LBO** and capital raising transactions have already been closed since the beginning of the year *.

French food companies already make 37% of their turnover abroad, but external growth is increasingly a key success factor. Thus, **Bonduelle** (the world leader in the ready-to-eat vegetables sector) took over the American company **Ready Pac Foods** for US\$409m in Feb 2017, and **Lactalis** took control of **Stonyfield** for US\$875m in July 2017. Stonyfield was a subsidiary of Danone who was obliged, by the Federal Trade Commission of the United States, to be sold off Danone's acquisition of Whitewave for US\$12.5bn the past year.

Finally, **Saint Hubert** was sold for US\$720m to the Chinese conglomerate **Fosun**, who wants to become a major player on the French market.

**source: CF news*



Italy

The Italian M&A market in the first half of 2017 recorded 390 transactions for a value of 16.6 billion euros (132 inbound transactions for a value of about 9.7 billion euros, and Italian operations abroad were only 75 transactions totaling nearly 3 billion euros).

The number of operations within the domestic market also grew: during the period under review, 183 operations were completed against 145 in the first half of 2016.

Very small, medium-sized companies were very active, we register only 8 deals with a transaction value of over 100 million. The contribution of mechanics, food, and fashion Markets represent more than 50% of the total.



Countries on the Radar (cont.)

| M&A Italy | 1 Half 2016 | 1 Half 2016 | 1 Half 2017 | 1 Half 2017 |
|---------------|-------------|-------------|-------------|-------------|
| Direction | N deals | M€ | N deals | M€ |
| Foreign > Ita | 105 | 6,7 | 132 | 9,7 |
| Ita > Foreign | 48 | 10,1 | 75 | 2,6 |
| Ita /Ita | 145 | 8,5 | 183 | 4,3 |
| Total | 298 | 25,3 | 390 | 16,6 |



Romania

Romania is currently the most dynamic large market in the EU, with the highest GDP growth in Europe of 5.8% in H1 2017 after a 4.8% growth in 2016.

In 2016 vs. 2015, the purchasing power increased with 12% while consumption registered a 13.5% growth.

In the first seven months of 2017, compared with the same period of 2016, Romanian food and beverages consumption went up 6.6%.

In H1 2017, food retail opened 145 new stores, after some 250 were opened in 2016.

New international players in food retail, as well as international fast food and restaurants announced entry onto the Romanian market.

An interesting development in 2017 in Romania is the "Street Food Festival" - a movement which is gaining momentum all over the country and includes Gourmet, Traditional Romania, Fusion etc. attracting numerous customers.

Crossborder M&A deals in the F&B sector in Romania in H1 2017: Mexican company Sigma Alimentos has acquired 51% of the shares of Caroli Foods Group, a packaged meats product company in Romania.



United Kingdom

UK food companies have seen an increased appetite from international investors partly due to favorable exchange rates, but more importantly, the UK market remains extremely attractive. In addition, private equity interest remains strong with the acquisitions of Karro Food Group by CapVest and LDC's acquisitions of Hill Biscuits and Addo Food Group to name a few.

Finally, the drinks sector has seen an increase in activity with breweries continuing to attract investors with healthier soft drinks and juice manufacturers being the preferred.



United States

The status of Mergers and Acquisitions within the food and beverage sector remains strong in the US.

Food Producers continue to be favored by both Strategic- and a select group of Financial (PEG) buyers.

Some consolidations and mergers are also noted, even in the lower middle market among family owned businesses such as in baking, candy, and specialty foods.

There has been continued consolidation within the baking sector.

Beverages remain strong with interest in specialty beverages such as Kombucha and flavored teas.

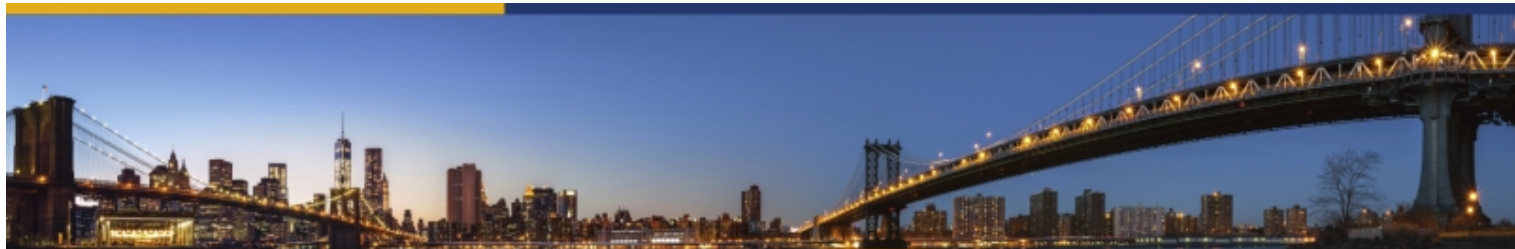
There has also been interest in Agri business, especially in berries and fruit producers.

Multiples have remained strong for sellers.

Netherlands

The Netherlands boasts more than 4,000 companies in the Agri, Food & Beverages sector (10% of GDP). In fact, 12 of the world's largest agri-food companies have major production or R&D sites in The Netherlands, including Heinz, Monsanto, Unilever, Mars and many more.

Recent M&A activity in The Netherlands in the Food Industry involved a rumor of a possible merger between Kraft Heinz and Unilever, which would make it the largest M&A deal since 2000. The second largest takeover in the food industry is the announcement of Refresco NV to acquire Cott Beverages, a large supplier of private label carbonated soft drinks, for roughly € 1 billion. In the midcap section, the third largest Dutch PE house Egeria announced the acquisition of Dutch Bakery, a €100m revenues specialist in low-oxygen packaged bread products.



Food Retail Development in Romania – 2017

International retail chains present on the Romanian market expand at double-digit speed confirming the Romanian consumers' increasing demand and purchasing power for the last few years. Romania has been the most dynamic large market in Europe, with a GDP y-t-y growth of between 4.8% and 6.1% and a population of almost 20 million.

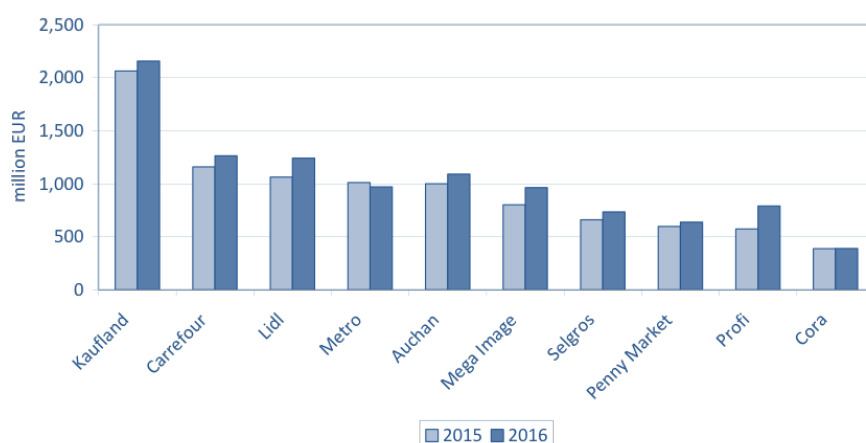
Purchasing power in Romania increased 12% in 2016 vs. 2015 while in 2017 Romanian salaries register the highest growth in Europe.

According to the National Institute of Statistics, the retail sales of food, beverages and tobacco in Romania have increased by 13.7% in 2016 compared to 2015, while in the first seven months of 2017, it grew with 6.6% compared to the same period in 2016.

Starting with June 2015, the VAT for food and non-alcoholic beverages in Romania has been reduced from 24% to 9%. This government measure has had a positive impact on the food retail sector in Romania.

| International food retail chains operating in Romania | |
|---|--|
| Kaufland | Part of Schwarz Group |
| Carrefour | Part of Carrefour Group |
| Lidl | Part of Schwarz Group |
| Metro Cash & Carry | Part of Metro Group |
| Auchan | Part of Auchan Group |
| Mega Image | Part of Ahold Delhaize Group |
| Selgros | Part of TransGourmet Group, controlled by Coop |
| Penny Market | Part of Rewe Group |
| Profi | Owned by Mid Europa Partners |
| Cora | Part of Louis Delhaize Group |

Net turnover dynamics of
international food modern retailers in Romania



Source: FRD Center, Ministry of Public Finances

Profi - the most dynamic retail network owned by Mid Europa Partners PE fund - has registered in 2016 a turnover growth of 39% compared to 2015. It is followed by Mega Image, owned by Ahold Delhaize, with a TO growth of over 21% and Lidl's sales growth of over 18%.

In 2017, the expansion of the modern retail in Romania continues while new international retail chains announced market entry into Romania - the most dynamic large market in the EU.

In H1 2017, the retail sales of food, beverages and tobacco in Romania have increased by 3.5% compared with the same period of 2016.

The sales of food, beverages and tobacco went up 3.2% in June 2017 vs. June 2016.

As for the actual retail units, in 2016, Romanian modern food retail network reached 2,000 stores operated by international retailers. During 2016, the large retailers present on the Romanian market inaugurated about 250 stores,

with almost 20% more new stores compared to 2015. For 2017, international food retailers operating on the Romanian market announced plans to open a cumulated number of over 300 new stores.

| Nr. | Retailer name | Stores opened in 2016 | Stores opened during January-July 2017 |
|-----|---------------|-----------------------|--|
| 1 | Profi | 134 | 101 |
| 2 | Mega Image | 68 | 23 |
| 3 | Lidl | 14 | 6 |

According to Monitor International, Kaufland Romania maintained the lead in grocery retailers in 2016, with a 13% value share. This position was the result of its strength in hypermarkets, with a 47% value share.





Developments in Agri, Food & Beverages

Industry Report, October 2017



| Local food retail chains operating in Romania | |
|---|--|
| Annabella SRL | Annabella, Fresh stores |
| Elan Trio SRL | Merkur, Szuner, C+C stores |
| Success Nic Com SRL | Success stores |
| Konsta Splendid SRL | Splendid, Ladalina, Vitro stores |
| Zanfir SNC | Zanfir stores |
| Barta Ati SRL | CBA Barta Ati, Barta Ati cash & carry stores |
| Danemar Company SRL | Euromarket stores |
| Darina Com SRL | Darina stores |
| Paco Prod Sery SRL | Paco stores |

Furthermore, some major local food producers with their own retail networks in Romania are:

Unicarm
Diana
Sergiana

Online food retails in Romania:

Most of the food retail chains also operate on-line stores.

Examples are:

www.carrefour-online.ro
www.cora.ro
www.metro.ro

Carrefour Romania has launched in November 2016 the CarrefourPay application - carrefour.ro/pay/ - through which the buyers can pay for their purchases using mobile phones.

The Internet retail sector in Romania has registered a dynamic growth in the past period due to widening smartphone use and offering a diversified range of products at bargain prices.

The on-line food sales are expected to record a growing trend during the next years in Romania.

Recent M&A and Investment Activities

Regarding M&A, in 2016 two major transactions were completed: **Carrefour** acquired Billa and **Auchan** has completed the merger by absorption with Real.

Carrefour has acquired the 86 Billa stores in Romania from the Rewe Group, in a transaction of EUR 97m. By the end of 2017, all Billa stores in Romania are expected to operate under the "Market" banner, which Carrefour operates on the supermarket segment.

In January 2017, **Metro Group** sold the shares held in Real Hyper Magazine SRL, which operated 4 stores in Romania, to Terazone Enterprises

Limited, local firm set up by experienced retail professionals in Romania.

The acquisition of **Profi retail network** by Mid Europa investment fund, a transaction of EUR 533m concluded with Enterprise Investors, took place on February 15th, 2017. With its 515 stores and over 11,000 employees at the time, Profi is the modern retail network with the largest geographic expansion in Romania.

Mitiska REIM, an investor specialized in retail parks, has recently announced the successful acquisition of Romanian firm Alpha Property Development, a move by which the Belgian buyer is strengthening its operations in Romania. The acquisition of the Alpha Property Development portfolio, consisting of 11 retail parks and 3 development projects, was carried out on the behalf of MITIKA REIM, First Retail International 2 (FRI 2).

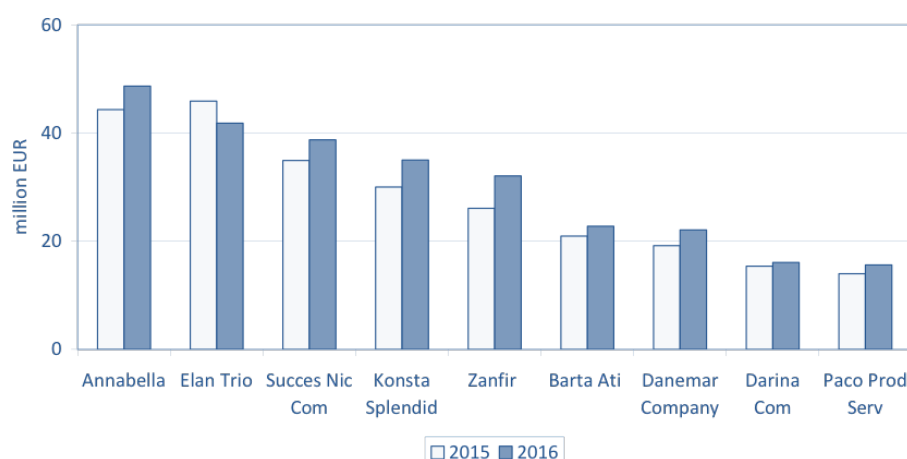
The French group **Carrefour** currently owns 51% of Bringo Magazin SRL, the company operating the Bringo on-line retail platform. In July 2017 Carrefour acquired its 21% from Beta Software.

Trends

The private brand sector in Romania has significantly increased in the past years, all the major retailer networks having developed their own food private brands.

For the next period, the Romanian food retail sector is expected to benefit from steadier economic growth based on a forecasted real GDP growth rate of 5.2% in 2017, the consumer spending rising and the low inflation rate.

Net turnover dynamics of
local food retailers in Romania





The organic food market in France

A burgeoning market

After an excellent 2015 which saw the market increase by 14.5% to reach € 5.5 billion, the organic food market again increased in France by 21.7% in 2016 to reach €6.7 billion (excluding out-of-home catering). If we consider the out-of-home catering, the market stands at €7.1 billion, with collective and commercial catering representing €229 million (a 5% increase compared to 2015) and €182 million (an increase of 10%) respectively. As of 2020, the market could reach €8.9 billion according to the forecasts. Despite this strong growth, the market remains a niche market, representing 3.2% of the total food market in France.

In 2016, the biological activity involved nearly 118,000 direct jobs (an 8.4% growth per year). Moreover, in terms of arable lands, 1,538,047 hectares were committed to this kind of agriculture, a 17% increase compared to 2015).



Key trends

This strong growth in the organic food market can be explained by the increasing attractiveness of organic products due to motivations related to ecology and health. Indeed, 89% of French people today declare themselves consumers of organic

products compared 75% in 2014.

The main product categories which drove the market in 2016 were fruits & vegetables with a 33% increase compared to 2015, groceries with a 24% growth, and dairy products with a 15% increase.



The main distribution channels are mass-market retailers (45%) such as Carrefour, Auchan or Casino, organic shops (37%) such as Biocoop, Naturéo or La Vie Claire, selling directly from the producers to the consumers (13%), and local craftsmen and traders (5%). The two leading organic brands in France are Biocoop (€768 million of revenue in 2015) and Carrefour (€490 million of revenue in 2015).

Concerning importations and exportations, 71% of the organic products consumed in France come from France. Among the imported products half come from countries within the European Union and the other half from the rest of the world. The importations are generally exotic products (banana, coffee, cacao, etc.) or Mediterranean products (olives, citrus, etc.).

Finally, the exportations increased by 14% in 2016 (€ 629 million) among which wines accounted for two-thirds.



Focus on wholesalers of organic products

The organic wholesalers market would weigh more than €600 million in France, with fruits & vegetables being one of the main segments. The main players are wholesalers which offer a range of organic products such as the market leader Pomona, Transgourmet or Brake, and specialized wholesalers such as ProNatura, Relais Vert or Dynamis.





Western food industry benefit from Asians demand of higher quality

For various reasons, Asia has a growing demand for quality food, which benefits Western companies. The volume of demand stems especially from China's vast and fast growing upper middle class, who have the capability to spend, and are not satisfied with an often poor quality in local food.

Western food companies benefit from its many years with high quality standards in food production, which is based upon a solid tradition of traceability, transparency and sustainability.

This has led to increased export from west to east, which gives great opportunities to establish partnerships with local food production partners in Asia. This could secure higher quality food production standards locally and mature the market in many ways.

An example of increased export is the Danish/Swedish dairy Arla, which is the largest manufacturer of organic milk products in the world. Arla has a large export of milk products to China and has recently announced, that it intends to expand to become the largest provider of organic milk products to the Middle East and Northern Africa.

Furthermore, Arla and Danish authorities are partnering with Chinese dairies and local partners in various areas such as training Chinese inspectors in securing better food safety.

Another example of a new partnership is Danish Crown, the world's largest pork exporter, who has recently established an agreement with Alibaba, the giant Chinese e-commerce company. The deal is about selling pork online to Chinese consumers, which represent the probably largest - and fastest growing - pork market in the world. Alibaba averages 466 million users per

year.

Key food and drink trends in Asia

According to the global market intelligence agency Mintel, there are four key food and drink trends in Asia Pacific:

1. Healthier alternatives

According to Mintel, the first key trend is about consumers trying both be more physically active and to eat healthier and exploring a lot of alternative health products, as many consumers now recognize the balancing act of achieving a healthy diet. From a product perspective, there is a clear increase in vegan or vegetarian claims in the last five years. Bakery, snacks, sauces and seasonings are emerging spaces for product innovation in this area.

Example: As several Asian countries are experiencing growing problem with obesity and diabetes, Coca-Cola, Nestlé and PepsiCo and four other beverage manufacturers have recently signed a pledge committing to reduce the amount of sugar across their soft drink product ranges sold in Singapore – to 12 per cent or lower by 2020. This move emphasizes efforts taken by industry players to provide consumers with healthier food options and encourage healthier lifestyles.

2. Brand story

The second key trend, called *based on a true story*, is a starting point and where the concept of "craft," "handmade" and "handcrafted" are picking up. Honest communication about a product also involves using technological innovation such as QR codes which carry information about the origin, ingredients and the processes that went with it. Big manufacturers can take a cue from the

"think small" mentality and use that in terms of devising some strategies on how to give that story to consumers.

3. Visual eating

While flavour has long been the focus of innovation, currently, eating is all about how the food looks. Consumers are more active on social media and food is often the central element of posts, driving creativity at restaurants and at home that brands can tap into or drive. From a manufacturer's perspective, there is a lot of innovation happening with colour, shape and the element of playfulness in a product, which is something that consumers want.

4. Changing lifestyles

More consumers are living in single-person households or occasionally eating meals alone. These meals for one require right-sized products and packaging. Also, the ageing population is also rapidly growing in Asia. Factors to consider when targeting one-person households and ageing consumers are nutritional needs, price convenience and portion size.

Another lifestyle change is the growth of online shopping, applications and on-demand delivery services that are transforming consumers' access to deals, niche food and drink products, and even full meals. With Internet penetration growing in South-East Asia, the development of new solutions within e-commerce is building. Physical stores can also experiment with online ordering, subscriptions or delivery, offering loyal customers convenience without sacrificing loyalty. E-revolution such as online shopping is going to grow further in the next few years despite a slower growth curve in Asia compared to what is



Disruption in the global food industry

Technology is driving pervasive disruption in many industries, including food & beverage, where change is taking place on many fronts – from production, distribution all the way to retail and consumption.

As such, there is an important need for food businesses to take into greater consideration the evolving environment to devise appropriate strategies for the future; why and how things are transforming, and how it might affect them.

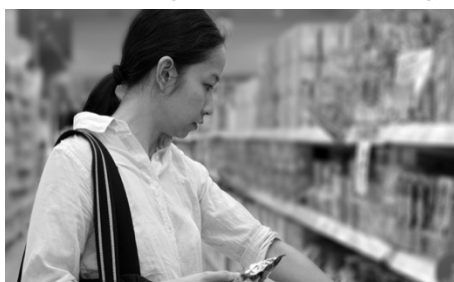
Thus, according to PwC, food and beverage companies should be aware of following key industry trends:

1. Globalisation

As the world is more connected today, global megatrends – such as climate change, urbanization, digitization and demographic change are transforming society and the way we do business. In a world without borders, staying on-top of issues means being able to adapt faster. Globalisation is also making food supply chains more complex than ever before.

2. Food security

The security of food supply is being challenged. Price spikes, availability of food and the integrity of supply are a concern as global food demand grows. Solutions will continue to be linked to trade, regulation, technology,



infrastructure and increased collaboration between the public and private sectors.

3. Scandals

Fake food, contamination, safety and quality failures, ethical and environmental concerns cost money and damage trust. Bad news travels fast, and will quickly influence today's social media addicted consumers. The scrutiny on your food supply chain and focus on brand value goes a long way in protecting the brand.

4. Rules and Regulations

Regulations are increasing worldwide from governments and industry bodies as they respond to the surge in supply chain failures – but what is notable is that food companies are going beyond compliance to win trust.

5. Differentiation

Food trust is not about playing defense but offence. During a rapidly disrupted marketplace, opportunities are abounded. Food companies must seize these opportunities to not only differentiate themselves from their competitors. It is key to communicate to consumers that you are at the forefront of the change.

6. Investment

Big food companies are investing millions in integrating and purchasing whole supply chains to improve oversight, control and integrity.

7. Technology

We are now equipped with smarter technology to manage data from farm to fork. This can help improve supply chain traceability and transparency, which is at the heart of building trust in food.

8. Economic power

Consumers in the region are increasingly affluent and this growth of maturing

economies is expanding consumer markets. Closer to home, for instance, is the Halal food market – where consumers are now more conscious about food source, variety and quality.

9. Consumers

Disruption from consumers is becoming more prominent than that of industry competitors. Changing taste and growing customer expectations will continue dictating the fortunes of food companies – who must meet these demands or risk losing preference.

10. Millennials and Mobile Commerce

The game is changing – demand for organic, sustainably sourced, ethically traded and healthy food is rising, spurred by millennials and more conscious consumers.

Mobile devices are researching and publishing more tools, as millennials shoppers are making mobile commerce an online shopping tool of choice.

11. Connectivity

The ability for consumers to connect themselves to more data is empowering them. There is a growing trend for consumers to want direct links to the companies that grow and produce their food. Companies are collecting more data and using it to feed customers with the information they crave.

12. Keep up the good work

To sum up the year, it has been heartening to see the industry mature to understand that food trust goes beyond just food safety but includes food integrity. We have seen more food and beverage industry players put greater effort in ensuring food trust in their offerings and leveraging opportunities to deliver their brand promise and continue to build consumer trust.



Developments in Agri, Food & Beverages

Industry Report, October 2017



Deal Highlights

| | | | |
|--|--|--|--|
| <p>KK </p> <p>SOLD</p> <p>terbeke </p> <p>Frozen Meals Producer</p> <p>Bluebox</p> <p>member of M&A WORLDWIDE</p> | <p>May 2017 Orkla ASA acquired SR Food A/S</p> <p>SR FOOD</p> <p>sold share majority to</p> <p>Orkla</p> <p>CIGNO, Denmark, acted as exclusive sell-side advisor for SR Food A/S</p> <p>CIGNO</p> <p>member of M&A WORLDWIDE</p> | <p>This announcement appears as a matter of record only</p> <p>In 2016</p> <p>MainProcess</p> <p>Main Process S.A.</p> <p>was acquired by</p> <p>GRAY</p> <p>Agrana Fruit S.A.S.</p> <p>Transaction Industry: Food</p> <p>Finanzas & Gestión acted as exclusive financial advisor to Main Process S.A.</p> <p>FINANZAS & GESTIÓN SERVICIOS DE ASESORAMIENTO</p> <p>member of M&A WORLDWIDE</p> | <p>This announcement appears as a matter of record only</p> <p>In 2016</p> <p></p> <p>The assets of Rasic Hermanos S.A.</p> <p>were acquired by</p> <p>Proteinsa S.A.</p> <p>Transaction Industry: Food</p> <p>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</p> <p>FINANZAS & GESTIÓN SERVICIOS DE ASESORAMIENTO</p> <p>member of M&A WORLDWIDE</p> |
| <p>This announcement appears as a matter of record only</p> <p>In 2016</p> <p>Verónica</p> <p>Verónica S.A.C.I.A.F. e I.</p> <p>Has Restructured its Financial Debt</p> <p>           </p> <p>Transaction Industry: Dairy</p> <p>Finanzas & Gestión acted as exclusive financial advisor to Verónica S.A.C.I.A.F. e I.</p> <p>FINANZAS & GESTIÓN SERVICIOS DE ASESORAMIENTO</p> <p>member of M&A WORLDWIDE</p> | <p>This announcement appears as a matter of record only</p> <p>In 2016</p> <p>livsmart</p> <p>Livsmart Americas S.A. de C.V.</p> <p>Has Acquired a 50% Equity Interest in</p> <p>citric</p> <p>El Carmen S.A.</p> <p>Transaction Industry: Soft Beverages</p> <p>Finanzas & Gestión acted as exclusive financial advisor to Livsmart Americas S.A. de C.V.</p> <p>FINANZAS & GESTIÓN SERVICIOS DE ASESORAMIENTO</p> <p>member of M&A WORLDWIDE</p> | <p>This announcement appears as a matter of record only</p> <p>In 2016</p> <p>La Gloriosa</p> <p>La Gloriosa S.A. (and related companies)</p> <p>Evaluation of Financial Alternatives for Project Development</p> <p>Transaction Industry: Food</p> <p>Finanzas & Gestión acted as exclusive financial advisor to La Gloriosa S.A.</p> <p>FINANZAS & GESTIÓN SERVICIOS DE ASESORAMIENTO</p> <p>member of M&A WORLDWIDE</p> | <p>This announcement appears as a matter of record only</p> <p>In 2016</p> <p>Frigorífico Rioplatense</p> <p>Frigorífico Rioplatense S.A.I.C.I.F.</p> <p>Structuring of Working Capital Facility</p> <p>Macro</p> <p>Transaction Industry: Food</p> <p>Finanzas & Gestión acted as exclusive financial advisor to Frigorífico Rioplatense S.A.I.C.I.F.</p> <p>FINANZAS & GESTIÓN SERVICIOS DE ASESORAMIENTO</p> <p>member of M&A WORLDWIDE</p> |







Team & Contact



Team Leader
Jacques Jetten
Aeternus
The Netherlands

j.jetten@aeternuscompany.nl
www.aeternuscompany.nl

M&A Worldwide Agri, Food & Beverages Industry Group

| | | | | |
|---|--------------|----------------------------|--|---------------------|
|  | Argentina | Mario Caramutti | mc@fga.com.ar | +54 11 5278 5600 |
|  | Australia | Adrian Ness | adrian@johnsonscorporate.com.au | +61 2 8211 0523 |
|  | Brazil | Carlos Parizotto | carlos.parizotto@cypress.com.br | +55 11 2050 4050 |
|  | Denmark | Jens Möller | jm@cigno.dk | +45 5135 3622 |
|  | France | Phillippe Delecourt | pdelecourt@linkers.fr | +33 1 53 53 59 30 |
|  | France | Isabelle Arnaud-Desprésaux | isabelle.arnaud-despreaux@mbacapital.com | +33 1 42 65 72 75 |
|  | Italy | Fabrizio Ricci | ricci@avvalor.com | +39 02 87 24 25 00 |
|  | Mexico | Miguel Alonzo | malonzo@cfsm.com.mx | +52 55 5596 5937 |
|  | Netherlands | Jacques Jetten | j.jetten@aeternuscompany.nl | +31 0 6 41 66 29 87 |
|  | Poland | Anna Domeredzka | a.domeredzka@capitalone.pl | +0048 22 3195688 |
|  | Romania | Jackie Bojor | jackie@frdcenter.ro | +4021 411 1460 |
|  | Saudi Arabia | Fahad Al Kassim | fahad@amwal.com.sa | +966 1 2911000 |
|  | South Africa | Dirk Meissner | meissner@m-a-worldwide.com | +27 21 886 8606 |
|  | UK | Jonathan Rich | jonathan.rich@blueboxcfg.com | +020 3872 4500 |
|  | USA | Bill Battison | bill.battison@focusbankers.com | +001 202 470 1972 |



Algeria | Argentina | Australia | Baltic Countries | Belgium | Brazil | Canada | China | Denmark | Egypt | Finland | France | Germany | Great Britain | Hong Kong | Hungary | India | Israel | Italy | Japan | Luxembourg | Malaysia | Mexico | Morocco | Netherlands | Norway | Poland | Romania | Russia | Saudi Arabia | Singapore | South Africa | Spain | Sweden | Switzerland | Tunisia | Turkey | USA

www.m-a-worldwide.com