



whipstitch
CAPITAL

DEAL DIFFERENT.

**Healthy Living Consumer Products:
Industry Update, Deal Review and Impactful Trends**

**Natural
Products**
EXPO EAST®

Natural Products Expo East
September 2017

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W



DEAL DIFFERENT.



Contents

- **Whipstitch Capital Overview**

- Deal Update / Whipstitch's Consumer Industry Thoughts
- Food & Beverage M&A and Private Placement Deal Data
- SPINS Market Update: Produced for Whipstitch's Industry Analysis

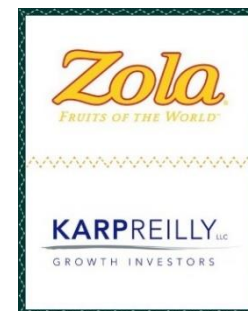
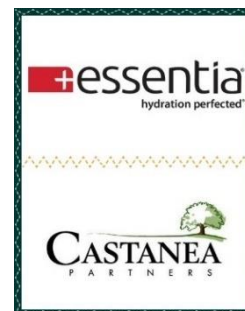
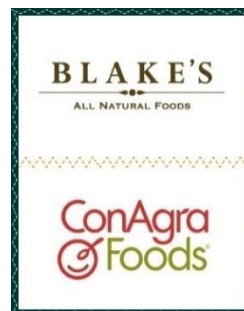
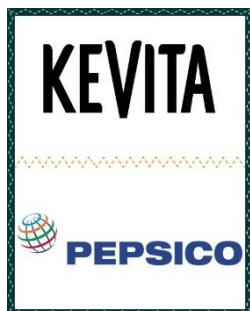


Whipstitch – M&A and Private Placement Advisory Firm Solely Focused on the Healthy Living Market

Whipstitch [hwip-stitch]

Noun. The stitch that passes over an edge, in joining, finishing, or gathering.

- Led by Nick McCoy and Mike Burgmaier
- Focused exclusively on innovative consumer companies
- Financial Advisory on M&A and institutional private placements
- Participate in and lead over 15 consumer industry events/year
- Select recent deals:



Whipstitch Differentiation: Focus, Experience, Results

Focus

- All we do is consumer; 90%+ natural, organic, functional, healthy...
- We know how to talk about your company – no learning curve

You Get the Top

- We work with you to develop a strategic plan and execute
- 100% credibility with investors and strategics

Experience

- Over twenty years of investment banking experience
- High-touch, high-quality

We Are Not the Typical Advisors, Nor Do We Want to Be
Won't Tell You What You Want to Hear; We Tell You the Truth
Our M.O.: Under-promise and Over-deliver – Ask Our Former Clients...

DEAL DIFFERENT.

What the Whipstitch Team Has Been Up To

2016 by the Numbers

- **Three** M&A Transactions
- **Four** Private Placements
- **One** Unannounced Deal
- **Four** New Team Members
- **Eight** New Associated Industry Experts (Our “Stitching Crew”)
- **Ten** Speaking Events with Emerging Consumer Companies
- **One** Stitching Crew Lobster Bake



Whipstitch Team 2017 Announced Transactions to Date

- **Spindrift** Receives Minority Investment from VMG Partners
- **Uncle Matt's** Acquired by Dean Foods
- **Kill Cliff** Receives Minority Investment from Sunrise Strategic Partners
- **Peeled Snacks** Receives Minority Investment from Seurat Capital
- **R.E.D.D.** Receives Investment from Industry-focused Angel Investors
- **\$100MM+ Supplement Co.** Receives Minority Investment from Consumer-Focused PE firm
- **Stay tuned...more in the works!**



Led by a Seasoned, Highly-Experienced Team

**Nick
McCoy**



- 20+ years of investment banking experience
- Investment Banking Group at Gleacher & Co. (First Albany; now Jefferies)
- Director of M&A at Allmerica Financial Corp.
- Sr. Associate, Corp. Dev., Wheelabrator Technologies
- MBA in Finance from Wake Forest University; BS Business Admin. UNH

**Michael
Burgmaier**



- 15+ years of investment banking, consulting and VC experience
- Principal of VC firm CEI Community Ventures
- Consultant at Bain & Co., Inc.
- Frequent author and speaker at BevNet Live, Expo West, NCN and more
- MBA from Tuck School of Business at Dartmouth; MPP, Duke; BA Economics, Boston College

Jefferies



A Deeply Experienced 24/7 Whipstitch Team

The 24/7 Team



**Greg
Ucich**

Senior Associate

- Four years consumer IB experience Outdoor activity enthusiast
- Based in San Diego, CA – the most beautiful place in the country.. (except summers in Maine, says Burgmaier incessantly)



**Tim
Sousa**

Senior Associate

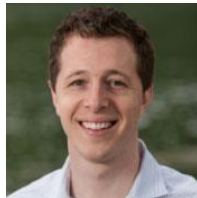
- Six years consumer IB and PE experience
- Happily retired NCAA athlete who has never lost the spirit of competition
- Human test subject, just look at his desk drawer full of vitamins and supplements



**Dominic
Mangano**

Associate

- Two years consumer IB experience; lives an active lifestyle, whether playing 18 on a Sunday or hiking through the White Mountains
- Engaged consumer, often loses too much time searching the grocery store for new brands



**Taylor
Lynch**

Analyst

- Experience in PE at New Forest Capital
- Avid sports enthusiast; Exercise Physiology degree from BYU
- Love of the outdoors, on path to become future Bear Grills
- Proud husband and father of two young daughters

The Extended Team



**Bill
Moses**

Senior Operating and Strategic Advisor

- Former Co-Founder, Chairman/ CEO of KeVita Probiotic Drinks; acquired by PepsiCo in 2016
- Founder, angel investor and strategic advisor for several on- trend functional CPG ventures
- Owner of Casa Barranca Winery; the first certified organic winery in central coast California
- Ellis Island Gold Medal of Honor Recipient for humanitarian and business leadership

Supported by Industry Experts – the **W** Stitching Crew



**Bob
Burke**

- Consultant to natural and specialty food and beverage companies
- Over 25 years of experience in the natural products industry
- Co-Author of *Natural Products Field Manual* and *The Sale's Manager Handbook*



**Kim
Greenfeld**

- Founder of Campo Verde Solutions providing consulting to natural and organic companies
- Private label expertise; previously with Trader Joe's and Whole Foods



**Robert
Craven**

- CEO of FoodState; a company that has been mastering the art of whole-food supplements since 1973 through its MegaFood and INNATE Response brands
- Previously CEO of Garden of Life; led them to the #14 spot on the Inc. Magazine list of fastest-growing private companies



**Kent
Pilakowski**

- Created IGNITE Sales Management in 2007; works with established brands as a national sales force to assist in scaling CPG businesses
- Referred to as a "category captain" in the industry
- Former General Mills: Roles included directing sales operations, trade marketing and category management



**Greg
Fleishman**

- Creates and grows brands: During 20-year career launched 1,500+ items across 17 F&B categories into 12 countries
- Currently serves on BOD for Demeter Biodynamic, Nuun, 4th Heart, Temple Beverage, Modern Alkeme and Foodstirs
- Named to Forbes List of Top Consumer Catalysts in 2016



**Rick
Antonelli**

- Career dedicated to UNFI; positions included Executive VP, COO, & President of Distribution
- Leadership at Harvest Provision & Fairfield Farm Kitchens
- Served on BOD for Galaxy Nutritional Foods, Zevia, National Cooperative Grocers Association, Mary's Gone Crackers and UNFI



**Tim
Sperry**

- Founder of The Tim Sperry Group; a consultancy focused on clients selling into the Natural, Organic and Specialty Marketplaces
- Previously spent 20 years in purchasing leadership at WFM



**Jeanne
Varley**

- Founder & CEO of Emerging Brand Strategies, LLC; a consultancy to beverage and consumer goods co's
- Held senior level roles with Diageo, Constellation Brands & FIJI water
- MBA from Wharton



**Chris
Licata**

- CEO, The Tecnica Group, a winter sport and outdoor brand distributor; brands include Nordica, Tecnica, Blizzard & Rollerblade
- Previously led Blake's All Natural Foods; acquired by ConAgra Foods in 2015
- Named NH Small Business Person of the Year by The United States Business Administration in 2014

Industry Leadership: “Under Pressure, Here’s What the Big CPGs Will Do”

From a Whipstitch Article
Published 9/13/16

BEVNET

Under Pressure, Here's What Big CPGs Will Do
By Michael Burgmaier



- The hurt is accelerating for the big CPGs; all eight of the top food and beverage companies experienced sales declines in Q1 2016 vs. 2015
- Despite suffering major losses, 2015 experienced strongest growth in food and beverage spending over the past four years thanks to growth of small and mid-sized CPG companies
- Large CPG companies are acting: Acquiring smaller companies and investing in relatively early-stage, fast-growth companies
- The numbers show that consumers are willing to pay and are spending but their money is flowing away from the CPG giants
- Small CPG companies should consider strategics for capital; entrepreneurs should look for great advisors, ask hard questions and think through all possible scenarios

Strategic	Investment Path	Fund/Group Name	Example Investments
	Internal group	Venturing & Emerging Brands (VEB)	Honest tea, suja, ZICO
	External Fund (one LP)	First Beverage Ventures	Q DRINKS, HEALTH-ADE, KOMBUCHA
	Investing	NEB/North America Premium Nutrition & Venturing	O.N.E. Coconut Water, KEVITA
	Investing	--	SWEET LEAF
	Created Fund	Acre Venture Partners	NA - launched 2016
	External Fund (backed by Mars)	Digitalis Ventures	SECOND GENOME THE MICROBIOME COMPANY
	Internal Group	301, Inc.	HYPO MEAT, RHYTHM SUPERFOODS, kite hill
	Internal Group	1894 Ventures	NA - launched 2016
	Investing	--	NUMI ORGANIC TEA
	Investing	--	DAILY GREENS
	Investing	--	BODYARMOR SuperDrink, bai
	Internal Group	Cultivate Ventures	NA - launched 2016

Source: Link [here](#)

M&A Advisory: Select Deals Led by the Whipstitch Team



Private Placement Advisory: Select Deals Led by the Whipstitch Team



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Natural Product Sales Continue to Climb

Natural products sales reached \$54 billion in 2016; highest growth from conventional stores

- Consumer demand for natural products created growth in every major category
- 10.2% sales increase of natural & organic products at conventional retailers

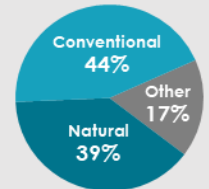
Natural Product Stores' 2016 Sales by Category

		Total Sales (\$MM)	% Change from 2015
Dairy		\$3,934	4.3%
Fruits & vegetables		\$7,031	4.1%
Breads & grains		\$3,949	3.2%
Meat, fish, poultry		\$2,108	5.1%
Beverages		\$6,377	3.4%
Snacks		\$3,158	4.2%
Packaged/prepared foods		\$4,031	4.5%
Condiments		\$1,354	5.4%
Supplement		\$15,081	5.3%
Personal care & other products Total		\$7,388	3.5%
2016 Total		\$54,412	4.3%

Sources: 1. NFM Market Overview/Nutrition Business Journal 2. Natural Foods Merchandiser

2017 Market Overview²

Where the
\$141 billion
in natural products sales
occurred in 2016



Natural & Organic Sales Growth



27.7


Years the average natural
products store has been open

Growing, Falling, Flat



69%

stores that increased
sales in 2016



19%

stores that experienced
a decrease in 2016



12%

stores that had flat
sales in 2016

The Health and Wellness Industry Remains an Active Environment for M&A and Private Investments

2017 on track to become the most active year-to-date for the nutrition, health and wellness industry

- Record breaking 436 transactions so far in 2017
- Top food & beverage transactions include the closing of the WhiteWave acquisition by Danone and the recently announced Whole Foods Market acquisition by Amazon
- The month of July registered the most ever food & beverage transaction for a given month at 72¹
- Of the 72 total, ten were in alcohol, nine dairy, eight soft drinks, six meat, five bakery, four ingredients, four plant-based, three confectionary and three packing¹

Nutrition, Health and Wellness Industry Transactions: M&A Details 2013 – (Jan-June) 2017²

M&A, PP Activity	(Jan-June) 2017	2016	2015	2014	2013
M&A Transactions	172	251	247	174	160
Financings	264	456	380	209	93
Total Transactions	436	707	627	383	253
M&A Growth*	33%	5%	42%	9%	n/a
Financing Growth*	16%	19%	82%	125%	n/a
Transaction Growth*	22%	14%	64%	51%	n/a

Sources: 1. FoodBev.Com: July Acquisitions 2. Nutrition Capital Network (7/24/17)

*Using annualized rate based on first half data

Recent Food & Beverage M&A Highlights

Acquirer	Target	Date	Acquirer	Target	Date	Acquirer	Target	Date
		Mar 2017			June 2017			July 2017
		Mar 2017			June 2017			Aug 2017
		Apr 2017			June 2017			Aug 2017
		Apr 2017			July 2017			Aug 2017
		Apr 2017			July 2017			Aug 2017
		May 2017			July 2017			Aug 2017
		May 2017			July 2017			Sep 2017
		May 2017			July 2017			Sep 2017

Recent Food and Beverage Private Placements

Investor(s)	Target	Date	Investor(s)	Target	Date	Investor(s)	Target	Date
	spindrift	Mar 2017		peeled SNACKS	May 2017			July 2017
	Farmhouse CULTURE	Mar 2017		HIPPEAS	May 2017	TEMASEK HOLDINGS	IMPOSSIBLE	Aug 2017
		Mar 2017	CAVU		May 2017		Banza	Aug 2017
SUNRISE STRATEGIC PARTNERS		Apr 2017		humm kombucha	June 2017	SUNRISE STRATEGIC PARTNERS	KILLCLIFF	Aug 2017
		kidfresh	ADVANTAGE CAPITAL		June 2017		VEGGIE NOODLE CO.	Aug 2017
		May 2017		BACK TO THE ROOTS	July 2017		ollie	Aug 2017
		May 2017			July 2017	Cargill		Aug 2017
Various Industry Leading Angel Investors		May 2017	KARPREILLY GROWTH INVESTORS		July 2017		revive kombucha	Aug 2017
								

Whipstitch's Select Natural Product Trend Highlights

(One slide detail on each on the following eight pages...)

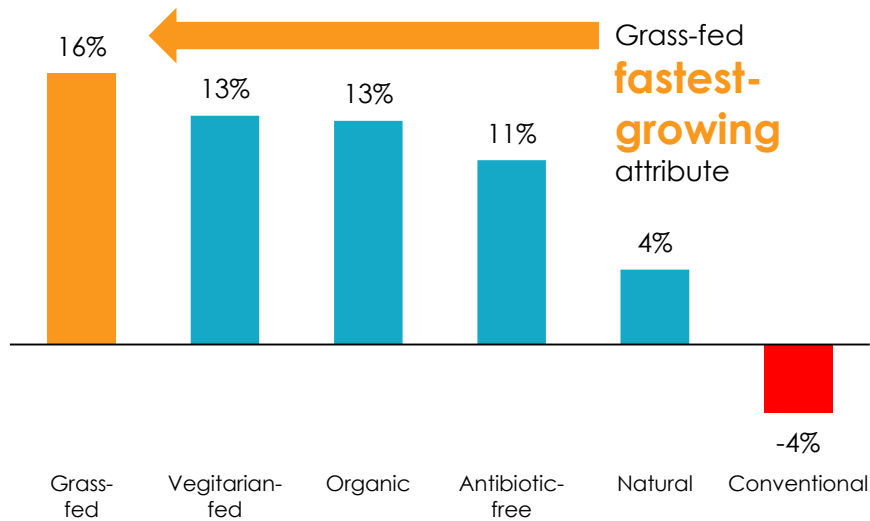
- Grass-fed, Natural / Organic Meats on the Rise
- Beverages: All Growth Coming from Outside CSDs
- Innovative Food / Beverage Start-ups Securing Substantial Funding
- Consumers Focus Most on Sugar Content But Need Additional Understanding
- Meat Snacks Driving Growth in the Salty Snacks Category; Better-for-you Leads the Way
- Amazon Continues to Take Mindshare and is Doubling-down on its Omnichannel Food Strategy
- Tired Categories Rejuvenated By New Better-for-you Innovation
- VMS Industry – 'Have it Your Way' Creating Premiumization Across Category

Grass-fed, Natural / Organic Meats on the Rise

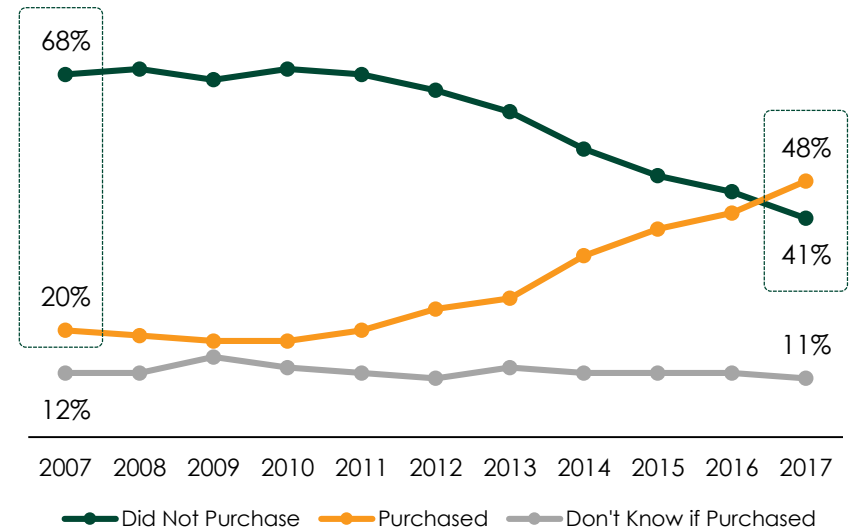
- U.S. grass-fed beef sales at retail and foodservice topped **\$4B in 2015 accounting for 4%** of the \$105B total beef market sales²
- In the past 10 years, the demand for grass-fed beef has **grown at an annual rate of 25-30%**³
- “Grass-fed” is the **fastest-growing** of the top six fresh meat attributes (\$ Sales)¹

- Consumers buying **more** natural/organic meat **than ever before**
- For the **first time in 12 years**, the percentage of U.S. shoppers who have purchased “natural” or “organic” meat and poultry (48 percent in 2016) exceeded those who did not (41 percent)¹
- 10 years ago, gap was nearly 50 percentage points

% Dollar Growth of Fresh Meat Attributes⁴



Organic/Natural Purchases in the Past Three Months¹



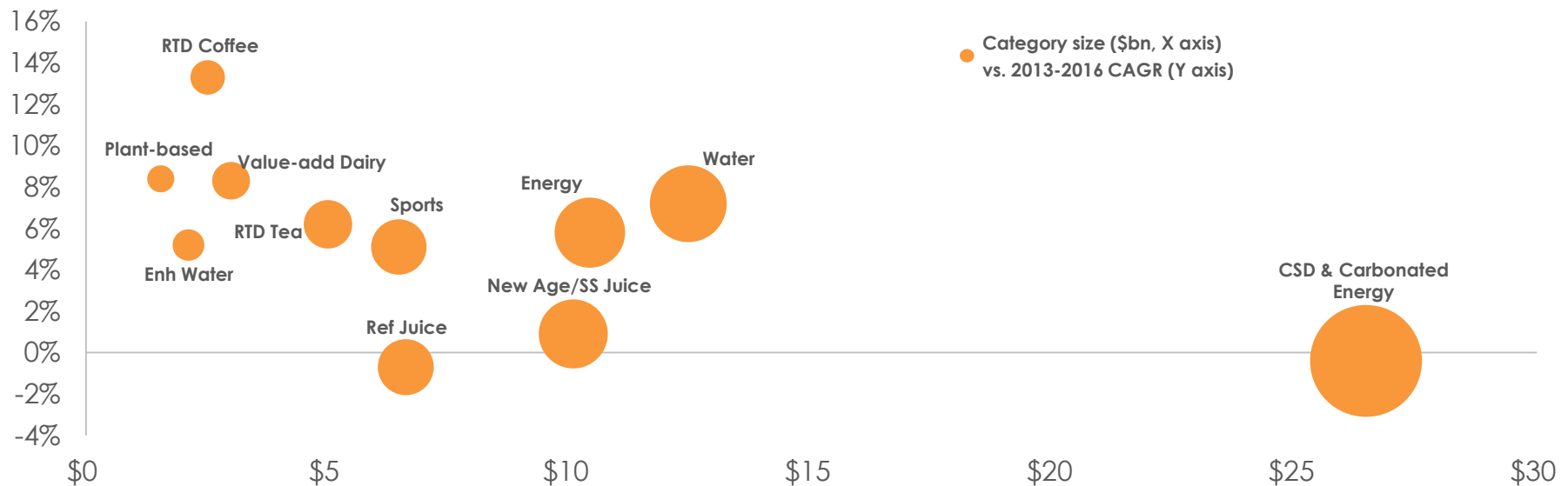
Sources: 1. The Power of Meat 2017 by the Food Marketing Institute (FMI) and the North American Meat Institute (NAMI) 2. Back to Grass, The Market Potential for U.S. Grassfed Beef 3. Wallace Center of the Winrock Foundation 4. Nielsen, FCA, 52 Weeks Ending 11/26/16

Beverages: All Growth Coming from Outside CSDs

CSD and carbonated energy drinks continue to lose, falling -0.4% from 2013 – 2016

- Fastest-growing beverage segments include RTD coffee, plant-based and value-add dairy beverages at 13%, 8% and 8%, respectively
- Water category remains the second largest beverage category and growing at 7%
- Certain sub-segments of the juice category are growing quickly (i.e. Functional) while larger segments are tempering overall growth (i.e. 100% juice)














Beverage Category % Growth and Total \$ (B) Sales, 2013 - 2106²



Sources: 1. Mintel Report – Juice and Juice Drinks (2017) 2. The Nielsen Company, Goldman Sachs Global Investment Research

Innovative Food / Beverage Start-ups Securing Substantial Funding

Food and beverage investors have invested billions, with more appetite for further financings

Company	Description	\$MM Raised	Date Last Raised
 just.	Plant-based egg substitutes	\$240	July 2015
 suja	Cold-pressed juices	\$196	August 2015
 IMPOSSIBLE™	Animal-free meat substitutes	\$183	December 2016
 revolution FOODS	Healthy school lunches & boxed meals	\$146	March 2017
 BLUE BOTTLE COFFEE	Coffee	\$116	June 2016
 FRS HEALTHY ENERGY™	Natural energy drinks and supplements	\$92	July 2013
 soylent	Drinkable meals	\$72	May 2017
 SANTitas	Acai energy drinks, juices and snacks	\$56	January 2015
 BODYARMOR SuperDrink.	Natural energy drinks	\$55	April 2016
 CALIFIA FARMS®	Almond milks & coffee creamers	\$50	September 2015
 SHENANDOAH GROWERS®	Fresh Herbs	\$47	November 2016
 ripple	Plant-based milk substitutes	\$44	July 2016
 BEYOND MEAT	Plant-based meat substitutes	\$40	October 2016

Consumers Focus Most on Sugar Content But Need Additional Understanding

50% of consumers **focus the most on sugar content** in the food they consume...



... but **75% don't know what's included in "sugars"** on the nutritional facts panel...



... and **80%** say they're actively trying to **reduce their sugar consumption**...



... but **68% don't know how much sugar they should consume** each day...¹



...but, the **new nutrition facts label** (if implemented)² should help awareness...

What's Different on the New Label?³

Servings:
larger, bolder
type >>

Nutrition Facts	
8 servings per container	
Serving size	2/3 cup (55g)
Amount per serving	
Calories	230
% Daily Value*	
Total Fat 8g	10%
Saturated Fat 1g	5%
Trans Fat 0g	
Cholesterol 0mg	0%
Sodium 160mg	7%
Total Carbohydrate 37g	13%
Dietary Fiber 4g	14%
Total Sugars 12g	
Includes 10g Added Sugars	20%
Protein 3g	
Vitamin D 2mcg	10%
Calcium 260mg	20%
Iron 8mg	45%
Potassium 235mg	6%
<small>* The % Daily Value (DV) tells you how much a nutrient in a serving of food contributes to a daily diet. 2,000 calories a day is used for general nutrition advice.</small>	

<< Serving sizes updated

<< Calories: larger type

<< Updated daily values

New: added sugars >>

Change in nutrients required >>

<< Actual amounts declared

<< New footnote

Sources: 1. Well+Good and Siggis market research 2. Washington Post – Trump's FDA 3. FDA

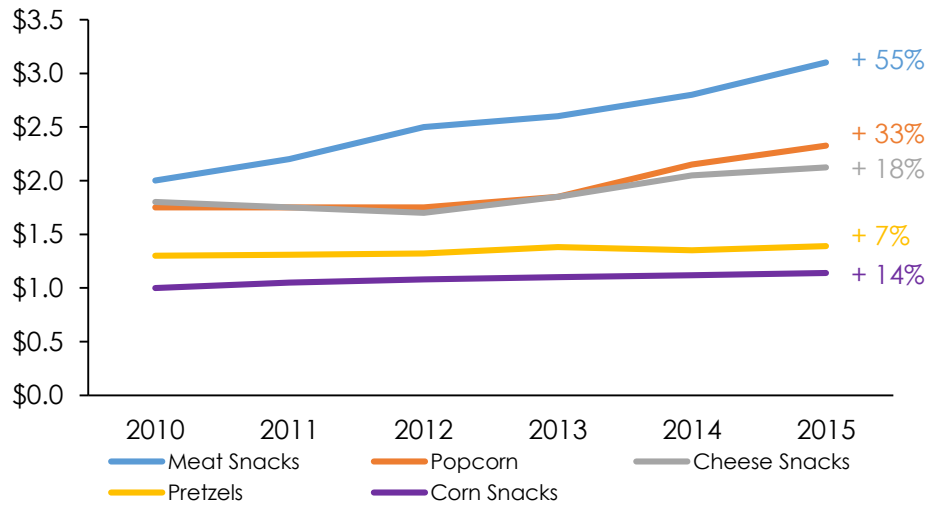


Meat Snacks Driving Growth in the Salty Snacks Category; Better-for-you Leads the Way

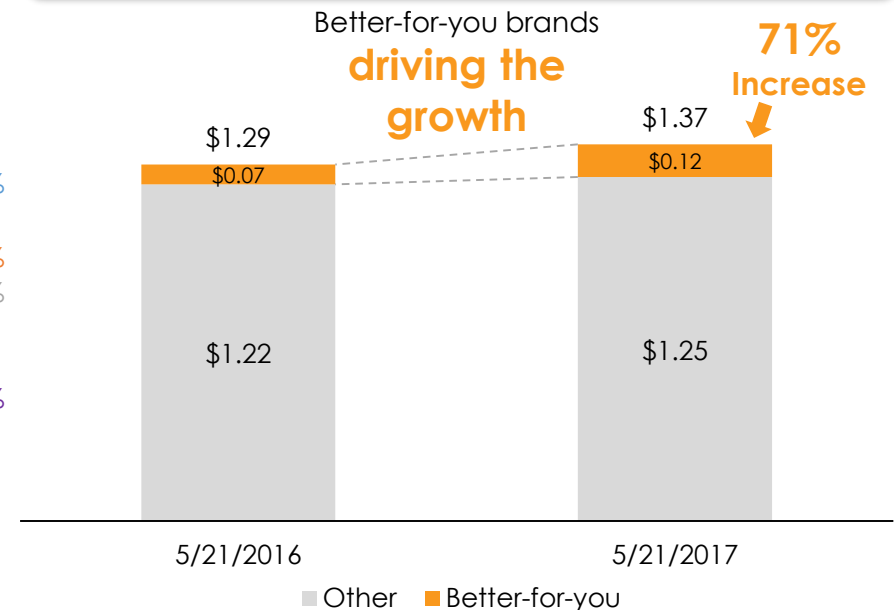
- The salty snacks category experienced strong and steady growth across segments in recent years – sales grew 29% from 2010 to \$10.2B in 2015¹
- Category growth fueled mostly by meat snacks, which grew 55% from 2010 to 2015¹
- Salty snacks category expected to grow an additional 22% from 2015 to 2020 reaching \$12.4B driven by growth in meat snacks at 35% - 40%¹

- Better-for-you meat snack brands account for 9% of category sales but 65% of growth in the conventional channel²
- Like in many other snacking categories, consumers gravitate towards better-for-you, artisanal brands

Salty Snacks Retail Sales by Sub-Segment and Growth from 2010 to 2015¹ (\$B)



Meat Snacks Retail Sales²
(\$B, 52 WE periods below)



Sources: 1. Mintel Report: Salty Snacks - US - April 2016 2. SPINS, Total - MULO, Shelf Stable Jerky and Meat Snacks, 52 WE, Note: Better-for-you brands include Caveman, Chefs Cut, Country Archer, Dukes, Epic, Field Trip, Krave, Lorissa's Kitchen, Perky Jerky, The New Primal and Vermont Smoke & Cure

Amazon Continues to Take Mindshare and is Doubling-down on its Omnichannel Food Strategy

Amazon is becoming a part of everyday life and increasing its presence in food (true omnichannel)

Amazon is Growing and Stealing Mindshare

Amazon on pace to be **more popular than cable**; nearly 79MM U.S. households now have an Amazon Prime membership, **up from around 66MM** at the end of last year, while **only 90MM** U.S. households will **pay for cable** or satellite TV this year¹

A recent online shopping study from 1Q 2017 shows **Amazon is the first stop at 2x the rate of Google**²

The Many Ways Amazon Sells Food

Amazon Fresh

Next-day grocery delivery from Amazon's virtual grocery store

Amazon Meal Kits

Amazon meal kit delivery (coming soon...)

Amazon Pantry

Next-day shelf-stable food ordered from Amazon.com

Amazon Prime Now

Same-day grocery delivery from selected grocery stores (i.e. Sprouts)

Whole Foods **NEW**

Amazon bricks-and-mortar
































Sources: 1. S&P Global 2. Business Insider 3. Forbes

Amazon / Whole Foods Strategy?³

- With the Whole Foods acquisition, Amazon now has a traditional bricks-and-mortar grocery asset in its portfolio
- Many speculate that Amazon's interest in acquiring Whole Foods stems from: (1) Data and (2) Product
- **Amazon Wants to Understand Whole Foods' Data:**
 - Grocery purchase data offers deep insight into consumer buying habits given the frequency of purchases (people buy groceries every week!)
 - The average Whole Foods customer is affluent and higher-margin than other grocery stores (over \$1,000 of disposable income per month)
 - This insight will help Amazon tailor grocery shopping to the individual and capitalize on upsell opportunities
- **Amazon Wants to Bolster its Private Label Offering:**
 - Whole Foods has a strong private label brand in 365
 - Amazon is becoming more vertically integrated and is focused on providing unique products that cannot be found on other sites or in other stores
 - Many products sold on Amazon are perceived to be branded, but are actually owned and controlled by Amazon

Tired Categories Rejuvenated By New Better-for-you Innovation

- Though on-trend fast-growing product categories continue to attract significant investor interest and media attention, market share opportunities exist in many multi-billion dollar “tired” product categories
- Backed by off-trend legacy products, these diet staples lack alignment with today’s millennial consumers, creating a significant opportunity for up-and-coming “2.0” brands offering clean-label, better-for-you products
- As these disruptors gain market share, expect large CPGs to leverage M&A to supplement declining brand portfolios

Category	Size (\$B)	YoY Growth	Legacy Brands	Disruptive Brands
Frozen Entrees & Pizza	\$10.0+ ¹	-0.5% ¹	    	  
Chocolate Candy	\$9.3 ²	2.0% ²	   	  
Baking Mixes	\$4.1 ³	-3.4% ³	  	   
Dried Pasta	\$3.3 ⁴	2.0% ⁴	  	 
Cottage Cheese & Cream Cheese	\$2.3 ⁵	1.4% ⁵	  	

Sources: 1. IRI MULO; 52 Weeks Ending 4/16/17 2. IRI MULO; 52 Weeks Ending 3/19/17 3. Mintel 4. Statista 5. IRI MULO; 52 Weeks Ending 9/4/17

VMS Industry – ‘Have it Your Way’ Creating Premiumization Across Category

- Consumers continue to demand more efficacious and personalized supplementation solutions with sales of supplements up 5% YoY¹
- At home nutrition and lifestyle test kits are becoming more affordable – companies such as Wellnicity and others can curate a personalized supplementation plan based on saliva or urine
- Whitespace remains for companies to merge genetic and nutritional data into custom curated supplement solutions; further disrupting the \$14B D2C supplement market²

Companies Attacking Personalized Nutrition



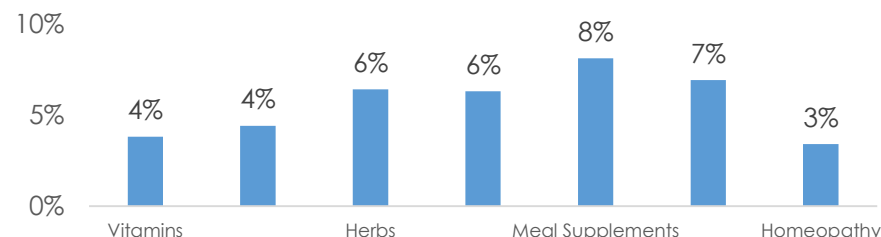
1. SPINS 52 weeks ending 3/19/2017; New Hope 2. Nutrition Business Journal 3. USAGE 4. Hartman Group

Daily Supplement Use by Generation⁴



- 68%³ of Americans take a multivitamin daily – with a heavy weighting towards ‘Boomers’ (69%)
- Multivitamin industry growth has slowed to 4%,² proving younger generations are not Centrum users
- Much like in food and beverage, younger generations are demanding a better multi – one with technology and efficacy – brands such as Orb poised for success – offer time-released functional supplements

Supplement Sales Growth by Segment 2016 vs. 2015 at Natural Retailers²



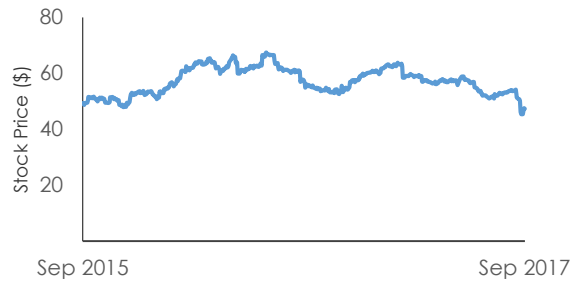
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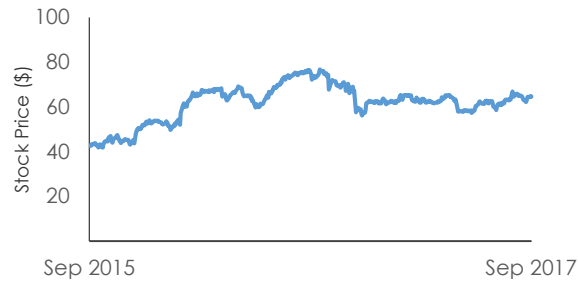


Select CPG Stock Performance – Where is the Growth!?

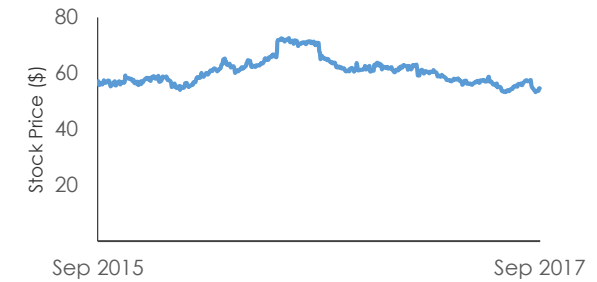
Campbell Soup Company (CPB)



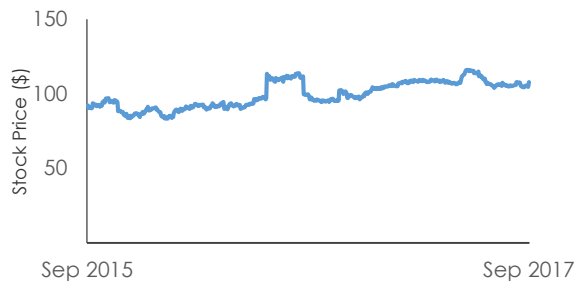
Tyson Foods (TSN)



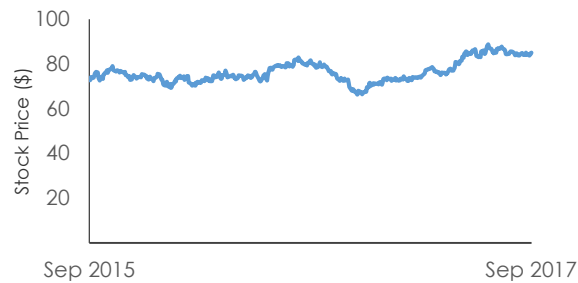
General Mills (GIS)



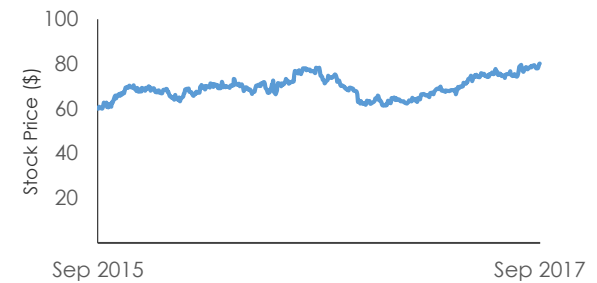
The Hershey Company (HSY)



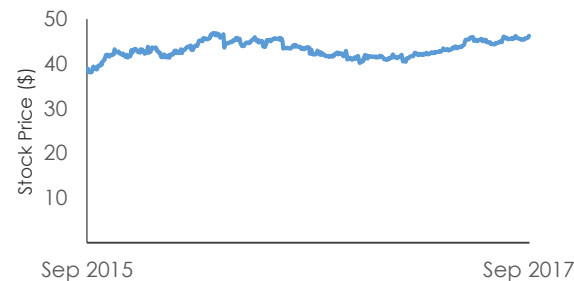
Nestlé S.A. (NESN)



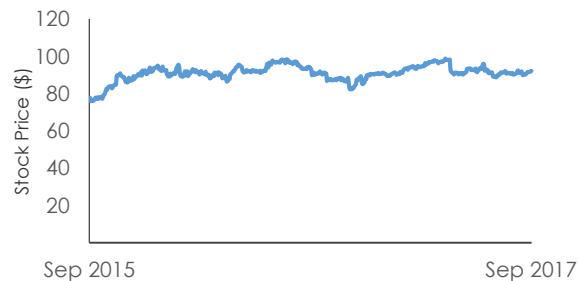
Danone (BN)



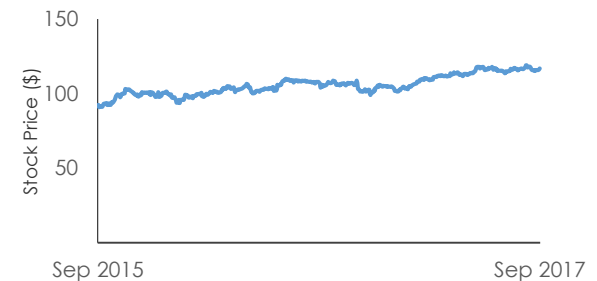
The Coca-Cola Company (KO)



Dr Pepper Snapple Group (DPS)



PepsiCo (PEP)



Source: S&P Capital IQ as of 3/1/17

Strong Revenue Growth Leads to Top-tier Valuation Multiples



Source: Capital IQ & Industry Research

Selected Consumer M&A

Announced Date	Target	Acquirer	Transaction Value (\$ in 000)	Enterprise Value /	
				Revenue	EBITDA
9/7/17	Sweet Earth, Inc.	Nestle USA, Inc.	n/a	n/a	n/a
8/29/17	Popcorn, Indiana LLC	Eagle Family Foods Group LLC	n/a	n/a	n/a
8/24/17	Bruegger's Enterprises, Inc.	Caribou Coffee Company, Inc.	n/a	n/a	n/a
8/24/17	Cidade do Sol Alimentos S/A	Hormel Foods Corporation	\$104,000	n/a	n/a
8/24/17	Xiaodu Life Technology Ltd	Shanghai Lazhasi Information Technology Co., Ltd.	800,000	n/a	n/a
8/21/17	Boyd Coffee Company, Inc.	Farmer Bros. Co.	58,600	6.2x	n/a
8/21/17	Glutenfreeda Foods, Inc.	Flagship Food Group LLC	n/a	n/a	n/a
8/21/17	Mühlehof-Gewürze AG	Frutarom Industries Ltd.	6,900	2.0	n/a
8/20/17	Back to Nature Foods Company, LLC	B&G Foods, Inc.	162,500	2.0	9.6
8/18/17	Ridel	Standard Investment	n/a	n/a	n/a
8/17/17	Capitol Wholesale Meats, Inc. (Fontanini Italian Meats)	Hormel Foods Corporation	n/a	n/a	n/a
8/17/17	The Cold Press Corp. (Cedar Juice)	GreenSpace Brands Inc.	5,050	n/a	n/a
8/15/17	Richgood Gourmet LLC (Icebox Coffee)	Royal Cup, Inc.	n/a	n/a	n/a
8/14/17	Kansas City Sausage Company, LLC	Smithfield Foods, Inc.	n/a	n/a	n/a
8/7/17	Amedei Srl	Ferrarelle SpA	n/a	n/a	n/a
8/4/17	J+D Laboratories, Inc.	Captek Softgel International, Inc.	n/a	n/a	n/a
8/3/17	Anchor Brewing Company, LLC	Sapporo Holdings Limited	85,000	2.6	n/a
8/3/17	Cold Spring Brewing Company	Brynwood Partners, Brynwood Partners VII L.P.	n/a	n/a	n/a
8/3/17	Eat24Hours.com, Inc.	GrubHub Inc.	287,500	n/a	n/a
7/27/17	Daiya Foods Inc.	Otsuka Pharmaceutical Co., Ltd.	323,500	5.1	n/a
7/27/17	First Watch Restaurants, Inc.	Advent International Corporation	n/a	n/a	n/a
7/27/17	President Starbucks Coffee Corporation (Taiwan) Company Limited (50% share, East China business)	Starbucks Corporation	1,300,000	n/a	n/a
7/26/17	Alphabet Holding Company, Inc. (Nature's Bounty)	KKR & Co. L.P.	n/a	n/a	n/a
7/25/17	Chosen Foods, LLC	SESAL S.A.	n/a	n/a	n/a

Source: Capital IQ & Industry Research

Selected Consumer M&A

Announced Date	Target	Acquirer	Transaction Value (\$ in 000)	Enterprise Value /	
				Revenue	EBITDA
7/25/17	Cott Beverages Inc. (Cott's North America, UK and Mexico businesses)	Refresco Group	\$1,250,000	0.7x	9.2x
7/20/17	Creekstone Farms Premium Beef, LLC	Marubeni Corporation	n/a	n/a	n/a
7/20/17	East Balt, Inc.	Grupo Bimbo	650,000	1.5	9.3
7/20/17	Hiball, Inc.	Anheuser-Busch Companies, LLC	n/a	n/a	n/a
7/17/17	Albertville Quality Foods, Inc.	OK Foods, Inc.	140,000	0.5	n/a
7/10/17	Borden Dairy Company	ACON Investments, L.L.C	n/a	n/a	n/a
7/6/17	Cloetta Italia S.r.l	Katjes International GmbH & Co. KG	53,300	0.6	n/a
7/6/17	Cobral Sarl	Les Fromentiers De France	n/a	n/a	n/a
7/6/17	Kutoa Company, LLC	Toosum Healthy Foods, LLC	n/a	n/a	n/a
6/28/17	The Better Bean Company	The Hain Celestial Group, Inc.	n/a	n/a	n/a
6/27/17	Stampede Meat, Inc.	Wynnchurch Capital, LLC	n/a	n/a	n/a
6/22/17	Uncle Matt's Organic	Dean Foods Company	n/a	n/a	n/a
6/19/17	It's Sugar, LLC	BBX Capital	57,000	0.7	8.4
6/16/17	Whole Foods Market, Inc.	Amazon.com, Inc.	13,723,500	0.9	10.3
6/9/17	Greystone Foods LLC	Imperial Frozen Foods	n/a	n/a	n/a
6/8/17	Rao's Specialty Foods, Inc.	Sovos Brands Intermediate, Inc.	n/a	n/a	n/a
6/1/17	PDC Brands	CVC Capital Partners Limited, CVC European Equity	1,425,000	n/a	n/a
5/31/17	MaMa Rosa's Pizza LLC	Schwan's Shared Services, LLC	n/a	n/a	n/a
5/30/17	Wesson Oil (Conagra)	The J. M. Smucker Company	285,000	n/a	9.5
5/24/17	Kicking Horse Coffee Co. Ltd	Luigi Lavazza S.p.A.	159,800	n/a	n/a
5/23/17	Tillamook Country Smoker, Inc.	Insignia Capital Group, LLC	n/a	n/a	n/a
5/9/17	Estancia Beef, Inc.	Verde Farms, LLC	n/a	n/a	n/a
5/8/17	Maple	Roofoods Limited (Deliveroo)	n/a	n/a	n/a
5/4/17	Lagunitas Brewing Company	HEINEKEN USA Incorporated	n/a	n/a	n/a
4/20/17	Beanfields, PBC	Powerplant Ventures, LLC	n/a	n/a	n/a

Source: Capital IQ & Industry Research

Selected Consumer M&A

Announced Date	Target	Acquirer	Transaction Value (\$ in 000)	Enterprise Value /	
				Revenue	EBITDA
4/20/17	Kensington & Sons, LLC (Sir Kensington)	Unilever PLC	\$140,000	n/a	n/a
4/18/17	Weetabix Limited	Post Holdings, Inc.	1,786,240	3.4x	11.7x
4/11/17	Atkins Nutritionals Holdings, Inc.	Conyers Park Acquisition Corp.	730,100	n/a	n/a
4/10/17	Unified Grocers, Inc.	SUPERVALU Inc.	373,400	0.1	9.6
4/5/17	Country Fresh, Inc.	Kainos Capital, LLC	n/a	n/a	n/a
4/5/17	Panera Bread Company	JAB Holdings B.V.	7,593,200	2.7	18.7
4/3/17	Scivation, Inc.	Nutrabolt Inc.	n/a	n/a	n/a
4/2/17	Masan Group Corporation	KKR & Co. L.P.	n/a	n/a	n/a
3/31/17	Maverick Brands, LLC (Coco Libre)	New Age Beverages Corporation	12,600	n/a	n/a
3/31/17	Yasso	Castanea	n/a	n/a	n/a
3/29/17	Vermont Creamery LLC	Land O Lakes Inc.	n/a	n/a	n/a
3/28/17	Strauss Coffee B.V.	Strauss Group Ltd.	836,500	n/a	n/a
3/23/17	Fresh Frozen Foods, LLC	The Pictsweet Company	23,700	n/a	n/a
3/21/17	BN Ranch, LLC	Blue Apron, Inc.	n/a	n/a	n/a
3/21/17	Only What You Need (OWYN)	Halen Brands	n/a	n/a	n/a
3/16/17	THANASI Foods, LLC (Duke's, Big's Seeds)	Conagra Brands, Inc.	n/a	n/a	n/a

Source: Capital IQ & Industry Research

Consumer Private Placements

<u>Announced Date</u>	<u>Target</u>	<u>Investor(s)</u>	<u>Transaction Value (\$ in 000)</u>
8/28/17	HannahMax Baking, Inc. (Cookie Chips)	Fenwick Brands	n/a
8/24/17	Revive Brands (Revive Drinks)	Peet's Coffee & Tea, Inc., Prolog Ventures, Greenhouse Capital Partners, Blueberry Ventures, Rodeo CPG LLC	\$7,500
8/23/17	Memphis Meats, Inc.	Draper Fisher Jurvetson, Cargill, Incorporated, Atomico Investment Holdings Limited, SOSV, Inevitable Ventures, New Crop Capital, Fifty Years, KBW Ventures	17,000
8/23/17	Ollie Pet Inc.	Canaan Partners, WME Ventures, Rosecliff Ventures, RiverPark Funds, Correlation Ventures, Primary Venture Partners and Lerer Hippeau Ventures	12,600
8/17/17	Commonwealth Joe LLC	Stroud Companies, Hammerstone Capital, Mendacre	2,500
8/15/17	Veggie Noodle Co., LLC	Encore Consumer Capital	n/a
8/10/17	Chef'd, LLC	Smithfield Foods, Fresh Direct	25,200
8/10/17	Kill Cliff, Inc.	Sunrise Strategic Partners, LLC	n/a
8/7/17	Waterloo Sparkling Water	CAVU Venture Partners	3,200
8/3/17	Banza LLC	Beechwood Capital, Strand Equity Partners, RSE Ventures	7,500
8/3/17	Chickapea Pasta	District Ventures	n/a
8/3/17	Sugarfina, Inc.	Great Hill Partners, LLC	35,000
8/2/17	MatchaBar, Inc.	Bullish, other high net-worth individuals	2,500
8/1/17	Golding Farms Foods, Inc.	Centre Partners Management LLC	n/a
7/27/17	Protein2o, Inc.	-	4,000
7/26/17	21st Amendment Funkwerks	The Brooklyn Brewery Corporation	n/a
7/25/17	Roar Beverages	L.A. Libations	n/a
7/20/17	S&E Gourmet Cuts, Inc. (Country Archer Jerky)	Monogram Capital Partners	n/a
7/19/17	BKON LLC	Wave Investments GmbH	1,000
7/18/17	Koia	KarpReilly LLC, AccelFoods, LLC	7,500
7/13/17	Blaze Pizza, LLC	Brentwood Associates, Inc.	n/a

Source: Capital IQ & Industry Research

Consumer Private Placements

<u>Announced Date</u>	<u>Target</u>	<u>Investor(s)</u>	<u>Transaction Value (\$ in 000)</u>
7/12/17	Noho Health, Inc. (Care/of)	RRE Ventures LLC, Goodwater Capital, Tusk Ventures, Juxtapose, Bullish	\$12,000
7/12/17	Revere	Lerer Hippeau Ventures, Brand Foundry Ventures, Sterling VC	2,000
7/11/17	Brandless, Inc.	New Enterprise Associates, GV, Redpoint Ventures, Cowboy Ventures and Slow Ventures	35,000
7/11/17	Sonoma Creamery LLC	Svoboda Capital Partners LLC, Svoboda Capital Fund IV, L.P.	10,000
7/6/17	Drums Food International Pvt. Ltd. (Epigamia)	Verlinvest S.A., InnoVen Capital India, DSG Consumer Partners, DSG Consumer Partners II	13,900
7/6/17	Wilde Brands LLC	Echo Capital Group LLC	n/a
6/30/17	Skeeter Snacks LLC (Safe + Fair)	Acre Venture Partners	10,000
6/28/17	Hydration Labs, Inc. (Bevi)	Trinity Ventures, Horizons Ventures Limited, Tamarisc, LLC	16,500
6/22/17	That's It Nutrition	Opus Equity Partners	n/a
6/20/17	Freshly, Inc.	Highland Capital Partners, Insight Venture Partners LLC, Nestlé USA, Inc., White Star Capital, L.P.	77,000
6/15/17	Bright Greens	Eighteen94 Capital, Blu Venture Fund, Circle Up	2,000
6/14/17	Yes To, Inc.	Viking Global Investors LP	56,000
6/8/17	Daily Harvest, Inc.	Collaborative Fund, Rubicon Venture Capital, 14W, WME Ventures, Gwyneth Paltrow, Serena Williams	n/a
6/8/17	Oath Craft Pizza	Breakaway Innovation Group	7,000
6/6/17	Fishpeople Seafood	Advantage Capital Agribusiness Partners, 3x5 Partners, S2G Ventures, Encourage Capital, Blueberry Ventures and Collaborative Fund	12,000
6/5/17	Humm Kombucha, LLC	VMG Partners	8,000
6/5/17	Nona Lim, LLC	Harbinger Ventures, Echo Capital Group, Navama & Kouffman LLC, CircleUp and Cambridge Companies SPG	3,000
6/5/17	Primal Kitchen	-	n/a
6/2/17	Biena, LLC	New Ground Ventures, LP, Blueberry Ventures, Centerman Capital	3,750
5/24/17	Bulletproof 360, Inc.	CAVU Venture Partners, Trinity Ventures	19,000
5/24/17	Chef'd, LLC	Campbell Soup Company, Fresh Direct, LLC	10,000

Source: Capital IQ & Industry Research

Consumer Private Placements

<u>Announced Date</u>	<u>Target</u>	<u>Investor(s)</u>	<u>Transaction Value (\$ in 000)</u>
5/24/17	Lenny & Larry's LLC	Lion Capital	n/a
5/23/17	HIPPEAS	Strand Equity, Leonardo DiCaprio	n/a
5/18/17	Wise Owl Holdings LLC (Owl's Brew)	ZX Ventures LLC	\$4,000
5/17/17	Peeled, Inc.	Seurat Capital	n/a
5/17/17	R.E.D.D. Bar	Various Industry Leading Angel Investors	2,100
5/5/17	Good Karma Foods, Inc.	Dean Foods Company	n/a
5/1/17	DRINKmaple	Freshtracks Capital, Several Other Investors	4,350
4/25/17	Kidfresh, LLC	Emil Capital Partners, LLC, AccelFoods, LLC, Monogram Capital Partners	10,000
4/20/17	Soylent Corporation	GV, Andreessen Horowitz LLC, Lerer Hippeau Ventures, Tao Capital Partners	50,000
4/19/17	Cuvee Coffee	Hick's Equity Partners	n/a
4/12/17	Kick Foods, LLC (Good Day Chocolate)	Boulder Food Group, Accel Foods	n/a
4/6/17	Vital Farms, Inc.	Sunrise Strategic Partners, LLC	n/a
4/6/17	Wandering Bear LLC	AccelFoods	2,400
4/3/17	Purely Elizabeth LLC	301 Inc.	3,000
3/31/17	Nutriati Inc.	Circadia Ventures LLP, New Richmond Ventures, Powerplant Ventures, LLC, Powerplant Ventures, L.P., Blueberry Ventures	9,020
3/24/17	Traditional Medicinals, Inc.	The Builder's Fund	8,500
3/22/17	Dig Inn Seasonal Market	Monogram Capital Partners, AVALT Holdings	30,000
3/22/17	High Brew Coffee, Inc.	BIGR Ventures LP, Boulder Investment Group Reprise	17,000
3/20/17	BEFORE Brands, Inc.	Gurnet Point Capital Limited	35,000
3/7/17	Farmhouse Culture, Inc.	301 Inc.	6,500
3/6/17	Spindrift Soda Company	VMG Partners, Prolog Ventures, KarpReilly LLC	n/a
3/2/17	BOBO's	BIGR, Range Light	8,000
3/2/17	Maplebear Inc. (Instacart)	Kleiner Perkins Caufield & Byers, Sequoia Capital, several other syndicate buyers	400,000
2/28/17	D's Naturals	2X Consumer Products Growth Partners, 301 Inc.	n/a

Source: Capital IQ & Industry Research

Contents

- Whipstitch Capital Overview
- Deal Update / Whipstitch's Consumer Industry Thoughts
- Food & Beverage M&A and Private Placement Deal Data
- **SPINS Market Update: Produced for Whipstitch's Industry Analysis**





Key Trends In The Natural Products Industry



September 2017

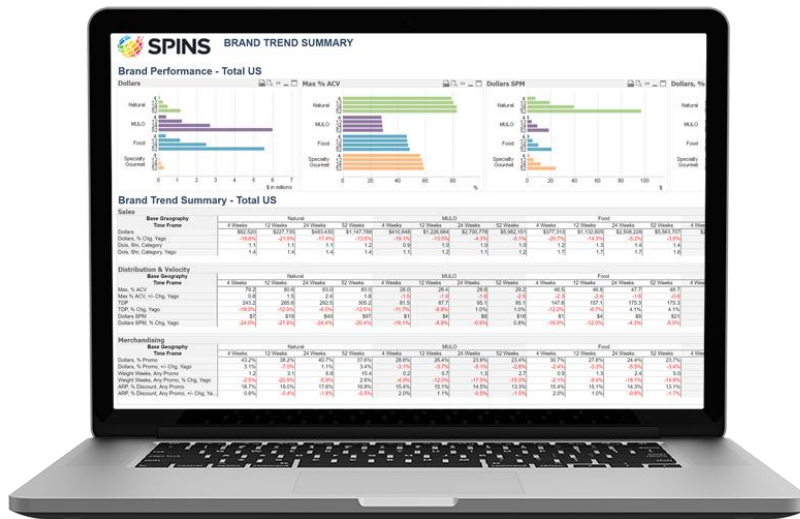
SPINS Overview



WHO IS SPINS?

For 20 years, SPINS has been an industry partner enabling the growth of Natural, Organic, and Specialty Products.

SPINS transforms raw data into intelligent and actionable business solutions.



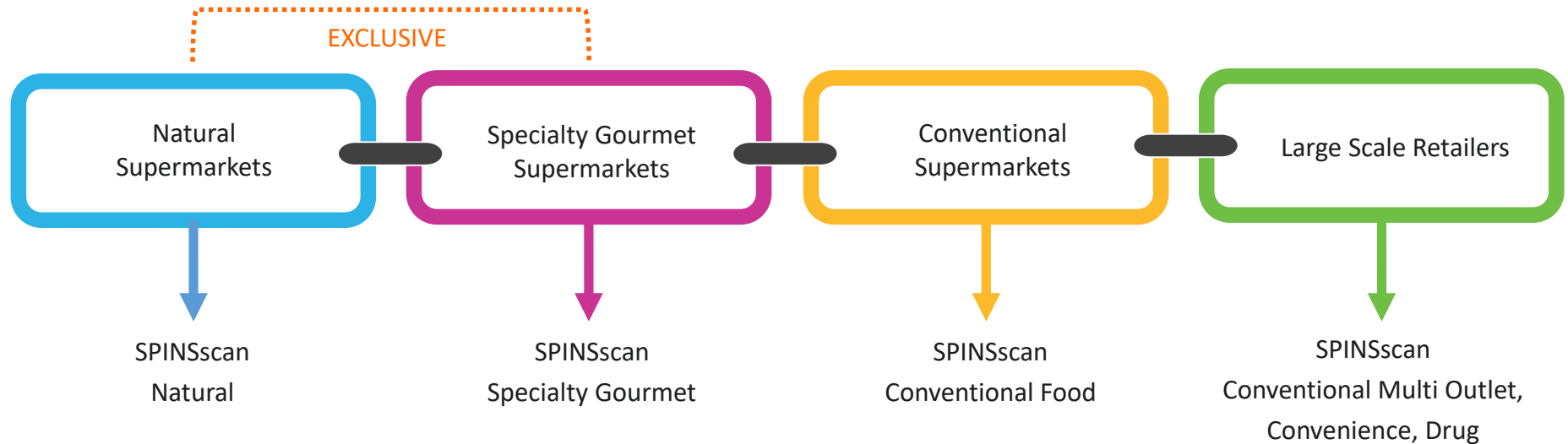
- Tailored Solutions for **Brands, Retailers, Distributors, Brokers, and Investors**
- **Data & Reporting Solutions** -- Snapshots, Subscriptions, and Business Intelligence
- **Growth Solutions** -- Brand and Retail Strategy, Consumer Insights, and Due Diligence
- **Digital Solutions** -- Digital Marketing Applications, Scorecards, and Mobile Apps

All powered by SPINS and third-party data

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Cross-Channel Reporting

ONLY SPINS DELIVERS A COMPLETE VIEW OF PRODUCT DISTRIBUTION.



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Health & Wellness Product Library

Retail data is segmented in our Product Library – a database of nearly 2 million UPCs. Every product with a barcode is coded for an expansive list attributes, allowing for trillions of nuanced trend insights.

Categories
e.g. Energy Bars, Non-Dairy Beverages, Meat Alternatives, Homeopathy, Herbal Formulas

Subcategories
e.g. Medicinal Teas, Cheese & Alternatives, Yogurt & Kefir, Functional Beverages & Kombucha

Attribute Types
Spanning 75 attribute groups such as Functional Ingredient, Gluten Free, Vegan, Hormone Free, Allergy Free, Paleo, Sprouted



Certifications
e.g. Non-GMO Project, NOP Organic, Fair Trade USA, B Corporation, Whole Grains Council

Health Focus
e.g. Blood Sugar, Bone, Joint, Cardiovascular, Immune, Digestive, Prenatal, Prostate, Weight

Ingredients
e.g. Chia, Fish Oil, Fiber, Plant Sterols, Vitamin D, Probiotics, DHA, Protein, Glucosamine

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Cross-Channel Insights

Through SPINS, Investors can see that Natural Products continue to outpace Total Product sales growth in every channel. Only SPINS:

- Tracks retail sales performance across three major channels
- Segments total sales by three product segments -- Natural, Specialty, Conventional products



Source: SPINSScan Natural and Specialty Gourmet (proprietary), Conventional Multi Outlet (powered by IRI), 52 weeks ending 8/13/2017. UPC coded items only. Natural and Organic defined as SPINS NPI Brand positions

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Retail Channel Dynamics



Natural Channel Product Mix

Natural Channel				
	\$ Sales (\$MM)	\$ % Change	\$ Growth (\$MM)	% Dollar Share
Natural Products	\$6,641	+5.9%	+\$369	80%
Specialty Products	\$1,077	+3.7%	+\$39	13%
Conventional Products	\$614	+3.5%	+\$21	7%
TOTAL UNIVERSE	\$8,334	+5.4%	+\$428	100%

The Natural Channel continues to drive the development of the Natural Products Industry.

- Natural products comprise lion's share of sales mix
- Retailers are selectively adding health & wellness and conventional products with success.



Independent
Natural Food
Retailers
Association



Total U.S. Retail Dollar Sales – Natural Channel
52 Weeks Ending 8/13/17
UPC Coded Items Only

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Specialty Gourmet Channel Product Mix

Specialty Gourmet Channel				
	\$ Sales (\$MM)	\$ % Change	\$ Growth (\$MM)	% Dollar Share
Natural Products	\$2,310	(0.8%)	(\$19)	28%
Specialty Products	\$2,253	(1.3%)	(\$30)	28%
Conventional Products	\$3,608	(3.9%)	(\$143)	44%
TOTAL UNIVERSE	\$8,172	(2.3%)	(\$193)	100%

Within the Specialty Gourmet Channel, natural, specialty, functional products are driving all growth.

- Retailers investing heavily in natural products and continuing to grow specialty/functional products
- Conventional products continue to lose share within the Specialty Channel and are declining slightly.



Bristol Farms
Your Extraordinary Food Store

heinen's

MARIANO'S

Total U.S. Retail Dollar Sales – Specialty Gourmet Channel
52 Weeks Ending 8/13/17
UPC Coded Items Only

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Conventional Multi Outlet Channel Product Mix

Conventional Multi Outlet				
	\$ Sales (\$MM)	\$ % Change	\$ Growth (\$MM)	% Dollar Share
Natural Products	\$44,573	+7.0%	+\$2,910	7%
Specialty Products	\$76,404	+2.0%	+\$1,497	13%
Conventional Products	\$483,203	(1.5%)	(\$7,407)	80%
TOTAL UNIVERSE	\$604,181	(0.5%)	(\$3,000)	100%

In the Conventional Channel, we see greater emphasis on natural & specialty products with almost 10% growth.

- Significant focus on natural and specialty products
- While conventional products represent more than 80% of sales, they represent a negative contribution to growth, declining by almost \$1B.



Total U.S. Retail Dollar Sales – Multi-Outlet Channel
52 Weeks Ending 8/13/17
UPC Coded Items Only

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Cross-Channel Performance

Combined, we can see major shifts are occurring across retail channels and product segments.























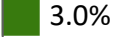



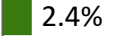



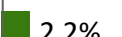


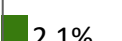





	Natural Channel		Specialty Gourmet Channel		Multi-Outlet Channel		COMBINED CHANNEL	
	\$ Sales (\$ B)	\$ % Chg	\$ Sales (\$ B)	\$ % Chg	\$ Sales (\$ B)	\$ % Chg	\$ Sales (\$ B)	\$ % Chg
Natural Products	\$6.6	+5.9%	\$2.3	(0.8%)	\$44	+7.0%	\$53.5	+6.5%
Specialty Products	\$1.1	+3.7%	\$2.2	(1.3%)	\$76	+2.0%	\$79.7	+1.9%
Conventional Products	\$0.6	+3.5%	\$3.6	(3.9%)	\$483	(1.5%)	\$487.4	(1.5%)
TOTAL UNIVERSE	\$8.3	+5.4%	\$8.1	(2.3%)	\$604	(0.5%)	\$620.7	(0.4%)

Total U.S. Retail Dollar Sales – Natural, Specialty Gourmet, MULO Channels, 52 Weeks Ending 8/13/17
UPC Coded Items Only

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Conventional retailers are heavily focused on natural products (NPI)

Top Conventional Accounts, Natural Products

Top 10 Retailers	NPI \$ Sales (B)	NPI Share	NPI Share Pt. Change	NPI Sales Growth Rate	NPI Abs \$ Sales Growth (M)
	\$6.4	 14.5%	 +0.4	 +10.1%	+\$589.5
	\$5.9	 13.2%	 +0.2	 +8.9%	+\$479.2
	\$4.0	 8.9%	0.0	 +6.8%	+\$254.3
	\$3.5	 7.8%	0.0	 +7.0%	+\$225.2
	\$2.4	 5.4%	 +0.1	 +8.2%	+\$182.3
	\$2.0	 4.5%	0.0	 +7.3%	+\$135.5
	\$1.3	 3.0%	-0.4 	-5.4% 	(\$75.9)
	\$1.1	 2.4%	-0.1 	 +3.9%	+\$40.2
	\$1.0	 2.2%	0.0	 +8.4%	+\$74.8
	\$1.0	 2.1%	-0.3 	-7.8% 	(\$80.5)
Total MULO	\$44.5	 7.0%	 +0.5	 +7.0%	+\$2909

Total U.S. Retail Dollar Sales – Multi Outlet Channel
52 Weeks Ending 8/13/17
UPC Coded Items Only

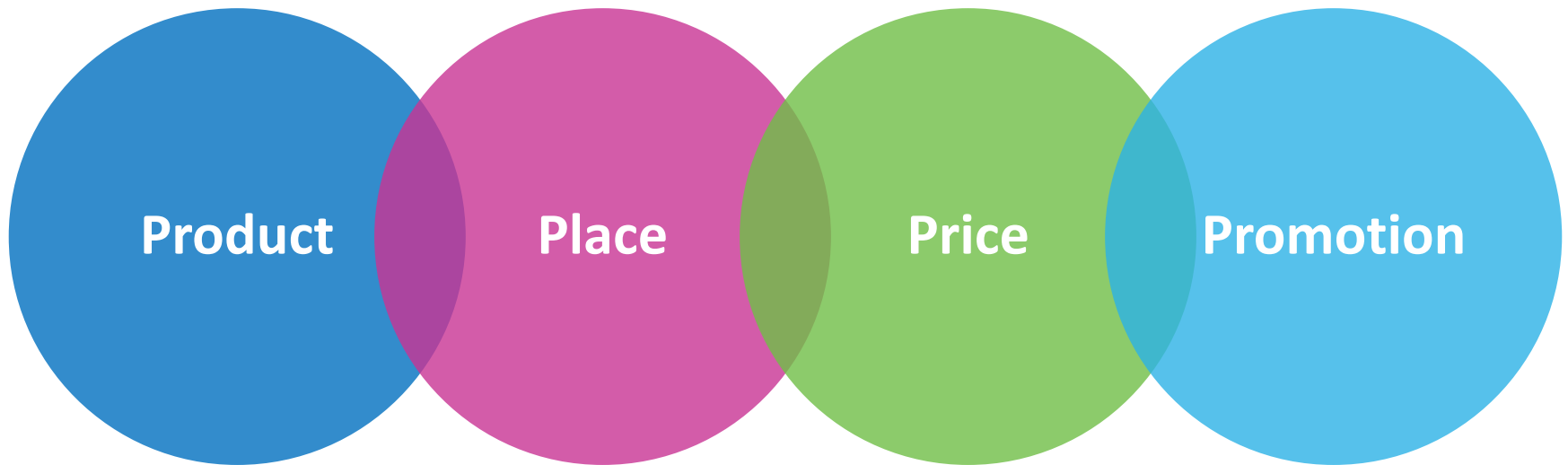
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SPINSights Conventional Channel



For **Whipstitch**, SPINS analyzed the dynamics driving Natural Products growth in the Conventional Channel

What are the “4Ps dynamics” driving Natural Product Growth?

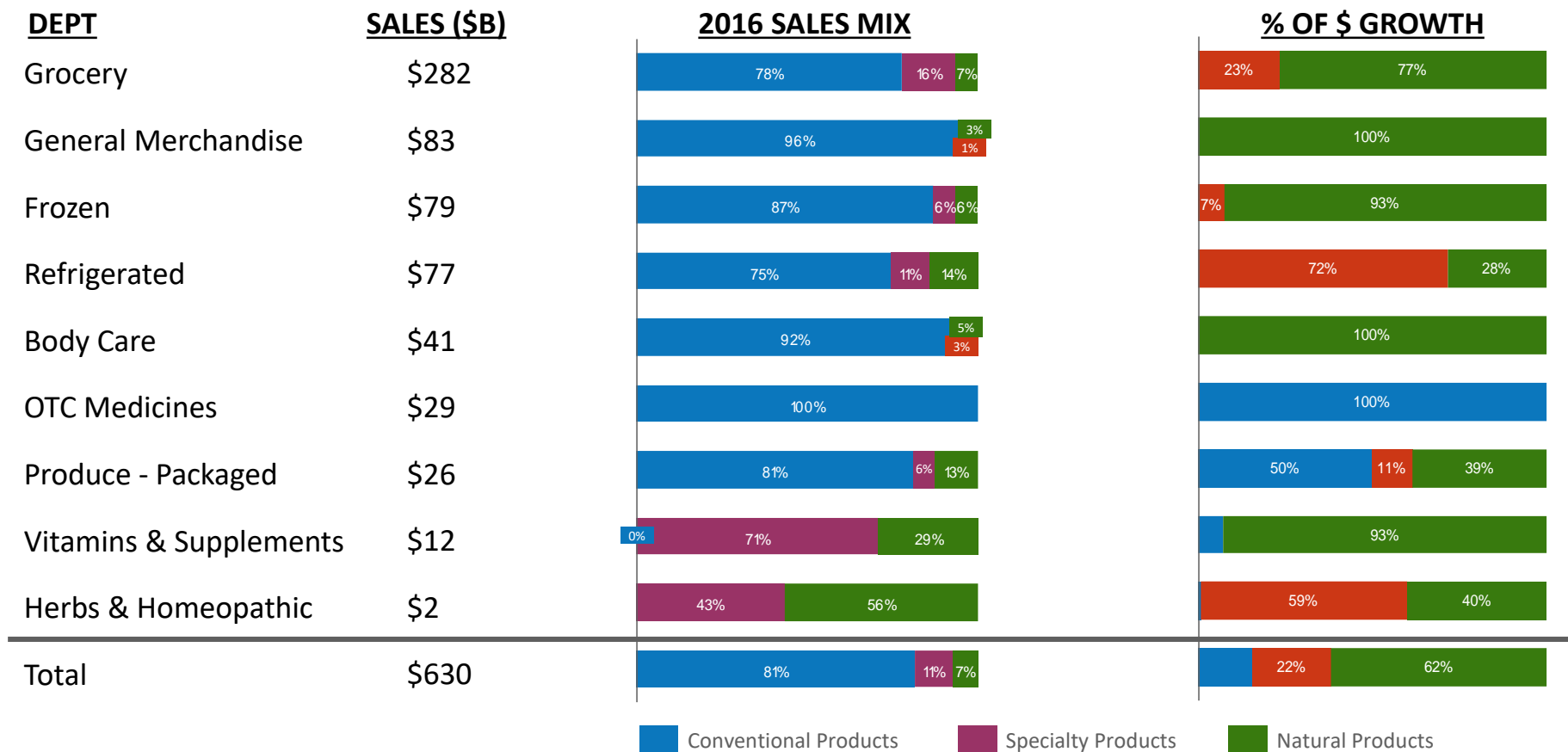


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In nearly every Department, Natural Products are driving growth

Product

Total U.S. Multi-Outlet and Convenience Channel – Sales Mix and Growth by Department
52 Weeks Ending 8/13/17



Note: Alcohol excluded; excluding Declining Product Groups

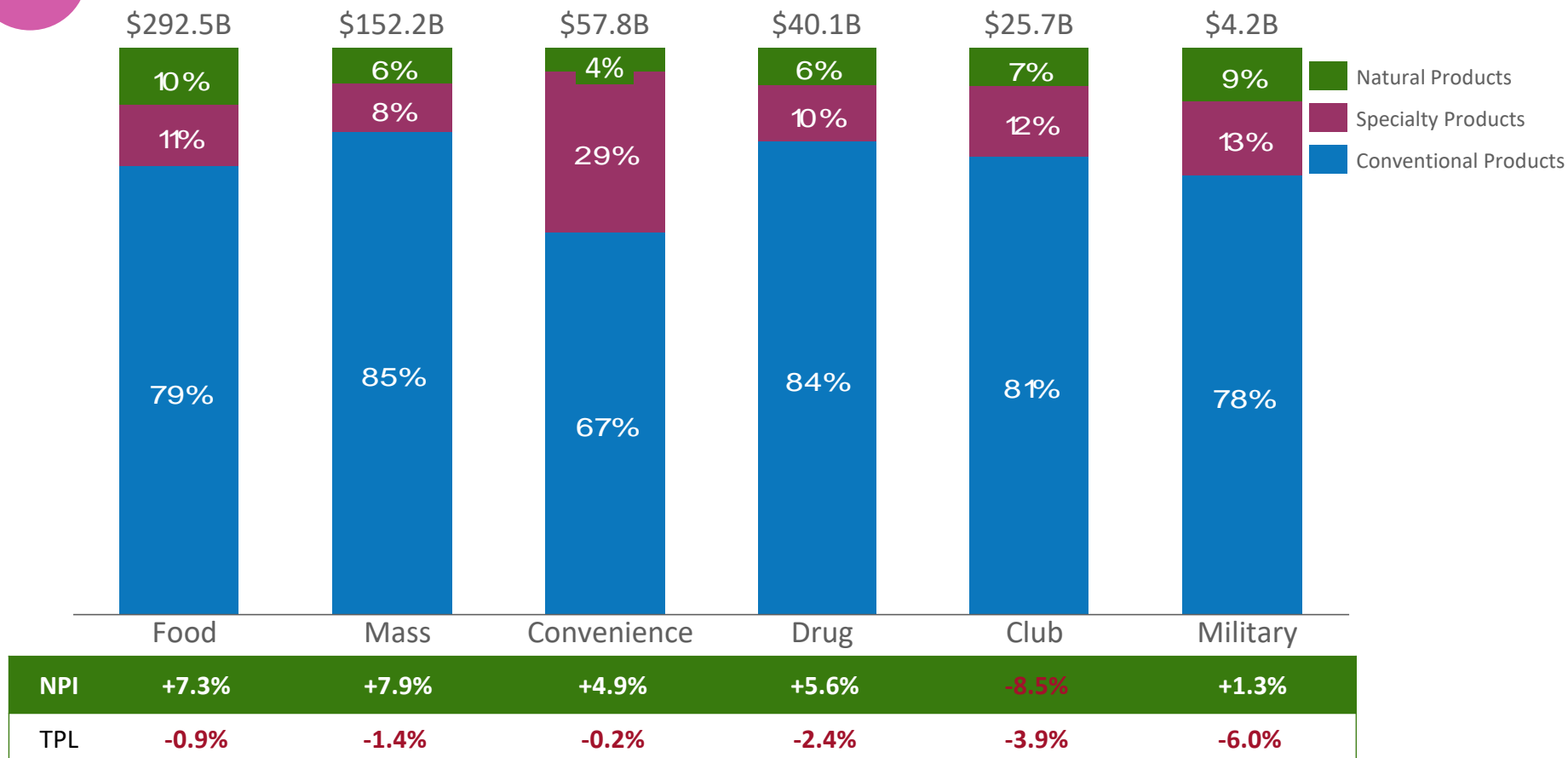
Source: Conventional Multi-Outlet and Convenience Channel (powered by IRI), UPC Coded Items only.
52 weeks ending 8/13/2017.

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While Conventional Products Still Dominate Dollar Sales in Every Channel...

Place

Sales Mix and Growth Rates across Conventional Channels
52 Weeks Ending 8/13/17



Note: Alcohol excluded

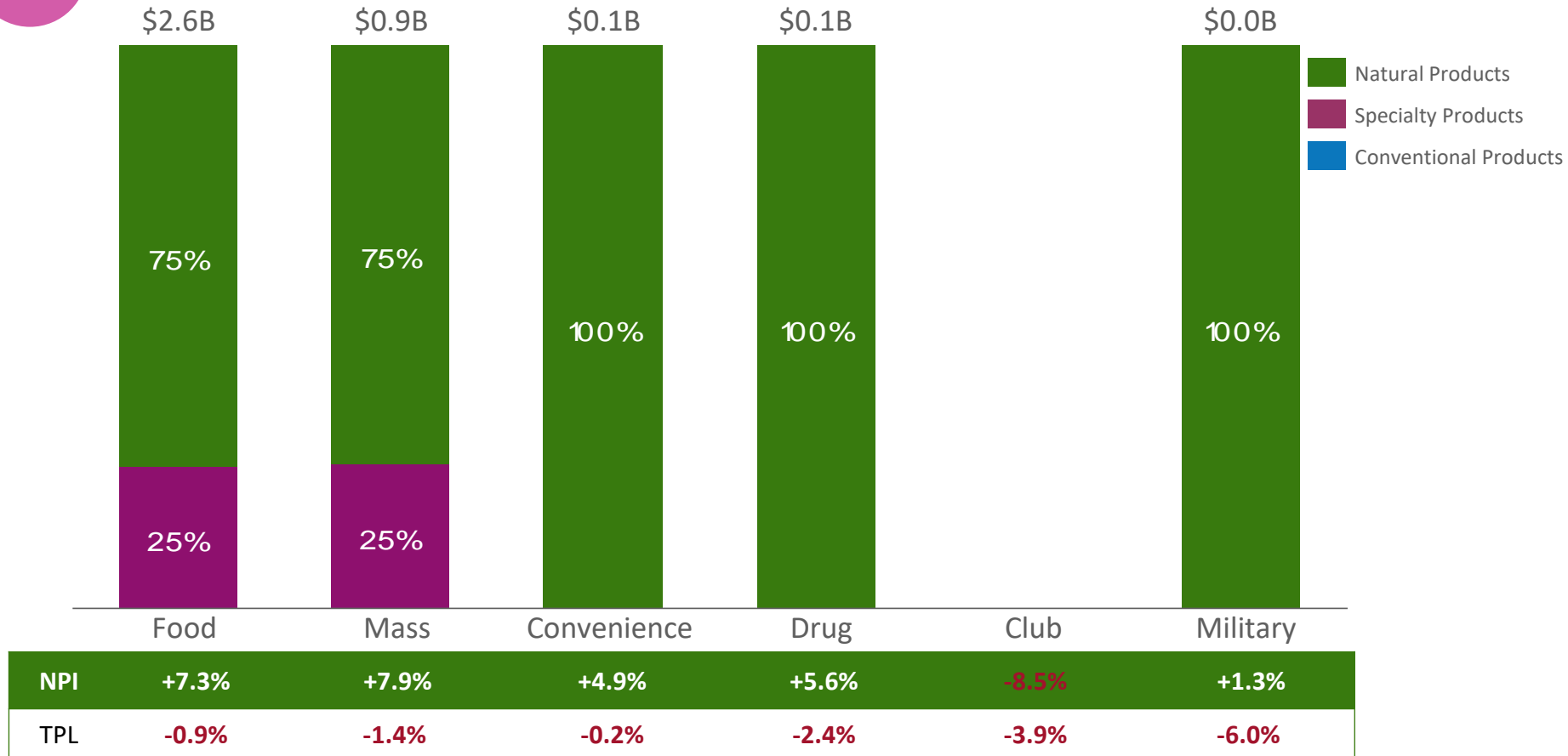
Source: SPINScan Conventional Multi Outlet and Convenience (powered by IRI),
52 weeks ending 8/13/2017. UPC coded items only.
Mass = Target, Walmart, Shopko, K-Mart | Club = BJ's + Sam's
Military = DeCa + Nexcom + Marine Corps

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While Conventional Products Still Dominate Dollar Sales in Every Channel...

Place

Sales Mix and Growth Rates across Conventional Channels
52 Weeks Ending 8/13/17



Note: Alcohol excluded; excluding declining positioning groups

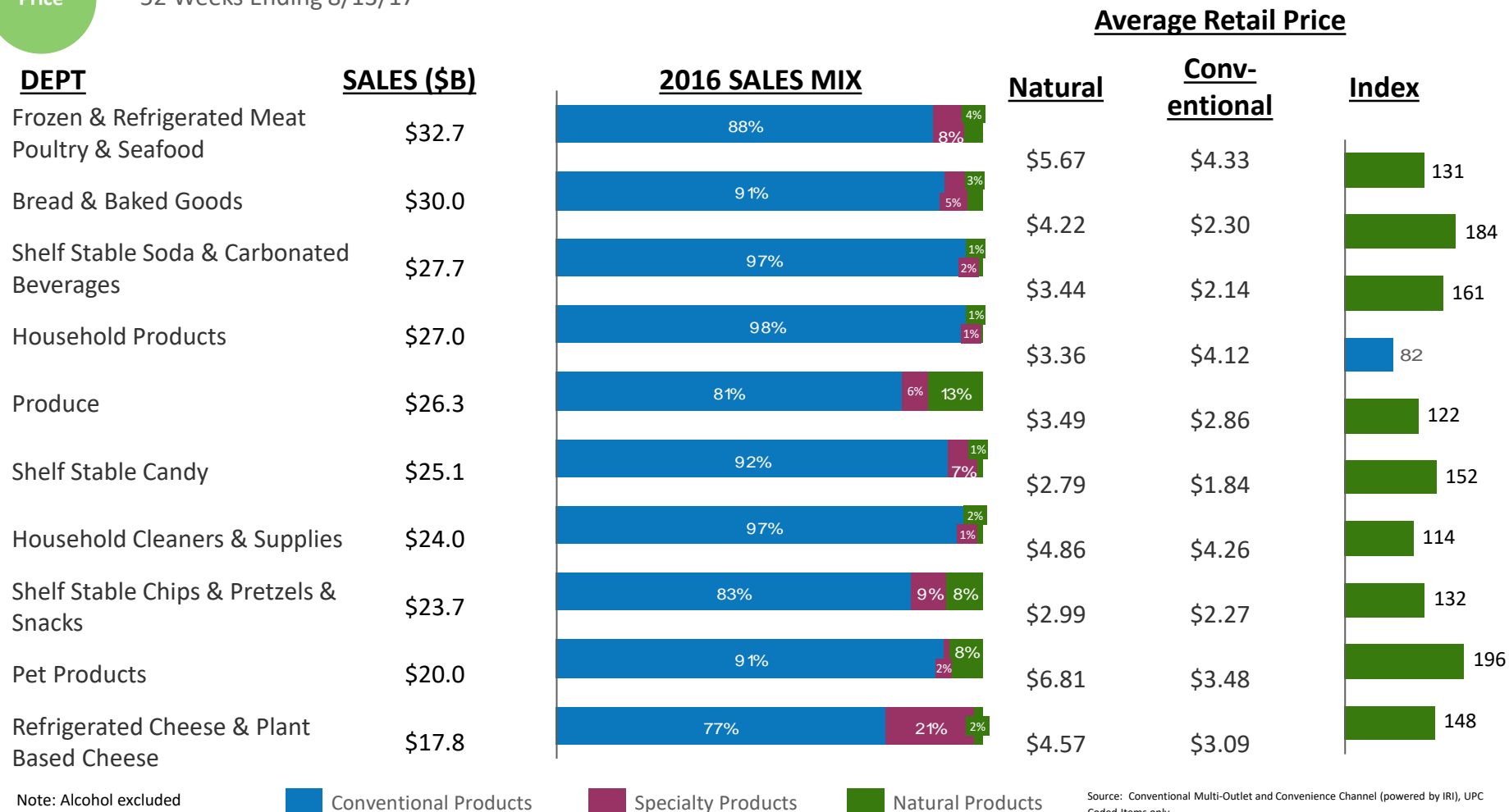
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Source: SPINScan Conventional Multi Outlet and Convenience (powered by IRI),
52 weeks ending 8/13/2017. UPC coded items only.
Mass = Target, Walmart, Shopko, K-Mart | Club = BJ's + Sam's
Military = DeCa + Nexcom + Marine Corps

Looking at “Top 10” categories, Natural Products are selling at a significant *Price Premium*...

Price

Total U.S. Multi-Outlet and Convenience Channel – Sales Mix and Price by Top 10 Categories
52 Weeks Ending 8/13/17

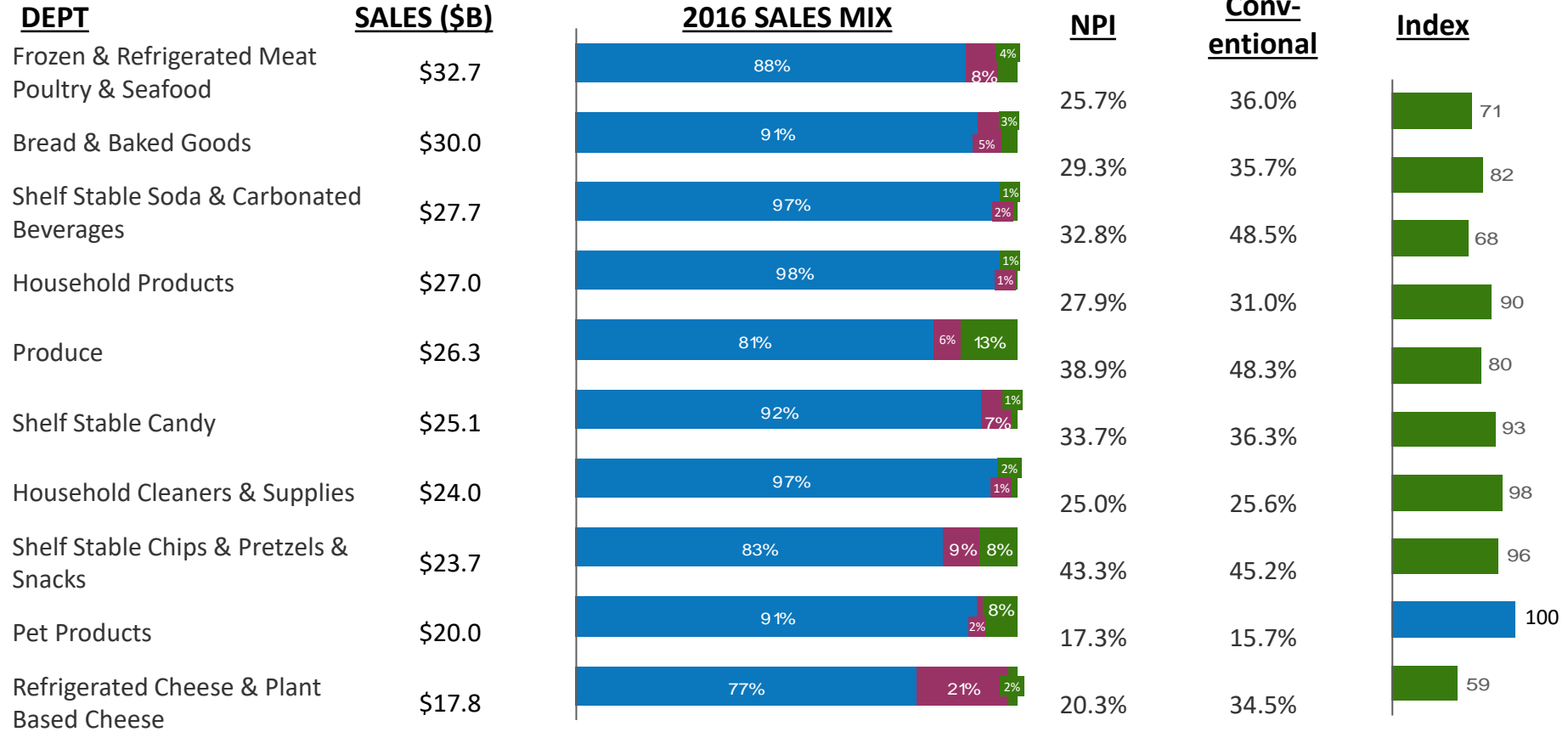


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In addition, Natural Products are *less reliant on Promotion*

Price

Total U.S. Retail Dollar Sales & % Growth – Multi-Outlet + Convenience Channel
52 Weeks Ending 8/13/17



Note: Alcohol excluded

Conventional Products Specialty Products Natural Products

Source: Conventional Multi-Outlet and Convenience Channel (powered by IRI), UPC Coded Items only.
52 weeks ending 8/13/2017.

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SPINS NaturaLink




Who is the Natural Consumer?



SPINS and IRI have partnered to create NaturaLink

NaturaLink is unique in that it reflects a representative sample of the Total U.S. population – **not just those who buy Natural/Organic products.**

METHODOLOGY

-  5,000 demographically balanced respondents were surveyed.
-  Survey Topics included a broad range of attitudinal, behavioral and demographic information.
-  Over 45,000 HHs were then typed for richer insight into purchase behavior across total population.



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Why NaturaLink?

...because households purchase Natural & Organic for different reasons.



Environment and sustainability is important to me.



I want my kids to be as healthy and happy as possible.



Natural & Organic is healthy, but it also needs to be convenient!

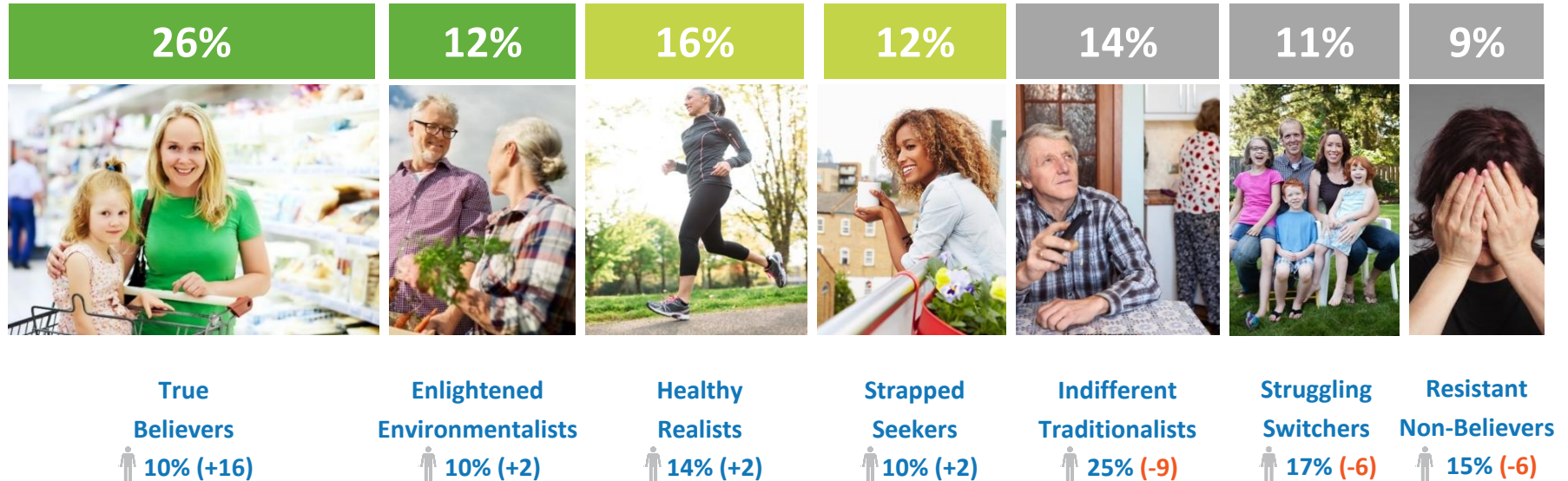


I trust the brands I have always used to be healthy.

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Why NaturaLink?

Percentage of Total Natural & Organic Dollar Sales



 Percentage of Total Shoppers

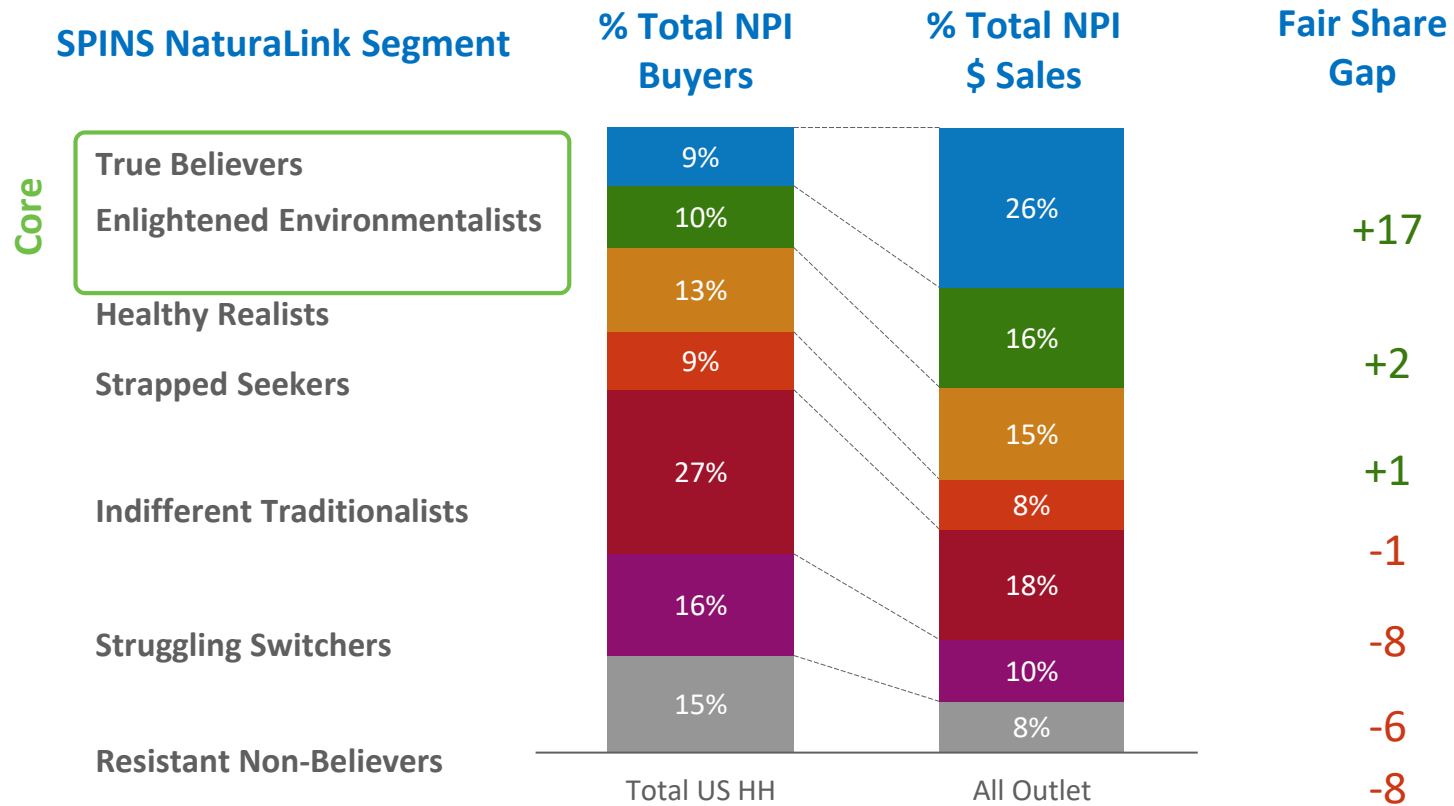
NaturaLink presents a powerful combination of attitudes and purchase behaviors. Two segments form the leading edge of Natural/Organic trends: **True Believers** and **Enlightened Environmentalists**.

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Core Natural Shoppers

2 Core Segments Represent 20% of Shoppers, but 38% of Natural Product Dollars Purchased

Total % NPI Households & % NPI Sales | Total US All Outlet | Period: CY 2016



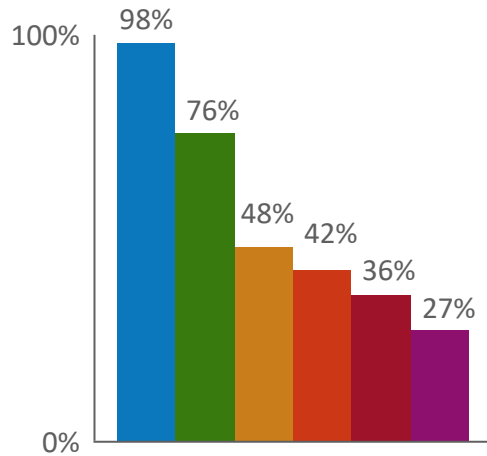
Source: SPINScan Consumer Insights powered by IRI Shopper Network, TUS, All Outlet, 52we 12/27/16 - SPINS-defined Naturally Positioned UPC products only

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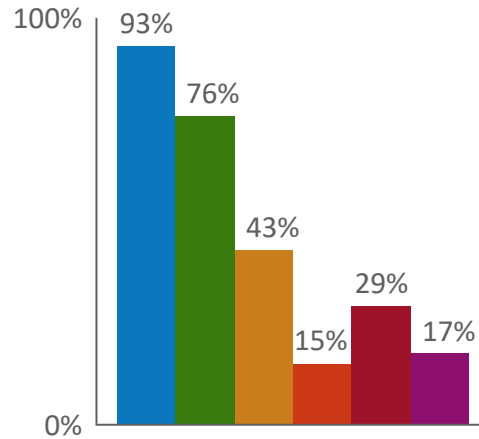
Natural Shoppers

Everyone shops across channels...

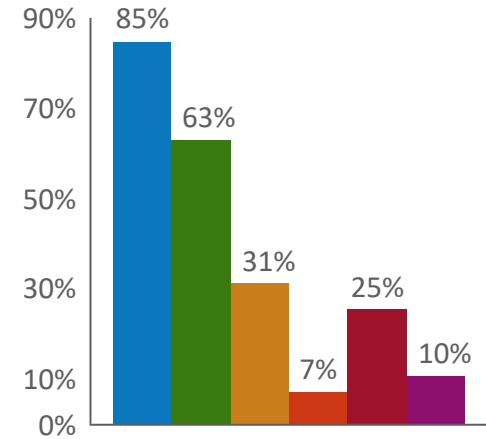
% HH Penetration | All Outlets, Total US | Period: CY 2016



True Believers



Healthy Realists



Resistant Non-Believers



Purchased a natural product 1-time in the latest 52 weeks

Source: SPINScan Consumer Insights powered by IRI Shopper Network, TUS, All Outlet, 52we 12/27/16 - SPINS-defined Naturally Positioned UPC products only

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NaturaLink Segments

... But There are Big Differences By Shopper Segment

Total US % Dollar Sales by NL Segment and Channel: Total NPI All Outlets, Total US Period: CY 2016



	True Believers	Enlightened Environmentalists	Healthy Realists	Strapped Seekers	Indifferent Traditionalists	Struggling Switchers	Resistant Non-Believers
<i>NPI \$s per Buyer</i>	\$948.07	\$543.20	\$372.81	\$294.04	\$235.66	\$214.22	\$172.65

Natural	53	20	10	5	8	3	2
Grocery	28	16	14	8	17	10	7
Mass	19	10	20	8	17	15	10
Club	20	14	17	7	20	12	9
All Outlet	26	16	15	8	18	10	8

Green represents buyer index greater than 120; Red represents buyer index less than 80

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For more information on how to identify winning, emerging brands *early*, contact **SPINS Financial Partners Group**



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- MBA, Harvard Business School



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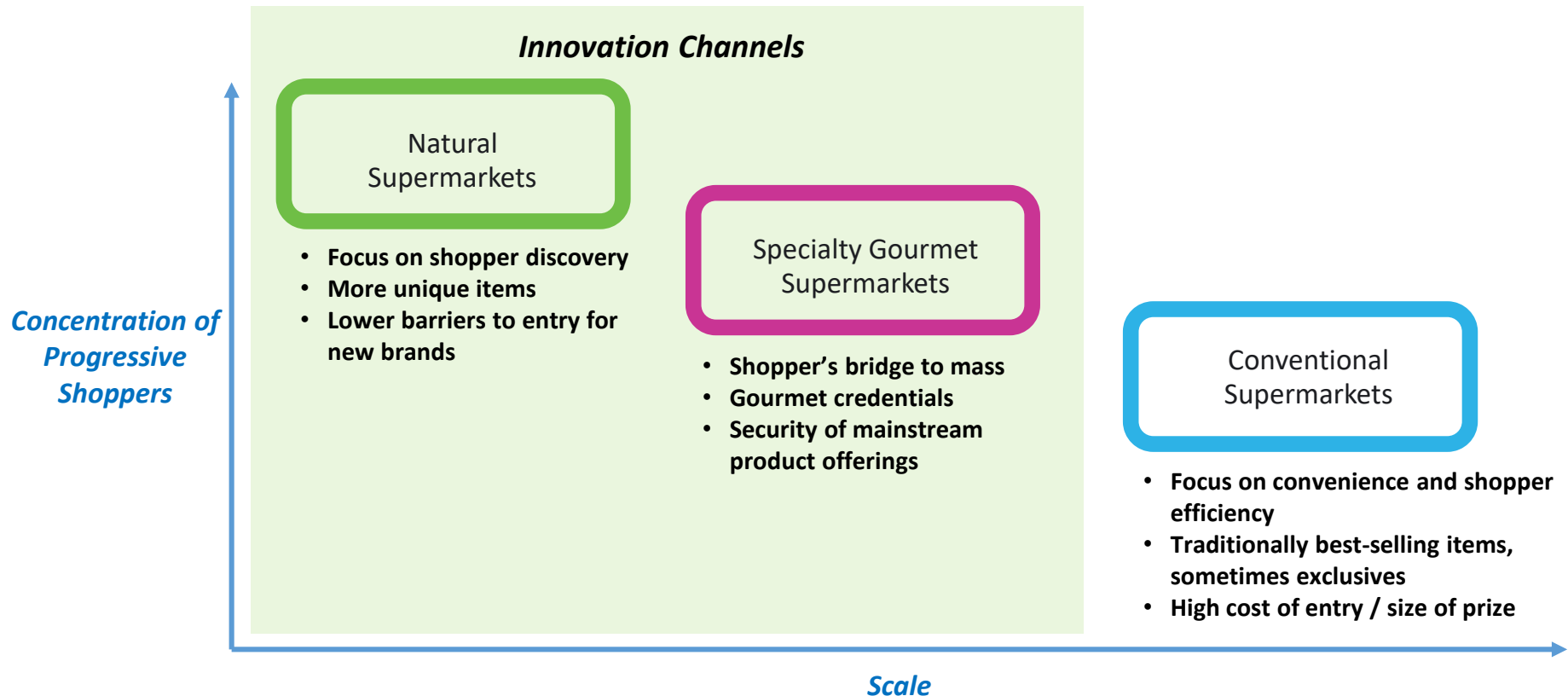
- The Nielsen Company
- Anderson Merchandisers
- New Market Capital Group
- B.B.A., Western Michigan University
- MBA, Elmhurst College

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Appendix



Each Channel Plays a Different Role



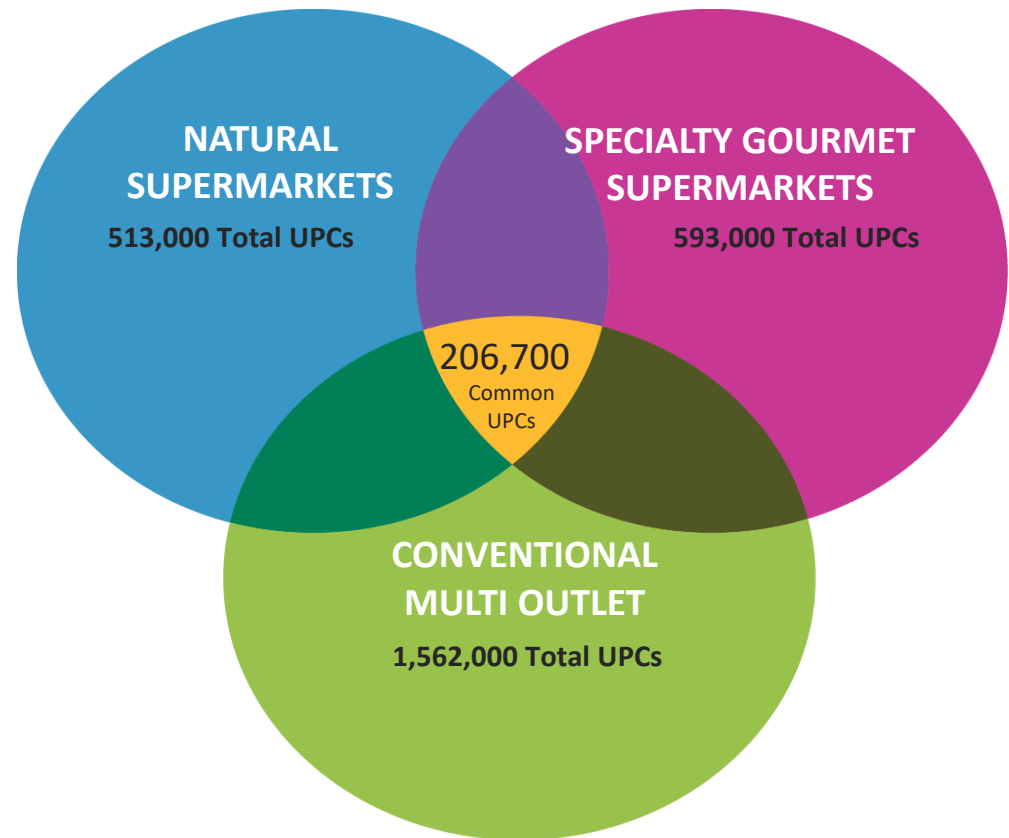
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The Power of Cross-Channel Reporting

SPINS Product Library provides a universal language for the Natural Products Industry, reaching **nearly 2 million UPCs**.

Only 10% of these UPCs are common to all three channels.

Clients leverage SPINS Product Library to gain deeper insights into category and product trends driving the industry.



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What's New at SPINS



A new Investment Insights suite to help investors discover and track investment opportunities

SPINS' new Investment Insights suite helps investors establish a macro category investment strategy based on trends in the marketplace, identify brands that meet specific investment criteria, and review robust brand profiles including snapshots of cross-channel brand performance.

A new tradeshow solution to research brands at Expo – live on the show floor!

With SPINS' new solution, tradeshow attendees can look up brands based on their exhibitor name and booth number to better understand how these brands are selling within stores, and gain access to data on their channel mix, category mix, three-year sales trend, and performance by channel.



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What's New at SPINS

New, exclusive partnerships in E-Commerce

SPINS now has an exclusive partnership with our first e-commerce retailer, **Thrive Market**, a leader and disruptor in the online marketplace for top natural and organic products at wholesale prices. Thrive will leverage the SPINS Product Library to advance a number of its key initiatives, including expanding its assortment, piloting new items for specific demographics, and merchandising for the optimal customer experience.



SPINS also announced an exclusive partnership with e-commerce innovator **Natural Commerce**, a **Direct Eats** Company. Natural Commerce provides turnkey e-commerce solutions for brick-and-mortar retailers to go to market in months, and enables brands to offer an expanded product assortment across a greater number of outlets. SPINS will provide Natural Commerce with insights into maintaining the selection today's shoppers want, and help grow the company's network through SPINS' broad coalition of innovative retailers.



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What's New at SPINS



A partnership with Animal Supply Company to build a new SPINS independent pet channel

SPINS has partnered with Animal Supply Company (ASC), the national leader in pet food and supplies distribution. With the support of ASC, SPINS will build a new independent pet channel to represent the \$60B pet industry, which has shown consistent growth in natural products. Over the past several months, nearly 40 independents spanning over 140 stores have joined the coalition.



A new Brand Training series providing expert advice on how to tackle tough business questions

SPINS Brand Training Sessions are immersive, full-day sessions led by Natural Products Industry experts and designed to arm participants with practical strategies that can be applied immediately. Our next session, *Cracking the Natural Consumer Code*, will be held September 28 at SPINS' Chicago headquarters. Stay tuned for more detail on our December session, *Elevate Your Innovation Fitness: Practical Exercises to Strengthen Your Growth Playbook*.

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A large, bold, orange letter 'W' is positioned on the left side of the image. It has a thick, blocky font style.

whipstitch
CAPITAL

DEAL DIFFERENT.

