
Food/Beverage Company Buy-Mandate

B&A Corporate Advisors is a Mergers and Acquisitions Advisory firm focused exclusively on the Canadian and U.S. food and agribusiness industries. We are actively seeking food and beverage acquisition candidates on behalf of our Private Equity clients.



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Corporate Advisors

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Investment Thesis – Focus on Companies with On-Trend Products and with Underlying Tailwinds

The fastest growing food and beverage products are quick and easy to eat, drink or prepare, come in a variety of distinctive flavours, are safe to consume and promise nutritional value!



Consumers Drive Trends



Food and Beverage Processors Respond by:

- Investing in new processing and packaging technology
- Reformulating products
- Launching new products
- Simplifying ingredients and recipes
- Fortifying with “Good-for-you” ingredients
- Reducing sugar, salt, fat, calories etc.
- Investing in food safety and traceability
- Searching the globe for new flavours

Focused Buy-Side Mandate - Areas of Interest



Healthy and Minimally Processed Foods and Beverages

- Value-added processed fruit, vegetables, nuts and pulses including “Natural” and/or “Organic”. eg: cold pressed, IQF, freeze-dried, dehydrated
- Plant-based proteins and fiber
- Nutritionally dense super foods
- Fresh, refrigerated and frozen meat/proteins



Food and Beverage CPG Products with Better-For-You Ingredients

- Functional and/or clean label ingredients
- Reduced sugar, low salt, low calorie etc.
- Healthy oils and fats
- Healthy snacks, desserts and baked goods
- “Free-from” trends



Advanced and Modern Processing/Packaging Technology

- Processing capabilities that maintain nutritional qualities, texture and flavour
- Utilizing automation and other advanced technologies. eg: HPP (incl. other non-thermal), IQF, Aseptic
- Small batch run flexibility while maintaining production efficiency
- Utilizing traceability technology and systems, improved sanitation

“Touching on” or “Moving Towards” one or more of the areas above

Important, Desirable and Extraneous Attributes



Important Attributes

- Strong food safety/regulatory compliant culture and quality control systems with appropriate 3rd party accreditations
- Diverse customer base and limited customer concentration
- Advanced/modern processing capabilities
- Diverse supply base with multiple raw ingredient sourcing options
- Seasoned senior and 2nd tier management team with clear growth plan
- On-trend, differentiated products with priority emphasis on quality and flavour/texture
- Innovative and consumer-convenient packaging
- Label and nutritional claims based on sound food science
- Strong culinary R&D program with successful track record of new product development and product launches
- > \$2 million in Adjusted EBITDA
- > 10% EBITDA margin



Desirable Attributes

- Stellar food safety and regulatory compliance record
- Internal quality control lab
- Pursuing international sales
- Supply chain and logistics expertise
- Proprietary processing capabilities
- Marketing savvy and creativity
- Operate in competitive jurisdictions (eg: taxes, labour, supply)
- Sustainability initiatives (eg: green packaging)
- Established and reputable brands with niche leadership and/or growing market share



Extraneous Attributes

- Sell through retail, club, food Service, or industrial (i.e. sales to other food processors) channels or some combination
- Centre of the isle, perimeter or frozen products
- Private label and/or CPG brands (Note: Pure-play Co-Packers should have some proprietary processing capabilities and a diverse customer mix)
- Based in either Canada or the U.S.

Deal Options

- Minority growth equity investments, full buyouts or majority recapitalization
- Flexible hold periods
- Tax-favourable structures

The Benefits of a Private Equity Recapitalization

A Private Equity recapitalization is where the owner(s) sells only a portion of the business and stay on in a senior executive role to help the Private Equity firm operate and grow the business through its next phase. The seller receives a portion of the value of the business in cash (i.e. essentially, “takes chips off the table”) and reduces their ownership risk, but maintains upside appreciation potential over the longer-term.

The retention of equity in the business by the seller demonstrates confidence in its future potential and lowers operational risk for the PE firm, allowing them to pay higher values than would otherwise be possible.



Anatomy of a Modern, Well-Run Private Equity Firm

Capital is a commodity. While it can be a scarce commodity that has real value, all Private Equity (PE) firms have it. By itself it is only one component that can drive business growth and improvement. When considering a sale of all or part of your business to a PE firm, the first question you need to ask yourself is, “what else besides capital do they bring to the table?” A modern, well-run PE firm can contribute a great deal to your company to make it bigger, better and a lot more profitable.



What to Look for

-  **Cultural Fit**
Perhaps the most important attribute but the most difficult to assess
-  **Management Alignment**
Top PE firms structure management incentives to align with building enterprise value
-  **Value-Added Services**
A modern, well-run PE firm will provide support in HR, IT, finance, M&A, governance etc.
-  **Visionary Business Builder**
With a clear investment thesis, the best PE firms understand the path to take to build enterprise value
-  **Operationally-Focused**
The best PE firms focus on improving the business rather than relying on financial engineering
-  **Industry Experience**
Have a clear understanding of the industry, the market and the key success factors
-  **Conservative Capital Structure**
The best PE firms invest in businesses without crippling it with excessive debt
-  **Excellent Track Record**
Provide quality references of entrepreneurs they have partnered with
-  **Growth Orientated**
The best have additional capital reserved to invest in both organic growth and/or add-on acquisitions
-  **Strategic Support**
Focused on management’s strategy development and its implementation

Backgrounder



Eric is President of B&A Corporate Advisors (www.bacorporateadvisors.com), an independent M&A Advisory firm focused on lower-middle market companies in the food and agribusiness industries.

He is also a Director/Senior Advisor at SDR Ventures (www.sdrventures.com), a Denver-based middle-market investment bank where he leads the firms' M&A practice with middle-market Food and Ag-related companies from his office in London, Ontario, Canada.

Prior to joining SDR and founding B&A Corporate Advisors, Eric was the most senior operating executive and General Manager of the Agronomy Company of Canada (ACC), the 50% partner in 20 joint ventures as part of The Agromart Group (www.agromartgroup.com); a major agriproduct distribution network in Eastern Canada.

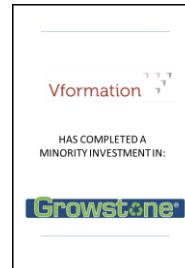
Eric has served on the boards of numerous private companies, some for terms of over 10 years. He was also President and a board member of a grain, feed and crop input supplier and served as the President and board chair of an identity preserved food soybean value-added processor and exporter.

Eric has extensive experience in M&A, business development, strategic planning/execution, risk management, board governance and operational improvement.

He has worked extensively with Private Equity firms interested in acquiring agribusiness and/or food related companies as add-ons and/or platform investments.

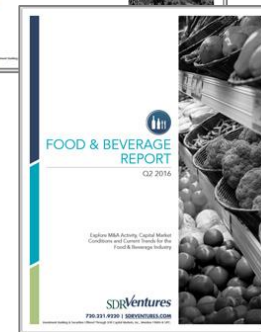
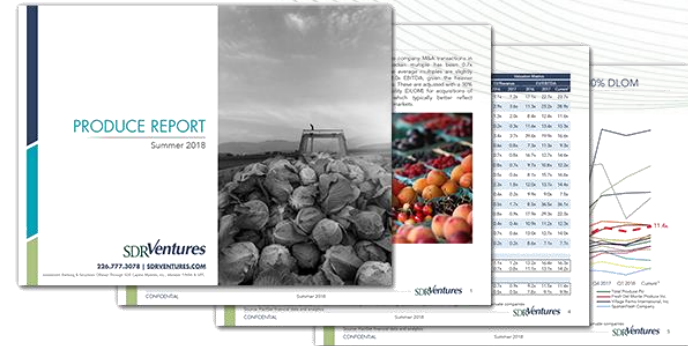
Eric started his career as an agronomist and holds a B.Sc., and M.Sc., from Dalhousie and McGill Universities, respectively.

SELECT DEALS



THOUGHT LEADERSHIP

Eric and SDR Ventures are proud to be thought leaders in middle-market M&A in Food and Agriculture.



Next Steps:

1. Call or email us to set up a time for a high-level, no-obligation confidential discussion
2. If you decide you want to learn more, we will sign an NDA
3. We will provide an honest assessment of your business and screen as a potential candidate for our clients
4. If suitable and you choose to proceed, then we will bring in our PE client for direct discussions



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