

AGRI, FOOD & BEVERAGES

INDUSTRY GROUP

Q2 EDITION

The Agri, Food & Beverages industry is constantly evolving to keep up to date with new trends and preferences across different demographics.

Certification and confirmation of quality, ethical practices and sustainability are as important as ever to customers.

M&A Worldwide and the Agri, Food & Beverages specialist group, are always keeping track

Ethnic food

with developments in the Agri, Food & Beverages industry, as well as new demands and strategic requirements, enabling us to be a valuable M&A partner.

This report covers market outlook, recent M&A and hot topics in the Agri, Food & Beverages industry. Feel free to contact any M&A Worldwide member for further information

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 43 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 2018 the members of M&A Worldwide closed 423 deals in for an aggregate value of over US\$4.7 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

ETHNIC FOOD OR RECIPE FROM MY GRANDMOTHER?

Every country has its own culinary specialities, inherited from a long tradition and an often-unique know-how.

Many of these specialities are often inseparable from their native region, whose name they often bear (Champagne, Parmesan, etc). They have nevertheless conquered the entire world by seducing a "foreign" customer base fond of food coming from abroad.

A solid food meal is incomplete without a tasty beverage to go with it.

In some cases, consumers from one country have even taken ownership of a dish native to another: for instance, ask an American about the origin of the pizza and there is a good chance he or she will say it was invented in Chicago!

In other cases, marketing underlines the "exotic" nature of a product to enhance its appeal, such as Spanish paella, Turkish lukum, Canadian poutine or Vietnamese nem.

The catering sector has taken over ethnic food in order to expand through speciality restaurants, a key driver of the sector's growth, with sushi bars, pizzerias and Chinese restaurants delighting customers all around the globe.

A few families of culinary products form a true feeding mode. The "Mediterranea dieta" and its inseparable olive oil produced in

Mediterranean rim countries (including some very interesting varieties coming from Croatia), Tex-Mex, Japanese sushi and Spanish tapas have gained significant market shares in several countries. In the case of pasta, for example, 2 million tons are shipped every year from Italy to around 200 countries.

Others are niche products, almost exclusively produced in a unique country or in a single region. Take foie gras, for example, with half of the 25 000 tons of global production coming from south-west France; or Romanian salami, with total output of 2000 tons produced exclusively by six accredited companies.

Some others make up a significant national industry. For example, cheese represents a 4 billion Euro revenue stream for the Netherlands (to the extent that French people call the Netherlands "the other cheese country!") while Australia produces 230 000 tons of seafood products. (What did you expect? Kangaroo meat?)

This extends as far as bread, an almost universal foodstuff that nevertheless includes varieties linked to specific countries: for instance, Germans and Lithuanians cannot live without dark bread.

A solid food meal is incomplete without a tasty beverage to go

with it. Once again, national specialities are exported on a large scale; good illustrations of this are Malbec produced by Argentinian wine-makers and some 9 billion Euro of Danish beer. Among hundreds of examples that can be found in tourist guides, we introduce you in this report to a few market elements related to typical culinary specialities from around a dozen of countries that belong to the M&A Worldwide network, while always keeping in mind that a dish that is ethnic food for some is often a recipe from their grandmother for others!



CROATIA

OLIVE OIL FROM ISTRIA AND DALMATIA

From the geopolitical viewpoint, Croatia belongs to both Central Europe and the Mediterranean, which results in a great deal of regional food varieties within a very small geographical area. Owing to rising awareness of locally-produced F&B products, consumers demand regional differentiation on retailers' shelves. This has become a mainstream trend in Croatia as in other European countries.

A special subtitle to bring attention

Consumers appreciate local producers of fruit, vegetables, cheese, meat, wine, beer, olive oil, etc., all of which differ considerably between the north and south of Croatia. There are many small local farms, wineries, oil refineries, etc. which, in many cases, place their products regionally with only a few available in all retail chains.

Due to limited production capacities and the size of Croatia, only a handful of regional products are exported to other countries, mostly some types of wine and olive oil, but in small quantities. As Croatia is a highly successful Mediterranean tourist destination, many visitors have had the chance to taste unique Croatian olive oil varieties from the regions of Istria (near Italy and Slovenia) and Dalmatia (in the very south of Croatia).

There are many small-scale olive oil processors and producers within a limited geographical area. Olive oil is heavily used in Croatia, but also sells well among tourists who visit the country mostly during the summer months. The regions in which olives are traditionally grown are Istria, Kvarner and Dalmatia, including islands. Olive production in Croatia covers 18 683 hectares (2017 figure) which means that the focus is on high quality rather than on quantity. In 2017, total production amounted to 30 000 tonnes and around 3.8 million litres of finished olive oil.



Most olive trees are owned by small local farmers (96%). There are currently around 160 olive oil refineries in Croatia; there are no extra-large olive oil processors and producers as this industry is highly fragmented and comprises many small companies.

Founded in 2002, one of the country's top three olive oil processors and producers is Orgula Grupa d.o.o. of Split. In 2017, its sales were around 1.5 million Euro and its EBITDA margin 12%. Focusing on high-quality branded products, it has its own modern facility for oil processing. Unlike many other producers, Orgula features in most Croatian retail chains such as Konzum,

Kaufland, Metro, Velpro and SPAR.



CROATIA
Denis Smolar
denis.smolar@denves-consulting.hr



ITALY

PASTA MARKET

During the most recent World Pasta Convention (Dubai, October 2018), it was confirmed that pasta for Italy has considerable value given its leadership in terms of: production (more than 3 million tons, accounting for 26% of the world total, and a turnover of nearly 5 billion Euro); exports (50% of the total produced going to some 200 countries and 1.9 billion Euro turnover); and consumption which has now stabilized at around 23 kilos per capita after peaking at 27-28 kilos at the end of the last century



Italy produces more pasta than anyone else in the world (3.3 million tons a year) and still represents some 67% of European production and about a quarter of the entire world output. But international competition is growing, and one of the most aggressive rivals is Turkey where pasta production has grown by 77% in just five years - from 850 000 tons to over 1.5 million. Many Italian farmers are abandoning the production of increasingly less profitable durum wheat. So producers and processors have begun to team up to create a supply chain unit, starting from the grain of wheat up to the pasta parcel. In 2018, an agreement was signed involving

half of Italy's agro-industry, comprising big brands, growers and transformers. Since then, and this is the novelty, traders of products for agriculture and seeds have also entered the supply chain.

The signatories of the wheat and pasta supply chain agreement represent: 1100 farms, 190 seed companies, 85 mills and 100 pasta factories. This covers 9.1 million hectares of agricultural land and 80% of the milling and pasta industry, as well as entailing 61 billion Euro of turnover.

The pasta market is constantly expanding. According to data from Aidepi (the Association of Italian Sweet and Pasta Industries) and Ipo (the International Pasta Organization), global pasta production is now approaching 15 million tons, up 3% over last year. All this is to cope with the ever more massive global consumption of pasta, which remains the most preferred foodstuff produced in Italy. The consequences are evident in the doubling of the export share from 740 000 tons to over 2 million tons, accounting for more than half of the total production. Germany, the UK, France, the USA and Japan are the countries that most prefer a pasta dish made in Italy, while the highest growth numbers are in Russia (+76%), the Netherlands (+29%), Saudi Arabia (+27%) and Australia (+16%).

In Europe, France's pasta

consumption has doubled over the last 25 years; three out of 10 UK people name Italian as their favourite cuisine; over 700 000 tons of pasta is eaten by Germans on a yearly basis while half "speak" Italian; and Spain has increased its Italian pasta consumption by 22%.

Main transactions in pasta market (2018)

- **Barilla** acquired **Pasta Zara** (200 million Euro in sales) Barilla's turnover is close to 3.5 billion Euro (45% Italy, 31% rest of EU, 20% America, 4% Asia), Ebitda 16%. It owns several different brands: Voiello, Mulino Bianco, Pavesi, Pan di stelle (all Italy), Yemina Vesta (Mexico), Misko (Greece), Harrys (France), Wasa (Sweden) and Filiz (Turkey)
- Nestlé sold Italian **Buitoni** fresh pasta and sauces plant to **Pastificio Rana**
- **Generali Conserve** has sold De Rica to **Casalasco** (Pomi brand)
- Recent announcement of the acquisition by the Milano Investment Partners fund, managed by the Moratti family, of the innovative **Miscusi fresh pasta chain**.



ITALY

"Made in Italy" attracts foreign investors

The significant number of inbound transactions (17) reflects the interest in the quality of "Made in Italy" products. Indeed, the two most relevant deals in the Food segment were closed by international players: the acquisition of Irca, a provider of ingredients and base food products for pastry making, baking and ice cream retailing, by the US-based private equity firm Carlyle (deal value 520 million Euro); and the acquisition of Acetum, an Italian company producing balsamic vinegar, by the listed UK-based Group Associated British Foods (deal value 350 million Euro).

Large players strengthen their international presence

- **Granarolo** continued to be very acquisitive, widening its portfolio with Greek company **Quality Brands International** and Brazil's **Allfood**, along with investment in Italian company **Venchiaredo**.
- **Autogrill Spa** announced the purchase, through its subsidiary Autogrill Deutschland GmbH, of the German group **Le CroBag** from French company Groupe Soufflet for 65 million Euro. The Italian group, already active in Germany with 55 sites at airports, service stations and shopping centres, has expanded its presence to 123 railway stations across Germany, Austria and Poland.
- **Ferrero**, with a turnover of 11 billion Euro, Ebitda of 16%, 34 500

employees, 86 consolidated companies and 22 factories, has acquired: **Fannie May**, **Harry London** and **Ferrara Candy Company**, while also deciding to acquire **from Nestlé** its **US confectionery business** for 2.8 billion dollars.



FRANCE

THE FOIE GRAS MARKET

The worldwide foie gras consumption market is concentrated in Europe, the USA and China.

France is the leading market, with the 18 000 tons of foie gras eaten representing 68% of world consumption in 2015. Spain is the second largest consumer on about 16%. In total, European countries accounted for more than 90% of total world consumption in 2015.

But the increasing availability of foie gras has made it a popular dish in many other parts of the world, in particular Japan, South Korea and Thailand.

A highly concentrated market with fast growth in Asia

Average global production remains high at 25 000 tons of foie gras per year, with the vast majority produced in Europe (over 95%). France is by far the leading producer (over 70% of world output), with the bulk (70%) coming from the south west of the country.

Bulgaria and Hungary have taken a significant share of global production during the past decade, each on around 10%.

The foie gras produced using duck liver is slightly cheaper than that using goose liver and represents 97% of global production.

2016 and 2017 spoiled by avian influenza

Due to the avian influenza outbreak of 2016 and 2017, and the resulting mass extermination of ducks and geese, global production of web-footed birds fell from 37 million in 2015 to 23 million in 2017 (-38%). Production of foie gras was duly impacted; in France alone, production dropped by 43% in 2017.

However, the market recovered in 2018, with an estimated foie gras production of 16 360 tons and with 31 million palmipeds produced in France.

A 2 billion Euro market with few players

The foie gras market generates 2 billion Euro per year and is mainly dominated by four key players in France with an 80% market share:

- **LABEYRIE** (1 billion Euro turnover), owned by the **LUR BERRI** agricultural co-operative (1.5 billion Euro)
- **LOSTE TRADI/CA HOLDING** Group (400 million Euro) with **LARNAUDIE** and **AUZAN** (70 million Euro)
- **MAÏSADOUR** agricultural co-operative (1.3 billion Euro) with **DELPEYRAT** (450 million Euro) and **COMTESSE DU BARRY** (24 million Euro)
- **EURALIS** agricultural

co-operative (1.4 billion Euro) with **ROUGIE** (100 million Euro) and **MONTFORT** (60 million Euro)

Very little cross-border M&A activity, but bound to strengthen

So far, M&A activities have been concentrated mainly in France with the leaders buying out the smaller independent players. Very few cross-border deals have been registered so far and the main one in the past few years was the acquisition of Bulgarian producer Brezovo by Euralis in 2005. But it is expected that cross-border acquisitions will develop in the future with a view to diversifying production sites and making groups less vulnerable to epidemics, and also to reflect development of the Asian markets.



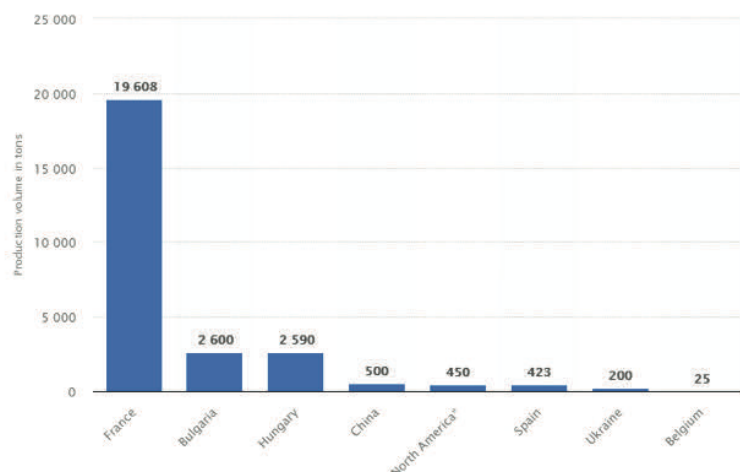
FRANCE
Isabelle Arnaud-Despréaux
isabelle.arnaud-despreaux@mbacapital.com



FRANCE
Nicolas Bonnel
nicolas.bonnel@mbacapital.com



FRANCE
Philippe Delecourt
pdelecourt@linkers.fr



Production of the 26 396 tons of foie gras worldwide in 2014, by country (in tons)

ROMANIA

SIBIU SALAMI - TRADITIONAL GOURMET RAW-DRIED SALAMI

Salam de Sibiu, a raw-dried salami, is an emblematic Romanian product constantly present at national and international trade fairs. Romania has a tradition of over 100 years in producing Salam de Sibiu.

The very good reputation of the Sibiu Salami is due to the industrialization process achieving the highest standards and to the manual steps that have kept the product processing unchanged.

The Sibiu Salami is a dry salami, made from the meat of mature pigs and from hard bacon. The mixture is introduced into natural and/or collagenous membranes and smoked with hardwood, matured and cold-cured.

The taste of Sibiu Salami is given by carefully-chosen ingredients, the long maturation period and the mould with which the salami is "upgraded".

In February 2016, the European Commission granted protected geographical indication (PGI) status to Salam de Sibiu.

The Sibiu Salami is a gourmet type of product. Only six companies in Romania are qualified and allowed to produce it: Agricola, Angst, Aldis, Cris-Tim, Reinert and Scandia Food.

Total production of Sibiu Salami is estimated at 2100 tons for 2017,

while around 2400 tons are expected to have been produced last year. By 2020, the aim is for total Sibiu Salami output of 3000 tons.

The market leader in Sibiu Salami is **Salbac Bacau** (part of the Agricola Group) with an average market share of 50%. In 2016, the Agricola Salam de Sibiu was honoured with the Silver Award by the International Institute for Quality Selections - Monde Selection - in Budapest.

Salbac's turnover grew by 8% in the first nine months of 2018, reaching more than 21 million Euro, while sales value in the raw-dried salami sector grew by 9%.

In 2016, Salbac opened new production capacity for raw-dried salami, the result of an investment of 5 million Euro which included a new production facility of approximately 5000 square metres.

The new production site enabled an output increase of 10% per annum over the ensuing three years, taking over the full production of the Sibiu Salami. This investment was generated by the increasing market demand

observed in recent years.

As a result, Salbac reported an increase of about 30% in the first half of 2016 resulting from sales of raw-dried salami products.

For 2019, Agricola Bacau has budgeted investments of 15 million Euro, including in the Salbac plant.

In 2018, the **ANGST Group** completed the takeover of a majority stake in the Sinaia-based SALSI raw-dried salami plant. In 2017, the company had registered a turnover of approximately 2.4 million Euro.

SALSI SINAIA is the oldest producer of Sibiu Salami in Romania, having a tradition dating back more than 100 years. At present, SALSI accounts for approximately 15% of Sibiu Salami's market share.

There are three companies in the ANGST Group, the largest being Angst Ro, a producer of cold meat cuts, with a turnover of almost 22 million Euro in 2017.

The Sibiu Salami remains a growth engine for the six Romanian companies producing it.



ROMANIA

In 2017, **Aldis** registered a turnover of 44.7 million Euro. In the first half of 2018, Aldis recorded an 8% year-to-year increase in sales value.

Aldis integrates the entire processing flow from slaughter through to production, distribution and marketing of products. It has two brands, Aldis and Campis, a portfolio of over 200 products covering the whole range of preparations of poultry, pigs and beef, including raw-dried products such as the Sibiu Salami.

Cris-Tim, another major Romanian player that produces the Sibiu Salami, continues to invest in business development, logistics and new technologies, but also in new business segments and the acquisition of smaller local producers. In 2018, its investments reached 20 million Euro.

The Cris-Tim Group ended 2018 with a 154 million Euro turnover. According to its owner, it was "the best year in the history of the company". For 2019, it is

anticipating 14% turnover growth to about 175 million Euro.

Cris-Tim produces an average of 3300 tonnes of meat products per month, of which 15% is exported.

German group **Reinert** set up a greenfield meat processing plant in Romania in 2007 with an initial investment of 17 million Euro. In the 12 years H & E Reinert S.R.L. has been present in Romania, it has managed to generate recognition in the premium sausage segment. Its Romanian plant is certified by IFS - High Level, a quality standard for food safety recognized by all European specialists in the field.

In 2017, the turnover was 19.3 million Euro.

Scandia Food is primarily focused on canned food - meat, fish, ready meals and pâtés - and is the market leader with a share of over 46% in the Romanian meat-based canned food sector. Nevertheless, it is one of the six Romanian companies that are accredited to produce Sibiu Salami.

In 2018, Scandia Food Group completed the acquisition of Thenaisie Provote, a Spanish processor and distributor of fish

and seafood products. Following completion of this deal, the GM stated that the business was considering small acquisitions both on the internal market as well as cross-border.

Scandia Food recorded a group turnover of over 59 million Euro in 2017, up 13% from 2016.



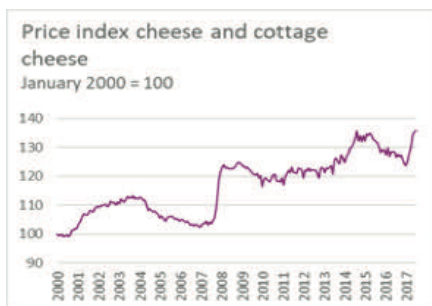
ROMANIA
Jackie Bojor
jackie@frdcenter.ro



NETHERLANDS

CHEESE INDUSTRY

When people talk about typical Dutch foods, they immediately mention cheese. Mainly due to a large dairy supply, multiple large cheese producers have emerged in the Netherlands. The total added value of dairy products in the Netherlands is 7.7 billion Euro, of which approximately 53% consists of cheese production. However, the cheese market has grown globally, and approximately 65% of the produced cheese is being exported. With 7.8% of total worldwide exports, the Netherlands is currently the largest European exporter. Since 2000, the price of cheese and cottage cheese has been subject to fluctuations as shown in the chart below.



The overall price increase has been caused mainly by growing demand from foreign countries as from 2007, despite which there was a slight price decrease in the period 2015-16 owing to the abolition of the milk quota and subsequently an oversupply of milk.

Traditionally, the most important distribution channel for cheese was supermarkets, but in recent years speciality stores have been on the rise. This development has been triggered mainly by changing

customer needs:

- **Higher quality awareness:** consumers are demanding better products and more durability in production processes;
- **More biological products:** the market share of biological dairy products has increased strongly. In 2017, for example, sales of biological cheese recorded an 8% growth rate in Germany (the largest cheese-consuming country in Europe). Supermarkets fight these speciality stores by offering product diversification and "convenience packing" to meet consumer trends favouring "premium" and "convenience". However, domestic consumption for regular Dutch cheeses has been under pressure for years. The typical Dutch lunch, a cheese sandwich, is becoming less popular compared to alternatives like yoghurt and salads. On the other hand, foreign cheeses such as mozzarella, hüttenkäse, brie and camembert are gaining market share. These cheeses are being used as ingredients for meals, tapas or evening snacks. In response to changing customer needs, Dutch cheese producers seem to have adjusted their corporate strategies towards product diversification and improving foreign distribution channels. Regularly, acquisitions are used as a means to implement the corporate strategy. FrieslandCampina, the largest Dutch dairy producer, has been extremely active with six acquisitions in 2018 (of which two were minority interests). Three of the acquisitions concerned foreign (cheese distribution) companies in the USA and Spain. These acquisitions show the focus on (growth of sales in) foreign

markets for cheese producers.

CHEESE INDUSTRY

- FrieslandCampina acquired multiple foreign cheese distributors in 2018:
 - o **Jana Foods** and **Best Cheese Corporation:** US seller and distributor of special cheese. The USA has been identified as a strategic growth market for FrieslandCampina. With this acquisition, the company has increased its footprint in the USA.
 - o **Milan Vicente:** Spanish cheese packer and distributor. Reasons for this acquisition are product diversification and strengthening of the distribution channel for Spain and Portugal.
- Doc Dairy Partners acquired **Uniekaas** in 2018 to expand its European business. By acquiring Uniekaas, Doc Dairy Partners has the ability to ripen and package, which creates competition advantages in foreign markets.
- Royal A-ware acquired Prika Ingredients in 2017 to offer its customers a wider range of cheeses and cheese powders. Prika is a producer of cheese powder, grated cheese and cheese cubes. With this acquisition, Royal A-ware is able to meet the needs of its clients for different grain sizes.

Dutch Cheese producers		Revenues (* €1,000)
1	Royal FrieslandCampina	12 100
2	Royal A-ware	1 300
3	Arla foods B.V.	296
4	Royal Bel Leerdammer	214
5	CONO Kaasmakers	209
6	De Graafstroom(DeltaMilk)	208
7	DOC Kaas	175
8	Rouveen Kaasspecialiteiten	173
9	Vandersterre Groep	147
10	Hochwald Foods	141



NETHERLANDS
Jacques Jetten
j.jetten@aeternuscompany.nl



NETHERLANDS
Patrick Cox
p.cox@aeternuscompany.nl

AUSTRALIA

AUSTRALIAN SEAFOOD INDUSTRY

As a country surrounded by ocean, seafood and fish are staples of the Australian food industry. On average, Australians consume roughly 13.9 kilos of seafood products per person, per year. As such, Australia's population of approximately 24.6 million people consumes upwards of 350 000 tonnes annually. Seafood consumption in Australia is steadily rising each year, although declining on a per capita basis. Australian households spent an average of \$ 284 per year on fish and seafood in the financial year July 2016-June 2017.

Although overall consumption is rising, production of edible and non-edible seafood has remained steady at around 230 000 tonnes, and a large proportion of this produce is exported rather than used to supply the domestic demand. As such, Australia is a net importer of seafood products, with imports accounting for over half of consumption.

Seafood products are categorised as being either "wild caught" or "aquaculture" products, the latter being those that are farmed. Total seafood production (both wild caught and aquaculture) equated to AU\$ 3.06 billion in the financial year July 2016-June 2017. Australian wild-caught sardines, prawns, oysters and tuna represent the largest caught produce by weight, with the majority of these products being exported. Atlantic Salmon aquaculture production remains

the most valuable sector for farmed fish, valued at AU\$ 513 million and growing 106% in production terms since 2007.

In terms of seafood exports, Asia remains the major importer of Australian seafood produce with South East China and Vietnam being the major consumers and buying significant proportions of Australia's total lobster/crayfish output.

In recent times, Australia has shifted towards sustainable imports of seafood produce. As Australia is a net importer of this category of goods, a sustainable seafood guide has been developed to ensure all imported products are sustainably and ethically produced.

Australian Seafood Industry's Recent M&A Activity/Deal Announcements

Source: MergerMarket

o AAM Investment Group (Australia-based agricultural investment & asset manager) agreed to acquire Legune Station. The transaction involved a sublease and co-operation agreement with Seafarms Group Limited (an Australian aquaculture company) for the development of a large-scale land-based prawn project.

Deal Value: Undisclosed

o Nippon Suisan Kaisha Ltd (a Japanese company engaged in marine-based and food processing) acquired a 14.99% stake in ASX-listed Seafarms Group Limited. The transaction will enable SFG to distribute through NSK's network and provide capital for the development of SFG's land-based prawn project.

Deal Value: AU\$ 24.99 million

o Barramundi Asia Pte Ltd (Singapore-based company engaged in sustainable fish farming and aquaculture technology) has signed a Bid Implementation Agreement to acquire Marine Produce Australia Limited (Australia-based company engaged in aquaculture and seafood).

Deal Value: AU\$ 18.5 million

o Knoll Consultants and Investment Pty Ltd (operating as Barossa Fine Foods, an Australia-based company engaged in food processing and meat products) agreed to acquire Angelakis Bros Pty Ltd (Australia-based company engaged in wholesale distribution of fresh, cured and frozen fish and seafood).

Deal Value: Undisclosed

o Oceanus Group (Singapore-based company and the largest land-based abalone producer in the world) has agreed to acquire a 60% interest in BNY Abalone World Factory Outlet (Australia-based seafood processing company).

Deal Value: Undisclosed

o PauaCo Ltd and Ralph's Tasmania Seafood Pty Ltd agreed to merge to create Australasia's largest abalone processing company. Tasmania Seafood is the world's largest supplier of live abalone. The consolidation of the two businesses will lead to greater distribution access for live Paua exports from New Zealand whilst allowing the maximization of Australian abalone that currently cannot be sold into the live markets.

Deal Value: Undisclosed



AUSTRALIA
Adrian Ness
adrian@johnsonscorporate.com.au

GERMANY

SCHWARZBROT

Products with regional character are becoming more and more popular in Germany; for example, fruit and vegetables from local farmers, as well as beer and wine from regional producers, are in demand by consumers. Regional products also help food retailers to differentiate from the competition.

Berlin's "International Green Week Fair" has created an award for regional food, called "Regional Stars". The winners for 2019 were: 1. "Kale&Me" with its "Natürlich Nordisch" concept ("Naturally Nordic"), cold pressed organic juices with ingredients from local farmers. 2. "Three Brothers Distillery" with "Loredry Gin" (gin produced close to the place of the well-known River Rhine Lorelei Saga). 3. "Hessische Biohuhn eG" for its "Bickus" brand of bio-chicken farms in the North-Hessia region.

Typical F&B products associated with Germany in other countries include Riesling, beer, sausages and bread. Some products are

even named after the region like "Lübecker Marzipan" or "Nürnberger Bratwurst" (Nuremberg roast sausage), and are protected names across the EU. In fact, each region in Germany has its own local food specialities.

German bread

Around 170 000 people across more than 12 000 companies are working in the German bread and bakery business; they are generating a turnover of 19.8 billion Euro (2015). The number of bread varieties is huge: the German bakery association counts approximately 3200 bread specialities, including the world-famous "Pumpernickel" and "Brezel". The average consumption of bread per German household is 44 kilos per year (2017). The most popular are mixed varieties (i.e. wheat & rye) and wholegrain; "Schwarzbrot" (black bread) accounts for 9.9%.

35 000 stores in Germany sell fresh baked bread and bakery products; 11 000 are so-called "Meisterbetriebe" (having the master craftsman's diploma). Even discounters like Aldi and Lidl today offer freshly-baked rolls and

bread, with up to 40 varieties in their stores, including local specialities.

"Dark bread" is what Germans miss most when they live a long time abroad. One of the most successful dark bread products internationally is the "Kornspitz" (rye and wheat flour mix). Austrian company "backaldrin" sells 4.5 million units per day in 71 countries.

Registered in 1975, the first bread brand in Germany was "Lieken-Urkorn" - a dark wholegrain bread. Today, Lieken is owned by Czech company Agrofert. The main export markets for German bread are France, the Netherlands, Austria, the UK and Italy, but German bread is also well known in the USA and Japan.



GERMANY
Dr. Heinz H. Fischer
fischer@active-ma.com



LITHUANIA

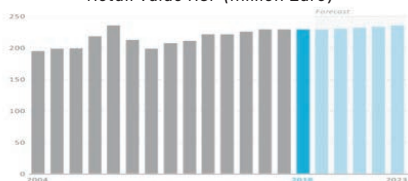
DARK RYE BREAD

One of the oldest and most fundamental Lithuanian food products is dark rye bread. Two kinds of bread are traditional, plain fermented and scalded. Plain fermented bread has been baked from the earliest times, while scalded bread has only been baked since the start of the 20th century. Plain bread ferments overnight but needs to be kneaded for a long time, while scalded bread fermentation takes almost three days.



Bread holds the highest value share (62.2%) of the overall baked goods market in Lithuania, with retail sales of 141.8 million Euro. In 2018, bread declined in both retail volume and value terms due to decreasing population and changing consumption habits. The bread category is saturated with many different players who compete with new product developments, new packaging sizes and designs, flavours, ingredients and formats.

Recent and Predicted Sales of Baked Goods
Retail Value RSP (million Euro)



Source: Euromonitor International

Growing frozen baked goods segment

Lithuanian consumers follow international trends and, owing to faster lifestyles, it is no surprise that frozen baked goods were the most dynamic performers in 2018. An increasing supply of frozen baked goods that are dairy-free, gluten-free or organic correspond with the ongoing health and wellness trend, supporting growth. However, frozen baked goods remains a small category in comparison to other baked goods, thus creating opportunities for further segment development.

M&A potential

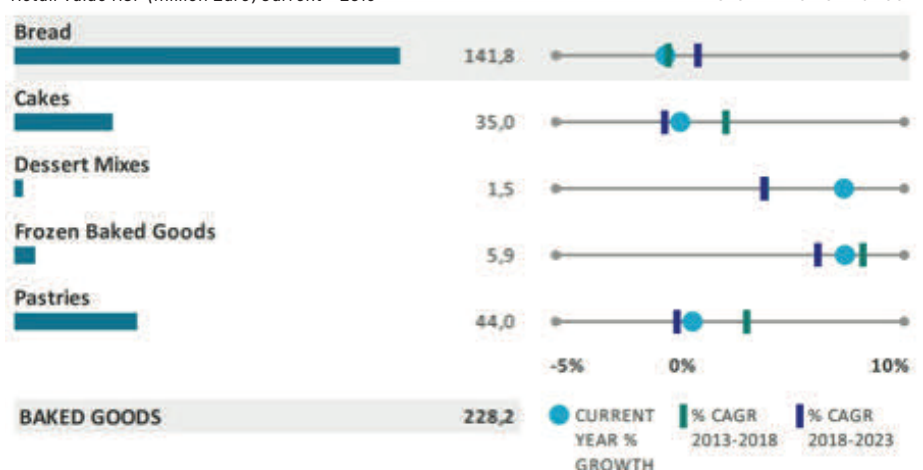
The market leader with 21.9% of the market is Vilnius Duona UAB, which is owned by Lantmännen Unibake, the leading baking company in Scandinavia and the Baltic States. The second largest company with 12.7% is Fazer Lietuva UAB, which is owned by Fazer Group of Finland. The rest of the market is still highly fragmented, creating opportunities for future consolidation through M&A.



LITHUANIA
Kristupas Kukarskas
kristupas@confidentus.eu

Sales of Baked Goods by Category

Retail Value RSP (million Euro) Current - 2018



Source: Euromonitor International



ARGENTINA

Malbec Overview*

Malbec is Argentina's flagship wine variety and originally came from south-west France, where it is known today as Cot and features a hard, tannic style.

In 1852, Malbec was brought to Argentina by Michel A. Pouget, a French agronomist who was hired by the Argentine government to develop quality wine production.



Malbec, in particular, adapted quickly to the varied terroirs offered by Argentina's landscape and wines better than those that its land originally produced. Argentina became the only country to have original Malbec vines of true French heritage.

Argentina is currently the world's main producer of Malbec, with 97 575 acres of vineyards planted across the country, followed by France, Italy, Spain, South Africa, New Zealand and the USA.

Argentine producers have grown Malbec extensively in every wine region of the country. Currently, opulent, vigorous Malbec varieties may be found in the Andes mountain range, from Salta to Patagonia.



Malbec's most significant characteristic is its intense dark colour. Its aromas evoke cherries, strawberries or plums; in some cases, it is reminiscent of cooked fruit, depending on when the grapes were harvested. In the mouth, Malbec is warm, soft and sweet, with non-aggressive tannins. When it is aged in oak, it develops coffee, vanilla and chocolate aromas.

The total value of Argentine exports of wine products in 2017 was US\$ 954 million, while exports of the Malbec variety reached a total of US\$ 508 million. Exports of Malbec have grown in volume by 242% and in value by 379% in the past 10 years.



Recent Transactions in the Wine Sector in Argentina

Growing competitiveness in the wine sector globally, but also locally, has led to a greater concentration of companies in recent years, with relevant international players acquiring traditional family-owned companies in the industry.

During 2017 and 2018, M&A activity in Argentina's wine sector was dynamic, especially due to the interest of large wineries, which had various alternatives under study to acquire local companies. The current outlook is fairly positive for the local industry.

In October 2017, Origin Global Distribution Inc. (a Swiss group

specialized in the winery sector) acquired Finca La Anita S.A., a boutique winery located in Mendoza. The new owners already controlled another company in that province, Mendoza Vineyards S.A. The acquirer plans to expand Finca La Anita's presence abroad since today it sells 90% of its production in Argentina.

In December 2017, an Irish group, led by entrepreneur Patrick McKillen, acquired Finca Blousson S.A., located in the Uco Valley, Mendoza.

In March 2018, Silvio Benvenuto (one of the former owners of La Campagnola S.A.C.I., a local food company) sold Bodega Colle di Boasi S.A. (a winery located in Uco Valley, Mendoza) to Bodegas Bianchi S.A., a 90-year-old family-owned company. The acquisition included a 170-hectare farm.

In April 2018, the Ortega Gil Fournier family (a Spanish family) sold Bodega & Viñedos O. Fournier S.A. to the Agostino family, a local wine-making investor.

In December 2018, the Arizu family announced the sale of Bodega Luigi Bosca e Hijos S.R.L. to L Catterton Latin America, the largest global private equity fund dedicated to the consumer sector. L Catterton Latin America plans to drive both the global growth of the winery's iconic brands as well as its long-term vision to expand into the most relevant international markets.

*Source: Instituto Nacional de Vitivinicultura (INV) and Wines of Argentina.



ARGENTINA
Mario Caramutti
mc@fga.com.ar

DENMARK

DYNAMICS OF THE DANISH BEER MARKET

Danish breweries are a large and important part of the Danish food & drink industry, and among the international leaders with a global turnover of DKK 71 billion (beer and soft drinks). With an export share of 50%, Denmark is one of the largest exporters in Europe. Easily the largest brewery group is Carlsberg, followed by Royal Unibrew and several other medium-sized businesses.

The true revolution in the Danish beer market over the last 15 to 20 years has been the emergence of nearly 200 micro and contract breweries, and a corresponding enthusiasm among consumers for delicate special brews.

Only a few micro brewers are financially strong and, in general, it is rather difficult to operate a profitable microbrewery, especially as the large breweries have also introduced a broad assortment of special brews and, in comparison to microbreweries, have very strong positions and sales channels within the retail sector.

The soft drink market has also seen rapid development, with the introduction each year of new soft drinks, energy drinks, juices, etc. This has led to a very broad assortment of all kinds of beverages with and without alcohol in all supermarkets and retail shops, as well in the restaurant sector.

Declining beer market

Total sales are declining in Denmark's domestic beer market,

which is in line with the general trend in Western Europe. In 2016, the Danish market fell by 7.4%, partly due to a bad summer, whereas the long and hot summer of 2018 had a positive impact on sales.

Even in a declining market, there are several growth pockets such as special brews, as consumers would rather drink less but better beer.

Non-alcoholic beer is becoming more and more popular, with a recorded growth rate of 31.6% in 2018 owing to consumers' preference for a healthier lifestyle. Carlsberg expects to double its sales of non-alcoholic beer by 2022, corresponding to 6% of its total beer sales. Brewery giants such as AB Inbev and Heineken are also expecting increased sales of non-alcoholic beer.

Another positive trend in the beer market relates to draught beer, which has seen a 7% annual growth rate. Carlsberg has strengthened its position by developing a new draught beer system named Draughtmaster, which can keep the beer fresh for a month instead of the week achieved with traditional systems. Another explanation for the growth in draught beer is an increasing number of festivals, concerts and food events.

In the future, the Circular Economy is expected to play an even bigger role in the sector. For many years, the world's most efficient deposit system, based in Denmark, has recorded reuse of around 90% for all beer and soft drink bottles and cans in the Danish market. Also, breweries are continuously working on energy and resource optimization in their production to find more and better ways to reuse waste

products in their own operations and in other industries.

Transactions

In December 2018, The Carlsberg Group acquired 28.5% of the shares in Viacer. The latter is the controlling shareholder of Super Bock Group, holding 56% of the shares while the other 44% are owned by Carlsberg. Following the transaction, the Carlsberg Group's direct and indirect ownership in Super Bock Group made up 60%. Super Bock Group is the market leader in Portugal, holding a market share of 47% with a strong portfolio, including brands such as Super Bock, Carlsberg and Somersby.

Baltic Beverages Holding (BBH), which is owned by Carlsberg, has acquired 10.5% of Alvaria, the oldest brewery in Belarus, to bring BBH's total ownership up to 78.3%. Carlsberg's strategy is to strengthen its position in growth markets where it is already among the largest breweries.

Royal Unibrew, the second largest brewery in Denmark, has about 50% of its business in the soft drink market. The brewery was very active with acquisitions in the summer of 2018:

*In June, it acquired the energy drink provider Bev.Con Aps, which produces the Cult Energy, Shaker and Mokai brands.

*In July, it acquired the French lemonade company Etablissements Geyer Frères.

*In August, it acquired 50.5% of Nohrlund, a Danish cocktail company.

Both Carlsberg and Unibrew are interested in more acquisitions in 2019.



DENMARK
Jens Møller
jm@cigno.dk

CASE STUDY

FRANCE : DAREGAL ACQUIRES "A L'OLIVIER"



Charles Darbonne, CEO:
5th generation of the family heading DAREGAL company.



- **DAREGAL**, the family-owned and -run company founded in 1887 and based in the Paris region, is a world leader in culinary herbs, with over **150 million Euro** turnover, 500 employees, 4 plants in France, Spain and the USA, and commercial subsidiaries in Germany and the UK.

DAREGAL is a fully-integrated enterprise: vegetable genetic research, seed, cultivation, transformation and sale

- **A L'OLIVIER** was created in



1822 in Paris.

It achieves an 18 million Euro turnover and runs 2 mills, 2 plants and 5 stores, all dedicated to olive oil and flavoured olive oils, vinegars and sauces. **A L'OLIVIER** also provides millions of mignonettes of olive oil and vinaigrette to airlines.

- The two entities' areas of expertise are strongly complementary: commercial synergies will enable **A L'OLIVIER** to grow sales through **DAREGAL's** international commercial network spanning 46 countries. In addition, synergies on high-end products will serve to fuel future growth and value creation.

- **LINKERS**, long-term advisor of **DAREGAL**, acted as a sole financial advisor in its external growth strategy and acquisition process. After several relevant targets were identified and analysed, a deal was negotiated in which **A L'OLIVIER** was gently guided by LINKERS, leading to a link-up between 2 families which share the same culture and values around natural products of a high aromatic value with an emphasis on origin and tradition.

DEAL HIGHLIGHTS

AVVALOR MEMBER OF M&A WORLDWIDE

AGRI, FOOD & BEVERAGES

**AN EUROPEAN PRIVATE EQUITY FUND
ITALIAN HAM PRODUCER**

An european private equity fund entered in an agreement to acquire 100% of an italian ham producer

ITALY
BUY
2018

LINKERS MEMBER OF M&A WORLDWIDE

AGRI, FOOD & BEVERAGES

**DAREGAL
A L'OLIVIER**

FRANCE
BUY
DEC 2018

LINKERS MEMBER OF M&A WORLDWIDE

AGRI, FOOD & BEVERAGES

**DYNAMIS
PROPOLIS DEVELOPPEMENT**

BLUEBOX advised the shareholders of PEPPERSALE on the sale

UK
SELL
SEP 2018

LINKERS MEMBER OF M&A WORLDWIDE

AGRI, FOOD & BEVERAGES

**COOKISHOP
PRIVILEGE DE MARQUE**

Advised CookiShop, a tableware company in selling to Privilege de Marque

FRANCE
SELL
JUN 2018

MBA CAPITAL MEMBER OF M&A WORLDWIDE

AGRI, FOOD & BEVERAGES

**CHAMPAGNE LOMBARD
A FAMILY OFFICE**

La maison CHAMPAGNE LOMBARD has opened up its capital at a Family Office

FRANCE

2018

TEAM AND CONTACT



ARGENTINA
Mario Caramutti
mc@fga.com.ar



NETHERLANDS
Jacques Jetten
jjetten@aeternuscompany.nl



AUSTRALIA
Adrian Ness
adrian@johnsonscorporate.com.au



NETHERLANDS
Patrick Cox
p.cox@aeternuscompany.nl



CROATIA
Denis Smolar
denis.smolar@denves-consulting.hr



POLAND
Kamil Olejnik
k.olejnik@jpweber.com



DENMARK
Jens Møller
jm@cigno.dk



ROMANIA
Jackie Bojor
jackie@frdcenter.ro



FRANCE
Isabelle Arnaud-Despréaux
isabelle.arnaud-despreaux@mbacapital.com



SPAIN
Manel Pelegrina
manel.pelegrina@arscorporate.com



FRANCE
Nicolas Bonnel
nicolas.bonnel@mbacapital.com



LITHUANIA
Kristupas Kukarskas
kristupas@confidentus.eu



FRANCE
Philippe Delecourt
pdelecourt@linkers.fr



UK
Jonathan Rich
jonathan.rich@blueboxcfg.com



GERMANY
Dr. Heinz H. Fischer
fischer@active-ma.com



USA
Bill Battison
bill.battison@focusbankers.com



ITALY
Fabrizio Ricci
ricci@avvalor.com



VIETNAM
Pham Thuy Linh
linh@pyi.co.th



In 2018 the members of M&A Worldwide closed 423 deals in for an aggregate value of over US\$4.7 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