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# Health & Nutrition Industry Census First Quarter 2011

## Trends in Mergers and Acquisitions

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The information in this presentation is obtained from various public sources.

In the listings of Acquirers and Targets, the columns are blank if amounts are unavailable.

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# Objective of Census

First Quarter 2011

This abridged version of the semi-annual Census provides a synopsis of M&A activity in the first quarter of 2011.

The objective of the Health & Nutrition Industry Census is to provide for market participants a census of M&A activity and trends *in the sub-segment of their industry*, within the *\$5 million to \$100 million transaction value range*.

# Executive Summary

## M&A Transactions – 1<sup>st</sup> Quarter 2011

In the health and nutrition sector, the first quarter of 2011 transactions exceeded those of 2010 – an increase of 26%. The largest contributor to that result was the healthy, natural, organic and functional foods and beverages sector which showed a 50% increase, from 10 to 15 transactions.

Transaction levels for health and nutrition ingredient suppliers, contract manufacturers, branded nutritional supplements and OTC & natural personal care products are almost on par with Q1 2010.

Those results are an indicator of the continuing M&A momentum.

## Current Market Environment

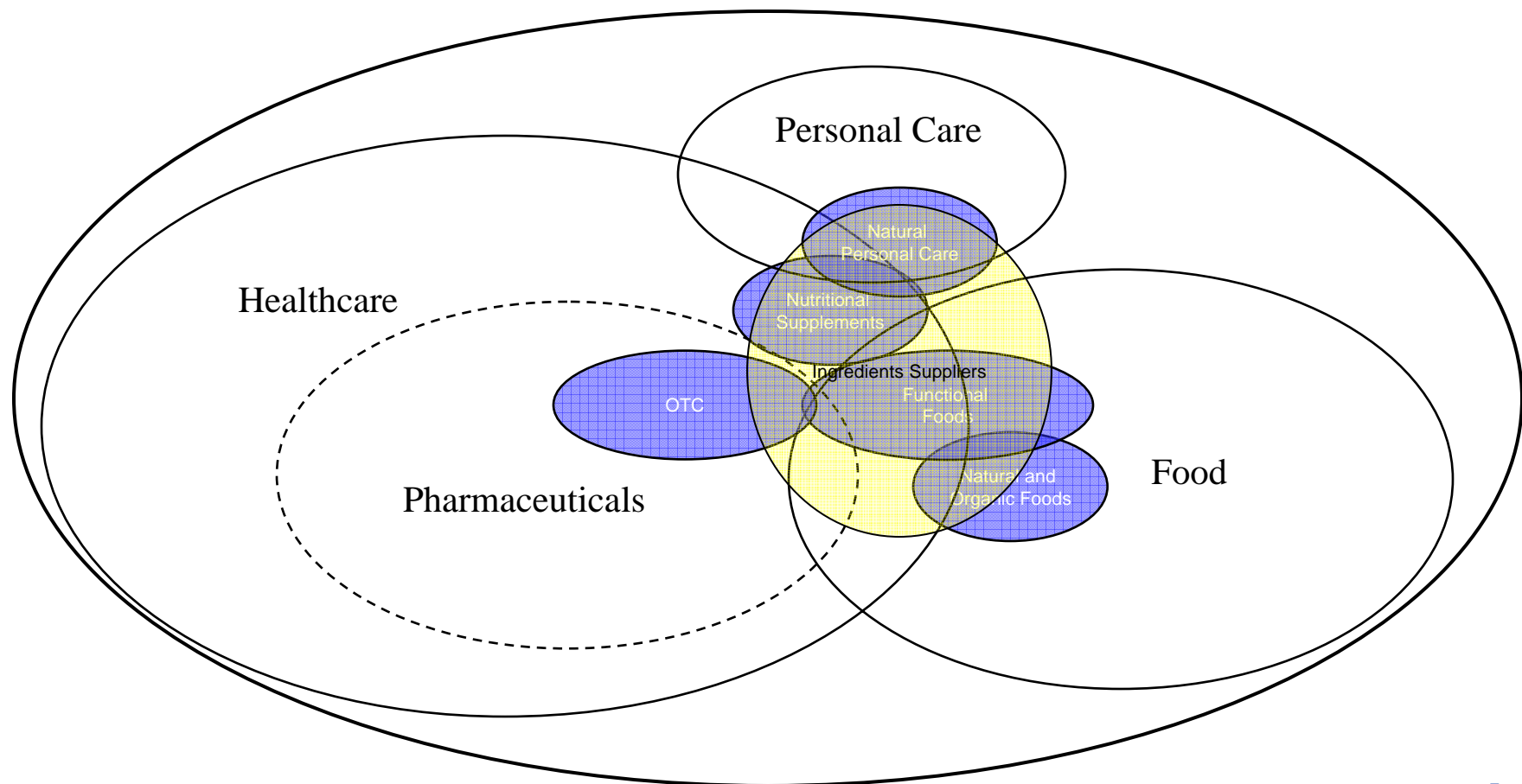
This incremental growth of M&A activity is reflective of the corporate strategics and financial sponsors continuing activity to seek appropriate acquisition targets.

With the distinct and ongoing rise of inflation, which is expected to impact the value of cash amongst other market elements, and with minimal interest rates currently, corporate strategics feel the need to deploy their accumulating cash.

The “overhang” in available private equity, coupled with the added focus of private equity in the middle market, will create substantial competition with strategic buyers. All of these forces will begin to drive multiples higher for attractive quality targets.

# Sub-Segment Analysis and Commentary

Health & Nutrition focuses on those “sub-segments” at the intersection of the giant healthcare, personal care and food industries.



# Sub-Segment Analysis and Commentary

## Number of Transactions

### Number of Transactions

#### First Quarter 2008 - 2011

<i>Segment</i>	<i>Q1 2008</i>	<i>Q1 2009</i>	<i>Q1 2010</i>	<i>Q1 2011</i>
Healthy, Natural, Organic and Functional Foods and Beverages	8	9	10	15
Health and Nutrition Ingredients Suppliers	5	3	7	6
Contract Manufacturers	0	1	0	0
Branded Nutritional Supplements	4	3	3	4
OTC & Natural Personal Care Products	0	0	3	4
<i>Total</i>	17	16	23	29
Licensing and Joint Ventures (Started in 2008)	2	22	12	13
Retailers and Distribution	2	0	1	2
Financings	4	8	16	13

#### Year-End 2008 - 2010

<i>Segment</i>	<i>YE 2008</i>	<i>YE 2009</i>	<i>YE 2010</i>
Healthy, Natural, Organic and Functional Foods and Beverages	24	30	42
Health and Nutrition Ingredients Suppliers	17	7	18
Contract Manufacturers	4	3	7
Branded Nutritional Supplements	14	7	13
OTC & Natural Personal Care Products	2	5	9
<i>Total</i>	61	52	89
Licensing and Joint Ventures (Started in 2008)	21	53	42
Retailers and Distribution	6	2	8
Financings	25	44	49

# Overview of Q1 2011 Transactions

## Sub-Segment Analysis

### Healthy, Natural and Organic Foods and Beverages

**Hain Celestial** acquired French organic food producer **Danival SAS** and Norwegian organic food producer **UniqueFiber AS**. Danival is currently owned by the Viva Sante Group, and makes over 200 organic food products, including sweet and salted grocery, fruits, vegetables and delicatessen, distributing throughout Europe. GG UniqueFiber produces branded natural grain products including Scandinavian Bran Crispbread, Oat Bran Crispbread and UniqueFiber™ FiberSprinkle™, which are distributed in Europe and the U.S. Both of these transactions mark Hain's interest in continuing to build a foothold in the European Market.

### Branded Nutritional Supplements

Private equity firm Bruckman, Rosser and Sherrill sold **Seroyal** to **Atrium Innovations** in January of 2011. Canadian-based Seroyal sells branded nutritional supplements and homeopathic remedies to health care practitioners in Canada and the U.S.

### OTC and Natural Personal Care Products

**LVMH Moët Hennessy Louis Vuitton** made two sizeable natural personal care transactions in the first quarter. The French luxury brand owner acquired a 70% stake of UK-based luxury naturals brand **Nude Skincare**, which was established as a line for the natural and organic London-based health store chain Fresh & Wild. It also acquired botanical skin care company **Ole Henriksen**, a botanical-based skincare company founded in 1985 by Ole Henriksen in his spa business in Los Angeles.

# Overview of Q1 2011 Transactions

## Sub-Segment Analysis

### Financings

Activity in this sub-segment dropped by 19% compared to the same period in 2010. However, activity climbed in March as several notable companies received financings from a range of investors. Among those, natural chocolate wafer company, **Qbel**, raised \$1.2 million from individuals, **Aquaydrate** (functional water with purity, electrolytes, minerals and alkalinity) raised \$10 million from Yucaipa Companies and functional beverage company **mix1** received a strategic investment from the Hershey Company.

### Licensing and Joint Ventures

Transactions continued at the same pace as 2010.

**Danisco** signed a long-term agreement with U.S.-based company **Arboris** to market their pine-derived phytosterols globally while stevia-maker **GLG** announced the completion of their **ANOC** China operation, enabling GLG to roll-out product throughout key cities in China.

# Sub-Segment Analysis

## Healthy, Natural, Organic, Functional Foods and Beverages

2011	Acquirer	Target	Trans. Value (US \$M)	Sales (US \$M)	Multiple of Sales	EBITDA (US \$M)	Multiple of EBITDA
March	Cargill	Sweekar					
March	Beam Global	Skinnygirl Spirits Brand					
March	Exponent Private Equity	Quorn Foods	331.9				
March	Bazooka Candy	Sharkies Organic Fruit Chews					
March	Coca Cola	Honest Tea					
March	Heinz	Coniexpress S.A. Industrias Alimenticias		2720.0			
Feb.	Evolv Health	XOWii					
Feb.	Raisio	Big Bear Group	130.2	89.0	1.5	18.6	7.0
Feb.	Hain Celestial Group	GG UniqueFiber AS		2.0			
Feb.	Hain Celestial Group	Danival SAS		10.0			
Jan.	Smart Balance	Bestlife Brand					
Jan.	Exponent Private Equity and Intermediate Capital Group	Premier Foods (Quorn and Cauldron brands)	327.1				
Jan.	Schreiber Foods	Dean Foods' customer-brand yogurt business					
Jan.	Thomas H. Lee Partners	Acosta Sales and Marketing					
Jan.	Lea Nature	Ekibio					

Where available, data is being provided.

## Sub-Segment Analysis

### Health and Nutrition Ingredients Suppliers

2011	Acquirer	Target	Trans. Value (US \$M)	Sales (US \$M)	Multiple of Sales	EBITDA (US \$M)	Multiple of EBITDA
March	Azelis	S&D Group Limited					
Feb.	Nestle	CM&D Pharma					
Jan.	HallStar	BioChemica International					
Jan.	ICV Partners	Stauber Performance Ingredients					
Jan.	Frutarom	East Anglian Food Ingredients Ltd.	4.8	8.4	0.6		
Jan.	Dupont	Danisco	6300.0				

Where available, data is being provided.

## Sub-Segment Analysis Branded Nutritional Supplements

2011	Acquirer	Target	Trans. Value (US \$M)	Sales (US \$M)	Multiple of Sales	EBITDA (US \$M)	Multiple of EBITDA
March	Adcock Ingram	NutriLida Healthcare					
March	Pfizer	Ferrosan's Consumer Healthcare Business					
Jan.	Glanbia	Bio-Engineered Supplements and Nutrition	144.0				
Jan.	Atrium Innovations Inc.	Seroyal	110.0	40.0	2.8	14.7	7.5

Where available, data is being provided.

## Sub-Segment Analysis

### OTC and Natural Personal Care Products

2011	Acquirer	Target	Trans. Value (US \$M)	Sales (US \$M)	Multiple of Sales	EBITDA (US \$M)	Multiple of EBITDA
March	LVMH Moët Hennessy–Louis Vuitton	Ole Henriksen					
March	LVMH Moët Hennessy–Louis Vuitton	Nude Skincare					
Jan.	TSG Consumer Partners	E.L.F Cosmetics					
Jan.	Teva Pharmaceuticals	Theramex					

Where available, data is being provided.

## Sub-Segment Analysis

### Licensing and Joint Ventures

2011	Partnership	Partnership
March	Danisco	Arboris
March	Farbest Brands	Gushen Group
March	BASF	Evovla
Feb.	Biothera	XSTO Solutions
Feb.	DSM	DuPont
Feb.	Corazonas Foods	Cargill
Jan.	Fuji Health Science	Sanat Products
Jan.	Vitva	Savannah Fine Chemicals
Jan.	Amarillo Biosciences	Oasis Diagnostics
Jan.	WILD Flavors	Sterling Technology
Jan.	GLG Life Tech Corporation	ANOC
Jan.	NutraCea	Nutra SA
Jan.	NutraCea	Alothon

Where available, data is being provided.

## Sub-Segment Analysis Retailers and Distributors

2011	Acquirer	Target	Trans. Value (US \$M)	Sales (US \$M)	Multiple of Sales	EBITDA (US \$M)	Multiple of EBITDA
March	Walgreens	Drugstore.com	429.0	456.5	0.9	21.4	20
Jan.	Catterton Partners	Noodles and Company		192.7			

Where available, data is being provided.

## Sub-Segment Analysis Conventional Ingredients Suppliers

2011	Acquirer	Target	Trans. Value (US \$M)	Sales (US \$M)	Multiple of Sales	EBITDA (US \$M)	Multiple of EBITDA
March	Ohly	Bakon Yeast					
March	Cargill	Sorini					
Feb.	CSM	Classic Cakes					
Jan.	Dupont	Danisco	6300.0				
Jan.	Cargill	Schwartauer Werke Kakao Verarbeitung					
Jan.	Frutarom	British East Anglian Food Ingredients	4.8	8.4	0.6		
Jan.	Cargill	Sorini					

Where available, data is being provided.

## Recent Financings

2011	Company	Funds	Segment	Investment (US \$M)
March	Orabrush	True Ventures and 2X Consumer Products Growth Partners	Technology	2.5
March	Biopharmacopae Design International Inc.	Avrio Ventures	Ingredients and Contract Manufacturing	2.0
March	Agraquest	Generation Investment Management and Otter Capital	Technology	17.7
March	Just-Eat	Greylock Partners, Redpoint Ventures and Index Ventures	Technology	48.0
March	Q.bel Foods	Diverse Investor Group	Branded Food and Beverage	1.2
March	Dr. Sears Family Essentials	Intuitive Venture Partners	Branded Food and Beverage	5.6
March	mix1	Hershey Co.	Branded Food and Beverage	
March	Cambrooke Foods	Galen Partners	Branded Food and Beverage	
March	Grubhub	DAG Ventures and Benchmark Capital	Retail and Distribution	20.0
March	AquaHydrate	The Yucaipa Companies	Branded Food and Beverage	10.0
Feb.	DC Brands International	Centurion Private Equity	Supplements	10.0
Jan.	Burger Lounge	Karp Reilly LLC	Retail and Distribution	
Jan.	Activate	Tata Group	Branded Food and Beverage	

Where available, data is being provided.

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