

Ninth edition

Capitalmind Fabulous 20 - Food & Drink

Translation of survey published in the leading Dutch Elsevier Foodmagazine (2018)



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Food & Drink industry growth speeds up

Ten new listings in the top twenty

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Freshness and convenience above all: Fabulous 20 list

Acquisition-machine Group of Butchers continues to lead the list of fastest growing food companies for the third consecutive year. The rankings are dominated by companies specializing in fresh foods. 'Especially companies focusing on convenience are doing very well this year - Aartsenfruit is the fastest organic grower.'

This is the 9th edition of the annually compiled ranking by Capitalmind published in Foodmagazine, previously known as the Fabulous 40. 'By focusing on twenty companies we can give the research more depth,' Capitalmind co-founder Jan Willem Jonkman explains, 'we learned this lesson from similar research in other sectors, such as Staffing / Human Resources.'

The criteria for inclusion have not changed; only Dutch non-listed companies with a turnover of more than € 15 million (reported to the Chamber of Commerce in due time) are eligible for the rankings. Companies are ranked by their average sales growth per year (CAGR), in this case between 2014-2016. 'It is sometimes quite a puzzle to collect and scrutinize all the data, but it yields a lot of interesting



Most companies are active in fresh food with an increasing focus on producing end-products for supermarkets

information,' says Jules van den Munckhof from Capitalmind, who performed the research.

Group of Butchers has dominated the ranking for the past three years now. According to Jonkman: 'The driving force behind Group of Butchers was investor Nordin, whose acquisition of the company was done with the intention to grow through further add-on acquisitions. Its management team can handle the challenge. They perform one or two acquisitions every year, resulting in the strong growth observed. However, it is not unique that the same company is on top of the list for several years. Meat supplier Van Loon has also led the ranking for several years and is now ranked high once again. This is very impressive.'

The average growth of the 20 companies in the ranking was 10.4 percent, against 9.6 percent in last year's list. 'This is a clear break in the trend of past years: looking at previous editions, growth has been decreasing since 2013,' says van den Munckhof. Companies which grew in the 2018 list

through acquisitions or mergers did so by 20.4 percent on average, versus 13.8 percent in the list of 2017. Organic growers, meanwhile, averaged growth of 7.9 percent against the 7.8 percent of previous year.

Jonkman observes a clear trend within the rankings; 'Most companies are active in fresh food. These parties also have an increasing focus on producing end-products for supermarkets, thereby improving their sales. Companies also tend to produce private labelled goods, leaving labelling up to the retailer.

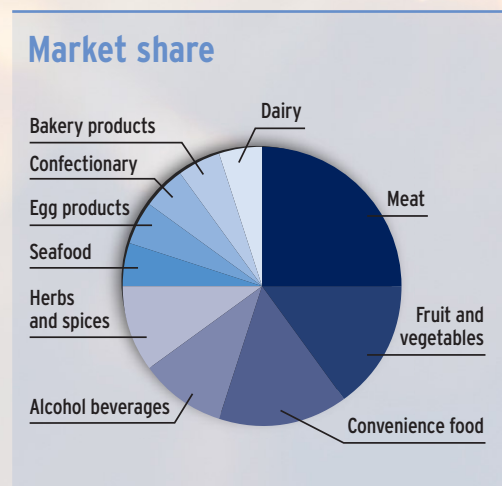
Naturally, there are exceptions such as beer brewer Gulpener and biscuit manufacturer Hellema (known for the Smoeltjes brand). Herbs and spices vendors Euroma and Verstegen also continue to perform well without participating in these trends.'

Private-label manufacturers remain attractive for investors. 'For private equity firms it is interesting to acquire a number of smaller companies and consolidate these into one larger company. In doing so they can pay roughly five to seven times EBITDA (operating result + Depreciation & Amortisation) and receive eight to ten times EBITDA upon sale. It remains to be seen for how long such practices can be successfully continued, but for the time being it is achievable,' says Jonkman. Of the twenty companies in the list, five are currently owned by private equity investors.



An interesting newcomer to the list is BIP Holland. Van den Munckhof: 'They own the licensing rights for many well-known television names such as Nickelodeon, SpongeBob, Avengers, Frozen, Paw Patrol and Hello Kitty. Under these licenses, for example, BIP can make candy branded with a character from one of these popular shows which can be extremely successful.'

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Capitalmind Fabulous 20 - Food

Rank 2017	Rank	Company	Segment	Total revenues 2016 in mln. €	Total revenues 2015 in mln. €	Total revenues 2014 in mln. €	CAGR (% growth)	M&A 2014-2016	Private equity
1	1	Group of Butchers ¹	Meat	124,6	106,6	67,9	35,48%	✓	Nordian
3	2	Hessing	Fruit and vegetables	314,5	259,8	212,9	21,53%	✓	
5	3	Van Loon Group	Meat	434,6	368,7	325,1	15,62%	✓	
18	4	Aartsenfruit	Fruit and vegetables	175,5	151,0	131,7	15,44%		
-	5	Frisia Food	Meat	87,5	75,4	67,8	13,62%		
-	6	BIP Holland	Confectionary	42,4	35,3	33,1	13,17%		
11	7	Euroma ^{2 3}	Herbs and spices	92,2	80,1	75,3	10,66%		Clearwood Investments
-	8	GPS	Meat	197,1	190,1	165,9	9,01%		
2	9	Marfo	Convenience food	51,6	58,9	43,5	8,90%	✓	Bolster Investment Partn.
-	10	Farm Frites	Convenience food	353,8	294,3	305,1	7,68%		
15	11	Gulpener	Alcoholic beverages	16,5	15,4	14,3	7,26%		
19	12	Interovo Egg Group	Egg products	313,4	326,3	276,0	6,56%		
-	13	Klaas Puul ⁴	Seafood	172,2	162,7	152,6	6,25%		H2 Equity Partners
-	14	ENKCO	Convenience food	73,4	70,1	65,5	5,88%		Gilde Buy Out Partners
-	15	Van Rooi Meat	Meat	611,2	518,4	548,2	5,59%		
4	16	Hellema	Bakery products	46,5	49,0	41,8	5,48%		
12	17	Verstegen	Herbs and spices	131,9	125,6	118,7	5,46%		
-	18	Rouveen Kaasspecialiteiten	Dairy	147,3	130,5	133,6	5,01%		
-	19	Banken Champignons	Fruit and vegetables	92,8	94,9	84,4	4,85%		
-	20	De Kuyper	Alcoholic beverages	73,2	75,4	66,6	4,85%		

Comments

- ¹ In 2017 Nordian sold DGS to Equistone ³ In 2018 Euroma acquired Interaste
² In 2017 Parcom Capital acquired Euroma ⁴ In 2018 Klaas Puul and Foppen announced their merger

1. (1) Group of Butchers (Meat)

DSG Group is a manufacturer of meat products for supermarkets which has grown considerably in recent years, amongst others through acquisitions. Investor Nordian sold the company to Equistone in 2017 after it was taken over by De Roller in 2016. Jonkman: 'The operations of DGS are great. They don't only sell meat products but manage the departments of their clients as well. In doing so, they focus on margin instead of price. In addition, they have completed several interesting acquisitions. For instance, if they see an opportunity in 'filet americain' products they will actively pursue opportunities through acquiring a high-quality producer of this type of food. Their turnover will then increase rapidly by adding this product to their existing product range.'

2. (3) Hessing (Vegetables and fruit)

Hessing is specialized in the processing, packaging, and marketing of prepared fruit for customers in the supermarket sector, among others. Hessing also supplies semi-finished goods to the industry. Jonkman: 'Hessing has a crystal clear positioning. The family behind the company bought back the shares from The Greenery a few years ago and have since performed several acquisitions. There is also a great demand for convenience fruit from retailers and Hessing is in a good position to benefit from this.'

3. (5) Van Loon Group (Meat)

Meat producer Van Loon has four companies which supplies a large part of the retail sector: Van Loon Meat, Brandenburg, Slegers and Meat Friends. The company supplies both fresh

and ready-made meat products. Jonkman: 'It is an impressive company which continues to grow very fast. The purchase of Brandenburg is still included in these figures, but not the acquisition of Jumbo's butchery. I estimate Van Loon's turnover to have reached around € 600 million in the meantime. Next year they will certainly rank high again in the Fabulous 20.'

4. (18) Aartsenfruit (Vegetables - fruit)

Aartsenfruit is a fourth-generation family business and is the fastest organic grower in this year's list. Originating from Breda, where its head-office is still located, the company has expanded to become an international supplier of fruit and vegetables. Van den Munckhof: 'A couple of years ago they opened a new branch in the logistic region of Venlo to expand their business more internationally. They already

reached the max capacity in Venlo, because they are growing faster than expected.

5. (-) Frisia Food (Meat)

Frisia Food was known as J. de Vries & Zn until 2010 and is a major supplier of both fresh and frozen poultry products to retail and food processors. Jonkman: 'Just as with GPS (ranked 8th in this edition), Frisia Food benefits from consumers' increased consumption of proteins from more active lifestyles. The company also continues to make more ready-made products to be delivered directly to the retail sector, such as skewers with chicken tenderloin for on the barbecue.'

6. (-) BIP Holding (Confectionery)

From its headquarters in Etten-Leur, BIP Holland produces a variety of healthy snacks, sweets and chocolate products and markets these by incorporating licensed rights of popular names such as Angry Birds, Avengers, Barbie, My Little Pony, Paw Patrol, Spiderman and Star Wars. The company operates across Europe. Jonkman: 'BIP has a lot of nice licenses and makes good use of these, with strong growth as a result.'

7. (11) Euroma (Herbs and spices)

Euroma produces herbs and spices under its own name and the brands Original Spices, Jonnie Boer and Drogheria & Alimentari. Jonkman: 'Euroma, as well as competitor Verstegen, are still benefiting from the trend of using more herbs for cooking in Dutch households. I expect the increased popularity of meal kits has also contributed to this due to the fact that herbs are often included as a component of the package. I think Euroma will remain a fast grower among its peers, especially since it acquired Intertaste earlier this year.'

8. (-) GPS (Meat)

GPS stands for Combined Poultry Butchers. The company produces and markets poultry products for over 40 years. The company is third largest processor in the Netherlands and the largest on-site processor of the Benelux. See also number 5 Frisia.

9. (2) Marfo (Convenience food)

Marfo produces meals and meal components for hospitals, care institutions, the military and airlines. In 2016 the company acquired Frigilunch. Jonkman: 'An example of Marfo's

product range are premium meals served in business class flights. By delivering frozen foods, Marfo can do business all over the world.'

10. (-) Farm Frites (Convenience food)

Originating from Oudendoorn, the company is specialised in potato-based convenience foods for both retail and out-of-home markets. It caters to both the fresh and frozen food market, allowing it to operate internationally as well. Van den Munckhof: 'Farm Frites is active in a market in which a lot is happening. For example, Lamb Weston / Meijer acquired the potato division of Oerlemans Foods last year.'

11. (15) Gulpener (Alcoholic beverages)

The only beer brewer on the list, Gulpener is an independent brewery based in Gulpen, a town in the southern Dutch province of Limburg. Jonkman: 'Most major beer brands are part of multinationals, while many of the craft breweries that have been created in recent years do not yet have enough turnover for a place in the Fabulous 20. Gulpener has its own beer, but is also strong in brewing small batches of craft beers.'

12. (19) Interovo (Egg products)

Interovo is an internationally active company selling eggs and egg-based products through its various subsidiaries. Thanks to its strong international position, a broad range of egg products and focus on quality, Interovo is achieving strong growth.

13. (-) Klaas Puul (Fish and fish products)

Klaas Puul is a supplier of fish products, including fresh and frozen shrimp. Customers include supermarket chains in Europe, out-of-home food markets and other companies in the food industry. Jonkman: 'Klaas Puul recently acquired Foppen. The effects of this will become apparent in its future rankings: the company is now managed by André van der Padt, who was previously financial executive at Continental Bakeries and CEO of Meneba, Royal Joh. Enschede and Codrico Rotterdam. Klaas Puul is now a very large company, which in the future may be acquired by a Spanish or Japanese company.'

14. (-) Enkco (Convenience food)

Enkco specialises in the production of fresh and frozen meat products and meat substitutes.

The company has existed since 1960 and has its headquarters in Holten. Jonkman: 'Gilde has invested in this company since 2015 and it is surprising that they are not yet actively pursuing add-on acquisitions despite their ambitions to do so.'

15. (-) Van Rooi Meat (Meat)

Van Rooi Meat produces and sells meat products. The company was incorporated in 1998 and is headquartered in the town of Helmond in the Dutch province of North-Brabant. Jonkman: 'Compared to Van Loon, Van Rooi is closer to the farm. They deliver unfinished products to companies such as Van Loon which then further process the food.'

16. (4) Hellema (Bakery products)

Hellema is best known for the Smoel biscuits but also produces a large variety of other biscuit products. Jonkman: 'This company has dropped a lot in the rankings, but has nonetheless maintained a positive organic (average) growth over the past 3 years.'

17. (12) Verstegen (Spices and spices)

Verstegen is a supplier of herbs, seasoning mixes, marinades and related products. The company is a family-owned business since 1886; today, the fourth generation is at the helm and stands for creative and surprising innovations in the food industry.

18. (-) Rouveen Cheese specialties (Dairy)

Rouveen Cheese specialties is a cooperative of 250 dairy farmers who collectively produce cheese in two factories. Van den Munckhof: 'The only dairy company in the top 20. This is remarkable -last year there were still 5 dairy companies among the Fabulous 20, among others because of the lower milk prices. The growth at Rouveen is mainly due to more sales and the exchange of milk varieties.'

19. (-) Banks Mushrooms (Vegetables and fruit)

See the interview with Rob Banken on the following pages.

20. (-) De Kuyper (Alcoholic beverages)

De Kuyper is a distillery from Schiedam. Jonkman: 'De Kuyper is a beautiful, traditional company that benefits from the mixed drinks trend and is internationally very active.'

Banken grows through innovation and trends

Banken Champignons is nineteenth in this year's Fabulous 20, the list of fastest-growing companies. The family business from Wijchen expects to continue its healthy growth in the coming years. Co-owner Rob Banken: 'Mushrooms are trending - we profit from that.'



The company was founded by father Banken and expanded under his sons Jurgen and Rob. The mushroom company is growing well despite the recent negative publicity surrounding the market. Rob Banken explains: 'We are a vertically integrated company. We produce, process and trade in several countries. The problems did affect us, but less hard, because our companies form various links in the mushroom-business chain.'

This has ensured that the company has grown for years and has once again been granted a place in the Fabulous 20. 'Currently, growth is primarily organic but in the past we have also made acquisitions in the Netherlands as well as abroad. We have acquired in Belgian and Polish markets and have sold companies we felt no longer belonged to our core activities,' explains Banken.

Banken Champignons is also a very international company. The Benelux countries are good for 30 percent of revenues, while 70 percent is generated through exports. 'Our mushrooms are available in stores across 25 countries. We currently make approximately € 100 million in sales, most of which comes from Europe.

However, we are also very active in the Middle- and Far Eastern markets. And this is all accomplished just from Wijchen and De Lier, where we have multi-lingual employees. In the Netherlands, we have several large customers in the retail sector and we also deliver to the out-of-home market.'

The Netherlands has played a big role in the mushroom-business for many years, but the international competition is growing. Banken: 'In the past

15 years we have seen ourselves being overtaken by Poland as the largest producer of mushrooms in Europe. The Dutch are very good at exporting and have a great amount of knowledge and expertise, but the Poles have learned our trade.

A lot of EU subsidies have also flowed to Poland and they have the advantage that the purchase price is considerably more favourable. We have been active in Poland since 2003 and have a strong position there.'

In the Fabulous 20, Banken Champignons shows a 3-year turnover growth of 4.85 percent without acquisitions. 'Mushrooms are trending - we benefit from that. Convenience, health, sustainability - mushrooms fits it all. We make a commercial product that grows on horse and chicken manure. The remaining compost can then be used to improve the

underlying soil. We are truly cradle-to-cradle. Totally modern', according to the co-owner of the family business.

Chanterelles at Albert Heijn

However, the company has also invested in research and development to achieve more growth.

'A Portobello with goat cheese, honey and pine nuts: we can deliver this ready-made to the retailers for the holidays. In collaboration with Albert Heijn, we have a successful programme providing chanterelles. They have always been popular in Germany, but not as much here. This summer we promoted them for use in salads, which was very successful and other foreign retailers are now following suit.

The company has its own research and development department and test kitchen. Banken also works closely with Wageningen University, colleges, and now even Radboud University in Nijmegen. Rob Banken is particularly proud of the new in-house developed mushroom which is intended to help solve a societal problem; 'You can grow mushrooms without daylight, but if you expose them to UV light a substance is converted into vitamin D. By fine-tuning the exposure precisely, we can determine the exact quantity. The average deficiency of vitamin D is a big problem in the Netherlands, but now this can be resolved by eating just three mushrooms a day. Functional foods is another trend that we are responding to.'

The company also wants to profit from the growing popularity of vegetarian food. The Champburger has been developed in-house and recently became available in Belgium at Delhaize and is now being rolled out in the Netherlands. 'Many meat substitutes are based on soy. This burger is meat- and soy-free and has the umami taste of mushrooms, making it very juicy and tasty. Eighty percent of the burger is mushrooms.'

Other Banken innovations are focused on form. 'We are no longer focusing on broadening our product range, but rather innovating new ways to use what we already have. Mushrooms for pasta, meat, risotto or rice, for example, with a description of how to prepare it on the back of the packaging - that has become a huge success', says Banken. Although the Banken name can often be seen on the packaging, Rob Banken does not envisage his company as a brand in the fruit and vegetable sector. 'We are a B2B trademark, not a consumer brand - this would require the product to be marketed as such on an international level which is too expensive. Additionally, it is difficult to provide natural products like mushrooms with a consistent level of quality every day in all stores across all countries.'

For the time being, Banken remains a family business - but that does not always have to be the case. 'My brother and I feel the same about that. We do not want to put pressure on ourselves

or our children to continue the business as the third generation. We are currently very satisfied running it as a family business, because this encourages us to keep the long-run in mind. We continue to keep an eye on the market and are open to new opportunities.'



(foto Studio3BC)

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This is how the list is created

The companies that are included in the Fabulous 20 meet five selection criteria set in advance. The companies must be active in the producing food and drink sector, with headquarters in the Netherlands. The revenues have to amount to at least €15 million in one of the measured years. Annual statements have to be on file with the Chamber of Commerce no later than on 31 March 2017. Companies must not be publically traded and the majority of the shares have to be in the hands of Dutch shareholders or international private equity parties. Use is made of, among other things, information from the Chamber of Commerce, company information, public information from websites and interviews. The measure of growth chosen is the growth percentage of the revenues over the years 2014, 2015 and 2016, also called the CAGR method (Compound Annual Growth Rate).

If you would like more information about the Fabulous 20 or have suggestions, please contact:



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