



22ND GCCA EUROPEAN COLD CHAIN CONFERENCE

20-22 MARCH 2019 | BRUSSELS

Economic Forces Driving the Cold Chain Sector

Bram Stevens - Head of Sponsor Coverage, Rabobank

Martijn Breur - Mergers & Acquisitions, Rabobank

Matteo Iagatti - Food Logistics Analyst, FAR Rabobank

Presented by



GLOBAL COLD CHAIN
ALLIANCE®

Table of contents



Sections

I	Introduction	4
II	Market fundamentals driving the cold chain market	9
III	Key trends in the cold storage market	14

Your Rabobank team presenting today



Bram Stevens

*Managing Director
Head of Sponsor Coverage
North America*
Bram.Stevens@Rabobank.com



- Over 15 years of Private Equity, Investment Banking and Leveraged Finance experience in Europe and North America
- Heads sponsor coverage for North America and closely coordinates with his counterpart in Europe as well as the various Global Sector Heads linking the various parts of the food value chain
- Core member in Rabobank's efforts in Supply Chain and together with GSH Tjard Westbroek, Matteo Iagatti and Martijn Breur driving Rabobank's agenda around the cold chain



Martijn Breur

*Executive Director
Mergers & Acquisitions*
Martijn.Breur@Rabobank.com



- Over 12 years of M&A experience in the Netherlands, Singapore and New York
- Responsible for the foodservice, food distribution and cold chain sectors
- Advised clients such as Cargill, CP Foods, FrieslandCampina, Lineage Logistics, Post Holdings and Sysco
- Selected transactions include the acquisition of Partner Logistics and Yearsley Group by Lineage Logistics, Weetabix by Post Holdings, a Russian poultry processor by CP Foods and the sale of CSM Bakery Supplies to Rhône



Matteo Iagatti

*Analyst
Food & Agri Supply Chains*
Matteo.Iagatti@Rabobank.com



- Joined the F&A Supply chain team in April 2018
- Extensive experience in F&A market, worked as a lobbyist for the European sugar beet growers. Previous experiences include consultancy and rural development projects
- Responsible for market analysis in the food logistic sector covering cold chain, food distribution and agri bulk commodities logistics
- Main focus of 2019 research will be the mapping of the European cold chain sector and the contribution of food distribution to food supply sustainability



Introduction

Rabobank is a leader in Consumer Food and Agriculture globally



USD

740bn

of assets with
USD

120bn

committed to the
F&A sector



ranked amongst the
Top 25⁽¹⁾
safest banks
globally

Located in

40

countries



Active in all
segments in the
Netherlands with a
F&A focus
worldwide



Trusted global Food & Agri financial advisory franchise



Over 50 strategic transactions in the last 24 months for industry leading clients

 Ourofino Química Sale of a minority stake to Mitsui and ISK Pending	 E&A Scheer Sale of E&A Scheer to Riverside Pending	 Groupe Soufflet Disposal of Ceres to Dossche Mills Pending	 AXÉREAL Acquisition of Cargill's malting business Pending	 Le Martiniquaise Acquisition of Cutty Sark from Edrington 2018	 Chomthana Sale of 96.5% stake to Yili Group for USD 81m 2018	 Gmyrek Sale of Gmyrek to Group of Butchers (backed by Equistone) 2018	 Mars, Incorporated Sale of Mars' drinks business to the Lavazza Group 2018	 Konspol Sale of Konspol to Cargill 2018
 Permira Acquisition of a 50% stake in Grobest 2018	 Neovia Sale of Neovia's animal health division to Huvepharma 2018	 Bay Grove / Lineage Logistics Acquisition of Yearsley Group 2018	 Marfrig Global Foods Sale of Keystone Foods to Tyson Foods for USD 2.4bn 2018	 Marfrig Global Foods USD 969m acquisition of 51% membership interest in National Beef 2018	 Algar Agro Sale of 100% of Algar Agro to ADM 2018	 Foremost Farms Sale of its Pharmaceutical Lactose business to Kerry Group 2018	 Adama & Syngenta USD 490m sale of certain crop protection products in Europe by Adama and Syngenta to Nufarm 2018	 ED&F Man Holdings Sale of SIS Group to Mitsui Sugar and Mitsui for c. USD 100m 2018
 Exponent Private Equity Acquisition of Meadow Foods by Exponent from Paine Schwartz Partners 2018	 NPM capital Acquisition of Ploeger Oxbo 2018	 Food Freshness Technology Acquisition of stake in Food Freshness Technology 2018	 The Scouler Company Sale of Mississippi River Delta grain facilities 2018	 Refresco Sale of the Nelson A-PET plant to Sunmagig Juices Ltd 2018	 Autogrill Acquisition of Le Crobag from Groupe Soufflet 2018	 Sioux Sale of its 40.5% shareholding in Phenom-World to FEI 2018	 Sun European Partners Acquisition of a majority stake in Afriflora 2018	 Bugaboo International Sale of Bugaboo to Bain Capital 2018
 Fresh Del Monte Produce USD 361m acquisition of Mann Packing 2018	 Syngenta Acquisition of Nidera Seeds 2018	 Adama Sale of certain crop protection assets in the US to AMVAC 2017	 Post Holdings USD 1.8bn acquisition of Weetabix 2017	 Monsanto Sale of Monsanto's seed plant in Brazil to Tecnoseeds 2017	 Cargill Sale of soy crushing & refining assets in NW Europe to Bunge 2017	 Sazerac Company, Inc. Acquisition of 43% stake in John Distilleries Pvt. Ltd. 2017	 Daive Campari-Milano Disposal of Campari's soft drinks division to Royal Unibrew 2017	 Lineage / Bay Grove Acquisition of Partner Logistics by Lineage / Bay Grove 2017

Rabobank leading Food & Agri banking globally



Global F&A – 2018 # deals¹

Rank	Mandated Lead Arranger	Deal count.
1	Rabobank	98
2	Bank of America Merrill Lynch	75
3	JPMorgan	74
4	MUFG	66
5	BMO	56
6	BNP Paribas	49
7	Wells Fargo	48
8	Mizuho	48
9	ING	44
10	Citi	42

greencore group
Greencore
 (Ireland)

GBP 300,000,000
 Revolving Credit Facility

**Joint Coordinator, Bookrunning
 Mandated Lead Arranger and
 Sole Sustainability Coordinator**

January 2019

eliorgroup
 time savored

Elior SA
 (France)

EUR 1.25 Billion & USD 594 million
 Syndicated Credit Facilities

**Global Coordinator & Bookrunning
 Mandated Lead Arranger**

April 2018

TOTALProduce

Total Produce Plc
 (Ireland)

USD 300,000,000
 Bridge Facility

Sole Underwriter

January 2018

Sainsbury's

J Sainsbury plc
 (United Kingdom)

GBP 1,450,000,000
 Multicurrency Revolving Secured
 Credit Facilities

**Sole Coordinator &
 Bookrunning Mandated Lead
 Arranger**

October 2017

c&c group plc

C&C Group plc
 (Ireland)

EUR 600,000,000
 Syndicated Facilities

**Coordinator and Bookrunning
 Mandated Lead Arranger**

July 2018

AGUINAGA

Angulas Aguinaga
 (Spain)

EUR 27,000,000 increase to
 EUR 95,200,000 Term Loan Facility

**Joint Coordinator, Bookrunning
 Mandated Lead Arranger**

July 2018

GRUPO SIRO

Galletas Siro, S.A.
 (Spain)

EUR 240,000,000
 Term Loan

**Joint Underwriter and BMLA
 Sole Sustainability Agent
 Facility Agent**

July 2018

Sainsbury's

J Sainsbury plc
 (United Kingdom)

GBP 3,500,000,000
 Term Loan Facilities
 GBP 2,000,000,000
 Revolving Secured Credit Facilities

**Bookrunning Mandated Lead
 Arranger**

June 2018

SUZANO
 PAPEL E CELULOSE

Suzano Papel e Celulose
 (Brazil)

USD 9,200,000,000
 Credit Facilities

**Joint Lead Arranger and
 Bookrunner**

March 2018

WestRock

WestRock Co
 (United States)

USD 3,800,000,000
 Credit Facilities

**Joint Lead Arranger and
 Bookrunner**

March 2018

ÜLKER

Ülker Bisküvi Sanayi A.Ş.
 (Turkey)

USD 450,000,000
 Dual Currency Senior Unsecured Term
 Facility

**Joint Co-ordinator
 Active Bookrunner &
 Mandated Lead Arranger**

November 2017

Tereos

Tereos France
 (France)

EUR 450,000,000
 Syndicated Facilities

**Documentation Agent &
 Bookrunning Mandated Lead
 Arranger**

May 2017

eliorgroup
 time savored

Elior SA
 (France)

EUR 1.1 Billion & USD 450 million
 Syndicated Credit Facilities

**Global Coordinator & Bookrunning
 Mandated Lead Arranger**

April 2017

LIDL

Lidl Stiftung & Co KG
 (Germany)

EUR 1,500,000,000
 Syndicated Facility

**Coordinator & Bookrunning
 Mandated Lead Arranger**

March 2017

BAKKAVOR

Bakkavor
 (UK)

GBP 485,000,000
 Syndicated Facilities

**Coordinator, Bookrunning
 Mandated Lead Arranger and
 Facility Agent**

February 2017

greencore group

Greencore
 (Ireland)

GBP 300,000,000
 USD 250,000,000
 Syndicated Facilities

**Sole Coordinator &
 Underwriter**

November 2016

ARYZTA
 Passion for good food

Aryzta AG
 (Switzerland)

EUR 1,000,000,000
 Bridge Facility

**Sole Coordinator &
 Bookrunning Mandated Lead
 Arranger & Facility Agent**

August 2016

Coca-Cola

Coca-Cola European Partners
 (UK)

EUR 4,800,000,000
 Syndicated Facilities

**Mandated Lead Arranger &
 Bookrunner**

May 2016

Note 1: Source: Dealogic, 01-01-2018 – 31-12-2018

Rabobank is highly active in the cold chain industry

Selected recent advisory & financing transactions

Confidential

Acquisition financing in relation to acquisition in Asia-Pacific region

Pending



Lineage Logistics

Acquisition of Yearsley Group Limited
Undisclosed

Lead Financial Advisor
2018



Lineage Logistics

Refi
USD 550,000,000 Senior Secured
Credit Facilities

Joint Lead Arranger
2018



Americold

IPO and Follow-On Offering
USD 1,050,000,000

Senior Co-Manager
2018



Lineage Logistics

Acquisition of Partner Logistics
Undisclosed

Financial Advisor
2018



Americold

Refinancing
USD 1,275,000,000 Senior
Secured Credit Facilities

Joint Lead Arranger, Joint
Bookrunner
2018



Arhma Holding B.V.

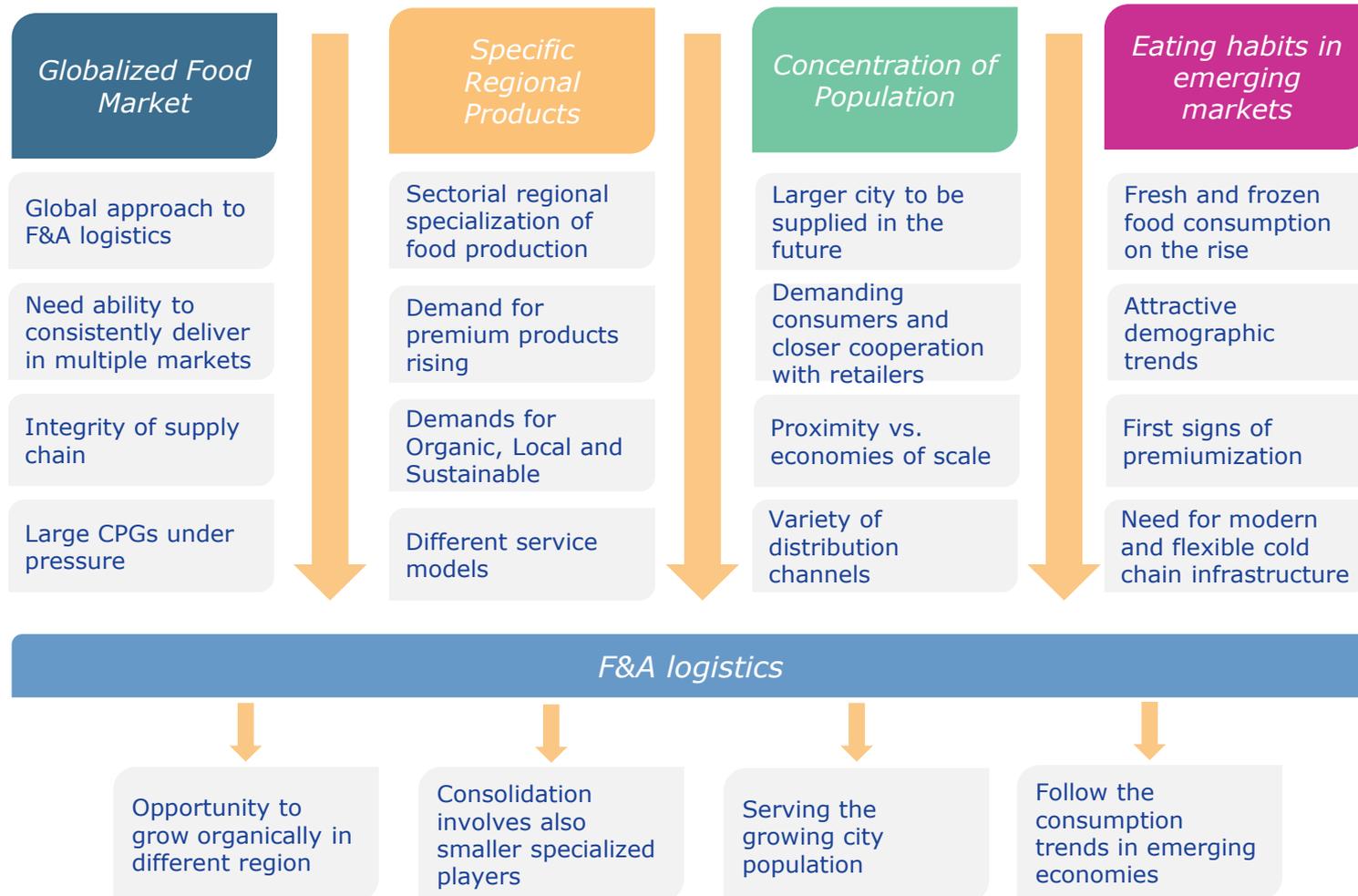
EUR 10,400,000
Global Client Solutions

Sole Arranger
Growth Capital Provider
2017

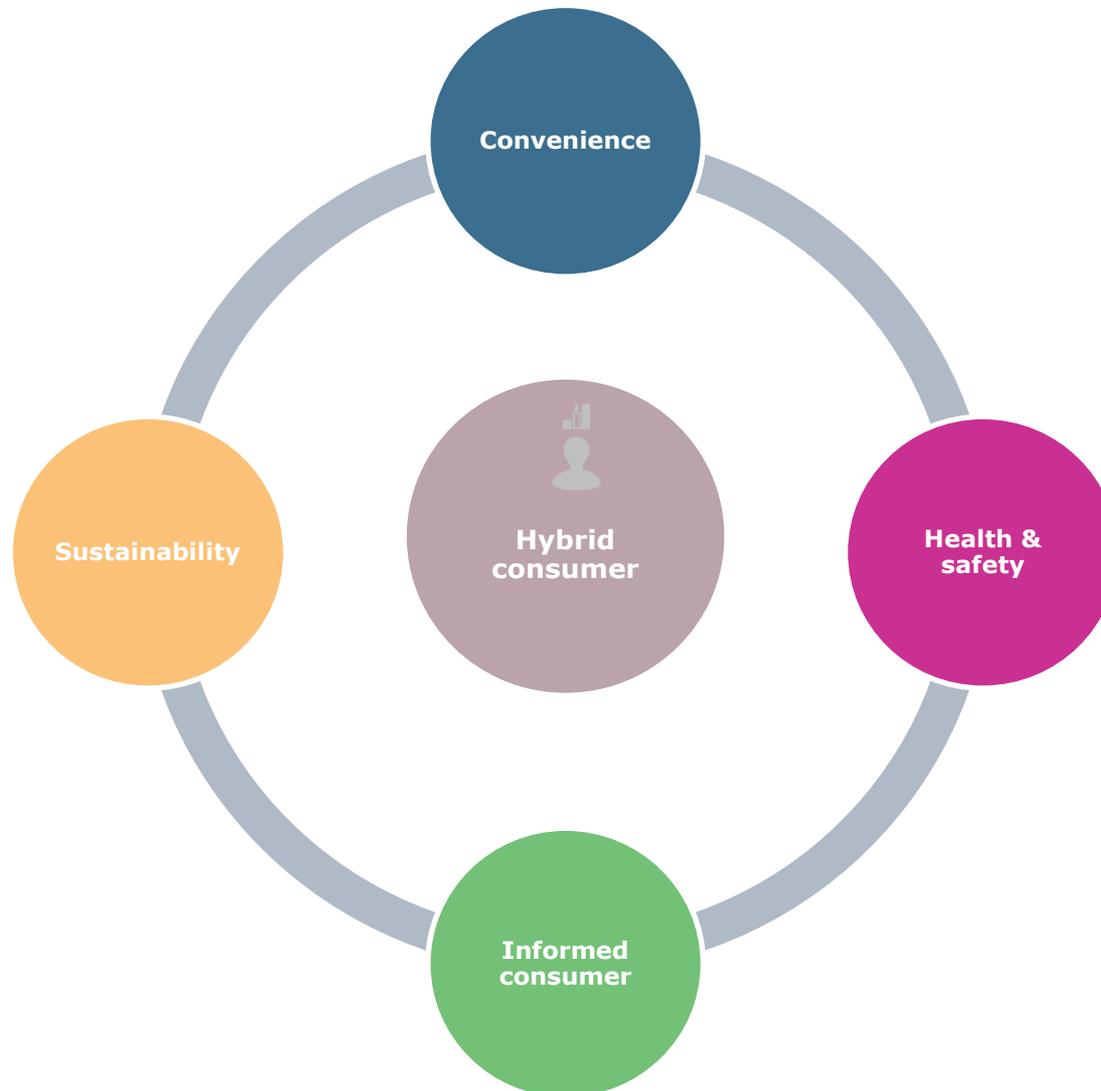


Market fundamentals driving the cold chain market

Global market and regional relevance

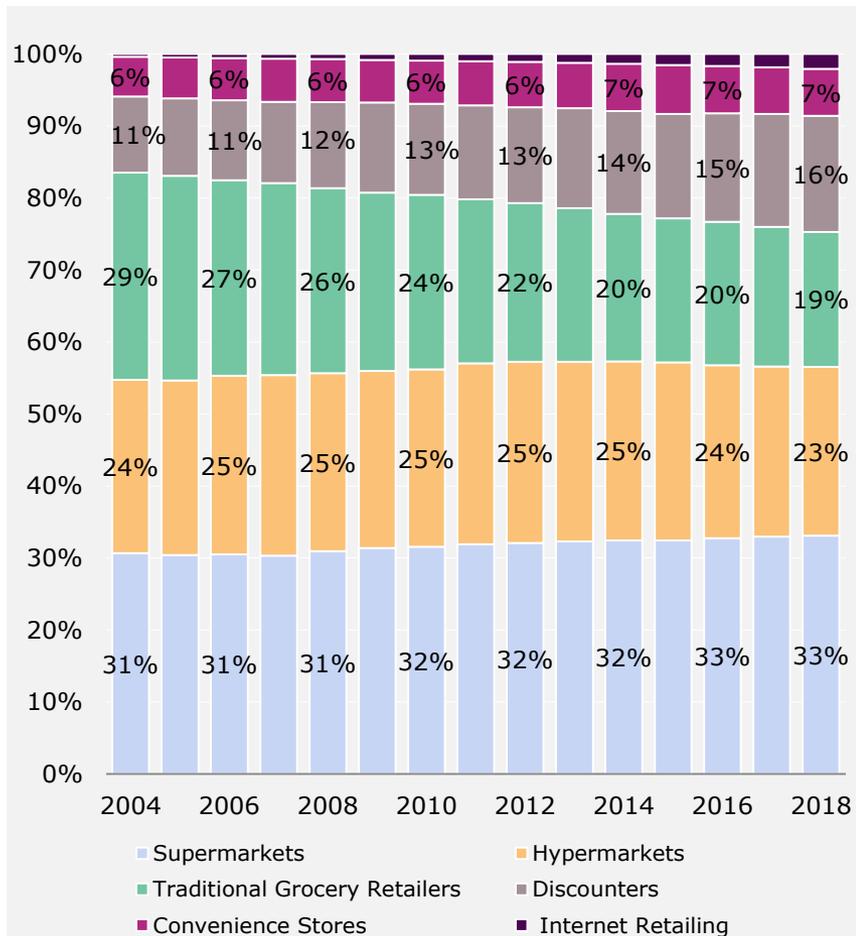


Consumer megatrends have an impact on logistics, mainly through convenience and health & safety

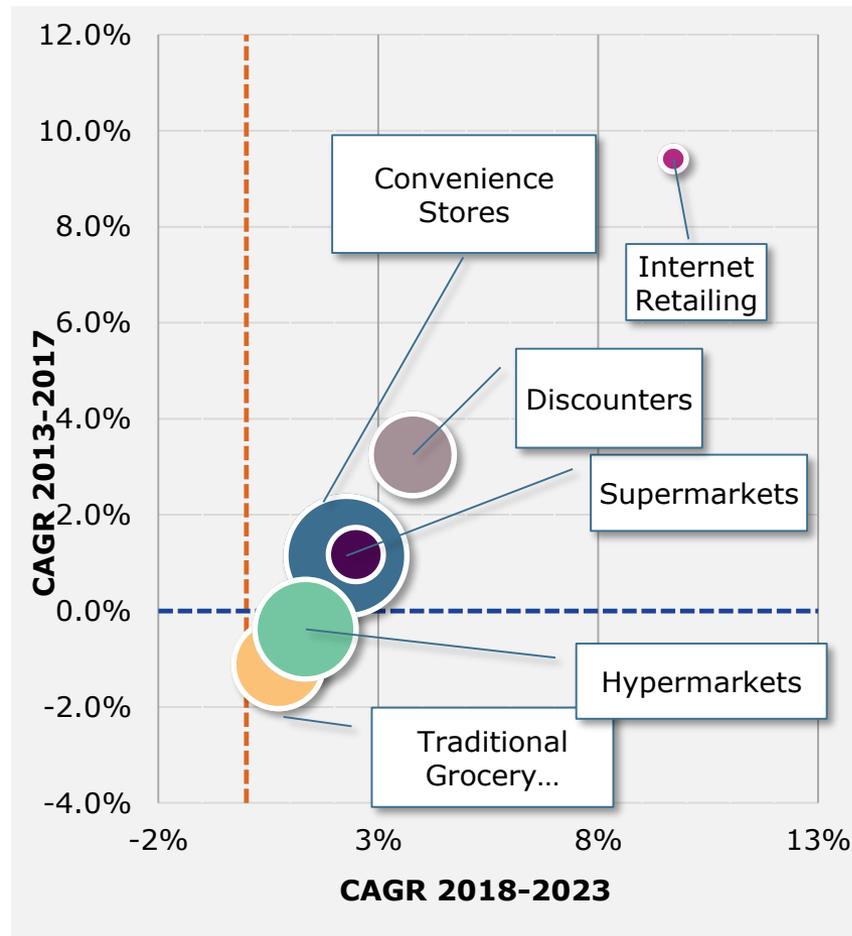


Distribution Channels: getting closer to the consumer

Market share for grocery distribution channels in Western Europe - % of retail sales value



Distribution channels in Western Europe: CAGR 2013-2017 vs. CAGR 2018-2023

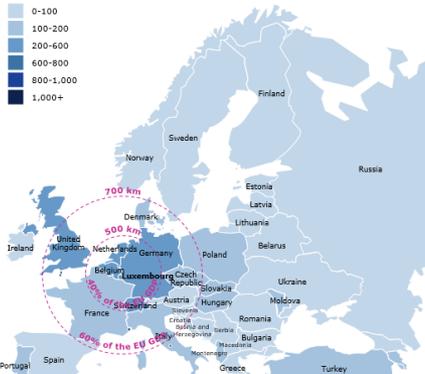


Multi-layered approach to food supply and logistics

GDP Regional Distribution

European GDP clustered around the Benelux

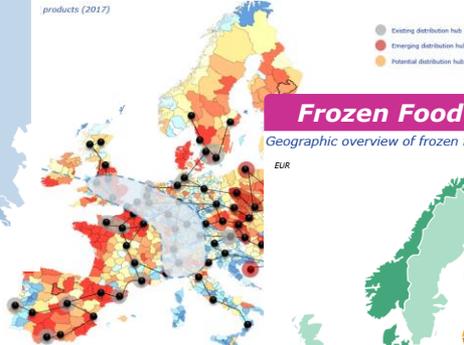
Europe population density (Persons / km²)



Source: Statista International, Rabobank, 2019

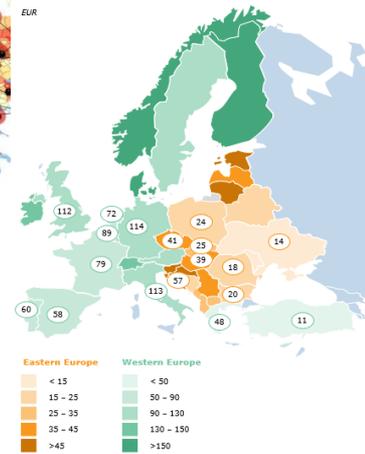
F&A Logistics

products (2017)



Frozen Food Consumption

Geographic overview of frozen food spending per capita¹

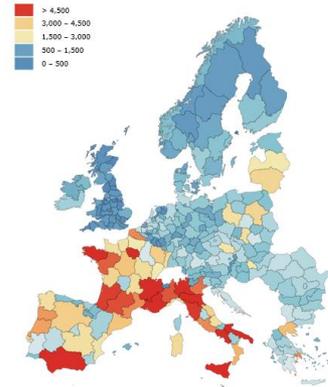


- Segmentation of Economic and Food supply chain
- Fine tuning of market analysis on multiple layers
- Define specific opportunity and threat
- Deep knowledge of the market

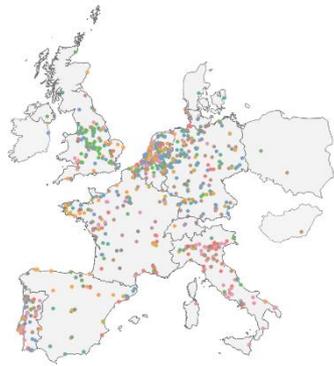
Food Production

Food manufacturers distribution in Europe

2016A average number of producing Units



European Cold Stores





Key trends in the cold storage market

Key trends in cold chain logistics

-  *Technology – Big Data* 1
-  *Thinking outside the traditional storage box* 2
-  *Value added services* 3
-  *Adaptation to change in consumer preferences* 4
-  *Disruptive innovations* 5
-  *Consolidation driven by institutional investors* 6

1 Innovation and technology play key roles in the sector's development

Concept

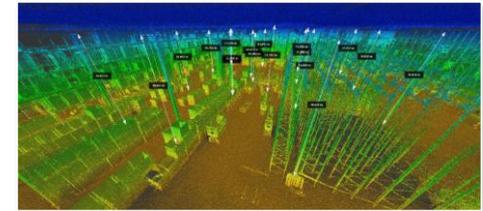
Application

Select innovation examples



Automation

Conveyor belts, automatic guided vehicles, AS/RS



Temperature detection sensors



Big data analysis

Multiple temperature sensors in a single building

Analyzing weather forecasts (using algorithms)

Analyzing the usage of storage rooms

Pricing excellence



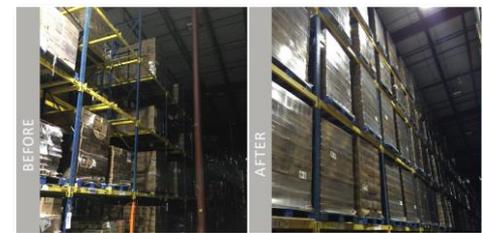
App dashboard to track all metrics



AI - Machine learning

Truck movement tracking

Optimization of internal routing



Space optimization through automation

Key trends in cold chain logistics

-  *Technology – Big Data* 1
-  *Thinking outside the traditional storage box* 2
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-  *Adaptation to change in consumer preferences* 4
-  *Disruptive innovations* 5
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2

Cold chain industry continues to trend towards modern capacity as proven by recent projects

Company				
	 <p>\$100m</p>	 <p>\$90m</p>	 <p>\$85m</p>	 <p>N/A</p>
Location	<ul style="list-style-type: none"> Tacoma (WA, US) 	<ul style="list-style-type: none"> Oakland (CA, US) 	<ul style="list-style-type: none"> Rochelle (IL, US) 	<ul style="list-style-type: none"> Rotterdam (NL)
Completion	<ul style="list-style-type: none"> May 2018 	<ul style="list-style-type: none"> November 2018 	<ul style="list-style-type: none"> December 2018 	<ul style="list-style-type: none"> May 2017
Description	<ul style="list-style-type: none"> A fully automated cold storage warehouse ASRS (automated storage and retrieval system) 	<ul style="list-style-type: none"> 275,000 sq ft, temperature-controlled logistic and distribution facility Uniquely designed to accommodate 36 refrigerated rail cars to be staged within the cold storage facility for the (un)loading of perishables 	<ul style="list-style-type: none"> A fully automated cold storage warehouse ASRS (automated storage and retrieval system) A significant expansion to its current facility 	<ul style="list-style-type: none"> Central trimodal location 80,729 sq ft expedition area featuring 38 dock shelters Equipped with ripening rooms and (un)packing facility designed for handling fruits & vegetables
Height	<ul style="list-style-type: none"> 43m 	<ul style="list-style-type: none"> n.a 	<ul style="list-style-type: none"> n.a. 	<ul style="list-style-type: none"> n.a.
Storage capacity	<ul style="list-style-type: none"> 100,000 pallets 	<ul style="list-style-type: none"> 20,000 pallets 	<ul style="list-style-type: none"> 57,600 pallets (additional) 	<ul style="list-style-type: none"> 40,000
Key customer(s)				<ul style="list-style-type: none"> n.a

Key trends in cold chain logistics

-  *Technology – Big Data* 1
-  *Thinking outside the traditional storage box* 2
-  *Value added services* 3
-  *Adaptation to change in consumer preferences* 4
-  *Disruptive innovations* 5
-  *Consolidation driven by institutional investors* 6

3

Cold storage companies broaden offering of ancillary services to increase “points of contact” with existing customers

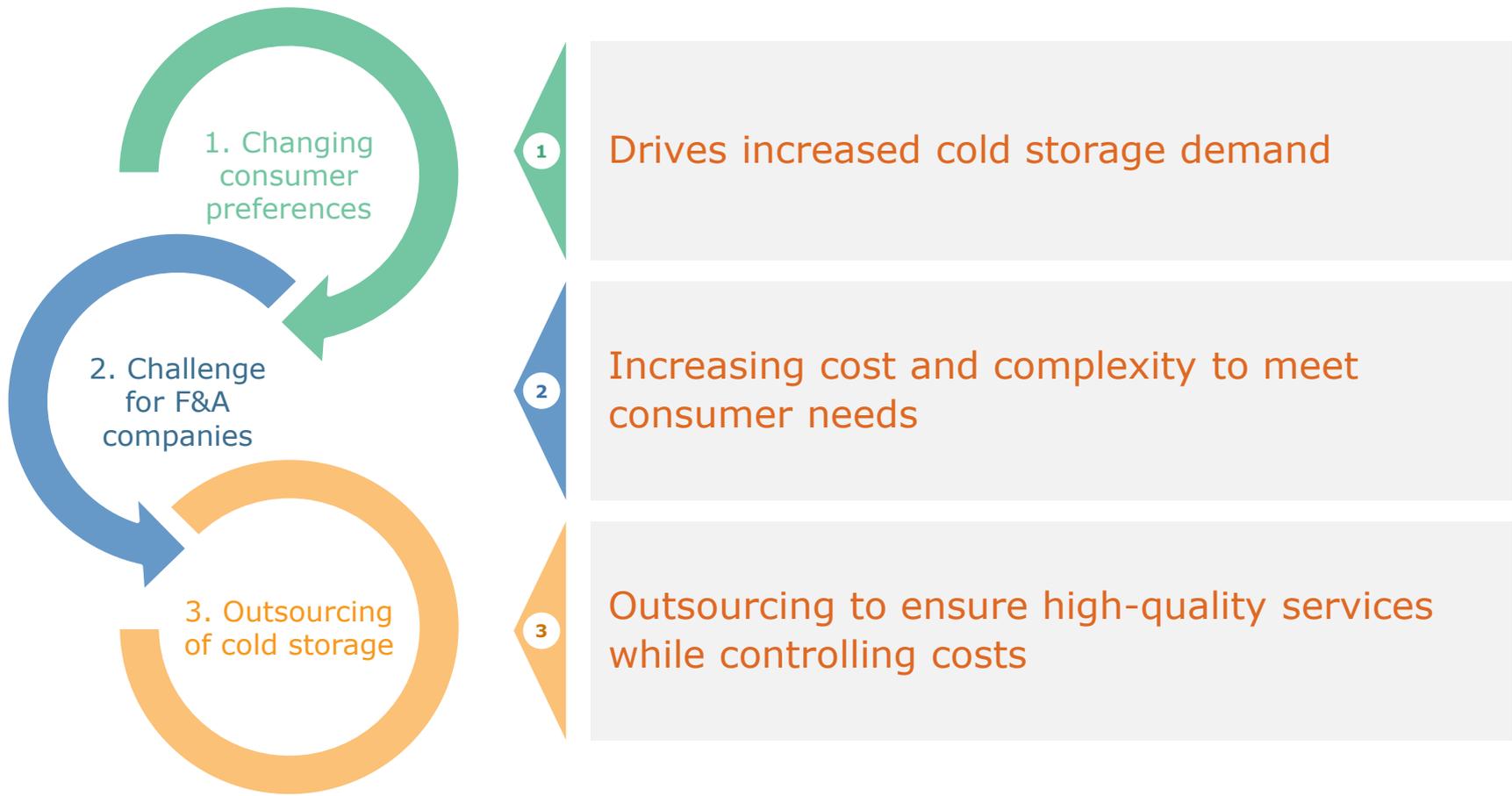


Key trends in cold chain logistics

-  *Technology – Big Data* 1
-  *Thinking outside the traditional storage box* 2
-  *Value added services* 3
-  *Adaptation to change in consumer preferences* 4
-  *Disruptive innovations* 5
-  *Consolidation driven by institutional investors* 6

4

Changing consumer preferences translate into an increase in outsourcing of logistics services



Key trends in cold chain logistics

-  *Technology – Big Data* 1
-  *Thinking outside the traditional storage box* 2
-  *Value added services* 3
-  *Adaptation to change in consumer preferences* 4
-  *Disruptive innovations* 5
-  *Consolidation driven by institutional investors* 6

5

Emergence of innovative companies with the potential to disrupt the cold chain warehousing industry

Problem / opportunity

Food retailers have significant idle capacity



Innovation



- Access online market place free of charge
- Select warehouse based on:
 - Capacity
 - Location
 - Temperature
- Live fee estimation and transaction

Operational flexibility

Access to prime locations

Competitive pricing

Financial flexibility

Latest technology

Key trends in cold chain logistics

-  *Technology – Big Data* 1
-  *Thinking outside the traditional storage box* 2
-  *Value added services* 3
-  *Adaptation to change in consumer preferences* 4
-  *Disruptive innovations* 5
-  *Consolidation driven by institutional investors* 6

6

Attractive returns are increasingly drawing financial sponsors' attention towards the cold chain sector



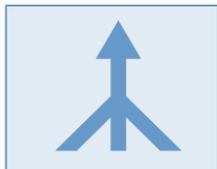
Attractive risk adjusted returns



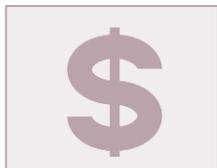
Technological shift ~ margin improvement



Capital intensity



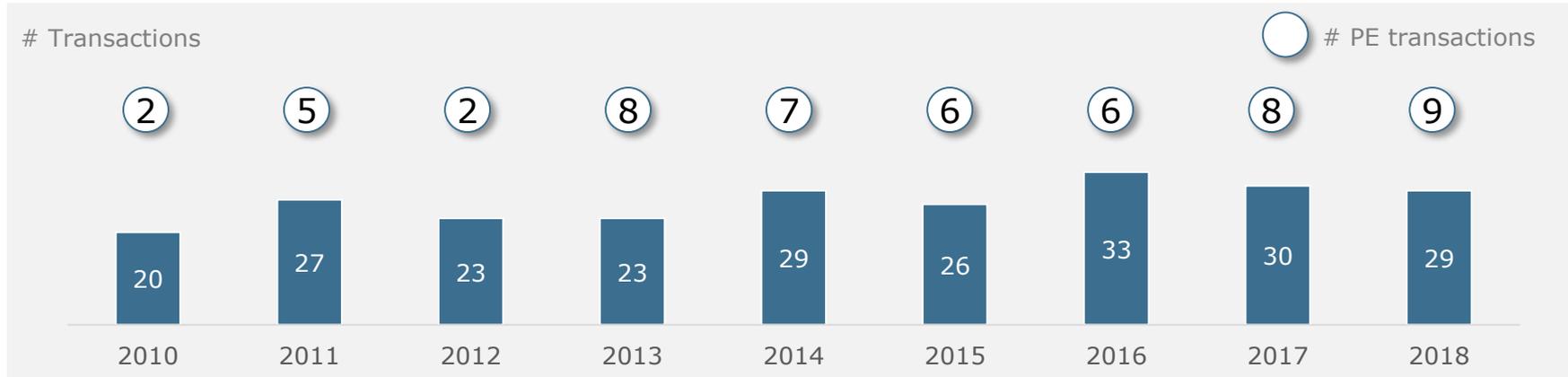
Fragmented and (historically) relatively stale industry ~ consolidation



Availability of funds

6

Deal volume relatively stable, but deal size and Private Equity involvement is increasing



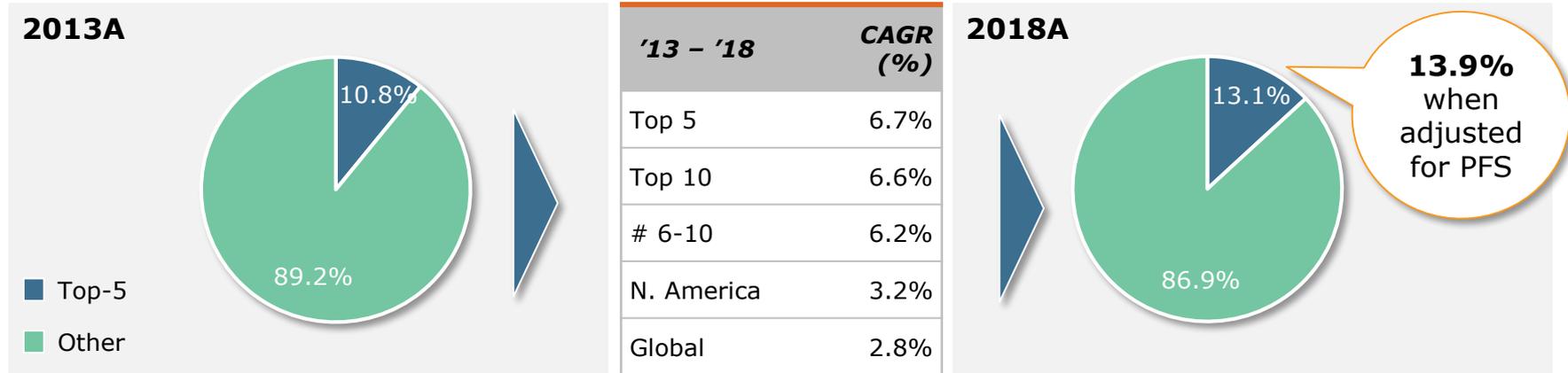
- ✓ *Overall deal volume is stable over the last 5 years, but deal size and valuation levels are increasing*
- ✓ *The "Americold effect": More sellers but with higher valuation expectations?*
- ✓ *Data availability on deal size and transaction multiples remains limited given most acquirers and targets are privately owned*

6

The top-10 cold chain players have significantly outgrown the North American and global markets



Top-5 player market share development



2013A market share

#	Company	Capacity (m m ³)	Market share (%)
1.	Americold	27.1	5.0%
2.	Lineage	8.2	1.5%
3.	Swire	8.2	1.5%
4.	Millard	7.9	1.5%
5.	PFS	6.7	1.2%
6.	Nichirei	4.3	0.8%
7.	Kloosterboer	3.4	0.6%
8.	Versacold	3.3	0.6%
9.	Partner Logistics	2.9	0.5%
10.	Interstate	2.6	0.5%

2018A market share

#	Company	Capacity (m m ³)	Market share (%)
1.	Americold	27.8	4.5%
2.	Lineage	27.3	4.4%
3.	USCS	8.8	1.4%
4.	PFS	9.2	1.5%
5.	AGRO	7.2	1.2%
6.	Nichirei	5.1	0.8%
7.	Kloosterboer	4.8	0.8%
8.	NewCold	4.8	0.8%
9.	VersaCold	3.8	0.6%
10.	Cloverleaf Cold Storage	3.7	0.6%

PE owned

6

Ongoing consolidation throughout the global cold storage and logistics sector



Selected consolidators

Acquisitions 2010 – Now

- ✓ Investments in technology and modern capacity will require substantial capital and ongoing true commitment

- ✓ Consolidation is expected to continue to enable players to:
 - Build (international) networks
 - Leverage on technological opportunities
 - Adapt to customer needs today and in the future (supply chain complexity)

- ✓ Partnering with an investment fund can be an attractive avenue to additional capital, knowledge and networks



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