

Capitalmind Fabulous 40

Translation of survey published in the leading Dutch Elsevier Foodmagazine (2014)



The Dutch food industry is doing well

Top 14 above 10 percent growth rate

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CORPORATE FINANCE ADVISORY

The list of rapid growers, prepared by Capitalmind, shows that turnover has risen by more than 10 percent on average at fourteen Dutch food companies. Circumstances are looking good for the top sector of our domestic food industry, it seems. Plukon is the winner, with average annual growth of more than 30 percent over three years.

Plukon fastest grower in food



VAN LOON Meat, the major supplier for Lidl, has dropped from 1st to 4th place in the Fabulous 40, as the list is known. The firm still recorded impressive turnover growth by 18 percent (24 percent in the previous year). Plukon tops up the list. The list is based on officially filed figures, so that 2012 is the most recent year for the measurements. Stephanie Clerx and Jan Willem Jonkman of Capitalmind, the firm behind this list, remind us that the list is nonetheless still a good thermometer for the health of the Dutch food industry on the supply side. "We're looking at a more positive year. Just look at the table on the next page and you'll see that even number 40 was still recording nearly 4 per-

cent growth in turnover. The figure was 2 percent in the previous year." On average, turnover at the top 40 Dutch food companies rose by 9.6 percent. As a comparison, turnover for Dutch supermarkets grew by just 1.1 percent for 2012 (source: GfK). Growth is clearly a possibility for the Dutch food companies. And growth isn't only the result of acquisitions or growth in volumes. For instance, Nedato, which was number 2 in the previous survey, has now disappeared from the list. This is all to do with market factors. The company operates in the potato market, and equivalent volumes with falling potato prices can have a marked impact on turnover. Plukon (see side feature) is now

number 1. This is primarily down to some large acquisitions, such as the integration of Interchicken in 2012. "Plukon was involved in a takeover in each year we've surveyed", say Clerx and Jonkman. It's significant that Dutch Grill Specialties (DGS) does not make this list. DGS is the business that dethroned Plukon in the Industributie survey. But DGS is not on this list, because the holding company only filed group level turnover figures for 2012. The other years had been filed at the level of gross margins.

The number 2, Intertaste, is a takeover powerhouse, just like Plukon. In 2012, Intertaste took over the production capacity of Honig in Nijmegen. It had previously got its hands on Royco Sauzen. The patisserie firm Merba reaches the top 3 for the first time, shooting up from 26. It's a private label bakery business that has expanded its capacity significantly, thus achieving higher volumes.

Inclusion in the list

Several companies have their own tales to tell about their inclusion in the list of forty rapidly growing food businesses. Bahof Food, for instance, is the highest newcomer, due in the main to acquisitions in 2009 and 2010. These acquisitions bore fruit in the survey years in the form of higher turnover. Another business, DIS International, holds on to its place in the top 10. The company is certainly Dutch, but its reach is global. Its growth mirrors the ups and downs of the market for energy drinks, which is



Bart Jonkman, Capitalmind

currently showing 15 percent growth year-on-year. DIS is a market leader in this field and is profiting from the American brands that are so keen to expand their European base. The significant expansion in capacity (two new production lines) should therefore come as no surprise.

The highest climber on the list is Enkco. This is the business behind such brands as Vivera, playing its part in the expanding market for meat substitute products and vegetable proteins. The growth in turnover is also due to rising exports to countries like

'We're looking at a more positive year. Look at the table you'll see that the number 40 is still notching up 4 percent growth in turnover. In the previous year, this was 2 percent.'

Austria, the UK and Belgium. Another rising company - Remia - has climbed up the list for 3 years in a row, from 23 to 14 and now to 6. The underlying growth spurt is due to acquisitions, expansion in capacity and an increase in demand for Remia's products. And these aren't all necessarily marketed under the Remia brand.

Survey is a thermometer for growth

The fabulous 40 survey is a Dutch version of the UK Fast 50, which is published in the British magazine The Grocer. The businesses included in the Fabulous 40 have to meet five pre-determined selection criteria.

The businesses must be operating in the manufactured food and drinks sector and have their head offices in the Netherlands. Turnover must be at least € 5 million in one of the years surveyed. The annual financial statements have to be filed with the Chamber of Commerce no later than 31 March 2014. The businesses must not be listed on the stock exchange and the majority of the shares have to be held by Dutch shareholders or foreign Private Equity companies. The data is gathered from sources such as the Chamber of Commerce, corporate information, public information from websites and interviews. Growth rates for 2010, 2011 and 2012 are used as the yardstick, applying the Compound Annual Growth Rate (CAGR). The survey is commissioned exclusively for Foodmagazine and is undertaken by Capitalmind.

If anything is unclear, or if there is any issue about inclusion in the list or if you have any suggestions - for improvements or otherwise - you can contact Stephanie Clerx of Capitalmind Corporate Finance. She can be contacted by email at stephanie.clerx@capitalmind.com, or tel. (073) 623 87 74.

Refresco is on the list for the last time under its own name. In 2013 - just after the period of this survey - the company entered into a merger with Gerber Emig. The new name is Refresco Gerber. The result is an absolute giant: Refresco is nearly twice the size of its merger partner. The company's turnover is €1.5 billion, while turnover at Gerber Emig is more than €800 million. The differences are even more marked in terms of volumes, with Refresco processing 5 billion litres and Gerber Emig around 1.5 billion litres. Gerber Emig has production sites in the UK, France, Germany and Poland, with around 1,700 em-

ployees on its books and its head office in Bridgewater, UK. Refresco has production sites in the Benelux countries, France, Germany, Spain, Italy, the UK, Poland and Finland. Refresco employs approximately 3,000 people. Van Oers (from 35 to 21) seems likely to drop in the new list. The company has a new focus on production. It sold its wholesale operations to Sligro in 2012. One high new entrant is a long-standing business, Roem van Yerseke. Roem van Yerseke's growth can be attributed to a number of successful innovations, including 'Zeeland's Roem à la minute' (microwave mussels). Finally, Vion seems likely to disappear



Stephanie Clerx and Jan Willem Jonkman, Capitalmind

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Nr	Company	Sector	Position in 2013	Net turnover 2012 in € x 1000	Net turnover 2011 in € x 1000	Net turnover 2010 in € x 1000	CAGR 2010-2012	M&A activity	Private equity	Private Equity Firm
1	Plukon Food Group	Poultry processing	16	1,239,918	834,869	738,662	31.12%	✓	✓	Gilde BuyOut
2	Intertaste	Vegetables/spices/sauces	9	135,418	111,474	81,988	28.52%	✓	✓	Clearwood
3	Banquetbakkerij Merba	Bakery products	26	80,403	63,227	55,068	20.83%			
4	Van Loon Vlees	Meat processing	1	247,161	202,308	177,498	18.00%	✓		
5	Rouveen Kaasspecialiteiten	Dairy (cheese)	5	116,690	108,513	87,125	15.73%			
6	Remia	Sauces	14	281,288	250,591	212,933	14.94%	✓		
7	Enkco Foodgroup	Meat processing	37	74,397	70,044	58,317	12.95%			
8	DIS International	Drinks	7	104,719	105,360	82,729	12.51%			
9	GPS Nunspeet	Poultry processing	12	165,409	158,055	130,713	12.49%			
10	Refresco	Drinks	11	1,538,300	1,523,351	1,223,945	12.11%	✓	✓	3i
11	Baho Food	Meat processing (+ snacks)	-	81,805	75,889	65,689	11.59%	✓		
12	Huuskas	Fresh products	19	121,972	111,946	98,071	11.52%	✓		
13	De Verwenbakker	Bakery products	6	20,731	20,569	16,861	10.88%			
14	Koopmans Meel	Bakery products	17	78,725	81,244	64,895	10.14%			
15	Vreugdenhil	Dairy (cheese)	3	543,497	536,962	457,116	9.04%			
16	Roen van Yerseke	Fish/marine produce	-	39,980	35,293	33,831	8.71%			
17	Compxao Groep	Meat processing	-	302,628	271,976	257,913	8.32%			
18	DOC Kaas	Dairy (cheese)	4	455,886	448,036	389,775	8.15%	✓		
19	Bavaria	Drinks	-	501,124	448,584	433,614	7.50%			
20	Banquetgroep	Bakery products	-	101,787	98,750	88,154	7.45%			
21	Van Oers	Snacks	35	99,806	97,523	86,491	7.42%	✓		
22	Van Drie Groep	Meat processing	8	1,924,359	1,979,553	1,671,650	7.29%			
23	FrieslandCampina	Dairy	23	10,309,000	9,626,000	8,972,000	7.19%	✓		
24	Euroma	Vegetables/spices/sauces	-	74,176	66,157	65,114	6.73%			
25	Peka Kroef	Potato (products)	18	108,813	104,681	95,691	6.64%			
26	Klaas Puul	Fish/marine produce	-	161,874	147,952	142,704	6.51%			
27	Borgesius	Bakery products	25	124,282	110,443	109,620	6.48%			
28	Vika (Mijwo)	Dairy (cheese)	39	44,920	41,519	39,845	6.18%			
29	Hilckmann Meat	Meat processing	-	192,732	185,871	173,480	5.41%			
30	Interovo Egg Group	Eggs (products)	-	303,719	238,319	275,310	5.22%			
31	Royal Cosun	Ingredients	-	1,954,400	1,772,400	1,765,700	5.21%			
32	Coroos International	Fruit and vegetables	-	172,980	157,718	165,925	4.99%			
33	Farm Frites	Potato (products)	34	345,121	334,562	313,790	4.87%			
34	Zeelandia	Bakery products	21	407,376	407,283	371,099	4.77%	✓		
35	Zwanenberg Food Group	Meat processing	-	325,228	322,085	296,285	4.77%	✓		
36	Vion	Meat processing	38	9,620,278	9,387,753	8,769,101	4.74%	✓		
37	Verstegen Spices&Sauces	Vegetables/spices/sauces	30	96,293	95,462	88,108	4.54%			
38	Nolet (Ketel One)	Drinks	-	57,980	54,540	53,192	4.40%			
39	Vergeer Holland	Dairy (cheese)	33	265,075	257,117	244,100	4.21%	✓		
40	Delicia	Sweets (chocolate)	31	57,025	20,360	52,808	3.92%		✓	One Equity Partners

from the list. It sold Vion Ingredients to Darling International (US) in 2013 for €1.6 billion. Vion Food gained some financial breathing space through the sale of Vion Ingredients, but Vion's continued appearance in future editions of the Fabulous 40 is definitely questionable.

Private Equity

Finally, a word about Private Equity. Private Equity companies want to sell at a profit when the time comes. For example, equity companies occupy positions 1 and 2 on this list: Plukon is owned by Gilde Buy Out and Inter-taste is owned by Clearwood. If you pore over the lists through the years, you'll see that the influence of PE companies seems to be diminishing. In 2010, nine of the 40 businesses were owned by PE companies. The present list contains just four, or 10 percent of the businesses. The numbers of mergers and acquisitions is also falling. While the 2010 list contained 24 companies involved in mergers and acquisitions, there are just 14 of these in the 2014 list. The crisis has not had the effect of rushing Dutch food companies into each other's arms.

And there is one more point worth mentioning. The largest growth is

Plukon: mega-sized and well-liked

Plukon comes in at no. 1 on this list. Its rapid growth is mainly due to acquisitions. These acquisitions have turned Plukon into a major business, not just nationally but also internationally: market share rose to more than 50 percent through the acquisition of Interchicken; by its own reckoning, Plukon was behind between 85 and 90 percent of the production of sustainable chicken with a one star Better Living Hallmark at the time of the acquisition.

Large is one thing, but being well-liked is another. But the Albert Heijn supermarket chain, for instance, gave Plukon a prize at its suppliers' day. Along with employees at Unilver, Beiersdorf and Friesland Campina, AH rewarded Plukon Poultry for its work for and collaboration with it as market leader.

Plukon's success with Dutch supermarkets is based on flexible production lines and well thought out logistics. Both of these are essential for anticipating the large volume campaigns that supermarkets are so keen on running with, say, chicken fillets taking the lead. The business also scores well for developing concepts for each supermarket formula. The result is that Plukon has won the Industributie Trophy, initiated by Foodmagazine, no fewer than 11 times in succession.

One of Plukon's successful strategies here is cooperating with retailers at the level of individual stores. New stores get support from the company's field agents. They and the account managers help the formulas and the stores with meat sales layouts and provide advice about the best range mix for each day of the week.

shown in meat processing businesses. Over the years, Clerx and Jonkman of Capitalmind have classified the businesses by sector. Ten of the forty fastest growing companies are involved in meat, meat processing or meat substitutes. This makes it the most strongly represented group throughout the years. Sweets and snacks are only represented in the list to a relatively modest extent. One ex-

planation for this might be that these markets are primarily represented by large multinationals. And the sector is also showing lower growth as a result of a greater emphasis on health among consumers.



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