
B&A Advisor Network

**An Opportunity for
Members to Participate in the Dynamic
Food and Agribusiness Industry M&A
Market**



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Corporate Advisors

B&A Advisor Network (AN)

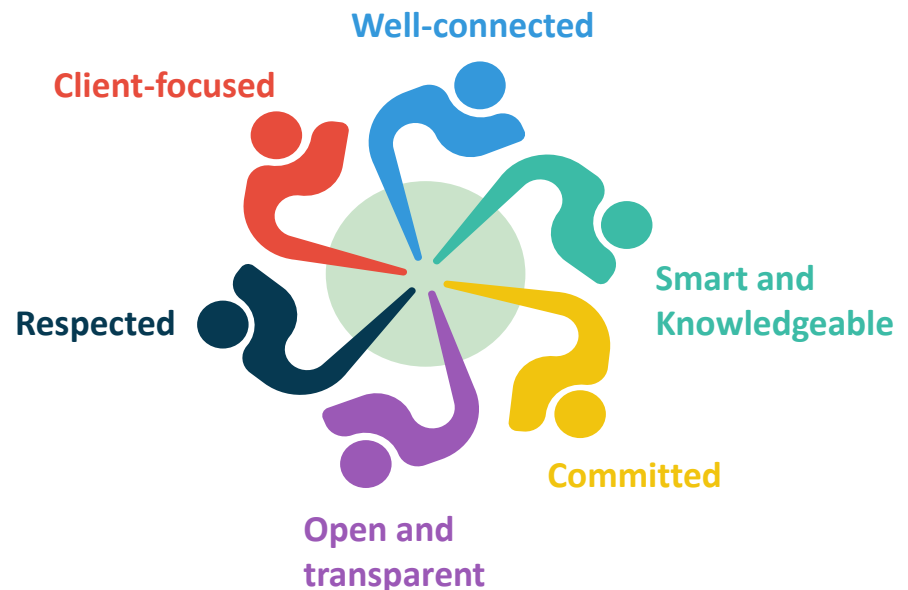
What is it?

In the current era of digital communication and mass email marketing, B&A aims to re-establish the value of personal relationships to build trust and engage with potential new clients.

The B&A Advisor Network is a team of well-connected industry professionals focused on nurturing and building relationships with private company owners to raise awareness of our sell-side services, build pre-engagement value with potential clients and position B&A as the leading sell-side M&A Advisor in the Food and Agribusiness industries.

- B&A Advisor Network members must align with B&A's core values, vision, mission and client promises
- Members must be free of any potential "conflicts of interest"
- Referral program designed to compliment members' other professional activities

B&A Advisor Network members are:



M&A Advisors Face 3 Major Obstacles

Each obstacle has its own set of challenges in today's market

1) Opening the door

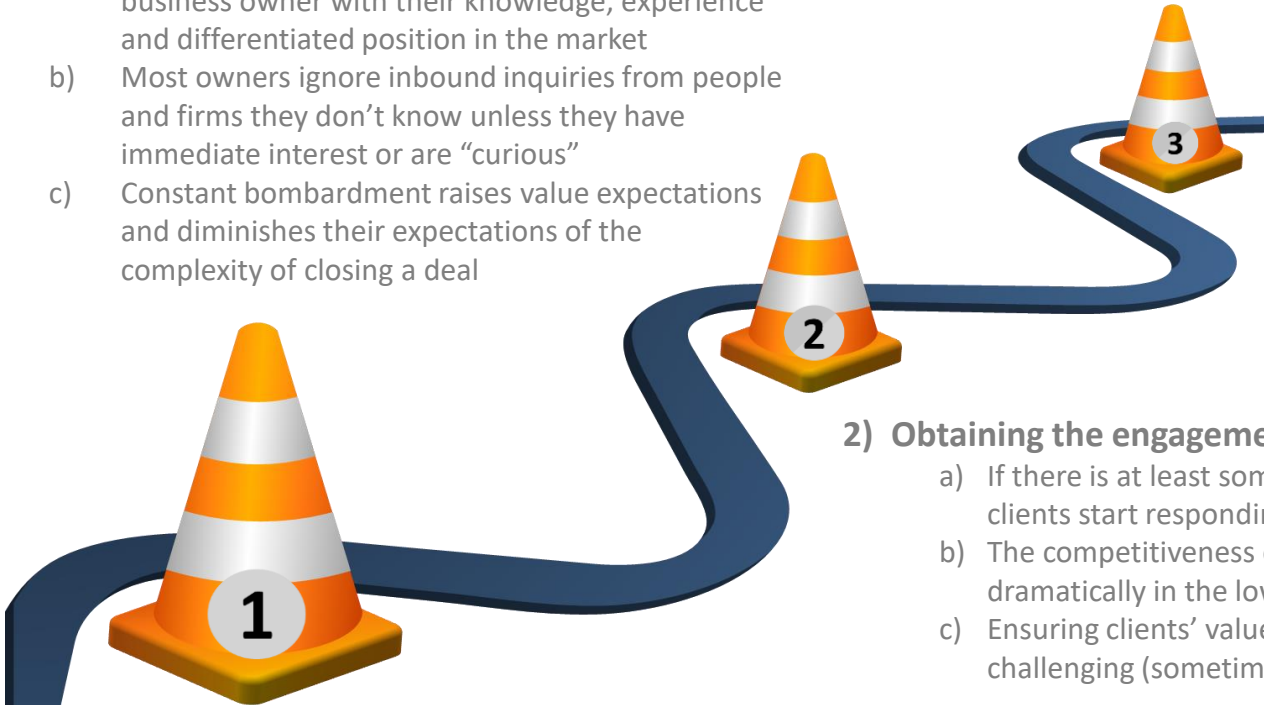
- a) Private business owners are bombarded with unsolicited email and phone inquiries from Private Equity and Investment Banks (most of which they don't know). Each inquirer tries to "wow" the business owner with their knowledge, experience and differentiated position in the market
- b) Most owners ignore inbound inquiries from people and firms they don't know unless they have immediate interest or are "curious"
- c) Constant bombardment raises value expectations and diminishes their expectations of the complexity of closing a deal

3) Closing the deal

- a) Many businesses and business owners and management are ill-prepared
- b) Offers often come in lower than owners' elevated expectations
- c) Navigating the sale process is getting more complicated and filled with obstacles as buyers elevate due diligence requirements

2) Obtaining the engagement

- a) If there is at least some "soft" interest, potential clients start responding to incoming inquiries
- b) The competitiveness of the market has increased dramatically in the lower-middle market
- c) Ensuring clients' value expectations are realistic is challenging (sometimes best liar wins)



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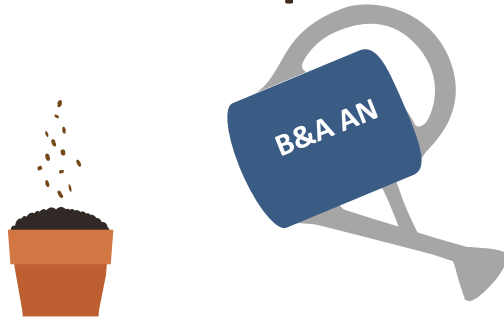
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The Deal Flow Challenge

Securing a successful engagement must typically progress through a series of steps.

1. Raise Awareness

Client prospects must be made aware of our services and how we add value. They must be open to a dialogue.



2. Nurture the Fit

Client prospects should be educated to understand their options and how our services may (or may not) fit with their personal and professional objectives. We must learn about their business (qualification) and understand their objectives.



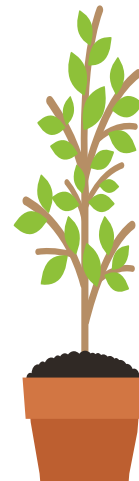
3. Earn their Trust

Prospective clients' trust must be earned by building a relationship and gaining their confidence that we always have their best interests in mind.

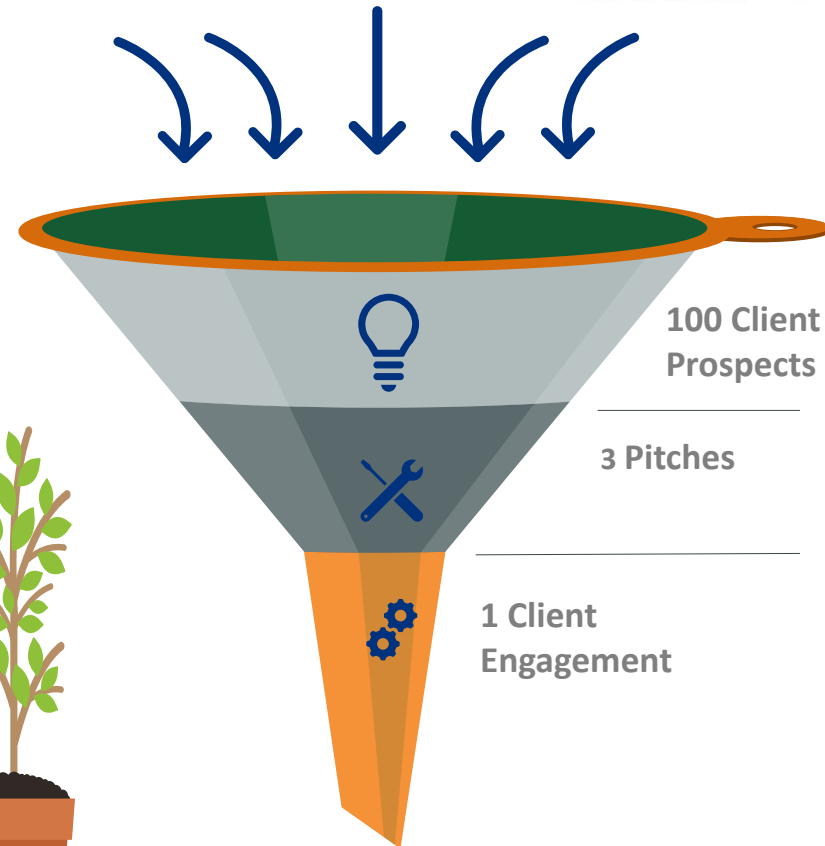


4. Engage and Deliver

Only when it is clear there is a mutual fit with qualified prospects, we prepare a professional pitch, and if accepted, sign an engagement agreement and "get to work"



B&A AN member's role is to populate the funnel by raising awareness, making referral/introductions to B&A and to assist in nurturing the potential client relationship



The Deal Flow Funnel



Interacting Forces Impacting Value

Adding Value in the Pre-Engagement Phase



Before any engagement we need to:

- 1) Agree that it is the right time to sell or to prepare the business for a sale
- 2) Believe that our potential client's business is conducive to our sell-side process and that we can add value to the outcome
- 3) Concur within reason with our client's valuation expectations
- 4) Believe we have clear alignment on strategy, goals and values

This requires a preliminary review into the business, its financials, the market, the buyer universe etc. before any engagement is deployed (with no obligations on either party).

Business Value Drivers

Specific attributes of your business that directly impact value

- Financials
- Markets you participate in

Marketability Drivers

Specific attributes that increase the number of potential buyers or ability of buyers to close a transaction

- Audited/clean statements
- Good processes/systems



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Industry Focus

Agribusiness Suppliers



- Crop inputs (seed, fertilizer, crop protection, biologicals)
- Animal health and nutrition
- Grain and oilseed handlers/suppliers
- Agricultural equipment
- Ag technology
- Ag service providers

Primary Production



- Greenhouse operations
- Grower/shipper/packers
- Organic and natural foods
- Turf, landscape, nurseries
- Wineries/Vineyards

Food Processing and Manufacturing



- Food and beverage processors (co-packers and branded prepared foods)
- Wineries, breweries
- Ingredient suppliers
- Nutraceuticals and functional foods
- Food processing and packaging equipment and supplies

Distribution



- Food distributors
- Wholesalers, traders, brokers
- Food handling and logistics providers (cooling, storage, freight)

We Participate up and down the Agri-Food value chain with the exception of point of sale (food service, retail)

Sell-side M&A client candidates:

- Are profitable, mature, stable and well-managed (no distressed companies)
- Have a track record of growth (at least over the longer-term)
- Have at least \$1 million in Adjusted EBITDA (larger more complex deals via SDR Ventures)
- **Will generate healthy competition from buyers when properly marketed**

Note: No start-ups or early stage cap raises – Late stage institutional growth capital in U.S. only via SDR (i.e. >\$5-10 million)



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7 Tools/Resources for Advisor Network Members

1. Encourage contacts to subscribe to bi-weekly newsletter



[Signup link](#)

2. Encourage contacts to read relevant Blog articles or like/share on LinkedIn



3. Work together on customized email campaign to your clients/contacts



4. Organize and/or facilitate direct introductions



5. Organize free video and/or telephone consults



6. Encourage contacts to subscribe to SDR Ventures M&A industry Reports – like/share on LinkedIn



7. Direct contacts to resources at:
www.bacorporateadvisors.com

M&A Client Candidates

IDEAL



- Closely-held private and/or family-owned businesses
- Profitable, mature, stable and well-managed
 - Preferably >5% EBITDA margin
- Have a track record of growth (at least over the longer-term)
- Have at least \$1 - 3 million in Adjusted EBITDA and/or \$10 million in sales
- **Will generate healthy competition from buyers when properly marketed**
 - Larger, more complex deals via SDR Ventures
 - Smaller, less complex deals via B&A Corporate Advisors



Think About It

- Late stage institutional growth capital via SDR (i.e. at least \$5-10 million)
 - Should have revenue of at least \$5-10 million and rapidly growing revenue
 - New funds should be used primarily to fund growth rather than repay debt, or buyout shareholders
 - U.S. only (we are not licensed to raise capital in Canada)
 - Companies already funded by Venture Capital are not suitable
- Distressed sales in certain circumstances
- Buy-Side engagements (i.e. assisting a client acquire another company)



- Start-ups
- Pre-revenue or early stage capital raises



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Conclusion and Summary

B&A Advisor Network

OUR GOAL

Our primary goal is to help clients sell their business to the right buyer for the best value the market can offer. This begins with the establishment of a trusted relationship for what is often the biggest, most important transaction of an entrepreneurs' life.

THE TEAM

The B&A Advisor Network is a dynamic team of professionals that are anxious to help nurture pre-engagement relationships with potential B&A clients to build trust and help ensure a successful outcome, once the potential client decides to sell.

ADDING VALUE

We build value with potential clients by providing insight and guidance on:

- 1) how to prepare for an eventual sale and the key factors that will help drive value and its marketability,
- 2) the market, its conditions and the impact of timing on a potential clients' decision to sell, and
- 3) the options each potential client has on "how" they should sell their business



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Appendix: Background



Eric is President of B&A Corporate Advisors (www.bacorporateadvisors.com), an independent M&A Advisory firm focused on lower-middle market companies in the food and agribusiness industries.

He is also an Independent Director at SDR Ventures (www.sdrventures.com), a Denver-based middle-market investment bank where he leads the firms' M&A practice with middle-market Food and Ag-related companies from his office in London, Ontario, Canada.

Prior to joining SDR and founding B&A Corporate Advisors, Eric was the most senior operating executive and General Manager of the Agronomy Company of Canada (ACC), the 50% partner in 20 joint ventures as part of The Agromart Group (www.agromartgroup.com); a major agriproduct distribution network in Eastern Canada.

Eric has served on the boards of numerous private companies, some for terms of over 10 years. He was also President and a board member of a grain, feed and crop input supplier and served as the President and board chair of an identity preserved food soybean value-added processor and exporter.

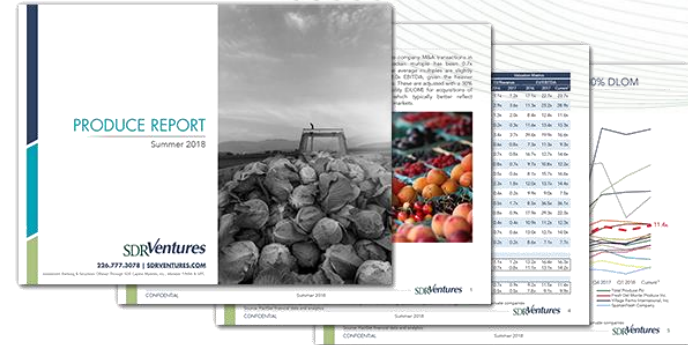
Eric has extensive experience in M&A, business development, strategic planning/execution, risk management, board governance and operational improvement.

He has worked extensively with Private Equity firms interested in acquiring agribusiness and/or food related companies as add-ons and/or platform investments.

He holds a B.Sc., and M.Sc. from Dalhousie and McGill Universities, respectively.

THOUGHT LEADERSHIP

Eric and SDR Ventures are proud to be thought leaders in middle-market M&A in Food and Agriculture.



SELECT DEALS

 HAS BEEN ACQUIRED BY: 	 Norwest Equity Partners HAS COMPLETED A MAJORITY RECAPITALIZATION OF: 	 HAS COMPLETED A MAJORITY RECAPITALIZATION OF: 	 HAS COMPLETED AN ACQUISITION OF: 	 HAS COMPLETED A MINORITY INVESTMENT IN:
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B&A Vision, Mission and Core Values

Who we are and what we do

B&A Corporate Advisors is a Mergers and Acquisitions Advisory firm focused exclusively on the Canadian and U.S. food and agribusiness industries in the lower middle market. While we are small and nimble, we pride ourselves on producing outsized results for our clients, through a blend of industry experience, our professional Advisor Network, best practices know-how, negotiating skills, and strategic outsourcing of back-office support services to keep our services lean and cost-effective.

Core Values

- Trustworthiness - we earn it and we expect it
- Partnerships – a foundational principle we live by
- Competency – we work with smart, experienced and knowledgeable people that are committed to continuous learning and personal improvement
- Confidentiality – a cornerstone for all our interactions
- Interdependence – While independent, we depend on our partners



Vision

Establish ourselves, our partners and our Advisor Network, as the leading independent Agri-Food M&A advisory firm in the Canadian and U.S. lower-middle marketplace.

Mission

To create and drive real value creation through each step of an engagement with our private company clients and achieving an outcome that exceeds their expectations.

Our Promises



Client First

We will always be a client advocate first and a deal advocate second. **This promise takes precedent over any other promise**



Respect and Fairness

We will always treat our clients, partners, affiliates and Advisor Network members with respect and fairness in all our dealings

The M&A Intermediary Landscape

Sell-Side Services



Middle Market iBanks Eg: Lincoln, Piper

Bulge Bracket iBanks Eg: Goldman Sachs, BMO Capital Markets

Business Brokers Eg: Generational Equity, Woodbridge

- | B&A Corporate Advisors | SDR Ventures | Middle Market iBanks | Bulge Bracket iBanks | Business Brokers |
|---|--|---|---|--|
| <ul style="list-style-type: none"> • Number of active deals limited to 1-2 at any one time • Typically focused on closely-held, and/or entrepreneurial-led private companies • Deal scope typically limited to relatively narrow process focused on Strategics • Typically deals between \$5-30 million in Enterprise Value | <ul style="list-style-type: none"> • Number of active engagements at any time allows for SDR's Owners' support, deal coaching and problem solving • Each deal is resourced like the bigger iBanks • Capabilities to run very narrow or broad process • Focused on private, closely-held, and/or entrepreneurial-led businesses • Typically \$30-100 million Deals | <ul style="list-style-type: none"> • Typically "generalist" firms with small team of industry specialists • Managing Directors focused on sell-side engagements that fit for major industry clients • Smaller deals led by junior staff • Many also offer IPOs, Asset Management, Equity research, and sell a host of investment products • Typically \$50-500 million Deals | <ul style="list-style-type: none"> • Focused on large deals, investment products, public company equity analysis • Managing Directors typically focus on sell-side engagements that fit for major industry clients • Sell-Side M&A is only one of many services provided – priorities are underwriting major IPOs and secondary offerings for publicly traded clients • Small deals led by junior staff • Deal Size is often \$1billion+ | <ul style="list-style-type: none"> • Generalists • Tend to provide a listing service rather than full service strategic M&A advisory service • Most appropriate for businesses likely to be acquired by a local entrepreneur or an investor looking to own/operate their own business (eg: restaurants, production agriculture etc.) • Often have significant real estate component and compete with Real Estate Brokerages • Deal Size is typically \$2-10 million |



If a client has decided it is time to sell the business, they first need to decide HOW they will sell it

Do-it-Yourself (DIY) vs. Hiring an Outside Advisor or Intermediary

How you prepare, market and negotiate the sale of the business to potential buyers matters!

Whenever a private company decides to make a major strategic change in ownership, the only way to be certain that it is the right deal, is by running a competitive process (either on your own or through an outside intermediary). A competitive process, at the very least, creates confidence that all viable options have been sufficiently explored.

DIY	Outside Intermediary
Save on fees	Can be expensive and potential for misaligned fee structure
Allows for complete control of sale process	Allows for an objective less emotionally-driven process
Allows for direct communication with potential buyers to tell your story	Allows owners and managers focus on running the business (one of the biggest reason for failed deals is a deviation on business performance)
Allows for quick sale with specific buyer	Usually facilitates and attracts a broader buyer base but can take longer
May be more appropriate when there is a single or very limited buyers and when there is a team with deep M&A experience	Creates a stronger basis for concurrent buyer competition by running a broader marketing process
Can be extremely distracting	Although still distracting, bringing in a professional team gives management bandwidth to continue focus on running the business
	Often brings “unexpected” buyers from extensive contacts and professional network
	Provides professional and specialized expertise
	Allows for more open dialogue with buyer to identify concerns/obstacles regarding deal terms
	Allows intermediary to “talk up” the business in a way that may be considered bragging or perceived with skepticism when coming directly from owner/Management
	Brings increased credibility with buyers and helps create buyer confidence that seller is serious and prepared to transact and not wasting valuable their time



The Benefits of a Private Equity Recapitalization

A Private Equity recapitalization is where the owner(s) sells only a portion of the business and stay on in a senior executive role to help the Private Equity firm operate and grow the business through its next phase. The seller receives a portion of the value of the business in cash (i.e. essentially, “takes chips off the table”) and reduces their ownership risk, but maintains upside appreciation potential over the longer-term.

The retention of equity in the business by the seller demonstrates confidence in its future potential and lowers operational risk for the PE firm, allowing them to pay higher values than would otherwise be possible.

2nd “Bite of the Apple”



- PE usually prefer that owners retain a meaningful equity stake as partners
- Legacy owners can often sell second equity stake at higher value/multiple in future when PE firm sells

Share Risk



- A PE recap can secure and “lock-in” enterprise value today
- Future downside business and financial risk is shared with PE firm

Continuity of Business



- A PE recap can lower risk of plant closures, loss of brands, and layoffs when compared to a sale to another industry buyer
- PE is focused on ways to “build a better business”

Reward the Team



- Often provides opportunity for equity ownership for broader management team
- Performance-based compensation

Accelerate Growth



- Aggressive organic growth and/or acquisition strategy
- Access to additional capital to fund growth

Succession Plan



- Attract new, top industry talent to strengthen management bench
- Objective view of business based on needs



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