

# Why Mayfair Securities is Interested in the Food Industry

There is a revolution underway in the food industry. Take a look at Whole Foods Markets. In our opinion, its new stores in El Segundo and Pasadena, raise the food shopping experience to a new level. What is interesting to us is that most brands you find in these stores are not found in a traditional supermarket. Many are small to medium sized businesses founded in the last ten years that appeal to consumers who care about healthy eating. Yes, organic food is more expensive than supermarket brands, but the movement keeps on growing. People are realizing that highly processed foods, while cheap, readily available and convenient, are causing long term damage to both the individual eater and to US society at large.

Many supermarkets now provide a limited selection of organic food, primarily in the produce and dairy sections (don't you hate peeling those ORGANIC stickers off each piece of fruit?). But the feel of the traditional supermarket remains dull and sterile. You go there to buy and leave. Notice how Whole Foods has taken a leaf from Starbuck's playbook by making their stores inviting places to linger, eat, drink and just hang out. Who ever heard of going to a supermarket to hang out?

This is driving a lot of change at traditional food companies. Those with well known brands are good at product line extensions but have difficulty migrating these brands to the organic world or launching new brands. Therefore, many are using acquisition strategies to transform themselves to fit into this new world. As a result smaller branded food companies that have identified and dominated growing niches in the organic world are tempting acquisition targets. Examples include Silk soy milk (acquired by Dean Foods) and Kashi (acquired by Kellogg's).

To better serve our clients, we like to meet these companies when they are about half the size of our normal minimum (i.e. sales of \$5 million rather than \$10 million). These companies usually grow rapidly and when they reach any sort of critical mass, they get offers to buy. We like to develop a value-added relationship before the big companies call. Getting your company ready for sale can take a year or two and makes such a difference to the final valuation if you make the effort to do this right. We pride ourselves on helping owners and executives navigate the process right through to the final closing, which for most owners is the biggest transaction of their lives.

We have worked closely with key companies at all levels of the "food chain" in the natural and organic world ranging from the farm through wholesale distribution and retail. We also have deep experience in the related world of vitamins and supplements. In conclusion, we are delighted to meet owners, managers and trusted advisors to all types of companies serving the food industry.

As always, Mayfair Securities is committed to providing the highest level of service with utmost integrity and complete confidentiality. Our clients' interests are always our highest priority.

We wish you a merry holiday season and a prosperous new year. Your referrals are always welcome.