



UNIVERSIDADE CATÓLICA PORTUGUESA

Mergers & Acquisitions

Acquisition of Boulder Brands by Hain Celestial Group

Master Thesis

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March 2016

Dissertation submitted in partial fulfillment of the requirements for the degree of MSc in Management, Major in Corporate Finance at Universidade Católica Portuguesa, March 2016

Abstract

The food industry has been witnessing structural changes in the past decades, with organic and natural food establishing itself as a segment of considerable dimension. Driven by consumers' change in preferences, including a desire for healthier lifestyles, the organic food sector has been growing at double-digit rates over the past 20 years.

Hain Celestial Group and Boulder Brands, the two companies this thesis focuses on, are leaders in the organic food sector, with large portfolios of brands stemming from gluten-free to non-genetic modified food.

Following Boulder Brands' CEO resignation on June 2015, and shortly after, the announcement that the Company's Board of Directors had hired a financial advisor to explore strategic alternatives to enhance shareholder value, this thesis proposes the potential acquisition of Boulder Brands by Hain Celestial Group for \$14.63 per share in cash. This proposal represents a premium of 33.2% over Boulder Brands' share price as of 31 December 2015.

This highly accretive and synergy rich acquisition would have the potential to create a unique niche player in the gluten-free market, and combine the highly complementary portfolios of two worldwide organic food leaders.

Resumo

A indústria alimentar tem vindo a assistir mudanças estruturais nas últimas décadas, com o segmento de alimentos orgânicos e naturais ganhando dimensão considerável. Impulsionado por mudanças nas preferências dos consumidores, incluindo um desejo por um estilo de vida mais saudável, o sector de alimentos orgânicos tem demonstrado taxas de crescimento de dois dígitos nos últimos 20 anos.

Hain Celestial Group e Boulder Brands, as duas empresas alvo de estudo desta tese, são líderes no sector de alimentos orgânicos, com portefólios de produtos desde alimentos sem glúten a alimentos não transgénicos.

Após a demissão do *CEO* da Boulder Brands em Junho de 2015, e, pouco depois, o anúncio de que o Conselho de Administração da empresa havia contratado um assessor financeiro para explorar alternativas estratégicas a fim de aumentar o valor dos accionistas, esta tese propõe a potencial aquisição da Boulder Brands por Hain Celestial Group, por \$14.63 por acção em *cash*. Esta proposta representa um prémio de 33.2% sobre a cotação da Boulder Brands a 31 de Dezembro de 2015.

Esta aquisição, substancialmente acretiva e rica em sinergias, teria o potencial de criar um concorrente inigualável no nicho de mercado de alimentos sem glúten, e combinar os portefólios altamente complementares de dois líderes mundiais de alimentos orgânicos.

Acknowledgments

I would like to thank my advisor, Professor António Borges de Assunção for his invaluable feedback and contribution given in this thesis and in the Mergers & Acquisitions course.

Secondly, I would like to express my gratitude to my dearest friends: Manuel Melo, Francisco Correia, Samuel Teixeira, Ricardo Costa, and Amelie Teresa who have accompanied me throughout the entire masters and with whom I have had the chance to share, learn and challenge the knowledge developed.

I would also like to thank BNP Paribas' Frankfurt Corporate Finance team, with whom I have had one of the most challenging experiences of my life, and who have given me a unique chance to learn about the real-life world of Mergers & Acquisitions.

Last but not least, I thank Ewa Zydorczak for her unconditional support and friendship.

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1. Introduction

The food industry has been witnessing structural changes in the past decades, with organic and natural food establishing itself as a segment of considerable dimension. Driven by consumers' change in preferences, including a desire for healthier lifestyles, the organic food sector has been growing at double-digit rates over the past 20 years.

This highly fragmented sector has attracted the attention of large food players such as General Mills, who have spotted acquisition targets that have the potential to add growth to their mature businesses, and present an opportunity to adapt to consumers' changing needs.

Hain Celestial Group and Boulder Brands, the two companies this thesis focuses on, are leaders in the organic food sector, with large portfolios of brands stemming from gluten-free to non GMO food.

Following Boulder Brands' CEO resignation on June 2015, and shortly after, the announcement that the Company's Board of Directors had hired a financial advisor to explore strategic alternatives to enhance shareholder value, this thesis proposes the potential acquisition of Boulder Brands by Hain Celestial Group. The acquisition would have the potential to create a unique niche player in the gluten-free market, and combine the highly complementary portfolios of two worldwide organic food leaders.

The next section of this thesis consists of a literature review of the applicable school of thought. Afterwards an industry analysis is conducted. Then, the two companies' profiles are presented, followed by in-depth valuation analyses. Subsequently, the rationale for Hain Celestial Group's acquisition of Boulder Brands is thoroughly explained. Following that section, the synergies the deal has the potential to generate as well as the final equity purchase price are proposed. Afterwards, a form of payment and financing of the acquisition is proposed. To conclude, the execution risks inherent to the transaction are provided.

2. Literature Review

In this section, a Mergers & Acquisitions (M&A) 'state of the art' will be given. First, an overview of empirical findings on the M&A activity is presented, followed by an academic overview of valuation techniques.

2.1. Mergers & Acquisitions

The past century has seen waves of M&A activity (Bruner 2004), namely in the periods of 1895-1904, 1925-1929, 1965-1970, 1981-1987 and 1992-2000. On their survey 'Global Capital Confidence Barometer', EY suggests we are witnessing a new wave, with M&A momentum accelerating, and a number of deals in the pipeline up 19% from 2014.

Brealey and Myers (1996) cite the appearance of M&A waves as one the most important unresolved issues in finance. In an attempt to explain the cyclical nature of M&A, Bruner (2004) states that common traits in past waves were low or falling interest rates, rising stock markets, and an expanding economy.

2.1.1. Synergies

Synergies are at the heart of M&A. Any transaction will be justified by the fact that two companies are more valuable together than apart.

Damodaran (2005) categorizes synergies as operating and financial:

- **Operating synergies** manifest as economies of scale, increased pricing power and higher growth potential. Consequently, they will translate into higher cash flows;
- **Financial synergies** come in tax benefits, diversification, higher debt capacity and uses for excess cash. They will translate in either higher cash flows or lower discount rates.

In what concerns synergy valuation, there is no academic guidance on how to discount them (Bruner 2004). However, discounting synergies should be no different than discount any asset: the discount rate should reflect the risk of the stream of cash flows being analyzed. Bruner 2004, suggests that 'sure things' should be discounted at the risk-free rate; cash flows as variable as EBIT could be discounted at the cost of debt, cash flows as risky as the enterprise should be discounted at the company's WACC, and cash flows as speculative as venture capital investments should be discounted at IRRs as high as 30% or even more.

Rosenbaum and Pearl 2013, discount synergies estimated as a percentage of the target's sales at the target's WACC.

Damodaran (2005) suggests using a combined WACC, using as weights each firm's market value of equity (debt), and adjusting each year to account for the fact that one company may grow at a faster rate than the other.

2.1.2. Does M&A Pay?

The extent to which M&A is profitable is arguably one of the most debated topics in finance.

Asquith et al. (1987), Huang and Walkling (1987), Travlos (1987), Yook (2000), and Heron and Lie (2002) suggest that the form of payment affects profitability, as they found that stock-based deals are associated with negative returns to buyers, while cash deals are neutral to slightly positive.

Bruner (2004) reports that from 16 studies in the period of 1974-2003 comparing market returns after the completion of transactions, 11 reported negative returns. One plausible explanation for this phenomenon is provided by Shleifer and Vishny (2001), who suggest that buyers pay with stock if they believe their shares are overvalued. Hence, post-merger declines are only a market correction of the buyer's stock.

In terms of accounting measurement of M&A profitability, Herman and Lowenstein (1988) show that return on capital (ROC) for acquirers using tender offers increased from 14.7% to 19.6% after a merger in the period of 1975-1978. However, when measured in the period of 1981-1983, a decrease in ROC was felt. In a more recent study, Ghosh (2001) shows that buyers experienced returns on assets no different than a control group. Cash flows on the other hand, increased significantly after acquisitions made with cash, and declined for acquisitions made with stock.

Houston et al. (2001) suggest that the market appears to discount revenue synergies more heavily than cost synergies. On another study, DeLong (2003) found that investors greeted positively mergers where one party was inefficient, and the merger focused on geography, activity and earnings, suggesting the market believes in synergies.

In sum, it remains a mystery whether M&A really pays. The aforementioned studies point in different directions, suggesting that factors such as synergies, form of payment, economic and capital market conditions, as well as historical period in time, affect M&A returns.

2.2. Valuation

Determining the value of a company follows the most fundamental principle in finance: the value of an asset today should reflect the expected cash flows generated in the future, discounted at a rate which reflects the opportunity cost of investing in that asset (Fisher 1930).

Companies create value when growth is combined with returns on invested capital above the opportunity cost of capital (Damodaran 2007; Koller, Goedhart, and Wessels 2010, from now on denominated KGW 2010).

Demirakos et al. (2004) reveal that the Discounted Cash Flow Analysis (DCF) and the Relative Valuation Analysis are the most widely used methodologies by analysts.

This thesis reviews and applies the following methodologies: DCF Analysis, Comparable Companies Analysis, and Precedent Transactions Analysis.

2.2.1. Discounted Cash Flow Analysis

DCF Analysis consists of calculating a company's expected free cash flows and discounting them to the present, to reflect the time value of money (Fisher 1930; Williams 1938).

Free Cash Flow

The free cash flow represents the cash flow a company's operating assets generate, and are available to distribute to all the investors of a firm.

The following formula expresses free cash flow (KGW 2010):

$$\text{FCF} = \text{EBIAT} + \text{D\&A} - \text{Capex} - \text{Increase in NWC}$$

Where FCF stands for Free Cash Flow; EBIAT stands for Earnings Before Interest After Taxes; D&A stands for Depreciation & Amortization; Capex stands for capital expenditures; and NWC stands for Net Working Capital

Opportunity Cost of Capital

Computing the cost of capital consists of estimating the returns demanded by investors and averaging them according to the weights they represent on the firm's capital structure. The weights should be measured in market value (KGW 2010) since, if a company chooses to return capital to investors it must repay debt and shares, only possible at the value they trade on the market.

Generically, for a company with debt and equity in its capital structure, the weighted average cost of capital (WACC) will look like the formula depicted below (Modigliani and Miller (1958, 1963)):

$$\text{WACC} = \frac{D}{D+E} \times r_d \times (1 - t) + \frac{E}{D+E} \times r_e$$

Where D stands for market value of debt; E stands for market value of equity; r_d stands for cost of debt; t stands for tax rate; and r_e stands for cost of equity

The weights assumed are the ones that optimize a company's capital structure. Rosenbaum and Pearl (2013) advocate that in the absence of management guidance regarding the optimal capital structure, a look at the current and historical capital structure as well as the company's peers should help define the optimal point.

Cost of Equity

Graham and Harvey (1999) reveal that the most common approach to estimating the cost of equity among firms is the Capital Asset Pricing Model (CAPM).

The CAPM (Sharpe, 1964) states that all investors are risk-return optimizers. Therefore, they will choose to hold efficient portfolios, i.e., portfolios that maximize return for a given level of risk (Markowitz 1952). By efficiently allocating assets, investors eliminate the specific/diversifiable risk of stocks, being only subject to systematic risk. Systematic risk, known as beta, is impossible to diversify away and represents a stock's sensitivity to overall market movements. The CAPM theory culminates in the following equation:

$$E(r_i) - r_f = \beta_i [E(r_m) - r_f]$$

Where $E(r_i)$ represents the expected return of a stock; r_f represents the risk-free rate; β_i represents the beta of a stock; and $E(r_m)$ represents the expected return of the market

In sum, the expected return of any individual stock in excess of the risk-free asset is a proportion of the expected return of the overall market in excess of that risk-free asset (known as the market risk premium). That proportion is measured by the beta.

To apply the CAPM in practice KGW (2010) recommend using as risk-free rate the yield on 10-year government STRIPS. For the risk premium, they favor using the longest historical period possible, using as the market portfolio a well-diversified index such as the S&P 500. In the authors' view the historical annual premiums should then be

arithmetically averaged to arrive at a final figure for the expected risk premium. Fama and French (1988) empirically found a negative serial correlation of stock returns. Damodaran (1995), therefore suggests the use of geometric averages rather than arithmetic, conveying the latter are likely to overstate the premium. Finally, for the beta, Damodaran (1995) advises the use of industry averages, advocating that a single stock's regressed beta is subject to noise, varies over time, and possesses a considerable standard error. In computing a company's beta the author suggests the use of the Hamada formula (1972) shown below for unlevering/relevering purposes. Rosenbaum and Pearl (2013) favor the use of forward looking betas for public firms.

$$\beta_L = \beta_U \left[1 + (1 - T) \frac{D}{E} \right]$$

Where β_L is the levered beta; β_U is the unlevered beta; T is the tax rate; D/E is the debt to equity ratio in market values
Assuming $\beta_D = 0$, where β_D is the debt beta

Cost of Debt

For companies with public investment grade debt, the yield of long-term liquid bonds can be directly observed and assumed as the cost of debt (KGW 2010). However, when a company's debt is not traded, Damodaran (1995) recommends replicating the process used by rating agencies, which consists in assessing a company's credit strength based on financial ratios such as interest coverage ratios. From these ratios one can infer a company's rating and corresponding credit spread. Finally, this credit spread should be added to a risk-free rate such as the 10-year Treasury yield to get the pre-tax cost of debt. The cost of debt should incorporate the tax shield brought by the tax deductibility of interest expenses by multiplying the pretax cost of debt by one minus the tax rate (Damodaran 1995).

Terminal Value

The steady state is characterized by constant growth; a constant proportion of profits being reinvested back into the business (reinvestment rate); and a constant return on invested capital (ROIC) (KGW 2010). As a result, the growing perpetuity formula shown below can be used to estimate the value of a company in steady state, from now on denominated the terminal value.

$$\text{Terminal Value} = \frac{\text{FCF}_n(1 + g)}{\text{WACC} - g} = \frac{\text{FCF}_{SS}}{\text{WACC} - g}$$

Where FCF_n stands for the free cash flow generated in the last year of the explicit period; g stands for growth rate; and FCF_{SS} stands for the free cash flow generated in the first year of the steady state period

Economic theory suggests that a company's performance, as measured by its returns on invested capital, tends to decrease over time because the increase in competition erodes profits. Therefore, the ability to sustain high growth rates and returns on invested capital gets increasingly difficult over time (Porter 1980).

A look at the reconstruction of the terminal value formula below helps illustrate how easily one can sanity check a terminal value (KGW 2010).

$$\text{Terminal Value} = \frac{\text{FCF}_{SS}}{\text{WACC} - g} = \frac{\text{EBIAT}_{SS}(1 - \text{RR})}{\text{WACC} - g} = \frac{\text{EBIAT}_{SS}(1 - \frac{g}{\text{RONIC}})}{\text{WACC} - g}$$

with

$$\text{RR} = \frac{\text{Increase in NWC}_{SS} + \text{Capex}_{SS} - \text{D\&A}_{SS}}{\text{EBIAT}_{SS}}$$

and

$$\text{RONIC} = \frac{\text{EBIAT}_{t+1} - \text{EBIAT}_t}{\text{Increase in NWC}_t + \text{Capex}_t - \text{D\&A}_t}$$

Where RR stands for reinvestment rate; and RONIC stands for return on new invested capital

The formula helps one assess whether the assumptions on growth, reinvestment rate, and RONIC , are realistic in a steady state.

A common practice is to assume RONIC equal to the WACC in perpetuity, justified by the fact that competition eliminates abnormal returns in the long-run (KGW 2010). Mauboussin and Johnson (1997), estimate that approximately one third of the American companies obtain abnormal returns for long periods of time. A study by McKinsey (2008) reveals that the average ROIC for the consumer goods industry between 1968 and 2008 has been within the range of 16.0% to 22.0%. A strong factor contributing to these high returns is the fact that companies in this sector develop strong brand names that translate into price premiums. Therefore, in modelling the terminal value for a consumer goods company, assuming a RONIC above the WACC is likely to be a more realistic assumption than setting it equal to the WACC (KGW 2010).

Damodaran (1995) suggests that the terminal value growth rate should have as a floor the expected inflation rate and as a cap the growth rate of the overall economy, expressed by the risk free rate. Damodaran argues that the risk free rate can be thought of as a proxy for the expected growth rate of the economy because, according to the Fisher Effect, the long-term nominal interest rate equals the long-term real interest rate plus expected inflation.

2.2.2. Comparable Companies Analysis

Comparable Companies Analysis determines the value of a company based on the trading multiples of comparable companies. The most commonly used multiples are the Enterprise Value-to-EBITDA (EV/EBITDA) and Price-to-Earnings (P/E) (Rosenbaum and Pearl 2013). In calculating a multiple, the denominator has to be a measure of profitability responsible for generating the market value employed on the numerator.

For non-financial companies (KGW 2010), the most suitable multiples are enterprise value based, due to excluding the effect of capital structure which is likely to differ within industries (a firm's choice of capital structure is independent of its core operations). Using equity based multiples would therefore very likely distort valuation.

In defining a set of comparable companies, Rosenbaum and Pearl (2013) suggest the adoption of the framework shown below.

Figure 1. Peer Selection Framework

Business Profile	Financial Profile
■ Sector	■ Size
■ Products and Services	■ Profitability
■ Customers and End Markets	■ Growth Profile
■ Distribution Channels	■ Return on Investment
■ Geography	■ Credit Profile

Source: Investment Banking: valuation, Leveraged Buyouts, and Mergers & Acquisitions, Second Edition

KGW (2010) consider the EV/EBITA the most robust multiple to value a company. The authors argue the multiple is a representation of a company's fundamental drivers of value creation, a fact that they demonstrate through the following formula:

$$EV = \frac{EBITA(1 - t)(1 - \frac{g}{ROIC})}{WACC - g}$$

Diving both sides by EBITA:

$$\frac{EV}{EBITA} = \frac{(1 - t)(1 - \frac{g}{ROIC})}{WACC - g}$$

According to the authors, since the WACC and the tax rate tend to be similar across comparable companies, the EV/EBITA multiple will be driven by growth and ROIC. Moreover, the authors favor the use of forward looking figures on the denominator, because these are more consistent with the principles of valuation.

2.2.3. Precedent Transactions Analysis

Precedent Transactions Analysis derives the value of a company from similar companies, but in the context of M&A transactions. Therefore, the multiple represents the price paid for comparable companies in M&A transactions. These multiples, most often yield higher valuations than the comparable multiples (Rosenbaum and Pearl 2013), due to the premium paid by strategic buyers, which comes from the expectation that synergies will be realized, and the fact that the buyer will exert control over the target.

3. Industry Analysis

The food industry is one of the largest industries in the US, with an estimated \$1.5 trillion sales in 2014. Food sales are divided evenly between foodservice and retail. According to Janney Montgomery Scott 'Food Industry Report', the overall growth rate of the industry is approximately the same as the rate of population growth, i.e. c. 1.0%. Moreover, growth tracks the underlying rate of food inflation.

Figure 2. US Food Sales (\$m)

	US Retail Sales	US Retail Sales % growth	US Food Service Sales	Total US Food Sales	Total US Food % growth
1997	443,790.0	NA	414,500.0	858,290.0	NA
1998	454,140.0	2.3%	432,432.0	886,572.0	3.3%
1999	474,790.0	4.5%	455,789.0	930,579.0	5.0%
2000	498,380.0	5.0%	483,429.0	981,809.0	5.5%
2001	521,830.0	4.7%	508,262.0	1,030,092.0	4.9%
2002	530,612.0	1.7%	515,755.0	1,046,367.0	1.6%
2003	535,406.0	0.9%	524,698.0	1,060,104.0	1.3%
2004	544,141.0	1.6%	535,435.0	1,079,576.0	1.8%
2005	566,791.0	4.2%	559,990.0	1,126,781.0	4.4%
2006	598,136.0	5.5%	595,145.0	1,193,281.0	5.9%
2007	628,219.0	5.0%	626,963.0	1,255,182.0	5.2%
2008	659,012.0	4.9%	625,422.0	1,284,434.0	2.3%
2009	669,556.0	1.6%	646,122.0	1,315,678.0	2.4%
2010	673,324.0	0.6%	649,084.0	1,322,408.0	0.5%
2011	711,030.0	5.6%	680,456.0	1,391,486.0	5.2%
2012	748,258.0	5.2%	700,734.0	1,448,992.0	4.1%
2013	772,202.0	3.2%	711,428.0	1,483,630.0	2.4%
2014E	792,280.0	2.6%	734,211.0	1,526,491.0	2.9%

Source: Bloomberg, Food Institute Report, Organic Trade Association

Segments such as snacks, confectionary, and natural/organic food are displaying consistently stronger growth rates compared to the overall industry.

3.1. Natural and Organic Food

According to Janney Montgomery Scott ‘Food Industry Report’, the natural/organic sector, the focus of this thesis, encompasses a wide range of products including organic and natural foods, toiletries and personal care items, nutritional, herbal and sports supplements, cleaning agents, pet food products, natural/homeopathic medicines and naturally-based cosmetics. The trend toward natural/organic food products has accelerated over the past 15 years as consumers seek healthier and safer food alternatives.

Natural Foods Merchandiser (NFM) values the natural/organic sector at \$99.1 billion in 2012 with sales of c. \$75.0-\$80.0 billion, which represents 9.0%-10.0% of total US retail food sales. The sector sales outperformed every retail channel during 2013 except for C-stores. Annual growth has ranged between 5.0%-9.0% over the past 25 years and the current rate range is 9.0%-11.0%, making it the fastest growing sector in the food industry.

Within the sector, organic sales are growing even faster, as shown in figure 3. Organic sales have historically been around 30.0%-40.0% of total natural/organic food sales. Organic products grew 15.2% over the past 17 years compared with only 3.5% for the total US food industry.

Figure 3. US Organic Food Sales (\$m)

	Organic Food Sales	Organic Food Sales % growth	Organic Market Share	Total US Retail Sales	Total US Retail Sales % growth
1997	3,594.0	NA	0.81%	443,790.0	NA
1998	4,286.0	19.3%	0.94%	454,140.0	2.3%
1999	5,039.0	17.6%	1.06%	474,790.0	4.5%
2000	6,100.0	21.1%	1.22%	498,380.0	5.0%
2001	7,360.0	20.7%	1.41%	521,830.0	4.7%
2002	8,635.0	17.3%	1.63%	530,612.0	1.7%
2003	10,381.0	20.2%	1.94%	535,406.0	0.9%
2004	12,002.0	15.6%	2.21%	544,141.0	1.6%
2005	14,223.0	18.5%	2.51%	566,791.0	4.2%
2006	17,221.0	21.1%	2.88%	598,136.0	5.5%
2007	20,410.0	18.5%	3.25%	628,219.0	5.0%
2008	23,607.0	15.7%	3.58%	659,012.0	4.9%
2009	24,803.0	5.1%	3.70%	669,556.0	1.6%
2010	26,708.0	7.7%	3.97%	673,324.0	0.6%
2011	29,138.0	9.1%	4.10%	711,030.0	5.6%
2012	32,014.0	9.9%	4.28%	748,258.0	5.2%
2013	35,664.0	11.4%	4.62%	772,202.0	3.2%
2014E	39,658.0	11.2%	5.01%	792,280.0	2.6%
17 year CAGR		15.2%			3.5%

Source: Bloomberg, Food Institute Report, Organic Trade Association

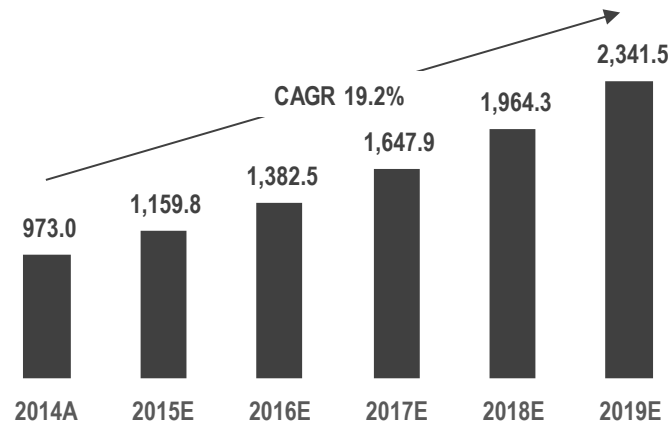
Drivers of growth include: food safety concerns, improved price/value relationship compared with conventional supermarkets, high fragmentation in both distribution and retail stores, healthy lifestyle desires by baby-boomers, increased household penetration, increasing sales with existing customers, increased penetration into conventional and mass merchandiser channels, and more aggressive competition from conventional grocery retailers who have been capturing market share of strong industry growth.

3.1.1. Gluten-free Food

The gluten-free food is a market niche, with \$973.0m sales in 2014 according to Packaged Facts 5th edition of 'Gluten-Free Foods in the US'. The period of 2009-2014 has seen a 34.0% CAGR, which is estimated to slow down to 19.2% for the next five

years (figure 4), making it the fastest growing segment of the natural/organic food industry.

Figure 4. US Gluten-Free Food Sales (\$m)



Source: Gluten-Free Foods in the U.S., 5th Edition

In a 2015 poll to gauge the changing tastes of the American population, Fortune and SurveyMonkey found that consumers are seeking whole and unadulterated foods (figure 5). In fact, the survey reveals that gluten-free accounted for 11.3% of diets; and food shoppers are increasingly concerned about pesticides, hormones, antibiotics and GMOs. While it is true price still rules purchasing decisions, nutrition follows right after, ranking second in importance.

Figure 5. US Food Shoppers Survey

TODAY, FRESH AND REAL BEAT PACKAGED AND LOW-CAL...

Trying to eat healthier than in the past:



Currently on a diet:



Never been on a diet:



BUT DIETS STILL ABOUND

Diet(s) tried in the past:

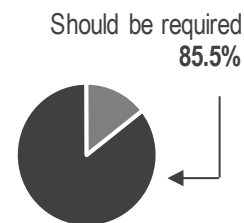


CONSUMERS WANT THEIR FOOD AS PURE AS POSSIBLE...

Food shoppers are "very" or "extremely" Concerned about:

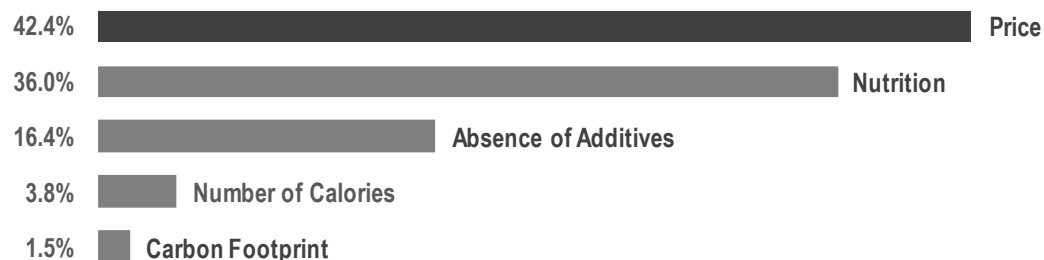


GMO labelling:



BUT PRICE STILL RULES

Most important factor when purchasing groceries:



Source: SurveyMonkey // Note: Survey of 1,045 adults conducted from May 1 to May 4, 2015

3.2. M&A Activity

The natural/organic industry is highly fragmented, with consolidation already taking place. Figure 6 shows that the largest brands have only small fractions of the market. Figure 7 provides an overview of the M&A activity in the industry. Hain Celestial, one of the largest branded manufacturers to the natural/organic industry with more than 60 separate brands, has been particularly aggressive on the acquisition front over the past three years.

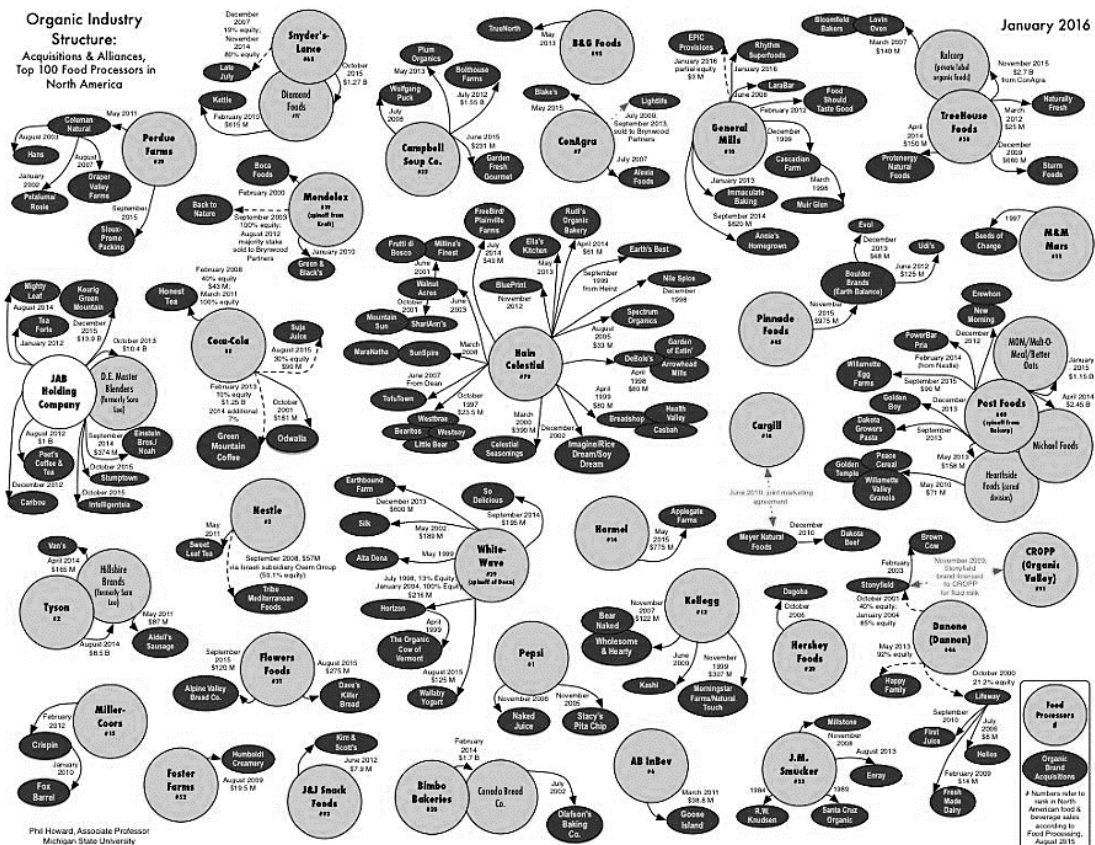
The triggers of the recent active acquisitions are the low interest rate environment and the potential to enhance growth rates and efficiencies to the mature food industry giants.

Figure 6. US Organic Food Ownership (%), 2014

Brand	Brand Owner	Brand's Organic Market Share
Horizon Organic	WhiteWave	4.2%
Nature's Path	Nature's Path	3.0%
Earth's Best	Hain Celestial	2.6%
Amy's Kitchen	Amy's Kitchen	2.2%
Organic Valley	Organic Valley	2.2%
Newman's Own	Newman's Own	2.1%
Earthbound Farm	WhiteWave	1.6%
Health Valley	Hain Celestial	1.2%
Cascadian Farm	General Mills	1.0%
Muir Glen	General Mills	0.7%
Arrowhead Mills	Hain Celestial	0.6%
Garden of Eatin'	Hain Celestial	0.3%

Source: Euromonitor, Market Data Group

Figure 7. Natural/Organic Food M&A Activity



Source: Michigan State University

4. Company Profile: Hain Celestial Group

The Hain Celestial Group was founded in 1993, in Delaware, US and is based in New York. The Group is a leading manufacturer, marketer, distributor and seller of organic and natural products under brand names sold as “better-for-you” products. As of 31/12/2015, Hain traded at \$40.39 a share, with an equity value of \$4,201.4m and an enterprise value of \$4,911.2m.

4.1. Segments and Products

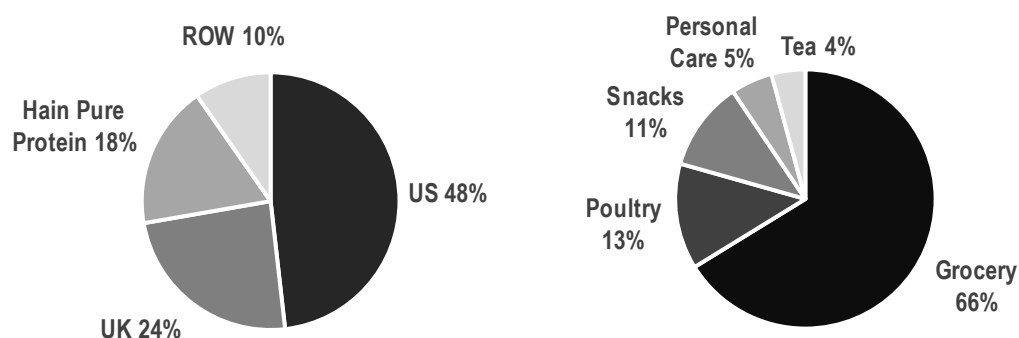
The Company reports under five segments: United States, United Kingdom, Hain Pure Protein, Canada, and Europe. Each segment includes the results of operations attributable to its geographic area, with the exception of the United States, which includes the results of Ella’s Kitchen, a brand sold primarily in the US and UK. Hain Pure Protein pertains to products sold in the US.

Hain’s products consist of the following categories:

- **Grocery** includes products such as plant-based beverages, frozen desserts, flour and baking mixes, breads, cooking and culinary oils, granola bars, Greek-style yogurt, among others;
- **Snacks** includes straws, tortilla chips, whole grain chips, pita chips, popcorn, among others;
- **Tea**, where the Company is a leading manufacturer and marketer of specialty teas;
- **Personal Care** which covers skin, hair and oral care, deodorants, baby care items, and other products;
- **Poultry** which offers antibiotic-free, and vegetarian fed and humanely raised products.

Figure 8 displays the group's sales by segment and product category.

Figure 8. Hain Sales Split (%) by Segment and Product, 2015



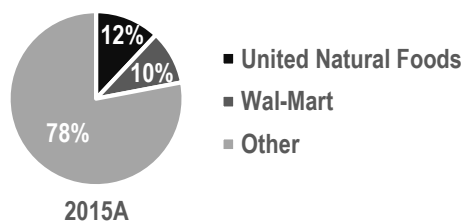
Source: Company filings

4.2. Distribution

The Group sells its products mainly through grocery supermarkets, mass merchandisers, club stores, natural food distributors, personal care distributors, drug store chains, and food service distributors.

Hain's largest customer is United Natural Foods, followed by Wal-Mart, as illustrated in figure 9. No other customer accounted for more than 10% of the Company's net sales in the past three years.

Figure 9. Hain Sales Split (%) by Customer



Source: Company filings

4.3. M&A Activity

Hain considers the acquisition of organic/natural companies a cornerstone of its business strategy. The company continually identifies and acquires brands with products that complement its existing product mix for purposes of expanding the business. Within each operating segment, the Company's strategy consists of integrating brands under one management team and employ uniform marketing, sales and distribution programs to achieve economies of scale and enhanced market penetration. Moreover, the Company seeks to capitalize on the equity of its brands and the distribution achieved through each of the acquired businesses with strategic introductions of new products that complement existing lines to enhance revenues and margins. Figure 10 provides a list of Hain's most recent acquisitions.

Figure 10. Hain M&A Activity

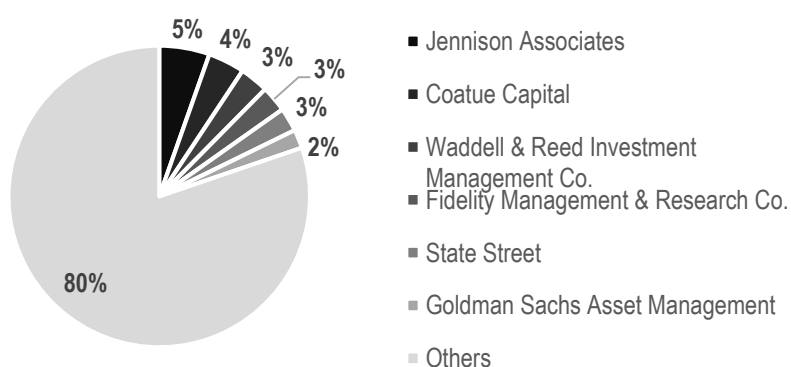
Date	Target	Target description	Price
Dec 2012	Zoe Sakoutis	US based leader in the cold-pressed juice category	\$26.2m
May 2013	Ella's Kitchen	UK based manufacturer and distributor of premium organic baby food	\$103.4m
Jan 2014	Tilda	UK based producer and wholesaler of rice	\$356.5m
Apr 2014	Charter Baking	US based producer and wholesaler of organic and natural baked products	\$61.3m
Jul 2014	Hain Pure Protein (51%)	US based producer of natural and organic chicken and turkey products	\$40.0m
Feb 2015	Belvedere International	Canada based manufacturer and distributor of health and beauty care products	NA
Mar 2015	EK Holdings	US based investment holding company	\$57.6m
Jul 2015	Mona Naturprodukte	Austria based manufacturer of fluid milk	NA
Dec 2015	Orchard House Foods	UK based manufacturer of frozen fruits, juices and vegetables	NA

Source: Reuters

4.4. Ownership

Hain's shareholding structure is very dispersed, with asset management companies consisting of the majority of the shareholders (figure 11).

Figure 11. Hain Ownership Structure (%)

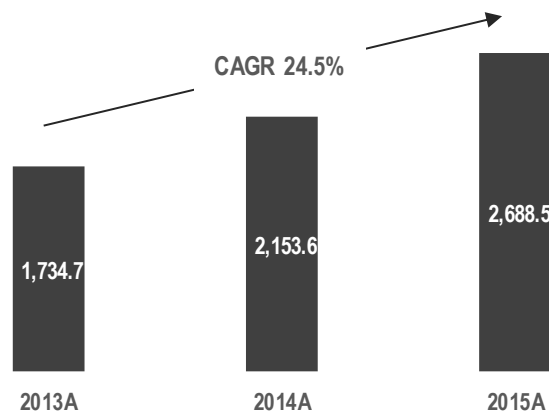


Source: Reuters

4.5. Key Financials

Hain is one of the fastest growing food companies, with a CAGR of 24.5% over the period of 2013-2015. Hain's growth is fueled by strong worldwide demand for the diverse portfolio of leading brands across many product categories, sales channels and geographies.

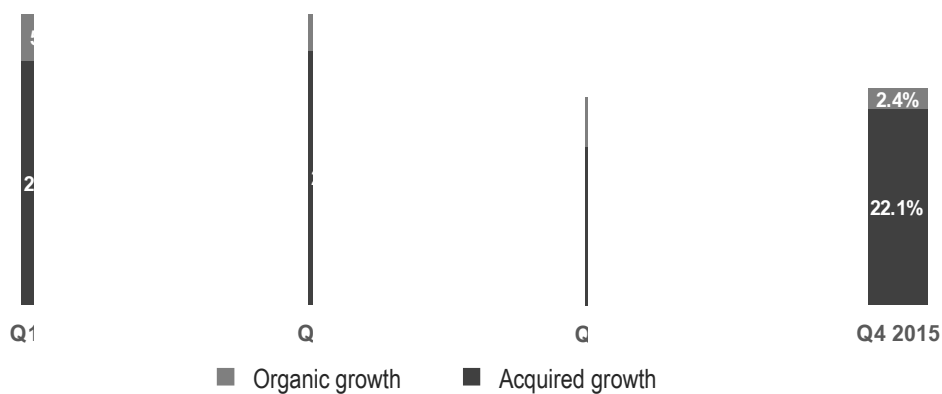
Figure 12. Hain Sales (\$m) and Sales Growth (%)



Source: Company filings // Note: FYE 30/06

Although presenting a high-growth profile, it is worth noticing that Hain's growth is mostly fueled by acquisitions, as the figure below shows.

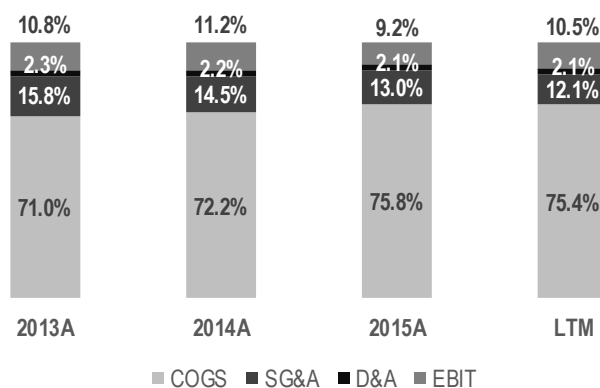
Figure 13. Hain Organic vs. Acquired Sales Growth (%)



Source: William Blair Equity Research

In terms of profitability, the Group has shown a very stable level of EBIT margin in the last years (figure 14), with a COGS/sales increase offset by a SG&A/sales decrease.

Figure 14. Hain EBIT Margin (%)



Source: Company filings // Note: FYE 30/06; LTM ended 31/12/2015; EBIT adjusted for restructuring and impairment charges

The Company's performance translates into a ROIC in the range of 11.4%-12.9% before goodwill. When accounting for acquisitions, the Company's returns decrease to about half the range, as shown in the figure below.

Figure 15. Hain ROIC (%)



Source: Company filings // Note: FYE 30/06; LTM ended 31/12/2015

4.6. Credit Strength

In the previous sections, it was shown that Hain has achieved high growth and healthy profitability, having as a major cornerstone of its strategy the acquisition of organic firms.

This section shows Hain's credit strength and compares it to its organic peers.

Figure 16. Hain vs. Peers Credit Statistics (% and x)

Company	Ticker	Debt / tot. Cap. market	Debt / tot. Cap. book	Debt / EBITDA LTM	Net debt / EBITDA LTM	EBITDA / int. Exp. LTM
Hain Celestial Group Inc	HAIN	18.2%	26.5%	2.4x	2.0x	15.3x
WhiteWave Foods Co	WWAV	24.5%	52.6%	5.3x	5.2x	8.1x
B&G Foods Inc	BGS	33.0%	75.2%	5.3x	5.0x	4.6x
Snyder's-Lance Inc	LNCE	15.6%	29.1%	2.5x	2.1x	NA
Diamond Foods Inc	DMND	38.7%	51.7%	6.4x	6.3x	2.6x
Boulder Brands Inc	BDBD	31.1%	45.8%	6.9x	6.3x	2.6x
SunOpta Inc	STKL	23.1%	27.1%	3.2x	1.1x	9.5x
Inventure Foods Inc	SNAK	43.8%	54.2%	NA	NA	10.3x
Mean		28.5%	45.3%	4.5x	4.0x	7.6x
Median		27.8%	48.8%	5.3x	5.0x	8.1x
High		43.8%	75.2%	6.9x	6.3x	15.3x
Low		15.6%	26.5%	2.4x	1.1x	2.6x

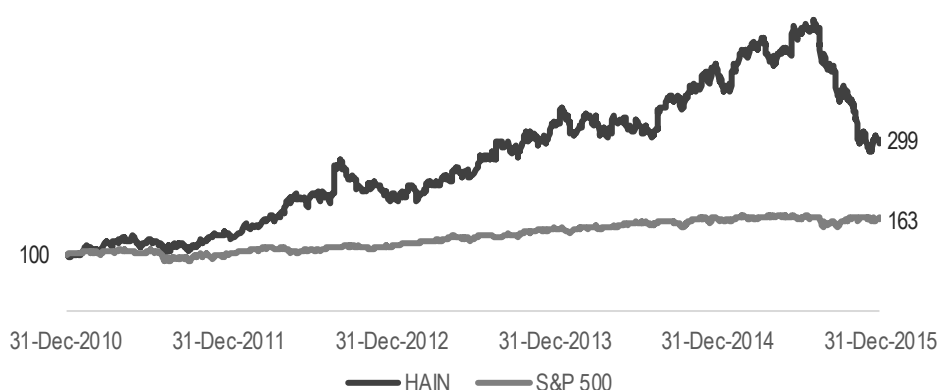
Source: Authors' calculations, Company filings, Reuters

The figure above shows that Hain is one of the less leveraged peers. In terms of debt-to-total capitalization, Hain has the second lowest leverage ratio as measured in market values. In terms of the ability to repay debt, debt-to-EBITDA, as well as net debt-to-EBITDA show that Hain presents the lowest and second lowest values respectively, a sign that it would be the fastest peer to repay its debt. In what concerns interest coverage, Hain presents the highest ratio. This analysis shows that Hain is financially strong, which makes for an ideal acquirer.

4.7. Share Price Performance

Hain's share price has seen a positive performance over the last five years. The figure below depicts Hain against the S&P 500, showing that \$100 invested at the end of 2010 would have turned into \$299 by the end of 2015, a return of 24.5% per year. This compares with a return of 62.5% over five years for S&P 500, or 10.2% on annual basis. It is worth noticing that although on an increasing trend up to August 2015, Hain share price has seen a considerable decline in the last months. This can be explained by a series of unlucky events faced by the Company, namely a nut butter product recall on August, and a fire damage at UK's Tilda specialty-rice factory late October, which led to an interruption in production and lower than expected sales.

Figure 17. Hain Share Price Performance (%)



Source: Reuters

5. Company Profile: Boulder Brands

Founded in 2005, in Delaware USA, Boulder Brands is a leading consumer packaged food company, with headquarters in New Jersey. Focused on the natural/organic food sector, the Company has a vast portfolio of brands that target specific health trends. As of 31/12/2015, Boulder Brands traded at \$10.98 a share, with an equity value of \$696.1m and an enterprise value of \$950.0m.

5.1. Segments

Boulder Brands operates in two business segments: the **Natural Segment**, and the **Balance Segment**.

The **Natural Segment** is composed by the following brands:

- **Udi's** and **Glutino** for gluten free diets, with Udi's as the leading gluten-free brand in North America, offer products such as: bagels, breads, rolls, buns, pizza, crust, tortillas, pretzels, baking mixes, breakfast bars, among others;
- **Evol** for consumers of convenient food, offers the following products: burritos, single and multiserve meals, and quesadillas.

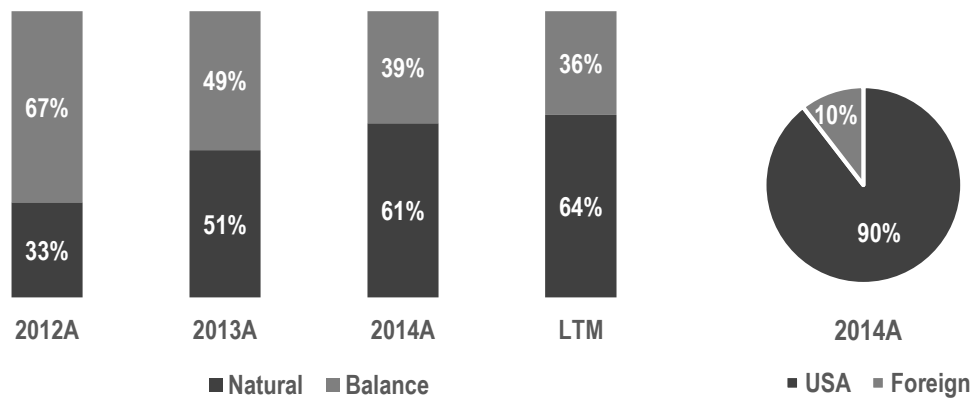
The **Balance Segment** is comprised of the subsequent brands:

- **Smart Balance** for heart healthy diets, offers products such as buttery spreads, spreadable butters, enhanced milks, peanut butter spreads, cooking oil, cooking sprays, popcorn and light mayonnaise dressing;

- **Earth Balance** for plant-based diets, with a product portfolio of: buttery spreads, baking sticks, nut butters, culinary spreads, snacks and sandwich dressings;
- **Level Life**, for diabetic diets, offers glucose gel, bars, shakes and decadent snacks.

Figure 18 shows the sales split by segment and geography.

Figure 18. BDBD Sales Split (%) by Segment and Geography



Source: Company filings // Note: FYE 31/12; LTM ended 30/09/2015

Boulder Brands' Balance segment has gradually decreased its proportion of total sales, with the Natural segment gaining ground.

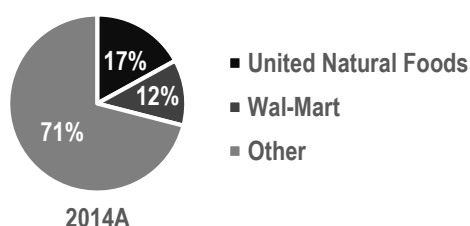
In terms of geography, Boulder Brands has maintained approximately the same sales split over the period of 2012-2014, with the majority of its sales in the USA and a minority in Canada and the UK.

5.2. Distribution

The Company distributes its products in all major retail channels, including natural, grocery, club, mass merchandise and foodservice industrial channels.

As highlighted in figure 19, Boulder Brands' main customers are United Natural Foods and Wal-Mart. No other single customer accounted for more than 10% of gross sales.

Figure 19. BDBD Sales Split (%) by Customer



Source: Company filings

5.3. M&A Activity

Figure 20 provides a list of all acquisitions completed by Boulder Brands. It is worth to notice that Boulder Brands' strongest brands all came from past acquisitions.

Figure 20. BDBD M&A Activity

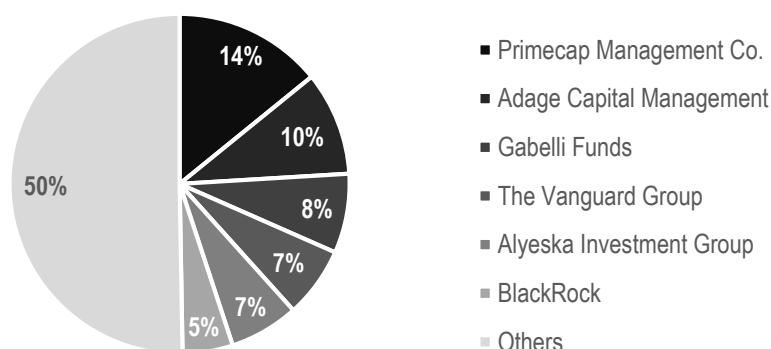
Date	Target	Target description	Price
May 2007	GFA Brands	Owner and marketer of Smart Balance	NA
Aug 2011	Glutino Food Group	Manufacturer of gluten-free foods	\$66.3m
Jul 2012	Udi's Healthy Foods	Owner of Udi's Gluten Free Foods brand	\$126.9m
May 2013	Davies	UK based gluten free bakery and bread manufacturer	\$3.9m
Jul 2013	GlucoBrands (80%)	Owner of Level Life, provider of convenient food products	\$2.4m
Dec 2013	Phil's Fresh Foods	Owner of EVOL, a Colorado based manufacturer and marketer of frozen foods	\$48.9m
Feb 2014	GlucoBrands (8%)	Owner of Level Life, provider of convenient food products	\$0.2m
Jul 2014	GlucoBrands (1%)	Owner of Level Life, provider of convenient food products	\$0.4m
Oct 2014	Real Food Matters	Natural foods R&D company	\$0.8m

Source: Company filings

5.4. Ownership

Figure 21 depicts the Company's shareholding structure. All relevant shareholders are investment management companies.

Figure 21. BDBD Ownership Structure (%)

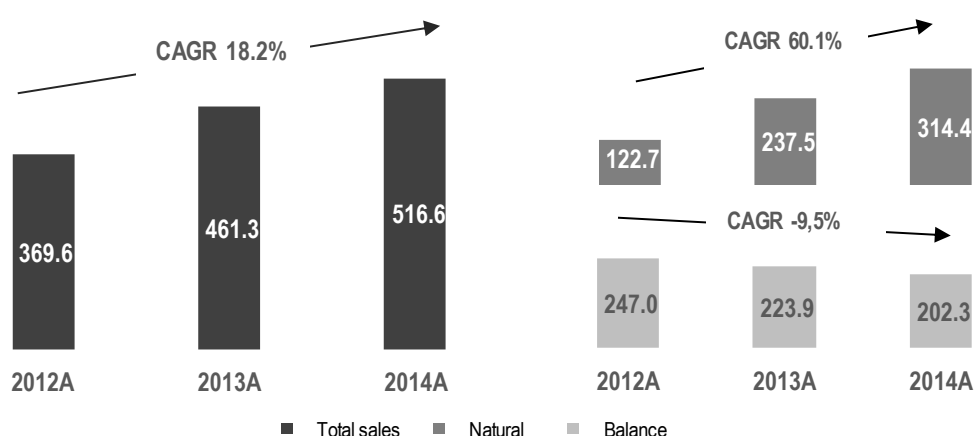


Source: Reuters

5.5. Key Financials

Boulder Brands has enjoyed a period of high growth between 2012 and 2014, as shown in figure 22. Overall total sales have grown at a CAGR of 18.2%, with the bulk of growth coming from the Natural segment (CAGR of 60.1%) which managed to grow its sales due to overall increases of its brands' products, leaders in the gluten-free market. The Balance segment has witnessed decreases in sales (CAGR of -9.5%), primarily because of the licensing of milk and a decrease in spreads' volume, due to competitive promotional levels and continued price sensitivity to premium products.

Figure 22. BDBD Sales (\$m) and Sales Growth (%)

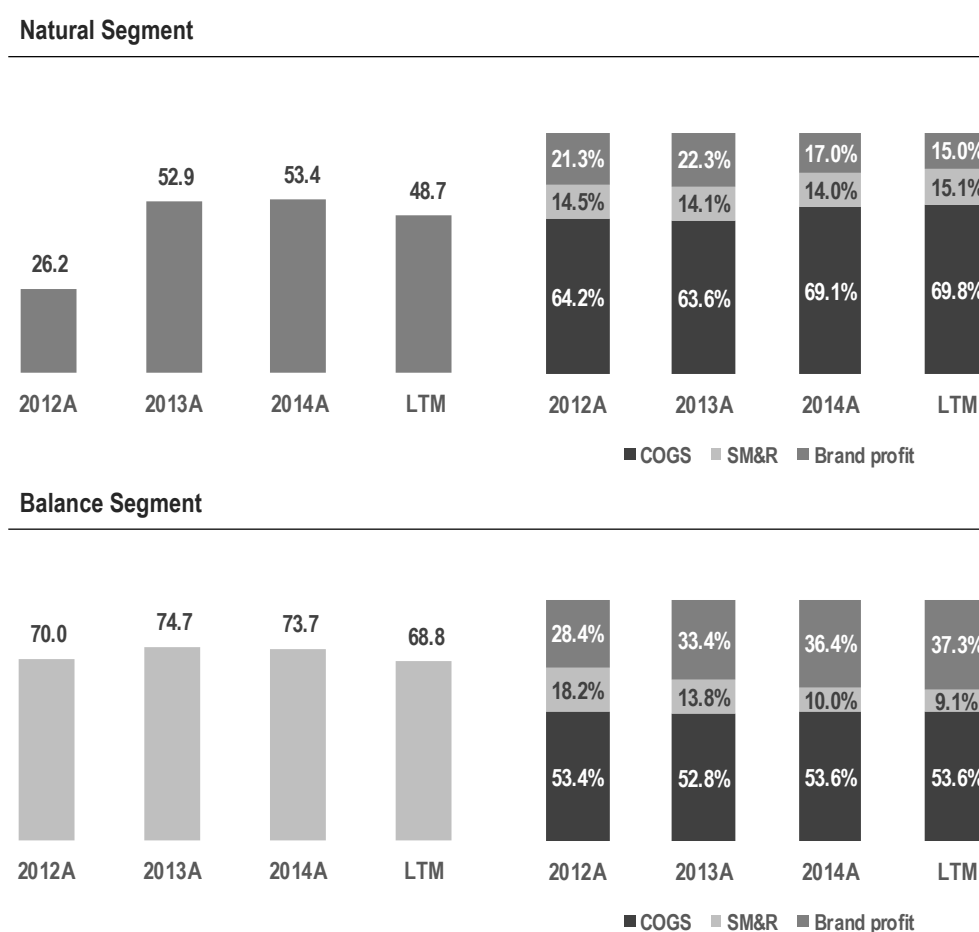


Source: Company filings // Note: FYE 31/12

In figure 23 the brand profit is shown for the Company's segments. This is a measure of segment profitability used by the Company, and consists of gross profit less selling, marketing and royalty expense (SM&R). The Balance segment shows both higher brand

profit and brand profit margins. By looking at the brand profit margins of the Natural segment, one can see these have declined from 21.3% to 15.0% in the LTM. SM&R has maintained a relatively stable level as a % of revenues. COGS/sales which has increased from 14.5% in 2012 to 69.8% in the LTM has been the driver of declining brand profit margins. The Natural segment COGS are highly affected by the price of egg whites, which in 2013 and 2014 have seen a tremendous volatility reaching historical peaks. Therefore, as the Company hasn't been able to hedge this commodity, its COGS have increased significantly.

Figure 23. BDBD Brand Profit (\$m) and Brand Profit Margin (%)



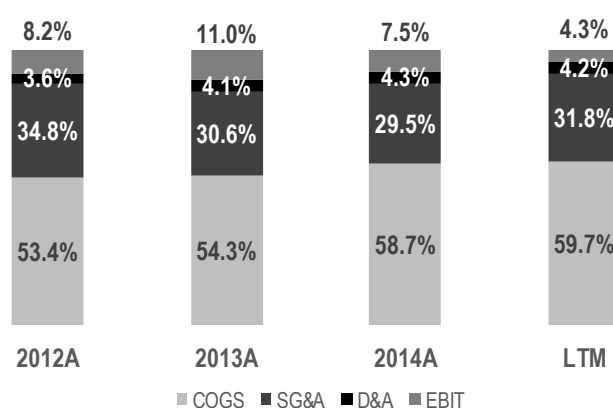
Source: Company filings // Note: FYE 31/12; LTM ended 30/09/2015

The Balance segment, has seen its brand profit margins rise from 28.4% in 2012 to 37.3% in the LTM. As the COGS/sales have been stable, what triggered the brand profit margin improvement was the level of SM&R/sales which has decreased from 18.2% in 2012 to 9.1% in the LTM. The reason for this is the fact that the Company has been

restructuring this segment via personnel and overhead optimization, as a result of its disappointing growth.

In figure 24, a detailed view of the EBIT margins can be found. In line with the arguments exposed previously, one can see the level of SG&A/sales decreasing until 2014 and COGS/sales increasing especially in 2014 and the LTM. D&A/sales has maintained a fairly stable level. Consequently, EBIT margins saw its high in 2013 at 11.0% and its low in the LTM at 4.3%.

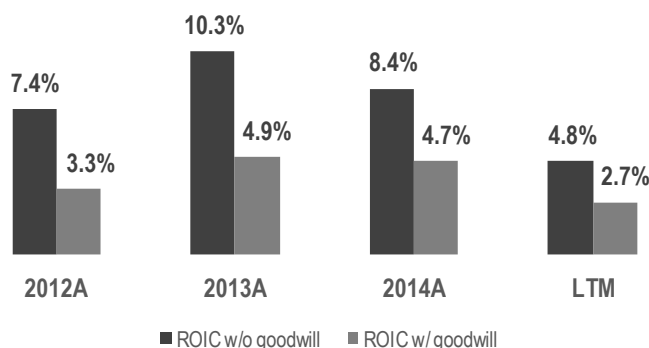
Figure 24. BDBD EBIT Margin (%)



Source: Company filings // Note: FYE 31/12; LTM ended 30/09/2015; EBIT adjusted for restructuring and impairment charges

ROIC follows the same trend as the operating metrics described previously, with a peak felt in 2013 and a low in the LTM.

Figure 25. BDBD ROIC (%)



Source: Company filings // Note: FYE 31/12; LTM ended 30/09/2015

Overall, the Company has seen a declining performance in the course in 2014 and the LTM, as the declining growth of the Balance segment along with the rising COGS for the Natural segment have more than offset the explosive growth of the Natural segment.

5.6. Credit Strength

In this section, Boulder Brands credit statistics are analyzed. Like in Hain's company profile, the figure below shows Boulder Brands' credit statistics versus its peers.

Figure 26. BDBD vs. Peers Credit Statistics (% and x)

Company	Ticker	Debt / tot. Cap. market	Debt / tot. Cap. book	Debt / EBITDA LTM	Net debt / EBITDA LTM	EBITDA / int. Exp. LTM
Boulder Brands Inc	BDBD	31.1%	45.8%	6.9x	6.3x	2.6x
WhiteWave Foods Co	WWAV	24.5%	52.6%	5.3x	5.2x	8.1x
Hain Celestial Group Inc	HAIN	18.2%	26.5%	2.4x	2.0x	15.3x
B&G Foods Inc	BGS	33.0%	75.2%	5.3x	5.0x	4.6x
Snyder's-Lance Inc	LNCE	15.6%	29.1%	2.5x	2.1x	NA
Diamond Foods Inc	DMND	38.7%	51.7%	6.4x	6.3x	2.6x
SunOpta Inc	STKL	23.1%	27.1%	3.2x	1.1x	9.5x
Inventure Foods Inc	SNAK	43.8%	54.2%	NA	NA	10.3x
Mean		28.5%	45.3%	4.5x	4.0x	7.6x
Median		27.8%	48.8%	5.3x	5.0x	8.1x
High		43.8%	75.2%	6.9x	6.3x	15.3x
Low		15.6%	26.5%	2.4x	1.1x	2.6x

Source: Authors' calculations, Company filings, Reuters

It can be seen that Boulder Brands presents a leverage ratio slightly above the average.

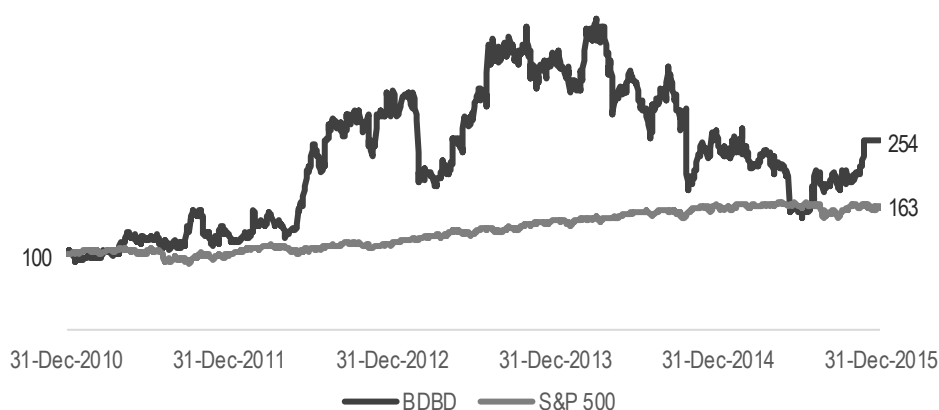
In what concerns the ability to pay down debt, the Company has the highest level of the peer group, which means it would be the slowest peer to repay its debt obligations. Finally, it is worth noticing that Boulder has the lowest coverage ratio, a result of the recent declining operating profitability.

Even though Boulder is not a highly levered company, this analysis, along with the operational analysis laid out in the previous section shows that, should the Balance segment continue to underperform, Boulder could face serious leverage problems, as the debt (net debt)-to-EBITDA and coverage ratio already alert.

5.7. Share Price Performance

Boulder Brands' share price has seen a positive performance over the last five years. The figure below depicts Boulder Brands against the S&P 500, showing that \$100 invested at the end of 2010 would have turned into \$254 by the end of 2015, a return of 20.5% per year. This compares with a return of 63% over five years for S&P 500, or 10.2% on annual basis. 2013 saw Boulder's peak, which since then has decreased until August, justified by Boulder's poorer operating performance. More recently, a series of events have triggered an increase in share price, which will be further explained in the Deal Rationale section.

Figure 27. BDBD Share Price Performance (%)



Source: Reuters


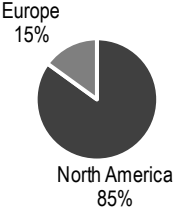






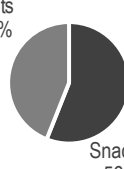


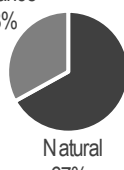
6. Company Valuation: Hain Celestial Group

In this section, the valuation of Hain Celestial Group according to the Comparable Companies and the DCF Analyses is studied in depth.

6.1. Comparable Companies Analysis

The first step in conducting the Comparable Companies Analysis consisted of selecting a peer group. Samples were extracted from Reuters, equity research reports, and industry reports. A group of 18 companies was gathered (refer to annex 1). Afterwards, the framework illustrated in figure 1 was applied in order to filter the closest comparables in terms of business and financial profile which led to a final selection of 5 peers (figures 28 and 29).

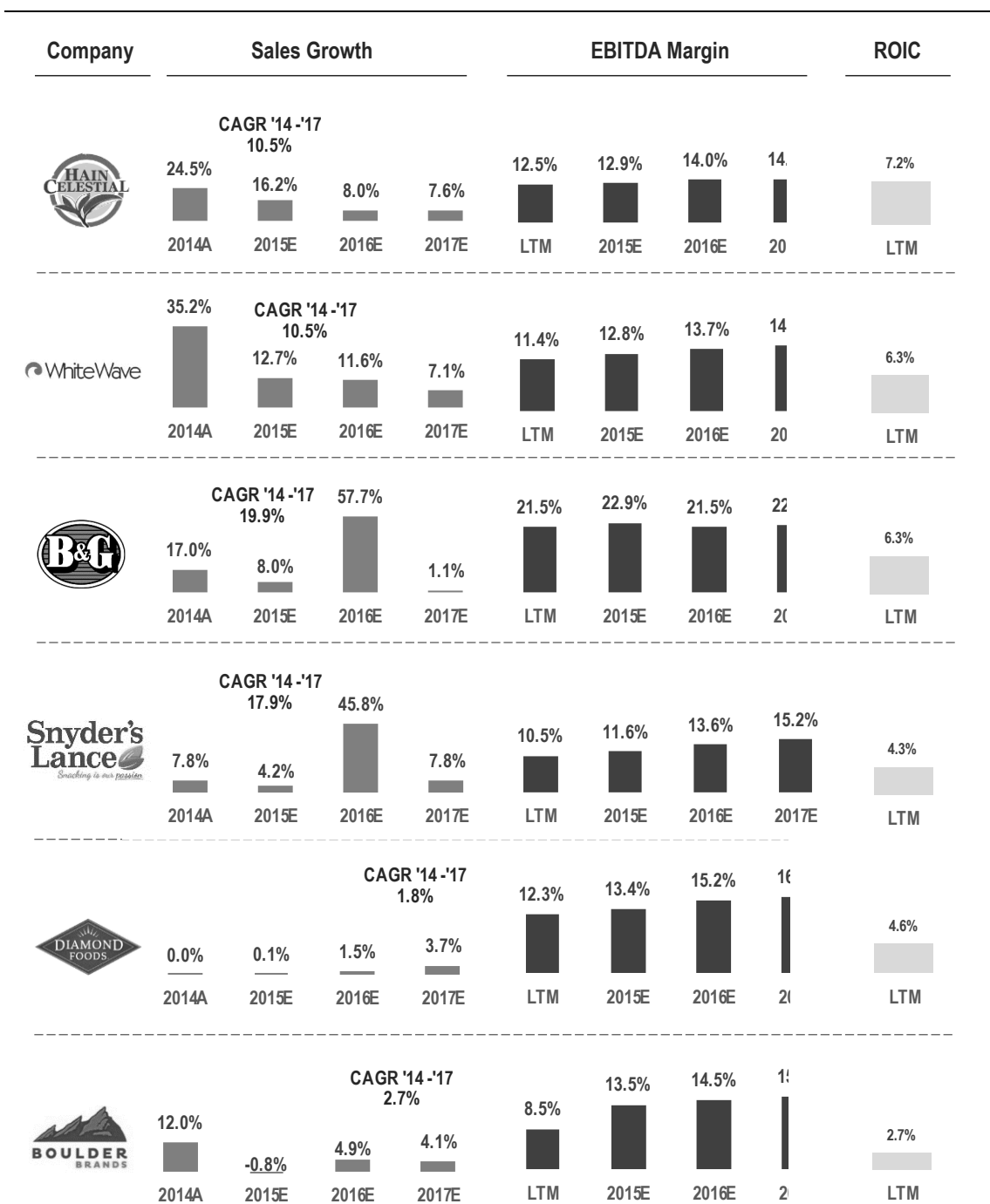
Figure 28. Hain Closest Peers' Business Profiles

Company	Description	Sales by Geography	Sales by Segment
	<ul style="list-style-type: none"> US-based consumer packaged food and beverage company Manufactures, markets, distributes and sells branded plant-based foods and beverages, coffee creamers and beverage products and organic produce Operates through the following segments: Americas Fresh Beverages, Americas Fresh Foods, and Europe Food Beverages The Company caters to grocery stores, merchandisers, convenience and health food stores, restaurants and US-based consumer packaged food and beverage company outlets 	 <p>Europe 15% North America 85%</p>	NA
	<ul style="list-style-type: none"> US-based manufacturer, seller and distributor of shelf-stable food products and organic produce The Company is present in the US, Canada and Puerto Rico Operates through the following segments: Americas Foods & Beverages, Americas Fresh Foods, and Europe Foods & Beverages The product spectrum includes hot cereals, fruit spreads, canned meats and beans, gluten-free snacks, among others Products are distributed directly, as well as via a network of independent brokers and distributors to supermarket chains, food convenience and health food stores, restaurants and foodservice outlets, mass merchandisers, warehouse clubs, non-food outlets, and specialty distributors 	NA	NA
	<ul style="list-style-type: none"> US-based manufacturer, distributor, marketer and seller of snack and natural products under brand names, which are sold at retail outlets The Company operates through two main segments: Brand Partner Brand The company operates in the following segments: Grocery, Snacks, Personal Care, and Tea The product portfolio consists of pretzels, sandwich crackers, chips, among others In addition, it grows, processes and sells kosher poultry and products The products are distributed via grocery/mass merchandisers, discount stores, outlets, offices and other independent retailers The Company sells its products to specialty and natural food retailers 	 <p>Canada 3% US 97%</p>	 <p>Other 10% Branded 68%</p>
	<ul style="list-style-type: none"> US-based snack food and culinary nut company The Company operates through two segments: Snacks and Nuts The product portfolio consists of pretzels, sandwich crackers, tortilla chips, among others The Company's products include potato chips, snack nuts, beef jerky and culinary nuts, also offered as better for you products The products are distributed via grocery/mass merchandisers, club stores, discount stores, outlets, offices and other independent retailers 	 <p>Europe 16% US 84%</p>	 <p>Snacks 56% Nuts 44%</p>
	<ul style="list-style-type: none"> US-based natural and organic consumer packaged food company The Company's health and wellness platform consists of brand target specific health trends Operates via two segments: Balance, focused on buttery and Natural focused on gluten-free food The Company distributes its products in all retail channels, natural, grocery, club and mass merchandise 	 <p>Foreign 9% US 91%</p>	 <p>Balance 33% Natural 67%</p>

Source: Reuters

The closest comparable is WhiteWave. The five companies are food industry players, with WhiteWave and Boulder Brands being totally focused on the natural/organic sector. B&G, Snyder's and Diamond compete in the natural/organic sector to a lesser extent. In what concerns distribution channels, all comparables distribute through the same venues as Hain. Concerning geographic sales split, WhiteWave, Snyder's, Diamond and Boulder derive most of their sales from the US.

Figure 29. Hain Closest Peers' Financial Profiles



Source: Company filings, Reuters // Note: financials calendared to 31/12; LTM EBITDA excluding non-recurring and non-operating expenses

In terms of financial profile (refer to annex 1 for a detailed financial benchmark), WhiteWave is almost a copy of Hain. B&G and Snyder's show a much higher growth prospect, with huge jumps in 2016, justified by analysts' incorporation of acquisition effects. Boulder Brands and Diamond show the lowest growth prospects among the peer group. In terms of EBITDA margins, every peer closely tracks Hain. Finally, for ROIC, Snyder's, Diamond and Boulder show lower levels than Hain's.

6.1.1. Multiples

In the next step of the analysis, multiples were calculated for the closest peers (refer to annex 2 for a detailed view). For valuation purposes, the Enterprise value-to-EBITDA was considered the most relevant multiple due to excluding capital structure, which differs substantially across peers (annex 4).

Figure 30 shows the resulting EV/EBITDA multiples for the closest comparable companies and Hain.

Figure 30. Hain Peer Group EV/EBITDA Multiples (\$m and x)

Company	Ticker	Equity value	Enterprise value	Enterprise value /	
				2016E EBITDA	2017E EBITDA
Hain Celestial Group	HAIN	4,201.4	4,911.2	11.6x	10.5x
WhiteWave Foods	WWAV	7,007.2	9,195.2	15.5x	13.7x
B&G Foods	BGS	2,030.3	2,963.3	9.6x	9.2x
Snyder's Lance	LNCE	2,428.6	2,824.2	8.4x	7.0x
Diamond Foods Inc	DMND	1,068.6	1,712.3	12.9x	11.8x
Boulder Brands	BDBD	696.1	950.0	12.2x	11.2x
High				15.5x	13.7x
Low				8.4x	7.0x

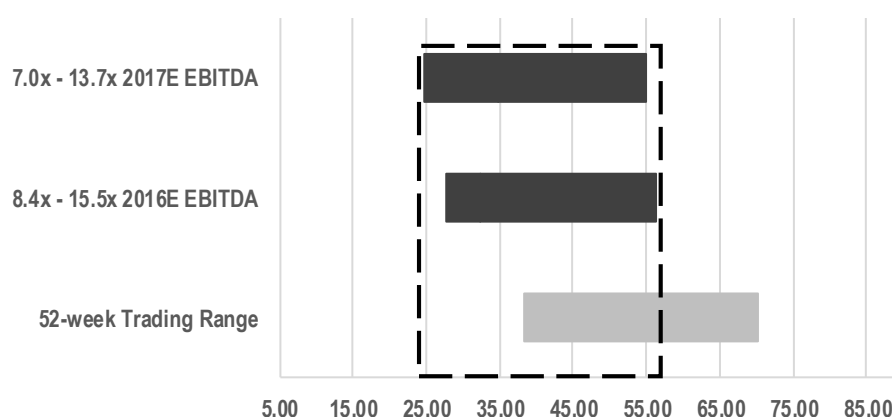
Source: Authors' calculations, Reuters

The figure shows that Hain and the five comparables trade at considerably close multiples, with WhiteWave depicting higher values, which suggests that the market views WhiteWave a more valuable company, even though it displays fairly similar business and financial profiles to the remaining peers.

6.1.2. Valuation

Finally, by multiplying the low and high multiples shown in figure 30 by Hain's forecasted 2016 EBITDA of \$424.6m and 2017 EBITDA of \$469.8m, a valuation range was obtained (figure 31) (refer to annex 3 for an extended valuation view).

Figure 31. Hain Comparable Companies Share Price (\$) Football Field



Source: Authors' calculations

It is concluded that as of 31/12/2015 Hain is valued at a range of \$24.82-\$56.36.

6.2. Discounted Cash Flow Analysis

This section is divided in four parts: WACC, Projections, Terminal Value and Valuation.

6.2.1. WACC

Figure 32, shows the computation of the WACC, as well as its components (annex 4 shows detailed WACC calculations).

The Company's target capital structure was defined by looking at the historical debt-to-total capitalization ratio at market values, which have shown the same level in 2013 and 2014, with an increase of 5% in 2015 due to acquisitions financing. Therefore, the optimal capital structure was assumed to be the 2013-2014 level, as the Company will likely pay the incremental amount of debt from the acquisitions in the near future.

The cost of debt was sourced from Reuters, and is calculated taking into account the company's debt structure and its risk relative to a 10-year credit curve. The tax rate used is the marginal tax rate of the Company.

For the cost of equity, the CAPM was applied. The risk-free rate corresponds to the yield on 10-year US treasuries. The market risk premium was sourced from Damodaran, and consists of an arithmetic average of the difference between the return of the S&P500 and the 10-year US treasuries, over the period of 1928-2015.

Beta was obtained by retrieving peers' levered beta from Reuters (which consist of regressions using 5 years of monthly data). Next, each peers' beta was unlevered. Then, all unlevered betas were averaged. Finally, the average was relevered according to Hain's target capital structure.

The final result is a WACC of 6.3%. WACC was also sensitized, by applying a market risk premium based on a geometric average. This alternative yields a WACC of 5.2%.

Figure 32. Hain WACC (%)

WACC Calculation	
Target Capital Structure	
Debt-to-total capitalization	11.8%
Equity-to-total capitalization	88.2%
Cost of debt	
Cost of debt	3.7%
Tax rate	35.0%
After tax cost of debt	2.4%
Cost of equity	
Risk-free rate	2.2%
Market risk premium	6.18%
Levered beta	0.75
Cost of equity	6.8%
WACC	6.3%

Source: Company filings, Damodaran, Reuters

6.2.2. Projections

The forecasts used in Hain's DCF were built by using five years of analyst consensus estimates, followed by five years of extrapolation to the steady state.

Sales

It is the consensus that sales growth will slow down in the next five years, declining to 10.9% in 2016, 6.3% in 2017, and 5.0% in the outer years until 2020. From 2020-2026, growth converges to 2.0%, the assumed long-term growth rate of the US economy.

COGS

Consensus estimates point to a gradual decrease in the COGS/sales ratio, from 75.5% in 2016 to 74.5% in 2020, an estimation in line with historical levels. From 2020 onwards, it was assumed that the 74.5% ratio is a stable level to be kept constant.

SG&A

Analysts forecast improvements in the level of SG&A/sales from 12.8% in 2016 to 11.9% in 2020. From 2020 onwards, the 11.9% level was kept constant.

D&A

D&A/sales are forecasted at 2.2% (the historical average) throughout the entire explicit period.

Net PP&E

Analysts forecast a gradual decrease of the Net PP&E/sales level from 12.0% in 2016 to 9.9% in 2020. From 2020 onwards, the 9.9% level was assumed.

Intangible Assets

Intangible assets/sales were forecasted at 23.5% throughout the explicit period, which represents the LTM level.

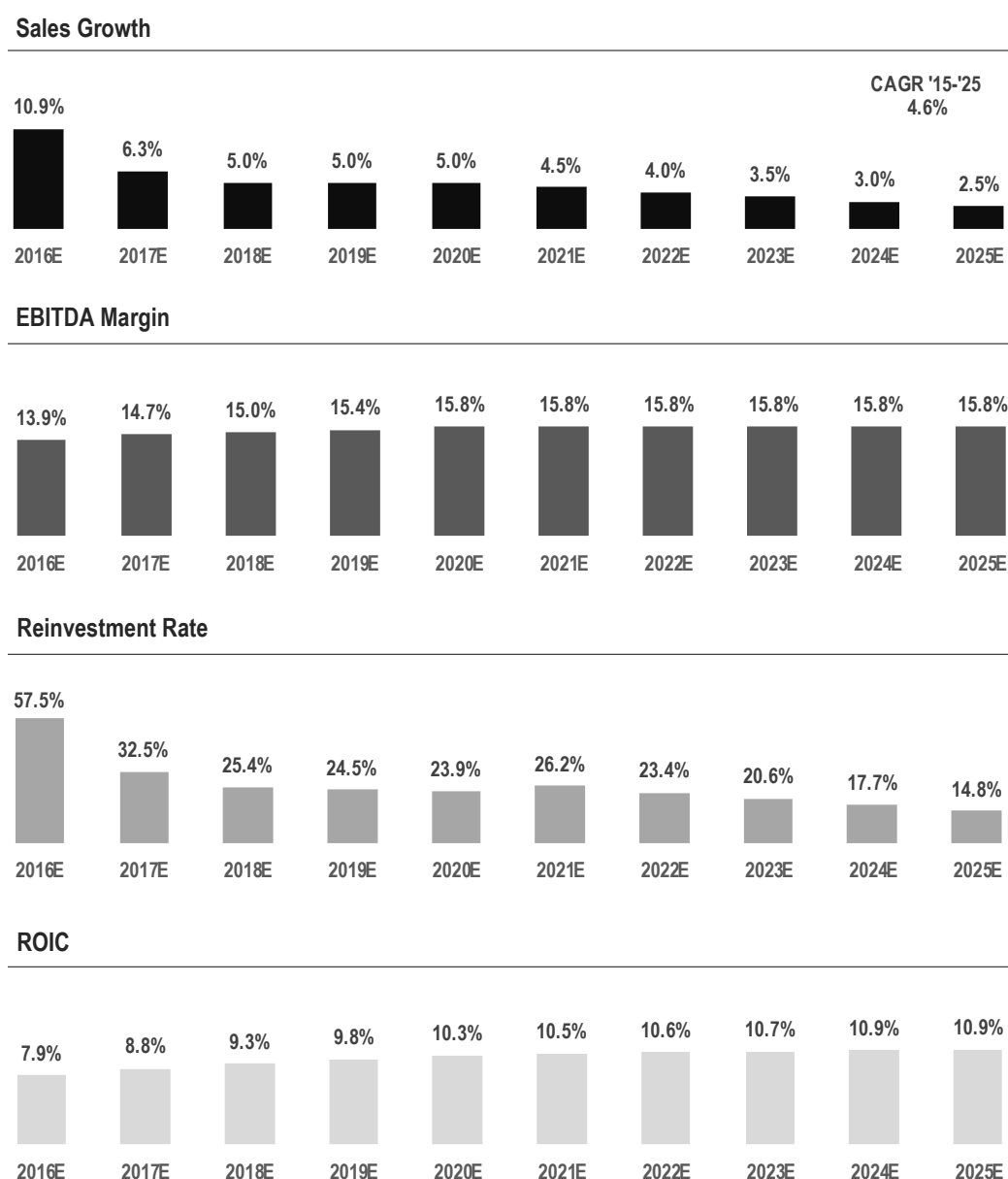
Net Working Capital

Analysts forecast a level of Net working capital/sales of about 16.0%, which is in line with the historical figure. Additionally, it was assumed that Hain maintains a minimum cash balance of 3.0% of sales. This assumption was based on the fact that cash and cash equivalents historically have been in the range of 2.4% to 6.3% of sales.

Annex 5-7 show detailed forecasts of Hain's financial statements.

Figure 33 summarizes the value drivers' projections.

Figure 33. Hain Value Drivers' Projections (%)



Source: Authors' calculations // Note: FYE 30/06; ROIC with goodwill

It is worth noticing that the EBITDA margin improves over time due to cost reductions, the reinvestment rate decreases as sales growth slows down (a realistic assumption as it is projected that when growing less, the Company will have to set aside a lower portion of its profits to support future growth), and ROIC consequently increases.

6.2.3. Terminal Value

In line with the arguments exposed in the Literature Review section, the long-term growth rate was estimated in the range of 1.8%-2.2%, where 1.8% represents the

forecasted US inflation in 2020 according to the Economist Intelligence Unit, and 2.2% represents the yield on the 10-year US treasury as of 01/01/2016.

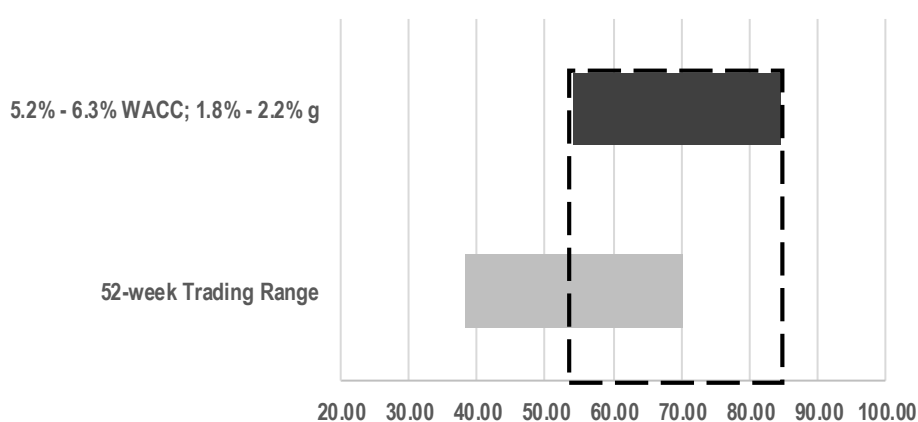
All of the projections assumed culminate in a terminal value where the growth rate is 2.0%, the WACC is 6.3%, D&A represent 98.0% of capex and ROIC is 11.1%.

ROIC is forecasted in the terminal value at levels above the WACC, because, as alluded in the Literature Review, it is expected that Hain's competitive advantage is likely to prevail through its strong brands.

6.2.4. Valuation

The DCF was sensitized to obtain the valuation range displayed on figure 34. The sensitivity analysis consisted of varying the WACC from 5.2%-6.3%, the range considered reasonable for the Company as discussed in the WACC section; and the growth rate from 1.8%-2.2%, the range considered reasonable for the US economy's long-term growth as discussed in the previous section.

Figure 34. Hain DCF Share Price (\$) Football Field



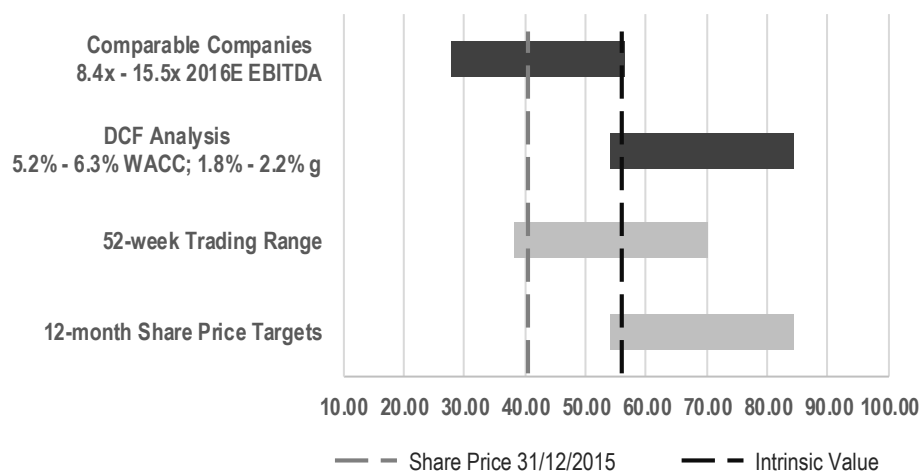
Source: Authors' calculations

The DCF analysis led to a valuation range of \$54.11-\$84.61. Annex 8 displays a complete DCF output.

6.3. Intrinsic Value

All the previous valuation analyses are laid out in the football field below, along with the 52-week trading range, current share price, and price targets from equity research analyst reports, for reference.

Figure 35. Hain Final Share Price (\$) Football Field



Source: Authors' calculations

Hain's comparable companies' analysis leads to the lowest valuation range, whereas DCF analysis leads to the highest, which is in line with equity research target price estimates.

It is concluded that Hain's intrinsic value is \$56.24 per share, obtained from the DCF analysis at a 6.3% WACC and a 2.0% growth rate. My view is that Hain is currently undervalued in the market. As explained in Hain's company profile, its share price has decreased significantly in the past months due to a series of unlucky events. However, these events are unlikely to produce severe negative effects on the business operations, therefore not jeopardizing Hain's future ability to continue on its growth, profitability and excellence M&A path.

7. Company Valuation: Boulder Brands

This section follows the same structure as the previous one, with one additional valuation methodology: Precedent Transaction Analysis.

7.1. Comparable Companies Analysis

Boulder Brands is part of Hain's peer group. In selecting the closest peers for Boulder Brands' valuation, Hain, WhiteWave and Diamond (figures 28 and 29), were regarded the most similar in terms of business and financial profiles. Snyder's and B&G were excluded from the final selection due to having much higher growth prospects and slightly different product portfolios.

7.1.1. Multiples

Figure 36 shows the resulting EV/EBITDA multiples for the closest comparable companies and Boulder Brands.

Figure 36. BDBD Peer Group EV/EBITDA Multiples (\$m and x)

Company	Ticker	Equity value	Enterprise value	Enterprise value /	
				2016E EBITDA	2017E EBITDA
Boulder Brands	BDBD	696.1	950.0	12.2x	11.2x
WhiteWave Foods	WWAV	7,007.2	9,195.2	15.5x	13.7x
Hain Celestial Group	HAIN	4,201.4	4,911.2	11.6x	10.5x
Diamond Foods Inc	DMND	1,068.6	1,712.3	12.9x	11.8x
High				15.5x	13.7x
Low				11.6x	10.5x

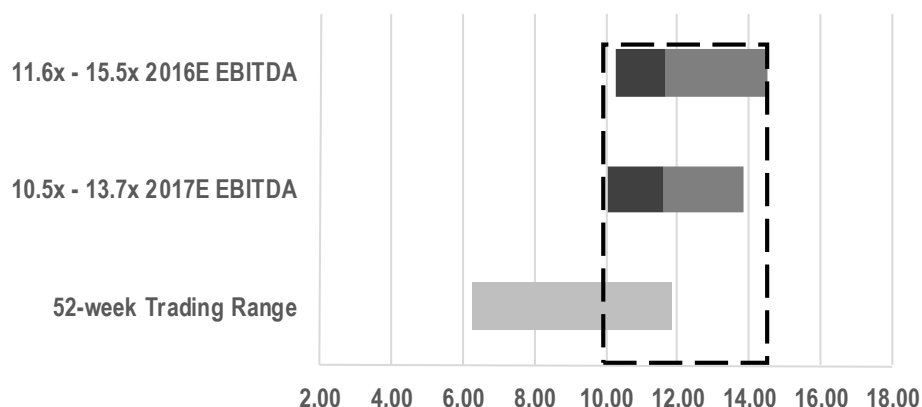
Source: Authors' calculations, Reuters

The figure shows that Boulder Brands and the three comparables trade at considerably close multiples, which suggests that the business and financial profile seem to be fairly similar, and the market views the companies as comparable.

7.1.2. Valuation

Finally, by multiplying the low and high multiples shown in figure 36 by Boulder Brands' forecasted 2016 EBITDA of \$77.9m and 2017 EBITDA of \$84.5m, a valuation range was obtained (figure 37) (refer to annex 10 for an extended valuation view).

Figure 37. BDBD Comparable Companies Share Price (\$) Football Field



Source: Authors' calculations, Reuters

The darker shaded part of the top two bars represents the distance between the implied share price calculated through Hain Celestial’s and Diamond’s multiple, whereas the lighter shaded part represents the distance between the implied share price calculated through Diamond’s and WhiteWave’s multiple. It is concluded that as of 31/12/2015 Boulder Brands is valued at a range of \$10.06-\$14.53.

7.2. Precedent Transactions Analysis

Initially, a set of 6 transactions (annex 11) was gathered from the M&A activity engaged by the comparables considered in the previous section, and fairness opinions. Applying the framework illustrated in figure 1, resulted in a rigorous filter that culminated in 2 final similar targets. The selected transactions are the acquisition of Diamond by Snyder’s Lance, and the acquisition of Annie’s by General Mills. Diamond’s business and financial profiles can be found in figures 28 and 29 and Annie’s in figures 38 and 39.

Figure 38. Annie’s Business Profile

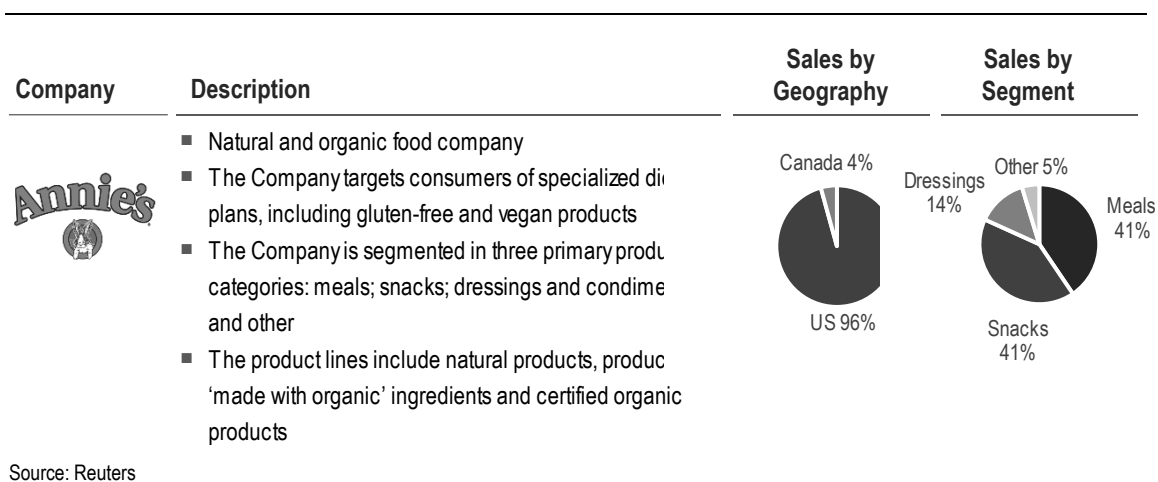
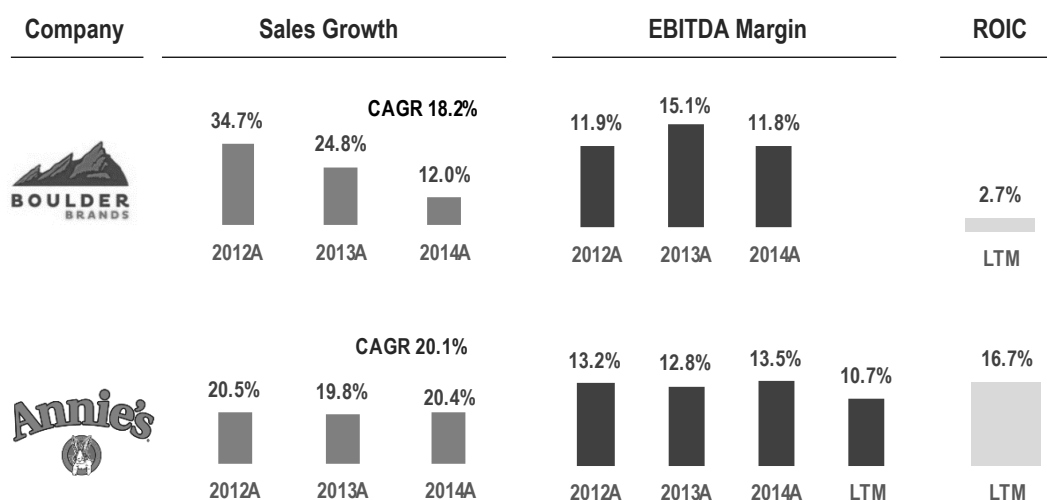


Figure 39. Annie's Financial Profile



Source: Company filings, Reuters // Note: financials calendared to 31/12; LTM EBITDA excluding non-recurring and non-operating expenses

Annie's shows very similar characteristics to Boulder Brands in both profiles, with the exception of ROIC, which is considerably higher.

7.2.1. Multiples

Afterwards, EV/EBITDA multiples were calculated for both transactions, as laid out in figure 40.

Figure 40. BDBD Comparable Transactions EV/EBITDA Multiples (\$m and x)

Date announced	Acquiror	Target	Purchase Type	Equity	EV	EV / EBITDA LTM	Premiums paid		
							Days prior to announcement		
							1	7	30
28/10/2015	Snyder's Lance	Diamond Foods	Cash/stock	1,298.8	1,942.4	18.7x	16%	31%	33%
08/09/2014	General Mills	Annie's	Cash	817.4	841.4	37.9x	36%	44%	57%

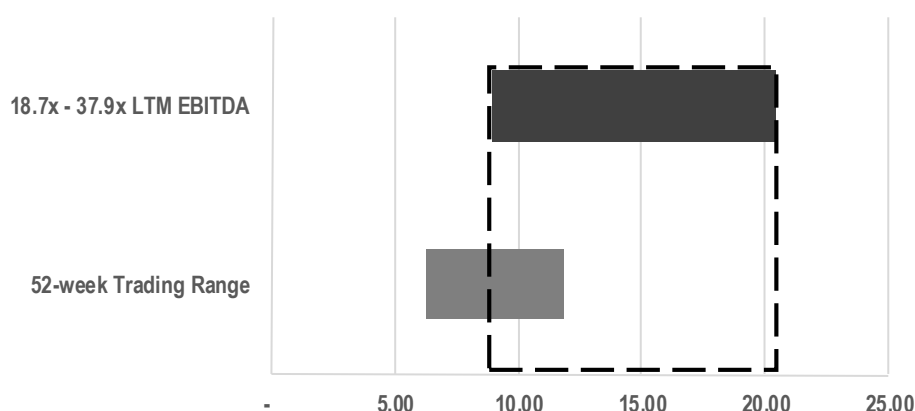
Source: Company filings, press releases // Note: LTM EBITDA before deal announcement, excluding non-recurring and non-operating expenses

Both transactions occurred very recently, under the same macroeconomic and capital markets environment, and are therefore considered relevant in the context of Boulder Brands acquisition.

7.2.2. Valuation

Finally, by multiplying Diamond’s and Annie’s EV/EBITDA multiples by Boulder Brands’ LTM EBITDA of \$43.1m, a valuation range was obtained (refer to annex 11 for an extended valuation view). Figure 41 displays a football field with the resulting implied share price for Boulder Brands, as well as Boulder Brands’ 52-week trading range for reference.

Figure 41. BDBD Precedent Transactions Share Price (\$) Football Field



Source: Company filings // Note: LTM EBITDA before deal announcement, excluding non-recurring and non-operating expenses

Based on the multiples paid for Diamond and Annie’s, Boulder Brands is valued at a range of \$8.93-\$20.47. This represents a higher range than the Comparable Companies Analysis due to the premiums paid for the targets.

7.3. Discounted Cash Flow Analysis

The DCF Analysis was performed under three different scenarios (Base Case, Management Driven, Analyst Driven) which differ in the assumptions made regarding top line projections.

7.3.1. WACC

Figure 42, shows the computation of the WACC, as well as its components (annex 12 shows detailed WACC calculations).

The Company’s target capital structure was defined by looking at the historical debt-to-total capitalization ratio at market values. It was assumed that the Company manages its capital structure optimally, as the ratio has been relatively stable.

Just as in Hain’s case, Boulder Brands’ cost of debt was sourced from Reuters, and the cost of equity was computed according to the CAPM, where the same risk-free and risk premium were used. The beta naturally differs from Hain’s beta, since Boulder Brands peer group and target capital structure are different than Hain’s.

The final result is a WACC of 6.6%. WACC was also sensitized, by applying a market risk premium based on a geometric average. This alternative yields a WACC of 5.5%.

Figure 42. BDBD WACC (%)

WACC Calculation	
Target Capital Structure	
Debt-to-total capitalization	27.1%
Equity-to-total capitalization	72.9%
Cost of debt	
Cost of debt	5.2%
Tax rate	35.0%
After tax cost of debt	3.4%
Cost of equity	
Risk-free rate	2.2%
Market risk premium	6.18%
Levered beta	0.89
Cost of equity	7.8%
WACC	6.6%

Source: Company filings, Damodaran, Reuters

7.3.2. Projections

7.3.2.1. Base Case

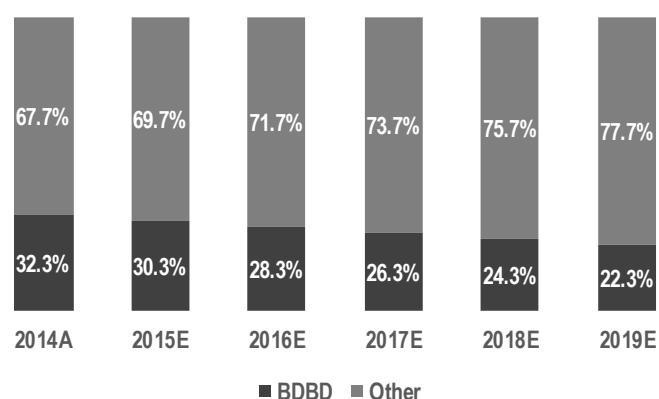
In this scenario, projections for each segment were made regarding sales, COGS, and SM&R. From General & Administrative (G&A) to FCF, projections were made on a consolidated basis. Annex 19 provides a detailed overview of this scenario.

Sales

The **Natural segment** sells products in the gluten-free market. As discussed in the Industry Analysis section, the US gluten-free market is sized at \$923.0m sales in 2014, and is estimated to grow at a CAGR of 19.2% until 2019 (figure 4).

Since Boulder Brands’ natural segment has reported 2014 sales of \$314.4m, its market share is estimated at 32.3%. For projection purposes, a decrease of 10% market share until 2019 was modelled (figure 43).

Figure 43. BDBD Natural Segment Market Share Projection (%)



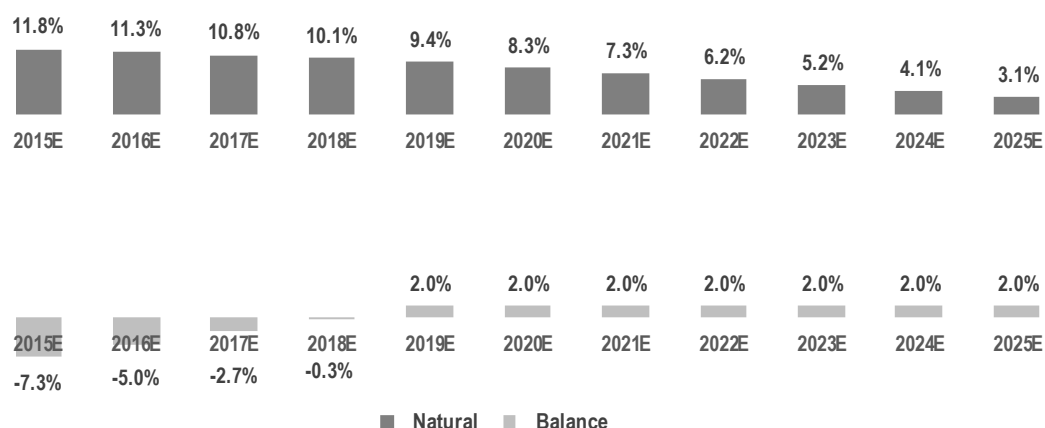
Source: Authors' calculations // Note: FYE 31/12

The reason for this assumption is the fact that an industry segment growing at double digit, will very likely attract new competitors and M&A activity, eroding Boulder Brands' share of the market. In fact, as mentioned in the Industry Analysis section (figure 6), the food industry has been witnessing a wave of M&A, where big players have acquired smaller players like Boulder Brands. 2014's acquisition of Annie's by General Mills, shows that the high growth profile of the natural/organic segment has not gone unnoticed.

After 2019, since no more projections were found regarding the gluten-free market, it was assumed that the Company's growth in this segment would gradually fall, as the market matures, to reach a growth of 2% after 2025 (the assumed long-term growth rate of the US economy) (figure 44).

Regarding the **Balance segment**, which operates in the buttery spreads market, no industry forecasts were found. Therefore, it is assumed that the poor performance of this segment will continue, gradually converging to a 2% growth rate in 2019, which was kept throughout the rest of the forecast period.

Figure 44. BDBD Sales Growth Projections by Segment (%)



Source: Authors' calculations // Note: FYE 31/12

COGS

The **Natural segment** shows a stable level of COGS/sales in the years 2012/2013, as shown in figure 23. As discussed in the Company Profile section, the level has climbed in 2014 and the LTM, as a result of the increase in egg white prices. It is the market consensus that egg whites are expected to come back to normal levels in 2016. Equity research analysts are forecasting a COGS/sales level for 2015 in line with the LTM, decreasing the ratio in 2016-2017 to a level in line with the 2012-2013 level. Taking the consensus, it is assumed that from 2016 onwards, COGS will represent 63.9% (the average of 2012-2013 levels) of natural sales.

As for the **Balance segment**, the COGS/sales has shown a very stable level. It is therefore assumed that from 2015 onwards, COGS will be 53.3% (average of 2012-2014) of forecasted balance sales.

MS&R

The **Natural segment** has historically shown very stable levels of SM&R/sales. The forecasts consisted of keeping constant the historical average ratio.

Regarding the **Balance segment**, as discussed in the Company Profile section, the company has restructured the cost structure to lower levels, which in the LTM represented 9.1% of balance sales. This ratio was assumed throughout the forecast period.

G&A

Although G&A have historically been a stable percentage of sales, the Company has announced a cut of its salaried workforce by 15% on July 2015, a measure of the restructuring program started in 2013. It is the analyst consensus that this will translate in

a level of 14.7% of sales in 2016, and 13.4% in 2017. The consensus was assumed in the forecasts, and the 2017 ratio was kept constant throughout the forecast period.

D&A

Historically, D&A as a percent of sales has been very stable. Therefore, the average of the historical period was assumed constant in the forecasts.

Net working capital

The Company's Days Sales Outstanding, Days Payable Outstanding, and Prepaid expenses/sales, show very stable levels in the historical period. Days Inventory Held and Accrued liabilities/sales show a more volatile trend. Nevertheless, for the forecasts, all working capital measures were held constant at the average historical figures.

Net PP&E

Net PP&E/sales has historically been relatively stable, increasing slightly over the years. For the projections, the LTM level was kept constant.

Intangible Assets

Intangible assets/sales, has seen a decreasing trend over the historical period. Hence, the forecasts assumed the LTM level.

7.3.2.2. Management Driven

This scenario is driven by the Company's Management guidance of the top line until EBITDA, for the period 2015-2020. After 2020, sales growth was assumed to converge to 2% after 2025 and Opex/sales was held constant at the 2020 level.

Net working capital, net PP&E, and net intangible assets were forecasted in the same way as in the Base Case.

7.3.2.3. Analyst Driven

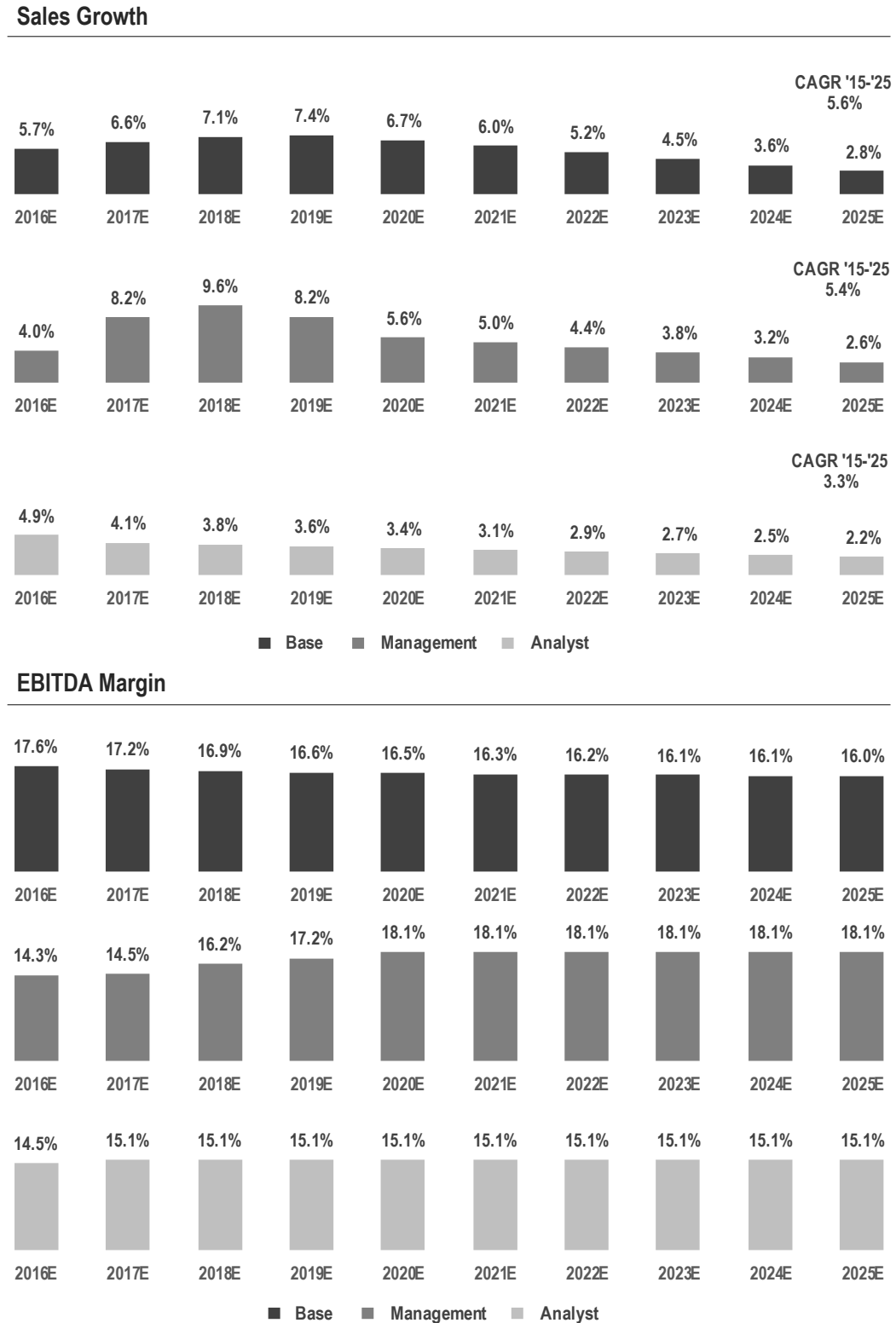
The analyst scenario uses analyst consensus estimates of sales, Opex and EBITDA for 2016 and 2017. After 2020, sales growth was assumed to converge to 2% after 2025 and Opex/sales was held constant at the 2017 level.

Net working capital, net PP&E, and net intangible assets were forecasted in the same way as in the Base Case.

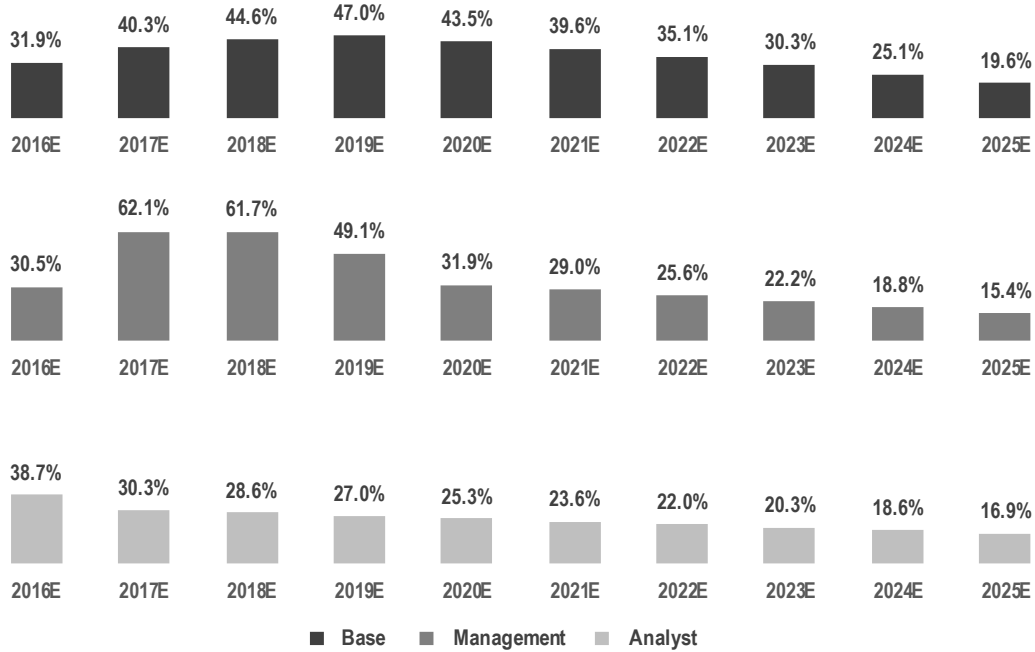
7.3.2.4. Summary

Figure 45 summarizes the projections of the key value drivers under the three scenarios.

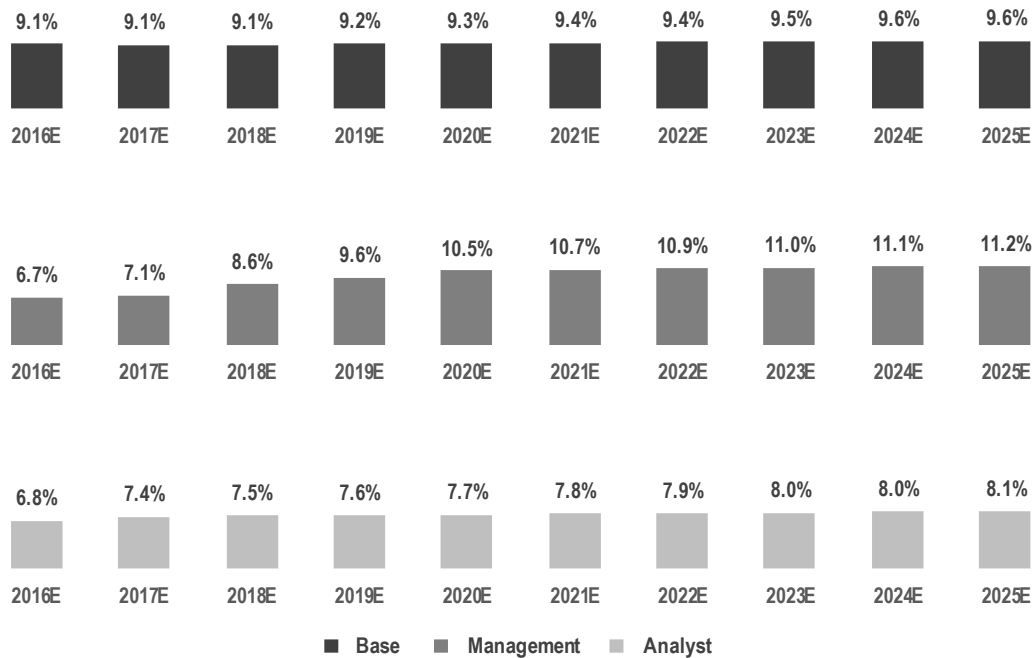
Figure 45. BDBD Value Drivers' Projections (%)



Reinvestment Rate



ROIC



Source: Authors' calculations // Note: FYE 31/12; ROIC with goodwill

In terms of sales growth, the base case and the management scenario depict a similar development, with the analyst scenario being the most pessimistic.

Regarding EBITDA margin, the management scenario stands out by projecting an improvement of 9.7% from 2014 to 2020, where it reaches 18.1%. This improvement is higher than in the other two scenarios as management probably predicts that its restructuring program will effectively slash costs even further than what it has already cut.

Finally, ROIC is improved under the three scenarios, as a result of the improvement assumed in EBITDA margins across all scenarios. As in the management case the EBITDA margin improvement is more pronounced, this ends up being the scenario with the highest ROIC.

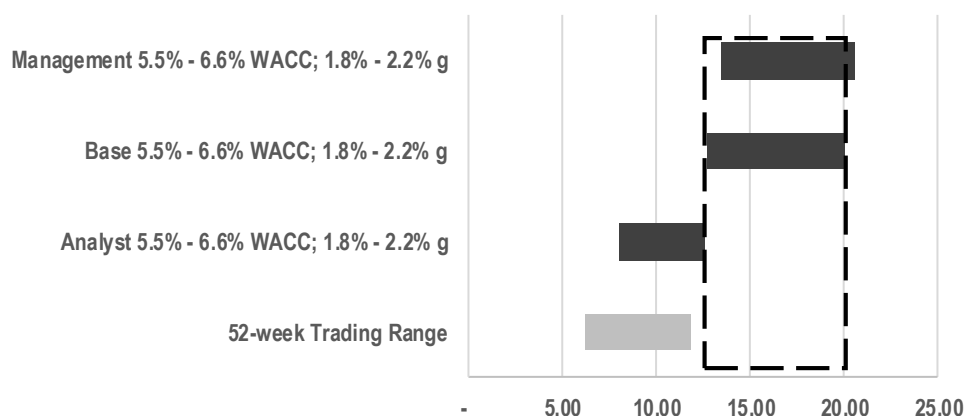
7.3.3. Terminal Value

All of the projections assumed culminate in a terminal value where the growth rate is 2.0%, the WACC is 6.6% and D&A represent 98.0% of capex in all scenarios; and the ROIC is 9.8%, 10.5% and 7.5% for the Base, Management, and Analyst scenarios respectively. As in Hain's case, ROIC exceeds the WACC in the steady state due to Boulder Brands competitive advantage.

7.3.4. Valuation

The three scenarios were sensitized to obtain the valuation range displayed on figure 46. The sensitivity analysis consisted of varying the WACC from 5.5%-6.6%, the range considered reasonable for the Company as discussed in the WACC section; and the growth rate from 1.8%-2.2%, the range considered reasonable for the US economy's long-term growth.

Figure 46. BDBD DCF Share Price (\$) Football Field



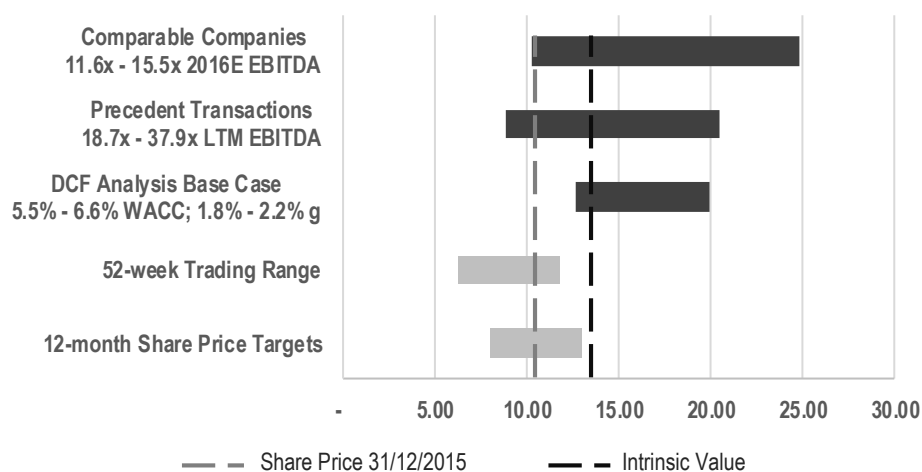
Source: Authors' calculations

The DCF analysis led to an initial valuation range of \$8.04-\$20.62, with the Management scenario leading to highest end of the range and the Analyst scenario leading to lowest end. This is the case because the Management scenario is the one with the most optimistic assumptions regarding value drivers. The range was further narrowed to \$12.68-\$20.02, the base case, which was considered the most solid and realistic scenario. Annex 13-20 display detailed historical and projected figures, as well as a DCF output.

7.4. Intrinsic Value

All the previous valuation analyses are laid out in the football field below, along with the 52-week trading range, current share price, and price targets from equity research analyst reports, for reference.

Figure 47. BDBD Final Share Price (\$) Football Field



Source: Authors' calculations

The three methodologies show considerable overlap.

It is concluded that Boulder Brands is currently undervalued in the market, as its intrinsic value is \$13.28 per share. This value was obtained from the DCF base case analysis at a 6.6% WACC and a 2.0% growth rate, which was considered the most realistic scenario.

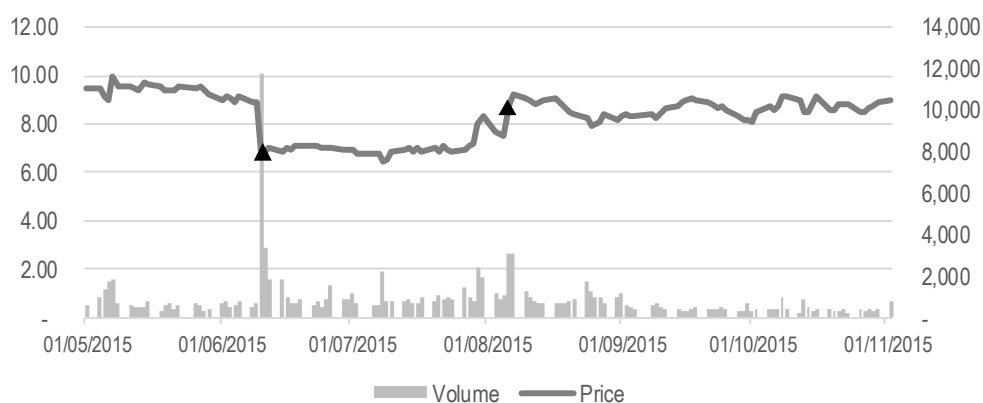
8. Deal Rationale

The natural/organic segment of the food industry has attracted M&A activity in the past few years. As alluded in the Industry Analysis, food giants have turned their attention to this sector, where through acquisitions they can add growth to their mature business. Moreover, they can increase the efficiency and develop the brands of organic food targets by implementing their best established practices and scale.

As discussed in Boulder Brands Company Profile, the Company has been struggling with declining overall profitability, mainly driven by the poor sales growth of the Balance segment. On 10/06/2015 the Company's CEO and founder resigned. As a result, the stock plunged 22.2%, as shown in the figure below. Shortly after, on 06/08/2015 the Board of Directors hired a financial advisor to explore strategic alternatives to enhance shareholder value. The market greeted this new with a 23.3% stock price increase.

The stock price reaction to these events suggest that the market does not believe in Boulder Brands subsistence without its founder, and that a potential acquisition represents the best solution possible for existing shareholders.

Figure 48. BDBD Annotated Share Price (\$) and Volume (000)



▲ Date	Event
10/06/2015	Boulder Brands announces resignation of CEO and founder Stephen Hughes, and issues sales and EPS guidance below analysts' estimates
06/08/2015	Boulder Brands announces the Board of Directors authorized a process to explore a range of strategic and financial alternatives to enhance shareholder value

Source: Reuters

8.1. Strategic Fit

As argued in the Industry Analysis and Hain's Company Profile, Hain Celestial is a clear leader in the natural/organic industry. Since its foundation, it has been a serial acquirer which works as an efficient marketing platform that acquires every small organic competitor it can, joining it to their rich organic portfolio of brands. Hain is an experienced acquirer that excels at integrating complementary products under a common management team, enhancing revenues and margins.

In figure 49, a SWOT analysis in the context of Boulder Brands is given.

Figure 49. Acquisition of Boulder Brands SWOT Analysis

	Hain Celestial Group	Boulder Brands
Strengths	<ul style="list-style-type: none"> ■ World leader in the natural/organic food sector ■ Second largest market share by revenue of the US organic food sector ■ Strong portfolio of natural and organic brands, built via successful strategic acquisitions ■ Wide distribution network in the US and the UK 	<ul style="list-style-type: none"> ■ Leader in the US gluten-free market niche, with a market share of 32.3% ■ First mover advantage in the gluten-free market ■ Established player in the natural and organic food sector with 1.3% market share in the US
Weaknesses	<ul style="list-style-type: none"> ■ Charges price premiums, which in the event of a recession would have to be lowered to retain customers, hindering profitability 	<ul style="list-style-type: none"> ■ Charges price premiums, which in the event of a recession would have to be lowered to retain customers, hindering profitability ■ Poor performing Balance segment, which operates in the buttery spreads market
Opportunities Presented by the Deal	<ul style="list-style-type: none"> ■ Reinforce presence in the gluten-free market niche, the fastest growing segment of the organic food sector ■ Creation of a unique gluten-free food player 	<ul style="list-style-type: none"> ■ Be owned by a company with the ability to complement and further strengthen the Natural segment, which operates in the gluten-free market ■ Be owned by a company with the ability to increase marketing and competitiveness of the Balance segment, through cross selling opportunities
Threats	<ul style="list-style-type: none"> ■ Existence of food giants with huge interest in the organic food sector, with higher debt capacity and excess cash to fund Boulder Brands' acquisition 	<ul style="list-style-type: none"> ■ Existence of food giants with higher financial resources and marketing capabilities that can easily steal market share

Source: Authors' analysis

Since Boulder Brands is one of the strongest competitors in the US fast growing gluten-free market, it is in Hain's best interest to acquire Boulder Brands' expertise in this segment, where it is already present, but where it is not as strong as Boulder Brands. By joining forces, Hain and Boulder Brands would create a unique player in the 19.2% growth gluten-free market niche, where Boulder Brands holds an impressive 32.3% market share.

It is also in Boulder Brands' best interest to be acquired by Hain, since Hain is an established player in the buttery spreads market, where Boulder Brands has been struggling due to lack of competitiveness. Cross-selling opportunities of Hain's butter products along Boulder's, could potentially strengthen Boulder Brands competitiveness in the segment, and therefore increase its disappointing buttery spreads growth.

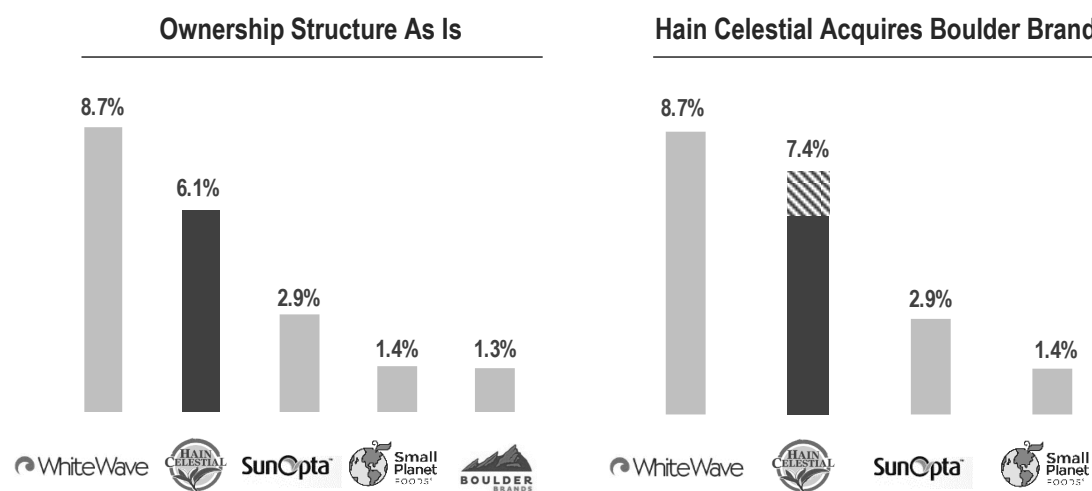
Moreover, since every product in Hain's portfolio has a great degree of similarity to Boulder's portfolio, a myriad of marketing techniques could be applied in terms of up- and cross-selling opportunities. Finally, Hain's international presence, would allow the introduction of Boulder Brands products, sold via Hain's distribution channels.

All of the aforementioned arguments lead to the conclusion that Hain Celestial is the best owner of Boulder Brands. Boulder Brands would certainly create more value under Hain Celestial’s ownership than as a standalone entity or under any other company’s ownership.

8.2. Leadership

Figure 50 shows the 2014 largest competitors’ ownership of the US organic food sector, and a hypothetical structure had Hain acquired Boulder Brands in 2014. This acquisition would have added 1.3% market share in the US excluding synergies. If instead of Hain, WhiteWave would acquire Boulder Brands, their market share would be 10.0%, leaving any other competitor way behind. As mentioned before, in 2014, General Mills acquired Annie’s, and integrated it in its organic food division Small Planet Foods shown in the figure below. This enabled General Mills to expand its market share in the organic sector from 0.9%-1.4%. Moreover, General Mills has manifested intentions to enlarge its organic food portfolio.

Figure 50. US Organic Food Sector Ownership (%) by Competitor, 2014



Source: Authors’ estimates, Bloomberg, Food Institute Report, Organic Trade Association

In its quest for organic food leadership, Hain’s acquisition of Boulder Brands represents not only a precious strategic move, but also an urgent event to take place. Since Boulder Brands has a perfect strategic fit to Hain’s, not acquiring Boulder Brands could jeopardize Hain Celestial’s market positioning, as most certainly another competitor like WhiteWave or General Mills would.









9. Equity Purchase Price

9.1. Synergies

The estimation of synergies to be achieved with the acquisition of Boulder Brands by Hain was based on recent deals in the food industry.

Figure 51 provides a list of the most recent deals and the respective synergies announced.

Figure 51. Synergy Benchmark (\$m)

Acquirer	Target	Annual revenue synergies	% of target LTM sales	Annual cost synergies	% of target LTM sales	Source
		-	0.0%	1,500.0	8.3%	Increased scale of the new organization, sharing of best practices and cost reductions
		-	0.0%	362.5	8.9%	Combination of the two companies' talented Sales and Marketing, significant Distribution and Supply Chain resources and alignment of Shared Service functions
		-	0.0%	75.0	8.7%	Increased scale of the combined company, leveraging Snyder's-Lance existing distribution system and cost reductions
		10.2	5.0%	10.2	5.0%	5% topline synergies on Annie's revenue base, given an initial increase in distribution and consolidation of back office and support expenses

Source: Morgan Stanley Equity Research, press releases, Wells Fargo Equity Research

The benchmark reveals that from the four transactions, only one had estimated revenue synergies. For conservative purposes, no revenue synergies were estimated for the Boulder Brands deal. In terms of cost synergies, all the synergies announced in previous deals make perfect sense in the context of Boulder Brands acquisition.

Therefore, it is to expect that this deal would stimulate synergies brought about by developing new products through transferred marketing know-how; cross-selling products; using common channels; lowering combined marketing budget; consolidating warehouses and truck routes; consolidating common facilities (e.g. having only one building for headquarters); exploiting economies of scale in finance and accounting as well as other back-office functions; cutting overlapping job functions (in fact, as mentioned in Hain's Company Profile, it is the company's practice to achieve synergies in its acquisitions by integrating different brands under a common management team);

and consolidating strategy and leadership functions (among others having only one CEO and CFO).

Figure 52 shows an excerpt of the synergies calculations (annex 21 shows a detailed analysis). The approach adopted to value synergies was the DCF.

Figure 52. Synergy Calculation (\$m)

	Projection Period				
	2016E	2017E	2018E	2019E	2020E
Inflation rate	1.6%	2.3%	2.4%	1.5%	1.8%
Cost savings	39.2	40.1	41.0	41.6	42.4
Cost associated with synergies	(39.2)	(30.1)	(20.5)	-	-
Pre-tax synergies	-	10.0	20.5	41.6	42.4
Taxes	-	3.5	7.2	14.6	14.8
Free cash flow	-	6.5	13.3	27.1	27.6

Source: Authors' calculations

Cost savings in 2016 were estimated at 7.7% (the average of the cost savings/sales presented in figure 52) of Boulder Brands LTM sales. From 2016 on, the absolute amount of cost savings obtained in 2016 was assumed to grow at the inflation rate. The reasoning is that since most cost savings will consist of salaries and rents, it is assumed that had these not been cut, they would have been indexed to inflation. Moreover, in 2016 it was assumed that to implement the cost savings, the Company would have to pay an amount equal to the cost savings obtained, as most likely severance payments and other restructuring expenses would have to be paid. The costs associated with synergy implementation were assumed to reduce to 75% and 50% of the cost savings in 2017 and 2018 respectively. From 2019 on, it is assumed no more expenses have to be committed. The synergies were discounted using Boulder Brands' WACC, as it is assumed the cost savings would be obtained from Boulder Brands. The present value of the synergies is \$574.7m.

The synergies were also sensitized by assuming a worst case of 5.0% cost savings, in line with Annie's deal, and a best case of 8.9% cost savings, in line with Hillshire's deal.

9.2. Final Equity Purchase Price

In framing the final equity purchase price, both the premiums paid in recent similar acquisitions, as well as the ability of Hain to generate synergies with Boulder Brands were

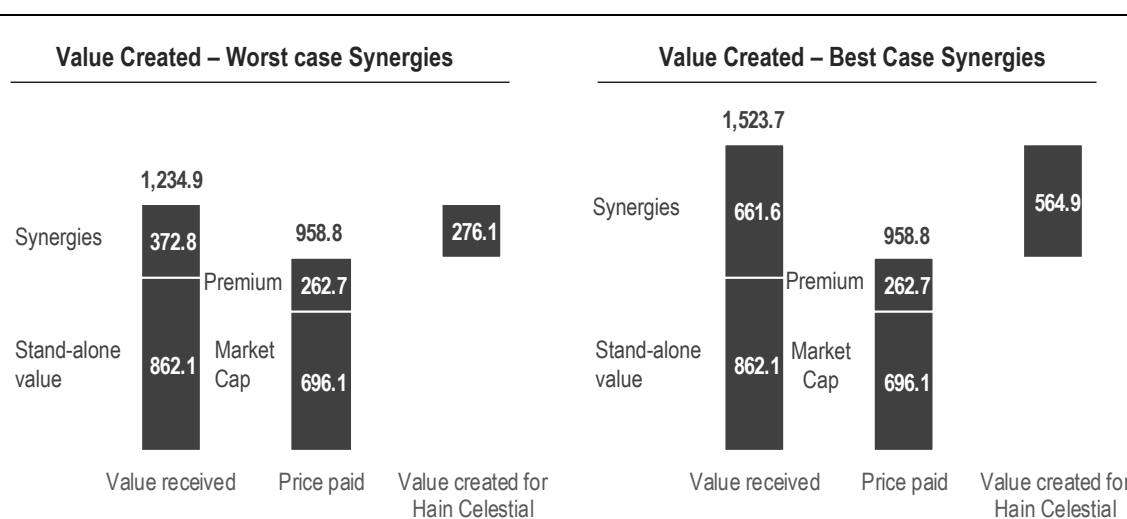
taken into account. Figure 40 provides the premiums paid in the most recent acquisitions of targets similar to Boulder Brands. The average premium paid was 33.2%.

Boulder Brands would always require a premium over its share price to accept an offer from Hain. I take the view that, in the recent M&A context, the premium required by Boulder Brands would be in line with recent premiums paid for similar targets, i.e. 33.2%.

Therefore, at a share price of \$10.98 as of 31/12/2015, the per share equity purchase price would be \$14.63, which represents an equity consideration of \$958.8m.

In figure 53, it is shown that at such a premium, Hain would always create value with the acquisition.

Figure 53. Value Created (\$m)



Source: Authors' analysis

The stand-alone value of \$862.1m represents Boulder Brands' intrinsic value.

In the worst case, in which cost saving synergies were modelled at 5.0% of Boulder Brands' LTM sales, the 33.2% premium over the current share price would assure a value creation of \$276.1m to Hain's shareholders. At the other extreme, where cost savings are assumed at 8.9% of sales, the value creation rises to \$564.9m. Strictly speaking, this value creation framework holds true only if Hain is to own 100% of the new combined entity.

10. Form of Payment and Financing

In order to propose a form of payment and financing of the acquisition, three forms of payment were studied: stock for stock, stock and cash for stock, and cash for stock.

10.1. Stock for Stock

In this form of payment, Hain issues shares to Boulder Brands' shareholders as acquisition currency.

Figure 54 shows the sources and uses of funds required under this scenario.

Figure 54. Stock for Stock - Sources and Uses of Funds (\$m)

<u>Sources</u>		<u>Uses</u>	
Term loan A	177.4	Equity purchase price	958.8
High-yield debt	-	Transaction fees	1.2
Stock issuance	958.8	Capitalized financing fees	1.8
Cash on hand	114.5	Debt refinanced	288.9
Total sources	1,250.7	Total uses	1,250.7

Source: Authors' analysis

On top of the equity purchase price, for illustrative purposes, it was assumed that Hain has to pay advisory fees of 0.1% over the equity purchase price plus \$0.2m in legal and miscellaneous fees. Financing fees consist of 1.0% of the \$177.4m issued debt. These were capitalized and amortized over 10 years. Boulder Brands existing debt is to be paid down.

In this scenario, Hain finances the equity purchase price by issuing 17.0m shares at Hain's intrinsic value per share of \$56.24 to Boulder Brands' shareholders. Hain would not benefit from issuing shares at market value since their stock is undervalued. This represents an exchange ratio of 0.26 Hain's shares for each of Boulder's shares. Cash on hand consists of Boulder Brands' balance sheet cash of \$53.6m at 31/12/2015, and Hain's cash of \$60.8m. It was further assumed that Hain wouldn't use all of its cash, due to its minimum cash balance requirement. This leaves a remaining amount of \$177.4m to be financed via debt issuance.

Hain ends up owning 85.9% of the new combined entity, which means the value created illustrated in figure 53 decreases, commensurate to Hain's ownership. Although Hain sacrifices some of the value and ownership, it also shares the risk that synergies may not materialize in the future, not shouldering the entire loss.

Additionally, the impact on Hain's shareholders EPS was assessed.

Figure 55 displays an excerpt of the combined income statement as well as an EPS accretion/dilution analysis.

Figure 55. Stock for Stock - EPS Accretion/Dilution Analysis (\$m except EPS)

	Projection Period				
	2016E	2017E	2018E	2019E	2020E
Buyer + seller EBIT	447.3	489.1	526.1	566.7	600.9
Cost synergies	-	10.0	20.5	41.6	42.4
EBIT	447.3	499.1	546.6	608.3	643.3
Interest / investment expense (income)	40.1	39.5	38.8	38.0	37.3
Acquisition effects					
Plus: Interest gained from debt refinance	16.7	16.7	16.7	16.7	16.7
Less: Forgone interest on cash	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
Less: New interest expense	(3.7)	(0.6)	-	-	-
Less: Financing fees amortization	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
Earnings before taxes	419.9	475.4	524.2	586.6	622.4
Book taxes	147.0	166.4	183.5	205.3	217.8
GAAP Net Income	272.9	309.0	340.7	381.3	404.5
Diluted shares outstanding	105.3	106.4	106.4	106.4	106.4
Shares issued in transaction	17.0	17.0	17.0	17.0	17.0
Total new shares outstanding	122.3	123.4	123.4	123.4	123.4
Pro-forma reconciliation					
Total amortization	(38.5)	(40.8)	(43.2)	(45.8)	(48.3)
Total stock-based compensation	(22.6)	(22.6)	(22.6)	(22.6)	(22.6)
Pro-forma earnings before tax	481.0	538.8	589.9	654.9	693.2
Book taxes	168.3	188.6	206.5	229.2	242.6
Pro-Forma combined net income	312.6	350.2	383.5	425.7	450.6
Pro-forma combined EPS	2.56	2.84	3.11	3.45	3.65
Pro-forma EPS - buyer standalone	2.48	2.73	2.95	3.20	3.40
Accretion / (dilution) - \$	0.08	0.11	0.15	0.25	0.25
Accretion / (dilution) - %	3.2%	4.1%	5.2%	7.9%	7.4%
Accretive / dilutive	Accretive	Accretive	Accretive	Accretive	Accretive
Breakeven synergies / (cushion)	(14.7)	(21.0)	(29.2)	(48.0)	(47.6)

Source: Authors' analysis

The analysis shows that Hain's cash EPS increases significantly with the transaction. For this scenario to work out, Boulder's shareholders would have to be convinced about the synergies to risk accepting the opportunity of sharing potential future upside in detriment of immediate cash.

10.2. Stock and Cash for Stock

This scenario differs from the previous one in that the equity purchase price is financed 50% with equity. Hain issues 8.5m shares at its intrinsic value to Boulder's

shareholders. As in the previous scenario, cash on hand covers \$114.5m of the funds. The remainder is financed with debt: term loan A of \$397.0m and high-yield debt of \$264.7m. A high-yield tranche was modelled in order to test the combined company's ability to repay debt under an aggressive scenario.

As less shares than in the previous scenario are issued to Boulder Brands, Hain ends up owning 92.4% of the combined entity.

Figure 56. Stock & Cash for Stock - Sources and Uses of Funds (\$m)

Sources		Uses	
Term loan A	397.0	Equity purchase price	958.8
High-yield debt	264.7	Transaction fees	1.2
Stock issuance	479.4	Capitalized financing fees	6.6
Cash on hand	114.5	Debt refinanced	288.9
Total sources	1,255.5	Total uses	1,255.5

Source: Authors' analysis

The schedule for both tranches of debt can be seen in figure 57. Term loan A was assumed to be priced at Libor + 300bps, in line with Hain's and Boulder Brands' cost of debt of 3.7% and 5.2%, with a mandatory repayment of 5.0% each year. The high-yield debt was assumed to have a 10.0% interest rate and a bullet repayment after 15 years. With enough cash being generated from operations over the minimum cash balance, the combined company manages to pay down term A by 2018.

Figure 57. Stock & Cash for Stock - Debt Schedule (\$m)

	Pro-forma	Projection Period				
	2015	2016E	2017E	2018E	2019E	
Forward LIBOR curve		0.71%	0.79%	0.90%	1.00%	
Beginning cash		85.0	109.3	115.6	306.2	
Plus: cash flow from operating activities		317.0	377.2	418.8	464.4	
Less: cash flow from investing activities		(172.3)	(158.5)	(164.1)	(174.2)	
Less: minimum cash		(109.3)	(115.6)	(121.8)	(128.4)	
Cash available for debt repayment		120.5	212.4	248.5	468.0	
Debt term loan A						
Beginning balance		397.0	397.0	276.5	64.2	-
Mandatory repayment	5.0%		(19.8)	(19.8)	(19.8)	-
Optional repayment			(100.6)	(192.5)	(44.3)	-
Ending balance		397.0	276.5	64.2	-	-
Interest rate	L + 300		3.71%	3.79%	3.90%	4.00%
Interest expense			12.5	6.5	1.3	-
High-yield debt						
Beginning balance		264.7	264.7	264.7	264.7	264.7
Mandatory repayment	Bullet		-	-	-	-
Optional repayment			-	-	-	-
Ending balance		264.7	264.7	264.7	264.7	264.7
Interest rate	10.0%		10.00%	10.00%	10.00%	10.00%
Interest expense			26.5	26.5	26.5	26.5

Source: Authors' analysis, Reuters

Once again, to assess the attractiveness of this financing structure, the impact on the cash EPS was analyzed.

Figure 58. Stock & Cash for Stock - EPS Accretion/Dilution Analysis (\$m except EPS)

	Projection Period				
	2016E	2017E	2018E	2019E	2020E
Buyer + seller EBIT	447.3	489.1	526.1	566.7	600.9
Cost synergies	-	10.0	20.5	41.6	42.4
EBIT	447.3	499.1	546.6	608.3	643.3
Interest / investment expense (income)	40.1	39.5	38.8	38.0	37.3
Acquisition effects					
Plus: Interest gained from debt refinance	16.7	16.7	16.7	16.7	16.7
Less: Forgone interest on cash	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
Less: New interest expense	(39.0)	(32.9)	(27.7)	(26.5)	(26.5)
Less: Financing fees amortization	(0.7)	(0.7)	(0.7)	(0.7)	(0.7)
Earnings before taxes	384.1	442.6	496.0	559.7	595.4
Book taxes	134.4	154.9	173.6	195.9	208.4
GAAP Net Income	249.7	287.7	322.4	363.8	387.0
Diluted shares outstanding	105.3	106.4	106.4	106.4	106.4
Shares issued in transaction	8.5	8.5	8.5	8.5	8.5
Total new shares outstanding	113.8	114.9	114.9	114.9	114.9
Pro-forma reconciliation					
Total amortization	(39.0)	(41.3)	(43.7)	(46.2)	(48.8)
Total stock-based compensation	(22.6)	(22.6)	(22.6)	(22.6)	(22.6)
Pro-forma earnings before tax	445.7	506.5	562.2	628.5	666.7
Book taxes	156.0	177.3	196.8	220.0	233.4
Pro-Forma combined net income	289.7	329.2	365.4	408.5	433.4
Pro-forma combined EPS	2.54	2.86	3.18	3.55	3.77
Pro-forma EPS - buyer standalone	2.48	2.73	2.95	3.20	3.40
Accretion / (dilution) - \$	0.07	0.14	0.23	0.36	0.37
Accretion / (dilution) - %	2.7%	5.1%	7.7%	11.2%	10.9%
Accretive / dilutive	Accretive	Accretive	Accretive	Accretive	Accretive
Breakeven synergies / (cushion)	(11.9)	(24.4)	(40.2)	(63.4)	(65.7)

Source: Authors' analysis

This scenario is more accretive than the previous one, due to less shares being issued and the combined company being able to repay debt in a short time frame.

Boulder Brands' shareholders might be more willing to accept this option if they are suspicious about future synergies, since in this scenario they cash in half of the purchase price.

10.3. Cash for Stock

The final scenario consists of a cash for stock form of payment with debt financing. The sources of funds consist of \$114.5m cash on hand, with the remaining being financed with two tranches of debt. With no need to issue shares, Hain owns 100% of the combined entity.

Figure 59. Cash for Stock - Sources and Uses of Funds (\$m)

Sources		Uses	
Term loan A	687.5	Equity purchase price	958.8
High-yield debt	458.4	Transaction fees	1.2
Stock issuance	-	Capitalized financing fees	11.5
Cash on hand	114.5	Debt refinanced	288.9
Total sources	1,260.3	Total uses	1,260.3

Source: Authors' analysis

The schedule for both tranches of debt can be seen in figure 60. Term loan A was assumed to be priced at Libor + 400bps, a level above the previous scenario to reflect the added riskiness of the higher amount of debt being issued. Following the same line of reasoning, the high-yield debt was assumed to have an interest rate 1.0% higher than the previous scenario. In this scenario the combined company manages to pay down term A by 2019.

Figure 60. Cash for Stock - Debt Schedule (\$m)

	Pro-forma	Projection Period				
	2015	2016E	2017E	2018E	2019E	
Forward LIBOR curve		0.71%	0.79%	0.90%	1.00%	
Beginning cash		85.0	109.3	115.6	121.8	
Plus: cash flow from operating activities		290.1	350.4	394.8	446.0	
Less: cash flow from investing activities		(172.3)	(158.5)	(164.1)	(174.2)	
Less: minimum cash		(109.3)	(115.6)	(121.8)	(128.4)	
Cash available for debt repayment		93.6	185.6	224.5	265.2	
Debt term loan A						
Beginning balance		687.5	687.5	594.0	408.4	183.9
Mandatory repayment	5.0%		(34.4)	(34.4)	(34.4)	(34.4)
Optional repayment			(59.2)	(151.2)	(190.1)	(149.5)
Ending balance		687.5	594.0	408.4	183.9	-
Interest rate	L + 400		4.71%	4.79%	4.90%	5.00%
Interest expense			30.2	24.0	14.5	4.6
High-yield debt						
Beginning balance		458.4	458.4	458.4	458.4	458.4
Mandatory repayment	Bullet		-	-	-	-
Optional repayment			-	-	-	-
Ending balance		458.4	458.4	458.4	458.4	458.4
Interest rate	11.0%		11.00%	11.00%	11.00%	11.00%
Interest expense			50.4	50.4	50.4	50.4

Source: Authors' analysis, Reuters

In terms of the impact on the cash EPS, figure 61 shows that the effect of this form of payment and financing is highly accretive.

Figure 61. Cash for Stock - EPS Accretion/Dilution Analysis (\$m except EPS)

	Projection Period				
	2016E	2017E	2018E	2019E	2020E
Buyer + seller EBIT	447.3	489.1	526.1	566.7	600.9
Cost synergies	-	10.0	20.5	41.6	42.4
EBIT	447.3	499.1	546.6	608.3	643.3
Interest / investment expense (income)	40.1	39.5	38.8	38.0	37.3
Acquisition effects					
Plus: Interest gained from debt refinance	16.7	16.7	16.7	16.7	16.7
Less: Forgone interest on cash	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
Less: New interest expense	(80.6)	(74.4)	(64.9)	(55.0)	(50.4)
Less: Financing fees amortization	(1.1)	(1.1)	(1.1)	(1.1)	(1.1)
Earnings before taxes	342.0	400.6	458.3	530.6	571.0
Book taxes	119.7	140.2	160.4	185.7	199.8
GAAP Net Income	222.3	260.4	297.9	344.9	371.1
Diluted shares outstanding	105.3	106.4	106.4	106.4	106.4
Shares issued in transaction	-	-	-	-	-
Total new shares outstanding	105.3	106.4	106.4	106.4	106.4
Pro-forma reconciliation					
Total amortization	(39.5)	(41.8)	(44.2)	(46.7)	(49.2)
Total stock-based compensation	(22.6)	(22.6)	(22.6)	(22.6)	(22.6)
Pro-forma earnings before tax	404.0	465.0	525.0	599.9	642.8
Book taxes	141.4	162.7	183.8	210.0	225.0
Pro-Forma combined net income	262.6	302.2	341.3	390.0	417.8
Pro-forma combined EPS	2.49	2.84	3.21	3.66	3.93
Pro-forma EPS - buyer standalone	2.48	2.73	2.95	3.20	3.40
Accretion / (dilution) - \$	0.02	0.11	0.25	0.47	0.53
Accretion / (dilution) - %	0.7%	4.2%	8.6%	14.7%	15.5%
Accretive / dilutive	Accretive	Accretive	Accretive	Accretive	Accretive
Breakeven synergies / (cushion)	(2.8)	(18.7)	(41.7)	(76.8)	(86.4)

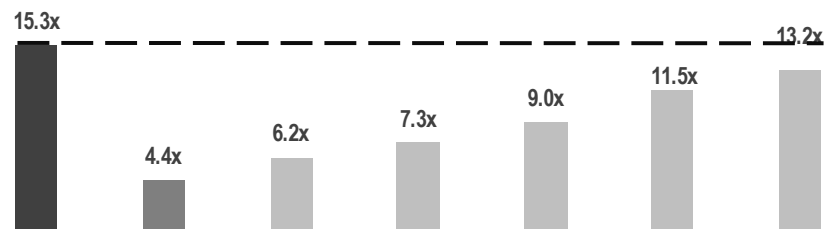
Source: Authors' analysis

Accretion rises to 15.5%-16.5% from 2019-2025, the period where synergies materialize 100%.

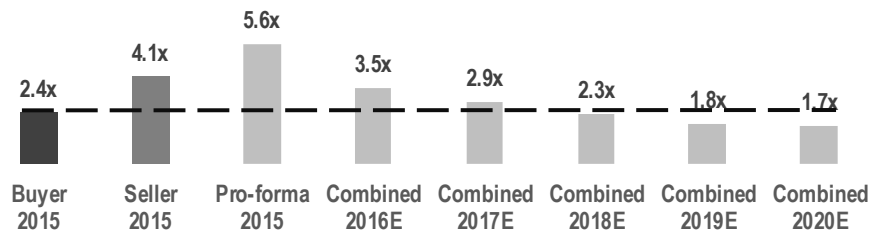
Additionally, as this scenario entails a considerable increase in leverage, a credit statistics analysis was performed, where Hain's leverage ratios prior-transaction were compared to the ratios after the transaction (figure 62).

Figure

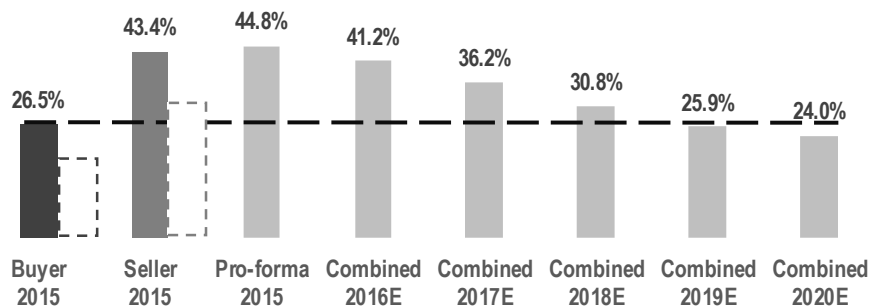
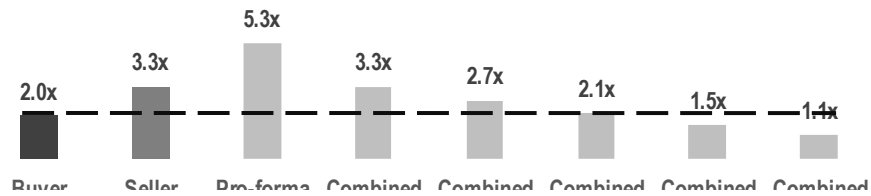
EBITDA / Interest Expense



Debt / EBITDA



Net Debt / EBITDA



▬ HAIN Debt / tot. Cap. market ▬ BDBD Debt / tot. Cap. market

Source: Authors' analysis

The figure shows that the coverage ratio gets to levels close to pre-transaction by 2020 and the leverage ratios get back to their pre-transaction levels by 2018-2019. Hain could

afford to increase its leverage and still be comfortably within its peer group levels (figure 16).

Taking into account the analyses performed under the three scenarios, it is concluded that the cash for stock form of payment would best suit Hain's and Boulder's shareholders' interests. Boulder Brands' shareholders would most likely prefer this option as they would cash in immediately 100% of the equity purchase price. Even though Boulder's shareholders are taxed (in a stock deal they would postpone taxation until shares would eventually be sold), they avoid the uncertainty surrounding synergy materialization. For Hain, under this scenario, cash EPS and value creation are maximized, as it owns 100% of the combined entity. Moreover, the fact that Hain is paying with cash signals Hain's confidence in the deal and the realization of synergies, since they fully bear the risk of non-materialization.

Annex 21-26 provide a comprehensive merger model with synergies, transaction assumptions, and combined financial statements and pro-forma adjustments.

11. Execution Risks

This section presents potential risks in terms of performance, synergies and form of payment, competition, regulation, and integration, that could arise in the execution of the transaction.

In Boulder Brands' company profile, it was argued that the Company's Balance segment, present in the buttery spreads market, has been underperforming over the past few years. There is no guarantee that this segment will be better off under Hain's management, and that Hain could help increase this segment's sales by cross-selling its products along Boulder Brands'.

While it was argued that the all-cash scenario has the potential to create the most value and accretion of cash EPS, it is also true that, should the synergies not materialize (or worse off turn into dis-synergies) all the risk is carried by Hain's shareholders.

In terms of competition, the appearance of other strategic buyers presents a potential risk to the execution of this deal. More precisely, larger players such as General Mills who have more financial capabilities and cash on hand readily available for acquisitions, present a danger for Hain. However, as argued before, Hain is the best owner of Boulder Brands due to the perfect strategic fit, which no other food player presents. This means

that Hain has the potential to generate more synergies with Boulder Brands than any other player, and therefore the ability to charge a higher premium.

Another potential risk is the appearance of a ‘deal killer’ during due diligence, such as off-balance sheet litigation charges or any other uncovered liability.

Furthermore, there is also the risk that the regulatory authorities would not approve this deal. However, as shown in the Industry Analysis, the organic food industry is highly fragmented, therefore this risk is likely to be minimal.

In terms of integration between the two companies, there can occur a huge cultural clash that would impede the ongoing operations of the combined entity, harming the combined company altogether. However, since both companies are from the US and operate in the same industry, the chances that cultural clashes would occur are low.

12. Conclusion

The food industry has been witnessing structural changes in the past decades, with organic and natural food establishing itself as a segment of considerable dimension. Driven by consumers’ change in preferences, including a desire for healthier lifestyles, the organic food sector has been growing at double-digit rates over the past 20 years.

Hain Celestial Group and Boulder Brands, the two companies this thesis focuses on, are leaders in the organic food sector, with large portfolios of brands stemming from gluten-free to non GMO food.

This thesis proposes the potential acquisition of Boulder Brands by Hain Celestial Group for \$14.63 per share in cash, which represents a premium of 33.2% over Boulder Brands share price as of 31/12/2015. This highly accretive and synergy rich acquisition would have the potential to create a unique niche player in the gluten-free market, and combine the highly complementary portfolios of two worldwide organic food leaders.

13. Appendix

Annex 1. Hain Benchmarking Analysis – Financial Statistics and Ratios

Hain Celestial Group Inc (NASDAQ:HAIN)

Benchmarking Analysis - Financial Statistics and Ratios

(\$ in millions, except per share data)

Company	Ticker	Market valuation		Financial statistics				Profitability margins								
		Equity value	Enterprise value	Sales LTM	Gross profit LTM	EBITDA LTM	EBIT LTM	Gross profit LTM	EBITDA				EBIT			
									LTM	2015E	2016E	2017E	LTM	2015E	2016E	2017E
Hain Celestial Group Inc	HAIN	4,201.4	4,911.2	2,744.4	644.8	342.6	285.1	23.5%	12.5%	12.9%	14.0%	14.4%	10.4%	10.8%	11.8%	12.1%
Tier I: Natural & Organic Food Manufacturers																
WhiteWave Foods Co	WWAV	7,007.2	9,195.2	3,749.6	1,287.8	427.3	312.2	34.3%	11.4%	12.8%	13.7%	14.5%	8.3%	9.7%	10.6%	11.4%
Boulder Brands Inc	BDBD	696.1	950.0	508.2	183.2	43.1	21.6	36.1%	8.5%	13.5%	14.5%	15.1%	4.3%	8.0%	8.9%	9.7%
Diamond Foods Inc	DMND	1,068.6	1,712.3	849.7	229.0	104.3	75.6	27.0%	12.3%	13.4%	15.2%	16.0%	8.9%	9.6%	11.0%	11.6%
Calavo Growers Inc	CVGW	851.8	885.7	856.8	85.2	51.7	43.7	9.9%	6.0%	6.6%	6.8%	N.A.	5.1%	5.7%	6.0%	N.A.
SunOpta Inc	STKL	581.8	642.1	1,168.9	121.3	46.2	25.4	10.4%	4.0%	5.3%	7.4%	8.3%	2.2%	3.4%	5.6%	6.4%
Limoneira Co	LMNR	211.4	296.2	100.3	18.4	8.8	4.6	18.3%	8.7%	15.0%	16.4%	N.A.	4.6%	10.1%	11.2%	N.A.
Intervale Foods Inc	SNAK	139.2	246.2	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	4.2%	7.2%	10.9%	N.A.	1.6%	4.7%	7.5%
Lifeway Foods Inc	LWAY	181.0	181.1	119.2	31.3	6.4	3.4	26.3%	5.4%	6.3%	10.8%	13.1%	2.9%	3.7%	8.4%	10.8%
Mean								23.2%	8.0%	9.6%	11.5%	13.0%	5.2%	6.5%	8.3%	9.6%
Median								26.3%	8.5%	9.7%	12.3%	13.8%	4.6%	6.9%	8.6%	10.3%
Tier II: Snack Food Manufacturers																
Flowers Foods Inc	FLO	4,559.3	5,447.7	3,782.6	1,821.6	441.2	311.2	48.2%	11.7%	12.0%	12.5%	13.0%	8.2%	8.5%	9.1%	9.7%
B&G Foods Inc	BGS	2,030.3	2,963.3	862.1	258.0	185.2	158.0	29.9%	21.5%	22.9%	21.5%	22.0%	18.3%	20.1%	18.6%	19.3%
Snyder's-Lance Inc	LNCE	2,428.6	2,824.2	1,689.5	590.5	177.8	109.0	35.0%	10.5%	11.6%	13.6%	15.2%	6.5%	7.5%	9.8%	8.8%
Mean								37.7%	14.6%	15.5%	15.8%	16.7%	11.0%	12.0%	12.5%	12.6%
Median								35.0%	11.7%	12.0%	13.6%	15.2%	8.2%	8.5%	9.8%	9.7%
Tier III: Natural & Organic Food Retailers																
Whole Foods Market Inc	WFM	11,432.5	11,105.5	15,389.0	5,416.0	1,316.0	877.0	35.2%	8.6%	8.4%	8.2%	7.9%	5.7%	5.3%	5.1%	4.9%
Sprouts Farmers Market Inc	SFM	4,084.0	4,243.3	3,397.3	994.1	284.3	213.8	29.3%	8.4%	8.4%	8.2%	8.1%	6.3%	6.3%	6.2%	6.1%
United Natural Foods Inc	UNFI	1,980.6	2,467.9	8,269.2	1,255.5	306.9	240.5	15.2%	3.7%	3.8%	3.7%	3.8%	2.9%	2.9%	2.9%	3.0%
Fresh Market Inc	TFM	1,100.5	1,095.7	1,817.7	618.2	192.7	126.2	34.0%	10.6%	10.4%	10.0%	9.8%	6.9%	6.7%	6.2%	6.2%
Natural Grocers By Vitamin Cottage Inc	NGVC	458.3	483.0	624.7	182.1	50.0	28.6	29.2%	8.0%	7.9%	7.8%	7.6%	4.6%	4.4%	4.3%	4.2%
Fairway Group Holdings Corp	FWM	29.1	256.6	778.9	245.4	10.1	(18.0)	31.5%	1.3%	4.8%	5.0%	5.3%	-2.3%	-2.0%	-0.3%	0.5%
AMCON Distributing Co	DIT	51.0	78.3	1,281.9	76.6	13.8	11.5	6.0%	1.1%	N.A.	N.A.	N.A.	0.9%	N.A.	N.A.	N.A.
Mean								25.8%	5.9%	7.3%	7.2%	7.1%	3.6%	4.0%	4.1%	4.2%
Median								29.3%	8.0%	8.1%	8.0%	7.8%	4.6%	4.9%	4.7%	4.6%

Hain Celestial Group Inc (NASDAQ:HAIN)

Benchmarking Analysis - Financial Statistics and Ratios

(\$ in millions, except per share data)

Company	Ticker	Growth rates							Return on investment				
		Sales				CAGR ('12A-'14A)	CAGR ('14A-'16E)	CAGR ('14A-'17E)	ROIC bef. Tax LTM	ROIC after tax			
		2014A	2015E	2016E	2017E					LTM	2015E	2016E	2017E
Hain Celestial Group Inc	HAIN	24.5%	16.2%	8.0%	7.6%	24.7%	12.0%	10.5%	11.1%	7.2%	9.8%	10.8%	12.2%
Tier I: Natural & Organic Food Manufacturers													
WhiteWave Foods Co	WWAV	35.2%	12.7%	11.6%	7.1%	22.5%	12.2%	10.5%	9.7%	6.3%	8.6%	8.7%	8.3%
Boulder Brands Inc	BDBD	12.0%	-0.8%	4.9%	4.1%	18.2%	2.1%	2.7%	4.1%	2.7%	1.8%	3.1%	N.A.
Diamond Foods Inc	DMND	0.0%	0.1%	1.5%	3.7%	-3.7%	0.8%	1.8%	7.1%	4.6%	N.A.	N.A.	N.A.
Calavo Growers Inc	CVGW	9.5%	12.1%	10.3%	N.A.	11.3%	11.2%	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
SunOpta Inc	STKL	9.0%	2.7%	25.3%	8.7%	9.1%	13.4%	11.8%	N.A.	N.A.	N.A.	N.A.	N.A.
Limoneira Co	LMNR	-3.0%	-0.3%	10.6%	N.A.	8.7%	5.0%	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Inventure Foods Inc	SNAK	32.5%	0.2%	12.9%	-11.2%	24.2%	6.3%	0.2%	N.A.	N.A.	5.0%	4.9%	N.A.
Lifeway Foods Inc	LWAY	22.0%	0.0%	8.6%	8.2%	20.9%	4.2%	5.5%	N.A.	N.A.	N.A.	N.A.	N.A.
Mean		14.6%	3.3%	10.7%	3.4%	13.9%	6.9%	5.4%	7.0%	4.5%	5.1%	5.5%	8.3%
Median		10.7%	0.1%	10.4%	5.6%	14.8%	5.7%	4.1%	7.1%	4.6%	5.0%	4.9%	8.3%
Tier II: Snack Food Manufacturers													
Flowers Foods Inc	FLO	0.4%	2.0%	6.5%	4.2%	11.2%	4.2%	4.2%	13.5%	8.8%	N.A.	N.A.	N.A.
B&G Foods Inc	BGS	17.0%	8.0%	57.7%	1.1%	15.7%	30.5%	19.9%	9.7%	6.3%	7.3%	15.1%	11.3%
Snyder's-Lance Inc	LNCE	7.8%	4.2%	45.8%	7.8%	9.1%	23.2%	17.9%	6.7%	4.3%	N.A.	N.A.	N.A.
Mean		8.4%	4.7%	36.6%	4.4%	12.0%	19.3%	14.0%	10.0%	6.5%	7.3%	15.1%	11.3%
Median		7.8%	4.2%	45.8%	4.2%	11.2%	23.2%	17.9%	9.7%	6.3%	7.3%	15.1%	11.3%
Tier III: Natural & Organic Food Retailers													
Whole Foods Market Inc	WFM	8.4%	4.2%	6.9%	8.3%	9.2%	5.5%	6.5%	N.A.	N.A.	12.5%	10.8%	11.6%
Sprouts Farmers Market Inc	SFM	21.7%	20.4%	15.4%	16.9%	28.6%	17.9%	17.5%	N.A.	N.A.	13.3%	14.0%	15.3%
United Natural Foods Inc	UNFI	20.5%	3.4%	7.9%	10.5%	16.2%	5.6%	7.2%	N.A.	N.A.	10.0%	11.8%	8.2%
Fresh Market Inc	TFM	16.0%	6.1%	5.6%	8.7%	14.8%	5.8%	6.8%	N.A.	N.A.	23.6%	23.0%	24.1%
Natural Grocers By Vitamin Cottage Inc	NGVC	20.0%	19.4%	19.9%	23.7%	20.4%	19.7%	21.0%	N.A.	N.A.	10.4%	11.4%	N.A.
Fairway Group Holdings Corp	FWM	2.8%	-3.1%	4.2%	9.8%	9.8%	0.5%	3.5%	N.A.	N.A.	N.A.	N.A.	N.A.
AMCON Distributing Co	DIT	3.6%	N.A.	N.A.	N.A.	2.9%	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Mean		13.3%	8.4%	10.0%	13.0%	14.6%	9.2%	10.4%	N.A.	N.A.	13.9%	14.2%	14.8%
Median		16.0%	5.1%	7.4%	10.2%	14.8%	5.7%	7.0%	N.A.	N.A.	12.5%	11.8%	13.4%

Annex 2. Hain Comparable Companies Analysis

Hain Celestial Group Inc (NASDAQ:HAIN)

Comparable Companies Analysis

(\$ in millions, except per share data)

Company	Ticker	Current share price	% of 52-wk. high	Equity value	Enterprise value	Enterprise value /								LTM EBIT	2015E EBIT	2016E EBIT	2017E EBIT
						LTM Sales	2015E Sales	2016E Sales	2017E Sales	LTM EBITDA	2015E EBITDA	2016E EBITDA	2017E EBITDA				
Hain Celestial Group Inc	HAIN	40.39	57%	4,201.4	4,911.2	1.79x	1.75x	1.62x	1.50x	14.3x	13.5x	11.6x	10.5x	17.2x	16.2x	13.7x	12.4x
Tier I: Natural & Organic Food Manufacturers																	
WhiteWave Foods Co	WWAV	38.91	74%	7,007.2	9,195.2	2.45x	2.37x	2.13x	1.99x	21.5x	18.5x	15.5x	13.7x	29.5x	24.4x	20.0x	17.4x
Diamond Foods Inc	DMND	38.55	92%	1,068.6	1,712.3	2.02x	1.98x	1.95x	1.88x	16.4x	14.8x	12.9x	11.8x	22.7x	20.6x	17.8x	16.2x
Boulder Brands Inc	BDBD	10.98	93%	696.1	950.0	1.87x	1.85x	1.77x	1.70x	22.0x	13.8x	12.2x	11.2x	44.0x	23.2x	19.9x	17.4x
Calavo Growers Inc	CVGW	49.00	79%	851.8	885.7	1.03x	0.92x	0.84x	N.A.	17.1x	13.9x	12.2x	N.A.	20.3x	16.1x	14.0x	N.A.
SunOpta Inc	STKL	6.84	53%	581.8	642.1	0.55x	0.50x	0.40x	0.37x	13.9x	9.4x	5.5x	4.5x	25.3x	14.7x	7.2x	5.8x
Limoneira Co	LMNR	14.94	62%	211.4	296.2	2.95x	2.96x	2.68x	N.A.	33.8x	19.8x	16.4x	N.A.	64.6x	29.4x	23.9x	N.A.
Inventure Foods Inc	SNAK	7.10	58%	139.2	246.2	N.A.	0.86x	0.76x	0.86x	N.A.	20.6x	10.6x	7.9x	N.A.	55.3x	16.2x	11.5x
Lifeway Foods Inc	LWAY	11.10	50%	181.0	181.1	1.52x	1.52x	1.40x	1.30x	28.1x	24.0x	13.0x	9.9x	53.2x	40.8x	16.6x	12.0x
Mean						1.77x	1.62x	1.49x	1.35x	21.8x	16.9x	12.3x	9.8x	37.1x	28.1x	17.0x	13.4x
Median						1.87x	1.69x	1.58x	1.50x	21.5x	16.7x	12.5x	10.6x	29.5x	23.8x	17.2x	14.1x
Tier II: Snack Food Manufacturers																	
Flowers Foods Inc	FLO	21.49	79%	4,559.3	5,447.7	1.44x	1.42x	1.34x	1.28x	12.3x	11.9x	10.7x	9.9x	17.5x	16.7x	14.7x	13.2x
B&G Foods Inc	BGS	35.77	88%	2,030.3	2,963.3	3.44x	3.23x	2.05x	2.03x	16.0x	14.2x	9.6x	9.2x	18.8x	16.1x	11.0x	10.5x
Snyder's-Lance Inc	LNCE	34.30	88%	2,428.6	2,824.2	1.67x	1.67x	1.15x	1.06x	15.9x	14.4x	8.4x	7.0x	25.9x	22.3x	11.7x	12.1x
Mean						2.18x	2.11x	1.51x	1.46x	14.7x	13.5x	9.6x	8.7x	20.7x	18.4x	12.5x	11.9x
Median						1.67x	1.67x	1.34x	1.28x	15.9x	14.2x	9.6x	9.2x	18.8x	16.7x	11.7x	12.1x
Tier III: Natural & Organic Food Retailers																	
Whole Foods Market Inc	WFM	33.50	58%	11,432.5	11,105.5	0.72x	0.69x	0.65x	0.60x	8.4x	8.3x	8.0x	7.5x	12.7x	13.1x	12.7x	12.2x
Sprouts Farmers Market Inc	SFM	26.59	69%	4,084.0	4,243.3	1.25x	1.19x	1.03x	0.88x	14.9x	14.2x	12.5x	10.9x	19.8x	18.7x	16.5x	14.4x
United Natural Foods Inc	UNFI	39.36	47%	1,980.6	2,467.9	0.30x	0.29x	0.27x	0.24x	8.0x	7.7x	7.2x	6.4x	10.3x	9.9x	9.2x	8.2x
Fresh Market Inc	TFM	23.42	56%	1,100.5	1,095.7	0.60x	0.59x	0.56x	0.51x	5.7x	5.7x	5.6x	5.3x	8.7x	8.8x	9.0x	8.3x
Natural Grocers By Vitamin Cottage Inc	NGVC	20.37	58%	458.3	483.0	0.77x	0.65x	0.54x	0.44x	9.7x	8.2x	6.9x	5.7x	16.9x	14.7x	12.4x	10.3x
Fairway Group Holdings Corp	FWM	0.66	8%	29.1	256.6	0.33x	0.33x	0.32x	0.29x	25.4x	6.9x	6.3x	5.5x	N.M.	N.M.	N.M.	58.0x
AMCON Distributing Co	DIT	80.07	91%	51.0	78.3	0.06x	N.A.	N.A.	N.A.	5.7x	N.A.	N.A.	N.A.	6.8x	N.A.	N.A.	N.A.
Mean						0.58x	0.62x	0.56x	0.49x	11.1x	8.5x	7.7x	6.9x	12.5x	13.0x	12.0x	18.6x
Median						0.60x	0.62x	0.55x	0.48x	8.4x	7.9x	7.1x	6.1x	11.5x	13.1x	12.4x	11.2x

Annex 3. Hain Comparable Companies Analysis Implied Valuation Range

Hain Celestial Group Inc (NASDAQ:HAIN)

Implied Valuation Range

(\$ in millions, except per share data)

EBITDA	Metric	Multiple range			Implied Enterprise Value			Implied equity value			Implied share price		
		Low	Mid	High	Low	Mid	High	Low	Mid	High	Low	Mid	High
LTM	342.6	15.9x	16.0x	21.5x	5,441.6	5,482.9	7,373.1	4,731.8	4,773.1	6,663.3	45.48	45.88	64.01
2015E	362.7	14.2x	14.4x	18.5x	5,134.5	5,223.8	6,727.8	4,424.7	4,514.0	6,018.0	42.53	43.39	57.82
2016E	424.6	8.4x	9.6x	15.5x	3,579.8	4,060.3	6,575.7	2,870.0	3,350.5	5,865.9	27.61	32.22	56.36
2017E	469.8	7.0x	9.2x	13.7x	3,289.1	4,330.3	6,434.9	2,579.3	3,620.5	5,725.1	24.82	34.82	55.01

EBIT	Metric	Multiple range			Implied Enterprise Value			Implied equity value			Implied share price		
		Low	Mid	High	Low	Mid	High	Low	Mid	High	Low	Mid	High
LTM	285.1	18.8x	25.9x	29.5x	5,345.9	7,384.5	8,395.7	4,636.1	6,674.7	7,685.9	44.56	64.12	73.83
2015E	302.8	16.1x	22.3x	24.4x	4,877.3	6,752.4	7,387.8	4,167.5	6,042.7	6,678.0	40.06	58.06	64.16
2016E	358.1	11.0x	11.7x	20.0x	3,945.9	4,206.9	7,158.2	3,236.2	3,497.1	6,448.4	31.13	33.63	61.95
2017E	397.2	10.5x	12.1x	17.4x	4,176.6	4,813.5	6,912.5	3,466.8	3,466.8	6,202.7	33.34	33.34	59.59

Sales	Metric	Multiple range			Implied Enterprise Value			Implied equity value			Implied share price		
		Low	Mid	High	Low	Mid	High	Low	Mid	High	Low	Mid	High
LTM	2,744.4	1.67x	2.45x	3.44x	4,587.6	6,730.1	9,433.9	3,877.8	6,020.4	8,724.1	37.28	57.84	83.79
2015E	2,813.7	1.67x	2.37x	3.23x	4,705.3	6,678.9	9,101.4	3,995.5	5,969.2	8,391.6	38.41	57.35	80.60
2016E	3,037.8	1.15x	2.05x	2.13x	3,484.7	6,231.9	6,460.2	2,774.9	5,522.1	5,750.4	26.70	53.06	55.25
2017E	3,269.9	1.06x	1.99x	2.03x	3,478.3	6,490.8	6,633.4	2,768.5	5,781.0	5,923.6	26.64	55.55	56.92

Annex 4. Hain Weighted Average Cost of Capital Analysis

Hain Celestial Group Inc (NASDAQ:HAIN)

Weighted Average Cost of Capital Analysis

(\$ in millions, calendar year)

WACC Calculation

Target Capital Structure

Debt-to-total capitalization	10.5%
Equity-to-total capitalization	89.5%

Cost of debt

Cost of debt	3.7%
Tax rate	35.0%
After tax cost of debt	2.4%

Cost of equity

Risk-free rate	2.2%
Market risk premium	6.18%
Levered beta	0.74
Cost of equity	6.8%

WACC

6.3%

Relevered beta

Mean unlevered beta	0.69
Target debt / equity	11.7%
Tax rate	35.0%
Relevered beta	0.74

Equity Risk Premium

Arithmetic average	6.18%
Geometric average	4.54%
(S&P500-10YR T.Bond) 1928 - 2015	

WACC sensitivity analysis

	MRP	
	4.54%	6.18%
WACC	5.3%	6.3%

Comparable Companies Unlevered Beta

Company	Levered beta	Net debt	Equity value	Debt/equity	Tax rate	Unlevered beta
WhiteWave Foods Co	1.09	2,188.0	7,007.2	31.2%	35.0%	0.91
Diamond Foods Inc	0.38	643.6	1,068.6	60.2%	35.0%	0.27
Boulder Brands	0.92	253.2	1,068.6	23.7%	35.0%	0.80
Calavo Growers Inc	0.69	33.8	851.8	4.0%	35.0%	0.67
SunOpta Inc	1.34	60.3	581.8	10.4%	35.0%	1.26
Inventure Foods Inc	0.78	107.0	139.2	76.8%	35.0%	0.52
Lifeway Foods Inc	0.62	0.1	181.0	0.1%	35.0%	0.62
Flowers Foods Inc	0.81	888.3	4,559.3	19.5%	35.0%	0.72
B&G Foods Inc	0.61	932.9	2,030.3	45.9%	35.0%	0.47
Snyder's-Lance Inc	0.69	395.6	2,428.6	16.3%	35.0%	0.62
Mean	0.79			28.8%		0.69
Median	0.74			21.6%		0.65

Target Capital Structure

	2013A	2014A	2015A
Fully diluted shares	97.575	101.714	104.021
Price per share	45.4	58.3	40.4
Equity value	4,428.9	5,928.9	4,201.4
Noncontrolling interest	-	-	-
Equity	4,428.9	5,928.9	4,201.4
<i>% total capitalization</i>	89.0%	89.9%	84.7%
Total debt	766.9	861.0	986.8
Cash	(82.5)	(145.3)	(177.1)
Non-operating assets	(138.3)	(50.7)	(53.7)
Net debt	546.1	665.0	756.1
<i>% total capitalization</i>	11.0%	10.1%	15.3%

Annex 5. Hain Historical and Projected Income Statement and Income Statement Metrics

Hain Celestial Group Inc (NASDAQ:HAIN)

Integrated Model

(\$ in millions, fiscal year ending June 30)

Income Statement

	Historical Period				Projection Period										Steady state
	2013A	2014A	2015A	LTM 31/12/2015	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	
Sales	1,734.7	2,153.6	2,688.5	2,800.7	2,981.0	3,168.0	3,327.0	3,494.0	3,669.0	3,834.4	3,988.0	4,127.7	4,251.7	4,358.0	4,445.2
Cost of goods sold	1,259.8	1,586.4	2,069.9	2,145.6	2,250.0	2,383.0	2,495.0	2,611.0	2,732.0	2,855.1	2,969.5	3,073.6	3,165.9	3,245.1	3,310.0
Selling, general & administrative	274.8	311.3	348.5	337.8	383.0	390.0	405.0	421.0	438.0	457.7	476.1	492.8	507.6	520.3	530.7
Operating expenses	1,534.6	1,897.7	2,418.4	2,483.4	2,633.0	2,773.0	2,900.0	3,032.0	3,170.0	3,312.9	3,445.6	3,566.3	3,673.4	3,765.3	3,840.6
EBITDA	228.0	288.3	303.2	352.2	414.0	465.2	500.7	539.4	580.3	606.4	630.7	652.8	672.4	689.3	736.7
Depreciation	27.9	32.4	33.1	35.0	43.2	45.9	48.2	50.6	53.1	55.5	57.8	59.8	61.6	63.1	73.7
Amortization	12.2	15.6	23.5	24.1	22.9	24.3	25.5	26.8	28.1	29.4	30.6	31.7	32.6	33.4	58.4
EBIT	187.9	240.3	246.6	293.1	348.0	395.0	427.0	462.0	499.0	521.5	542.4	561.4	578.2	592.7	604.6
Interest expense	19.2	20.6	22.9	31.4	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0
Interest (income) / loss	1.3	(0.4)	(0.4)	NA	(0.5)	(1.0)	(1.7)	(2.4)	(3.1)	(3.9)	(4.7)	(5.6)	(6.6)	(7.6)	(8.8)
Other expenses / (income)	13.3	8.6	8.4	12.8	-	-	-	-	-	-	-	-	-	-	-
Earnings before taxes	154.1	211.6	215.8	249.0	324.5	372.0	404.7	440.4	478.1	501.4	523.1	543.0	560.8	576.3	589.3
Income tax expense	34.3	70.1	47.9	56.6	103.2	119.1	129.5	140.9	153.0	160.4	167.4	173.8	179.5	184.4	188.6
Net income	119.8	141.5	167.9	192.3	221.3	253.0	275.2	299.5	325.1	340.9	355.7	369.3	381.4	391.9	400.7
Diluted shares	95.144	100.006	103.421	104.689	105.300	106.400	106.400	106.400	106.400	106.400	106.400	106.400	106.400	106.400	106.400
GAAP diluted EPS	1.26	1.41	1.62	1.84	2.10	2.38	2.59	2.81	3.06	3.20	3.34	3.47	3.58	3.68	3.77
Pro-forma reconciliation															
Amortization of intangibles	12.2	15.6	23.5	24.1	22.9	24.3	25.5	26.8	28.1	29.4	30.6	31.7	32.6	33.4	58.4
Stock-based compensation	13.0	12.4	12.2	13.4	13.4	13.4	13.4	13.4	13.4	13.4	13.4	13.4	13.4	13.4	13.4
Pro-forma earnings before taxes	179.3	239.6	251.5	286.5	360.8	409.8	443.6	480.6	519.7	544.2	567.1	588.1	606.9	623.2	661.2
Pro-forma net income	139.4	160.2	195.7	221.3	246.1	278.6	301.7	326.8	353.4	370.1	385.7	399.9	412.7	423.8	449.6
Pro-forma EPS	1.46	1.60	1.89	2.11	2.34	2.62	2.84	3.07	3.32	3.48	3.62	3.76	3.88	3.98	4.23

Income Statement metrics

	Historical Period				Projection Period										Steady state
	2013A	2014A	2015A	LTM 31/12/2015	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	
Sales grow th	NA	24.2%	24.8%		10.9%	6.3%	5.0%	5.0%	5.0%	4.5%	4.0%	3.5%	3.0%	2.5%	2.0%
Cost of goods sold / sales	72.6%	73.7%	77.0%	76.6%	75.5%	75.2%	75.0%	74.7%	74.5%	74.5%	74.5%	74.5%	74.5%	74.5%	74.5%
Selling, general & administrative / sales	15.8%	14.5%	13.0%	12.1%	12.8%	12.3%	12.2%	12.0%	11.9%	11.9%	11.9%	11.9%	11.9%	11.9%	11.9%
Operating expenses / sales	88.5%	88.1%	90.0%	88.7%	88.3%	87.5%	87.2%	86.8%	86.4%	86.4%	86.4%	86.4%	86.4%	86.4%	86.4%
EBITDA margin	13.1%	13.4%	11.3%	12.6%	13.9%	14.7%	15.0%	15.4%	15.8%	15.8%	15.8%	15.8%	15.8%	15.8%	16.6%
Depreciation / sales	1.6%	1.5%	1.2%	1.2%	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%	1.7%
Amortization / sales	0.7%	0.7%	0.9%	0.9%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	1.3%
EBIT margin	10.8%	11.2%	9.2%	10.5%	11.7%	12.5%	12.8%	13.2%	13.6%	13.6%	13.6%	13.6%	13.6%	13.6%	13.6%
Interest expense / debt	2.9%	2.4%	2.7%	3.2%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%
Effective tax rate	22.3%	33.1%	22.2%	22.8%	31.8%	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%
Profit margin	6.9%	6.6%	6.2%	6.9%	7.4%	8.0%	8.3%	8.6%	8.9%	8.9%	8.9%	8.9%	9.0%	9.0%	9.0%
Interest income / cash		0.3%	0.2%		0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%

Annex 6. Hain Historical and Projected Balance Sheet and Balance Sheet Metrics

Balance Sheet															
	Historical Period				Projection Period										
	2013A	2014A	2015A	6M 31/12/2015	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	Steady state
Cash and cash equivalents	41.3	123.8	166.9	177.1	173.2	356.3	574.3	813.6	1,074.5	1,340.1	1,626.7	1,934.3	2,262.5	2,610.7	3,004.5
Min cash balance assumption					89.4	95.0	99.8	104.8	110.1	115.0	119.6	123.8	127.5	130.7	133.4
Accounts receivable	233.6	287.9	320.2	350.4	362.2	384.7	403.7	423.7	444.7	464.7	483.4	500.3	515.3	528.2	538.8
Inventories	250.2	320.3	382.2	403.3	411.5	435.6	455.6	476.5	498.4	520.9	541.7	560.7	577.5	592.0	603.8
Prepays and other current assets	32.4	47.9	42.9	49.5	49.5	49.5	49.5	49.5	49.5	49.5	49.5	49.5	49.5	49.5	49.5
Accounts payable	185.0	239.2	252.0	280.0	255.8	270.8	283.2	296.2	309.8	323.8	336.7	348.5	359.0	368.0	375.3
Accrued liabilities	76.7	84.9	79.2	90.0	90.0	90.0	90.0	90.0	90.0	90.0	90.0	90.0	90.0	90.0	90.0
Net working capital	254.5	332.0	414.2	433.2	566.9	604.1	635.5	668.4	702.9	736.4	767.5	795.9	821.0	842.5	860.2
Deferred tax assets	17.7	23.8	20.8	21.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0
Total current assets	313.5	479.5	601.9	631.4	761.1	981.4	1,230.8	1,503.0	1,798.5	2,097.5	2,415.3	2,751.2	3,104.5	3,474.2	3,885.7
Property, plant and equipment, net	235.8	310.7	344.3	382.8	357.1	359.2	361.0	362.4	364.2	380.7	395.9	409.8	422.1	432.6	434.1
Goodwill	876.1	1,134.4	1,136.1	1,219.7	1,219.7	1,219.7	1,219.7	1,219.7	1,219.7	1,219.7	1,219.7	1,219.7	1,219.7	1,219.7	1,219.7
Intangible assets, net	498.2	651.5	647.8	659.3	701.7	745.7	783.2	822.5	863.7	902.6	938.8	971.7	1,000.8	1,025.9	1,027.1
Investments	46.8	36.5	2.3	20.2	20.2	20.2	20.2	20.2	20.2	20.2	20.2	20.2	20.2	20.2	20.2
Deferred tax assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	26.3	28.7	33.9	33.5	33.5	33.5	33.5	33.5	33.5	33.5	33.5	33.5	33.5	33.5	33.5
Total assets	1,996.8	2,641.2	2,766.1	2,946.9	3,093.3	3,359.8	3,648.4	3,961.2	4,299.8	4,654.2	5,023.3	5,406.0	5,800.8	6,206.1	6,620.3
Total debt	665.9	867.9	843.9	982.0	982.0	982.0	982.0	982.0	982.0	982.0	982.0	982.0	982.0	982.0	982.0
Deferred tax liabilities	114.4	148.4	145.3	146.0	146.0	146.0	146.0	146.0	146.0	146.0	146.0	146.0	146.0	146.0	146.0
Other long-term liabilities	15.0	5.0	5.2	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8
Total liabilities	795.3	1,021.4	994.4	1,132.8	1,132.8	1,132.8	1,132.8	1,132.8	1,132.8	1,132.8	1,132.8	1,132.8	1,132.8	1,132.8	1,132.8
Noncontrolling interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Preferred stock	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Common stock	0.5	1.0	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
Retained earnings	489.8	629.6	797.5	885.8	1,032.3	1,298.7	1,587.3	1,900.1	2,238.7	2,593.1	2,962.2	3,344.9	3,739.7	4,145.0	4,559.2
Other	711.3	989.2	973.1	927.2	927.2	927.2	927.2	927.2	927.2	927.2	927.2	927.2	927.2	927.2	927.2
Total liabilities and equity	1,996.8	2,641.2	2,766.1	2,946.9	3,093.3	3,359.8	3,648.4	3,961.2	4,299.8	4,654.2	5,023.3	5,406.0	5,800.8	6,206.1	6,620.3

Balance Sheet metrics															
	Historical Period				Projection Period										
	2013A	2014A	2015A	LTM 31/12/2015	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	Steady state
Cash and cash equivalents / sales	2.4%	5.7%	6.2%	6.3%											
Min cash balance assumption / sales					3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Accounts receivable DSO	49.2	48.8	43.5	45.7	44.3	44.3	44.3	44.3	44.2	44.2	44.2	44.2	44.2	44.2	44.2
Inventories DIH	72.5	73.7	67.4	68.6	66.8	66.7	66.7	66.6	66.6	66.6	66.6	66.6	66.6	66.6	66.6
Prepaid expenses and other assets / sales	1.9%	2.2%	1.6%	1.8%	1.7%	1.6%	1.5%	1.4%	1.3%	1.3%	1.2%	1.2%	1.2%	1.1%	1.1%
Accounts payable DPO	53.6	55.0	44.4	47.6	41.5	41.5	41.4	41.4	41.4	41.4	41.4	41.4	41.4	41.4	41.4
Accrued liabilities / sales	4.4%	3.9%	2.9%	3.2%	3.0%	2.8%	2.7%	2.6%	2.5%	2.3%	2.3%	2.2%	2.1%	2.1%	2.0%
Net working capital / sales	14.7%	15.4%	15.4%	15.5%	19.0%	19.1%	19.1%	19.1%	19.2%	19.2%	19.2%	19.3%	19.3%	19.3%	19.4%
Net PP&E / sales	13.6%	14.4%	12.8%	13.7%	12.0%	11.3%	10.9%	10.4%	9.9%	9.9%	9.9%	9.9%	9.9%	9.9%	9.8%
Intangibles assets net / sales	28.7%	30.3%	24.1%	23.5%	23.5%	23.5%	23.5%	23.5%	23.5%	23.5%	23.5%	23.5%	23.5%	23.5%	23.5%
ROIC w/o goodwill	12.4%	12.1%	11.4%	12.9%	13.9%	15.0%	15.6%	16.2%	16.8%	16.8%	16.8%	16.8%	16.8%	16.7%	16.8%
ROIC w / goodwill	6.6%	6.4%	6.3%	7.1%	7.9%	8.8%	9.3%	9.8%	10.3%	10.5%	10.6%	10.7%	10.9%	10.9%	11.1%

Annex 7. Hain Historical and Projected Cash Flow Statement and Cash Flow Statement Metrics

Cash Flow Statement															
	Historical Period				Projection Period										
	2013A	2014A	2015A	LTM 31/12/2015	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	Steady state
Operating Activities															
Net income	114.7	139.9	167.9	192.7	221.3	253.0	275.2	299.5	325.1	340.9	355.7	369.3	381.4	391.9	400.7
Plus: depreciation & amortization	40.1	48.0	56.6	59.1	66.0	70.2	73.7	77.4	81.3	85.0	88.4	91.5	94.2	96.6	132.1
Plus: stock-based compensation	13.0	12.4	12.2	13.4	13.4	13.4	13.4	13.4	13.4	13.4	13.4	13.4	13.4	13.4	13.4
Plus: other	0.3	(4.2)	(15.6)	(5.7)	0.4	-	-	-	-	-	-	-	-	-	-
Changes in working capital items															
(Inc.) / dec. In min cash					(89.4)	(5.6)	(4.8)	(5.0)	(5.3)	(5.0)	(4.6)	(4.2)	(3.7)	(3.2)	(2.6)
(Inc.) / dec. In accounts receivable	(47.8)	1.0	(31.8)	(7.5)	(42.0)	(22.5)	(19.0)	(20.0)	(21.0)	(20.0)	(18.6)	(16.9)	(15.0)	(12.9)	(10.6)
(Inc.) / dec. In inventories	(28.3)	(22.8)	(21.1)	(15.7)	(29.3)	(24.1)	(20.0)	(20.9)	(21.9)	(22.5)	(20.9)	(19.0)	(16.8)	(14.4)	(11.8)
(Inc.) / dec. In prepaid and other current assets	(18.2)	(13.5)	3.7	17.7	(6.6)	-	-	-	-	-	-	-	-	-	-
Inc. / (dec.) in accounts payable and accrued liabilities	47.2	23.9	13.6	(23.2)	14.6	15.0	12.4	13.0	13.6	14.0	13.0	11.8	10.5	9.0	7.4
(Inc.) / dec. In net working capital	(47.1)	(11.4)	(35.6)	(28.7)	(152.7)	(37.2)	(31.4)	(32.9)	(34.6)	(33.5)	(31.1)	(28.3)	(25.1)	(21.5)	(17.7)
Cash flow from operating activities	121.0	184.8	185.5	230.9	148.5	299.4	330.9	357.4	385.3	405.8	426.4	445.8	463.9	480.3	528.6
Investing activities															
Capital expenditures	(71.8)	(41.6)	(49.5)	(64.9)	(56.0)	(48.0)	(50.0)	(52.0)	(55.0)	(72.0)	(73.0)	(73.7)	(73.9)	(73.7)	(75.2)
Intangibles expenditures					(76.8)	(68.3)	(62.9)	(66.1)	(69.3)	(68.3)	(66.7)	(64.6)	(61.8)	(58.5)	(59.6)
Other investing activities	(334.3)	(164.6)	(101.8)	(244.7)	(101.2)	-	-	-	-	-	-	-	-	-	-
Cash flow from investing activities	(406.1)	(206.2)	(151.3)	(309.6)	(234.0)	(116.3)	(112.9)	(118.1)	(124.3)	(140.3)	(139.8)	(138.2)	(135.7)	(132.1)	(134.8)
Financing activities															
Debt issuance / (repayment)	275.8	101.1	(5.9)	118.8	138.1	-	-	-	-	-	-	-	-	-	-
Minority interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity issuance / (repurchase)	-	-	-	-	0.0	-	-	-	-	-	-	-	-	-	-
Other	20.3	(0.3)	23.1	6.7	(46.3)	-	-	-	-	-	-	-	-	-	-
Cash flow from financing activities	296.1	100.8	17.2	125.5	91.8	-	-	-	-	-	-	-	-	-	-
Excess cash for the period	11.4	82.5	43.2	46.7	6.3	183.1	218.0	239.3	261.0	265.5	286.6	307.6	328.2	348.2	393.8
Beginning cash balance	29.9	41.3	123.8	166.9	166.9	173.2	356.3	574.3	813.6	1,074.5	1,340.1	1,626.7	1,934.3	2,262.5	2,610.7
Ending cash balance	41.3	123.8	166.9	213.6	173.2	356.3	574.3	813.6	1,074.5	1,340.1	1,626.7	1,934.3	2,262.5	2,610.7	3,004.5
Cash Flow Statement metrics															
	Historical Period				Projection Period										
	2013A	2014A	2015A	LTM 31/12/2015	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	Steady state
Capex / sales	4.1%	1.9%	1.8%	2.3%	1.9%	1.5%	1.5%	1.5%	1.5%	1.9%	1.8%	1.8%	1.7%	1.7%	1.7%
Depreciation / capex	38.8%	78.0%	66.8%	53.9%	77.1%	95.6%	96.4%	97.3%	96.6%	77.2%	79.1%	81.2%	83.3%	85.7%	98.0%
Intangibles expenditures / sales					2.6%	2.2%	1.9%	1.9%	1.9%	1.8%	1.7%	1.6%	1.5%	1.3%	1.3%
Amortization / intangibles expenditures					29.8%	35.6%	40.5%	40.5%	40.6%	43.0%	45.8%	49.0%	52.8%	57.2%	98.0%
Reinvestment rate					97.0%	32.5%	25.4%	24.5%	23.9%	26.2%	23.4%	20.6%	17.7%	14.8%	5.2%

Annex 8. Hain Discounted Cash Flow Analysis

Hain Celestial Group Inc (NASDAQ:HAIN)

Discounted Cash Flow Analysis

(\$ in millions, calendar year)

	Historical period			CAGR ('13 - '15)	Projected period										Steady state	CAGR ('15 - '25)
	2013A	2014A	2015A		2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E		
Sales	1,944.1	2,421.1	2,800.7	20.0%	3,074.5	3,247.5	3,410.5	3,581.5	3,751.7	3,911.2	4,057.8	4,189.7	4,304.8	4,401.6	4,489.6	4.6%
% growth	NA	24.5%	15.7%		9.8%	5.6%	5.0%	5.0%	4.8%	4.3%	3.8%	3.2%	2.7%	2.2%	2.0%	
Operating expenses	1,716.1	2,158.1	2,483.4		2,703.0	2,836.5	2,966.0	3,101.0	3,241.4	3,379.2	3,506.0	3,619.9	3,719.4	3,803.0	3,879.0	
EBITDA	258.2	295.8	352.2	16.8%	439.6	483.0	520.1	559.9	593.4	618.6	641.8	662.6	680.9	713.0	744.0	7.3%
% margin	13.3%	12.2%	12.6%		14.3%	14.9%	15.2%	15.6%	15.8%	15.8%	15.8%	15.8%	15.8%	16.2%	16.6%	
Depreciation & amortization	44.1	52.3	59.1		68.1	72.0	75.6	79.4	83.1	86.7	89.9	92.8	95.4	114.3	133.4	
EBIT	214.1	243.5	293.1	17.0%	371.5	411.0	444.5	480.5	510.2	531.9	551.9	569.8	585.5	598.6	610.6	7.4%
% margin	11.0%	10.1%	10.5%		12.1%	12.7%	13.0%	13.4%	13.6%	13.6%	13.6%	13.6%	13.6%	13.6%	13.6%	
Taxes	74.9	85.2	102.6		130.0	143.9	155.6	168.2	178.6	186.2	193.2	199.4	204.9	209.5	213.7	
EBIAT	139.2	158.2	190.5	17.0%	241.5	267.2	288.9	312.3	331.7	345.8	358.7	370.4	380.6	389.1	396.9	7.4%
Plus: depreciation & amortization					68.1	72.0	75.6	79.4	83.1	86.7	89.9	92.8	95.4	114.3	133.4	
Less: capital expenditures					(124.6)	(114.6)	(115.5)	(121.2)	(132.3)	(140.0)	(139.0)	(137.0)	(133.9)	(133.5)	(136.1)	
Less: (inc.) / dec. In net working capital					(95.0)	(34.3)	(32.1)	(33.7)	(34.0)	(32.3)	(29.7)	(26.7)	(23.3)	(19.6)	(17.8)	
Unlevered free cash flow					90.1	190.2	216.8	236.7	248.4	260.1	279.9	299.5	318.7	350.4	376.3	
WACC	6.3%															
Discount period					0.5	1.5	2.5	3.5	4.5	5.5	6.5	7.5	8.5	9.5		
Discount factor					0.97	0.91	0.86	0.81	0.76	0.71	0.67	0.63	0.59	0.56		
Present value of free cash flow					87.3	173.4	185.9	190.9	188.4	185.5	187.7	188.9	189.0	195.4		

Enterprise value	
Cumulative present value of FCF	1,772.5
Perpetuity growth rate	2.0%
Terminal value	8,673.2
Discount factor	0.56
Present value of terminal value	4,837.2
% of enterprise value	73.2%
Enterprise value	6,609.7

Implied equity value	
Enterprise value	6,609.7
Less: total debt	(986.8)
Less: noncontrolling interest	-
Plus: cash and cash equivalents	177.1
Plus: non-operating assets	53.7
Implied equity value	5,853.7

Implied share price			
Options/warrants			
	Number of shares	Exercise Price	n-the-money Proceeds
Tranche	1,249	6.12	1,249 7.6
Basic shares outstanding			102,962
Plus: shares from in-the-money options			1,249
Less: shares repurchased			(0,136)
Fully diluted shares outstanding			104,075
Implied share price			56.24

Enterprise value sensitivity analysis				
WACC		Growth rate		
		1.8%	2.0%	2.2%
5.3%	8,550.8	8,977.6	9,565.4	
6.3%	6,386.9	6,609.7	6,906.4	

Implied equity value sensitivity analysis				
WACC		Growth rate		
		1.8%	2.0%	2.2%
5.3%	7,794.7	8,221.6	8,809.3	
6.3%	5,630.8	5,853.7	6,150.3	

Implied share price sensitivity analysis				
WACC		Growth rate		
		1.8%	2.0%	2.2%
5.3%	74.87	78.97	84.61	
6.3%	54.11	56.24	59.09	

Annex 9. BDBD Benchmarking Analysis – Financial Statistics and Ratios

Boulder Brands (NASDAQ:BDBD)

Benchmarking Analysis - Financial Statistics and Ratios

(\$ in millions, except per share data)

Company	Ticker	Market valuation		Financial statistics				Profitability margins								
		Equity value	Enterprise value	Sales LTM	Gross profit LTM	EBITDA LTM	EBIT LTM	Gross profit LTM	EBITDA			EBIT				
									LTM	2015E	2016E	2017E	LTM	2015E	2016E	2017E
Boulder Brands	BDBD	696.1	950.0	508.2	183.2	43.1	21.6	36.1%	8.5%	13.5%	14.5%	15.1%	4.3%	8.0%	8.9%	9.7%
Tier I: Natural & Organic Food Manufacturers																
WhiteWave Foods	WWAV	7,007.2	9,195.2	3,749.6	1,287.8	427.3	312.2	34.3%	11.4%	12.8%	13.7%	14.5%	8.3%	9.7%	10.6%	11.4%
Hain Celestial Group	HAIN	4,201.4	4,911.2	2,744.4	644.8	342.6	285.1	23.5%	12.5%	12.9%	14.0%	14.4%	10.4%	10.8%	11.8%	12.1%
Diamond Foods Inc	DMND	1,068.6	1,712.3	849.7	229.0	104.3	75.6	27.0%	12.3%	13.4%	15.2%	16.0%	8.9%	9.6%	11.0%	11.6%
Calavo Growers Inc	CVGW	851.8	885.7	856.8	85.2	51.7	43.7	9.9%	6.0%	6.6%	6.8%	N.A.	5.1%	5.7%	6.0%	N.A.
SunOpta Inc	STKL	581.8	642.1	1,168.9	121.3	46.2	25.4	10.4%	4.0%	5.3%	7.4%	8.3%	2.2%	3.4%	5.6%	6.4%
Limoneira Co	LMNR	211.4	296.2	100.3	18.4	8.8	4.6	18.3%	8.7%	15.0%	16.4%	N.A.	4.6%	10.1%	11.2%	N.A.
Intervent Foods Inc	SNAK	139.2	246.2	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	4.2%	7.2%	10.9%	N.A.	1.6%	4.7%	7.5%
Lifeway Foods Inc	LWAY	181.0	181.1	119.2	31.3	6.4	3.4	26.3%	5.4%	6.3%	10.8%	13.1%	2.9%	3.7%	8.4%	10.8%
Mean								21.4%	8.6%	9.6%	11.4%	12.8%	6.0%	6.8%	8.7%	10.0%
Median								23.5%	8.7%	9.7%	12.3%	13.7%	5.1%	7.7%	9.5%	11.1%
Tier II: Natural & Organic Food Retailers																
Whole Foods Market Inc	WFM	11,432.5	11,105.5	15,389.0	5,416.0	1,316.0	877.0	35.2%	8.6%	8.4%	8.2%	7.9%	5.7%	5.3%	5.1%	4.9%
Sprouts Farmers Market Inc	SFM	4,084.0	4,243.3	3,397.3	994.1	284.3	213.8	29.3%	8.4%	8.4%	8.2%	8.1%	6.3%	6.3%	6.2%	6.1%
United Natural Foods Inc	UNFI	1,980.6	2,467.9	8,269.2	1,255.5	306.9	240.5	15.2%	3.7%	3.8%	3.7%	3.8%	2.9%	2.9%	2.9%	3.0%
Fresh Market Inc	TFM	1,100.5	1,095.7	1,817.7	618.2	192.7	126.2	34.0%	10.6%	10.4%	10.0%	9.8%	6.9%	6.7%	6.2%	6.2%
Natural Grocers By Vitamin Cottage Inc	NGVC	458.3	483.0	624.7	182.1	50.0	28.6	29.2%	8.0%	7.9%	7.8%	7.6%	4.6%	4.4%	4.3%	4.2%
Fairway Group Holdings Corp	FWM	29.1	256.6	778.9	245.4	10.1	(18.0)	31.5%	1.3%	4.8%	5.0%	5.3%	-2.3%	-2.0%	-0.3%	0.5%
AMCON Distributing Co	DIT	51.0	78.3	1,281.9	76.6	13.8	11.5	6.0%	1.1%	N.A.	N.A.	N.A.	0.9%	N.A.	N.A.	N.A.
Mean								25.8%	5.9%	7.3%	7.2%	7.1%	3.6%	4.0%	4.1%	4.2%
Median								29.3%	8.0%	8.1%	8.0%	7.8%	4.6%	4.9%	4.7%	4.6%

Boulder Brands (NASDAQ:BDBD)

Benchmarking Analysis - Financial Statistics and Ratios

(\$ in millions, except per share data)

Company	Ticker	Growth rates							Return on investment				
		Sales				CAGR			ROIC bef. Tax LTM	ROIC after tax			
		2014A	2015E	2016E	2017E	('12A-'14A)	('14A-'16E)	('14A-'17E)		LTM	2015E	2016E	2017E
Boulder Brands	BDBD	12.0%	-0.8%	4.9%	4.1%	18.2%	2.1%	2.7%	4.1%	2.7%	1.8%	3.1%	N.A.
Tier I: Natural & Organic Food Manufacturers													
WhiteWave Foods	WWAV	35.2%	12.7%	11.6%	7.1%	22.5%	12.2%	10.5%	9.7%	6.3%	8.6%	8.7%	8.3%
Hain Celestial Group	HAIN	24.5%	16.2%	8.0%	7.6%	24.7%	12.0%	10.5%	11.1%	7.2%	9.8%	10.8%	12.2%
Diamond Foods Inc	DMND	0.0%	0.1%	1.5%	3.7%	-3.7%	0.8%	1.8%	7.1%	4.6%	N.A.	N.A.	N.A.
Calavo Growers Inc	CVGW	9.5%	12.1%	10.3%	N.A.	11.3%	11.2%	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
SunOpta Inc	STKL	9.0%	2.7%	25.3%	8.7%	9.1%	13.4%	11.8%	N.A.	N.A.	N.A.	N.A.	N.A.
Limoneira Co	LMNR	-3.0%	-0.3%	10.6%	N.A.	8.7%	5.0%	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Inventure Foods Inc	SNAK	32.5%	0.2%	12.9%	-11.2%	24.2%	6.3%	0.2%	N.A.	N.A.	5.0%	4.9%	N.A.
Lifeway Foods Inc	LWAY	22.0%	0.0%	8.6%	8.2%	20.9%	4.2%	5.5%	N.A.	N.A.	N.A.	N.A.	N.A.
Mean		16.2%	5.5%	11.1%	4.0%	14.7%	8.1%	6.7%	9.3%	6.0%	7.8%	8.1%	10.3%
Median		15.7%	1.4%	10.4%	7.4%	16.1%	8.8%	8.0%	9.7%	6.3%	8.6%	8.7%	10.3%
Tier II: Natural & Organic Food Retailers													
Whole Foods Market Inc	WFM	8.4%	4.2%	6.9%	8.3%	9.2%	5.5%	6.5%	N.A.	N.A.	12.5%	10.8%	11.6%
Sprouts Farmers Market Inc	SFM	21.7%	20.4%	15.4%	16.9%	28.6%	17.9%	17.5%	N.A.	N.A.	13.3%	14.0%	15.3%
United Natural Foods Inc	UNFI	20.5%	3.4%	7.9%	10.5%	16.2%	5.6%	7.2%	N.A.	N.A.	10.0%	11.8%	8.2%
Fresh Market Inc	TFM	16.0%	6.1%	5.6%	8.7%	14.8%	5.8%	6.8%	N.A.	N.A.	23.6%	23.0%	24.1%
Natural Grocers By Vitamin Cottage Inc	NGVC	20.0%	19.4%	19.9%	23.7%	20.4%	19.7%	21.0%	N.A.	N.A.	10.4%	11.4%	N.A.
Fairway Group Holdings Corp	FWM	2.8%	-3.1%	4.2%	9.8%	9.8%	0.5%	3.5%	N.A.	N.A.	N.A.	N.A.	N.A.
AMCON Distributing Co	DIT	3.6%	N.A.	N.A.	N.A.	2.9%	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Mean		13.3%	8.4%	10.0%	13.0%	14.6%	9.2%	10.4%	N.A.	N.A.	13.9%	14.2%	14.8%
Median		16.0%	5.1%	7.4%	10.2%	14.8%	5.7%	7.0%	N.A.	N.A.	12.5%	11.8%	13.4%

Annex 10. BDBD Comparable Companies Analysis and Implied Valuation Range

Boulder Brands (NASDAQ:BDBD)

Comparable Companies Analysis and Implied Valuation Range

(\$ in millions, except per share data)

Company	Ticker	Current share price	% of 52-wk. high	Equity value	Enterprise value	Enterprise value /											
						LTM Sales	2015E Sales	2016E Sales	2017E Sales	LTM EBITDA	2015E EBITDA	2016E EBITDA	2017E EBITDA	LTM EBIT	2015E EBIT	2016E EBIT	2017E EBIT
Boulder Brands	BDBD	10.98	93%	696.1	950.0	1.87x	1.85x	1.77x	1.70x	22.0x	13.8x	12.2x	11.2x	44.0x	23.2x	19.9x	17.4x
Tier I: Natural & Organic Food Manufacturers																	
WhiteWave Foods	WWAV	38.91	74%	7,007.2	9,195.2	2.45x	2.37x	2.13x	1.99x	21.5x	18.5x	15.5x	13.7x	29.5x	24.4x	20.0x	17.4x
Hain Celestial Group	HAIN	40.39	57%	4,201.4	4,911.2	1.79x	1.75x	1.62x	1.50x	14.3x	13.5x	11.6x	10.5x	17.2x	16.2x	13.7x	12.4x
Diamond Foods Inc	DMND	38.55	92%	1,068.6	1,712.3	2.02x	1.98x	1.95x	1.88x	16.4x	14.8x	12.9x	11.8x	22.7x	20.6x	17.8x	16.2x
Calavo Growers Inc	CVGW	49.00	79%	851.8	885.7	1.03x	0.92x	0.84x	N.A.	17.1x	13.9x	12.2x	N.A.	20.3x	16.1x	14.0x	N.A.
SunOpta Inc	STKL	6.84	53%	581.8	642.1	0.55x	0.50x	0.40x	0.37x	13.9x	9.4x	5.5x	4.5x	25.3x	14.7x	7.2x	5.8x
Limoneira Co	LMNR	14.94	62%	211.4	296.2	2.95x	2.96x	2.68x	N.A.	33.8x	19.8x	16.4x	N.A.	64.6x	29.4x	23.9x	N.A.
Inventure Foods Inc	SNAK	7.10	58%	139.2	246.2	N.A.	0.86x	0.76x	0.86x	N.A.	20.6x	10.6x	7.9x	N.A.	55.3x	16.2x	11.5x
Lifeway Foods Inc	LWAY	11.10	50%	181.0	181.1	1.52x	1.52x	1.40x	1.30x	28.1x	24.0x	13.0x	9.9x	53.2x	40.8x	16.6x	12.0x
Mean						1.8x	1.6x	1.5x	1.3x	20.7x	16.8x	12.2x	9.7x	33.3x	27.2x	16.2x	12.5x
Median						1.8x	1.6x	1.5x	1.4x	17.1x	16.7x	12.5x	10.2x	25.3x	22.5x	16.4x	12.2x

Tier II: Natural & Organic Food Retailers

Whole Foods Market Inc	WFM	33.50	58%	11,432.5	11,105.5	0.72x	0.69x	0.65x	0.60x	8.4x	8.3x	8.0x	7.5x	12.7x	13.1x	12.7x	12.2x
Sprouts Farmers Market Inc	SFM	26.59	69%	4,084.0	4,243.3	1.25x	1.19x	1.03x	0.88x	14.9x	14.2x	12.5x	10.9x	19.8x	18.7x	16.5x	14.4x
United Natural Foods Inc	UNFI	39.36	47%	1,980.6	2,467.9	0.30x	0.29x	0.27x	0.24x	8.0x	7.7x	7.2x	6.4x	10.3x	9.9x	9.2x	8.2x
Fresh Market Inc	TFM	23.42	56%	1,100.5	1,095.7	0.60x	0.59x	0.56x	0.51x	5.7x	5.7x	5.6x	5.3x	8.7x	8.8x	9.0x	8.3x
Natural Grocers By Vitamin Cottage Inc	NGVC	20.37	58%	458.3	483.0	0.77x	0.65x	0.54x	0.44x	9.7x	8.2x	6.9x	5.7x	16.9x	14.7x	12.4x	10.3x
Fairway Group Holdings Corp	FWM	0.66	8%	29.1	256.6	0.33x	0.33x	0.32x	0.29x	25.4x	6.9x	6.3x	5.5x	N.M.	N.M.	N.M.	58.0x
AMCON Distributing Co	DIT	80.07	91%	51.0	78.3	0.06x	N.A.	N.A.	N.A.	5.7x	N.A.	N.A.	N.A.	6.8x	N.A.	N.A.	N.A.
Mean						0.6x	0.6x	0.6x	0.5x	11.1x	8.5x	7.7x	6.9x	12.5x	13.0x	12.0x	18.6x
Median						0.6x	0.6x	0.5x	0.5x	8.4x	7.9x	7.1x	6.1x	11.5x	13.1x	12.4x	11.2x

EBITDA	Metric	Multiple range			Implied Enterprise Value			Implied equity value			Implied share price		
		Low	Mid	High	Low	Mid	High	Low	Mid	High	Low	Mid	High
LTM	43.1	14.3x	16.4x	21.5x	617.8	707.8	927.5	363.9	453.8	673.6	5.89	7.35	10.67
2015E	69.0	13.5x	14.8x	18.5x	933.8	1,021.5	1,279.1	679.8	767.6	1,025.2	10.75	11.97	15.55
2016E	77.9	11.6x	12.9x	15.5x	900.8	1,001.4	1,206.1	646.9	747.5	952.1	10.30	11.69	14.53
2017E	84.5	10.5x	11.8x	13.7x	883.7	994.7	1,157.8	629.7	740.7	903.9	10.06	11.60	13.86

EBIT	Metric	Multiple range			Implied Enterprise Value			Implied equity value			Implied share price		
		Low	Mid	High	Low	Mid	High	Low	Mid	High	Low	Mid	High
LTM	21.6	17.2x	22.7x	29.5x	372.2	489.5	636.3	118.3	235.6	382.4	1.92	3.82	6.19
2015E	40.9	16.2x	20.6x	24.4x	664.1	842.0	999.0	410.2	588.1	745.1	6.64	9.48	11.66
2016E	47.7	13.7x	17.8x	20.0x	654.2	847.9	953.5	400.2	594.0	699.5	6.48	9.56	11.03
2017E	54.6	12.4x	16.2x	17.4x	674.6	884.7	949.5	420.7	630.8	695.6	6.81	10.07	10.97

Sales	Metric	Multiple range			Implied Enterprise Value			Implied equity value			Implied share price		
		Low	Mid	High	Low	Mid	High	Low	Mid	High	Low	Mid	High
LTM	508.2	1.79x	2.02x	2.45x	909.4	1,024.2	1,246.2	655.5	770.2	992.3	10.42	12.01	15.09
2015E	512.7	1.75x	1.98x	2.37x	895.0	1,014.2	1,217.1	641.1	760.3	963.2	10.22	11.87	14.69
2016E	538.1	1.62x	1.95x	2.13x	870.0	1,048.9	1,144.4	616.0	794.9	890.4	9.87	12.35	13.68
2017E	560.0	1.50x	1.88x	1.99x	841.1	1,052.2	1,111.6	587.1	798.3	857.7	9.47	12.40	13.22

Annex 11. BDBD Precedent Transactions Analysis and Implied Valuation Range

Boulder Brands

Precedent Transactions Analysis and Implied Valuation Range

(\$ in millions, except per share data)

Date announced	Acquiror	Target	Transaction type	Purchase consideration	Equity value	Enterprise value	Enterprise value /			LTM EBITDA margin	Premiums paid		
							LTM sales	LTM EBITDA	LTM EBIT		Days prior to announcement		
										1	7	30	
29/05/2014	Tyson Foods	Hillshire Brands	Public/public	Cash	8,006.3	9,050.3	2.22x	14.7x	19.6x	15.1%	40%	77%	78%
28/10/2015	Snyder's Lance	Diamond Foods	Public/public	Cash/stock	1,298.8	1,942.4	2.31x	18.7x	25.8x	12.3%	16%	31%	33%
08/09/2014	General Mill	Annie's	Public/public	Cash	817.4	841.4	4.04x	37.9x	41.1x	10.7%	36%	44%	57%
09/06/2015	WhiteWave Foods	Vega	Public/private	Cash	NA	554.0	5.54x	NA	NA	NA	NM	NM	NM
07/08/2015	WhiteWave Foods	Wallaby Yogurt Company	Public/private	NA	NA	NA	2.72x	NA	NA	NA	NM	NM	NM
26/05/2015	Hormel Foods	Applegate Farms	Public/private	Cash	NA	NA	2.27x	NA	NA	NA	NM	NM	NM
Mean							3.18x	23.7x	28.8x	12.7%	31%	51%	56%
Median							2.51x	18.7x	25.8x	12.3%	36%	44%	57%
High							5.54x	37.9x	41.1x	15.1%	40%	77%	78%
Low							2.22x	14.7x	19.6x	10.7%	16%	31%	33%

EBITDA	Metric	Multiple range		Implied Enterprise Value		Implied equity value		Implied share price	
		Low	High	Low	High	Low	High	Low	High
LTM	43.1	18.7x	37.9x	805.1	1,633.6	551.1	1,379.7	8.93	20.47

EBIT	Metric	Multiple range		Implied Enterprise Value		Implied equity value		Implied share price	
		Low	High	Low	High	Low	High	Low	High
LTM	21.6	25.8x	41.1x	556.8	886.9	302.9	633.0	4.91	10.10

Sales	Metric	Multiple range		Implied Enterprise Value		Implied equity value		Implied share price	
		Low	High	Low	High	Low	High	Low	High
LTM	508.2	2.31x	4.04x	1,171.8	2,054.9	917.9	1,801.0	14.06	26.31

Annex 12. BDBD Weighted Average Cost of Capital Analysis

Boulder Brands (NASDAQ:BDBD)

Weighted Average Cost of Capital Analysis

(\$ in millions, fiscal year ending December 31)

WACC Calculation

Target Capital Structure

Debt-to-total capitalization	27.1%
Equity-to-total capitalization	72.9%

Cost of debt

Cost of debt	5.2%
Tax rate	35.0%
After tax cost of debt	3.4%

Cost of equity

Risk-free rate	2.2%
Market risk premium	6.18%
Levered beta	0.89
Cost of equity	7.8%

WACC

6.6%

Relevered beta

Mean unlevered beta	0.72
Target debt / equity	37.2%
Tax rate	35.0%
Relevered beta	0.89

Equity Risk Premium

Arithmetic average	6.18%
Geometric average	4.54%
(S&P500-10YR T.Bond) 1928 - 2015	

WACC sensitivity analysis

	MRP	
	4.54%	6.18%
WACC	5.5%	6.6%

Comparable Companies Unlevered Beta

Company	Levered beta	Net debt	Equity value	Debt/equity	Tax rate	Unlevered beta
WhiteWave Foods	1.09	2,188.0	7,007.2	31.2%	35.0%	0.91
Hain Celestial Group	0.87	709.8	4,201.4	16.9%	35.0%	0.78
Diamond Foods Inc	0.38	643.6	1,068.6	60.2%	35.0%	0.27
Calavo Growers Inc	0.69	33.8	851.8	4.0%	35.0%	0.67
SunOpta Inc	1.34	60.3	581.8	10.4%	35.0%	1.26
Inventure Foods Inc	0.78	107.0	139.2	76.8%	35.0%	0.52
Lifeway Foods Inc	0.62	0.1	181.0	0.1%	35.0%	0.62

Mean	0.82			28.5%		0.72
Median	0.78			16.9%		0.67

Target Capital Structure

	2012A	2013A	2014A	2015A
Fully diluted shares	60.766	62.871	60.891	63.394
Price per share	12.4	15.9	11.1	11.0
Equity value	755.3	997.1	673.5	696.1
Noncontrolling interest	-	1.4	1.3	0.8
Equity	755.3	998.5	674.7	696.8
<i>% total capitalization</i>	<i>78.1%</i>	<i>79.1%</i>	<i>72.4%</i>	<i>73.3%</i>
Total debt	232.9	296.2	305.2	288.9
Cash	(11.5)	(16.7)	(31.7)	(23.9)
Non-operating assets	(9.3)	(15.7)	(16.7)	(11.9)
Net debt	212.1	263.7	256.9	253.2
<i>% total capitalization</i>	<i>21.9%</i>	<i>20.9%</i>	<i>27.6%</i>	<i>26.7%</i>

Annex 13. BDBD Historical and Projected Income Statement

Boulder Brands Inc (NASDAQ:BDBD)				Select a scenario		1 Base case		1								
Integrated Model						Analyst driven		2								
(\$ in millions, fiscal year ending December 31)						Management driven		3								
Income Statement																
	Historical Period				Projection Period											
	2012A	2013A	2014A	LTM 30/10/2015	2015E	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	Steady state
Sales	369.6	461.3	516.6	508.2	539.0	569.5	606.9	650.3	698.6	745.7	790.5	831.9	869.0	900.7	926.2	944.7
Cost of goods sold	197.3	250.5	303.2	303.5	319.4	320.4	343.2	369.1	397.5	425.2	451.5	475.8	497.5	516.0	530.8	530.1
Selling, general & administrative	128.5	141.3	152.3	161.6	146.8	148.8	159.4	171.5	184.8	197.7	209.9	221.3	231.4	240.0	246.8	251.8
Operating expenses	325.8	391.8	455.4	465.1	466.2	469.2	502.6	540.6	582.3	622.9	661.4	697.1	728.9	756.0	777.6	781.9
EBITDA	43.8	69.5	61.2	43.1	72.8	100.3	104.3	109.7	116.3	122.8	129.0	134.8	140.1	144.7	148.6	162.8
Depreciation	4.1	6.2	8.6	9.0	9.3	9.8	10.4	11.2	12.0	12.8	13.6	14.3	15.0	15.5	15.9	18.9
Amortization	9.3	12.7	13.7	12.5	14.0	14.8	15.7	16.9	18.1	19.3	20.5	21.6	22.5	23.3	24.0	33.1
EBIT	30.4	50.7	38.9	21.6	49.6	75.8	78.1	81.6	86.2	90.6	94.9	99.0	102.6	105.9	108.6	110.8
Interest expense	15.0	24.5	18.1	16.7	17.7	18.7	20.0	21.4	23.0	24.5	26.0	27.3	28.6	29.6	30.4	31.1
Other expenses / (income)	7.4	7.2	155.7	5.6	-	-	-	-	-	-	-	-	-	-	-	-
Earnings before taxes	7.9	19.0	(134.9)	(0.7)	31.8	57.0	58.2	60.2	63.2	66.1	69.0	71.6	74.1	76.3	78.2	79.7
Income tax expense	3.7	8.8	(7.6)	(1.4)	14.5	25.3	25.2	25.5	26.1	26.6	27.0	27.3	27.5	27.5	27.4	27.9
Net income	4.2	10.3	(127.3)	0.8	17.4	31.7	32.9	34.8	37.1	39.5	41.9	44.3	46.6	48.8	50.8	51.8
Diluted shares	60.766	62.871	60.891	61.442	63.394	63.394	63.394	63.394	63.394	63.394	63.394	63.394	63.394	63.394	63.394	63.394
GAAP diluted EPS	0.07	0.16	(2.09)	0.01	0.27	0.50	0.52	0.55	0.59	0.62	0.66	0.70	0.74	0.77	0.80	0.82
Pro-forma reconciliation																
Amortization of intangibles	9.3	12.7	164.2	15.2	14.0	14.8	15.7	16.9	18.1	19.3	20.5	21.6	22.5	23.3	24.0	33.1
Stock-based compensation	11.5	9.1	9.4	9.1	9.1	9.1	9.1	9.1	9.1	9.1	9.1	9.1	9.1	9.1	9.1	9.1
Pro-forma earnings before taxes	28.7	40.8	38.7	23.6	54.9	80.9	83.0	86.2	90.4	94.6	98.6	102.3	105.7	108.7	111.3	121.9
Pro-forma net income	15.2	22.0	21.1	12.9	30.0	45.0	47.0	49.7	53.1	56.5	60.0	63.3	66.5	69.5	72.3	79.3
Pro-forma EPS	0.25	0.35	0.35	0.21	0.47	0.71	0.74	0.78	0.84	0.89	0.95	1.00	1.05	1.10	1.14	1.25

Annex 14. BDB Historical and Projected Income Statement Metrics

Income Statement metrics	Historical Period				Projection Period											Steady state
	2012A	2013A	2014A	LTM	2015E	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	
				30/10/2015												
Sales growth	N.A.	24.8%	12.0%	N.M.	4.3%	5.7%	6.6%	7.1%	7.4%	6.7%	6.0%	5.2%	4.5%	3.6%	2.8%	2.0%
Base case					4.3%	5.7%	6.6%	7.1%	7.4%	6.7%	6.0%	5.2%	4.5%	3.6%	2.8%	2.0%
Analyst driven					-0.8%	4.9%	4.1%	3.8%	3.6%	3.4%	3.1%	2.9%	2.7%	2.5%	2.2%	2.0%
Management driven					1.2%	4.0%	8.2%	9.6%	8.2%	5.6%	5.0%	4.4%	3.8%	3.2%	2.6%	2.0%
Cost of goods sold / sales	53.4%	54.3%	58.7%	59.7%	59.3%	56.3%	56.6%	56.8%	56.9%	57.0%	57.1%	57.2%	57.3%	57.3%	57.3%	56.1%
Base case					59.3%	56.3%	56.6%	56.8%	56.9%	57.0%	57.1%	57.2%	57.3%	57.3%	57.3%	56.1%
Analyst driven					N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Management driven					59.4%	57.4%	57.7%	57.3%	56.8%	56.1%	56.1%	56.1%	56.1%	56.1%	56.1%	56.1%
Selling, general & administrative / sales	34.8%	30.6%	29.5%	31.8%	27.2%	26.1%	26.3%	26.4%	26.4%	26.5%	26.6%	26.6%	26.6%	26.6%	26.7%	26.7%
Base case					27.2%	26.1%	26.3%	26.4%	26.4%	26.5%	26.6%	26.6%	26.6%	26.6%	26.7%	26.7%
Analyst driven					N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Management driven					28.5%	28.3%	27.8%	26.4%	26.0%	25.7%	25.7%	25.7%	25.7%	25.7%	25.7%	25.7%
Operating expenses / sales	88.1%	84.9%	88.2%	91.5%	86.5%	82.4%	82.8%	83.1%	83.4%	83.5%	83.7%	83.8%	83.9%	83.9%	84.0%	82.8%
Base case					86.5%	82.4%	82.8%	83.1%	83.4%	83.5%	83.7%	83.8%	83.9%	83.9%	84.0%	82.8%
Analyst driven					86.5%	85.5%	84.9%	84.9%	84.9%	84.9%	84.9%	84.9%	84.9%	84.9%	84.9%	84.9%
Management driven					87.9%	85.7%	85.5%	83.8%	82.8%	81.9%	81.9%	81.9%	81.9%	81.9%	81.9%	81.9%
EBITDA margin	11.9%	15.1%	11.8%	8.5%	13.5%	17.6%	17.2%	16.9%	16.6%	16.5%	16.3%	16.2%	16.1%	16.1%	16.0%	17.2%
Base case					13.5%	17.6%	17.2%	16.9%	16.6%	16.5%	16.3%	16.2%	16.1%	16.1%	16.0%	17.2%
Analyst driven					13.5%	14.5%	15.1%	15.1%	15.1%	15.1%	15.1%	15.1%	15.1%	15.1%	15.1%	15.1%
Management driven					12.1%	14.3%	14.5%	16.2%	17.2%	18.1%	18.1%	18.1%	18.1%	18.1%	18.1%	18.1%
Depreciation / sales	1.1%	1.3%	1.7%	1.8%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	2.0%
Base case					1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	2.0%
Analyst driven					1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.9%
Management driven					1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	2.0%
Amortization / sales	2.5%	2.7%	2.6%	2.5%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	3.5%
Base case					2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	3.5%
Analyst driven					2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	3.3%
Management driven					2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	3.4%
EBIT margin	8.2%	11.0%	7.5%	4.3%	9.2%	13.3%	12.9%	12.6%	12.3%	12.2%	12.0%	11.9%	11.8%	11.8%	11.7%	11.7%
Base case					9.2%	13.3%	12.9%	12.6%	12.3%	12.2%	12.0%	11.9%	11.8%	11.8%	11.7%	11.7%
Analyst driven					9.1%	10.2%	10.8%	10.8%	10.8%	10.8%	10.8%	10.8%	10.8%	10.8%	10.8%	9.9%
Management driven					7.8%	10.0%	10.2%	11.9%	12.9%	13.8%	13.8%	13.8%	13.8%	13.8%	13.8%	12.7%
Interest expense / debt	6.5%	8.3%	5.9%	5.8%	5.8%	5.8%	5.8%	5.8%	5.8%	5.8%	5.8%	5.8%	5.8%	5.8%	5.8%	5.8%
Effective tax rate	47.0%	46.0%	5.7%	212.8%	45.4%	44.4%	43.3%	42.3%	41.3%	40.2%	39.2%	38.1%	37.1%	36.0%	35.0%	35.0%
Profit margin	1.1%	2.2%	-24.6%	0.2%	3.2%	5.6%	5.4%	5.3%	5.3%	5.3%	5.3%	5.3%	5.4%	5.4%	5.5%	5.5%

Annex 15. BDBD Historical and Projected Balance Sheet

Balance Sheet	Historical Period				Projection Period											Steady state
	2012A	2013A	2014A	9M	2015E	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	
				30/10/2015												
Cash and cash equivalents	11.5	16.7	31.7	23.9	70.6	113.1	156.0	200.8	248.2	298.0	350.1	404.5	461.1	519.8	580.4	650.1
Accounts receivable	33.6	48.2	44.8	47.2	50.5	53.4	56.9	61.0	65.5	69.9	74.1	78.0	81.4	84.4	86.8	88.5
Inventories	25.3	35.9	52.9	63.4	52.3	52.4	56.2	60.4	65.1	69.6	73.9	77.9	81.4	84.5	86.9	86.8
Prepays and other current assets	5.0	9.4	10.8	11.3	11.4	12.1	12.8	13.8	14.8	15.8	16.7	17.6	18.4	19.1	19.6	20.0
Accounts payable	21.4	29.7	29.0	35.2	35.0	35.1	37.6	40.5	43.6	46.6	49.5	52.2	54.6	56.6	58.2	58.1
Accrued liabilities	39.3	37.6	24.8	31.5	40.1	42.4	45.2	48.4	52.0	55.5	58.9	61.9	64.7	67.1	69.0	70.3
Net working capital	3.2	26.2	54.7	55.1	39.1	40.3	43.1	46.2	49.7	53.1	56.4	59.3	62.0	64.3	66.1	66.8
Deferred tax assets	6.2	5.8	6.7	10.4	10.4	10.4	10.4	10.4	10.4	10.4	10.4	10.4	10.4	10.4	10.4	10.4
Total current assets	20.9	48.7	93.1	89.4	120.0	163.8	209.4	257.5	308.3	361.5	416.9	474.3	533.5	594.5	656.9	727.3
Property, plant and equipment, net	31.2	51.4	53.2	59.1	62.7	66.3	70.6	75.7	81.3	86.8	92.0	96.8	101.1	104.8	107.8	108.2
Goodwill	322.2	347.2	233.6	229.6	229.6	229.6	229.6	229.6	229.6	229.6	229.6	229.6	229.6	229.6	229.6	229.6
Intangible assets, net	233.7	242.3	191.4	181.2	192.2	203.0	216.4	231.8	249.1	265.8	281.8	296.6	309.8	321.1	330.2	330.9
Investments	-	8.8	11.8	9.8	9.8	9.8	9.8	9.8	9.8	9.8	9.8	9.8	9.8	9.8	9.8	9.8
Deferred tax assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	13.3	9.8	9.8	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5
Total assets	621.3	708.2	592.8	577.6	622.7	680.9	744.3	812.8	886.5	962.0	1,038.5	1,115.5	1,192.3	1,268.2	1,342.7	1,414.2
Total debt	232.9	296.2	305.2	288.9	306.4	323.7	345.0	369.7	397.2	423.9	449.4	473.0	494.0	512.1	526.5	537.1
Deferred tax liabilities	48.9	52.9	41.5	41.2	41.2	41.2	41.2	41.2	41.2	41.2	41.2	41.2	41.2	41.2	41.2	41.2
Other long-term liabilities	4.0	2.8	4.9	6.4	6.4	6.4	6.4	6.4	6.4	6.4	6.4	6.4	6.4	6.4	6.4	6.4
Total liabilities	285.8	351.8	351.7	336.5	354.0	371.4	392.6	417.3	444.8	471.5	497.0	520.6	541.6	559.7	574.1	584.7
Noncontrolling interest	-	1.4	1.3	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Preferred stock	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Common stock	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Retained earnings	(196.8)	(186.3)	(313.4)	(314.6)	(286.9)	(246.1)	(204.0)	(160.1)	(113.8)	(65.2)	(14.1)	39.3	95.1	153.0	212.9	273.9
Other	532.2	541.3	553.3	554.8	554.8	554.8	554.8	554.8	554.8	554.8	554.8	554.8	554.8	554.8	554.8	554.8
Total liabilities and equity	621.3	708.2	592.8	577.6	622.7	680.9	744.3	812.8	886.5	962.0	1,038.5	1,115.5	1,192.3	1,268.2	1,342.7	1,414.2

Annex 16. BDBD Historical and Projected Balance Sheet Metrics

Balance Sheet metrics	Historical Period				Projection Period												
				9M													Steady state
	2012A	2013A	2014A	30/10/2015	2015E	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E		
Accounts receivable DSO	33.2	38.1	31.6	33.9	34.2	34.2	34.2	34.2	34.2	34.2	34.2	34.2	34.2	34.2	34.2	34.2	
Inventories DIH	46.8	52.3	63.7	76.2	59.7	59.7	59.7	59.7	59.7	59.7	59.7	59.7	59.7	59.7	59.7	59.7	
Prepaid expenses and other assets / sales	1.3%	2.0%	2.1%	2.2%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	
Accounts payable DPO	39.6	43.3	34.9	42.3	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	
Accrued liabilities / sales	10.6%	8.2%	4.8%	6.2%	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%	
Net working capital / sales	0.9%	5.7%	10.6%	10.9%	7.2%	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%	
Net PP&E / sales	8.4%	11.1%	10.3%	11.6%	11.6%	11.6%	11.6%	11.6%	11.6%	11.6%	11.6%	11.6%	11.6%	11.6%	11.6%	11.5%	
Intangibles assets net / sales	63.2%	52.5%	37.0%	35.7%	35.7%	35.7%	35.7%	35.7%	35.7%	35.7%	35.7%	35.7%	35.7%	35.7%	35.7%	35.0%	
Total debt / sales	63.0%	64.2%	59.1%	56.9%	56.9%	56.9%	56.9%	56.9%	56.9%	56.9%	56.9%	56.9%	56.9%	56.9%	56.9%	56.9%	
ROIC w/o goodwill	7.4%	10.3%	8.4%	4.8%	11.0%	15.9%	15.4%	15.0%	14.7%	14.5%	14.3%	14.2%	14.1%	14.0%	14.0%	14.2%	
Base case					11.0%	15.9%	15.4%	15.0%	14.7%	14.5%	14.3%	14.2%	14.1%	14.0%	14.0%	14.2%	
Analyst driven					10.9%	12.1%	12.9%	12.9%	12.9%	12.9%	12.9%	12.9%	12.9%	12.9%	12.9%	12.0%	
Management driven					9.3%	12.0%	12.2%	14.2%	15.4%	16.5%	16.5%	16.5%	16.5%	16.5%	16.5%	15.5%	
ROIC w / goodwill	3.3%	4.9%	4.7%	2.7%	6.2%	9.1%	9.1%	9.1%	9.2%	9.3%	9.4%	9.4%	9.5%	9.6%	9.6%	9.8%	
Base case					6.2%	9.1%	9.1%	9.1%	9.2%	9.3%	9.4%	9.4%	9.5%	9.6%	9.6%	9.8%	
Analyst driven					6.0%	6.8%	7.3%	7.5%	7.6%	7.7%	7.8%	7.9%	7.9%	8.0%	8.1%	7.5%	
Management driven					5.1%	6.7%	7.1%	8.6%	9.6%	10.5%	10.7%	10.9%	11.0%	11.1%	11.2%	10.5%	

Annex 17. BDBD Historical and Projected Cash Flow Statement

Cash Flow Statement	Historical Period				Projection Period											Steady state
	2012A	2013A	2014A	LTM 30/10/2015	2015E	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	
Operating Activities																
Net income	4.2	10.3	(127.3)	0.8	17.4	31.7	32.9	34.8	37.1	39.5	41.9	44.3	46.6	48.8	50.8	51.8
Plus: depreciation & amortization	13.5	18.8	22.3	21.5	23.2	24.6	26.2	28.0	30.1	32.2	34.1	35.9	37.5	38.8	39.9	52.0
Plus: stock-based compensation	11.5	9.1	9.4	9.1	9.1	9.1	9.1	9.1	9.1	9.1	9.1	9.1	9.1	9.1	9.1	9.1
Plus: other	(4.3)	10.7	135.8	(3.1)	(4.0)	-	-	-	-	-	-	-	-	-	-	-
Changes in working capital items																
(Inc.) / dec. In accounts receivable	(4.0)	(13.0)	4.9	13.9	(5.7)	(2.9)	(3.5)	(4.1)	(4.5)	(4.4)	(4.2)	(3.9)	(3.5)	(3.0)	(2.4)	(1.7)
(Inc.) / dec. In inventories	(2.7)	(5.7)	(17.5)	(12.4)	0.6	(0.2)	(3.7)	(4.2)	(4.7)	(4.5)	(4.3)	(4.0)	(3.6)	(3.0)	(2.4)	0.1
(Inc.) / dec. In prepaid and other current assets	(1.1)	0.5	1.8	7.4	(0.6)	(0.6)	(0.8)	(0.9)	(1.0)	(1.0)	(0.9)	(0.9)	(0.8)	(0.7)	(0.5)	(0.4)
Inc. / (dec.) in accounts payable and accrued liabilities	10.5	3.0	(10.4)	(0.7)	21.4	2.4	5.3	6.1	6.7	6.5	6.2	5.8	5.1	4.4	3.5	1.3
(Inc.) / dec. In net working capital	2.7	(15.3)	(21.1)	8.3	15.7	(1.3)	(2.7)	(3.2)	(3.5)	(3.4)	(3.2)	(3.0)	(2.7)	(2.3)	(1.8)	(0.7)
Cash flow from operating activities	27.6	33.6	19.1	36.6	61.4	64.1	65.5	68.8	72.9	77.4	81.9	86.3	90.5	94.5	98.1	112.2
Investing activities																
Capital expenditures	(8.0)	(24.0)	(11.7)	(16.5)	(18.8)	(13.3)	(14.8)	(16.2)	(17.6)	(18.3)	(18.8)	(19.1)	(19.3)	(19.2)	(18.9)	(19.3)
Intangibles expenditures	NM	NM	NM	NM	(14.7)	(25.6)	(29.1)	(32.3)	(35.3)	(36.1)	(36.5)	(36.3)	(35.7)	(34.6)	(33.1)	(33.7)
Other investing activities	(131.3)	(65.6)	(4.6)	2.6	7.3	-	-	-	-	-	-	-	-	-	-	-
Cash flow from investing activities	(139.3)	(89.6)	(16.4)	(13.9)	(26.2)	(39.0)	(43.9)	(48.6)	(53.0)	(54.4)	(55.3)	(55.5)	(55.0)	(53.8)	(52.0)	(53.0)
Financing activities																
Debt issuance / (repayment)	115.5	57.5	5.9	(19.0)	1.2	17.3	21.3	24.7	27.5	26.8	25.5	23.6	21.1	18.0	14.5	10.5
Minority interest	-	0.9	0.0	(0.4)	(0.5)	-	-	-	-	-	-	-	-	-	-	-
Equity issuance / (repurchase)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	(0.3)	2.9	6.3	1.7	3.1	-	-	-	-	-	-	-	-	-	-	-
Cash flow from financing activities	115.2	61.3	12.2	(17.6)	3.7	17.3	21.3	24.7	27.5	26.8	25.5	23.6	21.1	18.0	14.5	10.5
Excess cash for the period	3.5	5.2	14.9	5.0	38.9	42.5	42.9	44.9	47.4	49.8	52.1	54.4	56.6	58.7	60.5	69.7
Beginning cash balance	8.0	11.5	16.7	31.7	31.7	70.6	113.1	156.0	200.8	248.2	298.0	350.1	404.5	461.1	519.8	580.4
Ending cash balance	11.5	16.7	31.7	36.6	70.6	113.1	156.0	200.8	248.2	298.0	350.1	404.5	461.1	519.8	580.4	650.1

Annex 18. BDBD Historical and Projected Cash Flow Statement Metrics

Cash Flow Statement metrics																	
	Historical Period				Projection Period												Steady state
	2012A	2013A	2014A	LTM 30/10/2015	2015E	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E		
Capex / sales	2.2%	5.2%	2.3%	3.2%	3.5%	2.3%	2.4%	2.5%	2.5%	2.5%	2.4%	2.3%	2.2%	2.1%	2.0%	2.0%	
Base case					3.5%	2.3%	2.4%	2.5%	2.5%	2.5%	2.4%	2.3%	2.2%	2.1%	2.0%	2.0%	
Analyst driven					3.0%	2.3%	2.2%	2.2%	2.1%	2.1%	2.1%	2.1%	2.0%	2.0%	2.0%	2.0%	
Management driven					3.2%	2.2%	2.6%	2.7%	2.6%	2.3%	2.3%	2.2%	2.1%	2.1%	2.0%	2.0%	
Depreciation / capex	51.6%	25.7%	73.4%	54.8%	49.2%	73.4%	70.6%	68.9%	68.1%	70.1%	72.3%	74.8%	77.6%	80.8%	84.3%	98.0%	
Base case					49.2%	73.4%	70.6%	68.9%	68.1%	70.1%	72.3%	74.8%	77.6%	80.8%	84.3%	98.0%	
Analyst driven					57.5%	75.8%	79.1%	80.0%	80.9%	81.9%	82.9%	83.9%	85.0%	86.0%	87.1%	98.0%	
Management driven					53.8%	79.4%	66.2%	62.7%	66.0%	73.5%	75.6%	77.7%	80.1%	82.6%	85.3%	98.0%	
Intangibles expenditures / sales	NM	NM	NM	NM	2.7%	4.5%	4.8%	5.0%	5.1%	4.8%	4.6%	4.4%	4.1%	3.8%	3.6%	3.6%	
Base case					2.7%	4.5%	4.8%	5.0%	5.1%	4.8%	4.6%	4.4%	4.1%	3.8%	3.6%	3.6%	
Analyst driven					0.9%	4.3%	4.0%	3.9%	3.8%	3.8%	3.7%	3.6%	3.5%	3.4%	3.4%	3.4%	
Management driven					1.6%	4.0%	5.3%	5.7%	5.3%	4.5%	4.3%	4.1%	3.9%	3.7%	3.5%	3.5%	
Amortization / intangibles expenditures	NM	NM	NM	NM	94.9%	57.6%	54.1%	52.1%	51.2%	53.5%	56.2%	59.3%	63.0%	67.4%	72.6%	98.0%	
Base case					94.9%	57.6%	54.1%	52.1%	51.2%	53.5%	56.2%	59.3%	63.0%	67.4%	72.6%	98.0%	
Analyst driven					283.5%	60.7%	65.0%	66.3%	67.6%	69.0%	70.4%	71.9%	73.5%	75.2%	76.9%	98.0%	
Management driven					157.4%	65.4%	49.1%	45.3%	48.9%	57.7%	60.3%	63.2%	66.4%	70.0%	74.1%	98.0%	
Reinvestment rate	NM	NM	NM	NM	-16.6%	31.9%	40.3%	44.6%	47.0%	43.5%	39.6%	35.1%	30.3%	25.1%	19.6%	2.5%	
Base case					-16.6%	31.9%	40.3%	44.6%	47.0%	43.5%	39.6%	35.1%	30.3%	25.1%	19.6%	2.5%	
Analyst driven					-67.0%	38.8%	30.3%	28.7%	27.0%	25.3%	23.7%	22.0%	20.3%	18.6%	16.9%	3.8%	
Management driven					-52.9%	30.5%	62.1%	61.7%	49.1%	31.9%	29.0%	25.6%	22.2%	18.8%	15.4%	3.0%	

Annex 19. BDBD Base Case

Boulder Brands Inc (NASDAQ:BDBD)

Base Case Scenario

(\$ in millions, fiscal year ending December 31)

	Historical Period				Projection Period											Steady state
	2012A	2013A	2014A	LTM 30/10/2015	2015E	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	
Sales																
Natural	122.7	237.5	314.4	323.9	351.5	391.4	433.5	477.5	522.3	565.9	607.1	644.9	678.2	706.1	727.7	742.2
% growth	NA	93.6%	32.4%	NA	11.8%	11.3%	10.8%	10.1%	9.4%	8.3%	7.3%	6.2%	5.2%	4.1%	3.1%	2.0%
Balance	247.0	223.9	202.3	184.3	187.5	178.1	173.4	172.8	176.3	179.8	183.4	187.0	190.8	194.6	198.5	202.5
% growth	NA	-9.4%	-9.7%	NA	-7.3%	-5.0%	-2.7%	-0.3%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Total sales	369.6	461.3	516.6	508.2	539.0	569.5	606.9	650.3	698.6	745.7	790.5	831.9	869.0	900.7	926.2	944.7
% growth	NA	24.8%	12.0%		4.3%	5.7%	6.6%	7.1%	7.4%	6.7%	6.0%	5.2%	4.5%	3.6%	2.8%	2.0%
COGS																
Natural	78.7	151.1	217.1	226.2	242.8	250.1	277.0	305.1	333.8	361.6	387.9	412.0	433.3	451.2	464.9	474.2
% sales	64.2%	63.6%	69.1%	69.8%	69.1%	63.9%	63.9%	63.9%	63.9%	63.9%	63.9%	63.9%	63.9%	63.9%	63.9%	63.9%
Balance	132.0	118.2	108.4	98.8	99.9	94.9	92.4	92.1	93.9	95.8	97.7	99.7	101.6	103.7	105.8	107.9
% sales	53.4%	52.8%	53.6%	53.6%	53.3%	53.3%	53.3%	53.3%	53.3%	53.3%	53.3%	53.3%	53.3%	53.3%	53.3%	53.3%
Total COGS	210.7	269.3	325.5	325.0	342.6	345.0	369.4	397.2	427.7	457.4	485.6	511.7	535.0	554.8	570.7	582.1
Depreciation	4.1	6.2	8.6	9.0	9.3	9.8	10.4	11.2	12.0	12.8	13.6	14.3	15.0	15.5	15.9	18.9
% sales	1.1%	1.3%	1.7%	1.8%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	2.0%
Amortization	9.3	12.7	13.7	12.5	14.0	14.8	15.7	16.9	18.1	19.3	20.5	21.6	22.5	23.3	24.0	33.1
% sales	2.5%	2.7%	2.6%	2.5%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	3.5%
Total COGS excl. D&A	197.2	250.5	303.2	303.5	319.4	320.4	343.2	369.1	397.5	425.2	451.5	475.8	497.5	516.0	530.8	530.1
% sales	53.4%	54.3%	58.7%	59.7%	59.3%	56.3%	56.6%	56.8%	56.9%	57.0%	57.1%	57.2%	57.3%	57.3%	57.3%	56.1%
Marketing, selling & royalty expense (income)																
Natural	17.8	33.5	43.9	49.0	50.7	56.5	62.6	68.9	75.4	81.7	87.6	93.0	97.9	101.9	105.0	107.1
% sales	14.5%	14.1%	14.0%	15.1%	14.4%	14.4%	14.4%	14.4%	14.4%	14.4%	14.4%	14.4%	14.4%	14.4%	14.4%	14.4%
Balance	44.9	30.9	20.2	16.7	17.0	16.1	15.7	15.6	16.0	16.3	16.6	16.9	17.3	17.6	18.0	18.3
% sales	18.2%	13.8%	10.0%	9.1%	9.1%	9.1%	9.1%	9.1%	9.1%	9.1%	9.1%	9.1%	9.1%	9.1%	9.1%	9.1%
Total MS&R	62.7	64.4	64.1	65.7	67.7	72.6	78.3	84.5	91.3	97.9	104.2	110.0	115.1	119.5	123.0	125.4
Brand profit																
Natural	26.2	52.9	53.4	48.7	58.0	84.8	94.0	103.5	113.2	122.7	131.6	139.8	147.0	153.0	157.7	160.9
% margin	21.3%	22.3%	17.0%	15.0%	16.5%	21.7%	21.7%	21.7%	21.7%	21.7%	21.7%	21.7%	21.7%	21.7%	21.7%	21.7%
Balance	70.0	74.7	73.7	68.8	70.6	67.1	65.3	65.1	66.4	67.7	69.1	70.5	71.9	73.3	74.8	76.3
% margin	28.4%	33.4%	36.4%	37.3%	37.7%	37.7%	37.7%	37.7%	37.7%	37.7%	37.7%	37.7%	37.7%	37.7%	37.7%	37.7%
G&A excluding royalty expense	65.8	76.9	88.2	95.9	79.1	76.2	81.2	87.0	93.4	99.7	105.7	111.3	116.2	120.5	123.9	126.4
% sales	17.8%	16.7%	17.1%	17.2%	14.7%	13.4%	13.4%	13.4%	13.4%	13.4%	13.4%	13.4%	13.4%	13.4%	13.4%	13.4%
SG&A																
SG&A	128.6	141.3	152.2	161.6	146.8	148.8	159.4	171.5	184.8	197.7	209.9	221.3	231.4	240.0	246.8	251.8
% sales	34.8%	30.6%	29.5%	31.8%	27.2%	26.1%	26.3%	26.4%	26.4%	26.5%	26.6%	26.6%	26.6%	26.6%	26.7%	26.7%
EBITDA	43.8	69.5	61.2	43.1	72.8	100.3	104.3	109.7	116.3	122.8	129.0	134.8	140.1	144.7	148.6	162.8
% margin	11.9%	15.1%	11.8%	8.5%	13.5%	17.6%	17.2%	16.9%	16.6%	16.5%	16.3%	16.2%	16.1%	16.1%	16.0%	17.2%
Gluten-free US market																
Gluten-free market sales	541.9	726.1	973.0	NA	1,159.8	1,382.5	1,647.9	1,964.3	2,341.5	NA	NA	NA	NA	NA	NA	NA
% growth	34.0%	34.0%	34.0%	NA	19.2%	19.2%	19.2%	19.2%	19.2%	NA	NA	NA	NA	NA	NA	NA
BDBD market share	22.6%	32.7%	32.3%	NA	30.3%	28.3%	26.3%	24.3%	22.3%	NA	NA	NA	NA	NA	NA	NA

Annex 20. BDBD Discounted Cash Flow Analysis

Boulder Brands Inc (NASDAQ:BDBD)

Discounted Cash Flow Analysis

(\$ in millions, fiscal year ending December 31)

Selected scenario: Base case

	Historical period			CAGR ('12 - '14)	2015E	Projected period										Steady state	CAGR ('15 - '25)
	2012A	2013A	2014A			2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E		
Sales	369.6	461.3	516.6	18.2%	539.0	569.5	606.9	650.3	698.6	745.7	790.5	831.9	869.0	900.7	926.2	944.7	5.6%
% growth	N.A.	24.8%	12.0%		4.3%	5.7%	6.6%	7.1%	7.4%	6.7%	6.0%	5.2%	4.5%	3.6%	2.8%	2.0%	
Operating expenses	325.8	391.8	455.4		466.2	469.2	502.6	540.6	582.3	622.9	661.4	697.1	728.9	756.0	777.6	781.9	
EBITDA	43.8	69.5	61.2	18.2%	72.8	100.3	104.3	109.7	116.3	122.8	129.0	134.8	140.1	144.7	148.6	162.8	7.4%
% margin	11.9%	15.1%	11.8%		13.5%	17.6%	17.2%	16.9%	16.6%	16.5%	16.3%	16.2%	16.1%	16.1%	16.0%	17.2%	
Depreciation & amortization	13.5	18.8	22.3		23.2	24.6	26.2	28.0	30.1	32.2	34.1	35.9	37.5	38.8	39.9	52.0	
EBIT	30.4	50.7	38.9	13.1%	49.6	75.8	78.1	81.6	86.2	90.6	94.9	99.0	102.6	105.9	108.6	110.8	8.2%
% margin	8.2%	11.0%	7.5%		9.2%	13.3%	12.9%	12.6%	12.3%	12.2%	12.0%	11.9%	11.8%	11.8%	11.7%	11.7%	
Taxes	10.6	17.7	13.6		17.3	26.5	27.3	28.6	30.2	31.7	33.2	34.6	35.9	37.1	38.0	38.8	
EBIAT	19.7	33.0	25.3	13.1%	32.2	49.2	50.8	53.0	56.0	58.9	61.7	64.3	66.7	68.8	70.6	72.0	8.2%
Plus: depreciation & amortization						24.6	26.2	28.0	30.1	32.2	34.1	35.9	37.5	38.8	39.9	52.0	
Less: capital expenditures						(39.0)	(43.9)	(48.6)	(53.0)	(54.4)	(55.3)	(55.5)	(55.0)	(53.8)	(52.0)	(53.0)	
Less: (inc.) / dec. In net working capital						(1.3)	(2.7)	(3.2)	(3.5)	(3.4)	(3.2)	(3.0)	(2.7)	(2.3)	(1.8)	(0.7)	
Unlevered free cash flow						33.5	30.3	29.4	29.7	33.3	37.3	41.7	46.5	51.6	56.7	70.2	
WACC	6.6%																
Discount period						0.5	1.5	2.5	3.5	4.5	5.5	6.5	7.5	8.5	9.5		
Discount factor						0.97	0.91	0.85	0.80	0.75	0.70	0.66	0.62	0.58	0.55		
Present value of free cash flow						32.5	27.6	25.1	23.8	25.0	26.3	27.6	28.9	30.0	31.0		

Enterprise value	
Cumulative present value of FCF	277.5
Perpetuity growth rate	2.0%
Terminal value	1,535.3
Discount factor	0.55
Present value of terminal value	838.5
% of enterprise value	75.1%
Enterprise value	1,116.0

Implied equity value	
Enterprise value	1,116.0
Less: total debt	(288.9)
Less: noncontrolling interest	(0.8)
Plus: cash and cash equivalents	23.9
Plus: non-operating assets	11.9
Implied equity value	862.1

Implied share price				
Options/warrants				
	Number of shares	Exercise Price	In-the-money shares	
			Proceeds	
Tranche	10,328	9.22	10,328	95.2
Basic shares outstanding				61,739
Plus: shares from in-the-money options				10,328
Less: shares repurchased				(7,169)
Fully diluted shares outstanding				64,898
Implied share price				13.28

Enterprise value sensitivity analysis				
		Growth rate		
		1.8%	2.0%	2.2%
WACC	5.5%	1,417.9	1,495.3	1,601.1
	6.6%	1,072.2	1,116.0	1,174.2

Implied equity value sensitivity analysis				
		Growth rate		
		1.8%	2.0%	2.2%
WACC	5.5%	1,163.9	1,241.4	1,347.2
	6.6%	818.2	862.1	920.3

Implied share price sensitivity analysis				
		Growth rate		
		1.8%	2.0%	2.2%
WACC	5.5%	17.47	18.55	20.02
	6.6%	12.68	13.28	14.09

Annex 21. Merger Model Synergy Analysis

Merger Model

Synergy Analysis

(\$ in millions, except per share data, calendar year)

Synergy Benchmark

Acquirer	Target	Annual revenue synergies	% of target LTM sales	Annual cost synergies	% of target LTM sales
Heinz	Kraft	-	0.0%	1,500.0	8.3%
Tyson Foods Inc	Hillshire Brands Co	-	0.0%	362.5	8.9%
Snyder's Lance	Diamond Foods	-	0.0%	75.0	8.7%
General Mills	Annie's	10.2	5.0%	10.2	5.0%

Min	5.0%
Mean	7.7%
Max	8.9%

Synergy Valuation

	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
Inflation rate	1.6%	2.3%	2.4%	1.5%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%
Cost savings	39.2	40.1	41.0	41.6	42.4	43.2	43.9	44.7	45.5	46.4
Cost associated with synergies	(39.2)	(30.1)	(20.5)	-	-	-	-	-	-	-
Pre-tax synergies	-	10.0	20.5	41.6	42.4	43.2	43.9	44.7	45.5	46.4
Taxes	-	3.5	7.2	14.6	14.8	15.1	15.4	15.7	15.9	16.2
Free cash flow	-	6.5	13.3	27.1	27.6	28.1	28.6	29.1	29.6	30.1
WACC	6.0%									
Discount period	0.5	1.5	2.5	3.5	4.5	5.5	6.5	7.5	8.5	9.5
Discount factor	0.97	0.92	0.86	0.82	0.77	0.73	0.68	0.65	0.61	0.57
Present value of free cash flow	-	6.0	11.5	22.1	21.2	20.4	19.6	18.8	18.0	17.3

Present value of synergies	
Cumulative present value of FCF	154.8
Terminal value	
Terminal year free cash flow	30.1
Perpetuity growth rate	1.8%
Terminal value	730.3
Discount factor	0.57
Present value of terminal value	419.8
Total synergy value	574.7
Shares outstanding	61.739
Implied synergy per share	9.31

Synergy value sensitivity analysis				
		% of target LTM sales		
		5.0%	7.7%	8.9%
WACC	5.5%	425.7	656.2	755.5
	6.0%	372.8	574.7	661.6
	6.6%	324.9	500.8	576.6

Implied synergy per share sensitivity analysis				
		% of target LTM sales		
		5.0%	7.7%	8.9%
WACC	5.5%	6.89	10.63	12.24
	6.0%	6.04	9.31	10.72
	6.6%	5.26	8.11	9.34

Annex 22. Merger Model Transaction Assumptions

Merger Model

Transaction Assumptions

(\$ in millions, except per share data)

Buyer Assumptions - Hain Celestial Group Inc

Name	Hain Celestial Group Inc
Ticker	HAIN
Fiscal year end	Jun-30
Intrinsic value per share	56.24
Share price (31-12-2015)	40.39
Fully diluted shares outstanding	104.021
Equity value	4,201.4
Enterprise value	4,911.2
Tax rate	35.0%
Minimum cash balance / sales	3.0%

Seller Assumptions - Boulder Brands Inc

Name	Boulder Brands Inc
Ticker	BDBD
Fiscal year end	Dec-31
Intrinsic value per share	13.28
Share price (31-12-2015)	10.98
Fully diluted shares outstanding	63.394
Equity value	696.1
Enterprise value	950.0
Tax rate	35.0%

Sources & Uses

Sources

Term loan A	687.5
High-yield debt	458.4
Stock issuance	-
Cash on hand	114.5
Total sources	1,260.3

Uses

Equity purchase price	958.8
Transaction fees	1.2
Capitalized financing fees	11.5
Debt refinanced	288.9
Total uses	1,260.3

Purchase Price Allocation

Goodwill calculation

Equity purchase price	958.8
Less: seller book value	(268.5)
Plus: write-off of existing goodwill	229.6
Total goodwill created	919.8

Transaction Structure & Assumptions - Scenarios

Select scenario

1

	%	Amount	Period
Financing fees	1.0%	11.5	10
Advisory fees	0.1%	1.0	NA
Legal & misc. fees		0.2	NA

Scenario

Selected Scenario

1

	Cash for stock			Stock for stock	
	1	2	3	4	5
	14.63	14.63	14.63	14.63	14.63
	958.8	958.8	958.8	958.8	958.8
	33.2%	33.2%	33.2%	33.2%	33.2%
	288.9	288.9	288.9	288.9	288.9
	11.5	6.6	1.8	1.8	6.6
	1.2	1.2	1.2	1.2	1.2
	60.8	60.8	60.8	60.8	60.8
	53.6	53.6	53.6	53.6	53.6
Funds required	1,145.9	1,141.0	1,136.2	1,136.2	1,141.0

Per-share purchase price	14.63
Equity purchase price	958.8
Implied premium	33.2%
Refinanced debt	288.9
Financing fees	11.5
Transaction fees	1.2
Buyer cash on hand	60.8
Seller cash on hand	53.6
Funds required	1,145.9
% Debt	100.0%
% Term loan A	60.0%
% High-yield	40.0%
% Stock	0.0%
Debt used	1,145.9
Term loan A	687.5
High-yield	458.4
Stock used	-
Common shares issued	-
Foregone cash interest rate	0.3%
Term loan A interest rate	L + 400
High-yield debt interest rate	11.0%
Exchange ratio	-
Buyer ownership	100.0%
Seller ownership	0.0%

	100.0%	58.0%	15.6%	15.6%	58.0%
	60.0%	60.0%	100.0%	100.0%	60.0%
	40.0%	40.0%	0.0%	0.0%	40.0%
	0.0%	42.0%	84.4%	84.4%	42.0%
	1,145.9	661.6	177.4	177.4	661.6
	687.5	397.0	177.4	177.4	397.0
	458.4	264.7	-	-	264.7
	-	479.4	958.8	958.8	479.4
	-	11.869	23.738	17.047	8.523
	0.3%	0.3%	0.3%	0.3%	0.3%
	L + 400	L + 300	L + 275	L + 275	L + 300
	11.0%	10.0%	0.0%	0.0%	10.0%
	-	-	-	0.26	0.26
	100.0%	100.0%	100.0%	85.9%	92.4%
	0.0%	0.0%	0.0%	14.1%	7.6%

Annex 23. Merger Model Combined Income Statement

Merger Model

Combined Financial Statements

(\$ in millions, except per share data, calendar year)

Selected scenario:

Cash for stock; 100% debt

Combined Income Statement & Pro-Forma Adjustments

	Projection Period									
	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
Buyer + seller EBIT	447.3	489.1	526.1	566.7	600.9	626.9	650.8	672.5	691.4	707.3
Cost synergies	-	10.0	20.5	41.6	42.4	43.2	43.9	44.7	45.5	46.4
EBIT	447.3	499.1	546.6	608.3	643.3	670.0	694.8	717.2	736.9	753.6
Interest / investment expense (income)	40.1	39.5	38.8	38.0	37.3	36.4	35.6	34.6	33.6	32.6
Acquisition effects										
Plus: Interest gained from debt refinance	16.7	16.7	16.7	16.7	16.7	16.7	16.7	16.7	16.7	16.7
Less: Forgone interest on cash	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
Less: New interest expense	(80.6)	(74.4)	(64.9)	(55.0)	(50.4)	(50.4)	(50.4)	(50.4)	(50.4)	(50.4)
Less: Financing fees amortization	(1.1)	(1.1)	(1.1)	(1.1)	(1.1)	(1.1)	(1.1)	(1.1)	(1.1)	(1.1)
Earnings before taxes	342.0	400.6	458.3	530.6	571.0	598.6	624.2	647.5	668.2	686.0
Book taxes	119.7	140.2	160.4	185.7	199.8	209.5	218.5	226.6	233.9	240.1
GAAP Net Income	222.3	260.4	297.9	344.9	371.1	389.1	405.7	420.9	434.3	445.9
Diluted shares outstanding	105.3	106.4	106.4	106.4	106.4	106.4	106.4	106.4	106.4	106.4
Shares issued in transaction	-	-	-	-	-	-	-	-	-	-
Total new shares outstanding	105.3	106.4	106.4	106.4	106.4	106.4	106.4	106.4	106.4	106.4
GAAP EPS	2.11	2.45	2.80	3.24	3.49	3.66	3.81	3.96	4.08	4.19
GAAP EPS - buyer standalone	2.24	2.48	2.70	2.93	3.13	3.27	3.41	3.53	3.63	3.72
GAAP EPS accretion / (dilution)	-5.7%	-1.4%	3.7%	10.5%	11.5%	11.7%	11.9%	12.2%	12.3%	12.5%
Pro-forma reconciliation										
Total amortization	(39.5)	(41.8)	(44.2)	(46.7)	(49.2)	(51.6)	(53.8)	(55.8)	(57.5)	(58.9)
Total stock-based compensation	(22.6)	(22.6)	(22.6)	(22.6)	(22.6)	(22.6)	(22.6)	(22.6)	(22.6)	(22.6)
Pro-forma earnings before tax	404.0	465.0	525.0	599.9	642.8	672.7	700.6	725.9	748.3	767.5
Book taxes	141.4	162.7	183.8	210.0	225.0	235.5	245.2	254.1	261.9	268.6
Pro-Forma combined net income	262.6	302.2	341.3	390.0	417.8	437.3	455.4	471.8	486.4	498.8
Pro-forma combined EPS	2.49	2.84	3.21	3.66	3.93	4.11	4.28	4.43	4.57	4.69
Pro-forma EPS - buyer standalone	2.48	2.73	2.95	3.20	3.40	3.55	3.69	3.82	3.93	4.03
Accretion / (dilution) - \$	0.02	0.11	0.25	0.47	0.53	0.56	0.59	0.62	0.64	0.66
Accretion / (dilution) - %	0.7%	4.2%	8.6%	14.7%	15.5%	15.7%	15.9%	16.1%	16.3%	16.5%
Accretive / dilutive	Accretive	Accretive	Accretive	Accretive	Accretive	Accretive	Accretive	Accretive	Accretive	Accretive
Breakeven synergies / (cushion)	(2.8)	(18.7)	(41.7)	(76.8)	(86.4)	(91.5)	(96.3)	(100.8)	(104.9)	(108.4)

Annex 24. Merger Model Combined Balance Sheet and Credit Statistics

Combined Balance Sheet & Pro-Forma Adjustments																	
	Buyer 2015	Seller 2015	Adjustments		Pro-forma 2015	Projection Period											
						+	-	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
Cash and cash equivalents	145.9	53.6	-	(114.5)	85.0	109.3	115.6	121.8	209.8	500.8	808.3	1,140.7	1,498.2	1,880.6	2,287.2		
Accounts receivable	341.2	50.5	-	-	391.7	426.8	451.1	474.7	499.7	524.6	548.1	569.8	589.3	606.2	620.3		
Inventories	396.9	52.3	-	-	449.1	476.0	501.8	526.5	552.5	579.2	605.2	629.1	650.6	669.2	684.8		
Prepays and other current assets	46.2	11.4	-	-	57.6	61.6	62.4	63.3	64.3	65.3	66.2	67.1	67.9	68.6	69.1		
Deferred tax assets	20.9	10.4	-	-	31.3	31.4	31.4	31.4	31.4	31.4	31.4	31.4	31.4	31.4	31.4		
Total current assets	951.1	178.2			1,014.8	1,105.1	1,162.3	1,217.6	1,357.7	1,701.4	2,059.3	2,438.1	2,837.3	3,256.0	3,692.8		
Capitalized financing fees	-	-	11.5	-	11.5	10.3	9.2	8.0	6.9	5.7	4.6	3.4	2.3	1.1	-		
Property, plant and equipment, net	350.7	62.7	-	-	413.4	424.4	430.7	437.4	444.6	459.2	480.3	499.7	517.1	532.2	544.7		
Goodwill	1,177.9	229.6	919.8	(229.6)	2,097.7	2,097.7	2,097.7	2,097.7	2,097.7	2,097.7	2,097.7	2,097.7	2,097.7	2,097.7	2,097.7		
Intangible assets, net	674.7	192.2	-	-	866.9	926.8	980.8	1,034.7	1,092.1	1,149.0	1,202.5	1,251.8	1,296.0	1,334.5	1,366.3		
Investments	11.3	9.8	-	-	21.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0		
Deferred tax assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Other assets	33.7	8.5	-	-	42.2	42.0	42.0	42.0	42.0	42.0	42.0	42.0	42.0	42.0	42.0		
Total assets	3,199.3	680.9			4,467.5	4,636.3	4,752.7	4,867.4	5,071.0	5,485.0	5,916.3	6,362.7	6,822.4	7,293.4	7,773.6		
Accounts payable and accrued liabilities	338.5	75.2	-	-	413.6	430.8	449.8	468.6	488.6	508.9	528.6	546.7	563.0	577.1	588.8		
Other operating current liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Total current liabilities	338.5	75.2			413.6	430.8	449.8	468.6	488.6	508.9	528.6	546.7	563.0	577.1	588.8		
Debt refinanced	-	288.9	-	(288.9)	-	-	-	-	-	-	-	-	-	-	-		
Debt, term loan A	-	-	687.5	-	687.5	594.0	408.4	183.9	-	-	-	-	-	-	-		
Debt, high-yield	-	-	458.4	-	458.4	458.4	458.4	458.4	458.4	458.4	458.4	458.4	458.4	458.4	458.4		
Total debt	843.9	-	-	-	843.9	843.9	843.9	843.9	843.9	843.9	843.9	843.9	843.9	843.9	843.9		
Deferred tax liabilities	145.6	41.2	-	-	186.8	187.2	187.2	187.2	187.2	187.2	187.2	187.2	187.2	187.2	187.2		
Other long-term liabilities	5.2	6.4	-	-	11.7	11.7	11.7	11.7	11.7	11.7	11.7	11.7	11.7	11.7	11.7		
Total liabilities	1,333.2	411.7			2,601.9	2,525.8	2,359.2	2,153.5	1,989.6	2,009.9	2,029.6	2,047.8	2,064.0	2,078.2	2,089.8		
Noncontrolling interest	-	0.8	-	-	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8		
Preferred stock	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Shareholders' equity	1,866.1	268.5	-	(269.7)	1,864.9	2,109.7	2,392.7	2,713.1	3,080.6	3,474.3	3,885.9	4,314.2	4,757.6	5,214.5	5,683.0		
Total liabilities and equity	3,199.3	680.9			4,467.5	4,636.3	4,752.7	4,867.4	5,071.0	5,485.0	5,916.3	6,362.7	6,822.4	7,293.4	7,773.6		
Balance check	-	-			-	-	-	-	-	-	-	-	0.0	0.0	0.0		

Combined Credit Statistics															
	Buyer 2015	Seller 2015			Pro-forma 2015	Projection Period									
						2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
EBITDA	358.6	72.8			358.6	541.1	598.4	651.4	718.9	759.7	791.9	821.7	848.6	872.3	892.2
Capital expenditures	(52.8)	(18.8)			(71.6)	(163.5)	(158.5)	(164.1)	(174.2)	(186.7)	(195.3)	(194.5)	(192.0)	(187.7)	(181.9)
Interest expense	23.4	16.7			40.1	87.9	81.7	72.2	62.3	57.7	57.7	57.7	57.7	57.7	57.7
EBITDA / interest expense	15.3x	4.4x			8.9x	6.2x	7.3x	9.0x	11.5x	13.2x	13.7x	14.2x	14.7x	15.1x	15.5x
(EBITDA - Capex) / Interest expense	13.1x	3.2x			7.2x	4.3x	5.4x	6.7x	8.7x	9.9x	10.3x	10.9x	11.4x	11.9x	12.3x
Debt / EBITDA	2.4x	4.1x			5.6x	3.5x	2.9x	2.3x	1.8x	1.7x	1.7x	1.6x	1.5x	1.5x	1.5x
Net debt / EBITDA	2.0x	3.3x			5.3x	3.3x	2.7x	2.1x	1.5x	1.1x	0.6x	0.2x	-0.2x	-0.6x	-1.1x
% Debt / total capitalization	26.5%	43.4%			44.8%	41.2%	36.2%	30.8%	25.9%	24.0%	22.2%	20.6%	19.3%	18.0%	16.9%

Annex 25. Merger Model Combined Cash Flow Statement

Combined Cash Flow Statement

	Projection Period									
	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
Operating Activities										
Net income	222.3	260.4	297.9	344.9	371.1	389.1	405.7	420.9	434.3	445.9
Plus: depreciation & amortization	92.7	98.1	103.6	109.5	115.3	120.7	125.8	130.3	134.2	137.5
Plus: amortization of financing fees	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
Plus: stock-based compensation	22.6	22.6	22.6	22.6	22.6	22.6	22.6	22.6	22.6	22.6
Plus: other	0.2	-	-	-	-	-	-	-	-	-
Changes in working capital items										
(Inc.) / dec. In accounts receivable	(35.1)	(24.3)	(23.6)	(25.0)	(24.9)	(23.5)	(21.7)	(19.5)	(16.9)	(14.1)
(Inc.) / dec. In inventories	(26.9)	(25.8)	(24.7)	(26.1)	(26.7)	(26.0)	(23.9)	(21.5)	(18.7)	(15.6)
(Inc.) / dec. In prepaid and other current assets	(3.9)	(0.8)	(0.9)	(1.0)	(1.0)	(0.9)	(0.9)	(0.8)	(0.7)	(0.5)
Inc. / (dec.) in accounts payable and accrued liabilities	17.2	19.0	18.8	20.0	20.3	19.7	18.1	16.3	14.1	11.7
(Inc.) / dec. In net working capital	(48.7)	(31.8)	(30.4)	(32.1)	(32.3)	(30.8)	(28.3)	(25.4)	(22.2)	(18.5)
Cash flow from operating activities	290.1	350.4	394.8	446.0	477.8	502.7	526.9	549.5	570.1	588.5
Investing activities										
Capital expenditures	(65.3)	(63.8)	(67.2)	(71.1)	(81.8)	(91.3)	(92.5)	(93.0)	(93.0)	(92.3)
Intangibles expenditures	(98.2)	(94.7)	(96.8)	(103.0)	(104.9)	(104.0)	(102.0)	(98.9)	(94.8)	(89.6)
Other investing activities	(8.8)	-	-	-	-	-	-	-	-	-
Cash flow from investing activities	(172.3)	(158.5)	(164.1)	(174.2)	(186.7)	(195.3)	(194.5)	(192.0)	(187.7)	(181.9)
Financing activities										
Term loan A	(93.6)	(185.6)	(224.5)	(183.9)	-	-	-	-	-	-
High-yield debt	-	-	-	-	-	-	-	-	-	-
Buyer's debt	-	-	-	-	-	-	-	-	-	-
Other long-term debt	-	-	-	-	-	-	-	-	-	-
Minority interest	-	-	-	-	-	-	-	-	-	-
Equity issuance / (repurchase)	-	-	-	-	-	-	-	-	-	-
Cash flow from financing activities	(93.6)	(185.6)	(224.5)	(183.9)	-	-	-	-	-	-
Excess cash for the period	24.3	6.3	6.2	87.9	291.1	307.4	332.4	357.5	382.4	406.6
Beginning cash balance	85.0	109.3	115.6	121.8	209.8	500.8	808.3	1,140.7	1,498.2	1,880.6
Ending cash balance	109.3	115.6	121.8	209.8	500.8	808.3	1,140.7	1,498.2	1,880.6	2,287.2

Annex 26. Merger Model Pro-Forma Debt Schedule

Pro-Forma Debt Schedule											
	Pro-forma	Projection Period									
	2015	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
Forward LIBOR curve		0.71%	0.79%	0.90%	1.00%	1.10%	1.20%	1.30%	1.39%	1.47%	1.52%
Beginning cash		85.0	109.3	115.6	121.8	209.8	500.8	808.3	1,140.7	1,498.2	1,880.6
Plus: cash flow from operating activities		290.1	350.4	394.8	446.0	477.8	502.7	526.9	549.5	570.1	588.5
Less: cash flow from investing activities		(172.3)	(158.5)	(164.1)	(174.2)	(186.7)	(195.3)	(194.5)	(192.0)	(187.7)	(181.9)
Less: minimum cash		(109.3)	(115.6)	(121.8)	(128.4)	(134.9)	(141.0)	(146.7)	(151.8)	(156.2)	(159.8)
Cash available for debt repayment		93.6	185.6	224.5	265.2	365.9	667.2	994.0	1,346.4	1,724.4	2,127.4
Debt term loan A											
Beginning balance	687.5	687.5	594.0	408.4	183.9	-	-	-	-	-	-
Mandatory repayment		(34.4)	(34.4)	(34.4)	(34.4)	-	-	-	-	-	-
Optional repayment		(59.2)	(151.2)	(190.1)	(149.5)	-	-	-	-	-	-
Ending balance	687.5	594.0	408.4	183.9	-	-	-	-	-	-	-
Interest rate		4.71%	4.79%	4.90%	5.00%	5.10%	5.20%	5.30%	5.39%	5.47%	5.52%
Interest expense		30.2	24.0	14.5	4.6	-	-	-	-	-	-
High-yield debt											
Beginning balance	458.4	458.4	458.4	458.4	458.4	458.4	458.4	458.4	458.4	458.4	458.4
Mandatory repayment		-	-	-	-	-	-	-	-	-	-
Optional repayment		-	-	-	-	-	-	-	-	-	-
Ending balance	458.4	458.4	458.4	458.4	458.4	458.4	458.4	458.4	458.4	458.4	458.4
Interest rate		11.00%	11.00%	11.00%	11.00%	11.00%	11.00%	11.00%	11.00%	11.00%	11.00%
Interest expense		50.4	50.4	50.4	50.4	50.4	50.4	50.4	50.4	50.4	50.4
Total cash used for det repayment		(93.6)	(185.6)	(224.5)	(183.9)	-	-	-	-	-	-
Total cash interest expense		(80.6)	(74.4)	(64.9)	(55.0)	(50.4)	(50.4)	(50.4)	(50.4)	(50.4)	(50.4)

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