

Industry Insights:

Food Retail Industry Insights – 2016

Highlights

Traditional food retailers, facing increased pressure from alternative channels, are testing new concepts to retain market share.

Natural and organic supermarkets, while continuing to trade at a premium to traditional food retailers, are fighting to maintain traffic.

The U.S. Hispanic population is growing exponentially, which is influencing national consumption patterns.

Merchandisers are changing assortment, providing more shelf space to prepared foods for take away and home meal replacements.

Stiff competition, evolving consumer preferences and a challenging organic growth environment are driving food retailers to consider strategic alternatives, including M&A, to optimize capital allocation and pursue growth opportunities.

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Food Retail Industry Insights

Competition in the food retail market has increased in recent years. Traditional food retailers have faced fierce pressure from alternative channels including warehouse clubs, supercenters, drug stores, mass retailers and convenience stores, as well as online retailers and grocery delivery services. As consumers distance themselves from the traditional supermarket model, grocery retailers are attempting to stay competitive by creating more intimate and innovative shopping experiences tailored to individual shoppers with an emphasis on fresh, organic and prepared food options. As some large chains have actively pursued relationships with smaller niche retailers, other grocery chains have failed to adapt.

Stiff competition, evolving consumer preferences and a challenging organic growth environment are driving many food retailers to evaluate their store and brand portfolios and consider strategic alternatives, including M&A, in order to optimize capital allocation and growth opportunities. This has led to a wave of consolidation in the industry over the past five years. For example, Kroger, the largest pure play grocery company in the U.S., recently acquired Roundy's in a take-private transaction to expand into Wisconsin and Harris Teeter to increase its presence in the Carolinas and Mid-Atlantic markets. Additionally, on January 7, 2016, SUPERVALU filed an initial Form 10 Registration Statement in connection with the possible spin-off of its discount banner, Save-A-Lot. Finally, consumer preference for high end, convenience oriented and specialty food concepts drove the recent acquisition by ACON Investments of Fiesta Mart and Pace Food Retail's acquisition of Dean & DeLuca. As secular trends continue to put pressure on the traditional food retail model, industry consolidation is expected to continue.

Retail Trends

Channel Shifting

Traditional supermarkets continue to be challenged in today's environment. One format that has gained significant market share in recent years is the limited assortment or small format grocery store. Since 2006, the average supermarket square footage in the U.S. has fallen steadily, according to Packaged Facts. Trader Joe's, Aldi (with over 1,400 locations in the U.S. and counting), B'fresh in Boston and Green Zebra in Portland are each small format players that offer an attentive and curated shopping experience with a heavy focus on private label and exclusive brands.

Aldi and its main UK competitor, Lidl, both have aggressive expansion plans in the U.S. over the next several years. Lidl's U.S. spokesman boasted that, "Lidl will offer customers the highest-quality products at the lowest possible prices in convenient history." The new entrants have many traditional retailers concerned and contemplating the introduction of new store concepts. For example, Kroger is currently expanding its convenience and value-oriented concept, Turkey Hill Minit Markets.

Natural/Organic Competition

The demand for natural and organic products has led to increased competition within the retail space. The three largest publicly traded natural and organic supermarkets by market capitalization – Whole Foods, Sprouts and Fresh Market – have seen their stock prices plummet over the past year. As of February 3, 2016, the group closed, on average, at 42.7% of their 52-week high while the S&P 500 closed at 89.7% of its 52-week high. Institutional investors have focused on declining comparable store sales and are challenging the validity of current long term growth projections.

The most recent year-to-date financials for Whole Foods, Sprouts and Fresh Market indicate comparable store sales growth of 2.5%, 5.2% and -1.6%, respectively. Each of the three failed to replicate growth experienced in previous years. In each fiscal year from 2011 to 2013, Whole Foods reported same store sales growth above 7.0% and in 2014 growth of 4.4%, materially higher than 2015. For the thirty-nine week period ending September 28, 2014, Sprouts had vigorous comparable growth store of 10.4%, which declined to 5.2% for the same period in 2015. Fresh Market experienced a similar slow down from 2.9% in the thirty-nine week period ending 2014 to a contraction of -1.6% in 2015. These metrics are particularly concerning to investors in light of projections for the global organic food market, which suggest a 13% CAGR from 2015 to 2020.¹

Conventional retailers, including Kroger and Walmart, have entered the natural and organic segment, which has hampered the potential growth trajectories of specialty retailers. It was recently reported that Kroger is in the second round of an auction process to acquire Fresh Market. As these large players have increased their natural and organic offerings and continue to leverage their robust sourcing and supply chain capabilities, customers now have the option to pay less for similar product offerings. In response to the increasing competition, Whole Foods announced in May that it will begin opening an entirely new format called "365," which will offer value pricing aimed at millennials. 365 by Whole Foods Market President Jason Turnas stated that, "with a fresh format and unique product assortment, we think 365 will offer convenience and value while providing the quality and transparency that consumers love and expect." As competition continues, we expect additional operators to explore expanded channel offerings.

¹ "Global Organic Food Market Forecast & Opportunities, 2020." TechSci Research

Food Retail Industry Insights (cont.)

Delivery

Even with continued innovation in global, regional and local supply chain and delivery capabilities, the online-only grocery business model remains challenging. However, consumer demand for online food offerings has increased in recent years, providing an incentive for traditional brick-and-mortar retailers to enter the online segment. Current online only incumbents include FreshDirect and Peapod, a unit of Ahold USA. In addition, several other large traditional supermarkets have entered into the space. Amazon.com has launched AmazonFresh and recent press statements indicate they are in strategic discussions with the UK online grocery retailer, Ocado. Furthermore, in January 2015, Albertsons acquired Safeway, which owns and operates Groceryworks.com. Albertsons is expected to grow this service materially. Additionally, Walmart has expanded both its online and store pickup platforms.

One company that is creating a buzz within the industry is Instacart. Instacart is an on-demand grocery delivery platform facilitating doorstep deliveries of groceries and other home essentials in major cities around the U.S. Founded in 2012, the company received approximately \$275 million in a January 2015 funding round led by Kleiner Perkins Caufield & Byers, which values Instacart at roughly \$2 billion. The company offers a collection of over 300,000 items from several independent stores including Whole Foods, Safeway and Costco, enabling customers to place orders on their smartphone from their favorite store or to mix items from different stores. Once an order is placed by the user, a shopper is designated to purchase and deliver the groceries to the user. Instacart's model depends on consumers' comfort level with independent individuals selecting and dropping off their groceries. Walter Robb, co-CEO of Whole Foods, evidently believes that this is a possibility, as "customers today are interested in options and services outside the four walls of the store."

Technology and Retail

Technology has had a widespread impact on commerce over the past ten years, and the food retail industry is no exception. In 2012 Kroger rolled out QueVision, a technology platform that uses sensors and predictive analytics to feed managers real time data. QueVision indicates in real-time when long lines will happen and where cashiers are needed before a pileup begins, allowing for staff optimization. Prior to deployment, average wait time in Kroger stores was four minutes; today, it is less than thirty seconds. Kroger has also spent the last few years investing in companies

with key insights and expertise in the online grocery business in hopes of developing an omni-channel offering. In 2014, Kroger finalized its merger with Harris Teeter, which included online ordering platform Express Lane. Kroger has also initiated testing of its own click-and-collect service, called Click List. For a fee of \$4.95, Click List allows customers to buy groceries online, and then at an appointed time pay and collect goods at a pickup window. Finally, in 2014, Kroger purchased the nutrition and healthy living ecommerce business Vitacost.com.

Large Operator Advantage

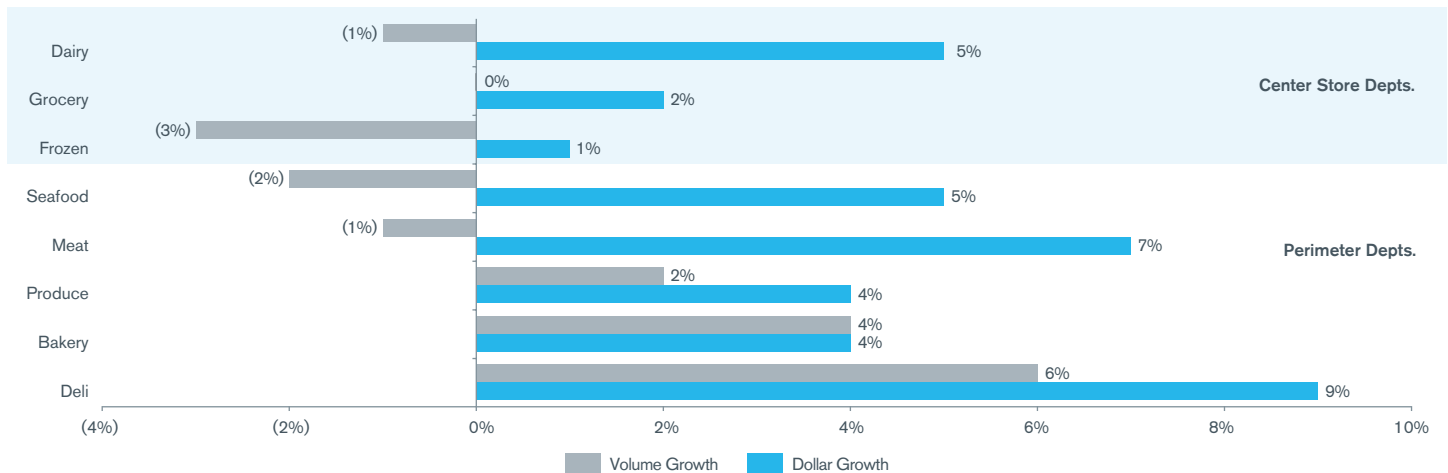
As large chains, such as Kroger and Albertsons, continue to grow, they have been able to leverage fixed infrastructure costs and optimize capabilities. Kroger's significant size and scale presents an advantage over many peers, allowing for efficiencies within its private label manufacturing, distribution network, and ability to offer more competitive pricing given its purchasing power with suppliers. In the most recent quarters' investor call transcript, Kroger CEO Rodney McMullen stated that they will "continue to manage costs so that we can continue investing to grow our business for the future while delivering today."

In recent years, Kroger has taken advantage of industry trends by bringing certain business functions in-house, as opposed to out-sourcing. Kroger has been aggressive with investments in the rapidly growing natural and organic food categories. The company has also invested in the in-store customer experience by improving merchandising and enhancing its prepared food offerings. These store enhancements position Kroger to capitalize on the growing demand for fresh and prepared foods. Albertsons is another company leveraging its scale. The company's fresh fruit and vegetable offerings are cut daily by members of their own produce department. When Albertsons acquired Safeway last year, it announced that Safeway would be switching to Albertsons fresh-cut fruit and vegetables. Safeway is now able to in-source fresh-cut produce, reducing cost and improving profitability.

The industry is incredibly dynamic and there is constant pressure to adapt formats to address evolving customer preferences. Larger players have been much more receptive to operating a broad portfolio of store formats, whether developed in house or through acquisition. In doing so, these players have been able to leverage their infrastructures to drive higher sales, margins and investment returns.

Food Retail Industry Insights (cont.)

2015 Growth by Grocery Store Department



Source: Nielsen Perishables Group – 4/25/15, growth verse prior year

Food Trends – A New Wave of Eating

Consumer preferences are changing, and changing drastically. According to the 2015 Supermarket Guru Grocers Association Consumer Survey, 50% of people in the U.S. said their diet could be healthier. In addition, 28% of shoppers want minimal processing and 25% said they want a shorter list of ingredients. IFIC's Annual Food & Health Survey also reported that 36% of shoppers said they worry about chemicals in their foods, and that foods labeled with a health attribute experienced a sales increase of 13% in the last year versus roughly flat sales throughout the store. As consumers are actively trying to live healthier lifestyles, food retailers are being forced to tailor their products and services to this new 21st century consumer.

Fresh Foods and Vegetables

The fresh foods story is at the forefront throughout the supermarket industry. Over the past five years, there has been a significant increase in overall fresh food offerings as retailers strive to meet rising demand from customers. Vegetables, in particular, have been taking center stage on consumers' plates as they are perceived to be versatile, nutritious and flavorful. Certain vegetables, such as beans and lentils, are making their way into products including snack bars, drinks and smoothies as consumers look for new ways to add protein and fiber to their diets.

“Over the past five years, there has been a significant increase in overall fresh food offerings.”

Prepared Foods and Snacks

The prepared foods market in the U.S. has grown significantly in recent years. A substantial component of this growth can be attributed to the expansion of value-added fruits and vegetables which grew 65% and 49%, respectively, from 2010 to 2014.² As consumers increasingly look for convenience in the foods they purchase, the market for fresh prepared foods such as value-added produce will continue to grow at a robust pace in coming years. According to Nielsen, the prepared foods market is forecasted to grow at an annual pace of 4.5% through 2019.

Healthy snacking is also expanding as a category as consumers focus on “better for you” options. According to Euromonitor, sales of snacks increased more than 3% a year since 2008, significantly outpacing sales of staple packaged foods. Going forward, snacks are projected to grow 2% annually through 2019. The growth of snacks is driven largely by Millennials, who are snacking as a form of meal replacement. On average, Millennials eat 3.05 snacks per day, compared to 2.26 snacks consumed daily by generation X and 1.53 snacks by baby boomers. Millennials are also reaching for healthier options including fruits and vegetables. On average Millennials eat 5.12 servings of fruits and vegetables a day compared to 4.71 by generation X and 4.43 by Baby Boomers.³

Local Foods

“Local” produce has been one of the biggest trends in food retail in recent years as consumers have a rising interest in knowing specifically where their food is coming from. A 2015 survey in *Shopping for Local Foods in the U.S.* found that 53% of adult respondents specifically seek out locally grown or locally produced foods. Among the primary reasons for purchasing locally grown or locally produced foods, 60% of consumers say

² “The Impact of Consumer Trends on the Produce Industry.” Source: Nielsen Perishables Group.

³ Jared Koerten, Euromonitor

Food Retail Industry Insights (cont.)

they do so because the products are fresher and 44% indicate these products taste better. While the increase of fresh and local produce should support the growth of natural and organic supermarkets, not all consumers purchase these items from large retailers. Instead, many consumers prefer to buy directly from the grower. Farmers' market count is up 35% since 2010, with almost 8,000 farmers' markets operating in the U.S., according to the U.S. Department of Agriculture. Retailers are certainly catching on to this trend. Jason Ackerman of FreshDirect (U.S.) stated, "We will compete by our commitment to farm-to-table and fresh products. That's our position."

Consumer Trends

Millennials

Millennials will soon surpass the Baby Boomer generation as the nation's largest living generation, making up roughly a quarter of the total U.S. population. Millennials are driving changes in the country's eating behaviors with their approach to food choice and preparation. According to The NPD Group, Millennials' increased interest in fresh foods may be explained by their reactions to the Great Recession. Younger adults were hit hardest by unemployment, and although this age group is considered the heaviest user of restaurants, they pulled back the most from going out to restaurants during the downturn. It seems these adults still wanted many of the benefits that restaurants provided – among them, freshness and speed.

Baby Boomers

The Baby Boomer generation is aging, considering retirement and developing health ailments, all of which are typically associated with major changes in the way a consumer approaches food and beverage consumption. While shrinking in size, the generation is still large enough to have a significant impact on food consumption in the U.S. As the generation continues to age, it will be driven less by the latest fad and more by what is needed to sustain health and lifestyles. Healthful foods, such as foods high in whole grains, protein and calcium, or low in saturated fat, cholesterol and sodium, will be of most interest to the Baby Boomer generation.

“ Millennials are driving changes in the country's eating behaviors with their approach to food choice and preparation. ”

Smaller Households

Consumption behavior in the U.S. has become less household-oriented and more individualized than in previous generations. Today, over 50% of eating occasions occur when consumers are alone. Currently 27% of all households consist of just one person; this is the highest level in U.S. history, according to the U.S. Census Bureau. The number of solo eating occasions will have a wide range of implications for food retailers in terms of packaging, positioning and more.

Demographic Shifts

The U.S. Hispanic population is growing exponentially compared to non-Hispanic populations and as a result, in-home Hispanic dining traditions are beginning to influence national consumption patterns. As of 2015, approximately 17.7% of the total U.S. population was of Hispanic descent. By the year 2040, Hispanics are projected to make up 24.1% of the total population.⁴ Hispanics provide a bright spot in the U.S. food retail market. On average, Hispanics cook more frequently at home, spend more on routine shopping trips and visit supermarkets more often. In 2014, overall ethnic supermarket revenue was \$30.4 billion, and this number is expected to increase to \$35.2 billion in 2018, representing a 3.7% cumulative annual growth rate.⁵

One supermarket that identifies itself with the growth of the Hispanic population and ethnic supermarket industry is Vallarta Supermarkets. Based in Sylmar, California, Vallarta operates supermarkets catering to a primarily Hispanic consumer base in the Greater Los Angeles area. In 2015, the company added three new store locations bringing its total number up to 47, which helped push it to number one on the Supermarket News' Top 50 Small Chains and Independents 2016. The California market has been especially active for Hispanic food retailers. To meet ever increasing demand for Hispanic and other ethnic food, Unified Grocers, a wholesale cooperative partnering with independent grocers, now has an entire division devoted to supplying Latino and other ethnic foods.

There has also been a significant amount of strategic activity in the Hispanic food retail sector in California. In January 2014, Cardenas Markets and Northgate Gonzalez Markets formed a special purpose vehicle to acquire Ontario, California based Pro's Ranch Markets. In February 2014, Victory Park Capital provided financing to Mi Pueblo in connection with its emergence from bankruptcy. Mi Pueblo is the owner and operator of 21 Latino supermarkets in Northern California that have been performing quite well since completing its restructuring.

4 U.S. Census Bureau
5 Hispanic Shopping Report

Selected Food Retail M&A Activity

As the industry has continued to evolve in recent years there has been an incredible amount of mergers and acquisitions activity. Currently, moderate levels of inflation combined with an accommodating lending environment has driven well-capitalized retailers to pursue acquisitions and consolidation as they attempt to gain access to new markets, leverage sourcing and merchandising capabilities and manufacture earnings growth.

Food Retail M&A activity in 2015 has continued at a strong pace. According to Pitchbook, private equity overhang totaled \$395 billion in 2015. Additionally, the increasingly competitive marketplace is pushing EBITDA multiples higher. Strategic acquirers are also in search of opportunities to consolidate the industry, as the operating environment has become increasingly competitive. Several notable transactions have been completed or announced in the food retail industry in 2015. Below is a list of transactions dating back to 2013, followed by descriptions of select recent transactions.

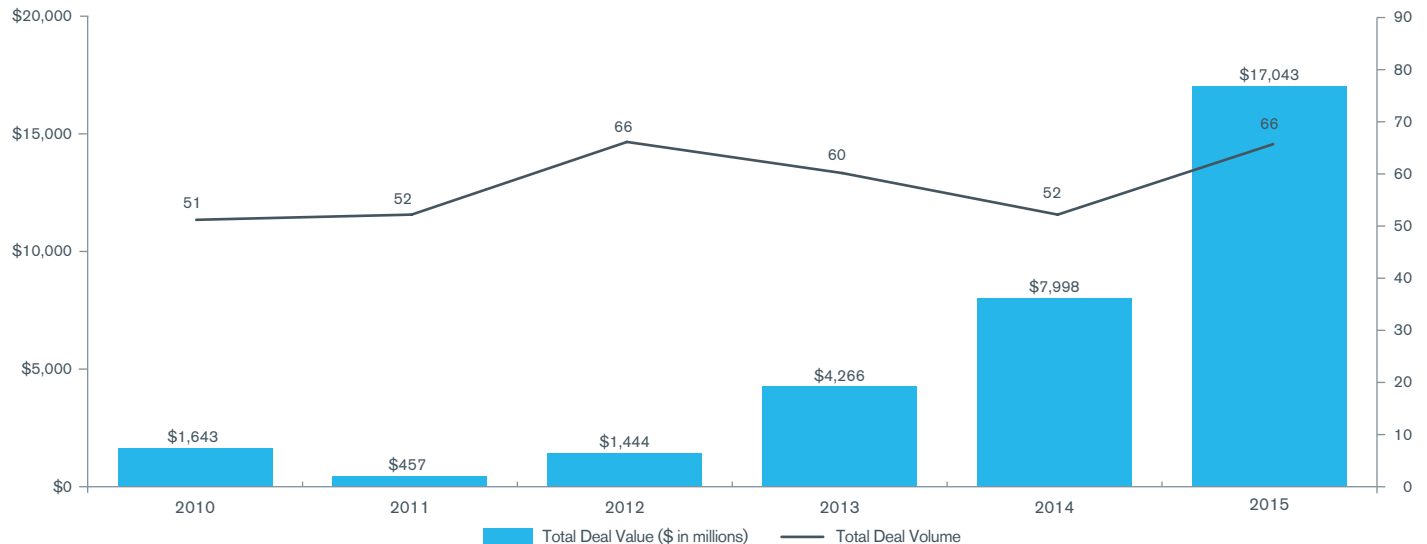
Selected Transaction Analysis

(\$ in millions)

Date Announced	Acquirer Name	Target Name	Enterprise Value (\$mm)	Enterprise Value as a Multiple of LTM:	
				Revenue	EBITDA
11/10/15	The Kroger Co.	Roundy's	\$803	0.20x	7.0x
11/13/15	Albertsons	Haggen, 30 Stores	\$14.4	-	-
7/23/15	K-VA-T Food Stores	Southeastern Grocers, 29 BI-LO Stores in Chattanooga	-	-	-
7/19/15	Key Food Stores	23 Stores in New York and New Jersey	-	-	-
7/19/15	Stop & Shop	25 Stores and Other Assets in Greater New York	\$146	-	-
7/19/15	Acme Markets	72 A&P Supermarkets and Other Assets	\$243	-	-
6/24/15	Koninklijke Ahold N.V.	Delhaize Group	\$12,274	0.47x	8.4x
4/29/15	Acon Investments	Fiesta Mart	\$120	-	5.0x
12/19/14	Haggen	99 Albertsons Stores	-	-	-
11/17/14	Pace Food Retail	Dean & DeLuca	\$140	-	14.0x
3/6/14	Albertsons	Safeway	\$8,960	0.25x	5.5x
2/20/14	Victory Park Capital	Mi Pueblo Food Center	\$51	0.13x	6.6x
1/31/14	Cardenas Markets; Northgate González Markets	Pro's Ranch Markets	\$55	0.29x	4.0x
12/20/13	TPG Capital	Gelson's	\$370	0.84x	10.7x
7/8/13	The Kroger Co.	Harris Teeter Supermarkets	\$2,497	0.53x	6.7x
6/12/13	Sobeys	Canada Safeway Limited	\$5,555	0.87x	10.7x
5/28/13	BI-LO	Delhaize America, Sweetbay, Harveys and Reid's	\$246	0.14x	-
1/22/13	AUA Private Equity Partners	Associated Food Holdings	\$155	0.33x	5.0x
			Median	0.31x	6.7x
			Mean	0.40x	7.6x

Source: SEC filings, Capital IQ, MergerMarket, Company Press Releases, and various news sources (e.g. NY Times Dealbook, the Deal, Wall Street Journal, etc.)

2010-2015 Total Food Retail Transaction Volume & Value



Source: S&P Capital IQ; Total U.S. Food Retail closed transactions from 2010 to 2015

Selected Food Retail M&A Transactions*

Kroger / Roundy's

On November 11, 2015, The Kroger Co. agreed to acquire Roundy's for \$3.60 per share in cash, representing a total enterprise value of \$803 million. The transaction price represents a premium of approximately 65% to Roundy's closing share price on the day prior. Roundy's was founded in 1872 and is headquartered in Milwaukee, Wisconsin. Roundy's brings to Kroger an expanded footprint with a complementary base of 151 stores and 101 pharmacies in new geographies, including Milwaukee, Madison and Northern Wisconsin, which are served under the Pick 'n Save, Copps and Metro Market banners. The acquisition also expands Kroger's presence with an innovative store format in the Chicago area, where Roundy's operates 34 stores under the Mariano's banner.

Albertsons / Haggen

On November 13, 2015, the U.S. Bankruptcy Court approved the sale of 30 Haggen stores to Albertsons for \$14.4 million. Haggen had previously filed for chapter 11 bankruptcy protection on September 8, 2015. Albertsons plans to convert the Washington Haggen stores to the Safeway banner. The transaction is subject to approval from the Federal Trade Commission. Additionally, through the bankruptcy proceedings, Haggen has sold locations to TAWA Supermarket, Sprouts Farmers Market and Smart & Final.

ACME Markets / A&P

On July 19, 2015, ACME Markets, a wholly-owned subsidiary of Albertsons, agreed to acquire 72 A&P stores in Connecticut, Delaware, Maryland and Pennsylvania under the A&P, Superfresh and Pathmark banners. ACME Markets operates 107 stores across Pennsylvania, Delaware, Maryland and New Jersey. A&P filed for bankruptcy in July 2015, just three years after emerging from a previous trip through bankruptcy, filed in 2010. A&P was the nation's first traditional supermarket operator with its roots dating back to 1859.

Ahold / Delhaize Group

On June 24, 2015, Dutch grocer Ahold agreed to acquire Belgian rival Delhaize Group in a merger of equals. Delhaize shareholders will receive 4.75 Ahold shares for each Delhaize share, which equates to a transaction value of over \$12 billion. The combination of the two powerhouses brings four well-known supermarket chains on the east coast of the U.S. under the same umbrella: Ahold's Stop & Shop and Giant stores and Delhaize's Food Lion and Hannaford. By merging together, management believes they will lower operating and purchasing costs to compete with Walmart and expand the reach of Ahold's online grocery store, Peapod, the largest of such services in the U.S., to compete with Amazon.

ACON Investments / Fiesta Mart

On April 29, 2015, ACON Investments, a private equity and venture capital firm specializing in investments in middle market companies, acquired the 43-year-old grocery store chain, Fiesta Mart, from The Grocers Supply Co. Based in Houston, Fiesta Mart is among the largest international and Hispanic grocery chains in the U.S. with 60 stores throughout Texas. Fiesta has stores in the Houston, Austin and Dallas-Fort Worth markets, serving customers from over 100 countries of origin with a vast variety of dry grocery and perishable products. The deal comes just months after The Grocers Supply agreed to sell its wholesale distribution and supply business to C&S Wholesale Grocers.

Pace Food Retail / Dean & DeLuca

On November 17, 2014, Pace Food Retail, a subsidiary of Pace Development Corporation, agreed to acquire Dean & DeLuca, one of the world's most iconic gourmet food brands. Dean & DeLuca owns and operates a chain of retail stores around the world. The company operates eleven outlets in the U.S. as well as 31 international stores in locations such as Japan, Singapore and the United Arab Emirates. Pace expects to leverage the iconic lifestyle brand and open hundreds of new stores in the next two years. As a part of this expansion, Pace intends to increase the global footprint of Dean & DeLuca from eight countries to more than 15.



*Source: SEC filings, Capital IQ, MergerMarket, Company Press Releases, and various news sources (e.g. NY Times Dealbook, the Deal, Wall Street Journal, etc.)

Selected Publicly Traded Food Retail Companies

Trading multiples for food retail companies have fluctuated over the past year. Natural and Organic supermarket multiples are the strongest, trading at 9.8x 2015 EBITDA and 7.5x 2016 EBITDA. However, their stock prices are collectively down 52.2% from

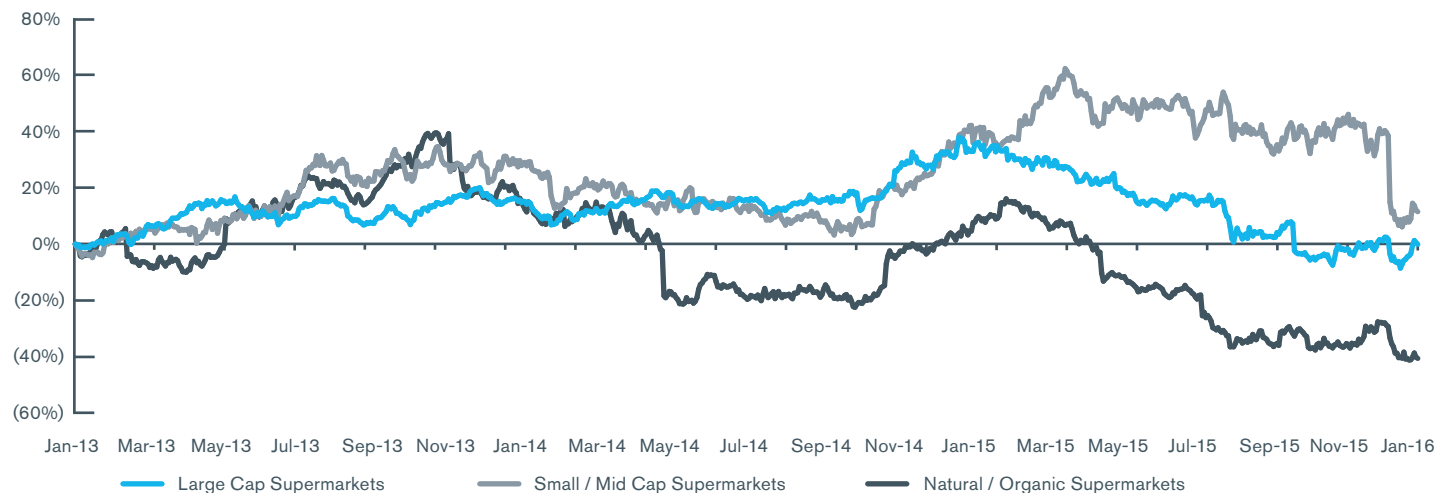
February 3, 2015 to February 3, 2016. Large Cap supermarkets multiples are trading at 7.1x 2015 EBITDA and 7.0x 2016 EBITDA. Small and mid-capitalized supermarkets trade in line with their larger counterparts at 7.1x 2015 EBITDA and 6.6x 2016 EBITDA.

(\$ in millions except share price data)

Company	Stock Price 02/03/16	% of 52 Wk High	Market Value	Enterprise Value	Enterprise Value as a Multiple of						LTM		
					Revenue			EBITDA			Price/ EPS	EBITDA Margin	Revenue Growth
					LTM	2015E	2016E	LTM	2015E	2016E			
Natural / Organic Supermarkets													
Whole Foods Market, Inc.	\$28.93	50.3%	\$9,490	\$9,163	0.60x	0.59x	0.56x	6.6x	6.7x	6.8x	19.5x	9.1%	8.4%
Sprouts Farmers Market, Inc.	23.74	61.7%	3,646	3,806	1.12x	1.06x	0.92x	13.5x	12.7x	11.2x	30.8x	8.3%	19.6%
The Fresh Market, Inc.	18.76	44.6%	882	877	0.48x	0.47x	0.45x	4.5x	4.5x	4.5x	14.4x	10.6%	7.0%
Natural Grocers by Vitamin Cottage, Inc.	17.66	50.5%	397	423	0.65x	0.55x	0.46x	8.2x	7.0x	5.9x	24.2x	7.9%	18.4%
Fairway Group Holdings Corp.	0.50	6.5%	22	250	0.32x	0.33x	0.31x	16.1x	6.7x	6.1x	NM	2.0%	(2.4%)
	Median	50.3%			0.60x	0.55x	0.46x	8.2x	6.7x	6.1x	21.9x	8.3%	8.4%
	Mean	42.7%			0.63x	0.60x	0.54x	9.8x	7.5x	6.9x	22.3x	7.6%	10.2%
Small / Mid Cap Supermarkets													
Ingles Markets, Incorporated	\$37.22	64.5%	\$754	\$1,642	0.43x	0.43x	0.43x	6.8x	6.7x	6.5x	12.7x	6.3%	(1.5%)
Smart & Final Stores, Inc.	16.01	80.7%	1,181	1,652	0.43x	0.42x	0.37x	10.2x	8.8x	7.8x	32.5x	4.3%	10.9%
SpartanNash Company	20.19	59.6%	759	1,298	0.17x	0.17x	0.17x	5.8x	5.7x	5.5x	13.1x	2.8%	6.7%
Weis Markets, Inc.	40.12	77.3%	1,079	976	0.34x	NA	NA	6.3x	NA	NA	18.9x	5.5%	3.7%
Village Super Market Inc.	25.26	73.0%	357	347	0.22x	NA	NA	5.2x	NA	NA	11.5x	4.2%	3.4%
	Median	73.0%			0.34x	0.42x	0.37x	6.3x	6.7x	6.5x	13.1x	4.3%	3.7%
	Mean	71.0%			0.32x	0.34x	0.32x	6.9x	7.1x	6.6x	17.7x	4.6%	4.6%
Large Cap Supermarkets													
Wal-Mart Stores Inc.	\$66.86	76.0%	\$2,14,079	\$2,63,272	0.54x	0.55x	0.54x	7.6x	7.7x	8.2x	14.3x	7.2%	0.0%
The Kroger Co.	40.15	93.9%	39,135	50,094	0.46x	0.46x	0.43x	8.9x	8.8x	8.3x	19.9x	5.1%	2.2%
SUPERVALU Inc.	4.34	36.2%	1,154	3,742	0.21x	0.21x	0.21x	4.7x	4.8x	4.6x	7.5x	4.5%	2.2%
	Median	76.0%			0.46x	0.46x	0.43x	7.6x	7.7x	8.2x	14.3x	5.1%	2.2%
	Mean	68.7%			0.40x	0.40x	0.39x	7.1x	7.1x	7.0x	13.9x	5.6%	1.5%

Source: Capital IQ and SEC filings; Firms represent actively traded U.S. supermarket companies

Food Retail Stock Price Index




















*Source: S&P Capital IQ

Selected Recent Duff & Phelps Food Retail Transactions

Duff & Phelps professionals have deep experience serving the food retail industry, providing M&A advisory, capital raising, valuation and restructuring services through a global practice.

Contact **Joshua Benn** at joshua.benn@duffandphelps.com, **Edward Mielke** at ed.mielke@duffandphelps.com or **Farzad Mukhi** at farzad.mukhi@duffandphelps.com to arrange a time to meet.

<p>Financial Advisor</p> <hr/>  <p>has merged with</p>  <p>a portfolio company of</p> 	<p>Financial Advisor</p> <hr/>  <p>has divested selected assets of</p> 	<p>Financial Advisor</p> <hr/>  <p>a portfolio company of</p>  <p>has been acquired by</p> 
<p>Financial Advisor</p> <hr/>  <p>has sold stores to</p>   <p>YOUR CITY. YOUR DRUGSTORE.</p>	<p>Financial Advisor</p> <hr/>  <p>a portfolio company of Morgan Stanley Private Equity, has completed a leveraged dividend recapitalization transaction.</p>	<p>Financial Advisor</p> <hr/>  <p>has acquired certain retail grocery assets from</p> 
<p>Financial Advisor</p> <hr/>  <p>has completed a reorganization.</p>	<p>Financial Advisor</p> <hr/>  <p><i>Experience the Difference</i></p> <p>Kinney Drugs, Inc. and its Employee Stock Ownership Plan completed a leveraged recapitalization to create a 100% ESOP-owned company.</p>	<p>Financial Advisor</p> <hr/>  <p>Sprouts Farmers Market has completed a leveraged recapitalization.</p>

Contacts

U.S.

Joshua Benn

Global Head of Consumer, Retail, Food, and Restaurants

+1 212 450 2840

joshua.benn@duffandphelps.com

Edward Mielke

Director, Consumer, Retail, Food, and Restaurants

+1 212 450 2876

ed.mielke@duffandphelps.com

Farzad Mukhi

Director, Consumer, Retail, Food, and Restaurants

+1 424 249 1661

farzad.mukhi@duffandphelps.com

Asia

David Lu

Head of China M&A

+86 21 6032 0608

david.lu@duffandphelps.com

Canada

Ross Fletcher

Head of Canada M&A

+1 416 361 2588

ross.fletcher@duffandphelps.com

Germany

Andreas Stoecklin

Country Head of Germany

+49 893 8888 4120

andreas.stoecklin@duffandphelps.com

UK

Henry Wells

Head of UK M&A

+44 (0)20 7089 4876

henry.wells@duffandphelps.com

Paul Teuten

Managing Director, M&A

+44 (0)20 7089 4840

paul.teuten@duffandphelps.com

Philip Duffy

Co-Head of UK Restructuring

+44 16 1827 9003

philip.duffy@duffandphelps.com

For more information please visit:

www.duffandphelps.com

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