



Challenger Brand Update: Where are They Now





Seurat Group Challenger Brand Update

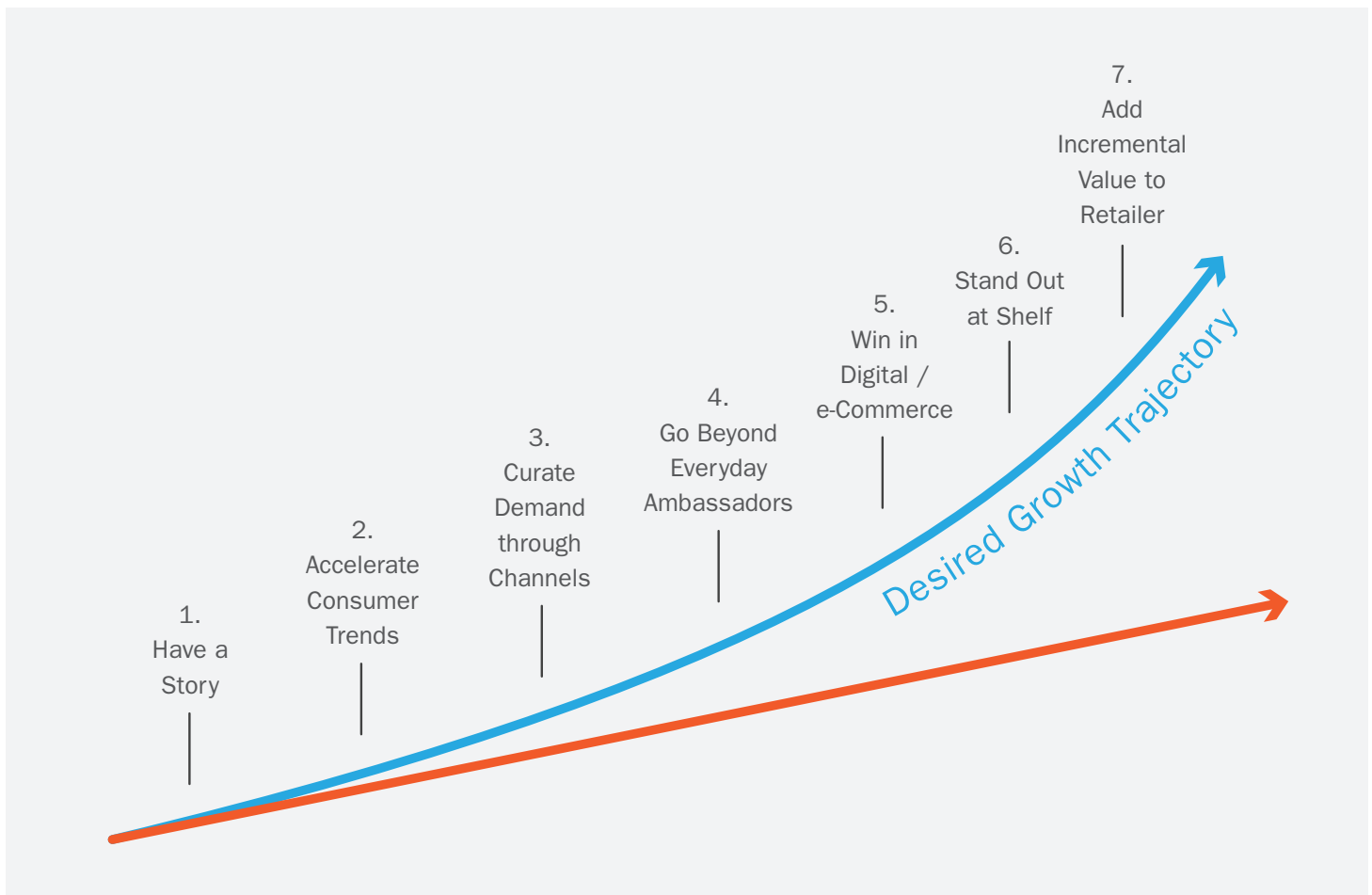
Challenger Brands disrupt categories where leaders have often reduced investment in product quality and innovation, and become increasingly misaligned with evolving consumer values and needs. We have been closely attuned to this trend for nearly a decade, and publish an annual Top 10 Challenger Brands list to celebrate the next generation of emerging brands and illustrate the strategies that unlock success.

We have watched as acquisitions started happening at earlier stages in brand lifecycles, Challenger Brands more

effectively tapped into the growing power of e-commerce and social media, and consumer demand for transparency and higher quality products skyrocketed.

Amidst all of this industry change, we continue to see brands follow our “growth algorithm”: concrete steps we believe are instrumental to Challenger Brands’ ability to disrupt. Of course we continue to root for our past Challenger Brands.

Challenger Brand ‘Growth Algorithm’





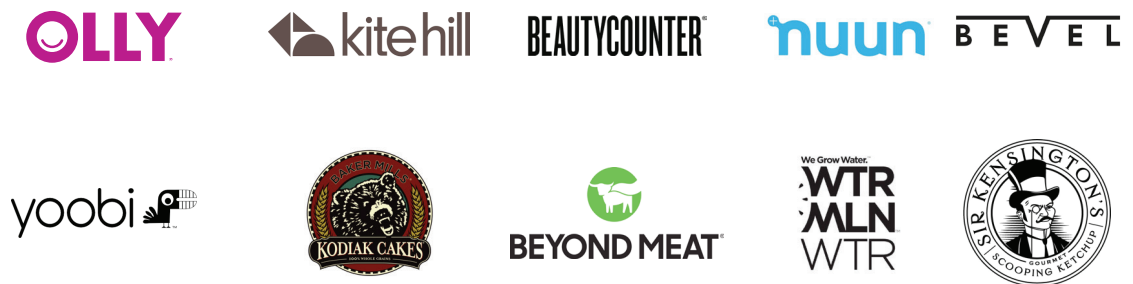
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As we head into 2018, we wanted to share their successes with you. As a reminder, we generally choose emerging brands that are well-positioned for success but have not yet realized an exit. Here are our past picks...

2015



2016



2017





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7 brands have realized successful exits at attractive revenue multiples¹

Brand	Exit	Revenue Multiples
Noosa	Advent International	3.7x
Evol	Pinnacle Foods Inc.	1.89x*
Vega	White Wave Foods	5.5x
Epic	General Mills	>4.5x
Justin's	Hormel Foods	4.0x
Sir Kensington's	Unilever	>2.3x
Rx Bar	Kellogg's	5.9X

> = Excludes significant post acquisition performance incentives

12 brands have secured additional funding

- Califa Farms
- Theo
- Beyond Meat
- Health Warrior Superfoods
- Kite Hill
- Beauty Counter
- Nuun
- Quip
- Wtrmln Wtr
- Kodiak Cakes
- Suja
- Forto

And all have been hitting major milestones

- **Halo Top:** Became #1 – selling pint in the U.S.²
- **Oilly:** On target to close '17 at \$80MM³ in revenue
- **Nuun:** #1-selling sports drink in bike, run & outdoor stores⁴
- **Noosa:** In market seeking reported \$600M sale⁵
- **Yoobi:** Hit \$100MM in revenue + donated 40MM units of school supplies⁶

Why We Continue to be Excited About Challenger Brands

- **Small brands stealing share:** Small brands have stolen >\$20B in market share from big CPG in past 5 years⁷
- **Strategics acquiring 'smaller':** 40% of industry execs expect to focus on M&A deals under \$100MM (up 7x from 2016)⁸
- **Valuations going 'higher':** Food & Beverage valuations have increased by 2.2x in past 4 years⁹

Coming Soon: 2019 Challenger Brand Study

We'd love to hear from you! To discuss any of these ideas further, please contact us at info@seuratgroup.com or visit us at <http://seuratgroup.com/>

¹State of the Union." PiperJaffray, 2017. Note: brands likely had other purchase incentives included in deal.

²"Halo Top Ascends to Become #1 Selling Pint of Ice Cream In U.S." Food Dive, 2017.

³"How Method's Eric Ryan is Disrupting the Vitamin Market..." 2017.

⁴"Imperial Capital Advises Nuun & Company..." Imperial Capital, 2017.

⁵"Noosa Puts Itself Up for Sale." NY Post, 2018.

⁶"Back to School: How Yoobi Recently Passed \$100MM..." Forbes, 2017.

⁷"CPG Growth Leaders." Strategy Analytics, 2017.

⁸"Consumer and Retail M&A in 2017." AtKearney. 2017.

⁹"Food and Beverage Industry Update Q2 2017." Stout Investment Banking, 2017.

*evol acquired as part of Boulder Brands/Pinnacle deal. Boulder Brands acquired Evol at a 2.8x multiple.