



Benchmarking for Success 2009

Financial performance and trends
within the North American food
and beverage processing industry

Prepared for Agriculture and Agri-Food Canada

Leader's message

It is my privilege to welcome you back to this, the 11th edition of **Benchmarking for Success**. Some will recall that the **Benchmarking for Success** series ran continually for ten years, ending in 2002. Deloitte is pleased to bring you this refreshed look at the food and beverage processing industry in North America.

Funding for this study was provided by Agriculture and Agri-Food Canada based on a recommendation from the Food Processing Industry Competitiveness Working Group. The Working Group is comprised of senior industry leaders including representatives from the three national food processing trade associations and government officials, working together to examine the challenges facing the sector and recommend industry-government actions to stimulate the sector's growth and sustainability. The **Benchmarking for Success** initiative is one of the areas of research directed to be undertaken by the Working Group.

Readers of previous installments of this series will recognize that we retain the same core financial analysis contained in previous editions and also include some new measures relevant to today's environment.

As this year's study progressed we noted two striking findings: that Canada's processors have closed the margin gap compared to their U.S. counterparts and that there has been a significant amount of consolidation in the North American food and beverage processing sector.

You will see in these pages that Canadian and American processors now perform about equally on EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) as a proportion of sales, whereas U.S. organizations enjoyed a sizeable advantage in earlier studies. We also examine the extent of consolidation in the processing sector and note the number of publicly-held food and beverage processors in North America has fallen substantially since 2002 and barely half of the 22 publicly traded Canadian companies included in our last report appear in this latest edition.

The world is much different today than it was seven years ago when we last undertook to benchmark North America's food and beverage processors – in addition to experiencing profound changes to the competitive landscape, we've seen changes in government in North America and across the globe, and are currently experiencing an economic and financial downturn which by some measures is the worst since the Great Depression.

I believe this new **Benchmarking for Success** study is especially relevant in the face of the changes we've seen over the last several years. I hope you find it both relevant and insightful.

Stephen J. Brown
National Leader
Consumer Products Industry
Deloitte

Summary of results

Benchmarking for Success 2009 analyzes industry data for the fiscal year ending in 2008 for food and beverage processing companies in Canada and the United States. Financial information for public companies was gathered from publicly available audited financial statements and from private companies on a (confidential) survey basis. The survey methodology, a glossary of terms and financial ratio definitions are included in the appendices to this report. This year, we analyzed a total of 76 food and beverage processors, approximately one-third of which are Canada-based.

In 2008, Canadian and American processors' EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) were equal at about 10% of sales revenue. This represents a substantial improvement from the 7% margin advantage enjoyed by the U.S. group in 2001. On the other hand, both Canadian and U.S.-based processors have seen a decline in overall profitability over the last year in the face of challenging economic conditions. 2008 saw Canadian processors' return on investment (ROI) fall from a 2006 high of 20% to 14% in 2008; American processors experienced a modest decrease from 17% to 16% over the same time period.

The share prices of publicly owned Canadian processors plunged in 2008, ending the year at just 74% of their December, 2006 value. The U.S. processors also saw a decline, though not as pronounced and ended 2008 at 91% of their 2006 level. Interestingly, while Canada's major stock index outperformed the Canadian processors by 8% over the time period, the U.S. processors beat the overall U.S. market by more than 20%. This may be explained by the tendency of the food and grocery business to perform relatively well during an economic slowdown, which thus far has been much more pronounced in the United States than in Canada.



In the seven years since our last Benchmarking for Success study there has been a great deal of consolidation in North America's food and beverage processing industry. In 2002, there were 147 publicly traded companies in North America primarily engaged in the food or beverage processing business. By 2009 this number had fallen 17% to 122, despite total industry revenue increasing by nearly 50% over the time period. The decline was even more pronounced in Canada where the number of these processors decreased from 35 to 25 in the time period, a drop of nearly 30%¹. While structural changes among the publicly held processors may garner much attention, the number of publicly owned food and beverage processors is dwarfed by the number of privately-held operations: there are currently 1,050 privately-owned food and beverage processors operating in Canada and nearly 6,300 in the U.S.

The average revenue of our study's publicly owned Canadian processors was \$1.9 billion in 2008, substantially less than U.S.-based firms which averaged \$5.9 billion in sales. Further, the relationship between size and profitability across the two nations is much different: Canadian public processors with at least \$1 billion in revenue averaged 15% ROI in 2008, versus an 18% ROI for those with less than \$1 billion in sales.

By contrast it clearly pays to be large in the U.S.: our study's publicly owned American processors with 2008 sales of at least \$5 billion enjoyed an ROI of 25% in 2008, compared to just 12% for those with sales less than \$5 billion. This relationship between size and profitability in the U.S. is consistent with findings in previous Benchmarking for Success studies and suggests that American processors continue to rely on scale to be profitable whereas Canadians find success through being niche players or regional powers.

In Canada, the beverage and meat subsectors were the most profitable in 2008 as measured by ROI and ROE, respectively; in the U.S. diversified processors (those with substantive operations in multiple subsectors) were most profitable as measured by ROE while the beverage companies enjoyed slightly higher ROI and far better gross margins than any other subsector, though this margin advantage is partially offset by proportionately higher selling, general and administrative (SG&A) charges in this group relative to the other subsectors².

The findings of this year's study are encouraging for Canadian processors in that they have closed a long standing efficiency gap with their American counterparts.

¹ Processor count includes only publicly listed companies headquartered in the U.S. or Canada with revenue of at least \$10 million annually. Public companies that trade in an over-the-counter fashion are not included in this figure.

² The profile and magnitude of industry consolidation has resulted in a less granular subsector review in this year's report since some previously studied subsectors no longer have sufficient membership to warrant "sector" analysis.

Industry analysis

Profitability

Between 2006 and 2008 both Canadian and American processors' return on investment (ROI) – as measured by EBITDA as a proportion of total capitalization – declined. Part of this overall decline in ROI can be attributed to higher costs for raw materials, labour and other inputs reflected in an overall increase in cost of goods sold as a proportion of sales.

When profitability is measured using return on equity (ROE) – which accounts for the cost of servicing debt – the results are much the same, with Canadian firms lagging their U.S. counterparts. The Canadian group experienced an especially sharp drop in ROE in 2008 when it fell to just 10% from a high of 16% in 2006. One industry executive we spoke to remarked on the challenging environment faced by Canada's processors:

"Given the run-up in input prices, it is not surprising to see a decrease in profitability. Rising costs are particularly problematic for Canadian processors who have difficulty passing these increases on to Canada's powerful food retailers."

While the Canadian tax system is commonly cited as a reason for lower overall Canadian profitability, analysis shows the tax rate paid by Canadian processors is comparable with that of their U.S. peers; in fact the Canadian tax rate is lower than the U.S. rate in the time period studied³.

The finding that Canadian processors are not tax-disadvantaged relative to their American counterparts is consistent with the findings of previous instalments of the Benchmarking for Success series.

Figure 1: Return on investment

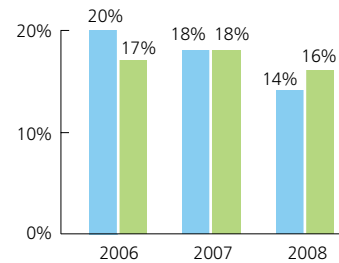


Figure 2: Return on equity (before tax)

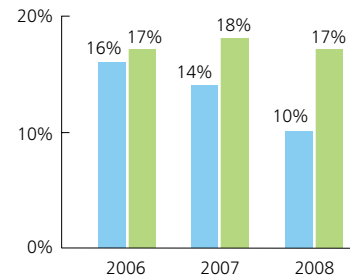


Figure 3: Three year tax rate



■ Canada ■ U.S.

³ The timing of corporate tax payments can skew calculated tax rates on a year-by-year basis. Even the three year average method employed here should not be considered an exact answer, but taken as evidence that tax rates paid by Canadian processors are comparable to or somewhat better than their American counterparts.

Efficiency

Gross margins for both Canadian and American processors declined in the 2006-2008 time period. While American processors had superior gross margins each year, the size of the gap shrank modestly from 7% in 2006 to 6% in 2008.

Much of the disparity in Canadian and American margin performance can be attributed to differences in financial disclosure practices in Canada and the U.S. – some Canadian companies combine selling, general and administrative (SG&A) expenses with cost of goods sold (COGS) when reporting financial results while American companies report these items separately. Additionally, companies in both Canada and the U.S. exercise some discretion in assigning expenses to COGS or SG&A, making apples-to-apples comparisons difficult to make. We note that comparing SG&A expenses over the time period shows that Canadian SG&A as a percent of sales is typically 5% lower than that of the U.S., about equal to the gross margin performance gap.

There is a common measure of margin efficiency that yields the comparison we seek: EBITDA as a proportion of sales shows the income left over after COGS and SG&A have been accounted for⁴. We can see that on this metric performance is about equal across the Canadian and American organizations over the time period studied.

The near equality of Canadian and U.S. margin performance in recent years is a significant finding – prior Benchmarking for Success studies found that Canadian processors' EBITDA/sales ratio materially lagged the U.S. group (by 7% in the 2002 version of this study). While it is difficult to neatly attribute the narrowing of the margin gap to a handful of factors, the margins of companies with operations in both countries would certainly be impacted by fluctuations in the Canadian/U.S. dollar exchange rate which has risen from an average of 65 cents between 2000 and 2002 to an average of 92 cents from 2006-2008.

Figure 4: Gross margin

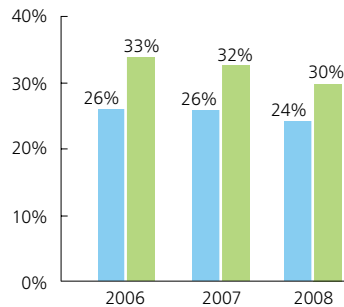
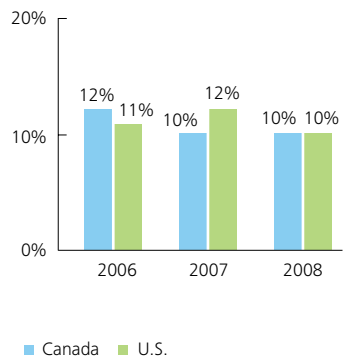


Figure 5: SG&A as a percent of sales



Figure 6: EBITDA as a percent of sales



⁴ Typically EBITDA includes "other" operating expenses in addition to COGS and SG&A. However, for the purposes of the overall Canadian/U.S. margin comparison the impact of "other" charges is negligible.

Over the time period studied, Canadian processors matched or modestly outperformed their American counterparts in asset utilization, with 2008 asset turnover of 1.5 for both groups.

In some cases, superior asset turnover figures can be attributed to companies under-investing in maintenance and repair of capital equipment. However, analysis shows that the fixed assets of Canadian study participants are as new or newer than their American counterparts' as measured by the accumulated depreciation of property, plant and equipment (PP&E) across the two groups.

Overall, Canadian processors of food and beverage products (excluding wine and spirits processors) carry about the same level of inventory as their American counterparts, with an average of 64 days of inventory in 2008 versus 62 for the U.S. group (inclusion of the wine/spirits processors would substantially change the data since this subsector routinely holds 350 or more days of inventory. These processors are reviewed in the beverage subsector analysis later in this report).

Figure 7: Asset turnover

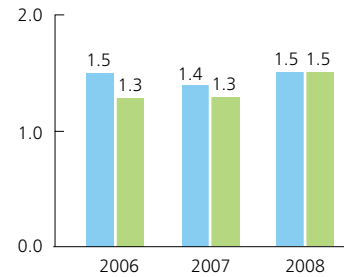


Figure 8: Accumulated depreciation as a percent of gross PP&E

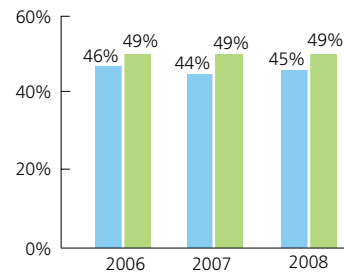
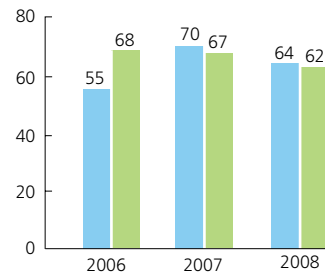


Figure 9: Days of inventory (Ex-W/S Producers)



■ Canada ■ U.S.

While Canadian processors perform somewhat poorer than their American counterparts with respect to collecting receivables, this is more than offset by a strong Canadian advantage in payables: in 2008 Canadian processors typically had 52 days of payables outstanding, compared to just 36 for the U.S. group.

The Canadian advantage in payables explains the overall Canadian cash management advantage as measured by the cash conversion cycle (CCC) which accounts for the total impact to cash flow from the inventory, receivables and payables profile.

Despite the Canadians' superior CCC performance, the size of the Canadian cash advantage has fallen from 21 days in 2006 to 11 days in 2008. One oft-mentioned technique to maintain liquidity in an uncertain business environment is to 'stretch' an organization's payables. However, in the mind of one industry executive we spoke to, this strategy is unlikely to yield much benefit:

"Everyone is watching for customers seeking to stretch payables... If you start delaying payments your suppliers will be all over you. It's more realistic to strive to maintain the receivables-to-payables ratio you had in place prior to this economic downturn."

Figure 10: Days of receivables

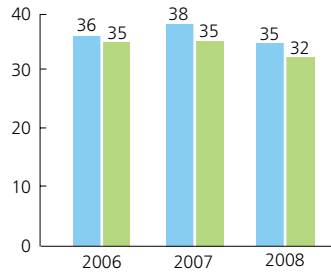


Figure 11: Days of payables

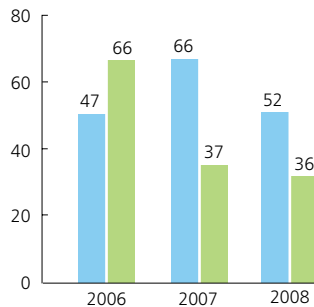
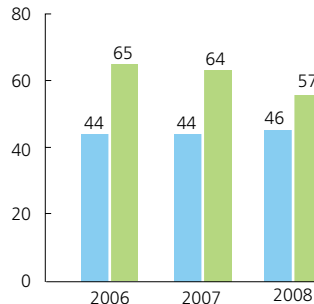


Figure 12: Cash conversion cycle*



* excludes wine/spirits processor inventory days from calculation

■ Canada ■ U.S.

Solvency

In the 2006-2008 time period the proportion of processors' total capitalization comprised of debt increased across both the Canadian and American groups with the American debt component increasing slightly more.

The near-zero movement in interest charges as a proportion of sales supports a scenario where modest increases in relative debt levels have been offset by falling North American interest rates.

American processors' current ratio is very near 2.0 throughout the time period studied, indicating that on balance American processors were adequately positioned to cover short-term requirements. The Canadian processors trail the American group on this measure, indicating less capacity to maintain short-term liquidity than their U.S. counterparts.

U.S. companies' property, plant and equipment (PP&E) assets as a proportion of all capitalization remained constant at about 41% over the time period, while the ratio increased from 49% to 54% among Canadian participants.

In summary, the PP&E of Canadian processors is generally newer than their U.S. counterparts and the Canadians allocate proportionately more capital to maintaining and/or upgrading these assets. This appears to be paying off in the form of greater sales per dollar of assets, as reflected in a modestly higher asset turnover ratio.

Figure 13: Debt-to-total capitalization

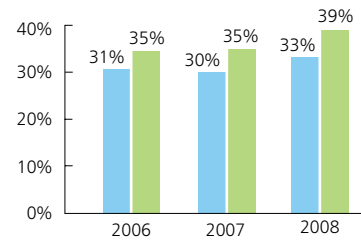


Figure 14: Interest as a percent of sales

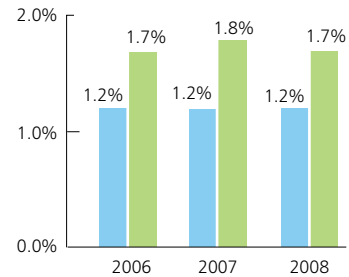


Figure 15: Current ratio

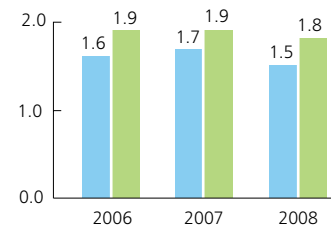
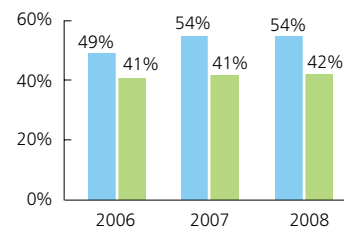



Figure 16: PP&E-to-total capitalization



■ Canada ■ U.S.



As this year's study progressed we noted two striking findings: that Canada's processors have closed the margin gap compared to their U.S. counterparts and that there has been a significant amount of consolidation in the North American food and beverage processing sector.

Subsector performance

Diversified

Processors with substantive operations in more than one of the product categories studied were classed as diversified. Not surprisingly, this group includes many of North America's largest processors. Our study classed 20 U.S.-based processors as diversified, with average revenue of \$8.5 billion, and five Canadian processors, with average revenue of \$144 million⁵.

In Canada, the diversified group of processors score poorly on profitability, with ROE and ROI of just 8% and 11%, respectively. In contrast, the diversified group in the U.S. scored well on the same two measures.

Gross margins are consistent with performance on profitability, with diversified processors in Canada scoring below the country average, and the American ones scoring above it.

The diversified organizations in both countries also perform better than the rest of the processor group with respect to both PP&E turnover and cash management measures. This advantage is especially pronounced in Canada where diversified processors turn PP&E assets 11.2 times per year versus an average of 7.1 turns for the larger Canadian set, and convert cash in just 34 days compared to 46 days for the country set.

Subsector performance: Diversified

	2006 Diversified		2007 Diversified		2008 Diversified		2008 All processors	
	Cda	U.S.	Cda	U.S.	Cda	U.S.	Cda	U.S.
Return on equity, before tax	18%	25%	17%	23%	8%	24%	10%	17%
Return on investment	21%	21%	19%	20%	11%	19%	14%	16%
Gross margin	21%	36%	19%	35%	19%	33%	24%	30%
Asset turnover	1.3%	1.4	1.3	1.4	1.5	1.6	1.5	1.5
SG&A as a percent of sales	14%	23%	16%	22%	14%	22%	16%	20%
Days of inventory	53	68	66	68	63	58	64	62
Cash conversion cycle	36	59	12	58	34	47	46	57
Net PP&E turnover	10.8	5.3	9.6	5.2	11.2	5.5	7.1	5.2
Debt-to-total capitalization	24%	40%	29%	39%	28%	42%	33%	39%
Interest as a percent of sales	1.1%	2.1%	0.8%	2.1%	0.8%	1.9%	1.2%	1.7%
Current ratio	1.5	1.8	1.3	1.8	1.7	1.7	1.5	1.8
PP&E-to-total capitalization	49%	40%	57%	39%	55%	42%	54%	42%

Note: days of inventory and cash conversion cycle for "all food processors" excludes wine/spirit processors.

⁵ The relatively small average revenue of Canadian participants is attributable to the inclusion of a number of smaller, private companies in Canada's diversified subsector.

Meat

This year's study included five Canadian meat processors with average sales of \$1.5 billion, and 7 U.S.-based processors with average revenue of \$7.5 billion.

While Canadian meat processors were more profitable than the rest of the Canadian group, their U.S.-based counterparts fared poorly in 2008, with an alarming ROE of -9% compared to 17% for the U.S. processors as a whole.

While North American meat processors typically have poorer gross margins than the rest of the processor group they enjoy lower SG&A expenses; when compared on a net margin basis (COGS plus SG&A)

Canadian meat processors are comparable with the rest of the Canadian processor group, while U.S. meat processor net margin lags the rest of the U.S group by approximately 8%.

The capital structure of Canadian and U.S. meat processors is markedly different: whereas U.S. meat processors have less debt than the U.S. group as a whole, the Canadian meat processors carry materially more debt (and the associated interest charges) than their Canadian processor counterparts.

Subsector performance: Meat

	2006 Meat		2007 Meat		2008 Meat		2008 All processors	
	Cda	U.S.	Cda	U.S.	Cda	U.S.	Cda	U.S.
Return on equity, before tax	12%	1%	12%	11%	13%	-9%	10%	17%
Return on investment	16%	10%	15%	16%	16%	4%	14%	16%
Gross margin	19%	15%	18%	16%	16%	12%	24%	30%
Asset turnover	1.7	2.0	1.5	2.1	1.6	2.3	1.5	1.5
SG&A as a percent of sales	12%	11%	11%	10%	11%	10%	16%	20%
Days of inventory	51	51	75	54	68	48	64	62
Cash conversion cycle	35	57	61	60	42	53	46	57
Net PP&E turnover	5.7	6.0	5.1	6.3	5.8	7.1	7.1	5.2
Debt-to-total capitalization	35%	27%	44%	26%	48%	31%	33%	39%
Interest as a percent of sales	1.2%	0.7%	1.3%	0.6%	1.4%	0.7%	1.2%	1.7%
Current ratio	1.5	2.4	1.5	2.4	1.5	2.3	1.5	1.8
PP&E-to-total capitalization	48%	48%	40%	48%	45%	47%	54%	42%

Note: days of inventory and cash conversion cycle for "all food processors" excludes wine/spirit processors.

Grain/produce

This year's study included four Canadian and six U.S.-based grain/produce processors both with average sales of \$2.1 billion.

In 2008, the profitability of Canadian grain/produce processors was comparable to that of the Canadian group as a whole (12% versus 10% and 13% versus 14%, ROE, ROI, respectively), while the U.S. grain/produce processors lagged the larger U.S. set on both profitability measures.

On a margin basis both Canadian and American grain/produce processors had poorer gross margins than their respective country groups. However, this disadvantage was offset to some extent by lower relative SG&A costs for grain/produce processors on both sides of the border.

As of 2008, Canadian grain/produce processors had nearly 90% of total capitalization invested in PP&E, compared to an average of approximately 55% for the rest of the Canadian group. This asset-intensity is also reflected in the Canadian grain/produce group's PP&E turnover of just 4.2 in 2008, compared to 7.1 for the Canadian group as a whole.

Lastly, the Canadian grain/produce processors stand out from the rest of the Canadian group with respect to both inventory and cash management; in particular Canadian grain/produce processors' CCC of 24 days is half the Canadian processors' average.

Subsector performance: Grain/produce

	2006 Grain/produce		2007 Grain/produce		2008 Grain/produce		2008 All processors	
	Cda	U.S.	Cda	U.S.	Cda	U.S.	Cda	U.S.
Return on equity, before tax	15%	4%	15%	7%	12%	10%	10%	17%
Return on investment	17%	11%	15%	12%	13%	12%	14%	16%
Gross margin	14%	27%	15%	28%	15%	20%	24%	30%
Asset turnover	1.8	1.1	1.5	1.0	1.8	1.0	1.5	1.5
SG&A as a percent of sales	11%	17%	12%	17%	13%	13%	16%	20%
Days of inventory	40	59	56	56	47	60	64	62
Cash conversion cycle	33	58	28	54	24	62	46	57
Net PP&E turnover	4.1	4.2	3.2	5.0	4.2	4.6	7.1	5.2
Debt-to-total capitalization	40%	37%	32%	34%	24%	46%	33%	39%
Interest as a percent of sales	1.3%	2.2%	1.6%	2.4%	1.6%	2.1%	1.2%	1.7%
Current ratio	1.3	2.2	1.0	2.1	1.3	1.6	1.5	1.8
PP&E-to-total capitalization	65%	47%	81%	43%	88%	41%	54%	42%

Note: days of inventory and cash conversion cycle for "all food processors" excludes wine/spirit processors.

Beverage

This year's study included seven Canadian beverage processors with average sales of \$375 million, and 11 U.S.-based processors with average revenue of \$4.6 billion.

In 2008, Canadian beverage companies were slightly more profitable than the Canadian group as a whole, nearly matching the larger group's ROE performance and outperforming on ROI, 16% versus 14%. The American beverage sector fared poorly on ROE, measuring just 10% versus 17% for the larger U.S. group.

The beverage group leads all subsectors in gross margin, both in Canada and the U.S. with beverage margins in Canada measuring 41% in 2008 versus 24% for the rest of the group and the U.S. beverage processors outperforming the U.S. set 41% to 30%.

However, these margin advantages are offset to some degree by higher than average SG&A expenses for the beverage group in both countries.

Of note are the extraordinarily large inventories carried by the beverage companies. This is attributable to the wine and spirits processors in the study which skew the results for the beverage group as a whole: North American beverage companies primarily engaged in wine production or distilling had an average of 353 days of inventory on hand in 2008 compared to approximately 76 days of inventory for both Canadian and American processors of non-wine/spirit beverages.

Subsector performance: Beverage

	2006 Beverage		2007 Beverage		2008 Beverage		2008 All processors	
	Cda	U.S.	Cda	U.S.	Cda	U.S.	Cda	U.S.
Return on equity, before tax	18%	9%	15%	13%	9%	10%	10%	17%
Return on investment	23%	12%	20%	15%	16%	20%	14%	16%
Gross margin	46%	41%	46%	41%	41%	41%	24%	30%
Asset turnover	1.3	1.0	1.3	1.1	1.3	1.2	1.5	1.5
SG&A as a percent of sales	26%	30%	25%	32%	26%	29%	16%	20%
Days of inventory	213	116	224	126	217	113	64	62
Cash conversion cycle	215	117	197	103	196	95	46	57
Net PP&E turnover	4.8	4.6	7.5	4.1	6.4	4.6	7.1	5.2
Debt-to-total capitalization	26%	31%	23%	32%	32%	36%	33%	39%
Interest as a percent of sales	1.2%	1.7%	1.2%	2.1%	1.2%	1.9%	1.2%	1.7%
Current ratio	2.0	1.6	2.4	1.5	1.8	1.5	1.5	1.8
PP&E-to-total capitalization	44%	30%	47%	34%	43%	35%	54%	42%

Note: days of inventory and cash conversion cycle for "all food processors" excludes wine/spirit processors.

Top quartile performance

Profitability

Companies in the top quartile of profitability (as measured by 2008 EBT/sales) were analyzed. In Canada, the average revenue of this group was \$147 million in 2008, versus the U.S. top quartile average of U.S. \$10.6 billion in the same time period.

The most notable difference among the top quartile in Canada and the U.S. is the degree to which these groups outperform their peers. In Canada, the most profitable companies outperform the rest of the group comfortably at 18% versus 10% ROE, respectively. In contrast, the most profitable U.S.-based companies placed themselves far out in front of their peers, with ROE measurements of 57% versus 17%.

Unsurprisingly, the top quartile companies exhibit outstanding performance on a gross margin basis – in Canada the gross margin of the top quartile is nearly double that of the larger Canadian processor set.

The capital structure of the top performers varied markedly across countries. In Canada, top quartile performers had very low levels of debt relative to total capitalization, while in the U.S. the top performers employed proportionately more debt than their U.S.-based peers.

The amount of inventory held by Canada's top quartile processors is far above the industry average. Rather than indicating success despite poor inventory management, this is indicative of a substantial wine and spirits processor presence among Canada's most profitable processors.

Top quartile performance: Profitability

	2006		2007		2008		2008 All processors	
	Cda	U.S.	Cda	U.S.	Cda	U.S.	Cda	U.S.
Return on equity, before tax	20%	42%	19%	41%	18%	57%	10%	17%
Return on investment	23%	26%	22%	25%	20%	28%	14%	16%
Gross margin	49%	46%	49%	45%	46%	45%	24%	30%
Asset turnover	1.2	0.9	1.1	0.9	1.3	0.9	1.5	1.5
SG&A as a percent of sales	24%	25%	22%	24%	23%	23%	16%	20%
Days of inventory	248	104	262	100	249	94	64	62
Cash conversion cycle	260	100	234	75	227	76	46	57
Net PP&E turnover	5.1	4.4	8.8	4.5	7.3	4.8	7.1	5.2
Debt-to-total capitalization	22%	46%	19%	47%	16%	52%	33%	39%
Interest as a percent of sales	0.9%	2.7%	0.9%	2.8%	0.7%	2.6%	1.2%	1.7%
Current ratio	2.5	1.5	2.8	1.7	2.4	1.6	1.5	1.8
PP&E-to-total capitalization	43%	32%	46%	32%	43%	32%	54%	42%

Note: days of inventory and cash conversion cycle for "all food processors" excludes wine/spirit processors.

Sales growth

The fastest growing companies (as measured by compounded annual growth of sales 2006-2008) were analyzed. In Canada, these top quartile companies had an average of \$1.7 billion in revenue versus the U.S. top quartile average of \$1.6 billion. Note that the fastest growing companies in Canada are larger than the average Canadian processor studied (\$1.7 billion versus \$1.1 billion in 2008 revenue) while their U.S. counterparts are much smaller than their American counterparts (\$1.6 billion versus \$5.9 billion).

From a profitability perspective, Canada's fastest growing companies performed about equal to their Canadian peers in 2008. However, the Canadian group substantially outperformed the fast-growing U.S. group on ROE in 2008 when the U.S. group measured 2% versus the Canadian figure of 13%. Conversely, when the U.S. group is measured by return on investment, it performs better than the Canadian group at 15% versus 10%, respectively.

Canada's fast growing processors had higher PP&E turnover than the rest of the Canadian group (9.0 versus 7.1, respectively), while the fast growing U.S. companies had PP&E turnover somewhat less than their American counterparts.

Top quartile performance: Sales growth

	2006		2007		2008		2008 All processors	
	Cda	U.S.	Cda	U.S.	Cda	U.S.	Cda	U.S.
Return on equity, before tax	14%	7%	12%	13%	13%	2%	10%	17%
Return on investment	13%	11%	8%	17%	10%	15%	14%	16%
Gross margin	24%	29%	27%	27%	25%	26%	24%	30%
Asset turnover	1.7	1.2	1.2	1.3	1.8	1.5	1.5	1.5
SG&A as a percent of sales	16%	19%	18%	19%	15%	17%	16%	20%
Days of inventory	59	82	124	83	91	78	64	62
Cash conversion cycle	78	81	77	63	84	56	46	57
Net PP&E turnover	5.9	4.1	7.7	4.2	9.0	4.76	7.1	5.2
Debt-to-total capitalization	32%	36%	36%	33%	29%	37%	33%	39%
Interest as a percent of sales	0.7%	1.8%	0.5%	1.9%	0.7%	1.3%	1.2%	1.7%
Current ratio	1.6	2.5	1.6	2.4	1.7	2.0	1.5	1.8
PP&E-to-total capitalization	39%	43%	45%	44%	40%	45%	54%	42%

Note: days of inventory and cash conversion cycle for "all food processors" excludes wine/spirit processors.

Size

The largest companies (based on sales in 2008) were analyzed. For Canadian processors this group had average sales of \$4.3 billion, versus a U.S. top quartile that averaged \$19.0 billion in revenue in 2008. The profitability of the largest processors varied across countries: in Canada, large processors performed roughly in-line with the country average ROE and ROI.

By contrast, in the U.S. the large companies were far more profitable than the others: large companies in the U.S. had an ROE of 43% in 2008, more than double the country set average of 17%. While Canada's largest processors trailed the Canadian set on a gross margin basis (15% versus 24%) this is mostly offset by an advantage in SG&A costs among large producers (8% versus 16%).

While large companies in Canada and the U.S. exhibit relatively attractive inventory levels and CCC measurements, this is indicative of an absence of wine and spirit producers among large processors, rather than a reflection of inventory management practices in place at the continent's largest processors.

After reviewing our preliminary findings, the president of a leading Canadian food processor remarked on a notable difference between the top quartile performers in Canada and the U.S.:

"America's top quartile firms are far more leveraged [greater debt relative to capitalization] than their Canadian counterparts, and are generally more profitable. This begs the question: does one of these characteristics lead to the other?"

Top quartile performance: Size

	2006		2007		2008		2008 All processors	
	Cda	U.S.	Cda	U.S.	Cda	U.S.	Cda	U.S.
Return on equity, before tax	11%	31%	13%	32%	8%	43%	10%	17%
Return on investment	17%	23%	18%	22%	17%	24%	14%	16%
Gross margin	11%	37%	12%	36%	15%	35%	24%	30%
Asset turnover	1.7	1.2	1.6	1.2	1.7	1.3	1.5	1.5
SG&A as a percent of sales	3%	21%	4%	21%	8%	21%	16%	20%
Days of inventory	31	61	40	60	34	55	64	62
Cash conversion cycle	23	48	20	48	15	42	46	57
Net PP&E turnover	5.1	4.7	4.4	4.7	5.0	5.1	7.1	5.2
Debt-to-total capitalization	31%	48%	32%	51%	34%	54%	33%	39%
Interest as a percent of sales	1.2%	1.9%	1.1%	2.0%	1.1%	1.9%	1.2%	1.7%
Current ratio	1.4	1.2	1.2	1.3	1.3	1.3	1.5	1.8
PP&E-to-total capitalization	45%	36%	50%	36%	48%	38%	54%	42%

Note: days of inventory and cash conversion cycle for "all food processors" excludes wine/spirit processors.



“America’s top quartile firms are far more leveraged than their Canadian counterparts, and are generally more profitable. This begs the question: does one of these characteristics lead to the other?”

Capital and input markets

Key North American stock indices fell substantially in 2008 with the food and beverage processing industries following suit in both Canada and the U.S., though the market value of Canadian processors was hit harder: share prices of Canadian food and beverage processors fell 40% in 2008, whereas shares of their American counterparts fell by just half this amount. Fortunately, by the midpoint of 2009 equity markets had bounced back substantially, with the shares of both Canadian and American processors up approximately 10% over their 2008 close. Despite this increase, share prices of Canadian and U.S. processors remain at just 74% and 91%, respectively, of their 2006 levels.

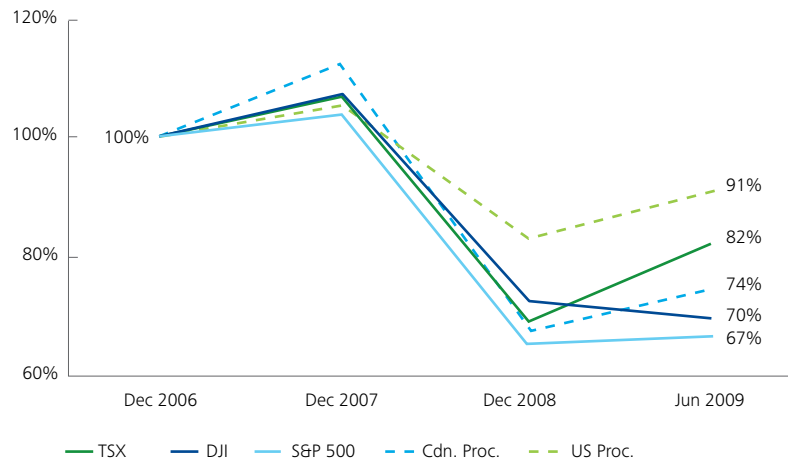
Global food and beverage processors have also seen substantial volatility in input prices over the last 18 months.

Commodity	Low	High	Change
Corn	\$3.31	\$8.19	57%
Oats	\$2.13	\$5.31	66%
Sugar	\$317.00	\$453.00	20%
Wheat	\$5.00	\$11.31	48%
Oil	\$31.00	\$145.00	169%

Jan 2008-May 2009

This price volatility has impacted virtually all processors as the price of food inputs typically depends on both the price of oil (\$31-\$145 over the course of 2008) and the price of commodities such as potash which are used in fertilizer (potash prices rose more than 500% from January 2007 to December 2008).

Figure 17: Period returns: Food and beverage processors vs. equity indices



The food retail environment

In 2008, Canada's food retailers totalled \$92 billion in sales, while U.S. sales were \$762 billion over the same time period. The proportionate difference in retail food sales between the countries closely mirrors the population difference, with U.S. population and retail food sales both roughly eight times that of Canada. However, the competitive landscape is very different in Canada and the U.S.: In the U.S., the top five food retailers account for 40% of sales, whereas in Canada just 3 retailers account for 60% of retail food sales. Despite the fragmented nature of the U.S. market, American retailers outperformed their Canadian counterparts on the ROI and ROE profitability measures.

Note the reappearance of the issue related to accounting treatment of COGS and SG&A in Canada versus the U.S. The issue is even more pronounced in food and beverage retailing than in the processing sector: Canada's major food retailers do not identify any

SG&A expenses, capturing all such activity in cost of goods sold. While this leads to drastically different gross margin calculations, when we measure EBITDA as a proportion of sales (which accounts for both COGS and SG&A) we see the Canadian and U.S. retailers perform similarly on a margin basis, with the Canadian group modestly outperforming the Americans in the 2006-2008 time period.

Lastly, we note the highly favourable cash conversion cycle (CCC) enjoyed by Canada's major food retailers. A negative CCC indicates an organization is paid for the goods they sell before they have in turn paid their suppliers; Canada's large retailers may be taking advantage of their substantial influence in the Canadian market by negotiating highly favourable payment terms with their suppliers.

Performance of major food retailers

	2006		2007		2008		2008 F&B processors	
	Cda	U.S.	Cda	U.S.	Cda	U.S.	Cda	U.S.
Return on equity, before tax	17%	22%	16%	23%	15%	27%	10%	17%
Return on investment	19%	22%	18%	22%	18%	25%	14%	16%
Gross margin	6%	23%	6%	23%	5%	23%	24%	30%
SG&A as a percent of sales	0%	18%	0%	18%	0%	18%	16%	20%
EBITDA as a percent of sales	5.7%	5.3%	5.5%	5.4%	5.5%	5.2%	10%	10%
Asset turnover	2.4	2.7	2.4	2.8	2.4	3.0	1.5	1.5
Cash conversion cycle	-4	7	-3	7	-3	7	46	57
Debt-to-total capitalization	37%	45%	40%	47%	39%	51%	33%	39%

Note: days of inventory and cash conversion cycle for "all food processors" excludes wine/spirit processors.

Food safety

North America has experienced several high-profile food safety incidents recently, spanning diverse processing sectors and originating both from within Canada and the U.S. and from abroad. Certainly the topic of food safety is much on the mind of today's consumers. Consider the following statistics from AMR research and a 2008 Deloitte food survey of more than 1,000 consumers:

- * 83% of consumers can name a product that was recalled in the last two years because of safety concerns
- * 57% of consumers have stopped eating – either temporarily or permanently – a particular food because of a recall
- * 76% of consumers report they are more concerned today than they were five years ago about the food they eat.

Not surprisingly, food safety concerns are also widespread among Canada's food and beverage processors: 50% of respondents to this year's Benchmarking for Success survey took concrete measures towards improving food safety (working towards a recognized safety certification and/or process improvement) in 2008.

One of the most comprehensive global evaluations of food industry sentiment is the annual Top of Mind survey issued by The Consumer Goods Forum. This year's Top of Mind survey is based on a sample of 596 decision makers heading retail and consumer goods companies in 54 countries. The survey results are consistent with Benchmarking for Success findings and support the judgment that food safety has gained prominence across the globe.

The increasingly global food and beverage supply chain network has also given rise to a broader set of food safety considerations. The editors of the most recent Top of Mind survey note that while industry efforts to reduce food safety incidents have traditionally focused on reducing accidental contamination attributable to inadequate food processing and handling processes, recent incidents involving deliberate contamination of product in (misguided) efforts to control costs have made the notion of food security far more prominent than it was in the past.

We expect the confluence of these high-profile food safety incidents and a progressively more global food and beverage supply chain network to result in continued attention being devoted to product safety among consumers, organizations and governments worldwide.

The Consumer Goods Forum Top of Mind survey results: 2005-2009

Rank	2009	2008	2007	2006	2005
1 st	The economy	Corporate responsibility	Consumer health nutrition	Competition	Competition
2 nd	Food safety	Food safety	Retailer-supplier relations	Retailer-supplier relations	Retailer-supplier relations
3 rd	Corporate responsibility	Consumer health and nutrition	The retail/brand and nutrition (Food safety: 8 th)	Consumer health and nutrition (Food safety: T-6 th)	Customer loyalty and retention (Food safety: 8 th)



Not surprisingly, food safety concerns are also widespread among Canada's food and beverage processors: 50% of respondents to this year's Benchmarking for Success survey took concrete measures towards improving food safety into 2008.

Participant perspectives

Like previous Benchmarking for Success studies, we surveyed a number of Canada's privately owned processors as a part of our assessment, asking participants to provide a perspective on the issues and trends facing Canada's processors in 2009. In light of today's difficult economy, it is not surprising that 40% of survey respondents expect sales growth of 5% or less in 2009.

However, there is also optimism among Canada's private processors, 40% of whom expect growth of 15% or more in 2009. Additionally, while programs aimed at achieving some degree of cost reduction were nearly universal among respondents, there was also recognition among participants that an organization may need to "spend money to save money" – whether through investing in greater process automation or through managing per unit costs by achieving greater scale of operations.

What percent change are you expecting in total sales in 2009 versus 2008?

Projected sales growth	Percent of responses
<0%	10%
0-5%	30%
5-15%	20%
15-25%	20%
>25%	20%



What are the top 2-3 cost cutting initiatives you have planned for this year?

"Lowering labour costs through automation of an existing line"

"Pushing co-packers for reduced rates..."

"Initiating a review of key suppliers"

"Reduce COGS through...going to RFP for key requirements"

"Reduce travel, training and other discretionary costs"

What do you consider to be the single biggest threat to your business at present?

"The industry is having to invest further capital and incur increased operating costs at a time when customers (food service, retail) are not willing to accept price increases due to either the challenging economic conditions or the fear of having to compete with Wal-Mart"

"The need to get to the next level of scale, both for growth and to achieve higher levels of efficiency, lower costs and higher margins"

"People cutting discretionary spending reduces the market for our value-added products. The longer the economy is perceived as bad, the bigger the issue will become"

"A strengthening Canadian dollar"

"A strengthening U.S. dollar"

Merger & acquisition activity

Beginning in 2002 annual M&A transactions in North America's food and beverage sector rose for five consecutive years, peaking at nearly 250 deals in 2007. M&A activity remained strong through the first half of 2008 but slowed substantially in the latter portion of the year.

The vast majority of North American food and beverage M&A activity involves privately held companies, with 94% of the nearly 1,500 deals between 2000-2008 targeting private operators.

Transactions involving Canadian targets have typically represented 10-12% of the North American total; this trend continued in 2008 with Canadian targets account for 21 of the 182 transactions.

While packaged foods and meats represented the substantial majority of deals, many of the largest transactions have involved brewers, vintners and distillers.

Total North American food and beverage M&A activity 2000-2008: Number of transactions

Sector	2000	2001	2002	2003	2004	2005	2006	2007	2008	Total
Agricultural products	10	3	2	8	13	18	18	24	17	113
Packaged foods & meats	80	100	76	83	104	109	137	160	123	972
Soft drinks	28	12	7	23	37	16	25	32	21	201
Non-soft drink beverages	13	9	8	6	10	29	32	25	21	153
Total	131	124	93	120	164	172	212	241	182	1,439

Select food and beverage M&A activity 2002-2008: Canadian targets

Buyer	Target	Year	Deal value (millions)
Saputo	William Neilson	2008	\$372
American sugar refining	Tate & Lyle Canada	2007	\$254
Constellation brands	Vincor Internation	2006	\$1,376
Sapporo Breweries	Sleeman Breweries	2006	\$345
Molson Coors Brewing	Molson	2005	\$4,993
AMBEV	Labatt Brewing Co.	2004	\$8,033
Maple Leaf Foods	Schneider Corp.	2004	\$378

Transactions valued at \$250 million or greater only. Include brewers, distillers and vintners, packaged food and meat, soft drinks.

Select food and beverage M&A activity 2002-2008: American targets

Buyer	Target	Year	Deal value (millions)
InBev	Anheuser-Busch	2008	\$61,050
Mars	William Wrigley Jr.	2008	\$23,340
J.M. Smucker	Folgers Coffee Co.	2008	\$3,298
Nestlé	Gerber products	2007	\$5,500
Coca-Cola Co.	Energy brands	2007	\$4,230
Pilgram's Pride Co.	Gold Kist	2007	\$1,215
Nestlé	Dreyer's Ice Cream	2006	\$2,536
Dr Pepper Snapple Grp	Cadbury Schweppes	2006	\$1,175
William Wrigley Jr.	Altoids, Life Savers (Kraft)	2005	\$1,480
Cadbury	Adams Confectionery	2003	\$4,254

Transactions valued at \$250 million or greater only. Include brewers, distillers and vintners, packaged food and meat, soft drinks.

Concluding remarks

It has been our pleasure to present the findings from the 11th annual Benchmarking for Success report. Having been keen observers of the Canadian food and beverage industry for some time, we were pleased to see the extent to which the Canadian food and beverage sector has narrowed the performance gap with their U.S. counterparts. However, it is not a time for complacency – given the increasingly global nature of today's supply chains it is imperative that organizations look beyond their regional and national borders in measuring performance and developing competitive strategy.

Having had time to reflect on our food and beverage processors' performance – both in strictly financial terms and through dialogue with leaders across the food and beverage sector – we include here what we believe are key success factors for Canadian food and beverage processors in the foreseeable future:

Aggressively manage costs. Volatile input costs and currency exchange rates, an increasingly cost conscious consumer and competition with low cost regions make cost containment more important than ever before. While Canadian companies have made tremendous progress closing the gap with their American peers, the playing field continues to expand with companies across the globe competing for the North American consumer dollar. As such, the ability to offer competitively priced products is now more important than ever.

Take safety seriously. A number of recent high profile food safety incidents have shone a powerful spotlight on the vulnerability of food and beverage supply chains to life-threatening product quality issues. Whereas food safety has historically been viewed as a cost of doing business, companies with trusted delivery capabilities will increasingly be able to leverage this advantage to create growth opportunities. Consider obtaining the endorsement of a recognized food safety certification – in future these endorsements may become a requirement to serve your biggest customers.

Look for growth opportunities abroad. The U.S. is still by far the largest foreign market for Canadian processors. However, with an economy hit hard by the current economic downturn and rising calls for greater protection from foreign competition the U.S. may not be the reliable market it has been previously. Further, as we saw earlier in these pages the most profitable operations in America tend to be very large, diversified businesses. For most Canadian operators achieving this kind of scale represents a very long term possibility rather than a strategy actionable now. Organizations that pursue growth beyond U.S. borders may well end-up in a better competitive position than those which do not.

We look forward to sharing this report with the food and beverage processing community and to the dialogue and sharing of ideas sure to accompany future discussion.

Appendices

Date sources

Deloitte obtained financial data for Canadian and U.S. publicly held food and beverage processors through public filings available through AFG, Ltd. and its third party suppliers: Hemscott, Inc., Zacks Investment Research Incorporated and Thomson Financial Inc.

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Data on privately held processors was gathered by surveying industry participants on a confidential basis. Qualitative data for both U.S. and Canadian processors was obtained through surveys and interviews. Additional information was gathered from publicly available sources and third-party research organizations including Statistics Canada (www.statcan.gc.ca), ProQuest (www.proquest.com), Datamonitor (www.datamonitor.com), AMR Research (www.amrresearch.com), and Capital IQ (www.capitaliq.com). Consistent definitions were used to ensure data consistency and to allow for comparison. Identical formats and definitions were used for the compilation of Canadian and U.S. processors' financial information.

When compiling financial data a small number of data points were deemed "extreme outliers" which substantially altered the profile of the data set and in our opinion obscured the "story" told by the financial data as it pertains to the "typical" or "average" company in the study. The proportion of data points deemed extreme outliers and removed from consideration represented approximately 5% of all data points included in the analysis.

Lastly, one publicly-owned food processor (Golden Enterprises) had not reported 2008 financial results in time for this publication. While the organization's 2006 and 2007 figures are included in this report, the 2008 figures are not represented.



Participating companies

A total of 76 food and beverage processors were included in Benchmarking for Success 2009.

Participating profile	Canadian	U.S.
Public companies	14	53
Private companies	9 ⁶	0
Ave. 2008 sales	\$1.1B	\$5.9B
Total 2008 sales	\$25B	\$312B

Participating public companies in Canada

Andrew Peller Ltd Cl A
 Big Rock Brewery Inc Tr
 Canada Bread Co Ltd
 Corby Distilleries Ltd A
 Cott Corp Premium Brands Inc Fund
 High Liner Foods Inc
 Lassonde Industries Inc
 Magnotta Winery Corp
 Maple Leaf Foods Inc
 Premium Brands Inc. Fund
 Saputo Inc
 Sunopta Inc
 Sun-Rype Products Ltd
 Viterra Inc

Participating public companies in the U.S.

American Italian Pasta
 B&G Foods Inc Cl A
 Bridgford Foods Corp
 Brown-Forman Corp Cl B
 Cagle's Inc Cl A
 Campbell Soup Co
 Chiquita Brands Intl New
 Coca-Cola Co
 Conagra Foods
 Constellation Brands Inc
 Corn Products Intl Inc
 Cuisine Solutions Inc
 Dean Foods
 Del Monte Foods Co
 Farmer Brothers Co
 Flowers Foods Inc
 Fresh Del Monte Prdce
 General Mills Inc
 Golden Enterprises Inc
 Green Mtn Coffee Roaster
 H.J. Heinz Co
 Hain Celestial Group Inc
 Hershey Co The
 Hormel Foods Corp
 Imperial Sugar Company
 Inventre Group Inc
 J&J Snack Foods Corp
 J.M. Smucker Co
 John B Sanfilippo & Son
 Kellogg Co
 Kraft Foods Inc Cl A
 Lancaster Colony Corp
 Lance Inc
 Lifeway Foods Inc
 Maui Land & Pineapple Co
 McCormick & Co Non Vtg
 Molson Coors Brewing Clb
 Monterey Gourmet Foods
 National Beverage Corp
 Penford Corp
 Pepsiamericas Inc
 Pepsico Inc
 Reeds Inc
 Sanderson Farms Inc
 Sara Lee Corp
 Seaboard Corp
 Seneca Foods Corp Cl A
 Sensient Technologies Cp
 Smithfield Foods Inc
 Tootsie Roll Industries
 Treehouse Foods Inc
 Tyson Foods Inc
 Vaughan Foods Inc

⁶ The names of private company participants are being withheld for confidentiality purposes. There were a total of 10 private company responses to the "qualitative" portion of the survey.

Normalized financial statements

Only publicly held Canadian and American processors were included in the normalized analysis. Financial results were normalized by taking the average of reported line items and dividing by average sales (for income statement) or total assets (for balance sheet);

this is thus a weighted average, and figures typically will differ from those calculated using the straight-average method in the body of this report.

Balance sheet

Fiscal year ending	Canada			U.S.		
	2006	2007	2008	2006	2007	2008
Cash & equivalents	6%	3%	8%	4%	4%	5%
Accounts receivable – net	12%	13%	13%	9%	9%	9%
Inventory	16%	19%	18%	10%	10%	10%
Other current assets	1%	3%	2%	4%	4%	3%
Total current assets	35%	38%	41%	27%	27%	27%
Gross property, plant & equipment	60%	58%	55%	46%	44%	44%
Accumulated depreciation	27%	23%	23%	22%	21%	22%
Net property, plant & equipment	33%	35%	32%	24%	23%	23%
All other assets	7%	5%	4%	9%	9%	9%
Total assets	100%	100%	100%	100%	100%	100%
Accounts payable	16%	18%	18%	8%	6%	10%
Short term debt	5%	9%	18%	7%	8%	10%
Other current liabilities	3%	2%	2%	10%	10%	6%
Total current liabilities	24%	28%	26%	25%	24%	22%
Long term debt	21%	15%	19%	20%	22%	26%
Deferred taxes	3%	3%	3%	5%	5%	4%
Other liabilities	3%	3%	3%	8%	8%	10%
Total liabilities	52%	51%	51%	58%	60%	63%
Minority interest	1%	1%	1%	0%	0%	0%
Preferred stock	0%	0%	0%	0%	0%	0%
Common stockholders' equity	48%	49%	49%	42%	40%	37%
Shareholders' equity	48%	49%	49%	42%	40%	37%
Total liabilities & equity	100%	100%	100%	100%	100%	100%

Income statement

Fiscal year ending	Canada			U.S.		
	2006	2007	2008	2006	2007	2008
Net sales	100%	100%	100%	100%	100%	100%
Cost of goods sold	89%	87%	85%	62%	62%	63%
Gross margin	11%	13%	15%	38%	38%	37%
SG&A expense	3%	4%	7%	22%	22%	22%
EBITDA	8%	8%	7%	16%	15%	15%
Dep. & amortization	3%	2%	2%	3%	3%	3%
EBIT	5%	6%	5%	12%	12%	12%
Interest expense	1%	1%	1%	2%	2%	2%
Non-operating income	-1%	-1%	-1%	0%	0%	-1%
Special items	-1%	-2%	-2%	0%	-1%	-3%
EBT	4%	5%	4%	11%	10%	10%
Income taxes	1%	1%	1%	3%	3%	3%
Minority interest	0%	0%	0%	0%	0%	0%
Net income before extraordinary items	3%	3%	3%	8%	7%	7%
Extraordinary items	0%	0%	0%	0%	0%	0%
Net income	2%	4%	2%	8%	8%	7%
Preferred dividends	0%	0%	0%	0%	0%	0%
Net income to common shareholders	2%	3%	2%	8%	8%	6%

Glossary of terms

Category	Ratio	Calculation	Unit
Profitability	Return on equity, before tax	Year-end income taxes / (Year-end value of total shareholders' equity + minority interest)	N/A
	Return on investment	Year-end income before interest, taxes, depreciation & amortization / (Year-end value of total shareholders' equity + minority + total debt)	N/A
	Tax rate	Year-end tax expense / Year-end income before taxes	%
Efficiency	Gross margin	(Year-end value of net sales – cost of goods sold) / Year-end of net sales	%
	Asset turnover	Year-end value of net sales / Year-end value of total assets	N/A
	SG&A as a percent of sales	Year-end value of sales, general & administration expenses / Year-end value of net sales	%
	Inventory days	(Year-end value of inventory *365) / Year-end value of cost of goods sold	days
	Receivables days	(Year-end value of accounts receivable *365) / Year-end value of net sales	days
	Payables days	(Year-end value of accounts payable *365) / Year-end value of cost of goods sold	days
	Cash conversion cycle	Days of inventory + days of receivables – days of payables	days
	Net PP&E turnover	Year-end value of net sales / Year-end value of net property, plant & equipment	N/A
Solvency	Debt-to-total capitalization	Year-end value of total debt / (Year-end value of total shareholders' equity + minority interest + total debt)	%
	Interest as a percent of sales	Year-end value of current expenses / Year-end value of net sales	%
	Current ratio	Year-end value of current assets / Year-end value of current liabilities	N/A
	PP&E-to-total capitalization	Year-end value of net property, plant & equipment / (Year-end value of total shareholders' equity + minority interest + total debt)	%

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