

# Corporate Credit > U.S. High Yield



## WhiteWave Foods Co.

Updated: November 6, 2015

### Trade Idea:

- ▶ Buy WhiteWave senior unsecured bond due October 2022.

### Investment Rationale:

- ▶ WhiteWave is a packaged foods manufacturer focusing on organic and animal/plant-based products.
- ▶ Leading brands include Horizon Organic, Silk, Earthbound Farm, and International Delight.
- ▶ Top-line growth trajectory is sound (+12% on an organic basis) and the bulk of this growth is volume-driven.
- ▶ Margins are low relative to packaged food peers, but should remain largely stable in the high single/low double-digit area over time.
- ▶ Net leverage stands at 4.45x pro-forma for acquisition and while FCF will be slightly negative in 2015 as management amplifies capital spending to prepare for future growth, we expect this leverage level to decline on higher EBITDA.
- ▶ Liquidity is adequate with a cash balance of \$27mm and revolver availability of \$325mm pro-forma for acquisition. Equity cushion is sizable with EV/EBITDA at 15x.
- ▶ Bonds trade at an attractive level relative to industry comparables. As management may issue new debt to fund recent acquisitions, opportunity to more easily increase exposure may be on the horizon.

### Recommendation(s):

| View | Trade Horizon | Ticker | Cpn    | Maturity  | Ratings |         |     | Issue |       |     | Cash   |        |       | ISIN         |
|------|---------------|--------|--------|-----------|---------|---------|-----|-------|-------|-----|--------|--------|-------|--------------|
|      |               |        |        |           | S&P     | Moody's | Ccy | Size  | YTW   | OAS | Price  | Target | Loss  |              |
| +1   | 12 Months     | WWAV   | 5.375% | 10/1/2022 | BB-     | B1      | USD | 500   | 4.36% | 234 | 106.00 | 108.00 | 98.00 | US966244AA30 |

\* Levels as of 11/06/2015