
ELEVATION CAPITAL MANAGEMENT LIMITED:
POST HOLDINGS, INC: [POST:US]



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A LONG & STORIED HISTORY

1895 – Postum Cereals Company founded by C.W. Post

1925 – Acquired Jell-O gelatin

1927 – Acquired Baker's chocolate

1928 – Acquired Maxwell House coffee

1929 – Acquired General Foods Company

1929 – Changes name to General Foods Corporation

1985 – Acquired by Philip Morris Companies

1989 – Philip Morris merged General Foods with Kraft Foods to form the Kraft General Foods division

1995 – Kraft General Foods renamed Kraft Foods

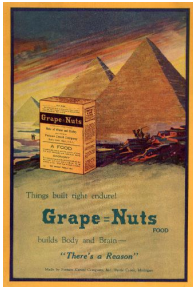
2008 – Post Cereals spun off from Kraft and merged with Ralcorp Holdings as Post Foods, LLC.

2012 – Post Foods unit spun off from Ralcorp as Post Holdings, Inc. and listed on NYSE (7 February)

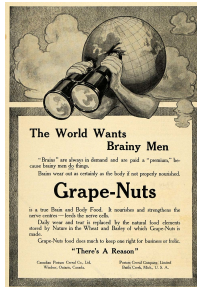


BUILT OVER THE LAST 117 YEARS:

Stable Staples



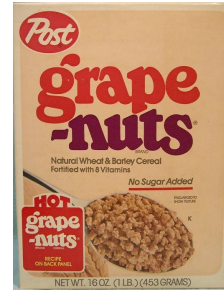
1897



1919



1937



1984



2000



2013

Future?

LONGEVITY VS FAD

Kodak

 **myspace.com™**
a place for friends



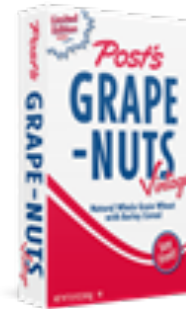
RCA

 **pets.com**

 **Polaroid**

DELL™

NOW OWNS A NUMBER OF RECOGNISED BRANDS



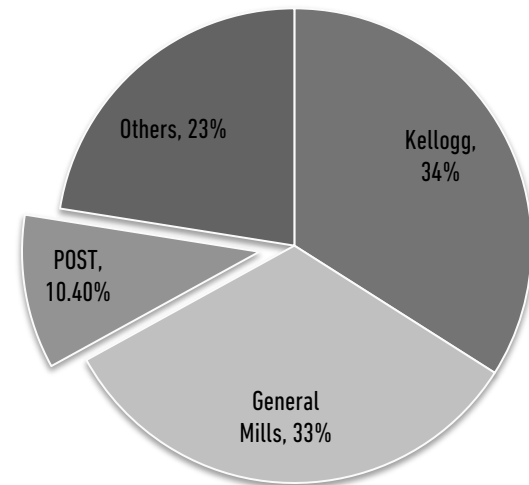
GRAPE-NUTS® REINVENTION



#3 PLAYER IN THE US

- Third-largest cereals business in the US (10.4%)
 - #1 Kellogg, #2 General Mills, #4 Quaker Oats (PepsiCo)
 - The US Ready-To-Eat (RTE) Cereal industry has approximately 92% household penetration
 - Scale and brands provide a large barrier to entry
- Post's domestic market share declined from approximately 12.2% in FY09 to 10.4% today
 - This was due to a "broken network" that caused "significant disruption to business" under Ralcorp management prior to spin-off
 - Despite this poor performance, Post's cereal business remains highly cash generative

US CEREAL MARKET*
(USD 10 BILLION)



HISTORICAL FINANCIALS DON'T TELL THE FULL STORY

	POST	Kellogg	General Mills
Share Price*	\$47.33	\$60.43	\$49.91
Market Cap*	\$1.5B	\$21.9B	\$31.7B
Gross Margin*	39.6%	37.2%	35.6%
Operating Margin*	10.4%	10.9%	15.6%
Net Margin*	3.0%**	6.7%	9.8%
ROA*	0.9%**	7.7%	9.2%
ROE*	2.1%**	37.8%	26.2%
Net Debt / Equity*	0.67x	2.51x	1.10x
P/B*	1.05x	7.72x	4.66x

* DATA SOURCE: THOMSON REUTERS AS AT 16 DECEMBER 2013 – POST AS AT 30 SEPTEMBER 2013, KELLOGG AS AT 28 SEPTEMBER 2013 AND GENERAL MILLS AS AT 25 AUGUST 2013

** BASED ON ADJUSTED NET EARNINGS OF \$31.1M REPORTED BY POST AS AT 30 SEPTEMBER 2013

TRANSFORMATION

POST is transforming from a low growth single category participant to a consumer products holding company, operating in center-of-the-store, active nutrition and private label categories.*



* FROM POST 2013 ANNUAL REPORT (PAGE 4)

POST IS LED BY AN EXCEPTIONAL CEO

**8 UNCONVENTIONAL CEOS & THEIR RADICALLY
RATIONAL BLUEPRINT FOR SUCCESS:**

Tom Murphy
Bill Anders
Katharine Graham
Dick Smith
Henry Singleton

**THE ONLY THREE YOU CAN INVEST WITH
TODAY:**

John Malone
Bill Stiritz
Warren Buffett

**"HE'S PROBABLY AMONG THE BEST MONEYMAKERS OF THE PAST
30 YEARS... HE'S A WARREN BUFFETT-LIKE CHARACTER, BUT
STAYS OUT OF THE LIMELIGHT."**

- John Mcmillin (Prudential Securities)

BILL STIRITZ: POST CHAIRMAN & CEO

Bill Stiritz – Chairman / CEO

- 79 years old
- Owns 1.1% of Post as of 11 November 2013 based on 32,688,799 shares outstanding
- Base salary of \$1 per year, the rest in stock options @ market prices
- 1,550,000 non-qualified stock options were granted at \$31.25 per share* in May 2012. 600,000 stock options were granted at \$40.30 per share* in October 2013. The options vest over the course of 3 years but are not exercisable until Stiritz is no longer an officer of the Company. Stiritz was also granted 312,500 restricted stock units.



* CLOSING PRICE OF THE STOCK ON THE DATE OF GRANT

BILL STIRITZ: A LONG HISTORY OF VALUE CREATION

1964 - Joined Ralston Purina at the Grocery Products Division (pet food and cereals)

1971 - Became General Manager of Grocery Products Division

1981 - Named CEO of Ralston Purina Company at the age of forty-seven

1980s - Initiated an aggressive stock repurchase program

1984 - Acquired Continental Baking

1986 - Acquired Energizer Battery from Union Carbide for \$1.5 billion

1994- Spun-off a collection of smaller brands into a new entity – Ralcorp

1998 - Sale of the company's protein businesses to DuPont in a \$1.5 billion stock deal

1998 - Spun-off Agribrands International

2000 - Spun-off Energizer Holdings

2001 - Agribrands International acquired by Cargill

2001 - Nestle acquired Ralston Purina for \$10.4 billion

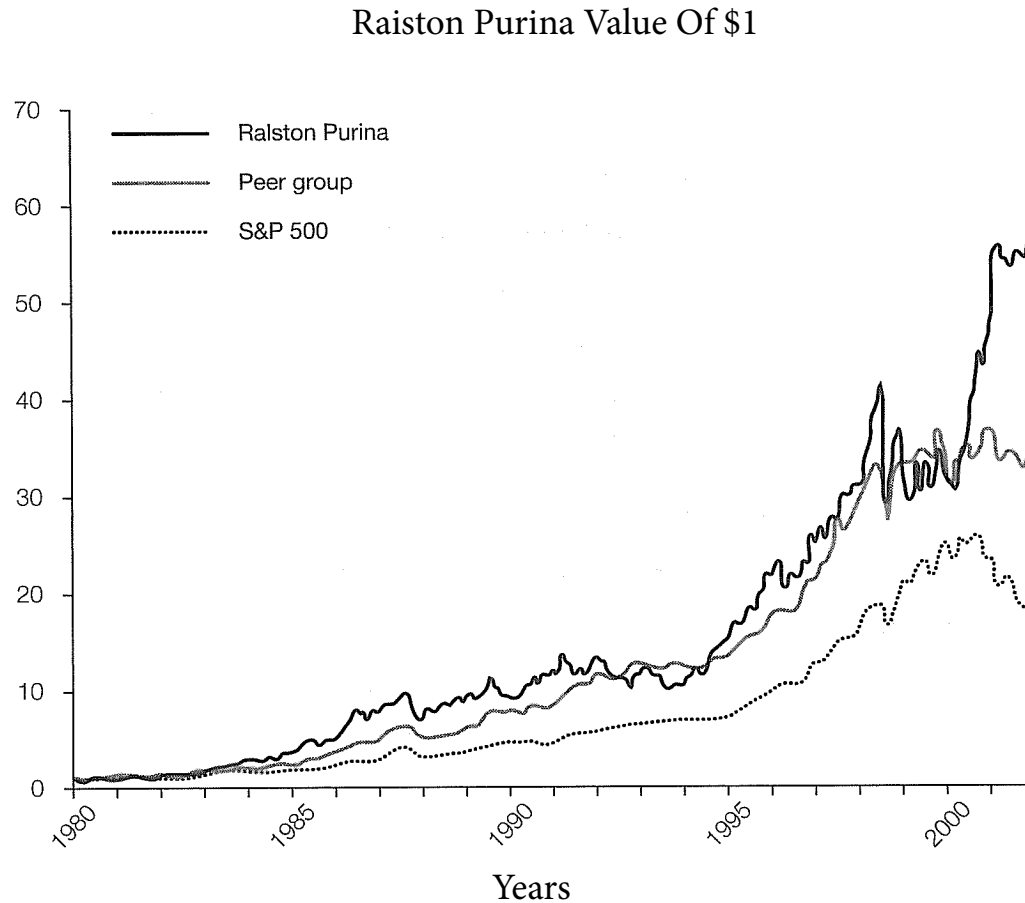
2008 - Ralcorp acquired Post Cereals from Kraft Foods for \$2.6 billion

2012 - Spun-off Post Holdings from Ralcorp

2013 - ConAgra acquired Ralcorp for \$5 billion

BILL STIRITZ: HAS DELIVERED STRONG RETURNS

A dollar invested with Bill Stiritz when he became CEO of Ralston Purina was worth \$57 nineteen years later.*



HE IS NOW AT IT AGAIN

Since spin-off in January 2012, the Company has...

- Repurchased ~5% of outstanding shares at a price of \$30.50 (Sept 2012);
- Acquired Attune Foods for \$9 million (Jan 2013);
- Acquired Organic and Natural Cereal, Granola and Snacks Business of Hearthside Food Solutions for \$158 million (May 2013, 7.3x EBITDA);
- Acquired Premier Nutrition Corporation for \$180 million (Sept 2013, 8.4x EBITDA);
- Announced acquisition of Dakota Growers Pasta Company for \$370 million (Sept 2013, 8.4x EBITDA);
- Announced acquisition of Golden Boy Foods for CAD 320 million (Dec 2013, 10.6x EBITDA);
- Announced acquisition of Dymatize Enterprises for \$380 million (Dec 2013, 9.5x EBITDA)



POST'S TRANSFORMATION PROCEEDING RAPIDLY: OLD



POST FOODS

Ready-To-Eat Cereals (2.5% sales growth in FY13)
US Market = ~US10B (Declining 2.2% in FY13)

POST'S TRANSFORMATION PROCEEDING RAPIDLY: **NEW**

Post Cereals



POST FOODS



Premier Nutrition™

ACTIVE NUTRITION

Sports Nutrition and Weight Loss (Double-digit growth)
Meal Replacement Substitutes
Protein Opportunities



GOLDEN BOY
Naturally better for your business

PRIVATE LABEL BUSINESS

Private Label Servicing
Experienced in private label business from Ralcorp



ATTUNE FOODS

Branded and Private Label
Natural / Organic Cereals
(High single-digit growth)
Granola and Snack

STIRITZ'S FUTURE STRATEGY FOR POST?

Continued rollup following Stiritz's Ralcorp Public LBO Model

- Leverage up to achieve higher returns on equity
- Pruning less profitable businesses
- Expand into related businesses that have higher returns and growth
- Opportunistic large share buybacks

Potential exit strategies

- Acquisition target for one of its main competitors in the RTE cereals market
e.g., Quaker Oats (PepsiCo)
- Acquisition target for other major players in the Packaged Food Industry
e.g., ConAgra
- Sale to Private Equity or Other

PAST TRANSACTIONS: VALUATION BENCHMARK

Date	Acquirer	Target	Price	EBITDA Multiple
Sep 2013	Joh. A. Benckiser	D.E Master Blenders	USD9.8B	16x 2013 EBITDA
Feb 2013	BRK/3G	HJ Heinz	USD27B	13.6x EBITDA
Nov 2012	ConAgra	Ralcorp	USD5.0B	11.0x EBITDA
July 2012	Campbell Soup	Bolthouse Farms	USD1.6B	9.5x 2012 EBITDA
April 2012	Nestle	Pfizer Baby Food Unit	USD11.9B	19.8x 2012 EBITDA*
Feb 2012	Kellogg	Pringles (P&G)	USD2.7B	11.0x EBITDA (LTM)
July 2011	Nestle	Hsu Fu Chi	USD1.7B	16.8x EBITDA*
March 2011	General Mills	50% of Yoplait	USD1.12B	12.6x 2010 EBITDA
Jan 2010	Nestle	Kraft Foods frozen pizza business	USD3.7B	12.5x 2009 EBITDA
Jan 2010	Kraft	Cadbury	USD19.6B	13.0x 2009 EBITDA
May 2008	Mars	Wrigley	USD23B	18.1x EBITDA*
July 2007	Kraft	Danone biscuit business	USD7.2B	13.2x 2007 EBITDA
Dec 2001	Nestle	Ralston Purina	USD10.3B	15.7x 2000 EBITDA
Aug 2001	PepsiCo	Quaker Oats	USD14.4B	16.0x EBITDA
March 2001	Kellogg	Keebler Foods	USD4.7B	10.5x EBITDA
Oct 2000	Unilever	Bestfoods	USD25.1B	14.6x EBITDA
			Average:	13.0x EBITDA

* EXCLUDED FROM AVERAGE CALCULATION

WHAT IS POST POTENTIALLY WORTH?

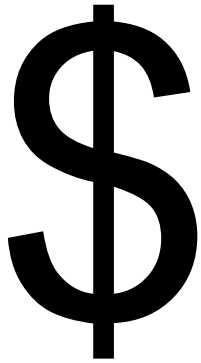
- Post is currently trading at a range of 10.7x – 11.4x Adjusted EBITDA*
- Industry Transaction Average = 13.0x EBITDA (Based on Elevation Capital data set – slide 16)
- If we believe 12x or 13x FY2014 Estimated EBITDA is a fair transaction multiple for the transforming Post
 - Post is trading at a discount (34%-79%) based on Elevation Capital Value Fund's cost basis
 - Post is trading at a discount (12%-51%) based on a current market price of \$47.33 (as at 16 December 2013)

	EBITDA (US\$M)	Assumed EBITDA Multiple	Est. EV (US\$M)	Est. Value per Share (US\$)	Implied Premium / Discount**
EC FY2014 Estimated EBITDA (incl. announced acquisitions) - Low*	316.2	11x	3,478	\$43.50	9%
		12x	3,794	\$53.17	34%
		13x	4,110	\$62.84	58%
EC FY2014 Estimated EBITDA (incl. announced acquisitions) - High*	337.7	11x	3,715	\$50.76	28%
		12x	4,053	\$61.09	54%
		13x	4,391	\$71.42	79%

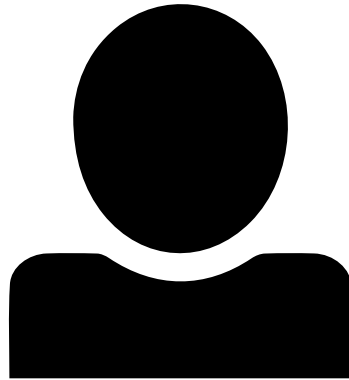
* BASED ON A SHARE PRICE OF \$47.33 AS AT 16 DECEMBER 2013, AND AN ELEVATION CAPITAL ESTIMATED FY2014 EBITDA RANGE OF \$316.2M (\$9.67 PER SHARE) TO \$337.7M (\$10.33 PER SHARE)

** BASED ON ELEVATION CAPITAL VALUE FUND'S COST BASIS OF US\$ 39.79 PER SHARE

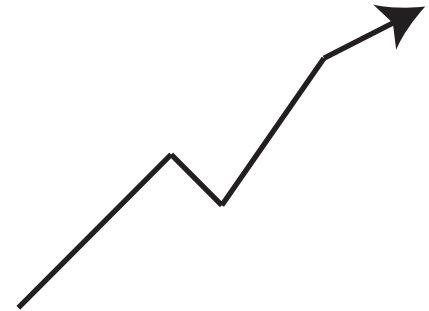
CASH FLOW + STIRITZ: INTERESTING OPPORTUNITY



+



=



CASHFLOW

Post Food's
steady
cashflow

BILL STIRITZ

Post's CEO and
Chairman is an
experienced value creator
for shareholders

WINNING COMBINATION

Post Holdings, Active
Nutrition, Center-of-the-
Store, Private label, Others?

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'INDEPENDENT THINKING – DISCIPLINED INVESTING'

INDEPENDENT THINKING

[In-de-pend-ent Think-ing] **ində'pendənt THiNkiNG** *verb*

Is essential to long-term investment success. We are often contrarian and do not pay attention to index compositions when making investment decisions. We believe that when you're several thousand miles away from Wall Street in a different nation, it's easier to be independent and buy the things that other people are selling, and sell the things that other people are buying. We also believe that cash is sometimes the most attractive investment.

DISCIPLINED INVESTING

[Dis-ci-plined In-vest-ing] **disciplinəd inves'ting** *verb*

The market presents opportunities every day, but disciplined investing is as much about the opportunities you do not take. Our investments are premised on the concept of "Margin of Safety" which we believe reduces risk.