



THREE add-ons completed in ONE year, transforming a regional competitor into a NATIONAL player

WHO is Fresh Direct Produce?

Fresh Direct Produce, Ltd. ("FDP") is a distributor of fresh, ethnic, tropical, organic, and specialty produce.

Headquarters: Vancouver, British Columbia, Canada
 Sector: Health & Wellness
 Acquisition Year: 2018
 Exit Year: 2021

WHY were we interested?

HKW was drawn to FDP's talented management team and fit within our Health & Wellness sector thesis. John Carsello, HKW Partner, met the FDP management team at a conference prior to their sale process. It was clear from the beginning that FDP checked key boxes in terms of their market and culture fit with HKW. John ranked the company first in terms of our interest coming out of the conference. HKW's approach also resonated with FDP; several months later the team asked HKW to be included on the short list in their formal sale process.

Value creation levers, what did we do?

During the investment period, HKW supported FDP by leading and helping to integrate three add-on acquisitions. The end result was an expansion from three to six facilities, which served as the structure necessary to distribute nationally across Canada. Additionally, the Calgary operation doubled throughput, which led to significant organic growth and margin improvement.

HKW also implemented systems to improve financial reporting and incentivized the team to participate in the transaction through continued equity ownership and performance-based options, as is standard with HKW portfolio companies. HKW and FDP were in alignment to seek incremental growth and to establish the company as a national player in the food distribution space.





“ The collaboration with HKW surpassed our needs, and we are so thankful for their partnership.”

Davis Yung, President, CEO, and co-founder Fresh Direct Produce

TAKEAWAY:

In the last quarter of 2020, HKW's Exit Committee and FDP's Board of Directors reviewed the company's performance against the investment thesis, current strategic initiatives, and the condition of the broader M&A Market. The Exit Committee determined FDP had achieved their investment thesis ahead of schedule by establishing FDP as a national leader in produce distribution. Because of these factors, the team decided to pursue an exit process.

The Exit Team, consisting of both HKW and FDP leadership, engaged Truist Securities to advise on the sale process. FDP garnered significant buyer interest throughout the process, which resulted in HKW exiting its investment to another private equity group in August 2021.

LEARN MORE:

Ryan Grand, HKW Principal, discusses with John Carsello, HKW Partner, who led the transaction, and Kent Robinson, HKW Operations Partner and former Chairman FDP Board of Directors, the Fresh Direct Produce hold period; the recording can be watched [HERE](#).

Case studies are for illustrative purposes only and have been selected to provide examples of the types of investments made by HKW and do not purport to be a complete list thereof. It should not be assumed that investments made in the future will be comparable in quality or performance to the investments described herein.

*The Best Managed Companies award is presented by Deloitte, and it recognizes Canadian-headquartered companies with revenues of at least \$50 million CA. Applicants are evaluated against four pillars to determine qualification. The award measures more than exclusively financial performance, as it recognizes overall business performance and sustained growth, as well as efforts of an entire organization.