



Food & Agribusiness Sector Market Update

Summer 2021

M&A Advisory for the Food & Agribusiness Industry

DCA Partners is a boutique investment bank specializing in M&A advisory services throughout the western United States. Our industry expertise and entrepreneurial experience allows us to bring a unique perspective to every single engagement.

Select Transactions



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Strong Momentum as We Enter Harvest Season

With summer nearly behind us, the challenges of the first half of the year feel largely unprecedented. New strains of COVID-19, triple-digit temperatures that have plagued the west, and a drought and wildfire season unlike any in recent memory have affected all of us in some way. Yet as we look back on the first half of 2021 and forward again into the future, we do see cause for optimism, particularly in the capital markets.

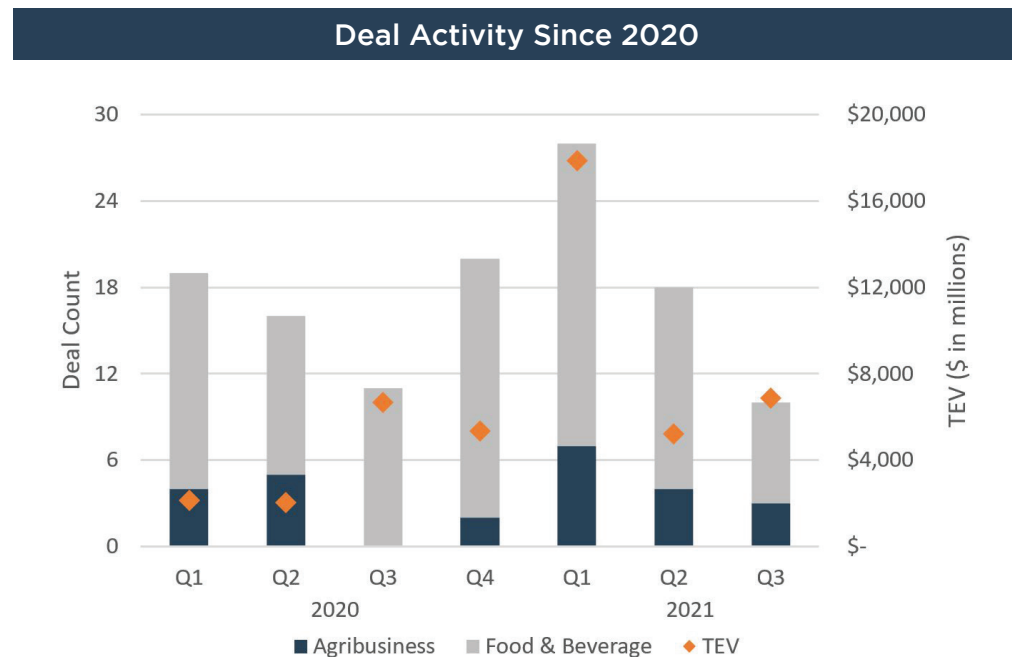
The public equity markets have performed well in 2021. With significant stimulus and solid consumer sentiment providing a strong ballast, major indices have bounced back and forth off record highs. U.S. M&A activity recovered from its mid-COVID lows towards the latter half of 2020, only to accelerate through the first half of 2021. The threat of potential tax law changes, coupled with pent-up demand for assets, relative strength of buyer balance sheets, private equity dry powder, and continued low borrowing costs have driven activity of both buyers and sellers.

In the Food & Agribusiness sector, inputs, branded food, and distribution platforms continued to drive deal flow, with several major deals announced in the first half of

2021. In the branded space, several corporate divestitures have buoyed the M&A markets, including Kraft Heinz's (KHC) \$3.2 billion spinoff of its U.S. cheese business and Tyson Foods' (TSN) \$1.2 billion sale of its pet treats business to General Mills. In distribution and delivery, several high-visibility deals, including GrubHub, Postmates, Factor75, and Freshly were all completed as consumer demand for food delivery continued to drive strong valuations and platform consolidation. Closer to home, DCA completed two food

distribution transactions in Q1 2021, including the sale of Richmond Wholesale Meat Company, a global frozen food distributor, to IMB Partners.

In the second half of 2021, we anticipate continued M&A activity as companies double down on core business operations, capitalize on improving tailwinds, and continue to make investments in key areas of food innovation (see our spotlight on the Rise of Alternative Proteins on page 10).



Source: Pitchbook

Bounce Back from COVID Dip In Early 2020

Both the Food and Beverage and Agribusiness industries were hit slightly harder than the general markets at the initial onslaught of last year's pandemic events. Agribusiness rebounded through the rest of 2020 and continued into the first half of 2021, though Food and Beverage saw less than half the same growth.

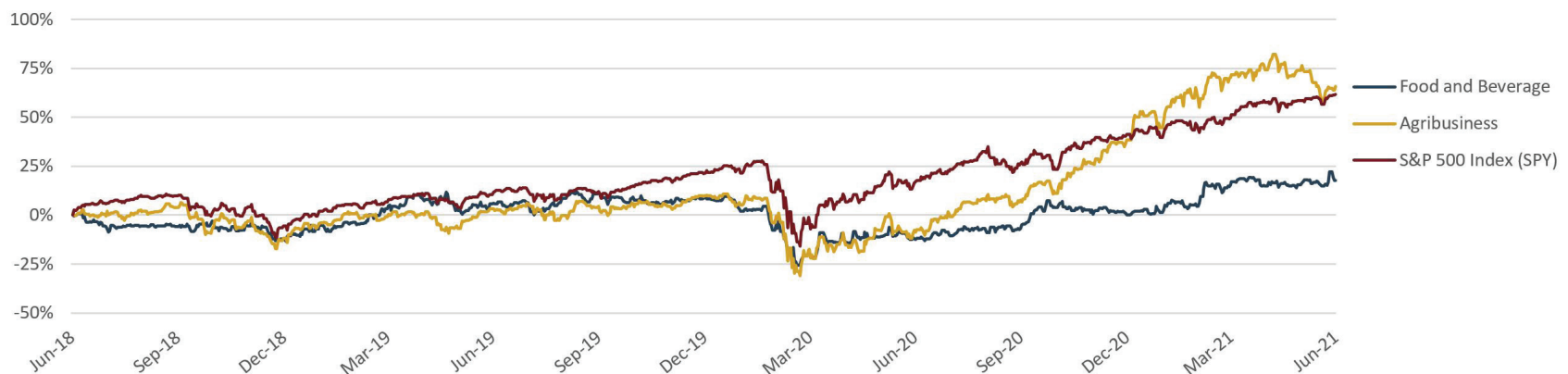
Equipment and Machinery companies were the largest contributors to Agribusiness growth, with companies like John Deere (DE), AGCO (AGCO), and Titan Machinery (TITN) each

seeing their stock prices double over the last three years. Farmers and agriculture customers are constantly seeking ways to increase profitability and sustainability, and equipment providers are forced to accelerate their technology stacks, often through acquisition. For example, since 2019, John Deere has acquired five companies that offer forms of analytics software, robotics, automation, and artificial intelligence.

The Food and Beverage industry did not fare as well, with Packaged Foods, Protein, and Produce

spaces all falling short of the broader market recovery and only Beverages outperforming. With more than 100,000 American bars and restaurants closing their doors in 2020, alcohol producers like Boston Beer Company (SAM) and Brown-Forman (BF-B) were able to benefit from an increased demand for spirits and canned and bottled products. The Protein space stayed virtually flat during the last three years, despite the tremendous growth expected in the alternative protein space (see our spotlight on the Rise of Alternative Proteins on page 10).

Public Valuations: Share Price (Growth Over Trailing 36 Months)



Source: Yahoo Finance. Note: Underlying companies within the data sets above are detailed on the following four pages.

Public Comparables Analysis – Food and Beverage

As of June 30, 2021 (USD in millions)

Company Name	Ticker	Market Cap	Enterprise Value	Last Twelve Months				
				Revenue	EBITDA	EBITDA Margin	Enterprise Value/	
							Revenue	EBITDA
Packaged Foods								
Nestlé	NSRGY	\$352,351	\$389,158	\$90,181	\$19,450	21.6%	4.3x	20.0x
Mondelez International	MDLZ	87,710	105,733	27,112	5,348	19.7%	3.9x	19.8x
Kraft Heinz	KHC	49,880	74,869	26,422	3,600	13.6%	2.8x	20.8x
General Mills	GIS	36,997	49,046	18,127	3,879	21.4%	2.7x	12.6x
Hershey	HSY	36,055	39,658	8,408	2,126	25.3%	4.7x	18.7x
Kellogg's	K	21,904	30,340	13,942	2,387	17.1%	2.2x	12.7x
McCormick & Company	MKC	23,579	28,938	5,871	1,222	20.8%	4.9x	23.7x
Conagra Brands	CAG	17,460	26,685	11,733	2,281	19.4%	2.3x	11.7x
Campbell Soup Company	CPB	13,816	18,810	8,711	1,621	18.6%	2.2x	11.6x
The J.M. Smucker Co.	SJM	14,038	18,609	8,003	1,802	22.5%	2.3x	10.3x
Post Holdings	POST	6,902	13,203	5,689	1,189	20.9%	2.3x	11.1x
Flowers Foods	FLO	5,124	6,133	4,341	458	10.5%	1.4x	13.4x
B&G Foods	BGS	2,124	4,444	2,024	362	17.9%	2.2x	12.3x
The Hain Celestial Group	HAIN	4,001	4,288	2,031	140	6.9%	2.1x	30.6x
J&J Snack Foods	JJSF	3,320	3,117	964	24	2.5%	3.2x	131.0x
Beverage								
Coca-Cola	KO	\$233,305	\$267,676	\$33,433	\$12,399	37.1%	8.0x	21.6x
Pepsico	PEP	204,716	241,862	71,311	13,203	18.5%	3.4x	18.3x
Keurig Dr Pepper	KDP	49,950	64,337	11,907	3,202	26.9%	5.4x	20.1x
Constellation Brands	STZ	44,957	55,234	8,678	2,372	27.3%	6.4x	23.3x
Brown-Forman	BF.B	35,129	36,538	3,461	1,237	35.7%	10.6x	29.5x
Molson Coors Beverage Company	TAP	11,658	19,623	9,450	777	8.2%	2.1x	25.3x
Oatly	OTLY	14,476	14,715	477	(53)	NM	30.8x	NM
Boston Beer Co	SAM	12,542	12,463	1,951	367	18.8%	6.4x	34.0x
National Beverage	FIZZ	4,407	4,257	1,072	259	24.2%	4.0x	16.4x
Farmer Brothers	FARM	226	332	376	8	2.1%	0.9x	42.8x
Coffee Holding	JVA	31	30	68	2	3.3%	0.5x	13.9x

Source: Pitchbook. "NM" = Not Meaningful

Public Comparables Analysis – Food and Bev Cont.

As of June 30, 2021 (USD in millions)

Company Name	Ticker	Market Cap	Enterprise Value	Last Twelve Months				
				Revenue	EBITDA	EBITDA Margin	Enterprise Value/	
							Revenue	EBITDA
Protein								
Tyson Foods	TSN	\$26,906	\$36,532	\$43,242	\$4,415	10.2%	0.8x	8.3x
Hormel Foods	HRL	25,884	25,437	9,869	1,293	13.1%	2.6x	19.7x
Beyond Meat	BYND	9,932	9,948	418	(72)	NM	23.8x	NM
Pilgrim's Pride	PPC	5,405	7,704	12,290	651	5.3%	0.6x	11.8x
Seaboard	ASE: SEB	4,491	4,524	7,502	819	10.9%	0.6x	5.5x
Sanderson Farms	SAFM	4,198	4,162	3,940	386	9.8%	1.1x	10.8x
Cal-Maine Foods	CALM	1,769	1,591	1,453	136	9.4%	1.1x	11.7x
Produce								
Lamb Weston Holdings	LW	\$11,799	\$13,858	\$3,510	\$545	15.5%	3.9x	25.4x
Fresh Del Monte Produce	FDP	1,562	2,282	4,173	206	4.9%	0.5x	11.1x
Mission Produce	AVO	1,462	1,582	851	92	10.9%	1.9x	17.1x
Calavo Growers	CVGW	1,122	1,229	1,002	26	2.6%	1.2x	47.1x
Sanfilippo John B & Son	JBSS	1,016	1,060	856	97	11.4%	1.2x	10.9x
Seneca Foods	SENEA	463	573	1,468	199	13.5%	0.4x	2.9x
	Mean	\$35,453	\$42,066	\$11,957	\$2,268	15.6%	4.1x	21.3x
	Median	\$11,799	\$13,858	\$5,689	\$777	15.5%	2.3x	17.1x

Source: Pitchbook. "NM" = Not Meaningful

Public Comparables Analysis – Agribusiness

As of June 30, 2021 (USD in millions)

Company Name	Ticker	Market Cap	Enterprise Value	Last Twelve Months				
				Revenue	EBITDA	EBITDA Margin	Enterprise Value/	
							Revenue	EBITDA
Farm Products and Services								
Archer Daniels Midland	ADM	\$33,857	\$45,557	\$68,278	\$3,609	5.3%	0.7x	12.6x
Bunge	BG	11,053	19,636	45,192	3,435	7.6%	0.4x	5.7x
Andersons	ANDE	1,015	3,087	8,991	135	1.5%	0.3x	22.8x
Limoneira	LMNR	310	465	167	412	247.0%	2.8x	1.1x
Alico (Agribusiness)	ALCO	268	405	101	57	56.4%	4.0x	7.1x
S&W Seed	SANW	134	182	87	(14)	NM	2.1x	NM
Agriculture Chemicals								
Nutrien	NTR	\$34,541	\$45,313	\$21,395	\$3,061	14.3%	2.1x	14.8x
Corteva Agriscience	CTVA	32,690	35,776	14,439	2,193	15.2%	2.5x	16.3x
FMC	FMC	13,944	17,156	4,588	889	19.4%	3.7x	19.3x
CF Industries Holdings	CF	11,037	16,841	4,201	949	22.6%	4.0x	17.7x
The Mosaic	MOS	12,119	16,242	9,181	1,747	19.0%	1.8x	9.3x
Scotts Miracle-Gro	SMG	10,691	13,211	4,960	802	16.2%	2.7x	16.5x
Compass Minerals	CMP	2,015	3,156	1,305	270	20.7%	2.4x	11.7x
CVR Partners	UAN	661	1,250	336	35	10.5%	3.7x	35.3x
American Vanguard	AVD	540	681	479	31	6.4%	1.4x	22.3x
AgroFresh Solutions	AGFS	108	469	164	53	32.6%	2.9x	8.8x
Intrepid Potash	IPI	428	449	204	1	0.7%	2.2x	335.8x
Marrone Bio Innovations	MBII	291	307	40	(14)	NM	7.7x	NM

Source: Pitchbook. “NM” = Not Meaningful

Public Comparables Analysis – Agribusiness Cont.

As of June 30, 2021 (USD in millions)

Company Name	Ticker	Market Cap	Enterprise Value	Last Twelve Months				
				Revenue	EBITDA	EBITDA Margin	Enterprise Value/	
							Revenue	EBITDA
Equipment and Machinery								
Deere	DE	\$110,025	\$149,542	\$39,545	\$8,331	21.1%	3.8x	18.0x
Caterpillar	CAT	119,215	146,097	43,000	5,630	13.1%	3.4x	25.9x
CNH Industrial	CNHI	22,643	39,858	28,044	811	2.9%	1.4x	49.1x
The Toro	TTC	11,764	12,035	3,704	547	14.8%	3.2x	22.0x
AGCO	AGCO	9,824	10,829	9,600	725	7.6%	1.1x	14.9x
Cerved Group	CERV	2,260	2,923	568	245	43.1%	5.1x	12.0x
Hydrofarm	HYFM	2,353	2,312	387	16	4.1%	6.0x	144.2x
Alamo Group	ALG	1,820	2,069	1,160	97	8.4%	1.8x	21.2x
Lindsay	LNN	1,803	1,812	504	75	15.0%	3.6x	24.1x
Mission Produce	AVO	1,462	1,582	851	92	10.9%	1.9x	17.1x
Sanfilippo John B & Son	JBSS	1,016	1,060	856	97	11.4%	1.2x	10.9x
Titan Machinery	TITN	697	926	1,474	47	3.2%	0.6x	19.6x
Arts Way Manufacturing	ARTW	15	20	23	(2)	NM	0.9x	NM
	Mean	\$14,535	\$19,073	\$10,123	\$1,109	23.2%	2.6x	33.4x
	Median	\$2,015	\$2,923	\$1,305	\$245	13.7%	2.4x	17.4x

Source: Pitchbook. "NM" = Not Meaningful

Select Recent Food & Ag Sector M&A Activity

Financing Date	Investor(s)/Buyer(s)	Target	Target Description	Deal Type	Value (\$M)
August-21	First Beverage Group, Manna Tree Partners	Health-Ade	Producer of kombucha beverage intended to offer gut-health benefits.	Buyout/LBO	Undisclosed
August-21	CGC Ventures and Cargill Ventures	Sanderson Farms (NAS: SAFM)	Producer and processor of fresh and frozen chicken and other prepared food items.	M&A	\$4,530
August-21	Nestlé Health Science	The Bountiful Company	Manufacturer and distributor of nutritional supplements.	M&A	5,750
August-21	Deere & Company (NYS: DE)	Bear Flag Robotics	Self-driving technology for tractors designed to lower the cost of farming.	M&A	Undisclosed
August-21	BDT Capital Partners	Culligan International	Provider of water softening and purification equipment and services.	Buyout/LBO	6,000
July-21	Broadband Capital Mgmt, HydroBuilder	Home Grown Ventures	Manufacturer/supplier of plant nutrients for commercial farms and home gardens.	Buyout/LBO	Undisclosed
July-21	Harbert, Northcreek, Roeling, Strength Capital	Chemlock Nutrition	Manufacturer of specialty feed ingredients intended for livestock feed industry.	Buyout/LBO	Undisclosed
July-21	General Mill (NYS: GM)	Tyson Foods (pet treats business)	Provider of natural pet treats.	M&A	1,200
July-21	Clearlake Capital Group	BakeMark USA	Manufacturer and supplier of bakery ingredients, products and services.	Buyout/LBO	Undisclosed
June-21	Semios	Altrac	Developer of an agriculture automation platform designed for agriculture equipment.	M&A	Undisclosed
June-21	Hormel (NYS: HRL)	Planters Nuts	Manufacturer of nut-based snack products, including cashews, peanuts, etc.	M&A	3,350
June-21	Old World Spices, Shore Capital Partners	Head Country	Manufacturer of sauces and seasonings, including BBQ sauces, marinades, etc.	Buyout/LBO	Undisclosed
May-21	8th Ave Food, Harvest Partners, Thomas H. Lee	Ronzoni	Manufacturer of dry pasta, including various vegetable blends, gluten-free, etc.	Buyout/LBO	95
May-21	Vaderstad Limited	Wil-Rich	Agriculture equipment manufacturer, offering tillage equipment.	M&A	Undisclosed
May-21	Branch Brook, Jefferson Capital, Swander Pace	Mighty Spark Food Company	Producer of craft meat products intended to make meals healthy and easy.	Buyout/LBO	Undisclosed
May-21	Olam International (SES: O32)	Olde Thompson	Manufacturer of private label and branded spices and spice related houseware.	M&A	950
May-21	Tattooed Chef (NAS: TTCF)	New Mexico Food Distributors	Producer of ready-to-eat foods, specializing in farm crop-to-package integration.	M&A	37
May-21	Star Peak Corp II (NYS: STPC)	Benson Hill	Technology platform that uses data and AI to support healthy and sustainable crops.	Reverse Merger	403
May-21	CenterGate Capital	The Mulch and Soil Company	Manufacturer and distributor of mulch and soil products.	Buyout/LBO	Undisclosed
April-21	Northeast Drinks Group	Vermont Hard Cider	Producer of cider blended alcoholic drinks.	M&A	20
March-21	WM Partners	Feel Good Organics	Producer of organic food products including superfood powders and tea bags.	Buyout/LBO	Undisclosed
March-21	Spring Valley Acquisition (NAS: SV)	AeroFarms	Provider of indoor vertical farming services, including aeroponic growing systems.	Reverse Merger	232
February-21	Post Holdings (NYS: POST)	Almark Foods	Provider of hard-boiled, peeled eggs to retailers, restaurant chains, etc.	M&A	51
January-21	Grow West	Hammer Transport	Agricultural hauling and transport services provider.	M&A	Undisclosed
January-21	Vestar Capital Partners	Dr. Prager's Sensible Foods	All-natural food producer, including veggie burgers, home-style pancakes, etc.	Buyout/LBO	Undisclosed
January-21	Armory Capital, Illinois Foundation Seeds	D&D Seed	Producer of beet and Swiss chard seeds for domestic and international markets.	Buyout/LBO	Undisclosed
January-21	IMB Partners	Richmond Wholesale Meat	Producer and distributor of frozen food products.	Buyout/LBO	Undisclosed
December-20	B&G Foods (NYS: BGS)	Crisco Brand (JM Smucker)	Operator of manufacturing and warehouse facility for Crisco oils and shortening.	M&A	539

Transaction led by DCA Partners

The Rise of Alternative Proteins

The global consumption of animal-based protein (meat, eggs, and dairy) continues to increase, particularly in developing markets. However, concerns associated with doing so are increasing even faster, largely driven by growing health concerns of eating conventional protein, animal welfare rights, and the environmental costs associated with raising livestock, such as greenhouse-gas emissions, land preservation, and water and feed crop usage. As a result, consumers, governments, and investors are driving innovation and change in the protein space.

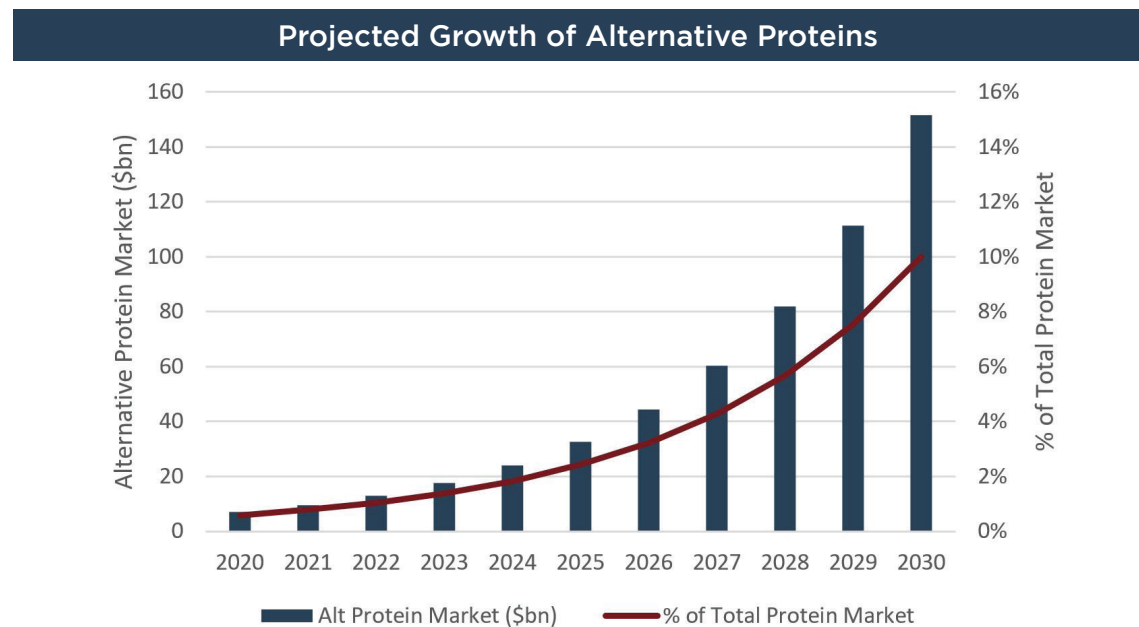
Many governments are not only exploring the research of sustainable food sources (plant-based and cultivated proteins) but also considering a variety of regulations on conventional protein production. For instance, in 2019, Germany proposed to increase the value-add tax on conventional meat from 7% to 19%, with the increase sought to be used for animal welfare improvements.

Since 2009, over \$16 billion has been invested into the alternative proteins market, of which 80% has been invested since 2017. As the alternative

protein industry continues to mature and gain attention, technology advancements to maintain sustainability and health will undoubtedly follow suit. This is already demonstrated by investment firms like Temasek and SoftBank, which collectively deployed \$360 million in 2020 between Upside Foods (fka Memphis Meats) and Impossible Foods, while corporations like Cargill and Tyson Foods (TSN) are

investing more directly and through corporate venture funds.

Driven by technological advancement, decreasing cost curves, changing regulations, and increasing consumer adoption, the total alternative protein market size could reach up to \$150 billion by 2035, potentially representing over 10% of overall protein consumption by that time.



Source: Ernst & Young

About DCA Partners

Growth Through Acquisition

Our advisors help companies accomplish their growth objectives through a well-executed, acquisition-driven growth strategy that maximizes financial returns and mitigates risks—no matter how large, small, or specialized the transaction may be.

Sell Your Business

We bring technological sophistication, broad transaction experience, and deep industry expertise and relationships to every one of our sell-side engagements. The result is a world-class suite of services coupled with a unique and highly competitive transaction process that ultimately creates premium value for our clients.

Strategic Advisory

DCA serves some of the most respected companies in the region, providing guidance, strategic advice, and operational oversight to businesses across a wide range of industry sectors.

Get In Touch

We are happy to answer your questions and provide a confidential, complementary conversation regarding your strategic business goals.

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