



# FOOD, BEVERAGE & AGRIBUSINESS MARKET UPDATE

Fall 2022

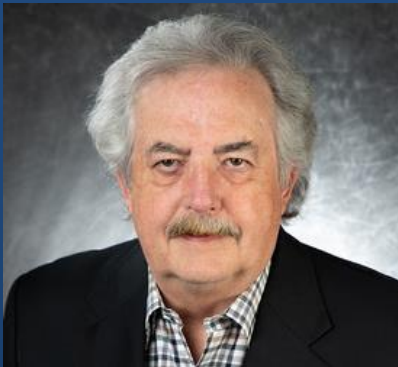
# Advisors to the Food, Beverage & Agribusiness Markets

DCA Partners specializes in food, beverage and agribusiness M&A advisory services for middle-market and family-owned businesses throughout the United States. With more than 40 years of experience along the food chain, our industry expertise and entrepreneurial backgrounds allow us to bring a unique perspective to each engagement.

## Select Transactions



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# Food Loss and Waste, More Than a Problem for Trash Cans

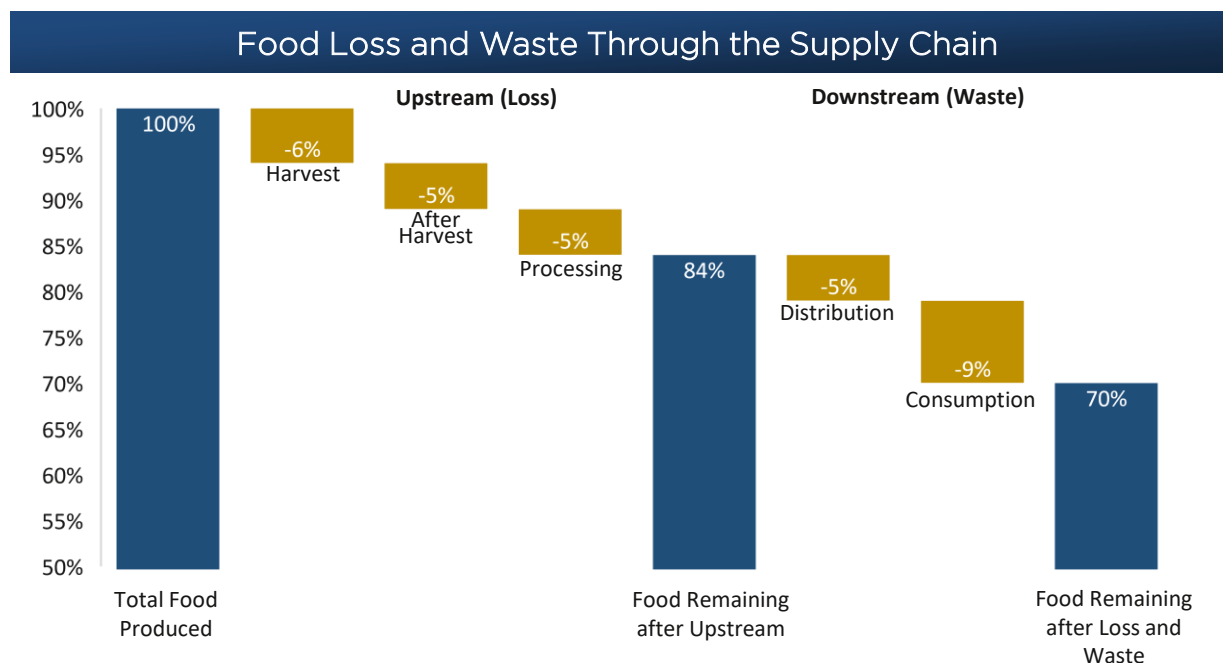
Food waste makes up the single largest category of material filling landfills. Every year, 30% - 40% of the world's food is discarded, primarily fruits, vegetables, and cereals. An estimated \$600 billion worth of food (10%+ of total production) is lost during or just after harvest, and over 20% of loss occurs before even reaching consumers.

Beyond the obvious environmental impacts, including water waste and greenhouse gas emissions released during production, these inefficiencies cut directly into producers' bottom line. While some loss is inevitable due to uncontrollable factors such as inedibility and weather damage, there is a tremendous opportunity for food manufacturers and retailers to focus improvement efforts across the entire food chain, from production to distribution, that would undoubtedly result in additional market share and significant cost savings for all players. In 2017, the World Resources Institute and the Waste and Resources Action Program conducted a global study on food waste that found that for every \$1 invested into mitigating food loss and waste, companies saw a \$14 return (median), demonstrating that there is a potentially significant financial reward for those serious about food loss abatement.

Food processors and retailers are collaborating on possible solutions to the growing problem in hopes of benefiting both environmentally and financially. For instance, companies like Misfits Market and Imperfect Foods, which merged in September 2022, were founded on a mission to minimize waste, in part, by reselling abnormally shaped produce and utilizing edible food that would otherwise have been wasted through traditional retail avenues. In addition, some innovations and opportunities have come by way of technology. Last year, Ara Partners, a PE firm focused on decarbonization, paid

\$100 million to acquire Divert, which utilizes advanced technologies to work with the retail industry to reduce food waste and effectively eliminate 23k+ tons of CO2 per facility per year. Other solutions to loss prevention have come through artificial intelligence, storage solutions, and packaging alternatives that help to prolong current shelf lives.

While food loss moves increasingly to the front of the mind, upstream players must make collective efforts for everyone to benefit.



Source: McKinsey & Company

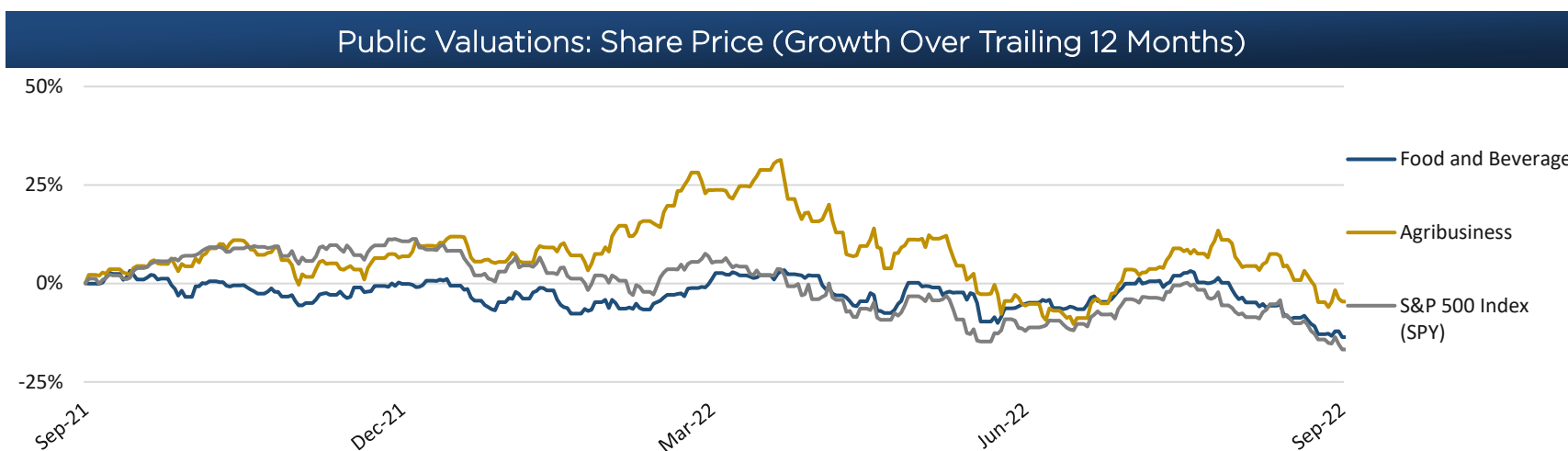
# Commodity Pressure, Supply Chains Hinder Growth

In May 2022, agriculture chemical and fertilizer stocks took a significant hit. The low stock interest driven by higher energy costs, global sanctions restricting fertilizer supply availability, and major fertilizer importers, China and Russia, reversing sanctions on imports. Investors remain hesitant as negative sentiment and perceived challenges persist within the sub-sector.

Agriculture equipment saw declines in sales for the majority of Q2 2022, which the Association of Equipment Manufacturers (AEM) attributes largely to continued supply

chain difficulties, with dealer inventories remaining lean as OEMs struggle to keep up with dealer orders. In addition, even with price increases, as the farm machinery producer price index (PPI) was up 14% on the year in March, OEM costs are outpacing these increases, particularly in steel. However, most analysts remain optimistic about future performance, particularly for those companies that continue to invest in growth and innovation, like Deere & Company (DE), which has completed six acquisitions this year.

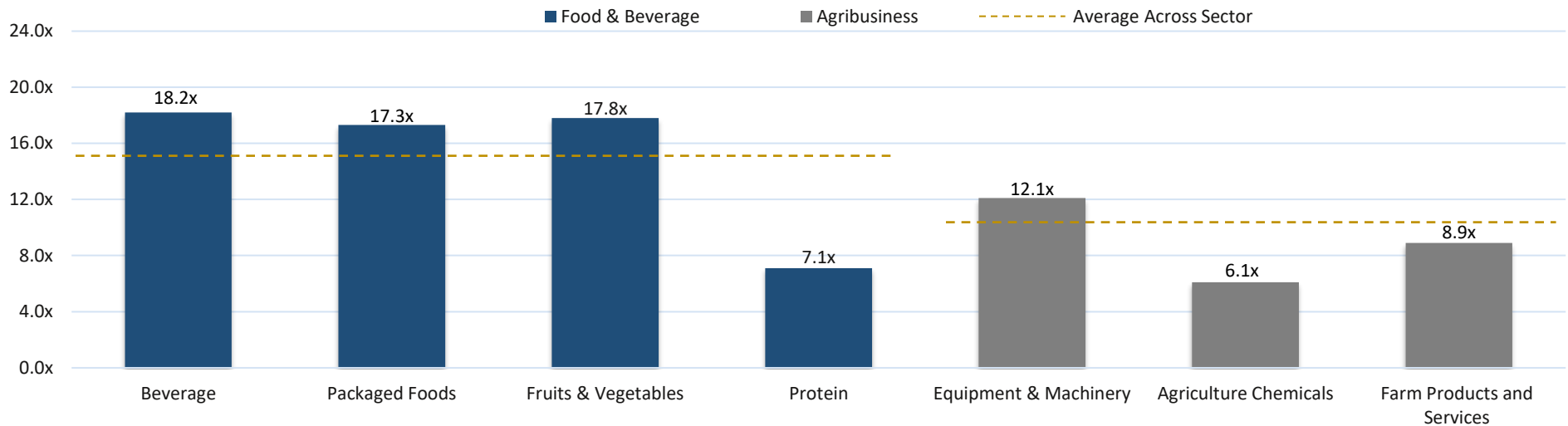
Higher food prices seen through 2022 have not been enough to offset ongoing supply chain constraints, labor shortages, and inflation as beverages, proteins, fruits, and vegetables collectively underperformed compared to last year. However, some companies saw an opportunity despite pullback from the broader protein sector. For instance, table egg producer Cal-Maine (CALM) benefitted from increased egg prices as avian influenza continues to deplete egg supply, and Atlas Holdings' acquisition of poultry processor Foster Farms suggests that investors are still optimistic about the industry's ability to navigate uncertain times.



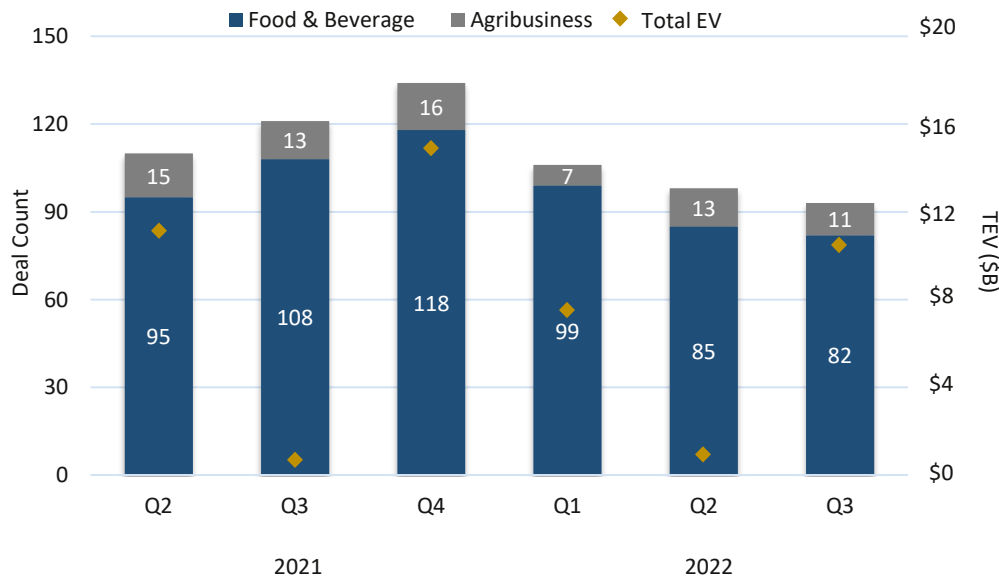
Source: Yahoo Finance. Note: Underlying companies within the data sets above are detailed on the following pages.

# Public Company and M&A Trends

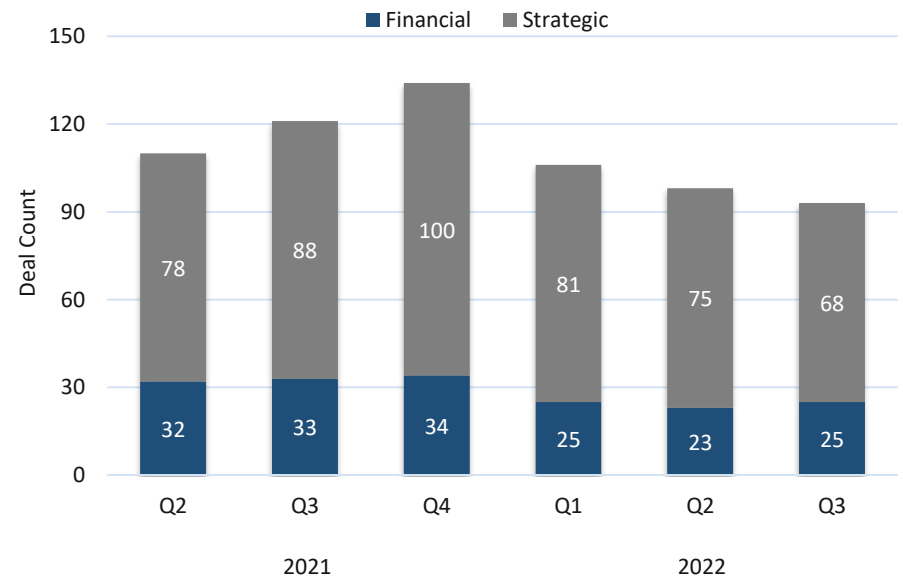
Public Comparables by Sector (Enterprise Value / EBITDA Multiples)



M&A Activity by Sector



M&A Activity by Buyer



Source: Pitchbook.

# Public Company Analysis – Food & Beverage

As of September 30, 2022 (USD in millions)

Company Name	Ticker	Market Cap	Enterprise Value	Last Twelve Months					
				Revenue	EBITDA	EBITDA Margin	Enterprise Value /		
							Revenue	EBITDA	
<b>Packaged Foods</b>									
B&G Foods	BGS	\$ 1,182	\$ 3,508	\$ 2,098	\$ 262	12.5%	1.7x	13.4x	
Campbell Soup	CPB	14,106	19,048	8,562	1,500	17.5%	2.2x	12.7x	
Conagra Brands	CAG	15,683	24,851	11,536	1,789	15.5%	2.2x	13.9x	
Flowers Foods	FLO	5,230	6,251	4,576	430	9.4%	1.4x	14.5x	
General Mills	GIS	45,471	56,689	19,171	4,381	22.9%	3.0x	12.9x	
Hershey	HSY	45,193	50,196	9,725	2,418	24.9%	5.2x	20.8x	
J&J Snack Foods	JJSF	2,485	2,585	1,303	115	8.9%	2.0x	22.4x	
John B. Sanfilippo & Son	JBSS	873	925	956	102	10.7%	1.0x	9.1x	
Kellogg's	K	23,692	31,481	14,578	2,592	17.8%	2.2x	12.1x	
Kraft Heinz	KHC	40,868	60,474	25,632	4,124	16.1%	2.4x	14.7x	
Lamb Weston Holdings	LW	11,121	13,347	4,099	632	15.4%	3.3x	21.1x	
McCormick & Company	MKC	19,156	24,205	6,339	1,114	17.6%	3.8x	21.7x	
Mondelez International	MDLZ	75,148	92,967	29,878	5,664	19.0%	3.1x	16.4x	
Nestlé	NSRGY	301,971	352,837	97,938	16,042	16.4%	3.6x	22.0x	
Post Holdings	POST	4,895	10,499	6,874	1,709	24.9%	1.5x	6.1x	
Seneca Foods	SENEA	406	624	1,415	98	6.9%	0.4x	6.4x	
The Hain Celestial Group	HAIN	1,507	2,451	1,892	163	8.6%	1.3x	15.0x	
The J.M. Smucker Co.	SJM	14,642	19,297	8,014	1,393	17.4%	2.4x	13.9x	
<b>Beverage</b>									
Boston Beer Co	SAM	\$ 3,979	\$ 3,899	\$ 1,956	\$ (3)	NM	2.0x	NM	
Brown-Forman	BF.B	32,063	33,412	4,034	1,325	32.8%	8.3x	25.2x	
Coca-Cola	KO	242,266	274,346	41,322	13,573	32.8%	6.6x	20.2x	
Coffee Holding	JVA	14	22	68	0	0.4%	0.3x	93.3x	

Source: Pitchbook. "NM" = Not Meaningful

# Public Company Analysis – Food & Beverage Cont.

As of September 30, 2022 (USD in millions)

Company Name	Ticker	Market Cap	Enterprise Value	Last Twelve Months				
				Revenue	EBITDA	EBITDA Margin	Enterprise Value /	
							Revenue	EBITDA
<b><u>Beverage Cont.</u></b>								
Constellation Brands	STZ	\$ 44,085	\$ 55,287	\$ 9,157	\$ 2,458	26.8%	6.0x	22.5x
Farmer Brothers	FARM	88	215	469	17	3.7%	0.5x	12.4x
Keurig Dr Pepper	KDP	50,725	63,297	13,273	4,076	30.7%	4.8x	15.5x
Molson Coors Beverage Co.	TAP	10,435	17,028	10,578	1,801	17.0%	1.6x	9.5x
Monster Beverage	MNST	45,818	43,348	6,009	1,665	27.7%	7.2x	26.0x
National Beverage	FIZZ	3,597	3,582	1,144	216	18.9%	3.1x	16.6x
Oatly	OTLY	1,558	1,433	701	(238)	NM	2.0x	NM
Pepsico	PEP	225,313	259,021	81,862	16,673	20.4%	3.2x	15.5x
<b><u>Protein</u></b>								
Beyond Meat	BYND	\$ 902	\$ 1,609	\$ 464	\$ (297)	NM	3.5x	NM
Cal-Maine Foods	CALM	2,720	2,438	2,120	432	20.4%	1.2x	5.6x
Hormel Foods	HRL	24,819	27,259	12,630	1,561	12.4%	2.2x	17.5x
Pilgrim's Pride	PPC	5,503	8,547	16,738	1,498	8.9%	0.5x	5.7x
Seaboard	ASE: SEB	3,950	4,497	10,422	615	5.9%	0.4x	7.3x
Tyson Foods	TSN	23,710	31,116	52,356	6,891	13.2%	0.6x	4.5x
<b><u>Fruits and Vegetables</u></b>								
Calavo Growers	CVGW	\$ 563	\$ 653	\$ 1,221	\$ (4)	NM	0.5x	NM
Fresh Del Monte Produce	FDP	1,112	1,807	4,371	151	3.5%	0.4x	12.0x
Mission Produce	AVO	1,022	1,228	1,045	60	5.7%	1.2x	20.5x
	Mean	\$ 36,016	\$ 42,803	\$ 13,942	\$ 2,574	16.2%	2.6x	17.4x
	Median	\$ 10,435	\$ 13,347	\$ 6,339	\$ 1,325	16.4%	2.2x	15.0x

Source: Pitchbook. "NM" = Not Meaningful

# Public Company Analysis – Agribusiness

As of September 30, 2022 (USD in millions)

Company Name	Ticker	Market Cap	Enterprise Value	Last Twelve Months					
				Revenue	EBITDA	EBITDA Margin	Enterprise Value /		
							Revenue	EBITDA	
<b>Farm Products and Services</b>									
Alico	ALCO	\$ 214	\$ 319	\$ 95	\$ 55	58.1%	3.4x	5.8x	
Andersons	ANDE	1,051	3,022	15,210	418	2.8%	0.2x	7.2x	
Archer Daniels Midland	ADM	45,097	57,023	94,364	5,838	6.2%	0.6x	9.8x	
Bunge	BG	12,542	19,860	64,613	2,784	4.3%	0.3x	7.1x	
Limoneira	LMNR	234	389	178	9	5.0%	2.2x	43.6x	
S&W Seed	SANW	31	81	71	(27)	NM	1.1x	NM	
<b>Agriculture Chemicals</b>									
AgroFresh Solutions	AGFS	\$ 79	\$ 456	\$ 171	\$ 46	26.7%	2.7x	10.0x	
American Vanguard	AVD	577	681	604	64	10.6%	1.1x	10.6x	
Bioceres Crop Solutions	BIOX	811	973	308	44	14.4%	3.2x	22.0x	
CF Industries	CF	19,179	22,932	10,159	5,327	52.4%	2.3x	4.3x	
Compass Minerals	CMP	1,317	2,155	1,168	223	19.1%	1.8x	9.7x	
Corteva Agriscience	CTVA	41,068	40,648	16,703	3,477	20.8%	2.4x	11.7x	
CVR Partners	UAN	1,209	1,602	801	427	53.4%	2.0x	3.8x	
FMC	FMC	13,314	16,628	5,411	1,187	21.9%	3.1x	14.0x	
Intrepid Potash	IPI	539	453	327	127	38.7%	1.4x	3.6x	
Nutrien	NTR	45,397	56,433	35,454	11,647	32.9%	1.6x	4.8x	
Scotts Miracle-Gro	SMG	2,369	5,818	4,168	(172)	NM	1.4x	NM	
The Mosaic	MOS	16,687	20,139	16,555	5,377	32.5%	1.2x	3.7x	

Source: Pitchbook. "NM" = Not Meaningful



# Public Company Analysis – Agribusiness Cont.

As of September 30, 2022 (USD in millions)

Company Name	Ticker	Market Cap	Enterprise Value	Last Twelve Months				
				Revenue	EBITDA	EBITDA Margin	Enterprise Value /	
							Revenue	EBITDA
<b><u>Equipment and Machinery</u></b>								
AGCO	AGCO	\$ 7,174	\$ 9,054	\$ 11,511	\$ 1,197	10.4%	0.8x	7.6x
Alamo Group	ALG	1,463	1,758	1,434	170	11.8%	1.2x	10.4x
Arts Way Manufacturing	ARTW	8	17	27	1	4.9%	0.6x	12.9x
Caterpillar	CAT	86,619	117,599	54,031	11,164	20.7%	2.2x	10.5x
CNH Industrial	CNHI	15,117	33,361	27,771	3,531	12.7%	1.2x	9.4x
Deere & Company	DE	100,775	147,023	47,926	9,779	20.4%	3.1x	15.0x
Hydrofarm	HYFM	87	235	443	(210)	NM	0.5x	NM
Lindsay	LNN	1,573	1,617	734	95	13.0%	2.2x	17.0x
The Toro Company	TTC	9,011	9,912	4,303	615	14.3%	2.3x	16.1x
Titan Machinery	TITN	638	924	1,919	140	7.3%	0.5x	6.6x
	Mean	\$ 15,149	\$ 20,397	\$ 14,874	\$ 2,262	20.6%	1.7x	11.1x
	Median	\$ 1,518	\$ 2,589	\$ 3,044	\$ 321	14.4%	1.5x	9.8x

Source: Pitchbook. "NM" = Not Meaningful

# Select Recent Sector M&A Activity

Financing Date	Investor(s) / Buyer(s)	Target	Target Description	Deal Type	Value (\$M)
November-22	Astorg, Solina Group	Saratoga Food Specialties	Producer of dry spice blends and flavorings with operations in California, Illinois and Nevada.	Buyout/LBO	\$ 588
October-22	Nella Holdings	Liberty Farms	Permanent crop portfolio including almonds, pistachios, and walnuts across 3300 acres.	Buyout/LBO	Undisclosed
October-22	Kolaboration Ventures	Mission Nurseries	Operator of a nursery based in Patterson, CA.	M&A	Undisclosed
October-22	Orkla Food Ingredients	Denali Ingredients	Manufacturer of food ingredients to serve the dessert and foodservice industries.	M&A	168
September-22	GrubMarket	JC Produce	Distributor of fruits and vegetables based in Vernon, CA.	M&A	Undisclosed
September-22	iSpicefoods	Spice Chain	Supplier & importer of spices and seasonings serving the industrial, food service & retail.	M&A	Undisclosed
September-22	House Foods Group	Nature's Soy	Producer of tofu and plant-based foods serving customers across North America.	M&A	Undisclosed
September-22	Summit Nutrients	AGVNT	Provider liquid fertilizers & nano-technologies intended to improve crop production & yield.	M&A	Undisclosed
September-22	Misfits Market	Imperfect Foods	Provider of online grocery and food products delivery services intended to reduce food waste.	M&A	Undisclosed
September-22	Reyes Beer Division	DET Distributing	Distributor of alcoholic beverages based in Nashville, TN.	M&A	400
September-22	Linco Precision	Dairy One (Precision Farming Div.)	Operator of Precision Farming company based out of Ithaca.	M&A	Undisclosed
August-22	Daybreak Foods	Konos	Producer of conventional, organic eggs, cage-free hens and chicken litter in Michigan.	M&A	Undisclosed
August-22	Next in Natural	Lavva	Producer of plant-based superfoods.	M&A	Undisclosed
August-22	Mondelez International (NAS: MDLZ)	Clif Bar & Company	Producer of organic energy and nutritional foods and drinks.	M&A	2,900
July-22	Riviana Foods	InHarvest	Supplier of premium rice, grains and legumes intended for industrial, retail, foodservice sectors.	M&A	49
July-22	Cargill, CGC Ventures	Sanderson Farms	Dressed-chicken processor in the U.S.	M&A	4,533
July-22	Albert Lea Seed	Blue River Organic Seeds	Provider of organic products.	M&A	Undisclosed
July-22	Grain Processing	Natural Products	Manufacturer of full-fat soy ingredients and gluten-free ingredient solutions worldwide.	M&A	Undisclosed
July-22	Eagle Family Foods, Kelso PE	General Mills Brands	Branded products Hamburger Helper and Suddenly Salads.	Buyout/LBO	610
June-22	J&J Snack Foods (NAS: JJSF)	Dippin' Dots	Manufacturer and seller of frozen products to serve the domestic and international market.	M&A	222
June-22	Atlas Holdings	Foster Farms	Operator of poultry farms for home cooks, retailers, warehouse clubs & food service customers.	Buyout/LBO	Undisclosed
May-22	LLR Partners	AgriNomix	Provider of automation solutions to the North American horticulture industry.	Buyout/LBO	Undisclosed
May-22	Darling Ingredients	Valley Proteins	Operator of a rendering and recycling company, specializing in animal-by products.	M&A	1,100
April-22	Nation's Best Holdings	Sparr Building and Farm Supply	Provides building supplies and agricultural goods, including farm feeds, livestock equipment, etc.	M&A	Undisclosed
April-22	Sealand Food, Inc.	HF Foods Group Inc. (NAS: HFFG)	Wholesale distributor of seafood to supermarkets and restaurants along the East Coast.	M&A	Undisclosed
April-22	Local Bounti (NYS: LOCL)	Pete's	Hydroponic greenhouse, provides produce to retail, wholesale & foodservice customers.	M&A	123
March-22	Paine Schwartz	International Fruit Genetics	Operator of a fruit-breeding company intended to improve yield, nutritional value and shelf life.	Buyout/LBO	Undisclosed

Transaction led by DCA Partners



# Innovation to Meet Healthy Eating Demands

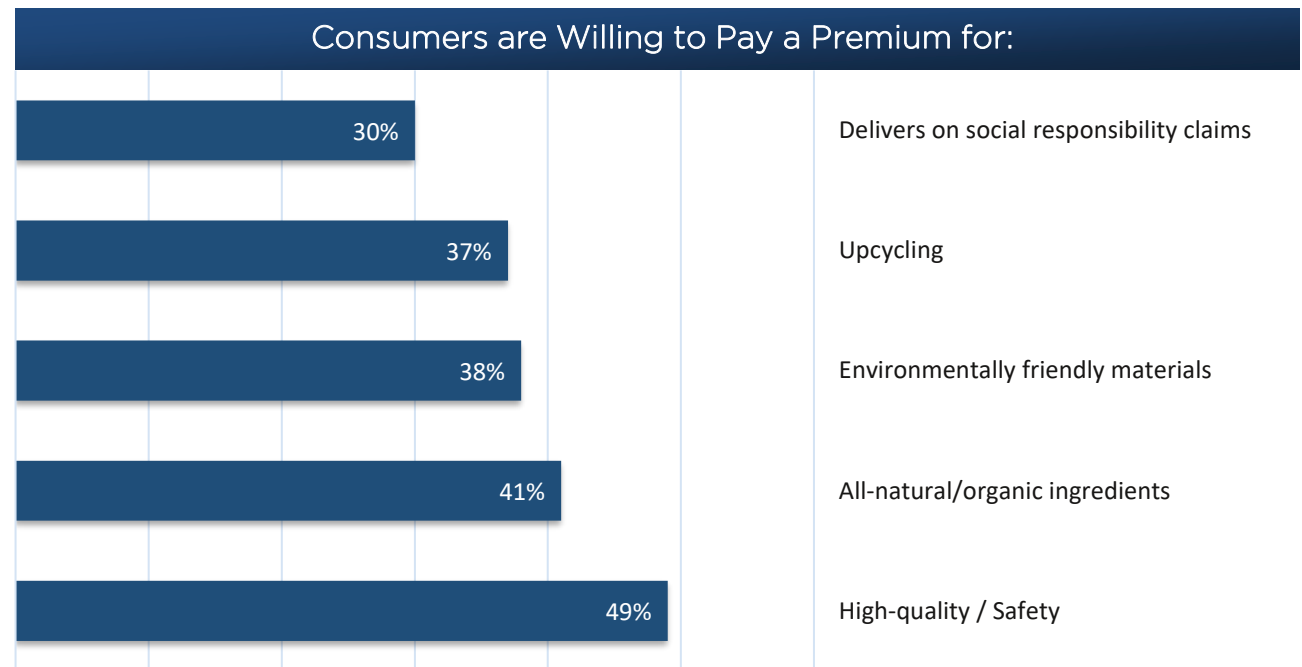
The Food and Agriculture industry expects to face many hurdles in any given year, including unpredictable weather, environmental challenges, growing populations, and ever-changing consumer behaviors. This year, industry stakeholders faced the added burdens of inflation and environmental pressures all while combatting a thinly stretched supply chain. Adding to this, the FDA has proposed to tighten its criteria on “healthy” food claims to align with current nutrition science and Federal dietary guidance to promote clean eating. If approved, the new rule will force companies eager to maintain their healthy images to innovate existing product lines to meet the regulations or adopt new products that fit the definition.

Coupling these macro issues with consumer preferences for more healthy food offerings, upstream parties are constantly seeking to stay ahead of competitors through innovative solutions focused on health and sustainability. Vertical farming offers one solution to increase yields and decrease water waste (~70% compared to traditional farming) while simultaneously mitigating the risk of climate and pest-related disasters. With the vertical farming market size expected to more than double by 2026, investors appear to be accepting higher initial costs with the hopes of profitable ROI in years to come.

Despite recent performance of Beyond Meat (BYND) and Oatly (OTLY), plant-based diets continue to draw interest from consumers, with over 40% of American consumers viewing plant-based products to be healthier than their alternatives, according to a 2022 survey by the International Food Information Council. While current macroeconomic conditions have strained performance, many analysts consider this to be a small hurdle in the long-term success of the plant-based industry. In addition to the apparent health appeal, consumers also find the environmental

benefits attractive as plant-based alternatives help reduce land and water usage, methane production and other greenhouse gases.

As health and sustainability trends grow in importance to consumers, the entire food supply chain will need to ramp up its capabilities to meet the demand. As a result, we will likely see continued adoption of improved technologies and innovative thinking in how we grow healthier food without negatively impacting the environment.



Source: Zintinus, Bain & Co

# 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, complimentary conversation regarding your strategic business goals.



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