



Food, Beverage & Agribusiness Market Update

Spring 2023

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.

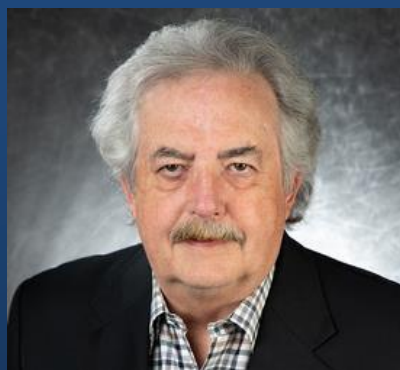
Select Transactions



DCA Food, Beverage & Agribusiness Team



BRENT HAAPANEN, Partner
bhaapanen@dcapartners.com



RON FLAHERTY, Managing Director
rflaherty@dcapartners.com



TOM ARSTINGSTALL, Associate
tarstingstall@dcapartners.com



MEGAN KAHN, Analyst
mkahn@dcapartners.com

Supreme Court Rules in Favor of Animal Welfare

In 2018, California voters approved a ballot measure, Proposition 12 (Prop 12), that would prohibit the sale of pork, eggs, and veal not produced according to specific state animal welfare standards. The state's cage-free egg initiatives went into place at the beginning of 2022, while pork producers and retailers took the proposal to the Supreme Court, hoping to alleviate significant conversion costs and interstate and economic complications. After a multi-year legal battle, the Supreme Court voted to uphold Prop 12, leaving the future of pork in California, and across the nation, uncertain.

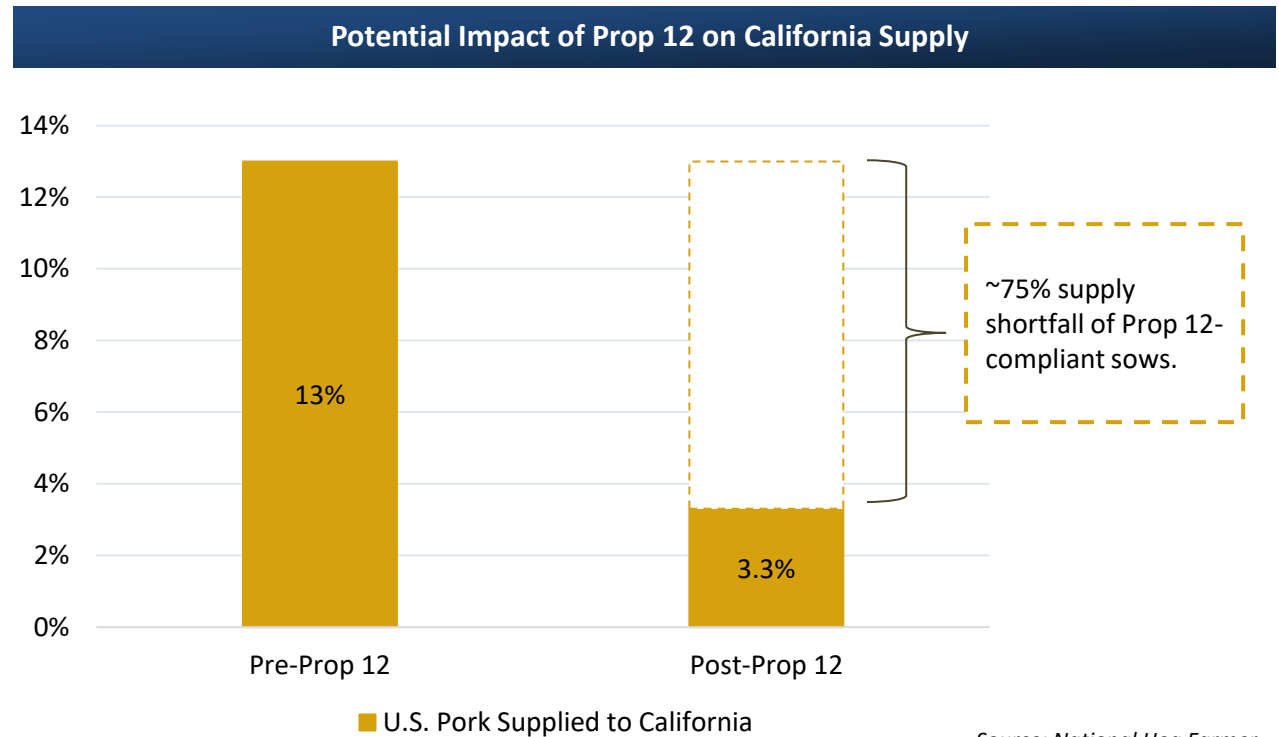
Proponents of the law hope that Prop 12 will adopt more humane practices to improve animal welfare, which appears to align with consumer preferences and trends towards sustainability and ethically produced goods. However, the cost ramifications of such practices have introduced concerns by pork producers, retailers, and consumers alike.

Currently, California consumes 13% of the pork produced in the U.S., while only producing 1%. According to estimates, only 25% of current sows needed to meet California demand have been converted to Prop 12-compliant housing. When Prop 12's implementation date arrives, California is likely to experience pork shortages and higher prices for available inventory. The UC Davis Agricultural Economics Department expects California consumers to pay 8% more

for Prop 12-compliant pork products and to consume 6% less pork per year, resulting in a loss of roughly \$320 million for the industry.

Some estimates forecast that the shift for producers to become Prop 12-compliant will cost the industry \$290 to \$350 million, potentially leading to more consolidation in the space as smaller farms that are unable to adopt the new infrastructure will look to sell, similar to trends that the egg industry is seeing with requirements for cage-free housing.

Some pork producers outside of California have stated that they will not comply with Prop 12, while others see this as an opportunity to obtain a competitive edge in the large California market. Big pork producers like Hormel and Tyson are preparing to comply with parts of the law, with Hormel stating that many of its products already comply.



Source: National Hog Farmer

Market Volatility is Up Amid High Inflationary Environment

In a volatile market driven by the inflation surge, the broader market was down 10% over the last year, food, beverage and agribusiness tracking similarly.

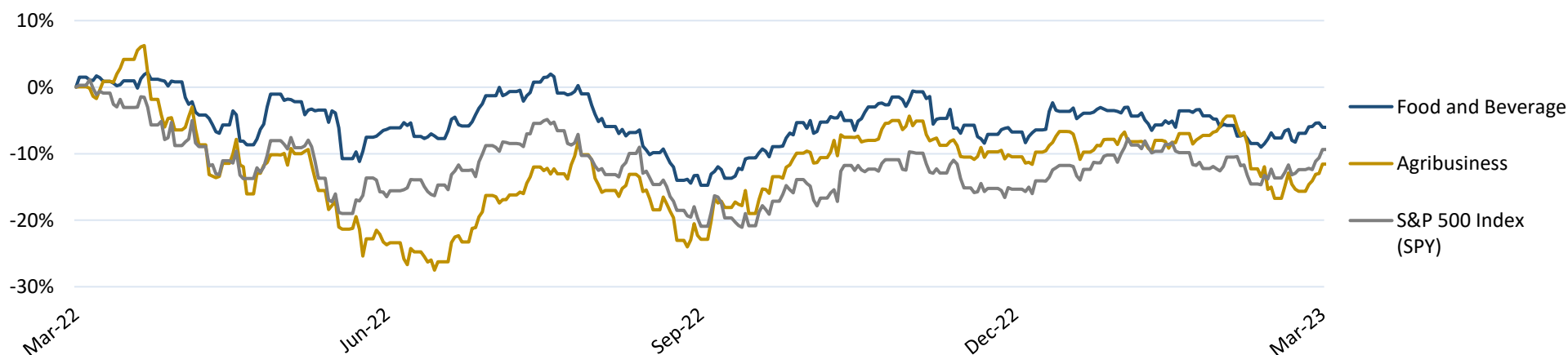
While still down year-over-year, the food and beverage industry managed to beat the market, with the packaged foods space actually seeing 9% growth during the period. One driving factor of performance in this environment is a company's product offering and diverse price points to reach the masses. General Mills (GIS) and Hershey (HSY) saw significant revenue growth during the period and continued to benefit from expanding their shelf presence with five investments by

General Mills and two significant investments in pretzels by Hershey.

With the exception of Cal-Maine (CALM), which benefited significantly from historically high eggs prices, the broader protein space saw contraction, and the implications of Prop 12 across the protein space will be particularly interesting to track going forward. While larger companies like Tyson (TSN) and Hormel (HRL) plan to adapt and may be able to add capacity from pork producers that don't have the means to convert, there may be indirect benefits to other protein players as California consumers look to cheaper protein alternatives, such as chicken and eggs.

The broader beverage industry remained largely flat over the last year. Energy drink companies Monster (MNST) and Celsius Holdings (CELH) saw significant growth, which was offset by a 50% decrease by Oatly (OAT), potentially exposing consumer loyalty to higher-end, "sustainability-focused" products in a high inflation environment. The three largest alcohol companies also saw some decline since March 2022. However, there appears to be a significant opportunity for those willing and able to grow or enter the ready-to-drink cocktail market, which is forecasted to see double digit annual growth rates over the next four years and reach nearly \$800 million in value.

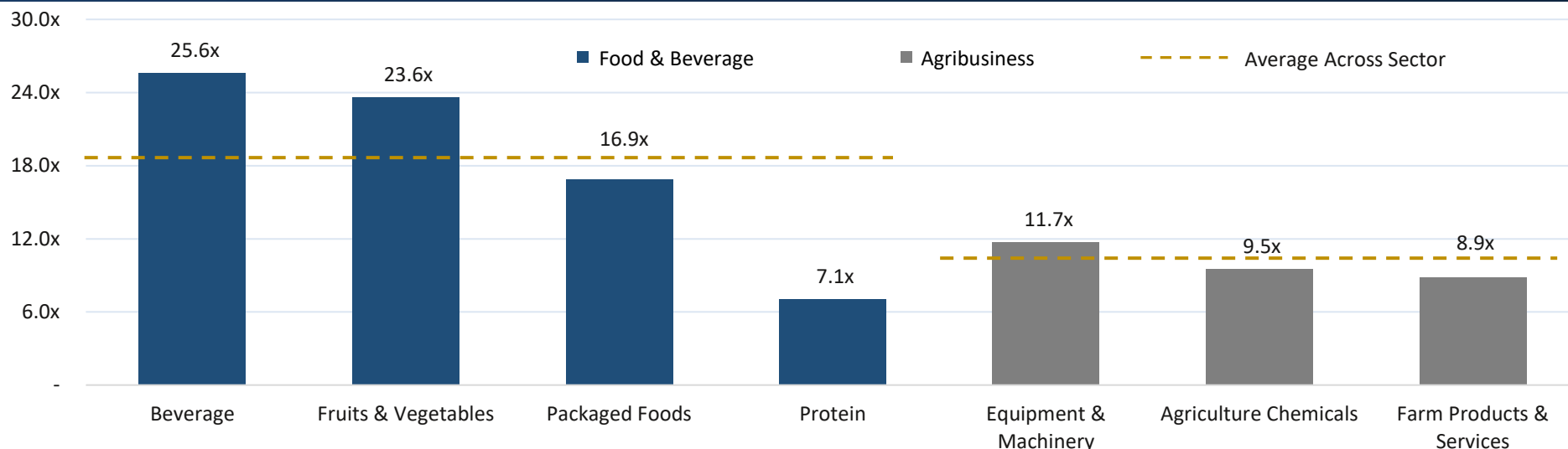
Public Valuations: Share Price (Growth Over Trailing 12 Months)



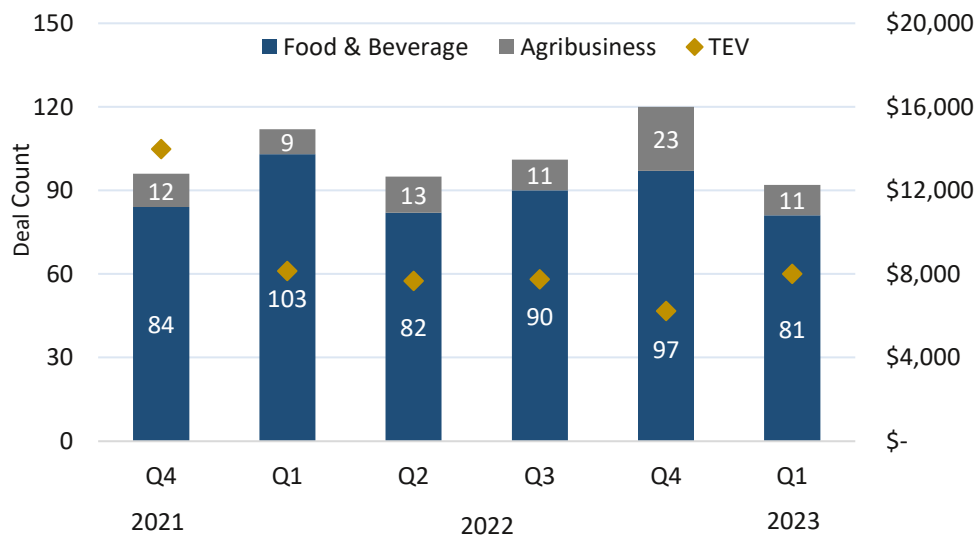
Source: Yahoo Finance. Note: Underlying companies within the data sets above are detailed on the following pages.

Public Company and M&A Trends

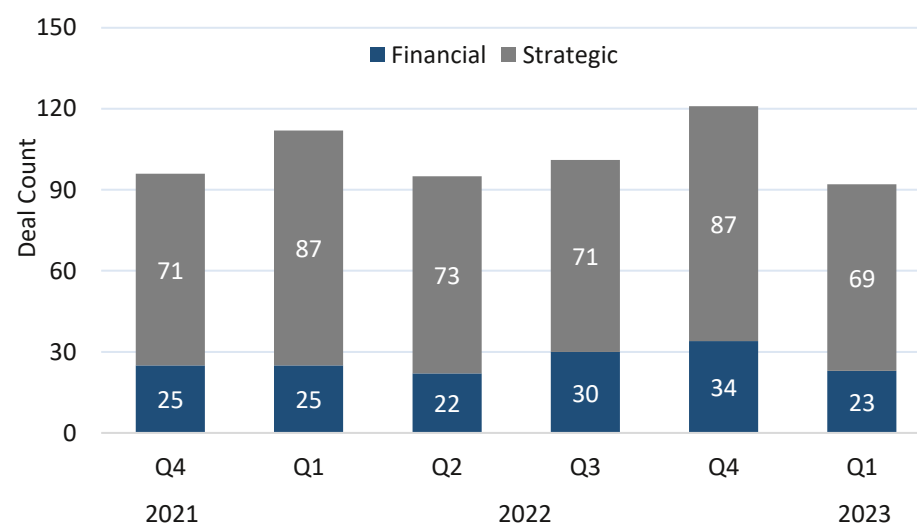
Public Comparables by Sector (Enterprise Value / EBITDA Multiples)



M&A Activity by Sector



M&A Activity by Buyer



Source: Pitchbook.

Public Company Analysis – Food & Beverage

As of March 31, 2023 (USD in millions)

Company Name	Ticker	Market Cap	Enterprise Value	Last Twelve Months				
				Revenue	EBITDA	EBITDA Margin	Enterprise Value /	
							Revenue	EBITDA
Packaged Foods								
B&G Foods	BGS	\$ 1,117	\$ 3,529	\$ 2,163	\$ 203	9.4%	1.6x	17.3x
Campbell Soup	CPB	16,465	20,879	9,177	1,597	17.4%	2.3x	13.1x
Conagra Brands	CAG	17,902	27,335	12,041	1,516	12.6%	2.3x	18.0x
Flowers Foods	FLO	5,791	6,819	4,806	446	9.3%	1.4x	15.3x
General Mills	GIS	50,195	61,413	19,955	4,276	21.4%	3.1x	14.4x
Hershey	HSY	51,909	56,563	10,419	2,434	23.4%	5.4x	23.2x
J&J Snack Foods	JJSF	2,850	2,941	1,414	113	8.0%	2.1x	25.9x
John B. Sanfilippo & Son	JBSS	1,120	1,155	1,003	105	10.4%	1.2x	11.0x
Kellogg's	K	22,945	30,251	15,315	1,860	12.1%	2.0x	16.3x
Kraft Heinz	KHC	47,448	66,670	26,485	4,793	18.1%	2.5x	13.9x
Lamb Weston Holdings	LW	15,037	17,384	4,510	894	19.8%	3.9x	19.5x
McCormick & Company	MKC	22,309	27,176	6,394	1,147	17.9%	4.3x	23.7x
Mondelez International	MDLZ	95,050	116,611	31,496	4,763	15.1%	3.7x	24.5x
Nestlé	NSRGY	325,550	377,791	99,264	16,617	16.7%	3.8x	22.7x
Post Holdings	POST	5,297	10,897	6,080	1,730	28.4%	1.8x	6.3x
Seneca Foods	SENEA	402	846	1,511	113	7.5%	0.6x	7.5x
The Hain Celestial Group	HAIN	1,534	2,461	1,854	144	7.8%	1.3x	17.1x
The J.M. Smucker Co.	SJM	16,781	21,081	8,328	1,537	18.5%	2.5x	13.7x
Beverage								
Boston Beer Co	SAM	\$ 4,037	\$ 3,910	\$ 2,090	\$ 170	8.1%	1.9x	23.0x
Brown-Forman	BF.B	30,957	33,557	4,178	1,115	26.7%	8.0x	30.1x
Celsius Holdings	CELH	7,084	7,296	654	(156)	NM	11.2x	NM
Coca-Cola	KO	268,361	297,600	43,004	13,379	31.1%	6.9x	22.2x

Source: Pitchbook. "NM" = Not Meaningful



Public Company Analysis – Food & Beverage Cont.

As of March 31, 2023 (USD in millions)

Company Name	Ticker	Market Cap	Enterprise Value	Last Twelve Months				
				Revenue	EBITDA	EBITDA Margin	Enterprise Value /	
							Revenue	EBITDA
<u>Beverage Cont.</u>								
Constellation Brands	STZ	\$ 41,676	\$ 53,991	\$ 9,557	\$ 1,360	14.2%	5.6x	39.7x
Farmer Brothers	FARM	31	82	14	(6)	NM	5.7x	NM
Keurig Dr Pepper	KDP	49,619	62,666	14,057	3,121	22.2%	4.5x	20.1x
Molson Coors Beverage Co.	TAP	11,227	17,460	10,701	869	8.1%	1.6x	20.1x
Monster Beverage	MNST	56,431	53,761	6,311	1,604	25.4%	8.5x	33.5x
National Beverage	FIZZ	4,922	4,844	1,170	216	18.5%	4.1x	22.4x
Oatly	OTLY	1,432	1,501	713	(304)	NM	2.1x	NM
Pepsico	PEP	251,084	285,414	86,392	14,924	17.3%	3.3x	19.1x
<u>Protein</u>								
Beyond Meat	BYND	\$ 1,040	\$ 1,924	\$ 419	\$ (311)	NM	4.6x	NM
Cal-Maine Foods	CALM	2,983	2,337	3,051	1,060	34.8%	0.8x	2.2x
Hormel Foods	HRL	21,796	24,485	12,385	1,552	12.5%	2.0x	15.8x
Pilgrim's Pride	PPC	5,487	8,602	17,468	1,572	9.0%	0.5x	5.5x
Seaboard	ASE: SEB	4,376	4,742	11,243	822	7.3%	0.4x	5.8x
Tyson Foods	TSN	21,096	28,943	53,609	4,704	8.8%	0.5x	6.2x
<u>Fruits and Vegetables</u>								
Calavo Growers	CVGW	\$ 510	\$ 591	\$ 1,143	\$ 16	1.4%	0.5x	37.7x
Fresh Del Monte Produce	FDP	1,441	2,232	4,442	234	5.3%	0.5x	9.5x
Mission Produce	AVO	786	1,010	1,043	7	0.7%	1.0x	NM
	Mean	\$ 38,105	\$ 44,840	\$ 13,996	\$ 2,314	15.0%	3.1x	18.1x
	Median	\$ 11,227	\$ 17,384	\$ 6,311	\$ 1,115	14.2%	2.3x	17.7x

Source: Pitchbook. "NM" = Not Meaningful

Public Company Analysis – Agribusiness

As of March 31, 2023 (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								
Alico	ALCO	\$ 184	\$ 313	\$ 87	\$ 21	23.9%	3.6x	15.0x
Andersons	ANDE	1,396	2,424	17,325	386	2.2%	0.1x	6.3x
Archer Daniels Midland	ADM	43,530	53,113	101,556	6,364	6.3%	0.5x	8.3x
Bunge	BG	14,322	19,458	67,232	2,806	4.2%	0.3x	6.9x
Limoneira	LMNR	297	350	183	45	24.8%	1.9x	7.7x
S&W Seed	SANW	62	118	76	(21)	NM	1.6x	NM
Agriculture Chemicals								
AgroFresh Solutions	AGFS	\$ 645	\$ 701	\$ 610	\$ 62	10.1%	1.1x	11.3x
American Vanguard	AVD	735	953	392	37	9.5%	2.4x	25.6x
Bioceres Crop Solutions	BIOX	14,206	17,910	11,186	6,216	55.6%	1.6x	2.9x
CF Industries	CF	1,409	2,095	1,265	167	13.2%	1.7x	12.5x
Compass Minerals	CMP	42,977	41,208	17,455	2,605	14.9%	2.4x	15.8x
Corteva Agriscience	CTVA	942	1,406	836	403	48.2%	1.7x	3.5x
CVR Partners	UAN	15,284	18,159	5,802	1,305	22.5%	3.1x	13.9x
FMC	FMC	358	336	338	131	38.8%	1.0x	2.6x
Intrepid Potash	IPI	36,840	47,912	37,884	12,725	33.6%	1.3x	3.8x
Nutrien	NTR	3,902	7,283	3,885	(371)	NM	1.9x	NM
Scotts Miracle-Gro	SMG	15,438	18,650	19,125	5,714	29.9%	1.0x	3.3x
The Mosaic	MOS	645	701	610	62	10.1%	1.1x	11.3x

Source: Pitchbook. "NM" = Not Meaningful



Public Company Analysis – Agribusiness Cont.

As of March 31, 2023 (USD in millions)

Company Name	Ticker	Market Cap	Enterprise Value	Last Twelve Months				
				Revenue	EBITDA	EBITDA Margin	Enterprise Value /	
							Revenue	EBITDA
<u>Equipment and Machinery</u>								
AGCO	AGCO	\$ 10,119	\$ 10,918	\$ 12,651	\$ 1,390	11.0%	0.9x	7.9x
Alamo Group	ALG	2,206	2,466	1,514	195	12.9%	1.6x	12.7x
Arts Way Manufacturing	ARTW	10	18	28	1	4.9%	0.6x	12.8x
Caterpillar	CAT	118,161	148,172	59,427	11,414	19.2%	2.5x	13.0x
CNH Industrial	CNHI	20,457	39,320	23,551	3,951	16.8%	1.7x	10.0x
Deere & Company	DE	122,346	171,991	54,937	13,683	24.9%	3.1x	12.6x
Hydrofarm	HYFM	78	243	345	(239)	NM	0.7x	NM
Lindsay	LNN	1,663	1,691	781	126	16.1%	2.2x	13.4x
The Toro Company	TTC	11,592	12,586	4,731	752	15.9%	2.7x	16.7x
Titan Machinery	TITN	691	1,064	2,209	164	7.4%	0.5x	6.5x
	Mean	\$ 17,772	\$ 22,995	\$ 16,497	\$ 2,594	19.4%	1.6x	10.2x
	Median	\$ 2,206	\$ 2,466	\$ 3,885	\$ 386	16.0%	1.6x	10.6x

Source: Pitchbook. "NM" = Not Meaningful

Select Recent Sector M&A Activity

Financing Date	Investor(s) / Buyer(s)	Target	Target Description	Deal Type	Value (\$M)
April-23	Post Holdings (NYS: POST)	The J.M. Smucker Co (Pet Food)	Manufactures and distributes pet food products.	M&A	\$ 1,210
April-23	Aqua Capital	Novus Ag	Provider of agronomic and precision farming services intended for farmers.	Buyout/LBO	Undisclosed
April-23	Hershey (NYS: HSY)	Weaver Popcorn Manufact. Ops.	Producer of popcorn based in the United States.	M&A	Undisclosed
April-23	Love's Travel Stops & Stores	EZ Go	Operator of convenience stores based in Oklahoma City, Oklahoma.	M&A	Undisclosed
March-23	Paine Schwartz Partners	AgroFresh Solutions	Creates agricultural technologies to preserve quality and value of fresh produce and flowers.	Buyout/LBO	97
March-23	GrubMarket	Custom Produce Sales	Producer of food products with custom packaging and transportation.	M&A	Undisclosed
March-23	Sole Source Capital	Lee Fish USA	Distributor of premium fresh and frozen seafood to the North American market.	Buyout/LBO	Undisclosed
February-23	MPS Eggs Farms	Country Charm Eggs	Producer and distributor of eggs based in Gillsville, Georgia.	M&A	Undisclosed
February-23	Tyson Foods (NYS: TSN)	Williams Sausage Company	Provider of meat and sandwiches intended to serve the retail and foodservice customers.	M&A	Undisclosed
January-23	Sysco	The Coastal Companies	Distributor and processor of fresh produce and dairy products in the Mid-Atlantic region.	M&A	525
January-23	Valent Biosciences	FBSciences	Developer of a plant healthcare technology designed to improve crop yield and quality.	M&A	Undisclosed
January-23	Stryve Foods (NAS: SNAX)	Quevos	Producer of egg white chips intended to offer a healthy food alternative to customers.	M&A	Undisclosed
January-23	Nestlé (SWX: NESN)	Seattle's Best Coffee	Producer and distributor of roasted coffee beans located in Seattle, Washington.	M&A	7,150
January-23	Spartan Nash	Great Lakes Foods	Grocery wholesaler in the Midwest.	M&A	Undisclosed
December-22	Ares Management (NYS: ARES)	Hardman Distribution Corporation	Producer and supplier of bakery ingredients, products and services.	Buyout/LBO	Undisclosed
December-22	MTY Food Group (TSE: MTY)	Wetzel's Pretzels	Specializes in quick-service hand-rolled and freshly baked pretzels, hot dogs, etc.	M&A	212
December-22	Amcon Distributing Company	Henry's Foods, Inc.	Full line foodservice distributor in the Mid-Atlantic region.	M&A	30
December-22	Sugo Sauce	Francesco Rinaldi	Producer of sauces made using a family recipe in El Paso, Texas.	M&A	Undisclosed
November-22	Grupo Fertiliberia, Triton	Fertimix	Manufacturer of custom fertilizer intended to serve the retail and wholesale market.	Buyout/LBO	Undisclosed
November-22	Tilray (NAS: TLRY)	Montauk Brewing Company	Producer of branded beer and other beverages.	M&A	Undisclosed
November-22	Seaboard (ASE: SEB)	The Maschhoffs (Hog Operation)	Operator of hog inventory and farms based in Carlyle, Illinois.	M&A	58
November-22	Astorg, Solina Group	Saratoga Food Specialties	Producer of dry spice blends and flavorings, operating in California, Illinois and Nevada.	Buyout/LBO	588
November-22	Better For You Holdings	Popchips	Producer of popped snacks intended to offer healthy non-greasy potato chips.	Buyout/LBO	Undisclosed
October-22	Nella Holdings	Liberty Farms	Permanent crop portfolio including almonds, pistachios, and walnuts across 3,300 acres.	Buyout/LBO	Undisclosed
October-22	Yotta Acquisition (NAS: YOTA)	NaturalShrimp (PINX: SHMP)	NaturalShrimp Inc is a shrimp farming biotechnology company.	M&A	275

Transaction led by DCA Partners



Artificial Intelligence Sprouting in the Agribusiness Space

With the mass adoption of ChatGPT and similar tools, the agriculture industry is experiencing similar advancements in artificial intelligence (AI) and machine learning (ML), helping to transform traditional agriculture methods into more efficient, sustainable, and profitable practices. With the acceptance and implementation of AI, farmers have the ability to optimize crop production and make smarter decisions on resource management, all while reducing their environmental impact.

One AI trend that has continued to evolve and benefit the agriculture space is precision farming - a farming management concept that adapts to the ongoing variability in crops. With the help of AI, farmers can collect and analyze data on various factors like weather patterns, soil moisture, and nutrient levels to optimize planting and harvesting schedules, resulting in higher yields and reduced waste. This technology also helps farmers to monitor the health of their crops in real-time, detecting any potential problems before they turn into major issues. Companies like Monsanto and Trimble have developed software and technology to maximize crop yields through seed planting solutions. As another example, AGCO is investing in companies like OPTIfarm, which seeks to optimize key operational livestock targets, such as weight gain, improved feed conversion ratio and uniformity.

Another area where AI is making a significant impact is in the supply chain. Since COVID, many companies across all industries have found themselves helpless against supply chain constraints. By using predictive analytics and ML algorithms, companies can optimize their food supply chain from farm to table. This technology helps to track products and monitor quality and freshness, reducing waste and ensuring products are delivered on time and in good condition.

AI is also benefiting safety and traceability. By tracking products through the supply chain and using ML algorithms to identify potential hazards, companies can detect potential contaminants and take corrective actions before they become a problem.

This technology helps to reduce the risk of foodborne illness outbreaks and improve food safety standards. In 2018, Walmart launched its own blockchain-based food traceability system that uses ML to identify the source of food contamination, improving food safety and reducing the risk of food recalls.

The application of AI in agriculture is bringing about significant benefits for farmers and consumers alike, and as AI and ML technology continues to evolve and improve, the industry can expect to see further innovation, creating even more opportunities for consolidation, growth, and progress.

Notable Investments into AI Technology



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 industry, 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.



 3721 Douglas Boulevard, Suite 350 Roseville, CA 95661

 (916) 960-5350

 info@dcapartners.com

 DCAPARTNERS.COM

