

MERGER & ACQUISITION MARKET REMAINS STEADY DESPITE INFLATIONARY HEADWINDS

FOOD & AGRICULTURE SECTOR UPDATE | JUNE 2022



**CAPSTONE
PARTNERS**

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Food & Agriculture

Merger & Acquisition Market Remains Steady Despite Inflationary Headwinds

KEY SECTOR TAKEAWAYS

Capstone Partners' [Consumer Investment Banking Group](#) is pleased to share its Food & Agriculture report. Sector players continue to battle heightened levels of inflation, pressuring the margins of many market participants. The elevated cost environment has emphasized the importance of vertical integration and robust supply chains, which may serve as motivation for consolidation activity in the coming months. Several key report takeaways are outlined below.

1. Food inflation has surged through year-to-date (YTD) 2022 driven by elevated fuel prices, supply chain constraints, and rising feed costs. Russia's war on Ukraine has added additional headwinds to price inflation in recent months.
2. Vertical integration and in-house production have proved valuable amid an uncertain economic backdrop and lingering supply chain issues.
3. Supply chain shocks have exposed companies that do not have strong pricing power or highly efficient/automated production that could help absorb some of these inflationary headwinds.
4. While merger and acquisition (M&A) activity has declined compared to the record year experienced in 2021, we are still seeing strong buyer interest for new deals coming to market. Notably, strategic and financial buyer appetite remains high for well-performing private businesses.
5. Middle market M&A valuations have remained healthy through YTD, although increasing interest rates may dampen pricing.

Capstone Partners has developed a full suite of corporate finance solutions, including M&A advisory, debt advisory, financial advisory, and equity capital financing to help privately owned businesses and private equity firms through each stage of the company's lifecycle, ranging from growth to an ultimate exit transaction.

To learn more about Capstone's wide range of advisory services and Food & Agriculture sector knowledge, please contact Capstone Managing Director [Brian Boyle](#).

INFLATION CHALLENGES SECTOR PLAYERS IN 2022

Supply chain constraints, elevated fuel prices, and rising feed costs have contributed to historic food inflation in the first half of 2022. Food prices increased a substantial 10.1% (Bureau of Labor Statistics)¹ in May year-over-year (YOY), compounded by Russia's war on Ukraine which has caused disruptions in food production and exports across the globe. Notably, Ukraine and Russia account for over 30% of global wheat exports, creating a severe challenge for many market participants, according to Food Security Portal.² The convergence of these inflationary factors has occurred amid a backdrop of robust consumer demand, forcing sector players to fortify their supply chains and production processes. In addition, elevated inflation has disproportionately affected various food categories which, in turn, impacts the margins of the sector players relying on these products. The Meats, Poultry, Fish, and Eggs category has led pricing increases through 2022, rising a substantial 14.2% YOY in May. As Food & Agriculture sector participants continue to operate in an inflationary environment with lingering supply chain challenges, vertical integration and in-house production are expected to prove critical to maintaining growth and profitability.

Operating performance among sector players has varied through Q1, often dependent upon the company's role in the food supply chain and ability to pass on costs to end consumers. Leading food, feed, and fuel solutions provider Darling Ingredients (NYSE:DAR) recorded a 30.5% YOY increase in revenue in Q1 2022, with a 16.1% growth in adjusted EBITDA.³ However, the high energy cost environment and elevated overall input costs have weighed on the margins of businesses, evidenced by Darling's 3.3% YOY decline in gross margin.

In addition to ingredients providers, brands have also struggled to combat historic input cost inflation—often utilizing price adjustments to offset costs. The timing of these price increases typically suffers from implementation lag, with inflation impacting the profit & loss (P&L) statement about 90 days before a corresponding price increase can be executed with customers, according to Conagra.⁴ Despite rising prices, consumer demand has remained durable, particularly for recognized brands. This demand elasticity will likely continue to be tested, emphasizing the importance of margin strength and operating efficiency.



Brian Boyle
Managing Director

"During this period of high inflation, companies that have in-house production and solid, long term supplier relationships have fared much better than those that outsource production and have historically used multiple suppliers for each input to constantly search for the absolute lowest price. In addition, supply chain control, scale, and bolstering market share have been key motivations for acquisitions in this environment—evidenced by Viterra's acquisition of Gavilon in January."

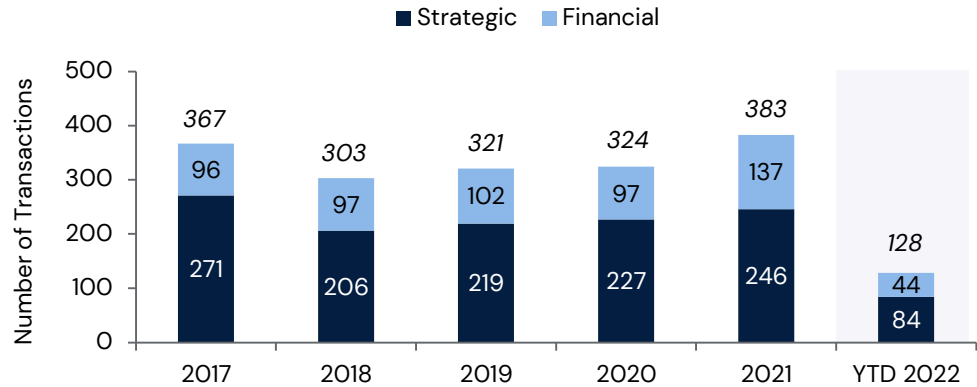
Many sector players enacted significant business model shifts during the pandemic as a necessary measure to defend revenues. As the impacts of COVID-19 and its variants wane, the success of these operating changes have been realized, particularly in the Foodservice segment. Leading segment players have recorded significant revenue increases with Sysco (NYSE:SYY), US Foods (NYSE:USFD), and Performance Food Group (NYSE:PFGC) recording YOY growth of 42.9%, 23.9%, and 81.5%, respectively, according to their most recent earnings releases.^{5,6,7} These improvements have largely been the result of diversifying client bases and channels, reduced capital expenditures, and improved sales force management.

Another segment of the Food & Agriculture market that has seen soaring demand has been the Contract Manufacturing space, as brands have increasingly outsourced production rather than building out capacity internally. However, with such heavy demand for outsourced services, brands' price negotiating power with manufacturers has begun to erode. This dynamic has disproportionately affected smaller brands and has highlighted the importance of robust in-house production capacity. Increased vertical integration is expected to fuel a healthy M&A market over the next 12 months as businesses seek to improve visibility over their supply chain and costs at each stage of production. However, inflation and supply chain challenges will continue to serve as significant headwinds to the operating performance of sector players.

M&A ACTIVITY AND PUBLIC COMPANY TRADING MULTIPLES

Strategic Buyers Continue to Comprise Majority of M&A Activity

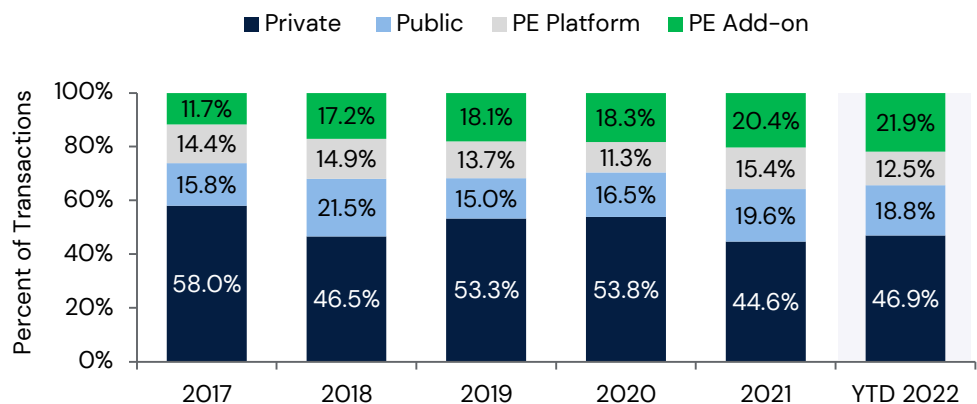
Strategic buyers have continued to comprise the majority of M&A activity through YTD 2022 as Food & Agriculture sector players have actively pursued inorganic growth to attain greater scale, product diversification, and vertical integration.



Year-to-date (YTD) ended June 13
Source: Capital IQ, FactSet, PitchBook, and Capstone Partners

Private Equity Add-Ons Rise, Private Strategic Buyers Most Active

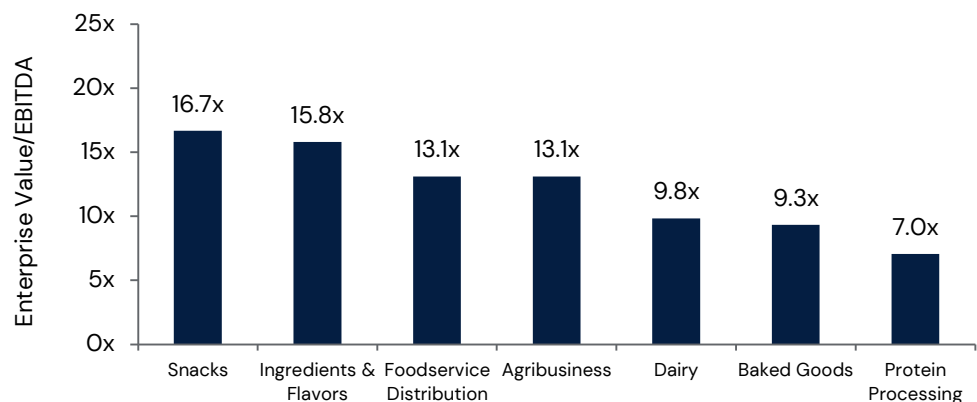
Private equity buyers have bolstered their usage of add-on acquisitions in recent years. Through YTD 2022, add-ons have accounted for 21.9% of total transactions, outpacing full year 2020 and 2021. As vast levels of dry powder remain available, there remains ample liquidity for smaller bolt-ons to platform companies.



Year-to-date (YTD) ended June 13
Source: Capital IQ, FactSet, PitchBook, and Capstone Partners

Select Last Twelve Months Public Company Trading Multiples

Public company trading multiples within the sector have remained robust through the first half of 2022, with several segments recording double-digit average LTM EBITDA multiples. Market uncertainty and rising interest rate will likely pressure valuations moving forward.



Source: Capital IQ, FactSet, PitchBook, and Capstone Partners

M&A MODERATES, REMAINS HEALTHY FOR QUALITY BUSINESSES

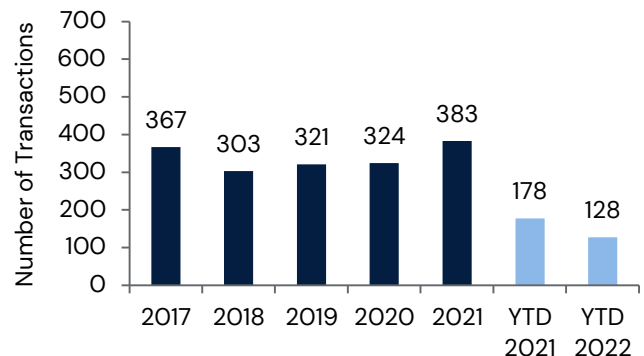
M&A volume across all industries in the middle market has remained steady following a historic 2021, with deal activity rising a modest 0.1% YOY in Q1 2022, according to Capstone Partners. However, the velocity of dealmaking has certainly cooled from the second half of 2021 and settled into a more normalized cadence. This dynamic has extended to the Food & Agriculture sector, with M&A volume trailing the prior year by 28% at 128 transactions announced or completed YTD. Despite this decline from a historic 2021, the M&A market has remained solid for privately owned businesses that have showcased revenue growth and defensibility over the past 12 months. Inflation and higher input costs have pressured margins, encouraging sector players to pursue M&A to diversify offerings, bolster supply chain strength, and expand manufacturing capacity.

Private strategic buyers have continued to dominate transaction activity through YTD accounting for 46.9% of total transactions. Key motivations for M&A among strategics have included vertical integration and enhancement of core capabilities. This has been evidenced by Batory Foods' acquisition of Sweetener Solutions (May, undisclosed). Sweetener Solutions provides custom sweetener formulation, precision blending, and specialty portion packaging. In addition to adding Sweetener's proprietary ingredients verification process, Batory Foods gains access to Sweetener's facility in Savannah, Georgia—one of the largest U.S. ports, which is expected to enhance its supply chain, according to a press release.⁸

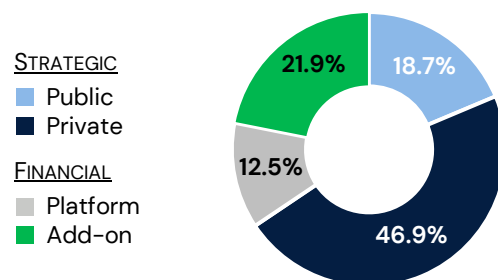
While financing costs have increased, placing downward pressure on valuations, top quality sector players are still attracting robust multiples in M&A processes. Notably, J&J Snack Foods (Nasdaq:JJSF) acquired Dippin' Dots, a leading provider of frozen beaded ice cream products, for an enterprise value of \$222 million and equivalent to approximately 12x EBITDA (see more details on following page). The transaction adds a profitable snack food brand to J&J's portfolio, enhances its production and distribution capabilities, and provides valuable cross selling opportunities. The deal also adds to a wave of consolidation in the Dairy segment over the past 12 months as players increasingly look to scale and enhance capacity. This has occurred amid substantial inflation among dairy and related products with consumer prices in the segment rising 11.9% YOY in May, according to the U.S. Census Bureau.

Private equity (PE) deal activity across all industries in the middle market has failed to match the fervent acquisition pace experienced in 2021, with PE closed transactions falling by 36.6% YOY in Q1, according to Capstone Partners. While PE deal activity in the Food & Agriculture sector has remained healthy, accounting for 34.4% of YTD deals, sponsors are showing greater selectivity in target pursuits. The uncertain economic outlook and persistent food inflation have caused increased scrutiny of the sustainability of cash flows and margins of sector players. Contact manufacturers, which often have a high degree of revenue predictability, may present a valuable investment opportunity for sponsors looking to bolster their presence in the space in the near term. In addition, the vast levels of dry powder at sponsors' disposal create a favorable backdrop for robust deal activity through the remainder of 2022 and beyond.

Food & Agriculture M&A Transaction Volume



Year-to-Date 2022 Buyer Breakdown



Year-to-date (YTD) ended June 13
Source: Capital IQ, FactSet, PitchBook, and Capstone Partners

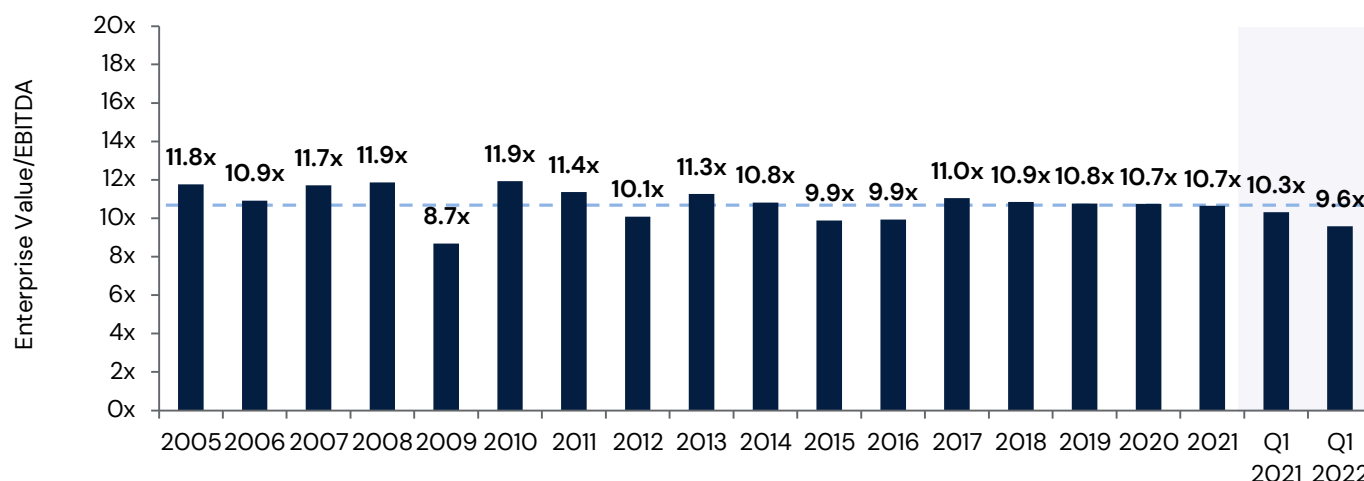


MIDDLE MARKET M&A VALUATIONS

Key Valuation Takeaways

1. The middle market M&A valuation environment appears to be moderating, following elevated pricing that characterized much of 2021. The average middle market EBITDA multiple fell to 9.6x in Q1 2022 which may signal the beginning of a more normalized pricing environment.
2. M&A valuations among Food & Agriculture target companies have remained healthy from 2019 to YTD 2022, averaging 1.7x revenue and 9.3x EBITDA.
3. Moving down market to transactions below \$500 million in enterprise value, transaction multiples remain solid but slightly below the broader Food & Agriculture sector. Middle market M&A transactions have averaged 8.4x EBITDA from 2019 through YTD 2022.

Middle Market Average M&A EBITDA Multiples



Dotted line indicates 2005 to 2021 average of 10.8x
Source: Capital IQ and Capstone Partners; Includes multiples 3x-30x; Enterprise Value < \$500mm

Food & Agriculture Valuations

Valuation Method	Average Revenue Multiple	Average EBITDA Multiple
Food & Agriculture M&A Transactions (2019–YTD 2022)	1.7x	9.3x
Food & Agriculture M&A Transactions < \$500mm EV (2019–YTD 2022)	1.5x	8.4x
Food & Agriculture Public Trading Multiples (LTM 2022)	1.5x	12.1x

Source: Capital IQ, FactSet, PitchBook, and Capstone Partners

NOTABLE TRANSACTIONS



Gilman Cheese, a portfolio company of Borgman Capital, has acquired Dairyfood USA for an undisclosed sum (June). Dairyfood USA provides extended shelf-life cheese products sold to customers in Retail, Foodservice, Transportation and Airlines industries and gift pack suppliers. The acquisition allows Borgman Capital to expand the product mix and production capacity for Gilman Cheese, which develops, manufactures, and offers private labeling of premium, clean label, processed cheeses. The transaction also highlights the buy-and-build playbook employed by many sponsors to add incremental value to sector portfolios.



Brian Boyle
Managing Director

"We are seeing significant bifurcation in the market between companies that have pricing power as a result of product differentiation, versus companies that simply don't have pricing power and enough production efficiencies to offset rising input costs."



J&J Snack Foods has acquired Dippin' Dots for an enterprise value of \$222 million equivalent to approximately 12x EBITDA. Dippin' Dots provides flash-frozen beaded ice cream products sold through national and local accounts and a franchise network that consists of over 140 franchisees, according to a press release.⁶ The addition of Dippin' Dots complements J&J's frozen novelty and frozen beverage businesses and provides cross selling opportunities across an expanded customer base. The deal is expected to be accretive to J&J's earnings per diluted share in the range of \$0.30 to \$0.40 per share in the first 12 months after closing, according to a press release.⁹



Batory Foods has acquired Sweetener Solutions, a provider of custom sweetener formulation, precision blending, and specialty portion packaging (May). Terms of the transaction were not disclosed. Founded in 2002, Sweetener Solutions supplies customers in Baked Foods, Beverages, and Dairy segments, leveraging AccuBlend and VeriSource processes. "We are pleased to complete this acquisition, which will further expand our capabilities and ingredients portfolio to provide sugar reduction and replacement solutions to the market," said Vince Pinneri, President at Batory Foods, in a company press release.



General Mills (NYSE:GIS) has agreed to acquire leading manufacturer of frozen pizza crusts TNT Crust for an undisclosed sum (May). TNT Crust provides partially baked, self rising, and better-for-you pizza crusts for regional and national pizza chains, foodservice distributors, and retail outlets. TNT has experienced double-digit compound annual net sales growth over the past four years with ~\$100 million in net sales in 2021, according to a press release.¹⁰ The deal is expected to bolster General Mills' frozen baked goods platform.



Viterra Limited has agreed to acquire the grain and ingredients business of Gavilon Agriculture for an enterprise value of \$1.1 billion, equivalent to 0.1x revenue (January). Gavilon originates, stores, and distributes grains, oilseeds, and feed and food ingredients. It offers a robust asset network in the U.S. with access to major railroads, rivers, and ports with international operations in Mexico, South America, Europe, and Asia. The acquisition of Gavilon bolsters Viterra's U.S. presence and enhances its supply chain and quality control.



SELECT TRANSACTIONS

Date	Target	Acquirer	Target Business Description	Enterprise Value (mm)	EV / LTM Revenue	EBITDA
05/31/22	Dairyfood USA	Gilman Cheese	Produces and markets cheese and dairy products.	-	-	-
05/19/22	Dippin' Dots	J&J Snack Foods (Nasdaq:JJSF)	Provides beaded ice cream products.	\$222.0	-	~12.0x
05/13/22	Kessler Foods	Brother and Sister Food Service	Offers meat processing and distribution.	-	-	-
05/12/22	BerkShore	Wulf Fish Wholesale	Distributes seafood products to restaurants, retailers, and universities.	-	-	-
05/11/22	TNT Crust	General Mills (NYSE:GIS)	Manufactures and distributes partially baked, self-rising, flat breads and other pizza crusts.	-	-	-
05/10/22	Vega Produce	GrubMarket	Wholesales vegetables and fruits.	-	-	-
05/04/22	Sweetener Solutions	Batory Foods	Offers manufacturing, formulating, blending, and pre-blending of sweeteners and other dry ingredients.	-	-	-
05/03/22	Baker Cheese	Sargento Foods	Produces mozzarella and string cheese products.	-	-	-
04/28/22	Evans Food Group	Utz Quality Foods	Comprises a snack food manufacturing business.	\$39.7	-	-
04/26/22	Chef's Choice Produce	Worldwide Produce	Distributes food products including fruits and vegetables, dairy products, and herbs.	-	-	-
04/25/22	Sealand Food	HF Foods Group (Nasdaq:HFFG)	Comprises a seafood supply business.	\$20.0	-	-
04/11/22	Pierre's Ice Cream Company	Ohio Processors	Produces and distributes ice creams and frozen deserts.	-	-	-
03/31/22	D'Artagnan	Fortune International	Produces and supplies natural and organic meats.	-	-	-
03/10/22	Northeast Seafood Products	Creation Gardens	Distributes seafood products.	-	-	-
02/24/22	Progold	Cargill; Golden Growers	Operates a corn wet-milling plant that grinds, produces, and markets high fructose corn syrup sweetener.	-	-	-
02/22/22	Daylight Foods	Grubmarket	Provides fresh food to grocers and restaurants.	-	-	-
02/11/22	Macgregors Meat & Seafood	Gordon Food Service	Provides beef, poultry, and seafood products to hotels and restaurants in Canada.	-	-	-
02/08/22	Better Bears Foods	Candyverse Brands	Manufactures naturally sweetened plant-based candy.	-	-	-
01/26/22	Gavilon Agriculture	Viterra	Originates, stores, and distributes grains, oilseeds, and food ingredients.	\$1,125.0	0.1x	-
01/24/22	Assets of Clem Snacks and J&D	Utz Brands (NYSE:UTZ)	Provides food product distribution.	-	-	-
01/19/22	Baldinger Bakery	C.H. Guenther & Son	Manufactures hamburger buns, rolls, bagels, and other bakery items.	-	-	-
01/06/22	Siegel Egg	Rotunda Capital	Distributes egg, dairy, and bakery ingredients to restaurants, bakeries, and other distributors.	CF	CF	CF

Blue shading indicates Capstone advised transaction; CF= confidential
Source: Capital IQ, PitchBook, FactSet, and Capstone Partners

ILLUSTRATIVE STRATEGIC BUYER UNIVERSE

Capstone has an intricate knowledge of the strategic buyer universe through ongoing conversations with sector participants and a track record of successful outcomes for business owners in the space. Included below is a sample of strategic buyers in the Food & Agriculture sector.

Select Strategic Acquirers



Source: Capstone Partners

ILLUSTRATIVE FINANCIAL BUYER UNIVERSE

Financial buyers have been active in the sector and can serve as valuable partners to fuel the next chapter of growth or liquidity for privately owned companies. Capstone is in constant communication with the leading middle market private equity firms in the space, with a selection of financial acquirers included below.

Select Financial Acquirers



Source: Capstone Partners



FOOD & AGRICULTURE PUBLIC COMPANY DATA

Segment	% 52 Wk High	EV / LTM		EBITDA Margin	EV / NTM	
		Revenue	EBITDA		Revenue	EBITDA
Agribusiness	74.0%	1.2x	8.8x	17.6%	0.9x	6.5x
Baked Goods	83.4%	1.2x	9.6x	11.5%	1.2x	8.4x
Branded Processed Foods	79.7%	2.3x	14.3x	17.5%	2.4x	13.3x
Dairy	75.2%	1.0x	10.0x	10.1%	1.0x	9.3x
Foodservice Distribution	74.4%	0.6x	14.8x	3.8%	0.5x	10.2x
Grocery Distribution	71.9%	0.2x	6.3x	3.2%	0.2x	7.3x
Ingredients & Flavors	73.2%	2.8x	15.9x	19.1%	2.7x	14.0x
Natural/Organic/Better-For-You	62.7%	2.2x	17.8x	12.4%	2.0x	14.1x
Private Label Foods and Beverages	77.9%	1.5x	11.8x	12.0%	1.7x	10.8x
Protein Processing	78.9%	0.9x	6.9x	12.3%	0.9x	6.7x
Snacks	82.3%	2.6x	16.9x	17.3%	3.2x	16.6x

AGRIBUSINESS

	Price	% 52 Wk	Market	Enterprise	LTM			EV / LTM	
Company	06/17/22	High	Cap	Value	Revenue	EBITDA	Margin	Revenue	EBITDA
Glencore plc	\$5.93	88.0%	\$77,207.7	\$102,956.2	\$203,751.0	\$16,029.0	7.9%	0.5x	6.4x
Archer–Daniels–Midland Company	\$77.31	78.2%	\$43,502.9	\$56,743.9	\$90,006.0	\$4,211.0	4.7%	0.6x	13.5x
CF Industries Holdings, Inc.	\$86.93	76.6%	\$18,133.7	\$21,969.7	\$8,358.0	\$4,532.0	54.2%	2.6x	4.8x
The Mosaic Company	\$50.60	63.8%	\$18,316.9	\$22,202.9	\$13,982.6	\$4,394.5	31.4%	1.6x	5.1x
Bunge Limited	\$97.60	76.0%	\$14,809.0	\$22,105.0	\$62,071.0	\$2,826.0	4.6%	0.4x	7.8x
Darling Ingredients Inc.	\$68.46	78.2%	\$11,057.3	\$12,908.3	\$5,061.0	\$917.9	18.1%	2.6x	14.1x
The Andersons, Inc.	\$33.81	57.3%	\$1,130.7	\$3,429.8	\$13,995.3	\$335.9	2.4%	0.2x	10.2x
				Mean			17.6%	1.2x	8.8x
EV = enterprise value; LTM = last twelve months				Median			7.9%	0.6x	7.8x
\$ in millions, except per share data				Harmonic Mean			6.5%	0.6x	7.5x
NM = Not Meaningful									

Source: Capital IQ as of June 17, 2022



BAKED GOODS

Company	Price	% 52 Wk	Market	Enterprise	LTM			EV / LTM	
	06/17/22	High	Cap	Value	Revenue	EBITDA	Margin	Revenue	EBITDA
ARYZTA AG	\$1.09	73.8%	\$1,077.9	\$1,400.5	\$1,795.1	\$134.9	7.5%	0.8x	10.4x
Flowers Foods, Inc.	\$24.67	83.0%	\$5,231.1	\$6,233.1	\$4,464.5	\$486.3	10.9%	1.4x	12.8x
George Weston Limited	\$111.67	89.3%	\$16,315.5	\$33,906.8	\$43,314.2	\$4,687.6	10.8%	0.8x	7.2x
Grupo Bimbo, S.A.B. de C.V.	\$3.17	95.1%	\$14,054.1	\$19,850.3	\$18,213.2	\$2,348.7	12.9%	1.1x	8.5x
Hostess Brands, Inc.	\$19.79	81.5%	\$2,736.7	\$3,609.4	\$1,208.7	\$258.1	21.4%	3.0x	14.0x
Yamazaki Baking Co., Ltd.	\$11.43	77.6%	\$2,385.1	\$2,353.8	\$8,728.3	\$497.9	5.7%	0.3x	4.7x
Mean							11.5%	1.2x	9.6x
Median							10.9%	0.9x	9.4x
Harmonic Mean							9.7%	0.7x	8.4x

BRANDED PROCESSED FOODS

Company	Price	% 52 Wk	Market	Enterprise	LTM			EV / LTM	
	06/17/22	High	Cap	Value	Revenue	EBITDA	Margin	Revenue	EBITDA
Associated British Foods plc	\$19.78	68.1%	\$15,630.7	\$17,778.5	\$20,420.8	\$2,344.3	11.5%	0.9x	7.6x
B&G Foods, Inc.	\$23.59	68.8%	\$1,625.0	\$3,930.9	\$2,083.5	\$295.1	14.2%	1.9x	13.3x
Campbell Soup Company	\$45.39	87.4%	\$13,643.1	\$18,442.1	\$8,448.0	\$1,738.0	20.6%	2.2x	10.6x
Conagra Brands, Inc.	\$31.37	84.9%	\$15,053.7	\$24,210.9	\$11,365.4	\$2,053.4	18.1%	2.1x	11.8x
General Mills, Inc.	\$66.23	89.5%	\$39,884.5	\$51,572.6	\$18,625.2	\$3,773.3	20.3%	2.8x	13.7x
Hormel Foods Corporation	\$44.69	81.1%	\$24,403.2	\$26,844.7	\$12,459.3	\$1,502.0	12.1%	2.2x	17.9x
Kellogg Company	\$67.54	89.4%	\$22,819.9	\$31,011.9	\$14,269.0	\$2,546.0	17.8%	2.2x	12.2x
McCormick & Company	\$82.54	76.9%	\$22,132.4	\$27,182.5	\$6,358.8	\$1,247.8	19.6%	4.3x	21.8x
Mondelez International, Inc.	\$58.80	84.6%	\$81,374.7	\$99,668.7	\$29,246.0	\$6,097.0	20.8%	3.4x	16.3x
Nestlé S.A.	\$111.34	82.7%	\$307,254.2	\$341,936.0	\$95,951.1	\$19,097.0	19.9%	3.6x	17.9x
Post Holdings, Inc.	\$75.77	64.0%	\$4,602.6	\$10,373.5	\$6,596.6	\$1,058.8	16.1%	1.6x	9.8x
Premium Brands Holdings	\$69.60	65.6%	\$3,117.7	\$4,721.9	\$4,138.8	\$272.3	6.6%	1.1x	17.3x
The Hershey Company	\$206.03	89.0%	\$42,360.7	\$47,336.3	\$9,341.6	\$2,543.2	27.2%	NM	18.6x
The J. M. Smucker Company	\$122.22	83.3%	\$13,011.3	\$17,452.2	\$7,998.9	\$1,593.4	19.9%	2.2x	11.0x
Mean							17.5%	2.3x	14.3x
Median							18.8%	2.2x	13.5x
Harmonic Mean							15.5%	1.9x	13.1x

Source: Capital IQ as of June 17, 2022



DAIRY

Company	Price	% 52 Wk	Market	Enterprise	LTM			EV / LTM	
	06/17/22	High	Cap	Value	Revenue	EBITDA	Margin	Revenue	EBITDA
Danone S.A.	\$54.51	79.1%	\$34,132.1	\$45,565.5	\$27,614.0	\$5,166.6	18.7%	1.7x	8.8x
Emmi AG	\$915.74	76.5%	\$4,899.0	\$5,420.2	\$4,291.2	\$466.4	10.9%	1.3x	11.6x
Glanbia plc	\$10.67	66.3%	\$2,947.2	\$3,719.3	\$4,773.0	\$332.9	7.0%	0.8x	11.2x
Saputo Inc.	\$21.27	73.2%	\$8,865.8	\$12,006.2	\$12,042.8	\$820.2	6.8%	1.0x	14.6x
Savencia SA	\$63.96	80.8%	\$876.1	\$1,661.5	\$6,380.6	\$467.6	7.3%	0.3x	3.6x
Mean							10.1%	1.0x	10.0x
Median							7.3%	1.0x	11.2x
Harmonic Mean							8.7%	0.7x	7.8x

FOODSERVICE DISTRIBUTION

Company	Price	% 52 Wk	Market	Enterprise	LTM			EV / LTM	
	06/17/22	High	Cap	Value	Revenue	EBITDA	Margin	Revenue	EBITDA
Colabor Group Inc.	\$0.57	57.8%	\$58.1	\$118.7	\$385.8	\$17.1	4.4%	0.3x	7.0x
Performance Food Group	\$41.27	71.0%	\$6,396.9	\$11,202.5	\$43,845.0	\$919.5	2.1%	0.3x	12.2x
Sysco Corporation	\$78.77	86.1%	\$40,131.4	\$51,218.9	\$65,815.8	\$3,417.5	5.2%	0.8x	15.0x
The Chefs' Warehouse, Inc.	\$32.23	82.6%	\$1,232.6	\$1,713.3	\$1,977.6	\$67.9	3.4%	0.9x	25.2x
Mean							3.8%	0.6x	14.8x
Median							3.9%	0.5x	13.6x
Harmonic Mean							3.4%	0.4x	12.0x

GROCERY DISTRIBUTION

Company	Price	% 52 Wk	Market	Enterprise	LTM			EV / LTM	
	06/17/22	High	Cap	Value	Revenue	EBITDA	Margin	Revenue	EBITDA
United Natural Foods, Inc.	\$37.86	65.4%	\$2,206.9	\$5,829.9	\$28,390.0	\$978.8	3.4%	0.2x	6.0x
SpartanNash Company	\$29.37	78.4%	\$1,061.0	\$1,794.3	\$9,036.9	\$270.0	3.0%	0.2x	6.6x
Mean							3.2%	0.2x	6.3x
Median							3.2%	0.2x	6.3x
Harmonic Mean							3.2%	0.2x	6.3x

Source: Capital IQ as of June 17, 2022



INGREDIENTS & FLAVORS

Company	Price	% 52 Wk	Market	Enterprise	LTM			EV / LTM	
	06/17/22	High	Cap	Value	Revenue	EBITDA	Margin	Revenue	EBITDA
Givaudan SA	\$3,224.27	63.8%	\$29,730.7	\$34,296.0	\$7,332.1	\$1,535.7	20.9%	4.7x	22.3x
International Flavors & Fragrances	\$108.31	69.0%	\$27,601.5	\$39,519.5	\$12,417.0	\$2,822.0	22.7%	3.2x	14.0x
Koninklijke DSM N.V.	\$147.77	69.8%	\$25,363.5	\$26,548.9	\$10,467.4	\$1,840.1	17.6%	2.5x	14.4x
Kerry Group plc	\$94.47	68.8%	\$16,883.2	\$19,161.8	\$8,359.6	\$1,132.6	13.5%	2.3x	16.9x
Symrise AG	\$106.40	76.0%	\$14,871.3	\$16,360.9	\$4,350.8	\$923.6	21.2%	3.8x	17.7x
Chr. Hansen Holding A/S	\$69.77	81.3%	\$9,186.1	\$10,176.1	\$1,286.6	\$458.1	35.6%	NM	22.2x
Darling Ingredients Inc.	\$68.46	78.2%	\$11,057.3	\$12,908.3	\$5,061.0	\$917.9	18.1%	2.6x	14.1x
Ingredion Incorporated	\$84.62	83.1%	\$5,603.5	\$7,617.5	\$7,172.0	\$912.0	12.7%	1.1x	8.4x
Glanbia plc	\$10.67	66.3%	\$2,947.2	\$3,719.3	\$4,773.0	\$332.9	7.0%	0.8x	11.2x
Tate & Lyle plc	\$9.44	83.0%	\$3,758.5	\$4,458.5	\$1,807.5	\$337.8	18.7%	2.5x	13.2x
Balchem Corporation	\$114.59	65.7%	\$3,680.2	\$3,753.7	\$842.2	\$183.9	21.8%	4.5x	20.4x
Sensient Technologies Corporation	\$73.03	68.7%	\$3,069.7	\$3,575.0	\$1,376.1	\$225.4	16.4%	2.6x	15.9x
Corbion N.V.	\$31.01	60.0%	\$1,828.1	\$2,314.7	\$1,217.8	\$138.5	11.4%	1.9x	16.7x
MGP Ingredients, Inc.	\$93.14	89.6%	\$2,047.8	\$2,265.2	\$713.6	\$148.7	20.8%	3.2x	15.2x
SunOpta Inc.	\$7.30	59.8%	\$773.6	\$1,098.4	\$845.2	\$52.6	6.2%	1.3x	20.9x
Rogers Sugar Inc.	\$4.72	94.9%	\$492.1	\$797.0	\$750.3	\$87.5	11.7%	1.1x	9.1x
Mean							19.1%	2.8x	15.9x
Median							18.7%	2.5x	14.4x
Harmonic Mean							16.3%	2.1x	14.6x

NATURAL/ORGANIC/BETTER-FOR-YOU

Company	Price	% 52 Wk	Market	Enterprise	LTM			EV / LTM	
	06/17/22	High	Cap	Value	Revenue	EBITDA	Margin	Revenue	EBITDA
SunOpta Inc.	\$7.30	59.8%	\$773.6	\$1,098.4	\$845.2	\$52.6	6.2%	1.3x	20.9x
The Hain Celestial Group, Inc.	\$23.12	47.3%	\$2,076.1	\$2,945.6	\$1,885.4	\$207.3	11.0%	1.6x	14.2x
The Simply Good Foods Company	\$37.02	80.9%	\$3,715.7	\$4,143.3	\$1,121.8	\$225.5	20.1%	3.7x	18.4x
Mean							12.4%	2.2x	17.8x
Median							11.0%	1.6x	18.4x
Harmonic Mean							10.0%	1.8x	17.4x

Source: Capital IQ as of June 17, 2022



PRIVATE LABEL FOODS & BEVERAGES

Company	Price	% 52 Wk	Market	Enterprise	LTM			EV / LTM	
	06/17/22	High	Cap	Value	Revenue	EBITDA	Margin	Revenue	EBITDA
Lamb Weston Holdings, Inc.	\$65.46	80.4%	\$9,455.5	\$11,779.3	\$3,953.3	\$597.8	15.1%	3.0x	19.7x
Primo Water Corporation	\$12.91	66.3%	\$2,079.1	\$3,646.9	\$2,121.0	\$354.9	16.7%	1.7x	10.3x
Seneca Foods Corporation	\$51.26	82.6%	\$420.5	\$588.3	\$1,385.3	\$116.6	8.4%	0.4x	5.0x
TreeHouse Foods, Inc.	\$39.02	82.2%	\$2,185.8	\$4,066.8	\$4,411.3	\$332.7	7.5%	0.9x	12.2x
Mean							12.0%	1.5x	11.8x
Median							11.8%	1.3x	11.2x
Harmonic Mean							10.6%	0.9x	9.3x

PROTEIN PROCESSING

Company	Price	% 52 Wk	Market	Enterprise	LTM			EV / LTM	
	06/17/22	High	Cap	Value	Revenue	EBITDA	Margin	Revenue	EBITDA
Tyson Foods, Inc.	\$83.07	82.5%	\$30,033.9	\$37,268.9	\$51,339.0	\$7,186.0	14.0%	0.7x	5.2x
Hormel Foods Corporation	\$44.69	81.1%	\$24,403.2	\$26,844.7	\$12,459.3	\$1,502.0	12.1%	2.2x	17.9x
JBS S.A.	\$6.35	82.1%	\$14,082.1	\$29,648.5	\$77,074.3	\$9,752.9	12.7%	0.4x	3.0x
WH Group Limited	\$0.71	79.1%	\$9,136.5	\$12,764.2	\$27,293.0	\$2,250.0	8.2%	0.5x	5.7x
Pilgrim's Pride Corporation	\$29.34	84.7%	\$7,051.3	\$10,093.7	\$15,744.4	\$1,530.5	9.7%	0.6x	6.6x
Seaboard Corporation	\$3,710.01	84.3%	\$4,306.5	\$4,672.5	\$9,879.0	\$686.0	6.9%	0.5x	6.8x
Sanderson Farms, Inc.	\$208.31	99.1%	\$4,649.5	\$3,841.1	\$5,623.6	\$1,342.1	23.9%	0.7x	2.9x
Thai Union Group Public Company	\$0.49	75.7%	\$2,292.4	\$4,224.7	\$4,393.5	\$348.2	7.9%	1.0x	12.1x
Marfrig Global Foods S.A.	\$2.49	45.7%	\$1,642.6	\$6,326.1	\$19,040.4	\$3,171.7	16.7%	0.3x	2.0x
Austevoll Seafood ASA	\$11.79	76.7%	\$2,379.8	\$4,268.8	\$3,111.1	\$618.0	19.9%	1.4x	6.9x
Cal-Maine Foods, Inc.	\$46.31	77.2%	\$2,266.4	\$2,171.3	\$1,534.0	\$50.7	3.3%	1.4x	NM
Mean							12.3%	0.9x	6.9x
Median							12.1%	0.7x	6.1x
Harmonic Mean							9.3%	0.6x	4.7x

SNACKS

Company	Price	% 52 Wk	Market	Enterprise	LTM			EV / LTM	
	06/17/22	High	Cap	Value	Revenue	EBITDA	Margin	Revenue	EBITDA
J&J Snack Foods Corp.	\$132.38	73.5%	\$2,538.4	\$2,366.6	\$1,247.4	\$132.3	10.6%	1.9x	17.9x
John B. Sanfilippo & Son, Inc.	\$68.50	73.1%	\$789.5	\$870.5	\$904.9	\$92.6	10.2%	1.0x	9.4x
Mondelez International, Inc.	\$58.80	84.6%	\$81,374.7	\$99,668.7	\$29,246.0	\$6,097.0	20.8%	3.4x	16.3x
PepsiCo, Inc.	\$157.06	88.4%	\$217,164.3	\$250,427.3	\$80,854.0	\$14,589.0	18.0%	3.1x	17.2x
The Hershey Company	\$206.03	89.0%	\$42,360.7	\$47,336.3	\$9,341.6	\$2,543.2	27.2%	NM	18.6x
Tootsie Roll Industries, Inc.	\$32.34	84.9%	\$2,356.2	\$2,226.2	\$608.2	\$101.4	16.7%	3.7x	22.0x
Mean							17.3%	2.6x	16.9x
Median							17.4%	3.1x	17.5x
Harmonic Mean							15.3%	2.0x	15.7x

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Brian Boyle is a Managing Director in Capstone Partners' Consumer & Retail Investment Banking team and brings 35 years of Mergers & Acquisitions and Capital Markets experience to the firm. Brian is exclusively focused on advising Food, Beverage and Agribusiness clients and has guided hundreds of Companies through M&A transactions, capital raises, and initial & secondary public offerings. He has extensive cross border transaction experience working with strategic acquirers within the Food sector.

Prior to joining Capstone, Brian was Head of the Food, Beverage and Agribusiness team at Raymond James within their Consumer Investment Banking Group. Prior to joining Raymond James, Brian was Managing Director and Co-Head of the Consumer Investment Banking Group at PwC Corporate Finance, where he focused on advising Food & Agribusiness clients. Prior to PwC Corporate Finance, Brian was Head of Food & Beverage Investment Banking at D.A Davidson which had acquired RSM's Investment Banking group where he had spent 12 years leading their Food & Beverage team. He started his career at Lehman Brothers where he spent 13 years in their debt capital markets division.

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FIRM TRACK RECORD

Capstone maintains an active presence in the Food & Beverage sector with in-depth knowledge of the buyer universe and business characteristics that drive premium valuations in an M&A process. Our frequent conversations with industry participants provide us with increased transparency into market trends and buyer preferences. A sampling of Capstone's closed and active deals is outlined below.

CONFIDENTIAL CORPORATE SALE PRODUCER OF BRANDED MEAT PRODUCTS	 HAS BEEN ACQUIRED BY  NURTURE VITALITY™	 HAS FORMED A JOINT VENTURE WITH  DEUTSCH FAMILY WINE & SPIRITS	 HAS BEEN ACQUIRED BY  Insight Equity
 Organic Grain Business HAS BEEN ACQUIRED BY* 	 HAS BEEN ACQUIRED BY  PAINE SCHWARTZ PARTNERS	 HAS BEEN ACQUIRED BY  cool by design™	 HAS BEEN ACQUIRED BY  happy eating
 HAS BEEN ACQUIRED BY  unfi DRIVEN BY NATURE	 DELIVERED DISH HAS BEEN ACQUIRED BY 	 HAS ACQUIRED 	 HAS BEEN ACQUIRED BY 

* = Banker completed transaction while at a previous firm

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With a long-established U.S. footprint, together with an international partner platform, we provide clients with broad expertise and access to key market relationships on a global basis. Our presence is backed by ~200 professionals in the U.S. with 450+ professionals across 43 countries.

