

# MODERATING FOOD INFLATION PROVIDES RELIEF TO SECTOR PLAYERS

FOOD & AGRICULTURE SECTOR UPDATE | JULY 2023



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# Food & Agriculture

## Moderating Food Inflation Provides Relief to Sector Players

### KEY SECTOR TAKEAWAYS

Capstone Partners' Consumer Investment Banking Group is pleased to share its Food & Agriculture report. Moderating inflation and normalization of supply chains have provided a favorable backdrop and near-term outlook for sector participants in the Food & Agriculture space. While overall middle market merger and acquisition (M&A) activity has been challenged through the first half of the year, the Food & Agriculture sector has recorded a steady stream of transactions. Several key report takeaways are outlined below.

1. M&A activity through year-to-date (YTD) has surpassed prior year levels as strategic buyers have driven a healthy pace of consolidation activity.
2. Disinflation in food prices has reduced pressure on the gross margins of sector participants, allowing for implementation of more aggressive growth strategies.
3. Supply chains have largely normalized in many segments of the sector which has provided a boost to service levels for food processors and manufacturers.
4. Private equity buyers have maintained a healthy presence in the space but have been increasingly selective in their acquisition pursuits.
5. The Foodservice segment has seen a divergence with QSR (quick service restaurant) and high-end dining remaining strong, while mid-tier dining and fast-casual have experienced softness.

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

## PRICE LEVELS REMAIN HIGH, DISINFLATION TRENDS SUPPORT OPTIMISM

Disinflation in food prices and easing of supply chain disruptions have fostered optimism for the margin recovery of sector players in the Food & Agriculture sector. While consumer food prices have remained elevated, the sequential improvement in inflation in recent months has allowed select sector players to begin to eye a return to a more normalized operating environment. Notably, food inflation in June amounted to a 5.7% increase year-over-year (YOY)—marking the lowest level since October 2021, according to the U.S. Bureau of Labor Statistics' consumer price index.<sup>1</sup>

The improving cost environment has been further exemplified at the wholesale level, with select items registering substantial declines in price. Notably, the producer price index for eggs, a commodity that has experienced significant price increases over the past year, declined 37.8% YOY in June, according to the Bureau of Labor Statistics.<sup>2</sup> Wholesale prices for grains and pork have also registered declines, falling 20.3% and 8.3% YOY, respectively. As the stubborn levels of inflation have moderated, sector players have begun to experience softening margin pressure, which has been most evident for branded food processors. The median last twelve-month (LTM) gross margin improvement on a quarter-over-quarter basis in Capstone's Branded Processed Foods index amounted to 56.7 basis points in the most recent fiscal quarter. Low elasticities and favorable pricing momentum are expected to continue to support profitability levels for many sector participants.

Following nearly two years of production constraints and challenges to materials availability, supply chains have begun to stabilize in the Food & Agriculture sector. Leading sector players have noted this improvement in inventory levels, with Conagra Brands (NYSE:CAG) and General Mills (NYSE:GIS) both recording service levels in excess of 90%, reflecting the ability to efficiently meet customer orders, according to their earnings releases.<sup>3,4</sup> As production capacity continues to improve, sector players can place additional focus on innovation and near-term growth opportunities.

While inflation has moderated in recent months, the elevated cost environment has pushed consumers to increasingly consider prices in their food purchases. This has introduced a divergence



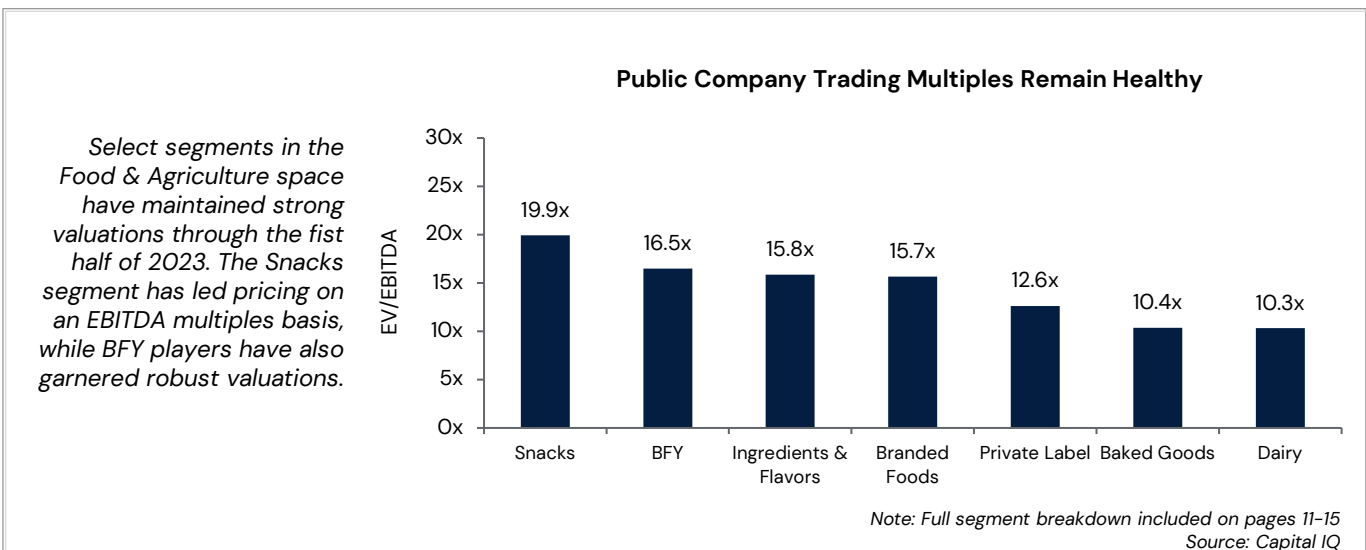
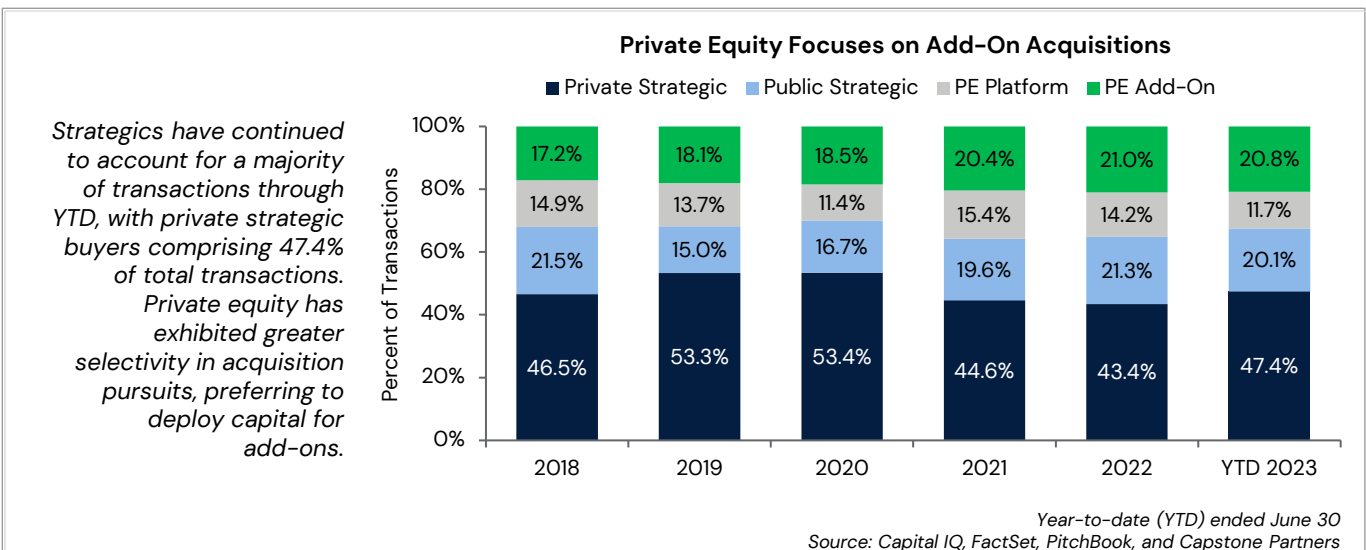
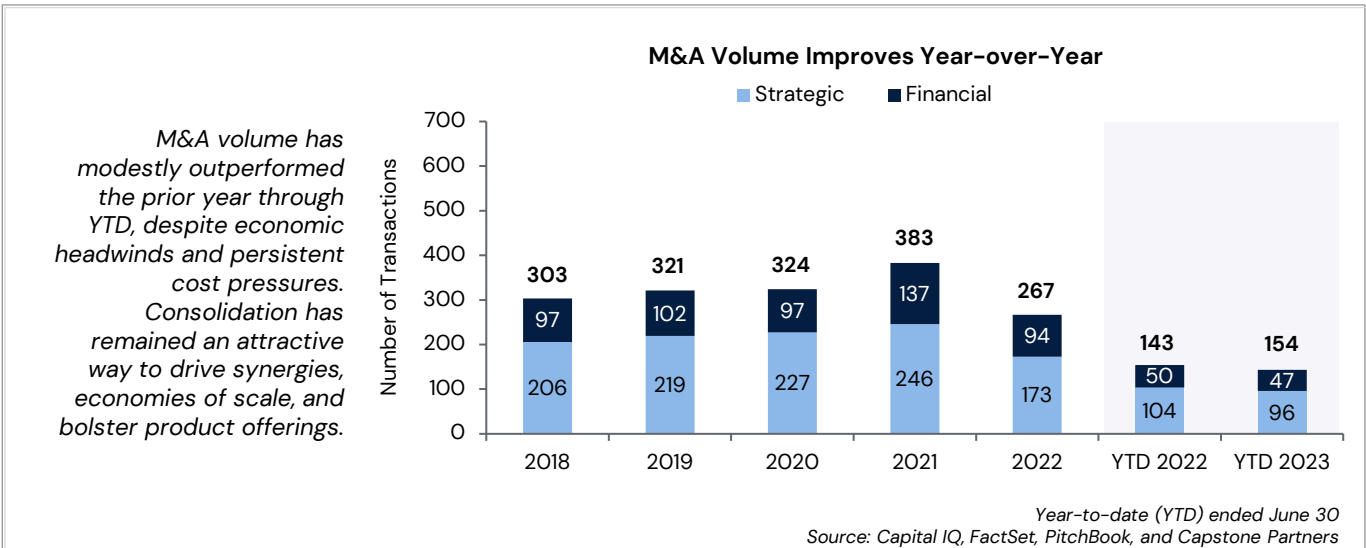
**Brian Boyle**  
Managing Director

*"The price relief that consumers are starting to see at the store level does not tell the full story. Wholesale prices, especially certain food items such as grains, cheese, eggs, poultry, and pork, have experienced sharp declines in pricing. Additionally, food processors, especially the large consumer packaged goods, have yet to fully pass on declines in raw materials to retailers and ultimately to consumers."*

in the market, where a trade down affect has benefited value-oriented products, and higher quality, often health-conscious products have remained insulated—creating a softening for product categories lying between value and premium. Despite historic food inflation, consumers have continued to purchase better-for-you (BFY) offerings, with sales of organic food rising to a record \$61.7 billion in 2022, according to the Organic Trade Association.<sup>5</sup> In the value-oriented pocket of the market, private label offerings have gained increased consumer favor as a cost-friendly alternative to higher priced brands. Notably, TreeHouse Foods (NYSE:THS), a leading private label manufacturer, recorded a 15.8% YOY net sales increase in Q1 largely driven by consumer migration to value products, according to its earnings release.<sup>6</sup> However, further food price disinflation may reduce the appeal of private label brands in the coming quarters as consumers regain purchasing power.

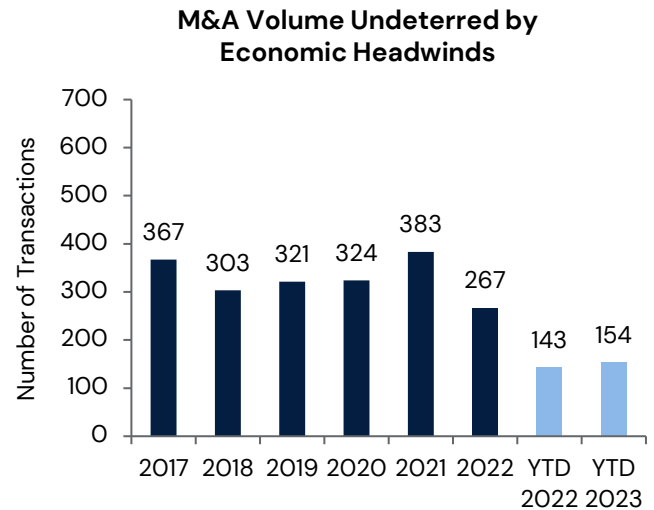
Equity market volatility has impacted the pricing of many public players, however, select segments have experienced improvement in valuations. Notably, public companies in Capstone's Baked Goods, Branded Processed Foods, and Snacks indexes have recorded YOY EBITDA trading multiple growth through the first half of 2023. Continued food price normalization and clarity over the path of interest rates will likely support continued resilience in valuation multiples. While recession forecasts have been pushed out to 2024 and even early 2025, high quality middle market players seeking a liquidity event are expected to garner healthy buyer interest.

## M&A DATA AND PUBLIC COMPANY VALUATIONS



## M&A MARKET ACCELERATES IN FIRST HALF OF 2023

M&A volume in the Food & Agriculture sector has shown signs of acceleration despite a backdrop of uncertainty in transaction markets. Through YTD, sector M&A volume has improved 7.7% YOY as many players have returned to inorganic growth to drive operational synergies, economies of scale, and penetrate new distribution channels. As food costs have moderated in recent months, dealmaking has steadily improved, evidenced by three consecutive quarters of growing M&A volume—with Q2 2023 (82 deals) recording the highest quarterly total since Q4 2021 (92 deals). The sequential improvement in quarterly transaction volume points to the growing optimism in the sector and the opportunities for sellers to achieve a favorable liquidity event. The breadth of transactions, spread across various subsegments, has also supported a healthy outlook for M&A activity through year-end and into 2024.



Year-to-date (YTD) ended June 30  
Source: Capital IQ, FactSet, PitchBook, and Capstone Partners

Strategic buyers have driven the majority of transaction activity through YTD, comprising 67.5% of total deals. As many sector players have begun to see a recovery in margins and cash positions, inorganic growth has returned as a valuable means to efficiently bolster operations. Private strategic buyers have been the most active consolidators, accounting for 47.4% of YTD transactions. Adding manufacturing capacity has been a key motivation for sector players, particularly in the Baked Goods segment, evidenced by Johnson Bros. Bakery Supply's acquisition of Aphrodite Divine Confections (June, undisclosed). Public strategics (20.1% of YTD deals) have also been active participants in M&A markets in recent months, often aligning acquisition strategy with broader consumer preferences. This has resulted in a robust buyer appetite for BFY products catering to popular healthy lifestyle trends. Notably, Unilever (LSE:ULVR) acquired Yasso, a premium low-calorie frozen Greek yogurt brand, for an undisclosed sum (June). Strategic buyers are expected to continue to drive acquisition activity through year end as tightened credit markets have slowed private equity acquisition pursuits.

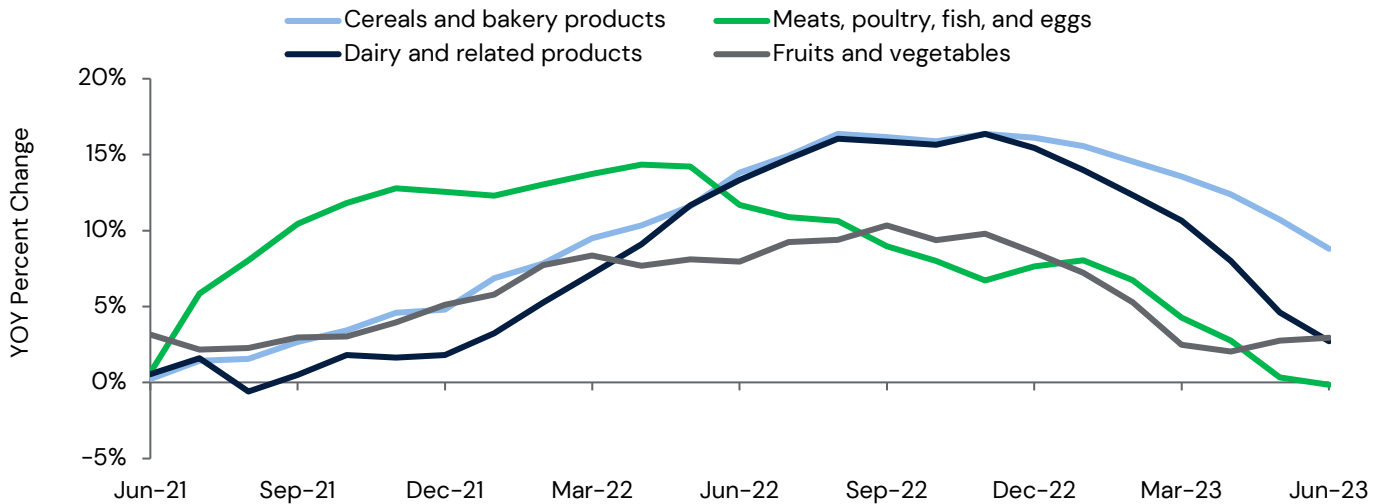
Sponsors have remained increasingly selective in their investment approach, placing heightened due diligence on the sustainability of a target company's earnings. Through YTD, financial buyers have accounted for 32.5% of transactions, largely driven by add-on acquisitions (20.8%). Elevated financing costs have made large-scale platform investments expensive, which has driven the sponsor universe to pursue smaller deals—which may provide healthy levels of competition for middle market assets and contribute to a favorable pricing environment for quality sellers. Select private equity firms have successfully exited investments in the current valuation environment, indicating that value can be realized despite challenges to private market pricing. Notably, Arbor Investments sold DPI Specialty Foods, a premier food distributor across the western U.S., to KeHE Distributors (May, undisclosed). While sponsors have placed heightened scrutiny on potential targets, high-quality players have continued to draw private equity interest.

The Food & Agriculture sector has often represented a steady pocket of the Consumer space with sector transaction activity remaining fairly insulated from adverse economic conditions. The low elasticity of demand held by many sector players has provided solid visibility in revenue projections, despite persistent challenges brought by elevated commodity costs. Further disinflation is expected to propel deal markets, while exogenous challenges such as the war in Ukraine will likely continue to provide uncertainty and disruption to select Food & Agriculture markets across the globe. Capstone expects a steady backlog of transactions to continue to come to market in the coming quarters, however, quality and strength of earnings will remain a focus for both strategic and financial buyers.

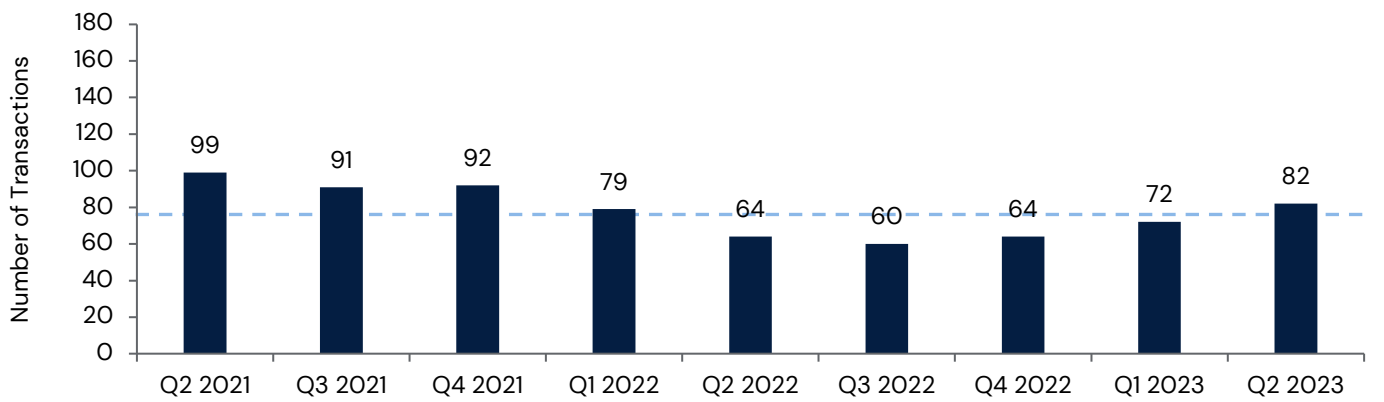
## MIDDLE MARKET M&A SIGNALS

1. Disinflation of food prices has provided relief to many sector players that have seen margins significantly impacted. Meat, poultry, fish, and eggs prices, in particular, have seen significant improvement, falling 0.1% YOY in June.
2. The decline in food inflation has largely coincided with an increase in quarterly M&A volume in the sector. Food & Agriculture M&A activity has seen three consecutive months of quarter-over-quarter growth.
3. Continued interest rate hikes are likely necessary to quell inflation and bring it to the Federal Reserve’s 2% target rate. The Fed’s ability to ease pricing pressures without instigating a widespread market downturn will prove consequential for transaction markets across the Consumer industry.

### Food Prices Continue to Moderate



### Quarterly M&A Transaction Volume Steadily Improves



Dotted line indicates average three-year quarterly transaction volume of 78 deals  
 Source: U.S. Bureau of Labor Statistics, Capital IQ, FactSet, PitchBook, and Capstone Partners



## NOTABLE TRANSACTIONS



Nature's Path Organic Foods has agreed to acquire Love Child Organics, a leading Canadian organic baby food and children's snack brand (June). Terms of the transaction were not disclosed. The addition of Love Child Organics provides Nature's Path with an enhanced position in the \$8.5 billion U.S. Baby Food market, according to a press release.<sup>7</sup> British Columbia-headquartered Nature's Path is a leading North American organic breakfast and snack food provider, selling its products in grocery and natural food stores in more than 50 countries. Its notable brands include Nature's Path®, Love Crunch®, Que Pasa® and EnviroKidz®.



**Brian Boyle**  
Managing Director

*"In the first half of 2023, M&A activity of food & beverage companies accelerated with activity across multiple subsectors including Specialty Food Distribution, Bakery and Snack, and Organic Foods. As raw material inputs continue to ease and profitability increases at companies, we expect this trend to continue."*



Ferraro Foods, a leading specialty distributor of food and foodservice supplies to pizzerias and Italian restaurants, has acquired GDS Foods for an undisclosed sum (June). GDS Foods is an importer and distributor of Italian food products to pizzerias throughout New York, New Jersey, and Pennsylvania with nearly \$50 million in annual sales, according to a press release.<sup>8</sup> The addition of GDS expands Ferraro's network of distribution locations and adds an expansive customer base. The acquisition also follows Ferraro's May announcement of the addition of a 230,000 square-foot warehouse and distribution center in Long Island.



JDH Capital-backed STX Beef has acquired Missouri Prime Beef Packers (May). Terms of the transaction were not disclosed. Missouri Prime Beef Packers processes approximately 750 head of cattle per day in its 88,000 square foot facility, according to a press release.<sup>9</sup> Texas-based STX operates a 250,000 square foot facility that processes more than 1,000 head of cattle per day. The acquisition of Missouri Prime Beef Packers provides a significant boost to processing capability and capacity. The transaction also highlights private equity's appetite for scaling platform investments in the Meat Processing segment of the market.



US Foods (NYSE:USFD) has agreed to acquire broadline distributor Renzi Foodservice for an undisclosed sum (May). Renzi has been family owned for two generations and has generated over \$180 million in annual revenue, serving more than 2,300 independent restaurants, healthcare facilities, schools, convenience stores and other customers, according to a press release.<sup>10</sup> The acquisition marks the first for US Foods since April 2020 and allows it to expand its footprint into central upstate New York.



Benford Capital has acquired Legacy Bakehouse, a developer and manufacturer of baked snack ingredients including bagel chips, rye chips, and pita chips (April, undisclosed). Legacy's brands include the Pinahs brand of rye chips and snack mixes. The acquisition marks Benford's fifth platform investment in the Food sector and second in its Fund II, according to a press release.<sup>11</sup> Benford plans to bolster Legacy's operational capacity and pursue add-on acquisitions of snack component developers and manufacturers.



## SELECT TRANSACTIONS

Date	Target	Acquirer	Target Business Description	Enterprise Value (mm)	EV / LTM Revenue	EBITDA
06/26/23	Bix Produce	FreshPoint	Provides distribution of bulk and pre-cut fruits and vegetables, dairy, and related food items.	-	-	-
06/16/23	Love Child	Nature's Path	Offers organic baby and children's food products.	-	-	-
06/16/23	GDS Foods	Ferraro Foods	Imports and distributes Italian food products to pizzerias throughout New York, New Jersey, and Pennsylvania.	-	-	-
06/01/23	Aphrodite Divine Confections	Johnson Bros.	Prepares and bakes cookie dough, dessert bars, togas, and filled cookies.	-	-	-
05/24/23	Eat Howl	Penguin Natural Foods	Provides plant-based food offerings including a cashew-based mac and cheese.	-	-	-
05/23/23	Current Foods	Wicked Foods	Offers plant-based seafood products.	-	-	-
05/16/23	Missouri Prime Beef Packers	STX Beef	Produces and processes beef.	-	-	-
05/06/23	Taylor's	Burrow Holdings	Owns and operates a bakery providing coffee cakes, breads, and other products.	-	-	-
05/01/23	Hardie's	Chef's Warehouse (Nasdaq:CHEF)	Processes and sells fruits and vegetables to Foodservice and Retail markets.	\$48.0	-	-
05/01/23	Above Food	Bite Acquisition	Provides sustainable plant-based food products.	\$319.0	0.7x	13.7x
04/10/23	Legacy Bakehouse	Benford Capital	Produces bread baked snack products.	-	-	-
04/05/23	Valente Bakery Supplies	Strategic Ingredients Distributor Acquirer	Distributes food ingredients in New York, Connecticut, and New Jersey.	CF	CF	CF
03/20/23	Swiss-American	Lipari Foods	Offers specialty cheese solutions.	-	-	-
03/27/23	Western Smokehouse	AUA Private Equity	Manufactures and sells premium, crafted meat snacks.	-	-	-
03/06/23	Lee Fish USA	Sole Source Capital	Imports and distributes fresh and frozen seafood.	-	-	-
02/20/23	Williams Sausage	Tyson Foods (NYSE:TSN)	Produces and distributes breakfast foods including hog and pork sausages.	-	-	-
01/31/23	Concord Foods	Sysco (NYSE:SYF)	Distributes and sells pizza, deli, and Italian food products.	-	-	-
01/25/23	Mister Snacks	George J. Howe Company	Manufactures potato chips, corn chips, and similar snacks.	-	-	-
01/23/23	Berry People	AgriFORCE (Nasdaq:AGRI)	Produces and distributes organic strawberries, raspberries, blueberries, and blackberries.	\$40.0	1.1x	-
01/18/23	Great Lakes Potato Chip	LaSalle Capital, Lightspring Capital	Manufactures kettle-cooked potato chips.	-	-	-
01/09/23	Birch Benders	Hometown Food	Provides baking mixes and frostings, pancakes and waffle mixes, and toaster waffles.	-	-	-
01/05/23	Great Lakes Foods	SpartanNash (Nasdaq:SPTN)	Provides food distribution services.	-	-	-

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

## FOOD & AGRICULTURE PUBLIC COMPANY DATA

Segment	% 52 Wk High	EV / LTM		EBITDA Margin	EV / NTM	
		Revenue	EBITDA		Revenue	EBITDA
Agribusiness	76.4%	0.8x	6.6x	17.5%	1.0x	6.7x
Baked Goods	87.5%	1.3x	10.4x	11.5%	1.2x	8.8x
Branded Processed Foods	86.0%	2.3x	15.7x	15.9%	2.4x	13.3x
Dairy	88.3%	1.0x	10.3x	9.1%	0.9x	9.1x
Foodservice Distribution	89.9%	0.5x	11.0x	4.5%	0.4x	9.5x
Grocery Distribution	50.3%	0.2x	5.9x	2.7%	0.2x	7.2x
Ingredients & Flavors	82.6%	2.4x	15.8x	16.0%	2.5x	13.0x
Natural / Organic / Better-For-You	65.5%	1.9x	16.5x	11.2%	1.8x	12.7x
Private Label Foods and Beverages	78.2%	1.8x	12.6x	13.4%	1.9x	11.3x
Protein Processing	64.7%	0.7x	7.3x	11.6%	0.7x	7.5x
Snacks	90.0%	2.8x	19.9x	15.8%	3.3x	17.2x

### AGRIBUSINESS

Company	Price	% 52 Wk High	Market Cap	Enterprise Value	LTM			EV / LTM	
	07/06/23				Revenue	EBITDA	Margin	Revenue	EBITDA
Glencore plc	\$5.49	74.0%	\$67,938.2	\$92,372.0	\$255,984.0	\$31,195.0	12.2%	0.4x	3.0x
Archer-Daniels-Midland Company	\$77.42	78.8%	\$42,165.6	\$53,153.6	\$101,978.0	\$5,397.0	5.3%	0.5x	9.8x
CF Industries Holdings, Inc.	\$70.12	58.6%	\$13,667.8	\$16,731.8	\$10,330.0	\$5,604.0	54.2%	1.6x	3.0x
The Mosaic Company	\$35.21	55.7%	\$11,693.6	\$15,842.3	\$18,807.2	\$5,202.4	27.7%	0.8x	3.0x
Bunge Limited	\$98.46	92.0%	\$14,829.8	\$19,066.8	\$66,680.0	\$2,943.0	4.4%	0.3x	6.5x
Darling Ingredients Inc.	\$63.38	76.6%	\$10,113.2	\$14,937.1	\$6,957.0	\$1,138.3	16.4%	2.1x	13.1x
The Andersons, Inc.	\$47.53	99.0%	\$1,591.3	\$2,935.5	\$17,228.7	\$363.4	2.1%	0.2x	8.1x

EV = enterprise value; LTM = last twelve months \$ in millions, except per share data NM = Not Meaningful	Mean	17.5%	0.8x	6.6x
	Median	12.2%	0.5x	6.5x
	Harmonic Mean	6.4%	0.4x	4.8x

Source: Capital IQ as of July 6, 2023



## BAKED GOODS

Company	Price 07/06/23	% 52 Wk High	Market Cap	Enterprise Value	LTM			EV / LTM	
					Revenue	EBITDA	Margin	Revenue	EBITDA
ARYZTA AG	\$1.60	88.4%	\$1,586.1	\$1,855.9	\$2,125.4	\$216.0	10.2%	0.9x	8.6x
Flowers Foods, Inc.	\$24.78	82.2%	\$5,249.6	\$6,586.6	\$4,904.4	\$482.5	9.8%	1.3x	13.7x
George Weston Limited	\$117.17	84.5%	\$16,243.9	\$35,581.4	\$42,012.9	\$4,223.5	10.1%	0.8x	8.4x
Grupo Bimbo, S.A.B. de C.V.	\$5.36	88.1%	\$23,744.7	\$30,764.3	\$22,599.2	\$2,877.0	12.7%	1.4x	10.7x
Hostess Brands, Inc.	\$25.00	86.2%	\$3,321.3	\$4,222.0	\$1,371.6	\$280.5	20.4%	3.1x	15.1x
Yamazaki Baking Co., Ltd.	\$13.78	95.6%	\$2,837.2	\$2,867.7	\$8,230.6	\$493.6	6.0%	0.3x	5.8x
Mean							11.5%	1.3x	10.4x
Median							10.1%	1.1x	9.6x
Harmonic Mean							10.1%	0.9x	9.4x

## BRANDED PROCESSED FOODS

Company	Price 07/06/23	% 52 Wk High	Market Cap	Enterprise Value	LTM			EV / LTM	
					Revenue	EBITDA	Margin	Revenue	EBITDA
Associated British Foods plc	\$25.05	95.1%	\$19,296.3	\$22,724.3	\$22,620.7	\$2,244.5	9.9%	1.0x	10.1x
B&G Foods, Inc.	\$13.89	53.2%	\$1,003.0	\$3,319.8	\$2,142.4	\$295.6	13.8%	1.5x	11.2x
Campbell Soup Company	\$45.98	79.6%	\$13,706.3	\$18,529.3	\$9,276.0	\$1,646.0	17.7%	2.0x	11.3x
Conagra Brands, Inc.	\$33.67	81.5%	\$16,057.5	\$25,551.7	\$12,213.7	\$2,226.7	18.2%	2.1x	11.5x
General Mills, Inc.	\$77.31	85.1%	\$45,240.5	\$56,853.0	\$20,094.2	\$3,693.9	18.4%	2.8x	15.4x
Hormel Foods Corporation	\$40.16	77.7%	\$21,938.1	\$24,648.6	\$12,266.5	\$1,474.6	12.0%	2.0x	16.7x
Kellogg Company	\$68.40	88.6%	\$23,444.7	\$30,999.7	\$15,696.0	\$1,945.0	12.4%	2.0x	15.9x
McCormick & Company, Incorporated	\$87.07	92.2%	\$23,357.2	\$28,157.5	\$6,516.0	\$1,170.2	18.0%	4.3x	24.1x
Mondelez International, Inc.	\$73.22	93.2%	\$99,714.9	\$118,824.9	\$32,898.0	\$6,139.0	18.7%	3.6x	19.4x
Nestlé S.A.	\$118.16	89.4%	\$315,276.6	\$369,165.3	\$102,501.4	\$19,838.4	19.4%	3.6x	18.6x
Post Holdings, Inc.	\$86.54	87.6%	\$5,516.1	\$11,209.8	\$6,290.2	\$872.7	13.9%	1.8x	12.8x
Premium Brands Holdings Corporation	\$80.48	100.0%	\$3,591.6	\$5,546.6	\$4,589.1	\$274.6	6.0%	1.2x	20.2x
The Hershey Company	\$248.81	89.9%	\$50,856.5	\$55,420.9	\$10,740.7	\$2,709.0	25.2%	NM	20.5x
The J. M. Smucker Company	\$149.39	91.6%	\$15,254.0	\$18,538.4	\$8,529.2	\$1,611.4	18.9%	2.2x	11.5x
Mean							15.9%	2.3x	15.7x
Median							17.9%	2.0x	15.7x
Harmonic Mean							14.1%	2.0x	14.6x

Source: Capital IQ as of July 6, 2023



## DAIRY

Company	Price	% 52 Wk	Market	Enterprise	LTM			EV / LTM	
	07/06/23	High	Cap	Value	Revenue	EBITDA	Margin	Revenue	EBITDA
Danone S.A.	\$60.33	89.8%	\$38,587.7	\$49,725.0	\$29,561.8	\$4,546.3	15.4%	1.7x	10.9x
Emmi AG	\$963.53	88.7%	\$5,154.7	\$5,827.9	\$4,574.6	\$404.4	8.8%	1.3x	14.4x
Glanbia plc	\$14.99	95.8%	\$3,983.5	\$4,615.1	\$6,030.1	\$423.2	7.0%	0.8x	10.9x
Saputo Inc.	\$21.88	77.4%	\$9,249.1	\$12,096.5	\$13,187.6	\$1,049.5	8.0%	0.9x	11.5x
Savencia SA	\$62.57	90.0%	\$842.9	\$1,646.1	\$7,001.4	\$430.7	6.2%	0.2x	3.8x
Mean							9.1%	1.0x	10.3x
Median							8.0%	0.9x	10.9x
Harmonic Mean							8.2%	0.6x	8.3x

## FOODSERVICE DISTRIBUTION

Company	Price	% 52 Wk	Market	Enterprise	LTM			EV / LTM	
	07/06/23	High	Cap	Value	Revenue	EBITDA	Margin	Revenue	EBITDA
Colabor Group Inc.	\$0.61	91.0%	\$62.3	\$133.7	\$444.2	\$22.9	5.2%	0.3x	5.8x
Performance Food Group Company	\$60.43	95.6%	\$9,435.9	\$14,137.5	\$52,979.5	\$1,364.8	2.6%	0.3x	10.4x
Sysco Corporation	\$74.28	83.6%	\$37,636.4	\$48,624.8	\$75,553.7	\$4,027.8	5.3%	0.6x	12.1x
The Chefs' Warehouse, Inc.	\$36.13	89.2%	\$1,428.7	\$2,198.2	\$2,820.9	\$139.3	4.9%	0.8x	15.8x
Mean							4.5%	0.5x	11.0x
Median							5.0%	0.5x	11.2x
Harmonic Mean							4.1%	0.4x	9.7x

## GROCERY DISTRIBUTION

Company	Price	% 52 Wk	Market	Enterprise	LTM			EV / LTM	
	07/06/23	High	Cap	Value	Revenue	EBITDA	Margin	Revenue	EBITDA
United Natural Foods, Inc.	\$20.01	41.5%	\$1,172.6	\$4,464.6	\$30,128.0	\$928.8	3.1%	0.1x	4.8x
SpartanNash Company	\$22.35	59.2%	\$776.5	\$1,603.0	\$9,786.8	\$226.1	2.3%	0.2x	7.1x
Mean							2.7%	0.2x	5.9x
Median							2.7%	0.2x	5.9x
Harmonic Mean							2.6%	0.2x	5.7x

Source: Capital IQ as of July 6, 2023



## INGREDIENTS & FLAVORS

Company	Price 07/06/23	% 52 Wk High	Market Cap	Enterprise Value	LTM			EV / LTM	
					Revenue	EBITDA	Margin	Revenue	EBITDA
Givaudan SA	\$3,262.64	83.1%	\$30,103.7	\$35,140.8	\$7,696.8	\$1,477.3	19.2%	4.6x	23.8x
International Flavors & Fragrances Inc.	\$78.59	60.8%	\$20,047.6	\$31,492.6	\$12,241.0	\$2,053.0	16.8%	2.6x	15.3x
DSM-Firmenich AG	\$106.13	80.0%	\$28,195.3	\$28,508.1	\$8,966.5	\$1,318.8	14.7%	3.2x	21.6x
Kerry Group plc	\$95.26	81.3%	\$16,871.1	\$19,281.6	\$9,374.7	\$1,231.0	13.1%	2.1x	15.7x
Symrise AG	\$100.70	80.6%	\$14,074.4	\$16,563.6	\$4,935.9	\$970.0	19.7%	3.4x	17.1x
Chr. Hansen Holding A/S	\$69.86	79.3%	\$9,193.4	\$10,259.4	\$1,402.1	\$467.4	33.3%	NM	21.9x
Darling Ingredients Inc.	\$63.38	76.6%	\$10,113.2	\$14,937.1	\$6,957.0	\$1,138.3	16.4%	2.1x	13.1x
Ingredion Incorporated	\$107.84	95.0%	\$7,114.3	\$9,592.3	\$8,191.0	\$1,061.0	13.0%	1.2x	9.0x
Glanbia plc	\$14.99	95.8%	\$3,983.5	\$4,615.1	\$6,030.1	\$423.2	7.0%	0.8x	10.9x
Tate & Lyle plc	\$9.09	85.5%	\$3,613.9	\$3,917.2	\$2,166.2	\$366.2	16.9%	1.8x	10.7x
Balchem Corporation	\$130.93	91.0%	\$4,219.6	\$4,608.5	\$946.0	\$196.1	20.7%	4.9x	23.5x
Sensient Technologies Corporation	\$69.54	77.8%	\$2,937.7	\$3,618.3	\$1,450.5	\$248.2	17.1%	2.5x	14.6x
Corbion N.V.	\$23.29	56.8%	\$1,374.4	\$2,135.8	\$1,558.1	\$178.2	11.4%	1.4x	12.0x
MGP Ingredients, Inc.	\$106.19	84.5%	\$2,337.2	\$2,545.3	\$788.1	\$161.4	20.5%	3.2x	15.8x
SunOpta Inc.	\$6.55	54.7%	\$773.5	\$1,208.0	\$918.4	\$72.7	7.9%	1.3x	16.6x
Rogers Sugar Inc.	\$4.34	87.4%	\$456.0	\$802.6	\$780.8	\$67.2	8.6%	1.0x	11.9x
Mean							16.0%	2.4x	15.8x
Median							16.6%	2.1x	15.5x
Harmonic Mean							13.8%	1.8x	14.6x

## NATURAL/ORGANIC/BETTER-FOR-YOU

Company	Price 07/06/23	% 52 Wk High	Market Cap	Enterprise Value	LTM			EV / LTM	
					Revenue	EBITDA	Margin	Revenue	EBITDA
SunOpta Inc.	\$6.55	54.7%	\$773.5	\$1,208.0	\$918.4	\$72.7	7.9%	1.3x	16.6x
The Hain Celestial Group, Inc.	\$12.74	50.0%	\$1,139.5	\$2,048.9	\$1,805.8	\$143.3	7.9%	1.1x	14.3x
The Simply Good Foods Company	\$36.86	91.8%	\$3,669.4	\$3,968.0	\$1,196.4	\$213.8	17.9%	3.3x	18.6x
Mean							11.2%	1.9x	16.5x
Median							7.9%	1.3x	16.6x
Harmonic Mean							9.7%	1.5x	16.3x

Source: Capital IQ as of July 6, 2023

**PRIVATE LABEL FOODS & BEVERAGES**

Company	Price 07/06/23	% 52 Wk High	Market Cap	Enterprise Value	LTM			EV / LTM	
					Revenue	EBITDA	Margin	Revenue	EBITDA
Lamb Weston Holdings, Inc.	\$114.30	98.5%	\$16,654.0	\$19,224.7	\$4,808.8	\$1,006.6	20.9%	4.0x	19.1x
Primo Water Corporation	\$12.43	74.2%	\$1,978.2	\$3,674.9	\$2,235.5	\$389.1	17.4%	1.6x	9.4x
Seneca Foods Corporation	\$33.97	49.4%	\$255.4	\$736.0	\$1,509.4	\$101.3	6.7%	0.5x	7.3x
TreeHouse Foods, Inc.	\$50.19	90.8%	\$2,826.4	\$4,402.6	\$3,576.2	\$301.1	8.4%	1.2x	14.6x
Mean							13.4%	1.8x	12.6x
Median							12.9%	1.4x	12.0x
Harmonic Mean							10.7%	1.1x	11.0x

**PROTEIN PROCESSING**

Company	Price 07/06/23	% 52 Wk High	Market Cap	Enterprise Value	LTM			EV / LTM	
					Revenue	EBITDA	Margin	Revenue	EBITDA
Tyson Foods, Inc.	\$51.88	58.4%	\$18,449.1	\$26,891.1	\$53,625.0	\$3,538.0	6.6%	0.5x	7.6x
Hormel Foods Corporation	\$40.16	77.7%	\$21,938.1	\$24,648.6	\$12,266.5	\$1,474.6	12.0%	2.0x	16.7x
JBS S.A.	\$3.75	54.3%	\$8,311.6	\$28,918.1	\$73,204.1	\$4,862.5	6.6%	0.4x	5.9x
WH Group Limited	\$0.51	66.2%	\$7,213.8	\$10,372.7	\$28,136.0	\$2,465.0	8.8%	0.4x	4.2x
Pilgrim's Pride Corporation	\$21.77	64.1%	\$5,153.7	\$8,533.8	\$17,393.6	\$1,276.4	7.3%	0.5x	6.7x
Seaboard Corporation	\$3,573.70	84.2%	\$4,148.3	\$4,477.3	\$11,033.0	\$702.0	6.4%	0.4x	6.4x
Thai Union Group Public Company Limited	\$0.36	66.5%	\$1,607.9	\$3,244.7	\$4,461.2	\$307.1	6.9%	0.7x	10.6x
Marfrig Global Foods S.A.	\$1.54	47.3%	\$992.0	\$14,357.6	\$27,658.4	\$1,798.7	6.5%	0.5x	8.0x
Austevoll Seafood ASA	\$6.71	58.8%	\$1,354.0	\$3,283.6	\$3,117.2	\$633.0	20.3%	1.1x	5.2x
Cal-Maine Foods, Inc.	\$45.19	69.2%	\$2,213.7	\$1,567.5	\$3,050.5	\$1,042.4	34.2%	0.5x	1.5x
Mean							11.6%	0.7x	7.3x
Median							7.1%	0.5x	6.5x
Harmonic Mean							8.5%	0.5x	5.0x

**SNACKS**

Company	Price 07/06/23	% 52 Wk High	Market Cap	Enterprise Value	LTM			EV / LTM	
					Revenue	EBITDA	Margin	Revenue	EBITDA
J&J Snack Foods Corp.	\$157.60	95.0%	\$3,034.2	\$3,134.5	\$1,469.9	\$125.2	8.5%	2.1x	25.0x
John B. Sanfilippo & Son, Inc.	\$116.59	91.6%	\$1,347.3	\$1,389.8	\$1,023.2	\$110.1	10.8%	1.4x	12.6x
Mondelez International, Inc.	\$73.22	93.2%	\$99,714.9	\$118,824.9	\$32,898.0	\$6,139.0	18.7%	3.6x	19.4x
PepsiCo, Inc.	\$186.58	94.8%	\$257,050.0	\$293,746.0	\$88,038.0	\$14,816.0	16.8%	3.3x	19.8x
The Hershey Company	\$248.81	89.9%	\$50,856.5	\$55,420.9	\$10,740.7	\$2,709.0	25.2%	NM	20.5x
Tootsie Roll Industries, Inc.	\$34.78	75.4%	\$2,478.9	\$2,368.0	\$708.4	\$106.4	15.0%	3.3x	22.3x
Mean							15.8%	2.8x	19.9x
Median							15.9%	3.3x	20.1x
Harmonic Mean							14.0%	2.4x	19.0x

## FOOD & AGRICULTURE REPORT CONTRIBUTORS



**Brian Boyle**

Managing Director

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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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Vice President

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Tim is a Vice President in Capstone Partners' Consumer group with a focus on advising companies in the Food & Beverage sector. He brings over 10 years of experience advising companies on mergers, acquisitions, divestitures, valuations, and other corporate finance mandates across multiple asset classes including public and private companies and intellectual property.

Tim has amassed broad experience across industries including Technology (Semiconductor, Medical Device, Wireless Communication), Business Services, Consumer, and Retail, with significant depth in Food & Beverage. Over the course of his career, he has advised on transactions with aggregate value in excess of \$10 billion. Prior to joining Capstone Partners, Tim advised clients at Lazard and Houlihan Lokey, and independently through Ashland Securities.



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Connor currently serves as Vice President of Market Intelligence at Capstone Partners. Connor provides M&A insights, capital markets analysis, and macroeconomic updates for C-suite middle market executives. He specializes in the coverage of the Consumer industry. Prior to joining the Market Intelligence Team at Capstone, Connor was a specialist with the Investor Services team at BlackRock. Connor holds a BA in Economics from Bates College. He is a Series 7 Registered Securities Representative and has passed levels I and II of the CFA program.



## FIRM TRACK RECORD

<p><b>CONFIDENTIAL</b></p> <p>CORPORATE SALE</p> <p>INDEPENDENT FULL-SERVICE FOOD DISTRIBUTOR</p>	<p><b>CONFIDENTIAL</b></p> <p>CORPORATE SALE</p> <p>DISTRIBUTOR OF PREPARED MEALS</p>	<p><i>Mama Rosie's</i> SINCE 1976</p> <p>HAS BEEN ACQUIRED BY</p>  <p>a portfolio company of <b>MILL POINT CAPITAL</b></p>	<p>since 1909</p> <p><b>VALENTE</b> Bakery Supplies</p> <p>HAS BEEN ACQUIRED BY</p> <p>Strategic Acquirer within Ingredients Distribution</p>
 <p>HAS BEEN RECAPITALIZED BY</p>  <p><b>PROMISE HOLDINGS LLC.</b></p>	<p><b>SIEGEL EGG CO.</b></p> <p>HAS BEEN ACQUIRED BY</p>  <p><b>Rotunda</b> Capital Partners</p>	<p><b>Food4Less.</b></p> <p>HAS BEEN ACQUIRED BY</p> <p>PAQ, Inc. Employee Stock Ownership Plan</p>	<p>GRAY WHALE GIN</p> <p>HAS FORMED A JOINT VENTURE WITH</p>  <p><b>DEUTSCH FAMILY</b> WINE &amp; SPIRITS</p>
 <p>HAS BEEN ACQUIRED BY</p>  <p>Insight Equity</p>	 <p>HAS BEEN ACQUIRED BY</p>  <p><b>PAINÉ SCHWARTZ PARTNERS</b></p>	<p><b>LABITE</b></p> <p>HAS BEEN ACQUIRED BY</p>  <p><b>grubHub®</b> happy eating</p>	<p><b>Global Organic</b> Specialty Source, Inc.</p> <p>HAS BEEN ACQUIRED BY</p>  <p><b>Albert's ORGANICS</b></p>  <p><b>unfi</b> DRIVEN BY NATURE</p>
 <p><b>DELIVERED DISH</b></p> <p>HAS BEEN ACQUIRED BY</p>  <p><b>grubHub</b></p>	<p><b>SunOpta™</b> SPECIALTY GRAIN</p> <p>HAS BEEN ACQUIRED BY</p>  <p><b>PIPELINE FOODS</b></p>	 <p><b>HALPERNS'</b> FRONTIER OF STEAK &amp; SEAFOOD</p> <p>HAS BEEN ACQUIRED BY</p>  <p><b>Gordon®</b> FOOD SERVICE</p>	 <p><b>PLUMROSE</b></p> <p>HAS BEEN ACQUIRED BY</p>  <p><b>JBS</b></p>

Note: Above transactions also include those which were completed outside of the Capstone Partners platform



## ENDNOTES

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### Disclosure

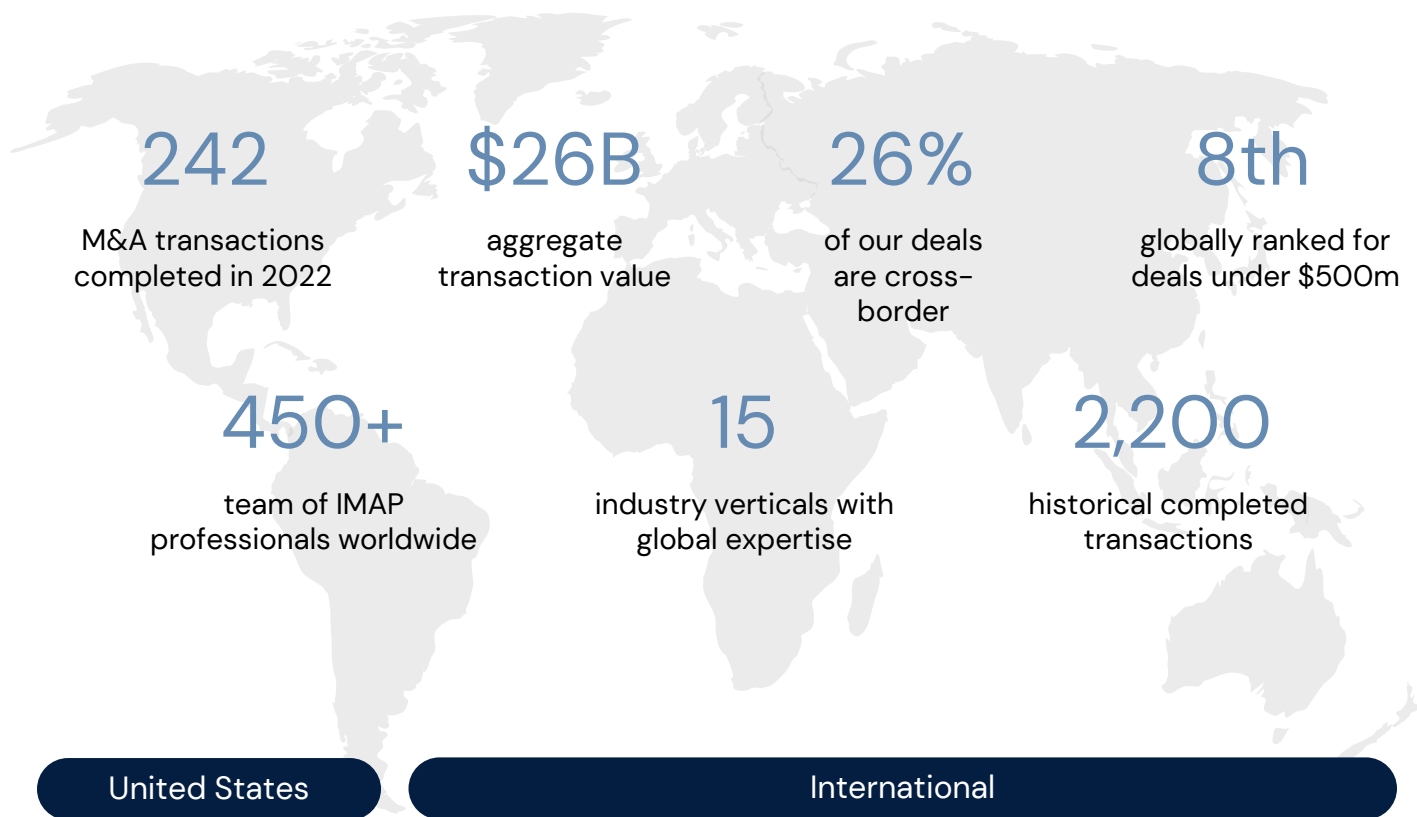
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## Market Presence

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 41 countries.



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Philadelphia · San Diego · Tampa

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