



LAKESHORE

F O O D A D V I S O R S



Weekly Update

Monday January 11th, 2021

Global Equities Advance In New Year

Global equities started the new year strong with indexes achieving record highs. Following the Georgia senate runoff, Democrats secured the majority potentially paving the way for more fiscal stimulus later this year to aid economic recovery. Ten-year yields moved above 1% for the first time in nine months signaling optimism for the post-vaccine phase.

The **Dow Jones Industrial Average** increased 1.6% on the week, finishing at 31,098.

The **S&P 500** rose 1.8% on the week, finishing at 3,825.

The **NASDAQ Composite** increased 2.4% on the week, finishing at 13,202.

Yield on the **10-year Treasury** increased twenty basis points this week, ending at 1.13%.

Crude oil rose 7.7% this week, ending at \$52.26 per barrel.

Corn increased 2.5% on the week, ending at \$4.96 per bushel.

NASDAQ Highs: The Andersons, Inc., Balchem Corp., Dollar Tree, Inc., Freshpet, Inc., Green Plain Inc., The Hain Celestial Group, Inc., Jack in the Box Inc., Mission Produce, Inc., Mondelez International, Inc., Monster Beverage Corp., Renewable Energy Group, Inc., Starbucks Corp., SunOpta Inc., Titan Machinery Inc. **Lows:** Vital Farms, Inc.

NYSE Highs: AGCO Corp., Archer-Daniels-Midland Co., Brinker International, Inc., Bunge Ltd., Constellation Brands, Inc., CNH Industrial N.V., Darden Restaurants, Inc., Darling Ingredients, Inc., Deere & Co., Farmland Partners, Inc., FMC Corp., Lindsay Corp., The Mosaic Co., Nutrien Ltd., The Scotts Miracle-Gro Co. **Lows:** None

Featured Stocks of the Week:

Deere & Co. (NYSE: DE) 10-Year History



Darden Restaurants, Inc. (NYSE: DRI) 10-Year History



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The Lakeshore Food Chain

Company Name	Price 1/8/21	Price Compared to 1/1/21	52-Week Range		Price as Compared to YE:		Forward P/E	Enterprise Value to LTM:		Total Debt to LTM EBITDA	
			High	Low	2019	2018		Revenue	EBITDA		
											Sector Average:
Dow Jones Industrial Average	31,098	1.6%	31,098	18,592	9.0%	33.3%	0.0x				
S&P 500	3,825	1.8%	3,825	2,237	18.4%	52.6%	24.2				
NASDAQ Composite Index	13,202	2.4%	13,202	6,861	47.1%	99.0%					
		Sector Average:				24.8%	61.6%				
AGRICULTURAL LAND HOLDINGS											
Farmland Partners Inc.	\$9.16	5.3%	\$9.24	\$5.05	35.1%	101.8%	NM	19.18x	29.6x	14.5x	
Gladstone Land Corporation	14.60	(0.3%)	16.76	9.61	12.6%	27.2%	NM	15.87	20.6	12.5	
Limoneira Company	17.29	3.8%	21.85	10.60	(10.1%)	(11.6%)	99.7	2.68	NM	NM	
		Sector Average:				12.5%	39.1%	99.7x	12.58x	25.1x	13.5x
INPUTS											
American Vanguard Corporation	\$16.75	7.9%	\$19.56	\$11.35	(14.0%)	10.3%	24.7x	1.47x	12.7x	3.1x	
CF Industries Holdings, Inc.	43.16	11.5%	46.33	19.73	(9.6%)	(0.8%)	35.7	3.83	9.3	2.6	
Corteva, Inc.	43.25	11.7%	43.33	20.38	46.3%	NA	25.7	2.34	14.6	1.4	
FMC Corporation	121.08	5.4%	123.60	56.77	21.3%	63.7%	16.8	4.02	14.2	2.6	
Intrepid Potash, Inc.	23.62	(2.2%)	28.23	6.00	(12.8%)	(9.2%)	NM	2.38	12.6	2.0	
The Mosaic Company	26.81	16.5%	27.90	6.50	23.9%	(8.2%)	20.7	1.73	10.6	3.4	
* Nutrien Ltd.	65.37	6.7%	66.97	34.80	5.1%	1.9%	24.4	2.07	11.4	3.7	
S&W Seed Company	3.04	3.8%	3.98	1.67	44.8%	68.0%	NM	1.84	NM	NM	
The Scotts Miracle-Gro Company	225.94	13.5%	229.05	76.50	112.8%	267.6%	27.3	3.45	20.0	2.4	
Zoetis Inc.	168.11	1.6%	176.64	90.14	27.0%	96.5%	41.7	12.86	29.5	2.8	
		Sector Average:				24.5%	54.4%	27.1x	3.60x	15.0x	2.7x
AGRICULTURAL EQUIPMENT											
* Ag Growth International Inc.	\$31.02	4.1%	\$48.07	\$15.00	(33.2%)	(33.7%)	19.9x	1.43x	21.4x	12.9x	
AGCO Corporation	112.09	8.7%	115.63	35.33	45.1%	101.3%	19.5	1.08	10.8	2.1	
Art's-Way Manufacturing Co., Inc.	3.11	8.0%	4.37	1.75	75.8%	55.6%	0.0	0.80	NM	NM	
* Buhler Industries Inc.	2.70	3.8%	3.95	2.20	(7.8%)	(30.1%)	0.0	0.44	NM	NM	
CNH Industrial N.V.	13.54	5.5%	13.67	5.06	23.1%	47.0%	25.0	1.48	24.2	16.7	
Deere & Company	293.91	9.2%	300.56	106.14	69.6%	97.0%	22.9	3.71	23.5	8.2	
Lindsay Corporation	144.00	12.1%	144.98	71.86	50.0%	49.6%	43.8	3.30	20.6	1.9	
Titan Machinery Inc.	21.00	7.4%	22.55	6.96	42.1%	59.7%	17.3	0.66	10.2	5.2	
		Sector Average:				33.1%	43.3%	24.7x	1.61x	18.5x	7.8x
AGRIBUSINESS											
The Andersons, Inc.	\$25.18	2.7%	\$26.01	\$10.00	(0.4%)	(15.8%)	23.9x	0.28x	8.7x	4.6x	
Archer-Daniels-Midland Company	52.57	4.3%	53.57	28.92	13.4%	28.3%	14.6	0.60	10.5	3.1	
Bunge Limited	70.20	7.0%	72.23	29.00	22.0%	31.4%	12.2	0.45	4.5	1.9	
Darling Ingredients Inc.	65.03	12.7%	67.81	10.25	131.6%	238.0%	34.2	3.56	11.4	3.0	
* Gruma, S.A.B. de C.V.	232.22	(2.0%)	290.27	150.81	19.6%	4.3%	14.6	1.31	7.9	2.2	
Ingredion Incorporated	80.42	2.2%	99.51	59.11	(13.5%)	(12.0%)	12.7	1.22	7.9	2.5	
Landec Corporation	10.74	(1.0%)	11.89	7.48	(5.0%)	(9.3%)	207.7	0.89	23.2	9.0	
MGP Ingredients, Inc.	49.07	4.3%	53.33	21.64	1.3%	(14.0%)	19.5	2.24	12.3	0.8	
* Olam International Limited	1.58	3.3%	1.98	1.24	(12.7%)	(4.2%)	9.5	0.42	8.7	10.1	
		Sector Average:				17.4%	27.4%	38.8x	1.22x	10.6x	4.1x
DIVERSIFIED FOODS											
B&G Foods, Inc.	\$27.63	(0.4%)	\$31.93	\$10.39	54.1%	(4.4%)	12.0x	1.85x	9.6x	5.0x	
Campbell Soup Company	46.86	(3.1%)	57.54	40.70	(5.2%)	42.0%	15.9	2.24	10.0	3.2	
Conagra Brands, Inc.	34.07	(6.0%)	39.34	22.83	(0.5%)	59.5%	13.7	2.27	10.3	3.8	
General Mills, Inc.	56.40	(4.1%)	66.14	46.59	5.3%	44.8%	15.4	2.56	11.4	3.5	
The Hain Celestial Group, Inc.	40.39	0.6%	40.81	18.12	55.6%	154.7%	30.8	2.14	19.3	1.7	
The J. M. Smucker Company	116.12	0.4%	125.62	91.88	11.5%	24.2%	14.6	2.25	9.1	2.7	
Kellogg Company	60.20	(3.3%)	72.88	52.66	(13.0%)	5.6%	15.4	2.13	11.8	3.8	
The Kraft Heinz Company	33.62	(3.0%)	36.37	19.99	4.6%	(21.9%)	13.0	2.60	9.9	4.2	
Lancaster Colony Corporation	180.04	(2.0%)	184.97	114.55	12.5%	1.8%	33.7	3.56	21.8	0.1	
Mondelez International, Inc.	58.19	(0.5%)	60.00	41.19	5.6%	45.4%	21.3	3.87	15.6	3.4	
* Nestlé S.A.	101.36	(2.8%)	112.62	83.37	(3.3%)	27.0%	23.0	3.57	16.1	2.1	
* Nomad Foods Limited	25.48	0.2%	26.41	14.08	13.9%	52.4%	14.4	2.18	12.3	4.3	
Post Holdings, Inc.	100.68	(0.3%)	112.38	68.97	(7.7%)	13.0%	26.9	2.30	12.1	6.9	
The Simply Good Foods Company	29.77	(5.1%)	32.03	14.08	4.3%	57.5%	28.1	3.75	19.7	3.5	
SunOpta Inc.	15.89	6.9%	16.72	1.82	392.0%	200.9%	121.0	1.34	17.9	5.4	
TreeHouse Foods, Inc.	40.09	(5.6%)	53.98	33.50	(17.3%)	(20.9%)	13.9	1.01	7.9	4.5	
Unilever PLC	49.35	(0.4%)	51.89	46.69	NA	NA	0.0	2.98	13.0	2.5	
		Sector Average:				32.0%	42.6%	24.3x	2.51x	13.4x	3.6x

Company Name	Price 1/8/21	Price Compared to 1/1/21	52-Week Range		Price as Compared to YE:		Forward P/E	Enterprise Value to LTM:		Total Debt to LTM EBITDA
			High	Low	2019	2018		Revenue	EBITDA	
ETHANOL										
Green Plains Inc.	\$18.10	37.4%	\$19.22	\$3.77	17.3%	38.1%	NM	0.55x	29.4x	33.3x
Pacific Ethanol, Inc.	6.23	14.7%	11.44	0.22	858.5%	623.6%	4.2x	0.55	12.3x	3.8x
Renewable Energy Group, Inc.	84.29	19.0%	93.13	16.05	212.8%	228.0%	21.2	1.16	4.3	0.1
Sector Average:					362.8%	296.5%	12.7x	0.8x	15.3x	12.4x
FRUIT & VEGETABLE										
Calavo Growers, Inc.	\$70.09	1.0%	\$83.44	\$48.31	(22.6%)	(3.9%)	30.9x	1.26x	24.0x	1.5x
Fresh Del Monte Produce Inc.	25.42	5.6%	37.47	20.25	(27.3%)	(10.1%)	15.2	0.47	7.0	2.5
Lamb Weston Holdings, Inc.	76.83	(2.4%)	96.32	39.06	(10.7%)	4.4%	28.8	3.73	16.9	3.7
Mission Produce, Inc.	15.70	4.3%	15.99	11.75	NA	NA	21.5	1.40	12.4	2.0
Seneca Foods Corporation	39.19	(1.8%)	48.05	25.04	(3.9%)	38.9%	0.0	0.43	3.5	1.5
* Total Produce plc	1.41	2.8%	1.46	0.79	(1.4%)	(0.4%)	10.2	0.26	7.9	4.8
Sector Average:					(13.2%)	5.8%	17.8x	1.3x	12.0x	2.7x
PROTEIN										
Beyond Meat, Inc.	\$118.10	(5.5%)	\$197.50	\$48.18	56.2%	NA	NM	18.0	NM	18.0
Cal-Maine Foods, Inc.	38.02	1.3%	46.66	30.74	(11.1%)	(10.1%)	147.7	1.17	12.3	0.0
Hormel Foods Corporation	45.44	(2.5%)	52.97	39.01	0.7%	6.5%	25.7	2.52	13.3	0.8
Industrias Bachoco, S.A.B. de C.V.	44.35	(1.8%)	53.05	28.04	(14.7%)	12.1%	13.5	0.52	7.6	0.7
* JBS S.A.	24.40	3.1%	30.68	13.65	(5.4%)	110.5%	7.9	0.51	4.9	3.2
Nathan's Famous, Inc.	57.56	4.2%	76.30	39.01	(18.8%)	(13.4%)	0.0	3.77	10.1	5.1
Pilgrim's Pride Corporation	19.43	(0.9%)	32.18	14.06	(40.6%)	25.3%	11.0	0.57	8.8	3.7
Sanderson Farms, Inc.	129.58	(2.0%)	175.65	102.13	(26.5%)	30.5%	39.1	0.82	4.7	0.1
Seaboard Corporation	3,149.52	3.9%	4,250.00	2,614.00	(25.9%)	(11.0%)	0.0	0.56	7.6	2.9
Tyson Foods, Inc.	64.03	(0.6%)	94.24	42.57	(29.7%)	19.9%	11.2	0.79	6.0	2.1
Vital Farms, Inc.	27.16	7.3%	43.30	24.08	NA	NA	NM	4.79	79.2	0.7
Sector Average:					(11.6%)	18.9%	28.5x	3.09x	15.4x	3.4x
BAKING & INGREDIENTS										
* ARYZTA AG	\$0.72	5.6%	\$1.10	\$0.28	(33.5%)	(33.9%)	NM	0.56x	8.3x	7.7x
Balchem Corporation	129.81	12.7%	130.53	78.30	27.7%	65.7%	37.1	6.28	26.8	1.3
Flowers Foods, Inc.	22.13	(2.2%)	25.18	17.42	1.8%	19.8%	18.4	1.34	10.1	2.4
* Grupo Bimbo, S.A.B. de C.V.	43.36	0.3%	45.48	26.00	25.9%	10.8%	19.0	0.98	6.7	2.7
J & J Snack Foods Corp.	154.44	(0.6%)	189.17	105.67	(16.2%)	6.8%	55.6	2.65	28.9	0.7
* Kerry Group plc	117.30	(1.0%)	126.50	88.50	5.6%	35.6%	30.8	3.23	22.8	2.9
McCormick & Company, Incorporated	95.21	(0.4%)	105.54	56.11	12.2%	36.8%	32.3	5.33	23.1	3.5
* Tate & Lyle plc	6.77	0.4%	8.11	4.94	(10.9%)	2.6%	12.3	1.25	6.7	1.7
Sector Average:					1.6%	18.0%	29.4x	2.70x	16.7x	2.9x
CANDY, NUTS, & SNACKS										
Bridgford Foods Corporation	\$18.27	0.3%	\$31.87	\$14.06	(26.3%)	(8.1%)	0.0x	0.96x	19.2x	3.2x
The Hershey Company	152.03	(0.2%)	161.83	109.88	3.4%	41.8%	23.2	4.43	17.0	2.5
John B. Sanfilippo & Son, Inc.	82.33	4.4%	94.30	66.35	(9.8%)	47.9%	17.7	1.15	10.7	0.7
Laird Superfood, Inc.	44.97	(5.0%)	60.80	31.00	NA	NA	NM	14.23	NM	NM
Rocky Mountain Chocolate Factory, Inc.	4.31	6.4%	9.23	2.55	(53.3%)	(49.4%)	0.0	1.15	NM	NM
Tootsie Roll Industries, Inc.	30.45	2.5%	38.92	28.99	(8.1%)	(3.3%)	0.0	3.81	19.9	0.1
Utz Brands, Inc.	21.62	(2.0%)	22.94	9.84	110.3%	124.0%	39.8	NA	NA	NA
Sector Average:					2.7%	25.5%	13.5x	4.29x	16.7x	1.6x
PET FOOD AND PRODUCTS										
Central Garden & Pet Company	\$40.94	6.0%	\$44.80	\$23.82	31.8%	18.8%	19.9x	0.85x	7.6x	2.7x
Freshpet, Inc.	147.84	4.1%	149.60	40.79	150.2%	359.7%	NM	19.74	201.6	0.3
Sector Average:					91.0%	189.3%	19.9x	10.29x	104.6x	1.5x
WINE & BEVERAGE										
The Boston Beer Company, Inc.	\$1,000.49	0.6%	\$1,092.80	\$290.02	164.8%	315.4%	43.8x	7.64x	39.0x	0.2x
Brown-Forman Corporation	78.43	(1.3%)	83.40	44.68	16.0%	64.8%	44.8	11.48	32.8	2.3
The Coca-Cola Company	51.08	(6.9%)	60.13	36.27	(7.7%)	7.9%	24.7	7.56	20.5	4.7
Constellation Brands, Inc.	230.21	5.1%	240.76	104.28	21.3%	43.1%	23.4	6.48	16.4	3.4
Crimson Wine Group, Ltd.	5.32	(0.6%)	7.94	4.55	(28.1%)	(32.0%)	0.0	1.77	265.2	58.2
* Diageo plc	30.38	5.6%	32.97	20.51	(5.1%)	8.7%	26.6	7.36	20.6	4.4
Monster Beverage Corporation	94.99	2.7%	95.06	50.06	49.5%	93.0%	36.9	10.97	29.9	0.0
Jones Soda Co.	0.28	21.1%	0.33	0.13	(3.4%)	18.9%	0.0	1.32	NM	NM
National Beverage Corp.	82.58	(2.7%)	100.22	35.71	61.9%	15.1%	22.1	3.32	14.5	0.2
PepsiCo, Inc.	144.18	(2.8%)	148.77	101.42	5.5%	30.5%	24.4	3.42	18.6	3.5
Starbucks Corporation	105.67	(1.2%)	107.75	50.02	20.2%	64.1%	37.5	6.16	24.7	4.6
Willamette Valley Vineyards, Inc.	6.30	(1.1%)	7.00	4.50	(9.1%)	(8.6%)	0.0	1.99	7.5	1.8
Sector Average:					23.8%	51.7%	23.7x	5.79x	44.5x	7.6x

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DAIRY										
* Danone S.A.	53.02	(1.4%)	74.50	46.03	(28.3%)	(13.8%)	15.7	1.90	9.4	3.6
Lifeway Foods, Inc.	5.64	4.3%	8.89	1.43	183.4%	200.0%	0.0	0.84	11.9	0.4
* Saputo Inc.	37.02	3.9%	41.95	29.31	(7.9%)	(5.5%)	19.3	1.29	13.2	3.1
Sector Average:					49.1%	60.2%	11.7x	1.34x	11.5x	2.4x
WHOLESALE, FOOD SERVICE, & DISTRIBUTION										
The Chefs' Warehouse, Inc.	\$25.41	(1.1%)	\$40.33	\$3.55	(33.3%)	(20.5%)	NM	1.02x	83.5x	34.6x
Core-Mark Holding Company, Inc.	32.35	10.1%	36.03	20.94	19.0%	39.1%	18.1	0.16	9.0	2.9
Performance Food Group Company	47.99	0.8%	54.49	7.41	(6.8%)	48.7%	33.6	0.36	16.2	5.8
SpartanNash Company	17.20	(1.2%)	23.94	9.00	20.8%	0.1%	8.1	0.16	5.4	3.2
Sysco Corporation	77.55	4.4%	85.09	26.00	(9.3%)	23.8%	35.0	0.97	21.6	6.5
United Natural Foods, Inc.	16.59	3.9%	23.38	5.00	89.4%	56.7%	5.1	0.18	4.4	3.6
US Foods Holding Corp.	34.30	3.0%	42.28	8.32	(18.1%)	8.4%	27.1	0.56	18.3	8.6
Sector Average:					8.8%	22.3%	21.2x	0.49x	22.6x	9.3x
MASS MERCHANDISE & CLUB STORES										
BJ's Wholesale Club	\$38.22	2.5%	\$47.46	\$18.84	68.1%	72.5%	14.4x	0.56x	7.8x	3.0x
Costco Wholesale Corporation	369.94	(1.8%)	393.15	271.28	25.9%	81.6%	36.1	0.93	19.0	1.2
Walmart Inc.	146.63	1.7%	153.66	102.00	23.4%	57.4%	25.8	0.87	11.5	1.7
Sector Average:					39.1%	70.5%	25.4x	0.79x	12.8x	2.0x
DOLLAR STORES										
Dollar General Corporation	\$215.81	2.6%	\$225.25	\$125.00	38.4%	99.7%	22.1x	1.97x	11.5x	2.4x
Dollar Tree, Inc.	112.97	4.6%	115.45	60.20	20.1%	25.1%	18.6	1.41	7.6	2.1
Sector Average:					29.2%	62.4%	20.4x	1.69x	9.6x	2.3x
TRADITIONAL RETAIL										
Albertsons	\$16.61	(5.5%)	\$17.82	\$12.91	NA	NA	9.8x	0.32x	4.2x	2.9x
* Ahold Delhaize	23.65	2.3%	26.86	18.04	6.1%	7.1%	10.6	0.50	6.4	3.2
Ingles Markets, Incorporated	42.00	(1.5%)	45.25	32.21	(11.6%)	54.3%	0.0	0.33	3.6	1.6
The Kroger Co.	31.63	(0.4%)	37.22	26.72	9.1%	15.0%	11.5	0.33	5.7	2.8
Village Super Market, Inc.	22.15	0.4%	27.88	16.48	(4.5%)	(17.2%)	0.0	0.34	6.2	4.0
Weis Markets, Inc.	47.44	(0.8%)	59.39	32.44	17.2%	(0.7%)	0.0	0.32	4.1	0.7
Sector Average:					3.2%	11.7%	5.3x	0.35x	5.0x	2.5x
SPECIALTY RETAIL										
Natural Grocers by Vitamin Cottage, Inc.	\$14.20	3.3%	\$17.39	\$5.41	43.9%	(7.4%)	20.9x	0.67x	6.0x	3.5x
Sprouts Farmers Market, Inc.	19.42	(3.4%)	28.00	13.00	0.4%	(17.4%)	10.7	0.59	5.2	2.1
Sector Average:					22.1%	(12.4%)	15.8x	0.63x	5.6x	2.8x
TRADITIONAL RESTAURANTS										
Brinker International, Inc.	\$61.15	8.1%	\$61.83	\$7.00	45.6%	39.0%	20.5x	1.67x	10.3x	4.8x
The Cheesecake Factory Incorporated	38.13	2.9%	43.00	14.52	(1.9%)	(12.4%)	34.2	1.62	12.5	7.8
Darden Restaurants, Inc.	124.35	4.4%	126.22	26.15	14.1%	24.5%	27.9	3.12	24.9	6.8
Dine Brands Global, Inc.	65.58	13.1%	104.47	14.16	(21.5%)	(2.6%)	14.9	3.92	16.2	11.8
Jack in the Box Inc.	97.39	4.9%	97.68	16.81	24.8%	25.5%	17.5	4.25	10.2	5.5
McDonald's Corporation	215.87	0.6%	231.91	124.23	9.2%	21.6%	27.2	10.95	19.5	4.8
The Wendy's Company	21.51	(1.9%)	24.91	6.82	(3.2%)	37.8%	30.5	6.03	21.0	9.6
Yum! Brands, Inc.	107.15	(1.3%)	110.66	54.95	6.4%	16.6%	28.1	7.58	22.3	5.9
Sector Average:					9.2%	18.7%	25.1x	4.89x	17.1x	7.1x
HIGH-GROWTH RESTAURANTS										
Chipotle Mexican Grill, Inc.	\$1,402.44	1.1%	\$1,435.52	\$415.00	67.5%	224.8%	72.9x	7.10x	45.5x	3.4x
El Pollo Loco Holdings, Inc.	19.26	6.4%	19.90	6.15	27.2%	27.0%	22.3	2.27	11.7	3.5
Noodles & Company	8.75	10.8%	9.31	3.14	57.9%	25.2%	34.4	1.67	12.8	5.6
Potbelly Corporation	4.87	10.7%	6.00	1.50	15.4%	(39.5%)	NM	1.09	9.8	7.2
Shake Shack Inc.	91.29	7.7%	91.99	30.01	53.2%	101.0%	NM	7.21	46.3	4.7
Wingstop Inc.	146.80	10.8%	170.00	44.27	70.2%	128.7%	117.1	19.45	68.0	4.9
Sector Average:					48.6%	77.9%	61.7x	6.47x	32.3x	4.9x

Notes:

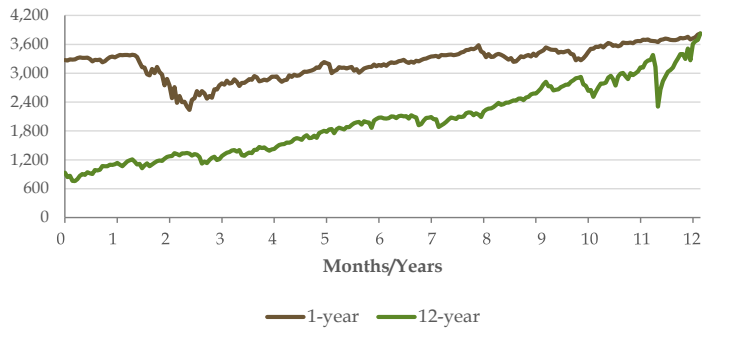
* Denotes local currency.

Source: Capital IQ.

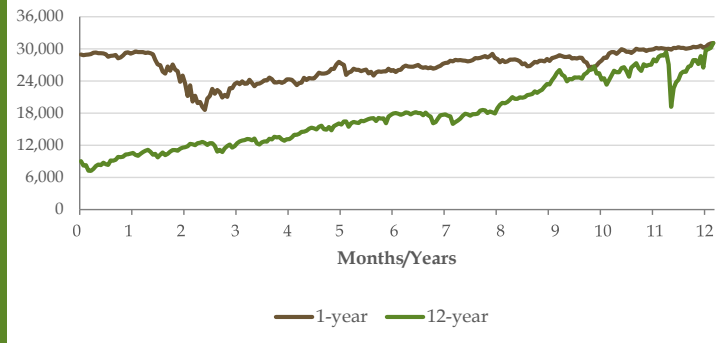
Summary multiples adjusted for extraordinary and non-recurring items; outliers excluded from mean calculation.

Major Indices (1-year & 12-year History)

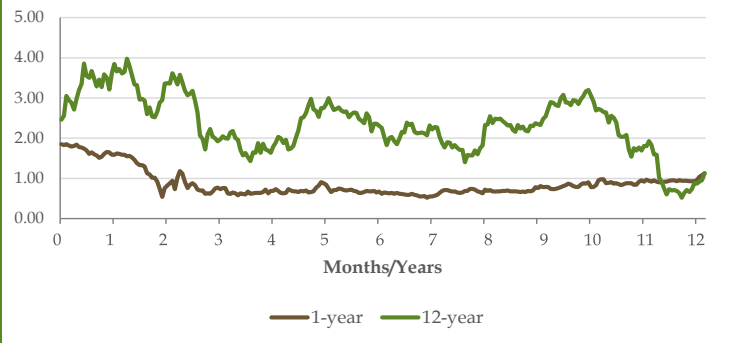
S&P 500



Dow Jones Industrial Average



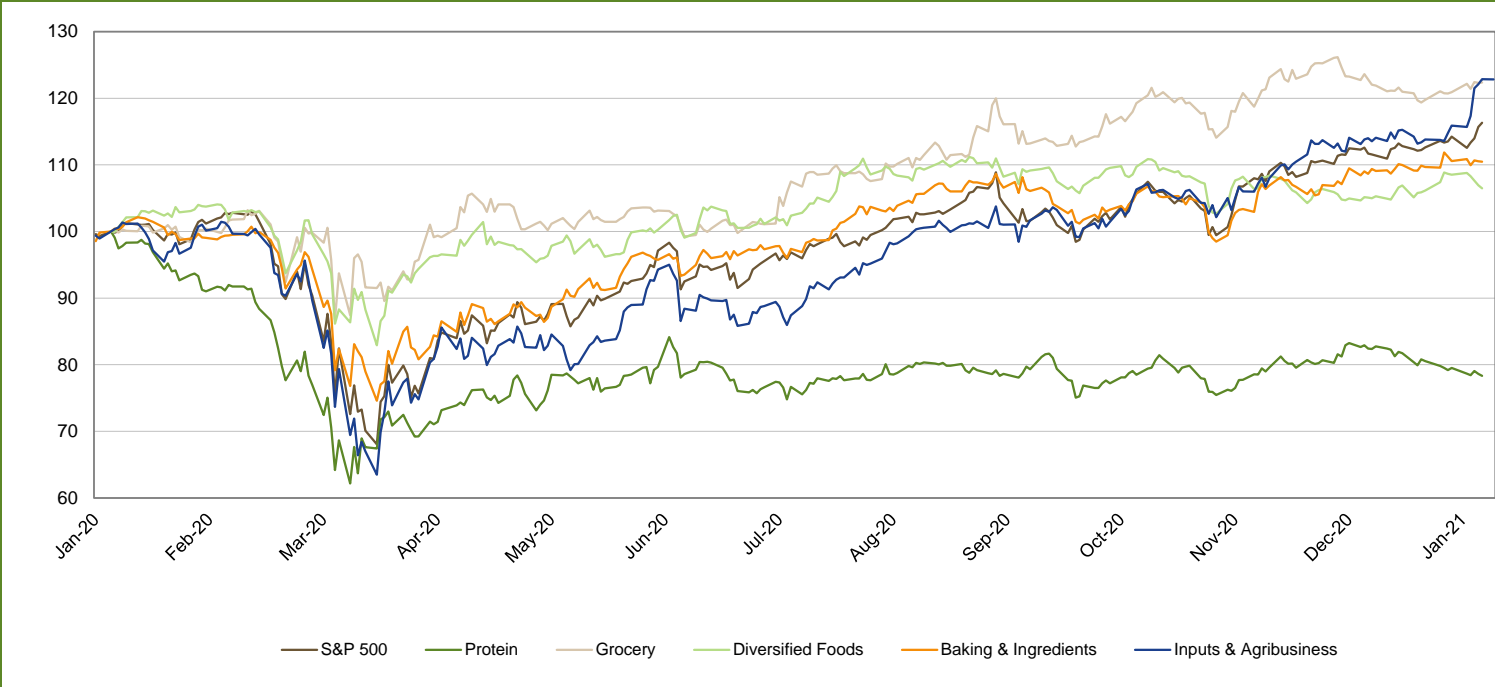
10-year Treasury



CBOE Market Volatility Index - VIX



Lakeshore Sector Indices vs. S&P 500 (1-year Only)



Food For Thought...

Partner Column

Written by William Whipple

S&P 500 closed up 16% in 2020! The NASDAQ rose 44%! The small cap Russell 2000 gained 18% in 2020. Whipple's stock portfolio rose 10% - driven by losers IBM, Exxon & other big oil & gas stocks - offsetting Apple/Amazon gains.

Pork Producers - The Train is On Track Headed Your Way!

The United States rule-of-thumb on meat exports is roughly 10% Beef volume, 16% Chicken volume, 10% Turkey volume consistently. Now come pork industry exports at 25% of volume growing 5-fold over the past 20-years. (On a dollar sale basis, Pork 25% volume correlates to 30+% dollar sales). While Pork greatly benefitted from it's the largest customer, China's ASF disaster, China is feverously working to rebuild its domestic swine industry. Meaning, the U.S. will lose its largest importer of pork products over the next three years. Pork producers need to be making meaningful changes to assure survival - think debt-free, cash, and diversification.

Beyond Meat Peaked? Only pure-play plant-based meat stock rose nearly 50% in 2020 before peaking in early October. However, it seems that the run may be finally over. BYND stock has declined 40% off its highs to close at \$118.10/share this past Friday. The company also just announced further price cuts last week. The stock received a rare double downgrade from Barclays analyst. Beyond Meat benefitted from the beef plant shutdowns during the 2020 COVID crisis. At issue now is Beyond's push into Foodservice space and dare I say "competition" from numerous big beef processors with their own version of plant-based meats? BYND's new pattern is growing revenue with shrinking profits. What is to come in 2021?

McDonald's' Starting New Chicken War. McDonald's (the world's biggest burger chain) hopes to capture a larger share of the chicken market with the launch of three new crispy chicken sandwiches. Mcdonald's hopes to garner the same amount of interest as the Chick-fil-A / Popeyes chicken sandwiches which quickly sold-out in 2019/2020. The new chicken sandwiches roll-out end of February 2021. Franchises (13,846 US locations) have been pushing for the new chicken sandwiches. This launch is a big deal amongst the various types of McDonald meat products.

Nasdaq "Bull" Market. Winners outnumbered losers 955 to 69 for the week of January 4th-8th 2021.

U.S. Soybean Sales To China. In the 2020-21 market year, so far exports have hit 26.2 million metric tons (nearly 1B bu.), almost triple last year's sales to China at this time.

Milk Competitors. During 2020, oat milk sales in the U.S. soared over 300% to \$213 million, becoming the second most consumed "plant" milk after almond milk (\$1.5B in 2020 sales). Soy milk fell down a spot, with sales declining 4.5% to \$202 million while only a decade ago, they topped \$1 billion.

U.S. Oil & Gas Rigs Expand. U.S. rigs count grew by 9 to 360 rigs this past week and 50 rigs over the past 7 weeks. Yet total oil & gas rigs are down 421 compared to this time last year!

Calavo Growers. Calavo Grower stock sheds 16% stock value after lower earnings amid declining avocado prices in December. Revenue dropped 20% YOY reflecting 3% volume growth followed by 22% lower avocado pricing. Strong supply in both California and Mexico.

Tyson Foods. Still 30% below last January 52-week high of \$90+/share versus the S&P up 16% for the year. Company reflects a 7% Free cashflow yield, but yet to rebound. Will 2021 be the year or will pessimism about factory infections carry the day? Another Whipple stock acquired in low \$70's trading at \$64/share today.

Pilgrim's Pride Ratings Raised At Bank of America. Pilgrim's Pride was raised to a "buy" rating and a price target of \$25/share based on 7.5x the 2022 EBITDA estimate. BofA believes chicken supply growth will be restrained with recovery in foodservice - McDonalds new QSR chicken restaurant war. PPC stock closed at \$19.43/share Friday but pays no dividend.

Have a good week!

Cal-Maine Foods Reports Second Quarter Fiscal 2021 Results. Cal-Maine Foods, Inc. reported their Q2 FY 2021 earnings for the period ended November 28, 2020. The company, located in Jackson, Mississippi, is the largest producer and distributor of fresh shell eggs in the United States and sells most of its eggs in the southwestern, southeastern, mid-western and mid-Atlantic markets within the U.S. Net sales for the company were \$347.3 million, a 11.5% increase year-over-year from Q2 2020. Net income was \$12.2 million, or \$0.25 per basic share. This was up from a net loss of \$10.1 million in Q2 2020.

Dolph Baker, chairman and chief executive officer of Cal-Maine Foods, Inc., stated, "our results for the second quarter of fiscal 2021 reflect favorable demand trends for shell eggs, primarily at the retail level as consumers continue to prepare more meals at home during the COVID-19 pandemic." Baker continued, "demand from foodservice customers has been less consistent and remains well below pre-pandemic levels, due in part to various restrictions on restaurants in place for different areas of the country. For the second quarter, total dozens sold were up 4.8% over the same period last year. We achieved the highest total dozens sold of any second quarter period at 273.7 million dozen, and our ratio of total dozens produced to total dozens sold was the highest of any quarterly period at 92.1%."

Cal-Maine Foods' variable dividend policy states that each quarter for which the company receives net income, the company will pay a cash dividend to shareholders of one-third of said quarterly income. However, the company will not pay a dividend for a quarter in which they do not report a net income, or any subsequent profitable quarter until the Company is profitable on a cumulative basis computed from the date of the last quarter for which a dividend was paid. Therefore, the company will not pay a dividend for Q2 FY 2021.

Conagra Reports Strong Q2 Earnings. Conagra Brands, released earnings last Thursday for their FY 2021 Q2. The Chicago based packaged foods company, which is parent of iconic brands including Hunt's and Vlasic reported strong earnings with earnings per share rising 45% YoY on 6.2% higher sales. This jump was attributed to bound-at-home consumers choosing to stock up on more of the company's variety of snack brands.

Net sales for the company jumped from \$2.8 billion to \$3.0 billion YoY. Net sales for the grocery and snacks segment specifically jumped 12.5% to \$1.3 billion driving the company's overall sales growth amidst a broader consumer shift towards snack foods in the midst of the COVID-19 pandemic.

Volume for these goods was up 13.6%, further confirming this trend. The company joins a variety of other grocery and snack brands to post strong quarters of growth this year including Orville Redenbacher's, Swiss Miss, Snack Pack, and Duncan Hines and staple brands such as Libby's, Chef Boyardee, Hunt's, and Armour Star. In contrast with these strong results, Conagra has stated that its sale of its Peter Pan business to Post Holdings will reduce annual sales by \$110 million moving forward. The Peter Pan peanut butter brand's sale was announced December 7th. Conagra CEO Sean Connolly displayed optimism in the company, stating that Conagra "is well-positioned to capture the benefits of the shifting consumer behavior, many of which we believe will continue well into the future."

Constellation Brands Releases Earnings. The wine, beer, and liquor company announced quarterly earnings of \$3.09 per share on Thursday vastly surpassing their previous year's earnings of \$2.14. Constellation, which owns Corona, Modelo Especial, and Svedka Vodka among other brands, reported YoY sales were up 22% as well, increasing to \$2.44 billion. Beer was the top performing category for the company, as organic net sales grew 30% and organic shipment volume was up 28%. Beer depletion volume was up more than 12% as off-premise channels continue to more than offset a 35% reduction in the company's on-premise business due to COVID-19.

The company's beer segment posted particularly strong results, with the operating margin seeing a 330-basis point improvement to 42.6%. The company expects beer to produce 7% to 9% sales growth and 8% to 10% operating income growth for the fiscal year, both of which represent especially high growth rates for beer. Wine and spirits also posted a strong quarter, with net sales returning to growth and climbing higher by 10% year-over-year. Organic net sales climbed 13% over the same period, as the company's high-end wine brands including Kim Crawford, Meiomi and the Prisoner Brand Family all produced double-digit growth.

Sales in the away-from-home category were down 35% in the quarter, but earnings per share still grew 44% year-over-year. The company is taking advantage of a trend in which consumers "stick with things that they know," CEO Bill Newlands said. One example of this principal was popular beer Corona, which experienced sales growth of 12% in the quarter.

Moreover, the company is optimistic about increasing its burgeoning position in the rapidly expanding seltzer market. Constellation sold 10 million cases of seltzer beverages over the course of 2020 and management is confident that they can continue to improve on those numbers moving forwards.

Heard on the Street...

Flynn Restaurant to Buy Franchisees from NPC. Last week Thursday, Wendy's Co. announced that restaurant operator Flynn Restaurant Group would buy select Wendy's and Pizza Hut locations from NPC Quality Burgers Inc. NPC, the nation's largest franchisee of Pizza Hut and Wendy's, filed for chapter 11 bankruptcy protection in July and has since been trying to sell its assets which include roughly 900 Pizza Hut locations and 400 Wendy's.

Wendy's Co. originally objected to Flynn's stalking horse bid of \$816 million for all of NPC due to Flynn's holdings including several of the nation's third largest hamburger chains competitors Taco Bell and Arby's. Following successful mediation, Wendy's will no longer object to a transaction and allow Flynn to become a Wendy's franchisee.

The proposed new deal would give Flynn more than 925 of NPC's Pizza Hut restaurants, about half of their Wendy's locations, and substantially all of NPC's shared service assets for \$552.6 million according to a court filing. Wendy's Co. will buy the remaining Wendy's restaurants and the right to acquire five current franchisees for \$248.3 million. A hearing to approve the new deal is scheduled for January 15, and, if approved, the transaction is expected to close by the end of the second quarter.

"This is an excellent outcome for NPC's Wendy's restaurants and our team," Carl Hauch, CEO of NPC's Wendy's division, said in the release. "We are very pleased that our restaurants will be joining the ranks of established, high performing restaurant franchise groups."

Central Garden and Pet to Buy Green Garden. Last week Monday, Central Garden and Pet Company announced that it had agreed to buy Green Garden. The Norton, MA based Green Garden focuses on providing vegetables, seed starters, herb and flower seed packets, and plant nutrients across the North American market. Central Garden has agreed to pay \$532 million for Green Garden and, subject to customary closing conditions and regulatory approval, is expected to close in the second quarter of 2021.

This transaction comes as Central Garden focuses on strengthening its position in the garden and pet industry. They will acquire a robust portfolio of brands held by Green Garden including Ferry-Morse Home Gardening, Jiffy Seed Starting, SUPERthrive Plant Nutrients, Livingston Seeds, Jiffy Hydro Hydroponics, McKenzie Seed, American Seed, and NK Lawn and Garden. The acquisition of such reputable brands will not only expand Central Garden and Pet's portfolio but further enhance its relationship with key retailers.

Green Garden, currently owned by private equity firm Freeman Spogli and Co, currently ships over 250 million seed packets per year to a network of over seventy thousand retail locations across the home center, mass merchant, farm and independent, dollar store, and distributor/co-op channels. Central Garden will acquire the brands, the company's 180+ current employees, and its production and distribution facilities in Ohio, California, and Manitoba.

Over the past three years, Central Garden and Pet has acquired four other businesses and has made over 50 acquisitions since 1992. Previous acquisitions include C&S Products, Arden Companies, Bell Nursery, and General Pet Supply.

Mondelez to Buy Remaining Stake in Hu. Last week, Mondelez International announced it had agreed to purchase the remaining equity in healthy snack maker, Hu Master Holdings. Hu is most known as the maker of a popular chocolate bar based on the paleo diet.

While the financial terms of the deal were not announced, the Wall Street Journal reported that the transaction will value Hu at \$340 million. Mondelez initially took a minority stake in the healthy chocolate bar maker in 2019 in a deal that included a right to make the first offer to acquire the rest of the company.

"Hu is a strong strategic complement to our snacking portfolio in North America," said Glen Walter, Executive Vice President and President of Mondelez International North America. He continued, "This well-being brand platform provides further growth opportunities in chocolate, cross-category potential in crackers, as well as meaningful opportunities to expand distribution including in e-commerce and premium conventional retail."

SunOpta Sells Global Ingredients Division. SunOpta has agreed to sell its Tradin global ingredients business to the Amsterdam based global commodities trading company, Amsterdam Commodities N.V. The deal is valued at \$390 million and comes as SunOpta looks to transition into a more high-growth, plant-based company.

SunOpta Chief Executive Officer, Joe Ennen, stated, "I'm pleased to announce this strategically transformational transaction. This transaction further solidifies SunOpta's future direction as a high-growth, plant-based company focused on providing value-added products in competitively advantaged categories with consistent, sustainable, above average growth characteristics."

2020, depending on your perspective, had its ups and downs. Among the “ups”, for better or for worse, were the IPO and Special Purpose Acquisition Company (SPAC) markets. As seen in the graphic below, 2020 had a massive spike in companies choosing a non-traditional public offering by using a SPAC to go public. In fact, between 194 traditional IPO deals, nearly \$67 billion in capital was raised. Put that up against the 200 SPACs and \$64 billion raised in 2020 and the only question that remains is: “will 2021 see the same success?”

SPACs aka “blank-check companies” have two years to spend their “blank-check” received from investors on a target company to strike a merger. Not surprising, but with the amount of capital raised in 2020, 2021 should make plenty of SPACs anxious to deploy the large amount of capital that they raised. In 2020, 244 SPACs collectively raised upwards of \$73 billion through December 22nd of last year.

A unique feature of a SPAC that differentiates it from an IPO is that if a SPAC fails to strike a merger with a target company using the capital they raised from investors, the blank-check company's dealmakers must return their investors' money and walk away empty-handed.

The following paragraphs briefly describe some unique characteristics of SPAC's.

Full transparency. SPACs must file a form called an “S-4” when announcing which target company they are seeking to acquire. This form has about the same level of disclosure and risk outlines that is in the form “S-1” that an IPO must file.

Sponsors with expertise. The SPAC's credibility as an investment vehicle has grown in recent years. Prominent figures such as Bill Ackman, Michael Klein, Chamath Palihapitiya and large private equity firms like Apollo Global, Solamere Capital, TPG Capital have all entered the SPAC arena recently.

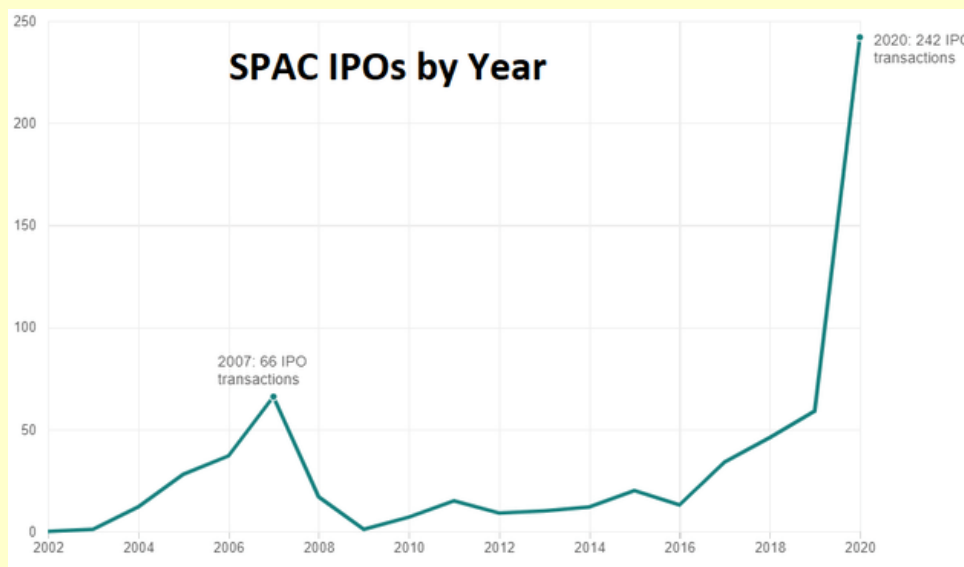
Ability to use forward-looking guidance. When a SPAC raises money, it becomes a publically traded entity with a ticker. When a SPAC eventually announces which company it plans to buy, the SPAC, unlike a traditional IPO, is able to provide forward-looking guidance on the company to its investors.

An easy exit. If an investor in a SPAC is not satisfied with the target chosen, they can simply sell their shares before the acquisition is officially complete. From the soon-to-be-public company's perspective, a SPAC gives them the opportunity to shop around for less equity-heavy deals at the tradeoff of a company's “choosiness”, Bill Ackman of the SPAC Tontine Holdings says that “dilution makes it harder to strike deals that (are) good for shareholders.”

As the SPAC sponsors' equity reward shrinks, so do their profits. This dampens the overall model that has so recently delivered great rewards to sponsors.

Long-time IPO proponents such as Kathleen Smith say that SPAC offerings can keep potentially money-losing stocks out of the regular IPO market, allowing for a better capital structure. As long as the overall market holds up, it should be expected that the 210 SPACs seeking acquisitions within 18-24 months, should have a very busy and, hopefully, fruitful 2021.

SPAC IPOs by Year



Source: SPACinsider.com; Credit: Thomas Wilburn/NPR

Commodities Overview (1-year & 12-year History)

Corn



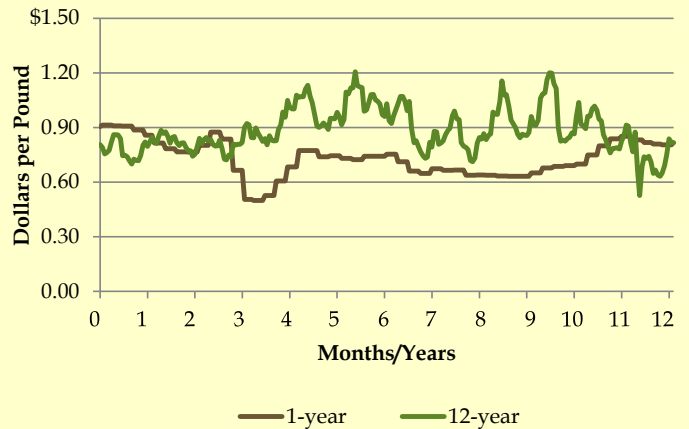
Wheat



Hogs



Broilers



Cocoa



Gold



Broiler price based off spot closing price. All other commodity prices are based off the closing price of their respective nearby futures contract.

Sources: Thompson Financial Data Securities, Capital IQ, Reuters, Edgar Online, Wall Street Journal, Barron's, New York Times, Bloomberg, Chicago Tribune, Denver Post, MarketWatch, USDA, The Economist, BusinessWeek, Food Institute, Food Business News, Supermarket News, LPC, Company Press Releases. The information contained in this publication is compiled using publicly available news/media sources and industry-specific sources that Lakeshore Food Advisors, LLC ("LFA") believes to be reliable, but the accuracy and completeness of which LFA cannot guarantee.

Please send your feedback and comments to Mary Burke at mlburke@lakeshorefoodadvisors.com.