



LAKESHORE

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



Weekly Update

Monday, September 14th, 2020

U.S. Stock Futures Point to Gains

U.S. stock futures rose Monday, signaling stocks may start the week on a solid note after a round of volatility driven by changes in technology shares. Futures tied to the S&P 500 rose 1.2%, while contracts linked to the technology-laden Nasdaq Composite climbed 1.4%. The Nasdaq last week suffered its largest one-week decline since the market crisis of March.

The **Dow Jones Industrial Average** fell 1.7% on the week, finishing at 27,666.

The **S&P 500** dipped 2.5% on the week, finishing at 3,341.

The **NASDAQ Composite** fell 4.1% on the week, finishing at 10,854.

Yield on the **10-year Treasury** decreased five basis points during the week, ending at 0.67%.

Crude oil fell 5.3% on the week, ending at \$40.76 per barrel.

Corn increased 2.9% on the week, ending at \$3.69 per bushel.

Mary Burke
Partner
312.348.7081
mburke@lakeshorefoodadvisors.com

William Whipple
Partner
312.348.7076
wwhipple@lakeshorefoodadvisors.com

Lakeshore Food Advisors, LLC
20 North Wacker Drive
Suite 1701
Chicago, IL 60606

NASDAQ Highs: Renewable Energy Group, Inc. **Lows:** Rocky Mountain Chocolate Factory, Inc.

NYSE Highs: Darling Ingredients Inc., McDonald's Corporation. **Lows:** None

Featured Stocks of the Week:

McDonald's Corporation (NYSE: MCD) 10-Year History



Darling Ingredients Inc. (NYSE: DAR) 10-Year History



The Lakeshore Food Chain

Company Name	Price	Price	52-Week Range		Price as Compared to		Forward	Enterprise Value to		Total Debt to LTM
	9/11/20	Compared to 9/4/20	High	Low	YE:			LTM:		
					2019	2018		P/E	Revenue	
Dow Jones Industrial Average	27,666	(1.7%)	29,551	18,592	(3.1%)	18.6%	17.6x			
S&P 500	3,341	(2.5%)	3,581	2,237	3.4%	33.3%	23.1			
NASDAQ Composite Index	10,854	(4.1%)	12,056	6,861	21.0%	63.6%				
Sector Average:					7.1%	38.5%				
AGRICULTURAL LAND HOLDINGS										
Farmland Partners Inc.	\$6.50	(1.5%)	\$7.50	\$5.05	(4.1%)	43.2%	NM	18.00x	27.7x	14.7x
Gladstone Land Corporation	15.01	(1.9%)	16.76	9.61	15.7%	30.7%	NM	15.78	20.4	12.9
Limoneira Company	15.59	8.2%	21.85	10.60	(18.9%)	(20.3%)	68.7	2.51	NM	NM
Sector Average:					(2.4%)	17.9%	68.7x	12.10x	24.1x	13.8x
INPUTS										
American Vanguard Corporation	\$14.13	(2.3%)	\$19.60	\$11.35	(27.4%)	(7.0%)	25.7x	1.29x	11.0x	3.2x
CF Industries Holdings, Inc.	33.37	0.6%	52.30	19.73	(30.1%)	(23.3%)	23.0	3.17	7.6	2.4
Corteva, Inc.	29.02	(1.0%)	32.08	20.38	(1.8%)	NA	19.5	1.55	10.1	1.2
FMC Corporation	108.56	0.1%	112.53	56.77	8.8%	46.8%	15.7	3.78	13.6	2.9
Intrepid Potash, Inc.	9.30	(4.0%)	37.80	6.00	(65.7%)	(64.2%)	NM	0.99	4.4	2.0
The Mosaic Company	18.31	(1.2%)	23.18	6.50	(15.4%)	(37.3%)	29.9	1.32	8.5	3.8
* Nutrien Ltd.	52.37	6.4%	69.52	34.80	(15.8%)	(18.3%)	20.5	1.69	8.9	3.4
S&W Seed Company	2.93	26.8%	3.98	1.67	39.5%	61.9%	NM	1.37	13.6	4.8
The Scotts Miracle-Gro Company	159.99	(0.4%)	176.08	76.50	50.7%	160.3%	22.3	2.88	16.2	2.8
Zoetis Inc.	158.59	0.9%	165.82	90.14	19.8%	85.4%	42.4	12.60	29.0	2.9
Sector Average:					(3.7%)	22.7%	24.9x	3.06x	12.3x	2.9x
AGRICULTURAL EQUIPMENT										
* Ag Growth International Inc.	\$35.38	0.3%	\$48.07	\$15.00	(23.8%)	(24.4%)	20.2x	1.56x	17.4x	9.6x
AGCO Corporation	75.45	2.3%	81.39	35.33	(2.3%)	35.5%	17.1	0.85	9.1	2.6
Art's-Way Manufacturing Co., Inc.	2.59	(3.4%)	4.37	1.75	46.3%	29.5%	0.0	0.78	NM	NM
* Buhler Industries Inc.	2.55	0.0%	3.95	2.38	(13.0%)	(33.9%)	0.0	0.38	NM	NM
CNH Industrial N.V.	8.32	0.7%	11.99	5.06	(24.4%)	(9.7%)	23.4	1.19	21.1	17.8
Deere & Company	215.96	2.2%	219.71	106.14	24.6%	44.8%	23.1	3.03	17.7	8.0
Lindsay Corporation	97.06	(2.4%)	111.76	71.86	1.1%	0.8%	32.7	2.40	16.6	2.3
Titan Machinery Inc.	12.74	(6.6%)	18.18	6.96	(13.8%)	(3.1%)	17.0	0.56	9.2	6.2
Sector Average:					(0.6%)	4.9%	22.3x	1.34x	14.9x	7.7x
AGRIBUSINESS										
The Andersons, Inc.	\$16.59	(8.3%)	\$28.82	\$10.00	(34.4%)	(44.5%)	14.7x	0.25x	8.6x	5.3x
Archer-Daniels-Midland Company	46.89	0.9%	47.20	28.92	1.2%	14.4%	15.1	0.55	9.8	3.4
Bunge Limited	45.64	(1.8%)	58.19	29.00	(20.7%)	(14.6%)	16.3	0.35	5.2	2.6
Darling Ingredients Inc.	34.50	0.9%	34.68	10.25	22.9%	79.3%	19.9	2.15	7.4	3.4
* Gruma, S.A.B. de C.V.	246.77	(3.5%)	290.27	150.81	27.1%	10.8%	16.0	1.47	8.9	2.4
Ingredion Incorporated	78.99	(3.1%)	99.51	59.11	(15.0%)	(13.6%)	13.0	1.17	7.5	2.9
Landec Corporation	9.68	(5.1%)	12.46	7.48	(14.4%)	(18.2%)	56.9	0.86	33.4	14.8
MGP Ingredients, Inc.	37.94	(6.9%)	55.03	21.64	(21.7%)	(33.5%)	15.3	1.86	10.3	1.0
* Olam International Limited	1.24	(3.9%)	1.98	1.24	(31.5%)	(24.8%)	7.6	0.39	8.1	10.1
Sector Average:					(9.6%)	(5.0%)	19.4x	1.00x	11.0x	5.1x
DIVERSIFIED FOODS										
B&G Foods, Inc.	\$26.47	(11.8%)	\$31.93	\$10.39	47.6%	(8.4%)	13.3x	1.87x	9.8x	5.5x
Campbell Soup Company	45.50	(4.4%)	57.54	40.70	(7.9%)	37.9%	15.5	2.20	11.8	3.8
Conagra Brands, Inc.	34.47	(7.2%)	39.34	22.83	0.7%	61.4%	14.5	2.38	11.3	4.4
General Mills, Inc.	58.54	(7.3%)	66.14	46.59	9.3%	50.3%	16.5	2.77	12.3	3.6
The Hain Celestial Group, Inc.	32.31	(2.2%)	34.53	18.12	24.5%	103.7%	28.5	1.77	17.7	1.8
The J. M. Smucker Company	113.31	(3.6%)	125.62	91.88	8.8%	21.2%	13.8	2.26	9.3	2.8
Kellogg Company	65.44	(5.5%)	72.88	52.66	(5.4%)	14.8%	17.4	2.29	13.3	3.9
The Kraft Heinz Company	31.71	(5.3%)	36.37	19.99	(1.3%)	(26.3%)	12.9	2.56	10.1	4.5
Lancaster Colony Corporation	173.66	(3.6%)	184.25	114.55	8.5%	(1.8%)	28.1	3.45	20.4	0.1
Mondelez International, Inc.	57.55	(0.6%)	59.96	41.19	4.5%	43.8%	21.8	3.90	16.4	3.5
* Nestlé S.A.	109.98	1.5%	112.62	83.37	5.0%	37.8%	25.0	3.84	17.3	2.1
* Nomad Foods Limited	25.62	2.9%	26.40	14.08	14.5%	53.2%	16.2	2.31	13.5	4.5
Post Holdings, Inc.	83.09	(6.6%)	112.38	68.97	(23.8%)	(6.8%)	21.6	2.10	11.3	6.8
The Simply Good Foods Company	22.68	(4.2%)	31.16	14.08	(20.5%)	20.0%	24.4	3.72	19.9	4.9
SunOpta Inc.	9.07	2.6%	10.02	1.70	180.8%	71.8%	179.7	0.98	15.2	6.4
TreeHouse Foods, Inc.	40.47	(5.5%)	58.97	33.50	(16.6%)	(20.2%)	0.0	1.01	8.3	4.5
The Unilever Group	51.58	5.7%	55.70	38.42	0.7%	8.8%	20.3	3.12	13.6	2.5
Sector Average:					13.5%	27.1%	27.8x	2.50x	13.6x	3.9x

Company Name	Price 9/11/20	Price Compared to 9/4/20	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.	\$13.77	0.8%	\$17.76	\$3.77	(10.8%)	5.0%	NM	0.42x	84.7x	NM
Pacific Ethanol, Inc.	4.63	9.7%	5.33	0.22	612.3%	437.7%	NM	0.36	31.9x	15.3x
Renewable Energy Group, Inc.	41.25	4.8%	44.42	13.67	53.1%	60.5%	10.5	0.53	2.1	0.2
Sector Average:					218.2%	167.8%	10.5x	0.44x	NM	NM
FRUIT & VEGETABLE										
Calavo Growers, Inc.	\$63.58	1.3%	\$96.89	\$48.31	(29.8%)	(12.9%)	21.6x	1.09x	21.5x	1.5x
Fresh Del Monte Produce Inc.	23.92	2.5%	38.79	20.25	(31.6%)	(15.4%)	14.8	0.44	7.3	2.8
Lamb Weston Holdings, Inc.	63.33	1.4%	96.32	39.06	(26.4%)	(13.9%)	28.4	3.05	13.5	4.5
Seneca Foods Corporation	38.80	(12.4%)	48.05	25.04	(4.9%)	37.5%	0.0	0.43	4.0	1.6
* Total Produce plc	1.16	(0.9%)	1.52	0.79	(18.7%)	(17.9%)	8.6	0.24	7.2	4.8
Sector Average:					(22.3%)	(4.5%)	14.7x	0.55x	10.7x	3.0x
PROTEIN										
Beyond Meat, Inc.	\$134.88	7.2%	\$167.16	\$48.18	78.4%	NA	NM	20.6	NM	3.9
Cal-Maine Foods, Inc.	38.88	0.3%	46.66	30.74	(9.1%)	(8.1%)	32.0	1.23	23.9	0.0
Hormel Foods Corporation	49.83	(2.4%)	52.97	39.01	10.5%	16.8%	28.5	2.74	14.9	0.8
Industrias Bachoco, S.A.B. de C.V.	38.49	0.6%	56.00	28.04	(26.0%)	(2.7%)	14.3	0.48	7.4	0.8
* JBS S.A.	22.53	3.0%	34.25	13.65	(12.7%)	94.4%	6.7	0.54	5.0	3.4
Nathan's Famous, Inc.	50.72	(3.1%)	82.18	39.01	(28.4%)	(23.7%)	0.0	3.18	9.4	5.1
Pilgrim's Pride Corporation	16.47	1.3%	33.67	14.87	(49.7%)	6.2%	10.4	0.55	7.5	3.4
Sanderson Farms, Inc.	122.58	(0.7%)	179.45	102.13	(30.4%)	23.5%	29.2	0.79	5.3	0.3
Seaboard Corporation	2,908.55	0.4%	4,450.00	2,614.00	(31.6%)	(17.8%)	0.0	0.52	8.0	3.1
Tyson Foods, Inc.	63.72	2.1%	94.24	42.57	(30.0%)	19.3%	12.2	0.81	6.9	2.5
Sector Average:					(12.9%)	1.7%	14.8x	1.20x	9.8x	2.3x
BAKING & INGREDIENTS										
* ARYZTA AG	\$0.70	11.6%	\$1.21	\$0.28	(35.3%)	(35.7%)	70.7x	0.44x	4.7x	4.6x
Balchem Corporation	96.05	(2.9%)	113.93	78.30	(5.5%)	22.6%	28.7	4.84	20.7	1.4
Flowers Foods, Inc.	23.41	(2.7%)	25.18	17.42	7.7%	26.7%	19.7	1.42	11.0	2.5
* Grupo Bimbo, S.A.B. de C.V.	39.63	(1.1%)	45.48	26.00	15.1%	1.2%	20.9	0.99	7.1	3.1
J & J Snack Foods Corp.	134.65	(5.3%)	196.84	105.67	(26.9%)	(6.9%)	75.6	2.17	19.7	0.6
* Kerry Group plc	114.60	1.6%	126.50	88.50	3.2%	32.5%	30.6	3.17	22.4	2.9
McCormick & Company, Incorporated	198.64	(1.6%)	211.07	112.23	17.0%	42.7%	35.7	5.66	24.3	3.6
* Tate & Lyle plc	6.87	1.9%	8.11	4.94	(9.6%)	4.1%	14.0	1.26	6.9	1.5
Sector Average:					(4.3%)	10.9%	37.0x	2.49x	14.6x	2.5x
CANDY, NUTS, & SNACKS										
Bridgford Foods Corporation	\$17.34	(2.5%)	\$35.98	\$14.06	(30.1%)	(12.7%)	0.0x	0.92x	18.3x	3.2x
The Hershey Company	145.50	(2.2%)	161.83	109.88	(1.0%)	35.8%	23.4	4.33	17.8	2.7
John B. Sanfilippo & Son, Inc.	76.68	(5.0%)	107.86	66.35	(16.0%)	37.8%	18.8	1.05	9.8	0.6
Rocky Mountain Chocolate Factory, Inc.	3.06	(3.8%)	9.53	3.01	(66.8%)	(64.1%)	0.0	0.71	28.3	11.4
Tootsie Roll Industries, Inc.	30.47	(4.3%)	38.92	29.84	(8.1%)	(3.2%)	0.0	3.93	20.1	0.1
Utz Brands, Inc.	17.71	4.4%	19.16	15.98	NA	NA	35.1	NA	NA	NA
Sector Average:					(24.4%)	(1.3%)	25.8x	2.19x	18.9x	3.6x
PET FOOD AND PRODUCTS										
Central Garden & Pet Company	\$40.23	0.4%	\$44.80	\$23.82	29.5%	16.8%	23.5x	0.92x	8.2x	2.8x
Freshpet, Inc.	108.41	0.4%	116.60	40.79	83.5%	237.1%	NM	15.19	154.7	0.3
Sector Average:					56.5%	126.9%	23.5x	8.05x	8.2x	1.6x
WINE & BEVERAGE										
The Boston Beer Company, Inc.	\$851.51	5.1%	\$897.50	\$290.02	125.4%	253.6%	57.0x	7.04x	39.1x	0.3x
Brown-Forman Corporation	79.35	(1.0%)	83.40	44.68	17.4%	66.8%	46.7	11.50	32.3	2.3
The Coca-Cola Company	51.06	0.0%	60.13	36.27	(7.8%)	7.8%	26.5	7.39	20.8	4.7
Constellation Brands, Inc.	188.81	(1.4%)	210.65	104.28	(0.5%)	17.4%	20.8	5.89	69.3	4.0
Craft Brew Alliance, Inc.	15.62	(0.3%)	16.61	7.11	(5.3%)	9.2%	NM	2.15	NM	NM
Crimson Wine Group, Ltd.	5.05	(0.2%)	7.94	4.55	(31.8%)	(35.5%)	0.0	1.76	NM	NM
* Diageo plc	26.32	5.4%	33.70	20.51	(17.8%)	(5.8%)	23.8	6.55	18.3	4.4
Monster Beverage Corporation	81.34	(1.1%)	87.05	50.06	28.0%	65.3%	34.0	9.69	26.7	0.0
Jones Soda Co.	0.17	6.2%	0.50	0.15	(40.1%)	(26.2%)	0.0	0.78	NM	NM
National Beverage Corp.	77.58	(4.3%)	86.27	35.71	52.1%	8.1%	23.2	3.21	15.0	0.2
PepsiCo, Inc.	135.81	(2.1%)	147.20	101.42	(0.6%)	22.9%	24.0	3.31	18.1	3.6
Starbucks Corporation	85.27	(1.2%)	94.13	50.02	(3.0%)	32.4%	38.1	5.04	20.2	4.5
Willamette Valley Vineyards, Inc.	6.18	(1.0%)	7.34	4.50	(10.8%)	(10.2%)	0.0	2.16	8.3	1.9
Sector Average:					8.1%	31.2%	24.5x	5.11x	26.8x	2.6x

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			High	Low	2019	2018		Revenue	EBITDA	
DAIRY										
* Danone S.A.	57.30	2.0%	81.36	50.26	(22.5%)	(6.8%)	16.3	2.01	10.0	3.6
Lifeway Foods, Inc.	5.60	14.3%	6.19	1.43	181.4%	197.9%	0.0	0.89	20.3	0.8
* Saputo Inc.	32.45	0.4%	41.95	29.31	(19.3%)	(17.2%)	18.5	1.17	11.8	3.1
Sector Average:					46.6%	57.9%	17.4x	1.36x	14.0x	2.5x
WHOLESALE, FOOD SERVICE, & DISTRIBUTION										
The Chefs' Warehouse, Inc.	\$16.60	1.5%	\$41.53	\$3.55	(56.4%)	(48.1%)	NM	0.69x	14.6x	8.2x
Core-Mark Holding Company, Inc.	32.10	(1.9%)	34.42	20.94	18.1%	38.1%	20.3	0.14	8.2	2.3
Performance Food Group Company	37.23	0.4%	54.49	7.41	(27.7%)	15.4%	35.5	0.30	14.1	5.7
SpartanNash Company	17.16	(6.6%)	23.94	9.00	20.5%	(0.1%)	7.5	0.16	5.9	3.5
Sysco Corporation	62.30	3.6%	85.98	26.00	(27.2%)	(0.6%)	34.7	0.77	16.2	6.0
United Natural Foods, Inc.	16.98	(5.0%)	23.38	5.00	93.8%	60.3%	7.5	0.19	5.8	4.8
US Foods Holding Corp.	23.45	(3.5%)	43.03	8.32	(44.0%)	(25.9%)	26.6	0.44	12.1	7.5
Sector Average:					(3.3%)	5.6%	22.0x	0.38x	11.0x	5.4x
MASS MERCHANDISE & CLUB STORES										
BJ's Wholesale Club	\$40.74	(2.2%)	\$47.46	\$18.84	79.2%	83.8%	17.8x	0.61x	8.9x	3.4x
Costco Wholesale Corporation	339.13	(2.1%)	363.67	271.28	15.4%	66.5%	36.8	0.94	21.2	1.8
Walmart Inc.	136.70	(4.3%)	151.33	102.00	15.0%	46.8%	25.3	0.82	11.2	1.8
Sector Average:					36.5%	65.7%	26.6x	0.79x	13.8x	2.3x
DOLLAR STORES										
Dollar General Corporation	\$200.50	2.4%	\$206.98	\$125.00	28.5%	85.5%	21.5x	1.92x	11.5x	2.5x
Dollar Tree, Inc.	90.05	(1.3%)	119.71	60.20	(4.3%)	(0.3%)	16.4	1.21	6.7	2.3
Sector Average:					12.1%	42.6%	18.9x	1.57x	9.1x	2.4x
TRADITIONAL RETAIL										
Albertsons	\$14.15	4.7%	\$16.50	\$13.06	NA	NA	12.7x	0.32x	5.0x	3.5x
* Ahold Delhaize	26.04	4.7%	26.86	18.04	16.8%	18.0%	11.8	0.54	6.2	2.7
Ingles Markets, Incorporated	39.90	2.2%	49.14	32.21	(16.0%)	46.6%	0.0	0.34	4.3	2.5
The Kroger Co.	34.37	(3.1%)	37.22	23.71	18.6%	25.0%	13.1	0.35	6.3	2.9
Village Super Market, Inc.	25.06	0.3%	28.71	16.48	8.0%	(6.3%)	0.0	0.24	4.5	1.5
Weis Markets, Inc.	47.77	0.6%	59.39	32.44	18.0%	(0.0%)	0.0	0.33	4.6	0.8
Sector Average:					15.3%	16.6%	8.3x	0.35x	5.2x	2.3x
SPECIALTY RETAIL										
Natural Grocers by Vitamin Cottage, Inc.	\$10.93	1.6%	\$17.39	\$5.41	10.7%	(28.7%)	0.0x	0.61x	5.8x	3.7x
Sprouts Farmers Market, Inc.	21.62	(4.5%)	28.00	13.00	11.7%	(8.0%)	12.4	0.64	5.8	2.5
Sector Average:					11.2%	(18.4%)	6.2x	0.63x	5.8x	3.1x
TRADITIONAL RESTAURANTS										
Brinker International, Inc.	\$43.57	(4.6%)	\$49.61	\$7.00	3.7%	(0.9%)	21.4x	1.40x	8.8x	4.9x
The Cheesecake Factory Incorporated	28.21	(9.6%)	45.24	14.52	(27.4%)	(35.2%)	149.3	1.36	10.1	6.9
Darden Restaurants, Inc.	86.80	(2.8%)	128.41	26.15	(20.4%)	(13.1%)	28.9	2.12	16.0	5.8
Dine Brands Global, Inc.	59.23	(6.4%)	104.47	14.16	(29.1%)	(12.0%)	14.8	3.60	14.3	10.7
Jack in the Box Inc.	82.47	(1.0%)	93.12	16.81	5.7%	6.2%	17.1	4.09	9.6	5.6
McDonald's Corporation	218.00	3.0%	219.48	124.23	10.3%	22.8%	29.3	11.03	19.9	4.9
The Wendy's Company	21.47	(0.5%)	24.04	6.82	(3.3%)	37.5%	33.0	6.16	21.7	10.1
Yum! Brands, Inc.	92.27	(3.1%)	115.17	54.95	(8.4%)	0.4%	26.1	6.96	20.4	6.3
Sector Average:					(8.6%)	2.5%	40.0x	4.59x	15.1x	6.9x
HIGH-GROWTH RESTAURANTS										
Chipotle Mexican Grill, Inc.	\$1,297.47	(1.2%)	\$1,384.46	\$415.00	55.0%	200.5%	75.1x	6.83x	42.2x	3.3x
El Pollo Loco Holdings, Inc.	16.37	(10.1%)	19.90	6.15	8.1%	7.9%	19.5	2.07	10.8	4.3
Noodles & Company	7.25	(6.1%)	9.31	3.14	30.9%	3.7%	57.1	1.48	10.8	6.2
Potbelly Corporation	3.93	(3.2%)	6.00	1.50	(6.9%)	(51.2%)	NM	0.94	6.2	5.0
Shake Shack Inc.	65.36	(2.4%)	104.86	30.01	9.7%	43.9%	NM	4.99	28.4	3.9
Wingstop Inc.	134.56	(5.8%)	170.00	44.27	56.0%	109.6%	105.0	19.02	66.1	5.2
Sector Average:					25.5%	52.4%	64.2x	3.26x	19.7x	4.6x

Notes:

* Denotes local currency.

Source: Capital IQ.

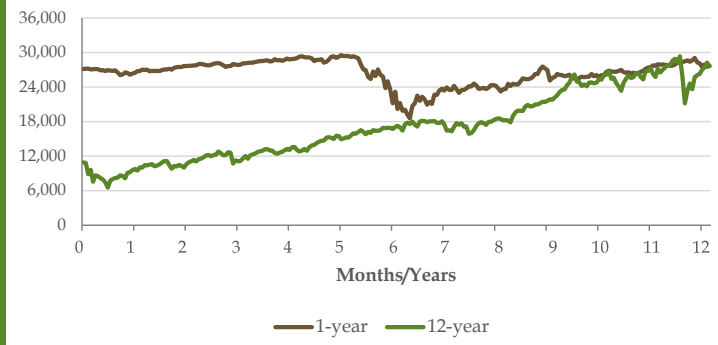
Summary multiples adjusted for extraordinary and non-recurring items; outliers excluded from mean calculation.

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

S&P 500



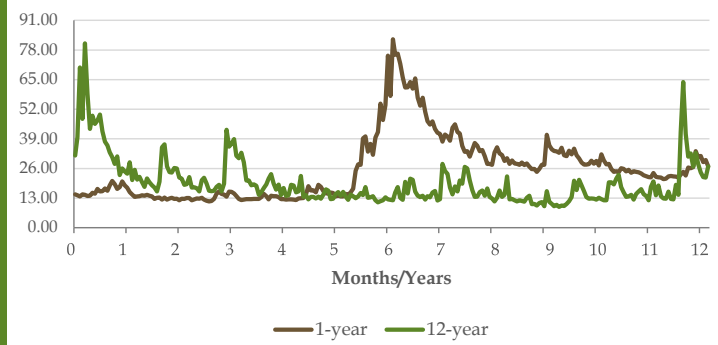
Dow Jones Industrial Average



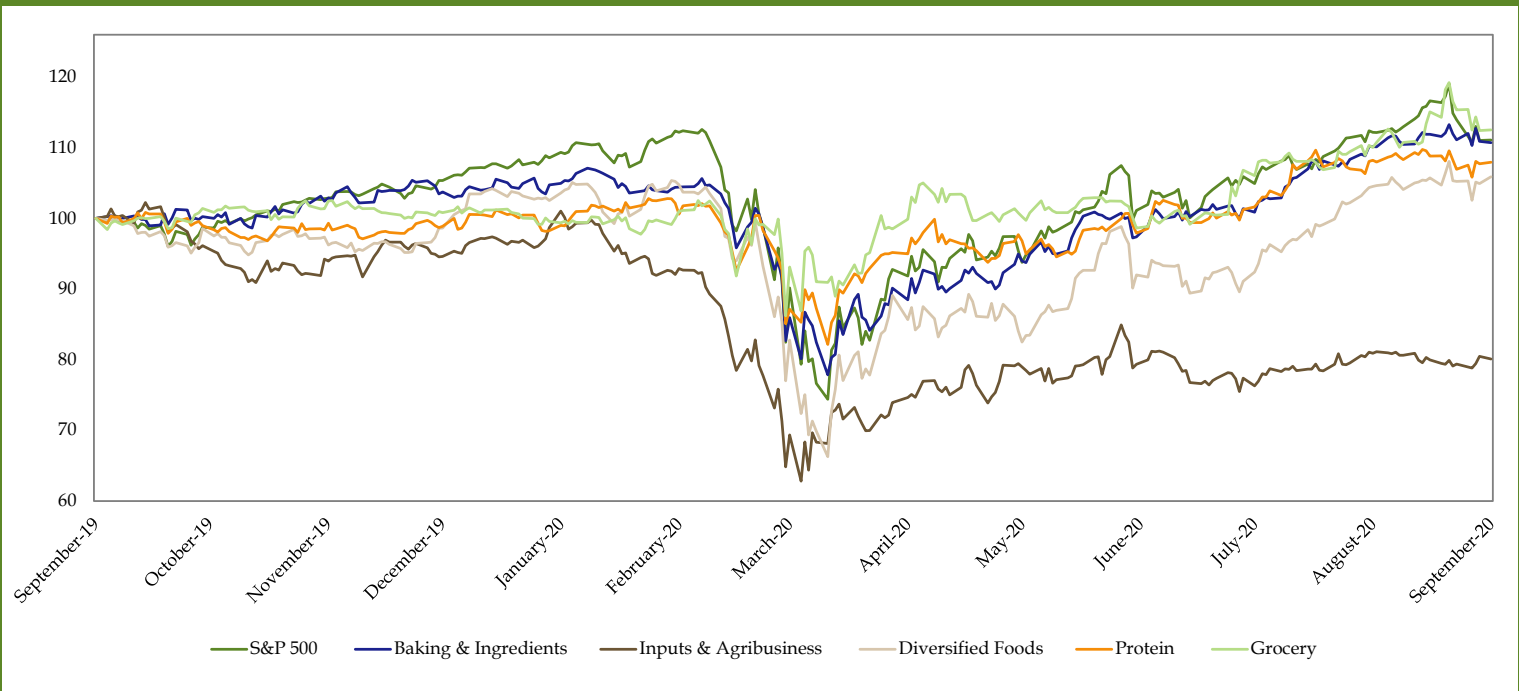
10-year Treasury



CBOE Market Volatility Index - VIX



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



Food For Thought...

Partner Column

Written By Mary Burke

Welcome to September and the resumption of the full Weekly Update. In August we produce a modified version to keep you up to date on valuations and the markets. So here we go!

Kroger announced revenue up 8.2% to \$30.49 billion and earned \$0.73/share. Analysts were expecting earnings of \$0.54/share on revenue of \$29.9 billion. Their shares could not hold onto the early strength and have traded down as the market appears concerned that Kroger cannot maintain this strength. Albertsons has experienced the same issue, better than expected earnings and their stock price trending downward after their earnings announcement. As we know, all retailers are working hard to meet the increased demand.

For years, retailers and manufacturers worked the supply channel to achieve just in time inventory levels. That was good until it was not, as stores still are experiencing outages. When you walk down the retail grocery store aisles, you see empty soup, cooking, pasta, and not to mention, paper goods sections. I think we all realize this is going to last for months and not weeks and maybe years...the supply chain needs to be reexamined.

Valuations are all over the place as we have seen. Due diligence is very different now than it has been in the past. Who would have asked about a company's response to this pandemic in due diligence before? But deals are still getting done and everyone is adjusting.

Have a good week!

Food For Thought...

Limoneira Q3 Earnings, Revenue Beat Estimates. Limoneira reported Q3 revenue of \$53.6 million, an increase of 5.3% compared to prior year due to record fresh lemon volume. Despite the record volume, lemon revenue decreased from \$35.8 million last year to \$35.4 million. The decrease was primarily the result of COVID-19 related food service closures reducing the demand for lemons and creating an over-supply in the marketplace, which resulted in average per carton price of \$17.91 this quarter compared to \$19.09 prior year. Avocado revenue grew to \$6.1 million as the company sold 6.1 million pounds of avocado, compared to \$2.5 million and 1.4 million pounds the previous year.

Total costs and expenses increased to \$51.7 million, compared to \$48.8 million in the third quarter of last fiscal year. The increase in operating expenses was attributable to increases in agribusiness costs partially offset by decreases in selling, general and administrative expenses. Operating income for Q3 was \$1.8 million, compared to \$2.1 million in the previous year. CEO Harold Edwards commented “we achieved revenue and earnings growth in the third quarter driven by lemons, avocados and oranges. Our overall business continues to be affected by the COVID-19 pandemic. However, we are experiencing strong volume in grocery retail as consumer buying patterns are focusing on at-home dining instead of foodservice venues.”

Limoneira, Inc. (NASDAQ: LMNR) 10-year History



Calavo Growers Announces Q3 Results. Calavo Growers reported total revenue of \$270.4 million compared to \$359.3 million for the third quarter of 2019, representing a 24.7% decrease. Despite avocado volumes being strong, increasing 18.2% over the prior year period, total revenue was impacted by lower average selling price of avocados. Also, the company's fresh segment reflected increased supply from Peru and Mexico and lower sales volumes in the RFG (Renaissance Food Group) and Foods segments as a result of the previously announced closure of RFG's Midwest co-packing partner in March 2020 and

the prolonged COVID-19 pandemic. Gross profit was \$30.8 million, or 11.4% of revenue, compared to \$35.8 million, or 10.0% of revenue, for the same period last year. The increase in gross profit margin was attributable to improvements in the RFG and foods business segments. The company reported net loss of \$15.6 million, reflecting a \$37.2 million non-cash loss on reserve for a note receivable and impairment of investment. This compares with net income of \$10.6 million in the year prior. James E. Gibson, CEO of Calavo Growers said “while sales declined year-over-year, avocado volume increased 18%, signaling growth in consumer demand for avocados. Given the evolving and dynamic environment that we are operating in today, we remain focused on aspects of the business that we can control.”

Kroger Reports Q2 Results. Kroger reported revenue of \$30.5 billion, an increase from \$28.2 billion the year before. Management attributed the growth in revenue to an increase of food at home consumption along with digital online ordering increasing 127% from prior year. Gross margin was 22.8% of sales, as the FIFO gross margin rate increased 5 basis points primarily driven by sourcing efficiencies, sales leverage, and growth in alternative profit streams. This was partially offset by price investments and mix changes. The operating, general & administrative rate decreased 61 basis points due to sales leverage and execution of Restock Kroger initiatives, partially offset by continued COVID-19 related investments to support and safeguard its associates, customers, and communities. Kroger had an operating profit of \$820.2 million compared to \$559.1 million the year before. The increase was primarily attributable to the growth in revenue. CFO Gary Millerchip stated “as a result of our strong performance in the first half, the expectation of sustained trends in food at home consumption and confidence in our ability to execute against the Restock Kroger strategy. For the full year 2020, we expect total identical sales without fuel to exceed 13% and we expect to achieve adjusted EPS growth of approximately 45% to 50%.”

Kroger, Co. (NYSE: KR) 10-year History



Heard on the Street...

UTZ Mergers With Collier Creek To Go Public. Utz Brands, a Baltimore based chip and pretzel company, announced a merger with Collier Creek, a consumer goods acquisition firm. The merger serves as a workaround and will allow the company to access public markets without a traditional IPO. Utz's founding family and owners, the Lissette and Rice families, will maintain a 90% equity stake in the company.

The company's owners have spent the last decade growing the business into a national brand through acquisitions and geographic growth. The business currently sells potato chips, pretzels, cheese snacks, veggie snacks, pork skins, and tortilla chips under a variety of brands including Utz, Zapp's, Golden Flake, Boulder Canyon, TORTIYAHS!, and more. The company is on track for \$932 million in sales this year.

The company will use the proceeds from Collier to repay debt and will make Roger Deromedi, Collier's co-founder and former CEO of Kraft Foods, chairman of Utz Brands. Deromedi said in a public announcement, "Utz is an iconic company with a strong portfolio of beloved snack brands, growing positions in the salty snack category, and a competitively advantaged manufacturing and distribution network."

Utz has made various acquisitions over the past ten years. Last October the company acquired rival snack food company, Snyder of Berlin. In 2016, the company acquired Golden Enterprises, the Alabama based maker of Golden Flake chips and pork rinds.

Bunge Invests \$22.8 Million In Merit Functional Foods. The U.S. based, publicly traded Bunge announced a \$22.8 million investment in Canada based Merit Functional Foods, a maker of pea and canola protein products. This investment will give Bunge a minority stake in Merit. The investment will help fund a commercial production facility expected to be completed in December.

Merit was founded in 2019 and already has a portfolio with two varieties of pea protein, three varieties of canola protein, and two blended pea and canola varieties. Their partnership with Bunge will not only grant them access to additional capital but puts them in partnership with a company with several years of experience in ingredients and a global distribution network.

Bunge, one of the leading processors of canola in Canada, will gain more access to the fast-growing plant-based protein ingredient market. The investment will help add pea protein to the U.S. company's portfolio which already includes oats, corn,

rice, grains, sugar, and bio energy. Bunge will also be a major canola supplier to Merit.

Bunge joins a growing group of ingredient companies entering the plant-based protein market. Cargill recently invested \$100 million into Puris, a pea protein manufacturer that supplies Beyond Meat. Ingredion has made plant-based proteins one of its five platforms for growth. Roquette, Kerry, and ADM are all also currently in the same space that Bunge and Merit will compete in.

Red Lobster Sold To Investors And Company Executives. Golden Gate Capital sold its controlling stake in Red Lobster, the casual-dining restaurant chain, to a group of Asian restaurateurs, the chain's major seafood supplier, and a group of current executives.

Thai Union, the aforementioned seafood supplier, previously invested \$575 million into the company in 2016. This initial investment gave Thai Union a 25% stake and two seats on the board. Joining Thai Union is a newly formed investment company called Seafood Alliance. Seafood Alliance is backed by Paul Kenny and Rit Thirakomen, two prominent global restaurant operators. Kenny is the former CEO of Mino Food which operators more than 2,000 full and limited service restaurants in 27 countries. Thirakomen is the current CEO of MK Restaurant Group, a Thai based operator.

"We are thrilled to deepen our relationship with Thai Union," Said Kim Lopdrup, the current CEO of Red Lobster. He continued, "our organization will also benefit from the tremendous international restaurant and hospitality expertise brought by Seafood Alliance. I want to thank Golden Gate Capital for their unwavering support over the past six years and particularly over the past five months."

The purchase price and names of participating executives were not disclosed.

Martin Bauer Acquires Mint Leaf Processor. The Martin Bauer Group announced its acquisition of Core Botanica, a manufacturer of customized mint leaf products. The acquisition adds to Martin Bauer's portfolio of raw materials and botanical ingredients. Core Botanica believes that Martin Bauer is the right partner to help them build on their existing management team, grower base, and manufacturing capabilities.

Terms of the deal were not disclosed.

COVID-19 has continued to greatly impact economic activity across all sectors, including the food and ag spaces. Businesses continue to adapt by maintaining supply chains, having access to financing, and building adequate working capital, all while ensuring the health and safety of their employees and customers.

A Duff and Phelps Food & Beverage M&A Landscape Report

Recent U.S. Food & Agribusiness M&A Activity

(\$ in millions)

Date	Target	Acquirer	Enterprise Value	Revenue	EBITDA	Target Description
09/03/2020	Business of Birch Benders, LLC	Sovos Brands Intermediate, Inc.	n/a	n/a	n/a	Birch Benders, LLC comprises breakfast and snacking production operations.
09/02/2020	Halbert Spirits Company, Inc.	Beam Suntory Inc.	n/a	n/a	n/a	Halbert Spirits Company, Inc. produces and sells ready to drink cocktails.
09/02/2020	Lamar Pecan Company, L.P.	Stuckey's Corporation	n/a	n/a	n/a	Lamar Pecan Company, L.P. engages in production and retailing of roasted pecans.
09/01/2020	Eliot's Adult Nut Butters LLC	Verus International, Inc. (OTCPK:VRUS)	0.4	n/a	n/a	Eliot's Adult Nut Butters LLC produces peanut butter.
09/01/2020	Food production facility in California	The Very Good Food Company Inc. (CNSX:VERY)	n/a	n/a	n/a	The Very Good Food Company Inc. Food production facility in California comprises a food production business and is located in the United States.
09/01/2020	939 Gross Acres of Farmland in Maryland's Eastern Shore and Delaware	Gladstone Land Corporation (Nasdaq:GMLAND)	7.4	n/a	n/a	939 Gross Acres of Farmland in Maryland's Eastern Shore and Delaware comprises a farmland for growing vegetables and sod.
09/01/2020	Business of IM HealthScience LLC	Nestlé Health Science S.A.	n/a	n/a	n/a	IM HealthScience LLC comprises a dietary products production business.
08/27/2020	Red Duck Foods, Inc.	Beaverton Foods, Inc.	n/a	n/a	n/a	Red Duck Foods, Inc. produces and sells ketchup.
08/27/2020	Sojourn Cellars	Harrow Cellars	n/a	n/a	n/a	Sojourn Cellars produces wine, which includes Pinot noir, Chardonnay, and Cabernet Sauvignon wines.
08/25/2020	Creative Food Ingredients, Inc.	Parker Products, LLC	n/a	n/a	n/a	Creative Food Ingredients, Inc. produces and sells baked ingredient products to the prepared dessert, confectionery, ice cream, and nutritional bar industries.
08/24/2020	10 company-operated stores of Wadsworth Oil Company Of Clanton, Inc.	Alimentation Couche-Tard Inc. (TSX:ATD.B)	n/a	n/a	n/a	Wadsworth Oil Company Of Clanton, Inc. owns gas stations and convenience stores in Alabama.
08/19/2020	Steele Wines, Inc.	Shannon Ridge, Inc.	n/a	n/a	n/a	Steele Wines, Inc. manufactures and sells wines.
08/19/2020	Waterloo Sparkling Water Corp.	Eurazeo SE (ENXTPA:RF); Flexis Capital LLC; JW Levin Management Partners LLC; Moore Strategic Ventures, LLC; Waterloo Capital, LLC	n/a	n/a	n/a	Waterloo Sparkling Water Corp. produces sparkling water.
08/18/2020	Tres Agaves Tequila and Organic Mixers of Tres Agaves Products, Inc.	Trincherro Family Estates, Inc.	n/a	n/a	n/a	Tres Agaves Tequila and Organic Mixers of Tres Agaves Products, Inc. comprises a tequila and organic mixers producing business.
08/14/2020	Love Brands, Inc.	FF2032 Fund	n/a	n/a	n/a	Love Brands, Inc. manufactures packaged roasted corn products.
08/13/2020	Portfolio of Kerr Cellars' Wines in Napa Valley and Sonoma County, California	Constellation Brands Ventures	n/a	n/a	n/a	Portfolio of Kerr Cellars' Wines in Napa Valley and Sonoma County, California comprises wineries.
08/11/2020	Grand Food Inc.	GrubMarket, Inc.	n/a	n/a	n/a	Grand Food Inc. provides meat to restaurants, markets, institutions, and foodservice operators.
08/11/2020	Walmart in 85 River Trace Lane in Chillicothe, Ohio	Agree Limited Partnership	11	n/a	n/a	Walmart in 85 River Trace Lane in Chillicothe, Ohio comprises a supercenter.
08/06/2020	Ellison Bakery Inc	Tilia Holdings, LLC	n/a	n/a	n/a	Ellison Bakery Inc produces cookies, crunch toppings, and inclusion items for the ice cream industry.

Sources: Capital IQ, Duff and Phelps

for summer 2020 stated, "Strategic buyers (in Q2 2020) focused on steering their businesses through the chaos, financial buyers prioritized their current portfolio companies, and lenders became more conservative." As the final couple months of 2020 unfold, expect M&A in the food and ag spaces to continue to accelerate, as successful businesses continue to search for market share and struggling businesses reengage in postponed auction and deal processes.

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

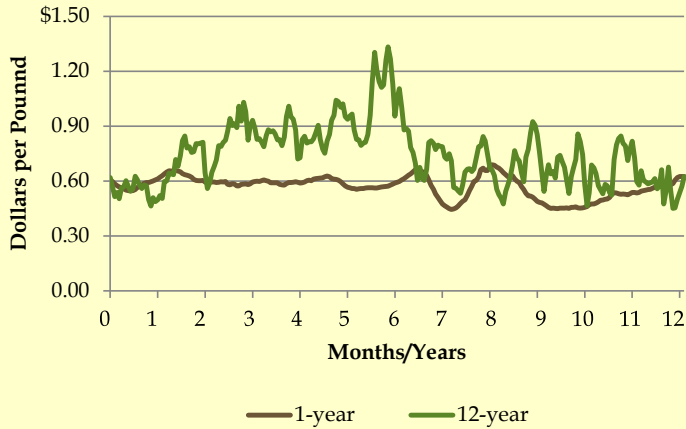
Corn



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.