



# LAKESHORE

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



## Weekly Update

Monday, July 19<sup>th</sup>, 2021

**U.S. Inflation Continues its Rapid Ascent.** According to the U.S. Labor Department, inflation continued to rise at the fastest pace seen in about 13 years. Vehicles, food, and energy prices were some of the fastest climbers. The consumer price index rose 5.4% YoY, the largest jump seen in the U.S. since the summer of 2008. Stripping out volatile food and energy prices, core CPI rose 4.5%, the sharpest move for that measure since September 1991 and well above consensus estimates of 3.8%.

The **Dow Jones Industrial Average** decreased 0.5%, finishing at 34,688.

The **S&P 500** was down 1.0% on the week, finishing at 4,327.

The **NASDAQ Composite** fell 1.8% on the week, finishing at 14,427.

Yield on the **10-year Treasury** fell six basis points during the week, ending at 1.31%.

**Crude oil** decreased 3.3% on the week, ending at \$71.38 per barrel.

**Corn** increased 7.6% on the week, ending at \$5.56 per bushel.

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**NASDAQ Highs:** Costco Wholesale Corporation, Lancaster Colony Corporation, PepsiCo, Inc., Starbucks Corporation  
**Lows:** Vital Farms, Inc.

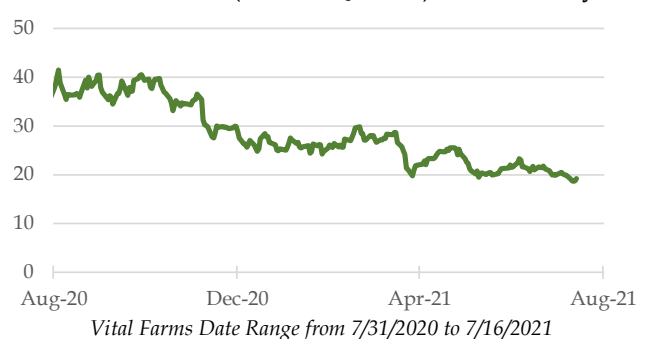
**NYSE Highs:** Chipotle Mexican Grill, Inc., The Hershey Company, McDonald's Corporation, Zoetis Inc. **Lows:** Campbell Soup Company

### Featured Stocks of the Week:

Chipotle Mexican Grill, Inc. (NYSE: CMG) 10-Year History



Vital Farms, Inc. (NASDAQ: VITL) 1-Year History



# The Lakeshore Food Chain

Company Name	Price 7/16/21	Price Compared to 7/9/21	52-Week Range		Price as Compared to YE:		Forward P/E	Enterprise Value to LTM:		Total Debt to LTM EBITDA	
			High	Low	2020	2019		Revenue	EBITDA		
											Sector Average:
Dow Jones Industrial Average	34,688	(0.5%)	34,996	26,314	13.3%	21.5%	0.0x				
S&P 500	4,327	(1.0%)	4,385	3,216	15.2%	33.9%	22.7				
NASDAQ Composite Index	14,427	(1.9%)	14,733	10,363	11.9%	60.8%					
					Sector Average:		13.5%	38.8%			
<b>AGRICULTURAL LAND HOLDINGS</b>											
Farmland Partners Inc.	\$12.37	(0.7%)	\$14.85	\$6.27	42.2%	82.4%	NM	21.85x	39.3x	17.3x	
Gladstone Land Corporation	23.95	2.4%	26.04	13.55	63.6%	84.7%	NM	22.88	29.5	15.4	
Limoneira Company	17.94	1.9%	20.74	13.04	7.7%	(6.7%)	52.6	2.85	NM	NM	
					Sector Average:		37.8%	53.5%	52.6x	15.86x	34.4x
<b>INPUTS</b>											
American Vanguard Corporation	\$16.77	(1.9%)	\$22.49	\$12.68	8.1%	(13.9%)	0.0x	1.39x	13.2x	3.1x	
CF Industries Holdings, Inc.	47.15	(6.9%)	57.19	25.30	21.8%	(1.2%)	11.0	3.89	9.4	2.3	
Corteva, Inc.	41.81	(3.8%)	49.98	24.83	8.0%	41.4%	21.1	2.17	10.7	0.8	
FMC Corporation	105.13	(2.3%)	123.66	98.16	(8.5%)	5.3%	14.2	3.74	13.8	3.0	
Intrepid Potash, Inc.	29.21	(7.4%)	39.19	7.94	21.0%	7.8%	12.3	2.74	15.2	2.0	
The Mosaic Company	29.59	(6.9%)	38.23	12.84	28.6%	36.7%	9.0	1.72	8.7	2.5	
* Nutrien Ltd.	74.89	(1.7%)	79.67	43.15	22.3%	20.5%	15.2	2.23	11.9	3.1	
S&W Seed Company	3.53	(0.6%)	4.36	2.15	20.5%	68.1%	NM	2.08	NM	NM	
The Scotts Miracle-Gro Company	180.11	(1.8%)	254.34	141.25	(9.6%)	69.6%	22.2	2.55	13.8	3.0	
Zoetis Inc.	199.68	1.1%	202.04	141.41	20.7%	50.9%	43.9	14.09	33.1	2.5	
					Sector Average:		13.3%	28.5%	16.5x	3.66x	14.4x
<b>AGRICULTURAL EQUIPMENT</b>											
* Ag Growth International Inc.	\$33.23	(11.4%)	\$48.47	\$25.24	11.5%	(28.4%)	16.7x	1.43x	25.1x	14.1x	
AGCO Corporation	123.55	(5.0%)	158.62	60.91	19.8%	59.9%	14.4	1.09	9.4	1.4	
Art's-Way Manufacturing Co., Inc.	3.72	2.8%	5.48	2.04	29.2%	110.2%	0.0	1.05	NM	NM	
* Buhler Industries Inc.	3.12	(5.5%)	3.89	2.20	20.0%	6.5%	0.0	0.55	NM	NM	
CNH Industrial N.V.	15.75	(3.6%)	18.49	6.75	22.7%	43.2%	14.1	1.39	16.1	10.2	
Deere & Company	342.49	(2.0%)	400.34	170.90	27.3%	97.7%	18.0	3.75	18.4	5.9	
Lindsay Corporation	156.41	(3.8%)	179.10	91.41	21.8%	62.9%	34.4	3.16	19.3	1.6	
Titan Machinery Inc.	27.73	(5.4%)	35.24	10.44	41.8%	87.6%	15.3	0.59	9.3	3.5	
					Sector Average:		24.3%	54.9%	18.8x	1.63x	16.3x
<b>AGRIBUSINESS</b>											
The Andersons, Inc.	\$26.49	(8.5%)	\$34.41	\$13.23	8.1%	4.8%	18.0x	0.33x	10.0x	6.5x	
Archer-Daniels-Midland Company	58.22	(3.5%)	69.30	40.22	15.5%	25.6%	13.8	0.65	10.3	3.3	
Bunge Limited	73.59	(5.0%)	92.38	41.57	12.2%	27.9%	11.3	0.43	5.2	2.1	
Darling Ingredients Inc.	65.58	(1.9%)	79.65	25.81	13.7%	133.5%	18.1	3.34	13.0	2.5	
* Gruma, S.A.B. de C.V.	221.03	0.3%	290.27	204.97	(6.7%)	13.9%	15.1	1.19	7.4	2.1	
Ingredion Incorporated	87.30	(6.4%)	98.05	68.71	11.0%	(6.1%)	13.4	1.29	7.9	2.4	
Landec Corporation	11.63	1.7%	12.88	8.33	7.2%	2.8%	258.7	0.99	30.7	12.0	
MGP Ingredients, Inc.	61.04	(7.1%)	76.68	34.43	29.7%	26.0%	20.7	3.40	16.5	0.5	
* Olam International Limited	1.47	(2.0%)	1.87	1.24	(3.9%)	(18.8%)	0.0	0.44	9.6	9.3	
					Sector Average:		9.6%	23.3%	41.0x	1.34x	12.3x
<b>DIVERSIFIED FOODS</b>											
B&G Foods, Inc.	\$30.00	(4.9%)	\$47.84	\$25.11	8.2%	67.3%	13.9x	2.12x	11.2x	6.2x	
Campbell Soup Company	45.53	(0.2%)	54.08	43.82	(5.8%)	(7.9%)	15.9	2.17	9.5	2.7	
Conagra Brands, Inc.	34.87	(3.5%)	39.34	32.55	(3.8%)	1.8%	14.0	2.29	10.3	3.8	
General Mills, Inc.	60.05	0.6%	66.14	53.96	2.1%	12.1%	16.0	2.67	11.0	3.0	
The Hain Celestial Group, Inc.	39.64	(1.0%)	46.02	30.11	(1.3%)	52.7%	24.9	2.09	16.6	1.4	
The J. M. Smucker Company	133.13	1.7%	140.65	104.30	15.2%	27.8%	14.9	2.36	9.8	2.5	
Kellogg Company	64.26	(0.0%)	72.88	56.61	3.3%	(7.1%)	15.7	2.17	12.1	3.3	
The Kraft Heinz Company	39.30	(1.6%)	44.95	28.56	13.4%	22.3%	15.4	2.78	8.5	3.2	
Lancaster Colony Corporation	200.09	2.1%	199.57	153.61	8.9%	25.0%	34.5	3.77	22.5	0.1	
Mondelez International, Inc.	64.12	1.7%	64.37	52.51	9.7%	16.4%	21.8	4.06	15.8	3.1	
* Nestlé S.A.	115.74	0.5%	116.76	95.00	11.0%	10.5%	25.5	4.14	17.9	2.3	
* Nomad Foods Limited	27.41	(3.9%)	31.85	21.11	7.8%	22.5%	15.0	2.24	12.3	4.0	
Post Holdings, Inc.	105.83	(3.8%)	117.91	81.38	4.8%	(3.0%)	23.7	2.38	12.6	6.8	
The Simply Good Foods Company	36.72	(1.5%)	38.50	18.62	17.1%	28.7%	28.5	4.07	20.2	2.7	
SunOpta Inc.	13.81	(10.0%)	21.63	6.14	(7.1%)	327.6%	133.1	1.77	22.4	2.8	
TreeHouse Foods, Inc.	45.71	(1.7%)	55.50	35.15	7.6%	(5.8%)	15.5	1.07	8.3	3.9	
Unilever PLC	50.79	1.4%	51.89	43.00	2.5%	NA	0.0	2.95	13.3	2.5	
					Sector Average:		5.5%	36.9%	25.2x	2.65x	13.8x

Company Name	Price 7/16/21	Price Compared to 7/9/21	Price		Price as Compared to			Enterprise Value to		Total Debt to LTM EBITDA
			52-Week Range High	Low	YE: 2020	2019	Forward P/E	LTM: Revenue	EBITDA	
<b>ETHANOL</b>										
Alto Ingredients, Inc.	5.04	(9.7%)	11.44	0.74	(7.2%)	675.4%	6.9	0.56	5.4	1.4
Green Plains Inc.	31.80	(6.9%)	35.00	11.64	141.5%	106.1%	NM	1.08	31.5	16.8
Renewable Energy Group, Inc.	64.45	(0.6%)	117.00	24.14	(9.0%)	139.1%	15.4	1.13	13.1	0.4
Sector Average:					41.8%	306.9%	11.2x	0.92x	16.7x	6.2x
<b>FRUIT &amp; VEGETABLE</b>										
Calavo Growers, Inc.	\$57.38	(6.9%)	\$85.40	\$56.16	(17.4%)	(36.7%)	27.2x	1.13x	19.2x	1.8x
Fresh Del Monte Produce Inc.	31.95	(1.0%)	36.57	20.71	32.7%	(8.7%)	14.8	0.55	7.5	2.3
Lamb Weston Holdings, Inc.	77.62	(4.0%)	86.41	58.68	(1.4%)	(9.8%)	28.2	3.86	18.7	4.0
Mission Produce, Inc.	19.41	(6.0%)	22.93	11.75	29.0%	NA	20.9	1.78	15.5	2.0
Seneca Foods Corporation	53.32	3.4%	62.37	34.86	33.6%	30.7%	0.0	0.38	2.9	0.8
* Total Produce plc	2.54	2.6%	2.78	1.00	85.1%	77.6%	16.2	0.35	9.7	3.6
Sector Average:					26.9%	10.6%	17.9x	1.34x	12.2x	2.4x
<b>PROTEIN</b>										
Beyond Meat, Inc.	\$124.95	(11.0%)	\$221.00	\$99.86	(0.0%)	65.3%	NM	19.52	NM	NM
Cal-Maine Foods, Inc.	36.21	0.6%	46.66	34.42	(3.5%)	(15.3%)	169.0	1.10	12.2	0.0
Hormel Foods Corporation	48.26	1.7%	52.97	43.45	3.5%	7.0%	25.7	2.58	18.4	0.8
Industrias Bachoco, S.A.B. de C.V.	46.08	(0.9%)	48.47	33.91	2.0%	(11.4%)	9.9	0.43	3.8	0.4
* JBSS.A.	28.61	(1.4%)	36.12	19.03	20.9%	10.9%	7.2	0.49	4.5	2.4
Nathan's Famous, Inc.	66.58	(4.0%)	78.89	50.00	20.6%	(6.1%)	0.0	4.68	12.1	5.3
Pilgrim's Pride Corporation	21.09	(4.0%)	26.28	14.06	7.5%	(35.5%)	10.4	0.61	7.5	2.6
Sanderson Farms, Inc.	181.77	(1.2%)	195.25	108.57	37.5%	3.1%	12.7	1.03	4.6	0.1
Seaboard Corporation	3,948.99	0.0%	4,199.99	2,624.50	30.3%	(7.1%)	0.0	0.61	7.6	2.4
Tyson Foods, Inc.	71.40	(2.9%)	81.79	55.82	10.8%	(21.6%)	12.7	0.83	6.9	2.0
Vital Farms, Inc.	19.21	(3.6%)	43.30	17.85	(24.1%)	NA	NM	2.88	38.9	0.0
Sector Average:					9.6%	(1.1%)	27.5x	3.16x	11.7x	1.6x
<b>BAKING &amp; INGREDIENTS</b>										
* ARYZTA AG	\$1.15	(4.0%)	\$1.33	\$0.43	69.1%	6.6%	NM	0.71x	22.5x	14.7x
Balchem Corporation	129.89	(0.8%)	134.58	92.60	12.7%	27.8%	34.3	6.03	25.2	1.0
Flowers Foods, Inc.	24.33	1.2%	25.48	21.55	7.5%	11.9%	21.4	1.41	10.5	2.2
* Grupo Bimbo, S.A.B. de C.V.	44.96	(0.4%)	45.88	35.46	4.0%	30.6%	19.1	0.93	6.2	2.4
J & J Snack Foods Corp.	167.92	(1.5%)	181.71	115.00	8.1%	(8.9%)	46.9	3.09	43.9	0.8
* Kerry Group plc	121.95	1.2%	123.10	97.05	2.9%	9.8%	31.6	3.39	24.5	2.7
McCormick & Company, Incorporated	87.90	0.9%	105.54	82.03	(8.1%)	3.6%	28.6	4.73	21.7	4.4
* Tate & Lyle plc	7.29	(4.3%)	8.21	5.87	8.1%	(4.1%)	13.6	1.36	7.1	1.6
Sector Average:					13.0%	9.7%	27.9x	2.71x	20.2x	3.7x
<b>CANDY, NUTS, &amp; SNACKS</b>										
Bridgford Foods Corporation	\$13.03	(0.5%)	\$21.80	\$13.01	(28.5%)	(47.4%)	0.0x	0.69x	22.9x	4.4x
The Hershey Company	179.94	1.8%	179.65	132.15	18.1%	22.4%	25.5	4.85	17.6	2.0
John B. Sanfilippo & Son, Inc.	91.83	2.4%	94.97	71.00	16.4%	0.6%	16.6	1.26	11.1	0.5
Laird Superfood, Inc.	28.65	(3.2%)	60.80	27.21	(39.5%)	NA	NM	7.06	NM	NM
Rocky Mountain Chocolate Factory, Inc.	7.88	(4.1%)	8.39	2.55	94.4%	(14.7%)	0.0	1.62	7.4	0.4
Tootsie Roll Industries, Inc.	33.54	0.0%	57.26	28.15	16.3%	4.2%	0.0	4.42	26.0	0.1
Utz Brands, Inc.	22.75	(0.4%)	30.09	12.76	3.1%	121.3%	33.2	NA	NA	NA
Sector Average:					11.5%	14.4%	12.6x	3.31x	17.0x	1.5x
<b>PET FOOD AND PRODUCTS</b>										
Central Garden & Pet Company	\$50.86	(2.9%)	\$62.91	\$34.19	31.7%	63.7%	19.7x	1.22x	9.8x	3.0x
Freshpet, Inc.	153.23	(4.9%)	186.98	86.53	7.9%	159.3%	NM	18.43	275.0	0.3
Sector Average:					19.8%	111.5%	19.7x	9.82x	142.4x	1.7x
<b>WINE &amp; BEVERAGE</b>										
The Boston Beer Company, Inc.	\$925.09	(5.0%)	\$1,349.98	\$629.36	(7.0%)	144.8%	35.5x	5.77x	28.9x	0.2x
Brown-Forman Corporation	71.90	(3.0%)	83.40	65.63	(9.5%)	6.4%	41.6	10.28	31.4	2.3
The Coca-Cola Company	56.40	3.6%	56.48	45.85	2.8%	1.9%	25.3	8.31	21.0	3.7
Constellation Brands, Inc.	224.02	(1.6%)	244.75	160.63	2.3%	18.1%	21.4	6.15	15.4	2.9
Crimson Wine Group, Ltd.	8.96	(0.4%)	10.48	4.70	67.5%	21.1%	0.0	2.91	NM	NM
* Diageo plc	35.01	1.9%	35.75	24.26	21.6%	9.4%	28.6	8.41	24.5	4.3
Monster Beverage Corporation	93.07	3.1%	99.24	71.61	0.6%	46.5%	34.7	9.90	27.1	0.0
Jones Soda Co.	0.61	32.6%	0.78	0.13	163.8%	110.3%	0.0	3.15	NM	NM
National Beverage Corp.	43.72	(3.1%)	98.22	29.70	3.0%	71.4%	23.8	3.70	15.3	0.2
PepsiCo, Inc.	155.82	4.2%	155.36	128.32	5.1%	14.0%	24.3	3.37	17.6	3.0
Starbucks Corporation	118.73	1.1%	120.83	73.21	11.0%	35.0%	34.8	6.70	25.7	4.0
Willamette Valley Vineyards, Inc.	12.87	(6.1%)	16.54	5.79	102.0%	85.7%	0.0	3.42	14.4	1.9
Sector Average:					30.3%	47.0%	22.5x	6.01x	22.1x	2.2x

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	7/16/21	Compared to 7/9/21	High	Low	YE:			LTM:		
					2020	2019		Revenue	EBITDA	
<b>DAIRY</b>										
* Danone S.A.	59.17	(0.5%)	61.56	46.03	10.1%	(19.9%)	17.8	2.15	10.8	3.7
Lifeway Foods, Inc.	5.92	(5.1%)	8.89	2.61	9.4%	197.5%	0.0	0.77	8.0	0.3
* Saputo Inc.	36.35	(1.8%)	42.42	31.85	2.0%	(9.6%)	21.3	1.32	13.1	2.9
Sector Average:					7.2%	56.0%	13.0x	1.42x	10.6x	2.3x
<b>WHOLESALE, FOOD SERVICE, &amp; DISTRIBUTION</b>										
The Chefs' Warehouse, Inc.	\$27.17	(12.2%)	\$35.57	\$11.06	5.8%	(28.7%)	NM	1.39x	NM	NM
Core-Mark Holding Company, Inc.	42.96	(3.5%)	47.84	24.78	46.3%	58.0%	21.8	0.18	11.5	2.7
Performance Food Group Company	45.37	(6.7%)	59.89	25.78	(4.7%)	(11.9%)	20.9	0.34	14.8	4.8
SpartanNash Company	18.71	0.4%	23.94	15.75	7.5%	31.4%	10.5	0.16	5.4	3.0
Sysco Corporation	71.58	(6.0%)	86.73	50.90	(3.6%)	(16.3%)	23.9	1.03	28.6	8.4
United Natural Foods, Inc.	31.95	(12.0%)	42.40	14.23	100.1%	264.7%	10.5	0.20	4.7	3.1
US Foods Holding Corp.	34.74	(7.5%)	42.10	19.42	4.3%	(17.1%)	18.3	0.59	23.3	10.3
Sector Average:					22.2%	40.0%	17.7x	0.56x	14.7x	5.4x
<b>MASS MERCHANDISE &amp; CLUB STORES</b>										
BJ's Wholesale Club	\$47.25	(2.7%)	\$50.18	\$36.07	26.7%	107.8%	18.2x	0.62x	8.6x	2.8x
Costco Wholesale Corporation	410.37	(0.5%)	414.35	307.00	8.9%	39.6%	36.8	0.97	20.1	1.1
Walmart Inc.	141.56	0.9%	153.66	126.28	(1.8%)	19.1%	24.0	0.79	10.3	1.5
Sector Average:					11.3%	55.5%	26.4x	0.79x	13.0x	1.8x
<b>DOLLAR STORES</b>										
Dollar General Corporation	\$221.94	0.5%	\$225.25	\$173.50	5.5%	42.3%	21.6x	1.94x	11.7x	2.5x
Dollar Tree, Inc.	98.19	(1.3%)	120.37	84.41	(9.1%)	4.4%	16.2	1.21	6.3	2.0
Sector Average:					(1.8%)	23.3%	18.9x	1.58x	9.0x	2.2x
<b>TRADITIONAL RETAIL</b>										
Albertsons	\$19.87	(1.7%)	\$21.29	\$12.91	13.0%	NA	11.0x	0.34x	4.9x	3.0x
* Ahold Delhaize	25.61	1.0%	26.86	21.50	10.8%	14.8%	13.0	0.52	6.4	2.8
Ingles Markets, Incorporated	59.56	(0.7%)	67.60	34.92	39.6%	25.4%	0.0	0.38	3.8	1.5
The Kroger Co.	39.36	2.8%	42.99	30.35	23.9%	35.8%	12.8	0.36	7.5	3.3
Village Super Market, Inc.	23.51	1.0%	27.74	21.00	6.6%	1.3%	0.0	0.32	6.3	4.0
Weis Markets, Inc.	53.20	2.1%	59.70	44.35	11.3%	31.4%	0.0	0.34	4.5	0.6
Sector Average:					17.5%	21.7%	6.1x	0.38x	5.6x	2.5x
<b>SPECIALTY RETAIL</b>										
Natural Grocers by Vitamin Cottage, Inc.	\$10.87	(3.9%)	\$18.75	\$9.36	(20.9%)	10.1%	16.3x	0.61x	5.8x	3.8x
Sprouts Farmers Market, Inc.	25.70	(3.2%)	29.35	18.21	27.9%	32.8%	12.8	0.66	5.6	1.9
Sector Average:					3.5%	21.5%	14.6x	0.64x	5.7x	2.9x
<b>TRADITIONAL RESTAURANTS</b>										
Brinker International, Inc.	\$57.57	(5.5%)	\$78.33	\$23.07	1.8%	37.1%	11.4x	1.66x	10.6x	4.8x
The Cheesecake Factory Incorporated	49.85	(3.5%)	65.81	21.38	34.5%	28.3%	17.5	2.11	22.8	8.8
Cracker Barrel Old Country Store, Inc.	140.88	(3.2%)	178.82	102.02	6.8%	(8.4%)	16.4	1.75	15.7	5.1
Darden Restaurants, Inc.	141.74	(4.6%)	150.20	73.04	19.0%	30.0%	19.5	3.16	16.1	3.5
Dine Brands Global, Inc.	81.96	(4.9%)	100.70	37.46	41.3%	(1.9%)	12.5	4.44	19.7	11.6
Jack in the Box Inc.	104.93	(4.0%)	124.53	75.49	13.1%	34.5%	15.4	4.08	8.5	4.2
McDonald's Corporation	234.75	(0.4%)	239.05	190.13	9.4%	18.8%	26.6	11.38	20.5	4.6
The Wendy's Company	22.09	(4.0%)	29.46	18.86	0.8%	(0.5%)	30.2	5.72	18.2	8.1
Yum! Brands, Inc.	115.89	(2.3%)	122.73	88.08	6.8%	15.1%	27.7	7.81	21.8	5.5
Sector Average:					14.8%	17.0%	19.7x	4.68x	17.1x	6.3x
<b>HIGH-GROWTH RESTAURANTS</b>										
Chipotle Mexican Grill, Inc.	\$1,560.49	(2.0%)	\$1,626.57	\$1,094.93	12.5%	86.4%	59.8x	7.40x	45.3x	3.1x
El Pollo Loco Holdings, Inc.	18.29	(3.8%)	21.96	13.96	1.0%	20.8%	20.7	2.14	11.5	3.2
Noodles & Company	11.75	(4.9%)	13.55	5.79	48.7%	112.1%	33.5	2.02	16.0	5.4
Potbelly Corporation	7.03	(7.5%)	9.07	2.13	59.8%	66.6%	NM	1.47	23.6	12.9
Shake Shack Inc.	92.69	(12.6%)	138.38	47.13	9.3%	55.6%	NM	7.26	59.0	9.7
Wingstop Inc.	154.89	(2.0%)	172.87	112.47	16.9%	79.6%	107.1	19.02	67.5	6.4
Sector Average:					24.7%	70.2%	55.3x	6.55x	37.1x	6.8x

**Notes:**

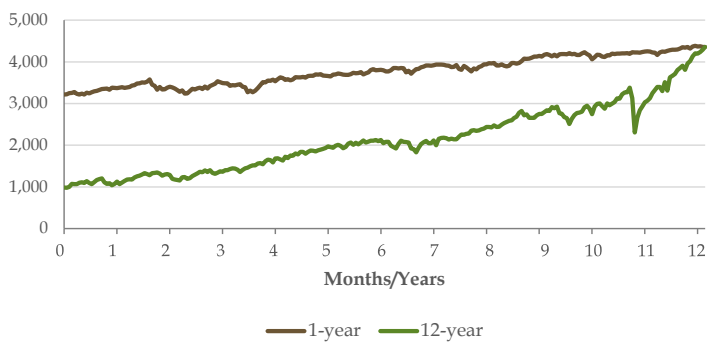
\* Denotes local currency.

Source: Capital IQ.

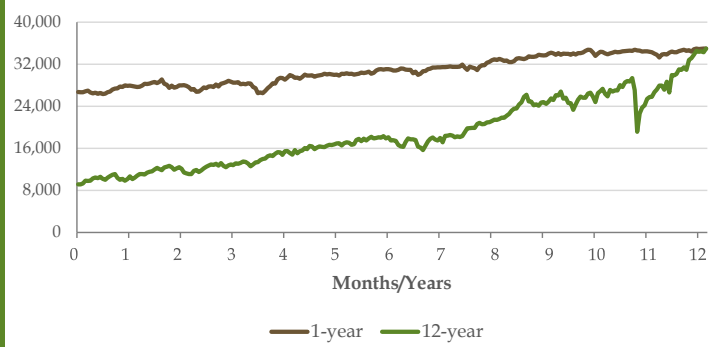
Summary multiples adjusted for extraordinary and non-recurring items; outliers excluded from mean calculation.

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

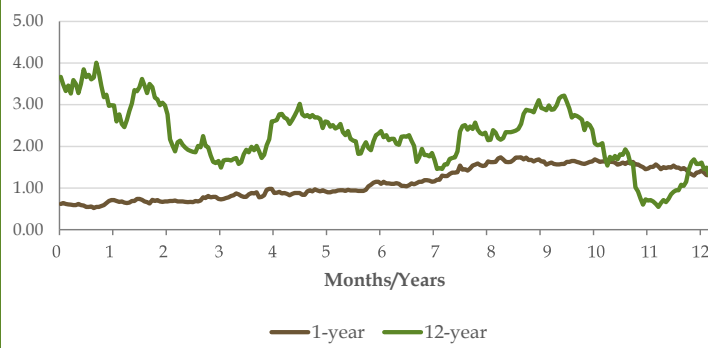
### S&P 500



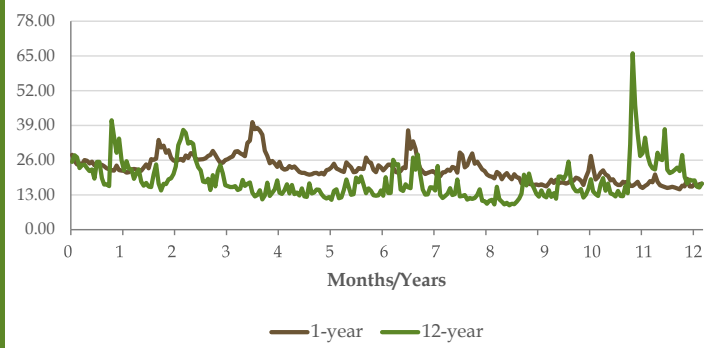
### Dow Jones Industrial Average



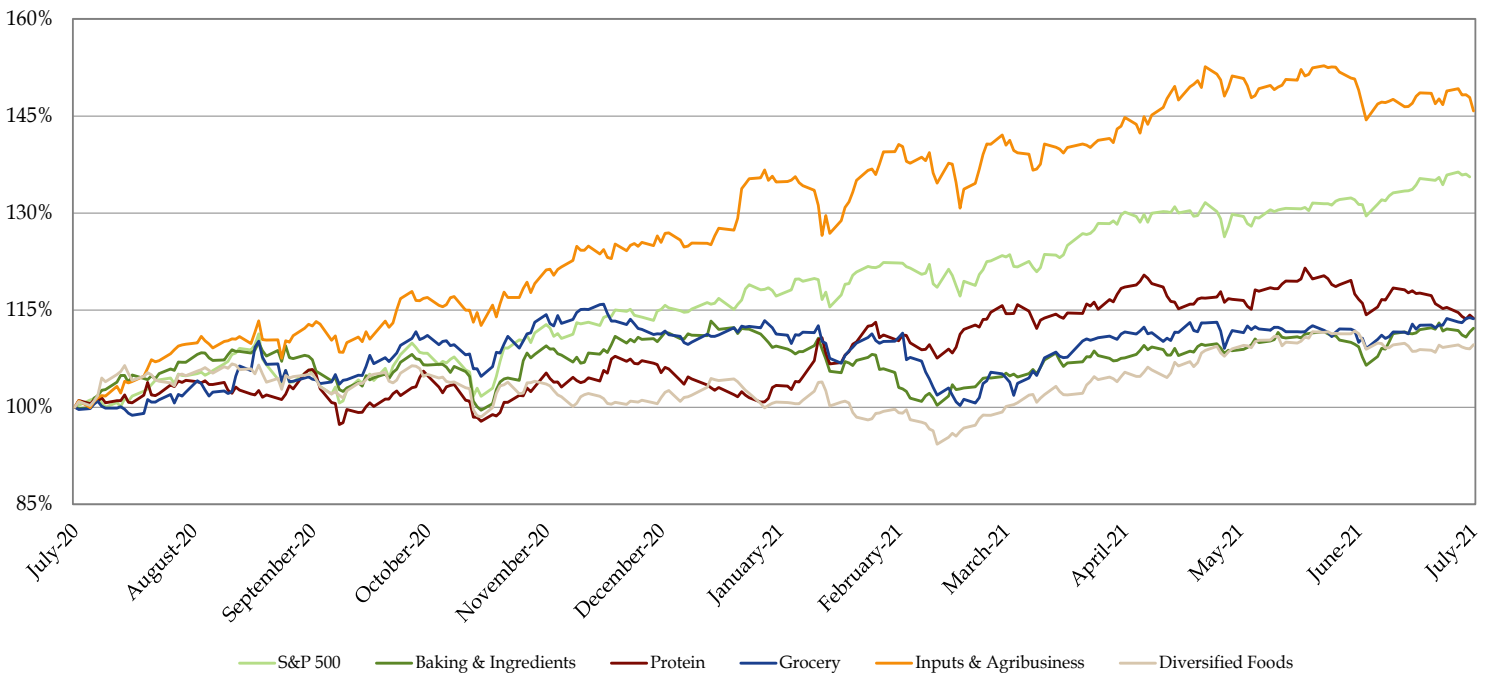
### 10-year Treasury



### CBOE Market Volatility Index - VIX



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



## Food For Thought...

Partner Column

Written by William Whipple

**Oatly stock (OTLY) falls sharply (6%)** after Spruce Point Capital comes out with a negative report accusing the company of misleading investors. Spruce Capital is pushing Oatly to hire an independent forensic accountant. Oatly is the Swedish oat milk company which completed IPO in May of 2021, at \$17/share, hit \$29/share and now trades at \$19+/share. Bank of America still has a bull rating on the stock.

**Pets treated more human every day**, as owners now wish to estimate energy and nutrient content to fight obesity. What happened to Walmart's "Old Roy" dog food?

**California - Proposition 12 requires eggs** sold in California - starting January 1, 2022 - must be from cage-free hens. California has a population of approximately 39.5 million people (US Census Bureau). The December 2020 USDA report estimates U.S. per capita consumption of eggs at 285.7 in 2020. Assuming that by January 1, 2022, the pandemic is over and U.S. egg sales return to their past levels. This would mean cage-free shell egg needs in California would be around 7.5 billion eggs. The total number of cage-free eggs being sold in California is from a combination of hens housed in organic, pasture-raised, and cage-free programs. All cage-free egg types have significantly higher retail prices than eggs from cage-housed hens. Let us assume that, in terms of number of eggs, the current total of all cage-free egg types sold in California is equal to 20% of total retail shell egg sales. This means California consumers will need 6 billion more cage-free shell eggs on retail shelves in 2022 than in 2020. At 270 eggs per hen, that equals 22 million more cage-free hens for shell egg needs. Expect extreme egg price volatility in 2022 California. *Holy Cow!*

**Six Meat Plants line speeds are running, up to 25% slower.**

The six impacted managers do not have plans to add Saturday shifts or work longer shifts. Analysts estimate the industry is losing about 2.5% of its total capacity. All employees need to show up for a plant to run properly. If worker safety is the concern, then forcing people to work a 10-hour shift is not viewed positive - people are tired. Today's plants do not have the workers and do not wish to risk losing existing workers. We are just going to kill fewer animals. Capacity will be made-up from all the new expanded smaller plants.

**Krispy Kreme (DNUT) priced its IPO at \$17/share** July 8<sup>th</sup> gained 20+% to \$21.69/share 1<sup>st</sup> week before *retreating to* \$17.04/share Friday!!! The company operates its own stores and e-commerce delivery like Starbucks & Dunkin Donuts.

Krispy's largest shareholder, a Fund/JAB took Krispy private in 2016 and owns 38% after the IPO.

**Performance Food Group stock down nearly 16%** for the year! Performance Food announced the Core-Mark acquisition in June (lower margin C-store distributor) - stock dropped 10% on news of acquisition. Performance shares trade below their 200-day moving average.

**Kroger congratulations on your 16% increase in quarterly Dividend** June 24, 2021! Stock back-up to almost \$40/share from low of \$29/share last December. Think Warren Buffett purchase.

**Beyond Meat, the plant-based meat innovator** has 52-week trading range of \$99-\$221/share the past 12-months - \$133/share today. The company just released a new alternative chicken product for Panda Express restaurants in southern California - but stock has been dropping! Analysts expect expanding growth reaching revenue of \$1.7B by 2025, up from ~\$407M (+37% y/y) in 2020. The Company competes against Impossible Meats and every meat company's new plant-based version. Still leading the charge at Beyond Meat is Founder/CEO Ethan Brown, who has held this role since inception in 2009.

**Seneca Foods** positive pandemic performance on its core canned vegetable markets as its stock price grew 43% this past year to \$52/share. Company grew sales nearly 10% last 2-years and has doubled EBITDA! Debt has been cut over half. The company obtains the vegetables through supply contracts with independent growers and has its 26 food packaging plants and 25 warehouses located in leading vegetable-producing states allowing the firm to eliminate costs and provide low price, high-quality vegetable products to consumers. The small cap food company is not currently covered by any Analysts!

**Inputs & Agribusiness stock gains from higher corn & soybean prices.**

**Diversified Food sector** showing the smallest gain over the past 12-months from end-of-Covid / decline of retail grocery sector to Restaurant growth post-Covid. Note Chipotle stock growth from 1st-page feature.

*Have a nice week!*

***PepsiCo Inc. (NYSE PEP) Reports Q2 Earnings.*** On July 13<sup>th</sup>, PepsiCo Incorporated announced strong earnings for their second quarter, raising outlook on its full year adjusted earnings per share growth. As a leading provider of snacks and beverages, analysts expected PepsiCo to have a strong quarter as the global economy re-opens from COVID-19 shut downs. However, analysts underestimated the strength of this quarter as PepsiCo's earnings blew away Wall Street consensus forecasts. Pre-market trading for PepsiCo shares rose by 2%.

PepsiCo reported net sales growth of 20.5% to \$19.2 billion, topping expectations of \$18.0 billion. Organic revenue growth for PepsiCo was reported at 12.8%, outpacing the estimated 7.4%. Diluted earnings per share for PepsiCo were \$1.72, \$0.19 higher than analyst expectations of \$1.53. The overall outlook for the 2021 year is a 6% increase in organic revenue and an 11% increase in core EPS to \$6.20.

PepsiCo's strong earnings are largely attributed to its North American Beverage, Latin America, Europe, and Africa divisions all experiencing strong double-digit sales gains. PepsiCo's Frito Lay North America and Asia Pacific business also were reported to have an increase in sales by 6%. The only division of PepsiCo that reported a decline in sales was Quaker Foods North America. Sales dropped 14% from last year as consumers are no longer stocking up on packaged food for the pandemic.

In addition to PepsiCo's reported earnings, Pepsi also announced plans to cut \$1 billion of costs through 2026. Chief Financial Officer, Hugh Johnston, told analysts, "We're obviously taking cost out in certain places, and then we're investing in certain places like digitalizing the supply chain and making our interactions with customers and consumer much more efficient than they were in the past."

***ConAgra Foods Inc. (NYSE CAG) Reports Q4 Earnings.*** ConAgra Foods, the Chicago, IL based CPG holding company, reported earnings for the fourth quarter and full fiscal, which ended on May 30<sup>th</sup>, 2021. In the report, ConAgra lowered its full-year profit forecast as the company expects to face higher commodity prices and supply chain disruptions. Previous analyst estimations on adjusted profit were \$2.72 per share, but ConAgra reported a lower estimate of \$2.50 per share. Shares fell nearly 5% in the Tuesday morning trading.

For Q4, net sales dropped 16.7% to \$2.74 billion for the packaged food company, topping analyst estimates of \$2.71bn. The operating margin was also reported to decrease to 10.5%. ConAgra's diluted earnings per share rose 56.1% to \$0.64 and its adjusted earnings per share decreased 28% to \$0.54.

For the full year fiscal 2021, ConAgra reported that net sales increased by 1.2% and organic net sales increased by 5.1% due to strong growth from ConAgra's three retail reporting segments. The operating margin increased to 15.9%. Diluted earnings per share for FY21 rose by 54.7% to \$2.66, and adjusted EPS grew 15.8% to \$2.64.

ConAgra Foods plans to expect a large impact in the first half of its fiscal year 2022 due to inflation. The company predicts a lag in pricing and remediation measures to the timing of realized cost inflation. The company also foresees higher costs in freight and manufacturing due to global supply chains disruptions. Despite these issues, ConAgra still expects high demand from consumers for its retail products throughout fiscal 2022.

***Art's Way Manufacturing (NYSE ARTW) Reports Q2 Earnings.*** Art's Way manufacturing is a leading international provider and distributor of agricultural, research, and steel cutting equipment. On July 13<sup>th</sup>, Art's Way reported its financial results for the second quarter of 2021. The company reported strong figures in its agricultural division as there is a high demand for agricultural products and tools. Total sales in this division were \$3.9 million, a 25.6% increase from last year. Art's Way attributes their success due to a strengthening agricultural economy, which is producing 5-10-year highs in commodity and livestock prices. Additionally, there has been an increase in government aid due to the pandemic.

Art's Way's backlog was reported to be solid going into the third quarter. However, due to supply chain issues failing to keep up with demand, the company has seen an increase in lead times on raw materials. Additionally, Art's Way is experiencing higher costs on all raw material and components needed for its products. In turn, Art's Way has increased their prices twice in the FY 2021.

Overall, Art's Way predicts to continue increasing sales throughout the second half of FY2021.

***USDA Cuts Sugar Production Forecasts.*** Last week, the USDA slashed domestic sugar production forecasts and subsequently raised forecasted import volume. Beet sugar production was lowered by 3.7% to 5mm tons while cane sugar was lowered 2.7% to 4mm tons. Sugar beet production was largely lowered due to a reduction in expected yields as well as lowered harvest acres as farmers are allocating more acreage toward corn and soybeans. Total imports were raised 18% to 3.1mm tons driven entirely by an expected increase in Mexican imports of 48% to 1.5mm tons.

## Heard on the Street...

### ***Tate & Lyle to Sell Stake in Primary Products Business.***

Last week Monday, Tate & Lyle, a global supplier of food and beverage ingredients, announced that it had agreed to sell a majority stake in its Primary Products business to KPS Capital Partners. The transaction places a \$1.7 billion enterprise value on the business which contains Tate & Lyle's Primary Products business in North America and Latin America as well as its interests in both Almidones Mexicanos S.A. and DuPont Tate & Lyle Bio-Products Company.

The Primary Products business is a leading provider of nutritive sweeteners industrial starches, acidulants, and other corn derived products in North American and Brazil. The business was founded in 1906 as the A.E. Staley Manufacturing Company and manufactures its products for a diverse set of end users including carbonated beverages, confectionery products, packaging applications, and animal feed.

The business has approximately 1,700 employees, six manufacturing facilities across the U.S. and Brazil, and generates close to \$2.3 billion in net sales a year.

Nick Hampton, Chief Executive Officer of Tate & Lyle, stated the following, "We have been very impressed with KPS and are excited to partner with them in the next phase of the development of the Primary Products Business. KPS has proven expertise in managing and creating value in large manufacturing businesses, and we look forward to working with them under the long-term agreements we have established to provide supply security and economic protection to both the Primary Products Business and Tate & Lyle's retained businesses."

The transaction is expected to close in the first quarter of 2022 and is subject to customary closing conditions and approvals.

***All States Ag Parts Acquires Rubbertrax.*** All States Ag Parts, a De Soto Iowa based agricultural and heavy equipment aftermarket parts supplier and portfolio company of Kinderhook Industries, announced it had acquired both Rubbertrax and Pentom Supply Co.

Rubbertrax specializes in aftermarket rubber tracks and undercarriages for a wide range of construction and ag equipment. Pentom Supply Co specializes in the supply of undercarriage parts and rubber tracks primarily for construction and landscaping machinery. With these acquisitions, All States Ag Parts will operate 24 locations in North America including 16 tractor, combine, and construction equipment salvage yards.

John Dyke, Chief Executive Officer of All States Ag Parts, stated the following, "The acquisition of RubberTrax and Pentom Supply will further strengthen our ability to serve the construction parts industry and be closely associated with our existing H&R Construction Equipment Parts business. This acquisition will tremendously improve our opportunity to serve that segment of our customer base."

### ***Prestage Farms Announces Expansion with New Plant.***

Last week Tuesday, Prestage Farms, a Columbia, SC based pork and poultry processor, announced plans to build a new processing facility in Kershaw County, SC. The company states that they will invest over \$150 million into the new plant and create 292 new jobs.

The facility will be a 300,000 square feet automated turkey processing plant and is expected to be complete by the end of 2022. The company received a \$1.2 million grant from the Coordinating Council for Economic Development from Kershaw County as well as job development credits.

"We are proud and excited to announce the expansion of our operations here in South Carolina where we've been doing business since 1994," said Ron Prestage, president of Prestage Farms. "We are grateful for the strong state and local support we've received for this project, and we look forward to success with all of our partners for many years to come."

### ***USDA to Invest \$500mm to Expand Processing Capacity.***

Last week, the USDA announced plans to invest \$500 million to expand domestic meat and poultry processing capacity. The \$500 million will come from the American Rescue Plan in the form of grants, loans, and technical assistance and be used to capacity and offer more processing choices to producers. Additionally, \$150 million will be made available to existing smaller processing plants to help expand their business capabilities. Further, the USDA announced plans to revitalize the Packers and Stockyards Act and draft new rules for "Product of the U.S.A."

"To shift the balance of power back to the people, USDA will invest in building more, better, and fairer markets for producers and consumers alike," said Agriculture Secretary Tom Vilsack. "This is a once in a generation opportunity to transform the food system so it is more resilient to shocks, delivers greater value to growers and workers, and offers consumers an affordable selection of healthy food produced and sourced locally and regionally by farmers and processors from diverse backgrounds."



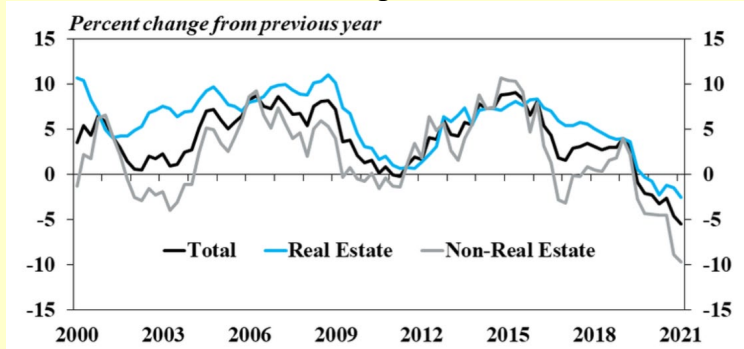
# Loans

Late last month, Ty Kreitman and Nathan Kauffman of the Federal Reserve Bank of Kansas City, published an update titled, “Farm Debt Declines Further and Credit Stress Eases.” The memo stated that, “Agricultural debt at commercial banks continued to decline in the first quarter of 2021 and farm loan performance improved.”

The Federal Reserve Bank of Kansas City called out that, “The outlook for agriculture remained strong heading into the summer months. Robust demand for key farm commodities continued to support strong prices and optimism across the sector. Increases in production costs and persistent drought in many regions lingered as concerns, however; and profitability for cattle producers remained narrow. Overall, strength in aggregate conditions and lasting support of government aid and lending programs have continued to limit increases in farm debt and ease agricultural credit stress.”

Ty Kreitman and Nathan Kauffman went on to say that, “Farm debt at commercial banks continued to shrink in the first quarter. Non-real estate farm debt decreased by 10% from a year ago as strong profits in large segments of the agricultural sector limited producers’ needs for operating loans. Similarly, farm real estate debt declined by 3% from a year ago despite ongoing increases in the valuations of farm real estate.”

## Farm Debt Outstanding at Commercial Banks

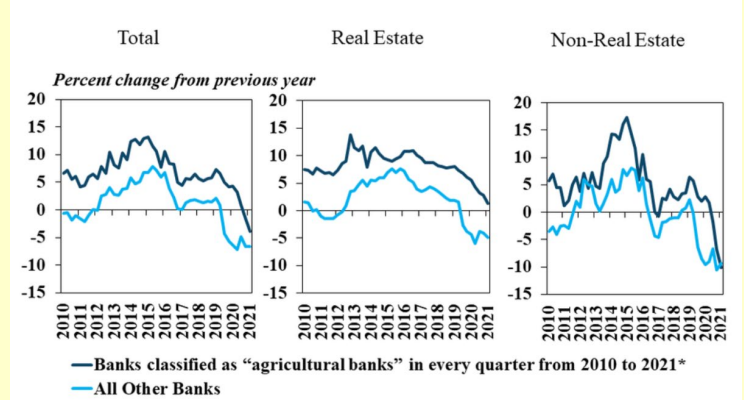


Sources: Reports of Condition and Income and Federal Reserve Board of Governors.

The Kansas City Fed’s update stated that, “Among lenders that have remained highly concentrated in agriculture, the pullback in farm debt in recent quarters has been less pronounced. For banks that retained their classification as an agricultural bank through the first quarter of 2021, farm debt was about 3% less than a year ago. In contrast, farm debt decreased by nearly 7% at other banks not classified as an agricultural bank in the first quarter (“Farm Debt Outstanding” chart, left). Moreover, farm real estate debt increased slightly at banks retaining their agricultural classification while real estate lending at other banks declined by 5% (“Farm Debt Outstanding” chart, middle). Non-real estate farm loan balances dropped by about

10% at all commercial banks, regardless of their classification as agricultural or non-agricultural (“Farm Debt Outstanding” chart, right).”

## Farm Debt Outstanding

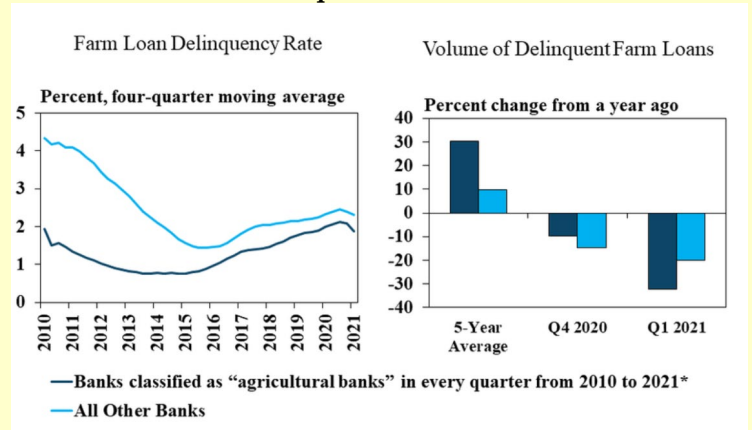


\*Commercial banks with agricultural loans comprising at least 25% of total loans as of 3/31/2021.

Sources: Reports of Condition and Federal Board of Governors.

The Kansas City Fed continued by saying, “Alongside reduced levels of farm debt in aggregate, the volume of delinquent loans declined substantially in the first quarter. The volume of delinquent farm loans was about 25% less than a year ago at commercial banks and the rate of delinquencies also edged lower.”

## Delinquent Farm Loans



\*Commercial banks with agricultural loans comprising at least 25% of total loans as of 3/31/2021.

Note: Delinquent farm loans include all agricultural loans past due 30 or more days or non-accruing.

Sources: Reports of Condition and Federal Board of Governors.

“Delinquent loan volumes decreased more substantially at banks most concentrated in agriculture and the rate of delinquency among those lenders also remained slightly less than at other banks.”

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

## Corn



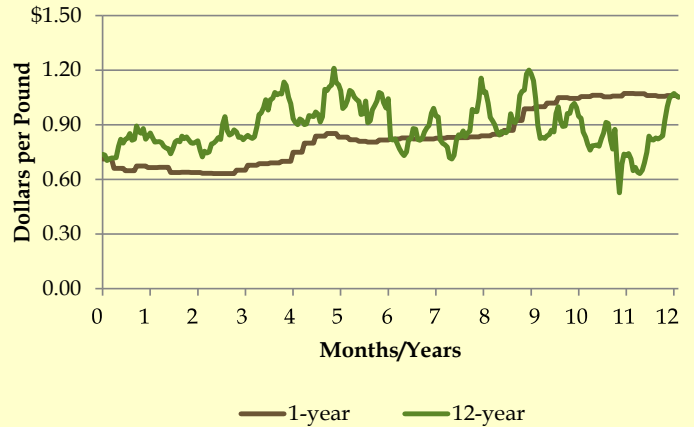
## Wheat



## 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: Thomson 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.

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