



LAKE SHORE

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



Weekly Update

Monday, October 16th, 2023

Oil Jumps Following Israel - Hamas Conflict. Following the terrorist attack in Israel last weekend and Israel's subsequent response, oil prices popped while the rest of the markets were relatively stable. While it is common for oil prices to spike following the news of unrest in the region, investors will closely monitor the conflict for indications of where the commodity is heading.

The **Dow Jones Industrial Average** increased 0.8%, finishing at 33,670.

The **S&P 500** was up 0.4% on the week, finishing at 4,328.

The **NASDAQ Composite** fell 0.2% this week, finishing at 13,407.

Yield on the **10-year Treasury** fell 15 basis points during the week, ending at 4.63%.

Crude oil climbed 6.2% on the week, ending at \$86.35 per barrel.

Corn increased 0.3% on the week, ending at \$4.93 per bushel.

NASDAQ Highs: Sprouts Farmers Market, Inc. **Lows:** The Chefs' Warehouse, Inc., El Pollo Loco Holdings, Inc., Green Plains Inc., Jack in the Box Inc., The Kraft Heinz Company, Noodles & Company, Rocky Mountain Chocolate Factory, Inc., SunOpta Inc., The Wendy's Company, Willamette Valley Vineyards, Inc.

NYSE Highs: None. **Lows:** Brown-Forman Corporation, Campbell Soup Company, Darling Ingredients Inc., Dine Brands Global, Inc., Dollar General Corporation, Flowers Foods, Inc., FMC Corporation, The Hershey Company, Hormel Foods Corporation, The J. M. Smucker Company, Kellanova, McCormick & Company, Incorporated, Seaboard Corporation, TreeHouse Foods, Inc., Tyson Foods, Inc.

Featured Stocks of the Week:

Sprouts Farmers Market, Inc. (NASDAQ: SFM) 5-Year History



Tyson Foods, Inc. (NYSE: TSN) 10-Year History



Mary Burke
Partner
312.348.7081
mburke@lakeshorefoodadvisors.com

Lakeshore Food Advisors, LLC
20 North Wacker
Suite 2800
Chicago, IL 60606

The Lakeshore Food Chain

| Company Name | Price | Price | 52-Week Range | | Price as Compared to | | Forward | Enterprise Value to | | Total Debt |
|-----------------------------------|----------|------------------------|---------------|---------|----------------------|---------|---------|---------------------|--------|------------|
| | 10/13/23 | Compared to 10/6/23 | High | Low | YE: | | | LTM: | to LTM | |
| | | | | | 2022 | 2021 | P/E | Revenue | EBITDA | EBITDA |
| Dow Jones Industrial Average | 33,670 | 0.8% | 35,631 | 29,635 | 1.6% | (7.3%) | NA | | | |
| S&P 500 | 4,328 | 0.4% | 4,589 | 3,583 | 12.7% | (9.2%) | 18.8 | | | |
| NASDAQ Composite Index | 13,407 | (0.2%) | 14,358 | 10,213 | 28.1% | (14.3%) | NA | | | |
| Russell 3000 Index | 2,473 | 0.3% | 2,644 | 2,076 | 11.6% | (11.3%) | NA | | | |
| Sector Average: | | | | | 13.5% | (10.5%) | | | | |
| AGRICULTURAL LAND HOLDINGS | | | | | | | | | | |
| Farmland Partners Inc. | \$10.52 | 1.9% | \$14.37 | \$9.44 | (15.6%) | (12.0%) | 57.9x | 18.17x | 32.9x | 14.4x |
| Gladstone Land Corporation | 14.12 | 0.3% | 22.13 | 13.57 | (23.1%) | (58.2%) | NM | 12.08x | 15.4 | 9.1 |
| Limoneira Company | 14.57 | (1.5%) | 17.90 | 11.00 | 19.3% | (2.9%) | 76.4 | 1.80x | NM | NM |
| Sector Average: | | | | | (6.4%) | (24.3%) | 67.2 | 10.68x | 24.2 | 11.8 |
| INPUTS | | | | | | | | | | |
| American Vanguard Corporation | \$10.15 | 1.1% | \$24.13 | \$9.85 | (53.2%) | (38.1%) | 8.7x | 0.82x | 8.7x | 3.4x |
| * BASF SE | 42.04 | 0.5% | 54.04 | 40.48 | (9.4%) | (32.0%) | 10.6x | 0.75x | 12.5x | 2.6x |
| * Bayer Aktiengesellschaft | 43.56 | (1.2%) | 65.66 | 43.29 | (9.9%) | (7.3%) | 6.2x | 1.68x | 7.2x | 4.0x |
| CF Industries Holdings, Inc. | 84.55 | 4.5% | 112.44 | 60.08 | (0.8%) | 19.5% | 13.6x | 2.19x | 4.1x | 0.7x |
| Corteva, Inc. | 49.55 | (1.0%) | 68.43 | 48.59 | (15.7%) | 4.8% | 16.5x | 2.17x | 11.0x | 1.5x |
| FMC Corporation | 62.41 | (0.6%) | 134.38 | 61.50 | (50.0%) | (43.2%) | 9.2x | 2.18x | 9.1x | 3.8x |
| Intrepid Potash, Inc. | 21.98 | (1.3%) | 46.88 | 17.23 | (23.9%) | (48.6%) | 75.5x | 0.95x | 3.1x | 0.0x |
| The Mosaic Company | 36.36 | 7.9% | 57.46 | 31.44 | (17.1%) | (7.5%) | 10.4x | 0.92x | 3.7x | 1.0x |
| * Nutrien Ltd. | 82.52 | 2.8% | 119.60 | 70.69 | (16.5%) | (13.2%) | 12.2x | 1.34x | 5.2x | 1.7x |
| S&W Seed Company | 0.77 | (3.6%) | 2.14 | 0.74 | (48.2%) | (71.7%) | NM | 1.25x | NM | NM |
| Zoetis Inc. | 174.38 | (0.7%) | 194.99 | 124.15 | 19.0% | (28.5%) | 30.9x | 10.38x | 24.6x | 2.0x |
| Sector Average: | | | | | (20.5%) | (24.2%) | 19.4x | 1.43x | 8.9x | 2.1x |
| AGRICULTURAL EQUIPMENT | | | | | | | | | | |
| * Ag Growth International Inc. | \$52.33 | (2.3%) | \$63.40 | \$31.36 | 20.7% | 65.2% | 9.4x | 1.23x | 9.4x | 4.7x |
| AGCO Corporation | 118.45 | 0.7% | 145.53 | 107.24 | (14.6%) | 2.1% | 7.8x | 0.77x | 5.2x | 1.2x |
| Art's-Way Manufacturing Co., Inc. | 2.04 | (10.9%) | 3.11 | 1.82 | 5.7% | (42.4%) | NA | 0.56x | 8.2x | 3.7x |
| * Buhler Industries Inc. | 2.40 | (4.0%) | 2.79 | 1.51 | 24.4% | (18.9%) | NA | 0.49x | 20.2x | 11.7x |
| CNH Industrial N.V. | 11.75 | 0.1% | 17.98 | 11.43 | (26.8%) | (39.5%) | 6.4x | 1.54x | 10.5x | 7.2x |
| Deere & Company | 380.66 | 0.6% | 450.00 | 345.55 | (11.2%) | 11.0% | 11.8x | 2.73x | 11.4x | 4.3x |
| Lindsay Corporation | 111.03 | (3.3%) | 183.08 | 110.43 | (31.8%) | (27.0%) | 18.4x | 1.74x | 9.1x | 1.0x |
| Titan Machinery Inc. | 25.61 | 2.6% | 47.87 | 24.48 | (35.5%) | (24.0%) | 5.4x | 0.52x | 6.2x | 3.6x |
| Sector Average: | | | | | (8.7%) | (9.2%) | 9.9x | 1.20x | 8.6x | 3.7x |
| AGRIBUSINESS | | | | | | | | | | |
| The Andersons, Inc. | \$50.51 | 1.4% | \$53.45 | \$32.93 | 44.4% | 30.5% | 16.2x | 0.15x | 6.5x | 1.9x |
| Archer-Daniels-Midland Company | 73.32 | 0.6% | 98.28 | 69.92 | (21.0%) | 8.5% | 11.2x | 0.48x | 7.6x | 1.8x |
| Bunge Limited | 102.17 | (0.9%) | 116.59 | 84.61 | 2.4% | 9.4% | 8.9x | 0.32x | 3.9x | 1.1x |
| Ingredion Incorporated | 91.65 | (2.8%) | 113.46 | 81.98 | (6.4%) | (5.2%) | 10.2x | 1.01x | 7.0x | 2.1x |
| MGP Ingredients, Inc. | 98.42 | (3.2%) | 125.74 | 90.69 | (7.5%) | 15.8% | 17.8x | 3.09x | 14.3x | 1.9x |
| * Olam Group Limited | 1.03 | 0.0% | 1.71 | 1.01 | (29.5%) | (41.1%) | NA | 0.33x | 8.9x | 8.5x |
| Sector Average: | | | | | (2.9%) | 3.0% | 12.8x | 0.90x | 8.0x | 2.9x |
| DIVERSIFIED FOODS | | | | | | | | | | |
| B&G Foods, Inc. | \$8.00 | 3.6% | \$16.68 | \$7.20 | (28.3%) | (74.0%) | 8.3x | 1.34x | 8.6x | 7.0x |
| Campbell Soup Company | 39.71 | 0.6% | 57.78 | 37.94 | (30.0%) | (8.6%) | 12.9x | 1.78x | 7.7x | 2.3x |
| Conagra Brands, Inc. | 27.57 | 4.4% | 41.30 | 25.16 | (28.8%) | (19.3%) | 10.3x | 1.83x | 8.5x | 3.8x |
| General Mills, Inc. | 63.04 | 0.9% | 90.89 | 60.33 | (24.8%) | (6.4%) | 13.9x | 2.40x | 11.5x | 3.0x |
| The Hain Celestial Group, Inc. | 10.30 | 3.2% | 22.14 | 9.36 | (36.3%) | (75.8%) | 24.9x | 1.00x | 11.3x | 5.8x |
| The J. M. Smucker Company | 113.31 | (1.5%) | 163.07 | 110.49 | (28.5%) | (16.6%) | 11.6x | 1.82x | 8.4x | 2.5x |
| Kellogg Company | 49.86 | (1.1%) | 77.17 | 47.63 | (30.0%) | (22.6%) | 14.0x | 1.54x | 11.5x | 3.5x |
| The Kraft Heinz Company | 31.43 | (1.9%) | 42.80 | 30.68 | (22.8%) | (12.5%) | 10.9x | 2.14x | 7.7x | 2.7x |
| Lancaster Colony Corporation | 177.01 | 3.0% | 220.65 | 158.88 | (10.3%) | 6.9% | 28.6x | 2.64x | 20.8x | 0.1x |
| Mondelez International, Inc. | 61.53 | (2.9%) | 78.59 | 56.38 | (7.7%) | (7.2%) | 18.4x | 3.03x | 13.2x | 2.9x |
| * Nestlé S.A. | 103.08 | 2.8% | 116.84 | 98.36 | (3.8%) | (19.1%) | 20.1x | 3.47x | 16.4x | 3.1x |
| * Nomad Foods Limited | 14.33 | (2.6%) | 19.76 | 12.50 | (16.9%) | (43.6%) | 8.5x | 1.36x | 8.1x | 4.4x |
| Post Holdings, Inc. | 81.65 | (0.7%) | 98.84 | 78.85 | (9.5%) | (27.6%) | 16.5x | 1.66x | 11.0x | 6.1x |
| The Simply Good Foods Company | 32.66 | (2.4%) | 40.16 | 31.73 | (14.1%) | (21.4%) | 18.3x | 2.97x | 15.7x | 1.6x |
| Sovos Brands, Inc. | 22.38 | (0.3%) | 22.73 | 12.74 | 55.7% | 48.7% | 31.1x | 2.76x | 14.6x | 2.8x |
| SunOpta Inc. | 4.87 | 17.1% | 15.90 | 3.82 | (57.2%) | (44.5%) | NA | 0.98x | 10.7x | 5.4x |
| TreeHouse Foods, Inc. | 40.28 | (1.4%) | 55.30 | 38.18 | (18.4%) | (0.6%) | 15.8x | 1.11x | 9.8x | 4.3x |
| Unilever PLC | 45.38 | (0.1%) | 50.93 | 44.05 | (3.2%) | (3.6%) | NA | 2.32x | 12.0x | 2.7x |
| Utz Brands, Inc. | 11.92 | (2.9%) | 19.15 | 11.17 | (24.8%) | (25.3%) | 20.0x | 1.87x | 21.9x | 8.6x |
| Sector Average: | | | | | (17.9%) | (19.6%) | 16.7x | 2.00x | 12.1x | 3.8x |

| Company Name | Price 10/13/23 | Price Compared to 10/6/23 | 52-Week Range | | Price as Compared to YE: | | Forward P/E | Enterprise Value to LTM: | | Total Debt to LTM EBITDA |
|--|-------------------|---------------------------------|---------------|----------|-----------------------------|---------|----------------|--------------------------|--------|--------------------------------|
| | | | High | Low | 2022 | 2021 | | Revenue | EBITDA | |
| ETHANOL | | | | | | | | | | |
| Alto Ingredients, Inc. | \$4.12 | 3.5% | \$4.58 | \$1.20 | 43.1% | (14.3%) | 17.5x | 0.31x | NM | NM |
| Green Plains Inc. | 25.87 | (6.6%) | 37.49 | 25.78 | (15.2%) | (25.6%) | 33.5x | 0.62x | NM | NM |
| REX American Resources Corporation | 35.94 | (5.3%) | 41.63 | 26.05 | 12.8% | 12.3% | 14.0x | 0.50x | 7.3x | 0.3x |
| Sector Average: | | | | | 13.6% | (9.2%) | 21.7x | 0.48x | 7.3x | 0.3x |
| FRUIT & VEGETABLE | | | | | | | | | | |
| Calavo Growers, Inc. | \$24.61 | (2.9%) | \$38.97 | \$22.64 | (16.3%) | (42.0%) | 15.9x | 0.55x | 13.0x | 2.4x |
| Dole plc | 10.74 | (6.3%) | 14.01 | 7.50 | 11.3% | (19.4%) | 10.0x | 0.27x | 5.6x | 3.6x |
| Fresh Del Monte Produce Inc. | 25.35 | (1.1%) | 32.49 | 24.78 | (3.2%) | (8.2%) | 10.8x | 0.41x | 5.1x | 1.7x |
| Lamb Weston Holdings, Inc. | 83.18 | (11.0%) | 117.38 | 79.39 | (6.9%) | 31.2% | 14.3x | 2.61x | 9.5x | 2.6x |
| Mission Produce, Inc. | 9.03 | (5.6%) | 16.96 | 8.55 | (22.3%) | (42.5%) | 16.7x | 0.97x | 20.5x | 6.8x |
| Seneca Foods Corporation | 53.56 | (2.4%) | 68.74 | 32.50 | (12.1%) | (11.7%) | NA | 0.57x | 7.7x | 4.2x |
| Sector Average: | | | | | (8.3%) | (11.5%) | 13.5x | 0.90x | 10.3x | 3.6x |
| PROTEIN | | | | | | | | | | |
| Beyond Meat, Inc. | \$8.64 | 4.6% | \$22.87 | \$7.90 | (29.8%) | (86.7%) | NM | 4.38x | NM | NM |
| Cal-Maine Foods, Inc. | 49.56 | 7.7% | 65.32 | 42.25 | (9.0%) | 34.0% | 22.4x | 0.62x | 2.1x | NA |
| Darling Ingredients Inc. | 44.69 | (4.7%) | 82.69 | 43.99 | (28.6%) | (35.5%) | 8.5x | 1.68x | 6.9x | 4.0x |
| Hormel Foods Corporation | 32.02 | (13.2%) | 49.73 | 30.70 | (29.7%) | (34.4%) | 19.0x | 1.65x | 10.3x | 1.7x |
| * JBS S.A. | 18.97 | 4.4% | 28.00 | 15.12 | (13.7%) | (50.0%) | 11.6x | 0.38x | 6.6x | 5.0x |
| Nathan's Famous, Inc. | 66.42 | (4.4%) | 83.00 | 62.14 | (1.2%) | 13.8% | NA | 2.44x | 8.5x | 2.2x |
| Pilgrim's Pride Corporation | 24.01 | 3.5% | 26.57 | 19.96 | 1.2% | (14.9%) | 12.9x | 0.52x | 8.4x | 3.7x |
| Seaboard Corporation | 3480.00 | (4.8%) | 4090.63 | 3466.88 | (7.8%) | (11.6%) | NA | 0.35x | 4.1x | 2.1x |
| Tyson Foods, Inc. | 46.52 | (1.9%) | 69.07 | 46.16 | (25.3%) | (46.6%) | 19.9x | 0.47x | 7.2x | 2.7x |
| Vital Farms, Inc. | 10.76 | (1.2%) | 18.18 | 10.00 | (27.9%) | (40.4%) | 30.7x | 0.84x | 2.0x | 0.1x |
| Sector Average: | | | | | (17.2%) | (27.2%) | 15.7x | 0.99x | 6.2x | 2.7x |
| BAKING & INGREDIENTS | | | | | | | | | | |
| Balchem Corporation | \$125.00 | (0.9%) | \$143.88 | \$116.68 | 2.4% | (25.9%) | 31.4x | 4.67x | 21.4x | 2.1x |
| Flowers Foods, Inc. | 20.54 | (4.2%) | 30.16 | 20.24 | (28.5%) | (25.2%) | 16.6x | 1.14x | 9.6x | 2.3x |
| * Gruma, S.A.B. de C.V. | 285.98 | 0.1% | 309.47 | 200.00 | 9.7% | 8.9% | 14.1x | 1.29x | 8.8x | 2.3x |
| * Grupo Bimbo, S.A.B. de C.V. | 77.92 | (5.1%) | 103.41 | 68.83 | (5.4%) | 23.7% | 18.8x | 1.13x | 8.3x | 2.3x |
| J&J Snack Foods Corp. | 152.70 | (2.3%) | 177.71 | 133.27 | 2.0% | (3.3%) | 29.1x | 2.01x | 17.8x | 1.0x |
| * Kerry Group plc | 74.14 | (2.3%) | 100.00 | 74.14 | (12.0%) | (34.5%) | 16.1x | 1.69x | 12.6x | 2.1x |
| Krispy Kreme, Inc. | 11.70 | (5.3%) | 16.22 | 10.21 | 13.4% | (38.2%) | 33.6x | 2.09x | 12.2x | 4.8x |
| McCormick & Company, Incorporated | 60.99 | (5.5%) | 94.39 | 59.13 | (26.4%) | (36.9%) | 21.9x | 3.19x | 16.4x | 3.9x |
| * Tate & Lyle plc | 6.54 | (2.5%) | 8.38 | 6.52 | (8.1%) | (15.3%) | 11.8x | 1.62x | 10.1x | 2.3x |
| Sector Average: | | | | | (5.9%) | (16.3%) | 21.5x | 2.09x | 13.0x | 2.6x |
| CANDY, NUTS, & SNACKS | | | | | | | | | | |
| Bridgford Foods Corporation | \$10.97 | (0.3%) | \$14.51 | \$10.03 | (8.0%) | (9.5%) | NA | 0.37x | 7.1x | 0.6x |
| The Hershey Company | 190.86 | (2.1%) | 276.88 | 186.63 | (17.6%) | (1.3%) | 19.3x | 4.04x | 15.3x | 1.8x |
| John B. Sanfilippo & Son, Inc. | 99.24 | (0.4%) | 127.26 | 75.75 | 22.0% | 10.1% | NA | 1.16x | 10.5x | 0.1x |
| Laird Superfood, Inc. | 0.86 | 1.1% | 2.18 | 0.65 | 2.4% | (93.4%) | NM | NM | NM | NM |
| Rocky Mountain Chocolate Factory, Inc. | 4.48 | (7.4%) | 6.98 | 4.48 | (21.4%) | (42.9%) | NA | 0.84x | NM | NA |
| Tootsie Roll Industries, Inc. | 30.46 | (0.6%) | 46.11 | 29.80 | (26.3%) | (10.8%) | NA | 2.83x | 17.0x | 0.1x |
| Sector Average: | | | | | (8.1%) | (24.6%) | 19.3x | 1.85x | 12.5x | 0.7x |
| PET FOOD AND PRODUCTS | | | | | | | | | | |
| Central Garden & Pet Company | \$43.68 | 0.1% | \$48.48 | \$35.60 | 16.6% | (17.0%) | 15.3x | 0.98x | 8.0x | 3.4x |
| Freshpet, Inc. | 56.96 | (3.2%) | 84.70 | 45.13 | 7.9% | (40.2%) | NM | 4.17x | NM | NM |
| Sector Average: | | | | | 12.3% | (28.6%) | 15.3x | 2.58x | 8.0x | 3.4x |
| WINE & BEVERAGE | | | | | | | | | | |
| The Boston Beer Company, Inc. | \$349.24 | (3.2%) | \$422.75 | \$296.27 | 6.0% | (30.9%) | 39.3x | 1.98x | 19.1x | 0.2x |
| Brown-Forman Corporation | 53.48 | (5.9%) | 74.76 | 52.59 | (18.6%) | (26.6%) | 25.7x | 6.68x | 21.4x | 2.3x |
| The Coca-Cola Company | 52.89 | (0.5%) | 64.99 | 51.55 | (16.9%) | (10.7%) | 19.6x | 5.84x | 16.3x | 3.0x |
| Constellation Brands, Inc. | 231.69 | (2.1%) | 273.65 | 208.12 | (0.0%) | (7.7%) | 18.2x | 5.57x | 17.3x | 3.1x |
| Crimson Wine Group, Ltd. | 5.87 | (2.3%) | 6.96 | 5.11 | 4.5% | (28.9%) | NA | 1.53x | 25.8x | 4.4x |
| * Diageo plc | 30.47 | 0.1% | 38.82 | 29.97 | (16.5%) | (24.5%) | 18.3x | 5.00x | 14.0x | 3.0x |
| Monster Beverage Corporation | 47.72 | (4.5%) | 60.47 | 42.81 | (6.0%) | (0.6%) | 28.7x | 6.99x | 24.6x | 0.0x |
| National Beverage Corp. | 45.23 | (2.3%) | 55.12 | 40.11 | (2.8%) | (0.2%) | 24.0x | 3.42x | 17.0x | 0.2x |
| PepsiCo, Inc. | 160.00 | (0.2%) | 196.88 | 155.83 | (11.4%) | (7.9%) | 20.4x | 2.78x | 14.7x | 2.6x |
| Starbucks Corporation | 91.48 | (1.5%) | 115.48 | 82.43 | (7.8%) | (21.8%) | 23.4x | 3.59x | 13.1x | 2.6x |
| Willamette Valley Vineyards, Inc. | 5.55 | (1.8%) | 6.59 | 5.55 | (7.0%) | (35.9%) | NA | 2.31x | 36.5x | 8.5x |
| Sector Average: | | | | | (6.9%) | (17.8%) | 24.2x | 4.15x | 20.0x | 2.7x |

| Company Name | Price 10/13/23 | Price Compared to 10/6/23 | Price Compared to | | Price as Compared to YE: | | Forward P/E | Enterprise Value to LTM: | | Total Debt to LTM EBITDA |
|---|-------------------|---------------------------------|-----------------------|------------|-----------------------------|---------|----------------|--------------------------|--------|--------------------------------|
| | | | 52-Week Range High | Low | 2022 | 2021 | | Revenue | EBITDA | |
| DAIRY | | | | | | | | | | |
| * Danone S.A. | \$54.00 | 5.2% | \$61.88 | \$47.30 | 9.7% | (1.1%) | 15.3x | 1.61x | 10.0x | 3.7x |
| Lifeway Foods, Inc. | 10.90 | (7.9%) | 12.96 | 5.22 | 96.4% | 137.0% | 15.9x | 1.05x | 12.7x | 0.5x |
| * Saputo Inc. | 27.85 | (1.8%) | 37.50 | 27.17 | (16.9%) | (2.3%) | 14.5x | 0.87x | 10.2x | 2.7x |
| Sector Average: | | | | | 29.7% | 44.5% | 15.3x | 1.18x | 11.0x | 2.3x |
| WHOLESALE, FOOD SERVICE, & DISTRIBUTION | | | | | | | | | | |
| The Chefs' Warehouse, Inc. | \$19.10 | 1.2% | \$39.54 | \$17.56 | (42.6%) | (42.6%) | 13.6x | 0.53x | 8.7x | 5.0x |
| Performance Food Group Company | 53.67 | (3.1%) | 64.34 | 44.35 | (8.1%) | 17.0% | 12.3x | 0.25x | 8.8x | 3.2x |
| SpartanNash Company | 22.88 | (0.3%) | 37.75 | 20.57 | (24.3%) | (11.2%) | 9.9x | 0.16x | 6.5x | 3.4x |
| Sysco Corporation | 63.26 | 0.5% | 87.41 | 62.24 | (17.3%) | (19.5%) | 14.7x | 0.56x | 11.4x | 3.0x |
| United Natural Foods, Inc. | 15.37 | 12.3% | 47.88 | 12.88 | (60.3%) | (68.7%) | 43.3x | 0.14x | 5.0x | 4.0x |
| US Foods Holding Corp. | 36.25 | (2.7%) | 44.52 | 26.37 | 6.6% | 4.1% | 12.6x | 0.39x | 9.5x | 3.5x |
| Sector Average: | | | | | (24.3%) | (20.2%) | 17.8x | 0.34x | 8.3x | 3.7x |
| MASS MERCHANDISE, CLUB STORES, & DOLLAR STORES | | | | | | | | | | |
| BJ's Wholesale Club | \$69.11 | 1.1% | \$80.41 | \$60.33 | 4.5% | 3.2% | 16.9x | 0.64x | 9.1x | 2.3x |
| Costco Wholesale Corporation | 566.84 | 1.7% | 576.19 | 447.90 | 24.2% | (0.2%) | 36.2x | 1.02x | 22.3x | 1.0x |
| Dollar General Corporation | 111.16 | 7.2% | 261.59 | 101.09 | (54.9%) | (52.9%) | 15.4x | 1.08x | 7.2x | 3.1x |
| Dollar Tree, Inc. | 107.94 | 2.5% | 170.36 | 102.77 | (23.7%) | (23.2%) | 16.5x | 1.15x | 7.2x | 2.2x |
| Grocery Outlet Holding Corp. | 27.52 | 0.8% | 36.54 | 25.71 | (5.7%) | (2.7%) | 24.8x | 1.05x | 12.1x | 4.2x |
| Walmart Inc. | 159.83 | 2.2% | 165.85 | 130.05 | 12.7% | 10.5% | 23.7x | 0.78x | 12.1x | 1.7x |
| Sector Average: | | | | | (7.2%) | (10.9%) | 22.2x | 0.95x | 11.7x | 2.4x |
| TRADITIONAL & SPECIALTY RETAIL | | | | | | | | | | |
| Albertsons | \$22.40 | (1.0%) | \$27.61 | \$19.14 | 8.0% | (25.8%) | 8.3x | 0.35x | 5.4x | 2.9x |
| * Ahold Delhaize | 27.63 | (1.7%) | 32.51 | 26.63 | 2.9% | (8.3%) | 10.7x | 0.47x | 6.0x | 2.7x |
| Amazon.com, Inc. | 129.79 | 1.4% | 145.86 | 81.43 | 54.5% | (22.1%) | 50.9x | 2.69x | 19.3x | 2.3x |
| Ingles Markets, Incorporated | 77.05 | (1.0%) | 102.99 | 73.38 | (20.1%) | (10.8%) | NA | 0.31x | 4.0x | 1.3x |
| The Kroger Co. | 44.16 | 1.6% | 50.41 | 41.82 | (0.9%) | (2.4%) | 9.8x | 0.33x | 5.7x | 2.3x |
| Natural Grocers by Vitamin Cottage, Inc. | 12.95 | (2.4%) | 13.80 | 8.00 | 41.7% | (9.1%) | 15.8x | 0.59x | 5.5x | 3.1x |
| Sprouts Farmers Market, Inc. | 43.21 | 1.9% | 44.24 | 26.35 | 33.5% | 45.6% | 15.8x | 0.87x | 7.3x | 2.0x |
| * Tesco PLC | 2.76 | (1.0%) | 3.07 | 2.02 | 22.9% | (4.9%) | 11.7x | 0.45x | 7.1x | 3.6x |
| Village Super Market, Inc. | 23.93 | 0.3% | 24.86 | 20.09 | 2.7% | 2.3% | NA | 0.28x | 3.9x | 2.5x |
| Weis Markets, Inc. | 62.53 | (2.0%) | 95.57 | 58.75 | (24.0%) | (5.1%) | NA | 0.32x | 4.8x | 0.6x |
| Sector Average: | | | | | 12.1% | (4.1%) | 17.6x | 0.67x | 6.9x | 2.3x |
| TRADITIONAL RESTAURANTS | | | | | | | | | | |
| Brinker International, Inc. | \$30.37 | 2.9% | \$42.12 | \$26.14 | (4.8%) | (17.0%) | 9.1x | 0.84x | 6.0x | 3.7x |
| The Cheesecake Factory Incorporated | 28.99 | (0.8%) | 41.28 | 28.58 | (8.6%) | (26.0%) | 9.8x | 0.95x | 7.5x | 4.2x |
| Cracker Barrel Old Country Store, Inc. | 67.65 | 1.3% | 121.17 | 62.69 | (28.6%) | (47.4%) | 12.6x | 0.77x | 7.4x | 3.3x |
| Darden Restaurants, Inc. | 134.00 | (2.1%) | 173.06 | 129.81 | (3.1%) | (11.0%) | 15.0x | 2.12x | 11.3x | 3.4x |
| Dine Brands Global, Inc. | 46.35 | (4.8%) | 82.43 | 45.37 | (28.3%) | (38.9%) | 7.6x | 2.56x | 10.4x | 7.5x |
| Jack in the Box Inc. | 63.79 | (4.2%) | 99.56 | 62.72 | (6.5%) | (27.1%) | 9.8x | 2.48x | 7.1x | 5.2x |
| McDonald's Corporation | 248.31 | 0.0% | 299.35 | 242.41 | (5.8%) | (7.4%) | 21.1x | 9.42x | 15.5x | 3.3x |
| Papa John's International, Inc. | 65.55 | 2.0% | 97.78 | 61.79 | (20.4%) | (50.9%) | 22.7x | 1.50x | 12.8x | 4.1x |
| Texas Roadhouse, Inc. | 92.24 | (3.4%) | 118.16 | 90.38 | 1.4% | 3.3% | 18.3x | 1.56x | 12.1x | 1.3x |
| The Wendy's Company | 18.59 | (2.2%) | 23.90 | 18.19 | (17.9%) | (22.1%) | 17.7x | 3.46x | 14.6x | 8.4x |
| Yum! Brands, Inc. | 116.88 | (2.2%) | 143.25 | 106.66 | (8.7%) | (15.8%) | 21.4x | 6.38x | 18.1x | 5.0x |
| Sector Average: | | | | | (11.9%) | (23.7%) | 15.0x | 2.91x | 11.2x | 4.5x |
| HIGH-GROWTH RESTAURANTS | | | | | | | | | | |
| Chipotle Mexican Grill, Inc. | \$1,781.48 | (2.2%) | \$2,175.01 | \$1,344.05 | 28.4% | 1.9% | 37.7x | 5.57x | 22.6x | 1.7x |
| El Pollo Loco Holdings, Inc. | 8.21 | (3.4%) | 13.00 | 8.21 | (17.6%) | (42.1%) | 10.0x | 1.08x | 6.9x | 3.4x |
| Noodles & Company | 2.22 | (3.9%) | 6.55 | 2.17 | (59.6%) | (75.5%) | NM | 0.74x | 5.7x | 4.2x |
| Potbelly Corporation | 7.35 | (4.5%) | 11.14 | 4.57 | 32.0% | 31.7% | 43.9x | 0.79x | 5.0x | 2.6x |
| Shake Shack Inc. | 53.52 | (4.8%) | 80.58 | 40.83 | 28.9% | (25.8%) | 146.3x | 2.61x | 16.6x | 4.8x |
| Wingstop Inc. | 175.35 | 0.8% | 223.77 | 113.20 | 27.4% | 1.5% | 75.2x | 14.02x | 47.5x | 6.0x |
| Sector Average: | | | | | 6.6% | (18.1%) | 62.6x | 4.13x | 17.4x | 3.8x |
| CANNABIS & CBD | | | | | | | | | | |
| Canopy Growth Corporation | \$0.97 | 0.0% | \$6.44 | \$0.46 | (69.1%) | (91.2%) | NM | 3.14x | NM | NM |
| Cronos Group Inc. | 2.55 | (6.6%) | 4.88 | 2.15 | (25.9%) | (48.8%) | NM | NM | NM | NM |
| Jones Soda Co. | 0.19 | 4.4% | 0.48 | 0.17 | (27.9%) | (73.8%) | NA | 0.83x | NM | NA |
| The Scotts Miracle-Gro Company | 47.77 | 1.4% | 88.61 | 41.49 | (1.7%) | (70.3%) | 29.6x | 1.64x | 10.5x | 5.8x |
| Tilray Brands, Inc. | 2.01 | (2.4%) | 5.12 | 1.50 | (25.3%) | (71.4%) | NM | 2.44x | NM | NM |
| Village Farms International, Inc. | 0.77 | (2.7%) | 2.42 | 0.55 | (42.6%) | (88.0%) | NM | 0.51x | NM | NM |
| Sector Average: | | | | | (32.1%) | (73.9%) | 29.6x | 1.71x | 10.5x | 5.8x |

Notes:

* Denotes local currency.

Source: Capital IQ.

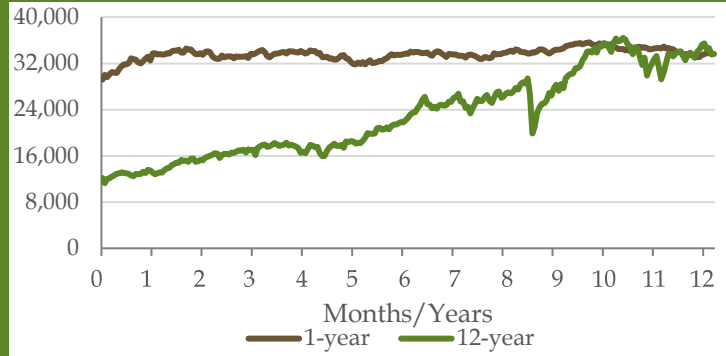
Summary multiples adjusted for extraordinary and non-recurring items; outliers excluded from mean calculation.

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

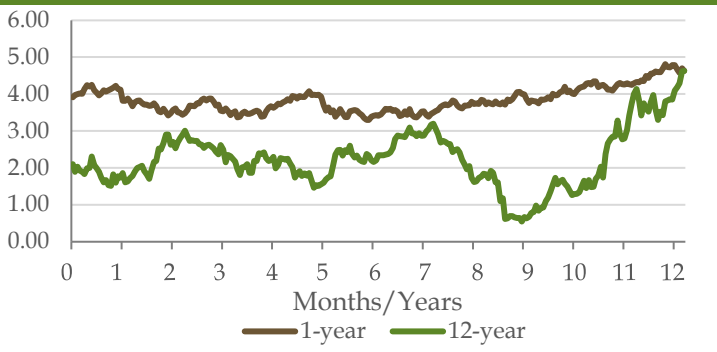
S&P 500



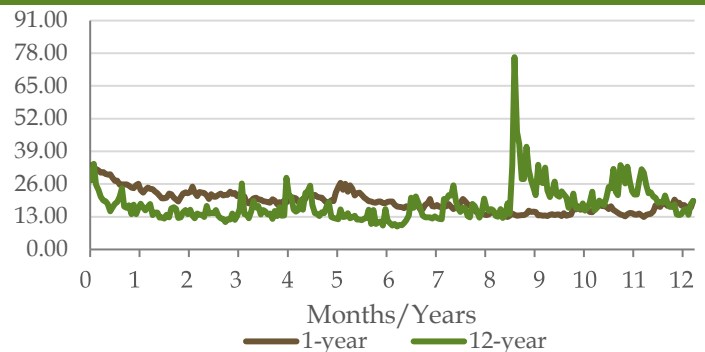
Dow Jones Industrial Average



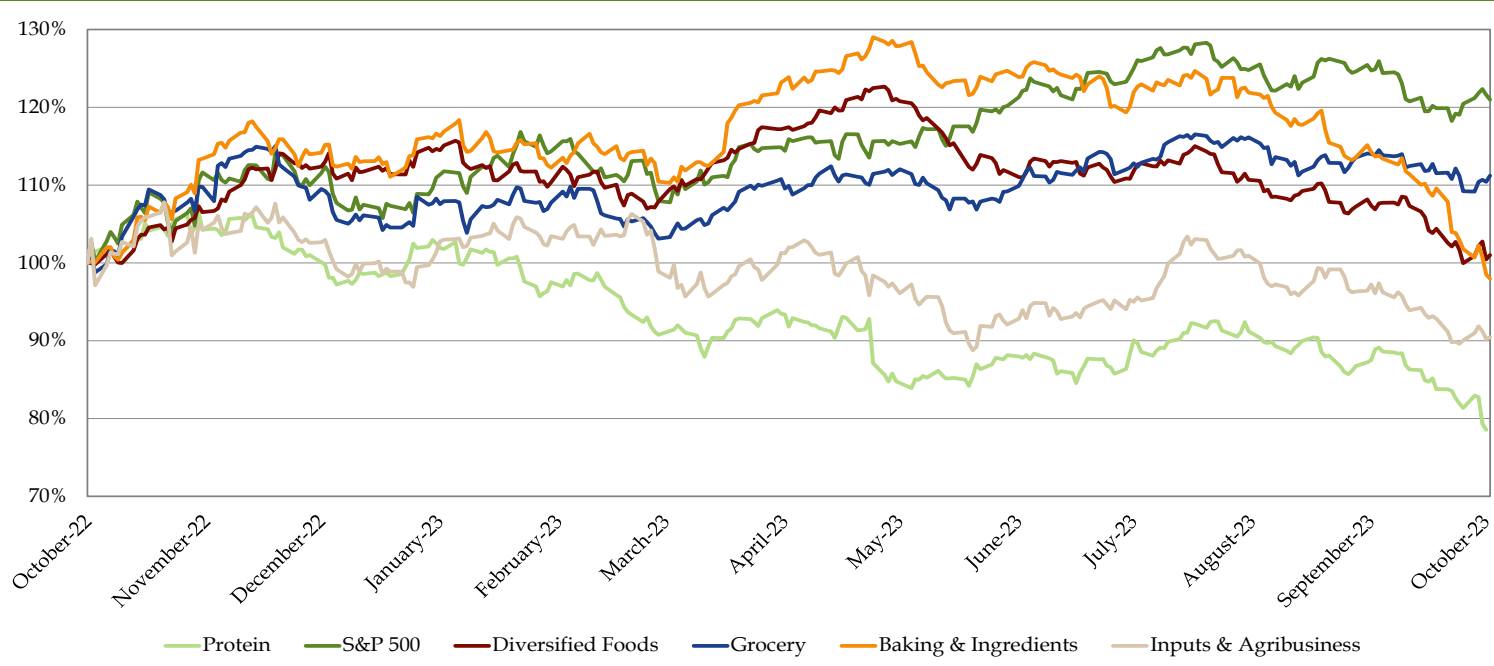
10-year Treasury



CBOE Market Volatility Index - VIX



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



Food For Thought...

Partner Column

Written by Mary Burke

In the past four years, the largest program of public investment in the American economy in many decades has been put into action. While most of it is designed to encourage a revival in manufacturing, especially targeting the chip-making industry, and to transition the energy sectors to renewables, there is funding for projects in agribusiness, too. Initial data from the Treasury Department shows that the construction of the manufacturing facilities has doubled since the end of 2021, primarily for computers, electronics, and electrical goods. Nonresidential construction spending in general is up roughly 15% since the passage of the big infrastructure bill, and private sector spending is up almost three times as much as public sector.

The Wall Street Journal just released its survey of economists, and for the first time since the middle of last year, the survey reports that the probability of a recession is 48%, down from 54% on average in July 2023. Most economists believe the US will avoid a recession, the Federal Reserve is done raising interest rates, and inflation will continue to ease. Of course, when retail sales data is released on Tuesday, investors will read for fresh clues on the economy's trajectory.

Over the past few decades, the agribusiness sector has consistently faced challenges in meeting the world's food needs. Population growth has significantly increased the global demand for nutrition, and as the 21st century has progressed, severe weather events have complicated food production worldwide. Despite these challenges, great strides have been made in increasing overall per capita caloric availability. The industry has not overcome the environmental challenges associated with the sector. In 2019, the world's food systems accounted for about 30% of human-caused global greenhouse emissions. This is the premise of a recent report from McKinsey & Company. They point out that five significant shifts in global food systems are necessary to meet the world's demand for food, fuel, and fiber without harming the planet. They write there are 11 agribusiness concepts that are emerging to support the future of farming and to meet the sector's sustainability challenges for a green and resilient future.

The five shifts needed to support the goals of 21st century food and agriculture are:

- Building land value beyond crops
- Fueling the revolution
- Eating sustainably
- ESG transparency and accountability
- Taking out the waste

58% of the study's participants agree that greatest material impact will come from eating sustainably and ESG transparency and accountability. Fueling the bio-revolution (55%), taking out waste (53%) and building land value beyond crops (47%), rounded out the survey responses to will each item have the greatest material impact.

These next eleven business concepts within the five shifts are expected to scale rapidly and propel significant disruption in agriculture.

Within building land value and beyond crops:

- 1) Land preservation and conservation
- 2) Regenerative agronomy services
- 3) Smallholder support service

Within fueling the bio-revolution:

- 4) Manure to fuel and fertilizer
- 5) Biorefining

Within eating sustainably:

- 6) Plant-based protein
- 7) Lab-grown meat

Taking out the waste:

- 8) Crop storage optimization
- 9) Reduction in downstream waste

ESG transparency and accountability:

- 10) Tracking transparency and accountability
- 11) Farm-level insights

As an example for #8 above, up to 50% of postharvest output in India and Nigeria spoils because of a lack of cold-storage. A downstream example as well shows that codigestion, anaerobic digestion and composting can mitigate 0.5 to 0.6 tons of CO₂ equivalent per ton of food waste with reducing waste disposal fees.

Tying this column altogether...anaerobic digesters are one item that have lots of funding in the recent government Inflation Reduction Act ...can you use one? The EPA has millions of dollars to fund private industry with these.

Have a great week!

Food for Thought...

Domino's Misses Earnings. Domino's Pizza, Inc. reported weaker-than-expected revenue for the third quarter, with a 4% decline to \$1.03 billion as inflation-weary customers reduced their pizza orders. U.S. same-store sales and supply-chain revenue dropped, with sales at company-owned U.S. restaurants falling by more than 23% from a year ago to \$86.3 million. Despite the revenue miss, the company's net income surged by 47% to nearly \$148 million.

The weaker domestic sales were offset by a robust international performance, where same-store sales at international restaurants rose by 3.3% compared to a 0.6% decline in the U.S. Higher delivery fees, increased menu prices, and rising inflation have prompted consumers to cut back on discretionary spending and opt for more budget-friendly or homemade meal options. Food-away-from-home prices have been rising faster than general food inflation and the foodservice industry has suffered as a whole.

The challenging demand environment for delivery pizza has led Domino's to focus on long-term growth initiatives to drive positive same-store sales growth into 2024. The company's stock slid about 3% in premarket trading following the revenue disappointment, despite earnings expectations being exceeded.

Real Good Food Company Tops Earning Estimates. The Real Good Food Company, Inc. (RGF), a prominent player in the health and wellness frozen and refrigerated foods sector, recently released its quarterly financial results for the period ending June 30, 2023. The company experienced robust sales growth attributed to strong velocity and new customer acquisitions. RGF's management expressed optimism about the company's growth prospects for the remainder of 2023.

RGF's net sales in the second quarter of 2023 amounted to \$35.4 million, representing a 14.8% year-over-year increase. The company achieved a gross profit margin of 13.6% of net sales, reflecting a year-over-year increase of 598 basis points. Household penetration reached 8.3% as of June 2023, matching the figure from March 2023.

The company expects net sales of at least \$200 million for the year ending December 31, 2023, along with an adjusted gross margin of at least 24% and adjusted EBITDA in the "mid-to-high single-digit millions range." For the long term, Real Good Food Company anticipates net sales of about \$500 million, an adjusted gross margin of 35%, and an adjusted EBITDA margin of 15%.

PepsiCo Announces Earnings. PepsiCo released quarterly earnings this past Tuesday that beat out Wall Street estimates

and increased future expectations. The food and beverage giant tallied a quarterly revenue of \$23.5 billion, beating expectations by roughly \$6 million. Net income came in at \$3.09 billion in comparison to \$2.7 billion a year ago.

Despite growth in revenue and net income, the actual volume of products sold dropped, heavily impacted by inflation. Like many, Pepsi has continuously hiked up prices to fight inflationary pressures. This marks the seventh straight quarter that Pepsi has increased prices by double-digit percentages. Additionally, the company has begun to shrink the portion sizes of its products to keep lower prices. Although selling slightly smaller portions at higher prices may seem like an act of deception toward consumers, the company has embraced the rollout of these smaller products as part of a health-conscious marketing campaign. By reducing the total amount of sugars and trans-fats across their products, Pepsi's products can appeal to a wider range of health-conscious consumers who would otherwise steer clear of their larger and sugar-packed product predecessors.

PepsiCo is a great example of how companies don't have to let macroeconomic pressures such as inflation dictate the direction of their earnings. In fact, by spinning smaller portions caused by inflation into a successful health-focused campaign, PepsiCo has increased its future earning expectations for the third consecutive quarter; 2024 revenue is expected to grow roughly 5%.

Hormel Foods Stock Tanks. One of the nation's largest food processing companies, Hormel Foods, experienced its worst stock drop since the 2008 financial crisis on Thursday. Shares slid roughly 10%, making Hormel the biggest loser on the S&P 500 for the calendar day.

The drop comes right after Hormel's Investor Day presentation on Thursday morning in which the company laid out a new three-year plan and announced a deal with workers represented by the United Food and Commercial Workers Union.

Hormel's three-year deal consists of financial targets such as an operating income growth of \$250 million by 2026 and cost savings of roughly \$200 million through the normalization of its supply chain and various M&A synergies.

The company's settled contract with union workers is said to increase hourly wages by up to \$6 for workers in Minnesota, Georgia, Wisconsin, and Iowa. In total, Hormel's stock is down 29% percent this year, which would make it the company's worst year to date since 1972.

Heard on the Street...

Bunge and Viterra Reach Merger Agreement. Bunge Limited has announced a definitive agreement to merge with Viterra Limited. The merger will create a global agribusiness company valued at around \$34 billion, including debt. Viterra shareholders will receive approximately 65.6 million shares of Bunge stock, worth about \$6.2 billion, and \$2.0 billion in cash. Bunge will also assume Viterra's \$9.8 billion debt associated with highly liquid inventories. Following the merger, Viterra shareholders will own 30% of the combined company, increasing to approximately 33% after Bunge repurchases \$2.0 billion of its stock.

The merger aims to create a global, pure-play agribusiness solutions company, enhancing global value chains' geographic balance and adaptability, which will benefit farmers and end customers. It provides increased origination reach, promoting sustainability in the food supply and greater market access and value-added solutions for farmers. The deal is expected to generate \$250 million in annual operational synergies within three years and overall improve the business risk profile, driving capital structure efficiencies and cost of capital benefits. However, the merger will likely face regulatory scrutiny.

This merger significantly accelerates Bunge's strategy and positions the combined company to meet the demands of complex markets, enhance geographical diversification, and provide sustainable solutions to the agriculture industry, creating value for all stakeholders.

Walmart to Build New Milk Processing Facility. Walmart has unveiled plans to construct a \$350 million milk processing plant in Valdosta, Georgia. The facility, set to begin operations in late 2025, is part of Walmart's strategy to secure a more direct and reliable milk supply, ensuring it can provide high-quality milk at affordable prices for its customers. The plant will produce various milk options under Walmart's Great Value and Sam's Club's Member's Mark brands, serving over 750 stores in Georgia and neighboring states.

This will be Walmart's second milk processing plant, following the Fort Wayne, Indiana plant, which began operations in 2018. The retail giant is aiming to control the production of milk, one of the most price-sensitive grocery commodities. While this strategy aligns with those of other large grocers like Kroger, some critics have voiced concerns that Walmart's focus on a few large dairy farms may put smaller farms under increased pressure. Others argue that the Valdosta plant will strengthen Georgia's agriculture sector, offering new opportunities for local farmers.

Walmart's initiative to build this facility will bolster its supply

chain control and further enhance its commitment to delivering quality products to consumers at affordable prices. By producing its milk, the retail giant ensures a stable and cost-effective source for its stores and customers.

Sysco Acquires Edward Don. The American multinational wholesale corporation, Sysco, has agreed to purchase restaurant supplier Edward Don for an undisclosed amount.

Edward Don, based in Woodbridge, IL, is a family-owned and operated foodservice and equipment distributor with an extensive network and product offerings. The company, founded in 1921, provides a broad range of food services. With an annual revenue of roughly \$1.3 billion in 2022, Edward Don was the nation's third-largest foodservice equipment and supplies dealer.

The acquisition will allow Sysco to expand its operations and implement new offerings, including specialty equipment and supplies. The deal will add roughly 1.4 million square feet of distribution space to Sysco, the largest foodservice distribution company in the U.S.

Edward Don will retain the same management, continue to run as a standalone operation, and keep all employees throughout the merger.

Post Holdings Acquires Perfection Pet Foods. Consumer Packaged goods company, Post Holdings, has just announced its acquisition of Perfection Pet Foods for \$235 million. Perfection Pet Foods, based in California, is known for its private label and co-manufactured pet food and baked treats products. The company was founded 1987 and has since grown into a state-of-the-art pet food production operation supplying various pet food brands throughout the U.S.

The deal, expected to close in Q4 of this year, will give Post two manufacturing facilities in Visalia, California, and an entry point into private-label pet food manufacturing. The addition of Perfection Pet Foods is forecasted to add nearly \$25 million in adjusted EBITDA in the twelve months following the transaction's closing date. Post also expects to be the beneficiary of roughly \$20 million in tax benefits from the transaction.

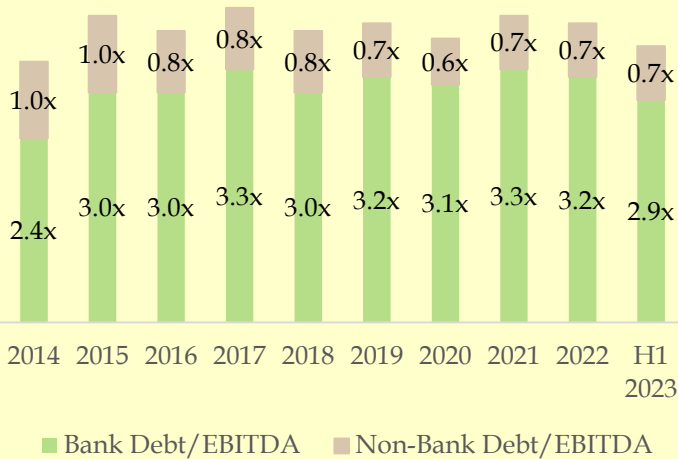
This acquisition comes as part of Post's recent efforts to expand its pet food production and offerings. Within the last year, Post has acquired production facilities in Bloomsburg, Pennsylvania, Meadville, Pennsylvania, and Lawrence, Kansas as well as various other pet food brands from The J.M. Smucker Co.

Loans

The first half of 2023 has been challenging for the debt financing market. The market has faced pressures from increasing interest rates, declining hold sizes, higher ROI thresholds, and higher bank capital requirements. Each of these factors has restricted business's ability to service both new and existing debt.

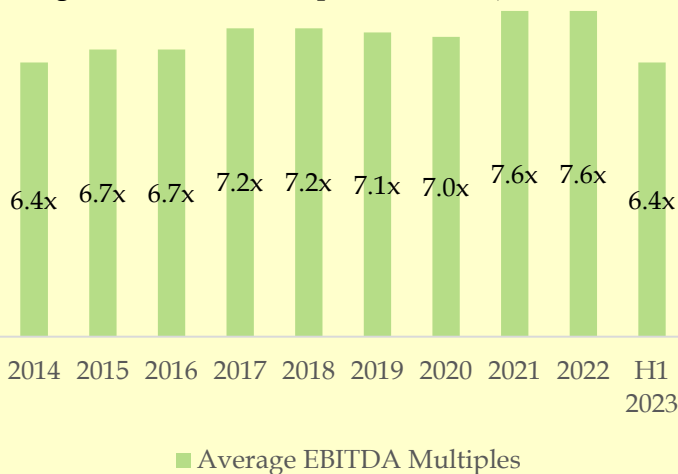
Lenders have been paying attention to the impact of rate increases on their borrowers free cash flow. This has impacted numerous borrower types, but can be seen in the below chart on average debt sources for middle market LBO deals. The average debt utilized in LBO transactions fell 0.3x in the first half of 2023 compared to 2022, entirely driven by average traditional bank debt falling from 3.2x to 2.9x.

Average LBO Debt Multiples (\$10mm-\$250mm)



The interest rate hikes and lower availability on LBO financings has impacted the merger and acquisition market with both deal volume and multiples falling in the first half of the year.

Average EV/EBITDA Multiples for LBOs (\$10mm-\$250mm)



Given the shortage of activity in the mergers and acquisitions market, refinancings and amend-to-extend transactions were at the forefront of the loan market in the first half of the year. 74% of U.S. institutional loan volume was for these types of deals across the first six months of the year. As a result of this, near term maturities in 2024 were reduced by over 50% and 2025 maturities were reduced by over 26%.

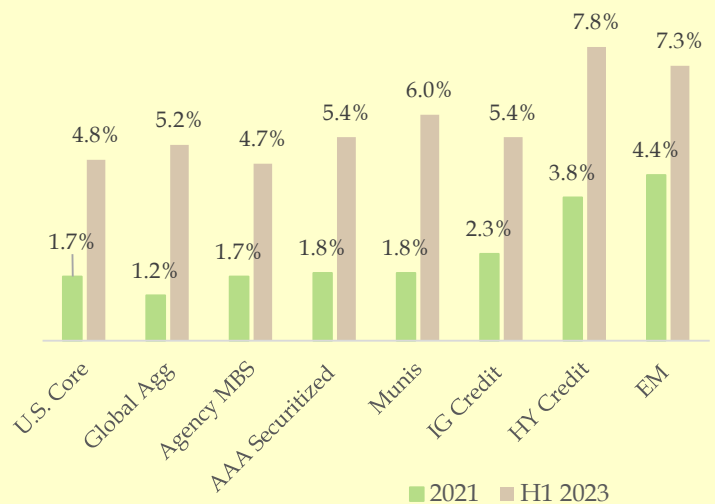
As higher rates have compressed borrowers' ability to repay debt. Corporate executives look to lower debt levels through refinancing and injecting additional capital into their businesses.

With debt availability low and interest rates high, corporate decision makers have to look for alternative sources of liquidity. Many have found it by suspending, lowering, or freezing dividend payments. At the start of COVID in 2020, 190 U.S. companies froze their dividends. 38.5% of them have yet to reinstate dividends including the likes of Boeing and Walt Disney Co.

Dividend growth for U.S. based companies has decelerated year-over-year for each of the past six months. With the high cost of capital and economic uncertainty, expect corporations to prioritize paying-down debt and fortifying their balance sheet over distributions for the foreseeable future.

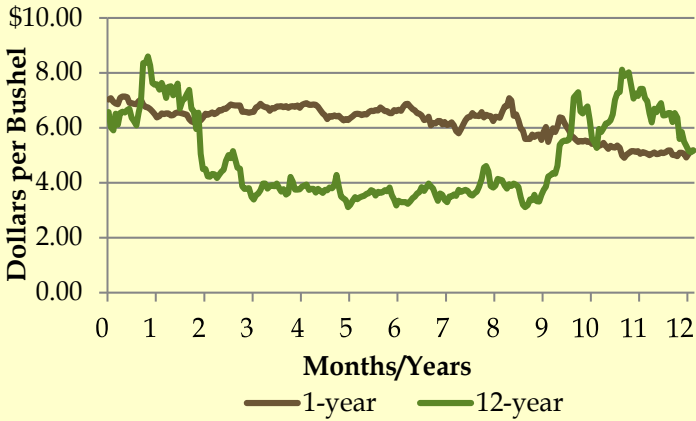
While increasing rates has put pressure on operators, investors have enjoyed the ability to get outsized return from bonds. Yields have risen across all major bond categories driving historic inflows into the bond market. See below for a chart demonstrating yield comparisons between the end of calendar 2021 and the end of the second half of 2023 (per PIMCO).

Starting Average Yield Across Bond Categories

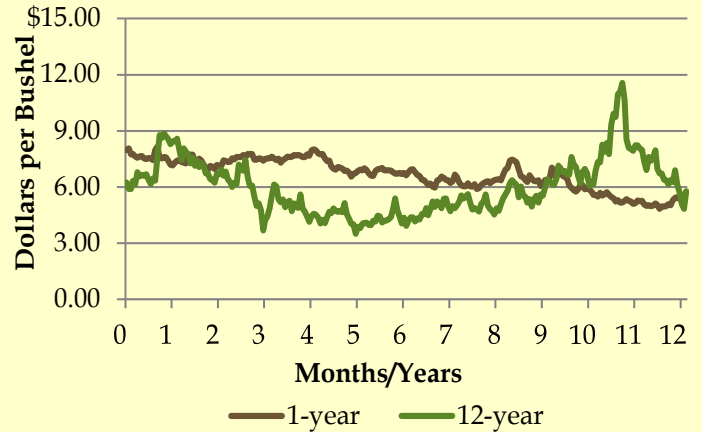


Commodities Overview (1-year & 12-year History)

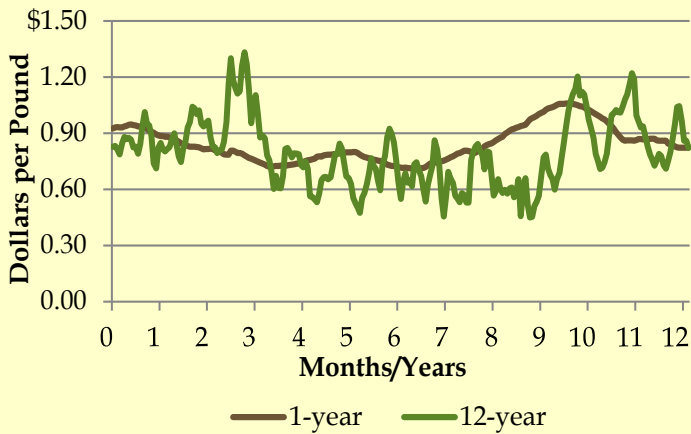
Corn



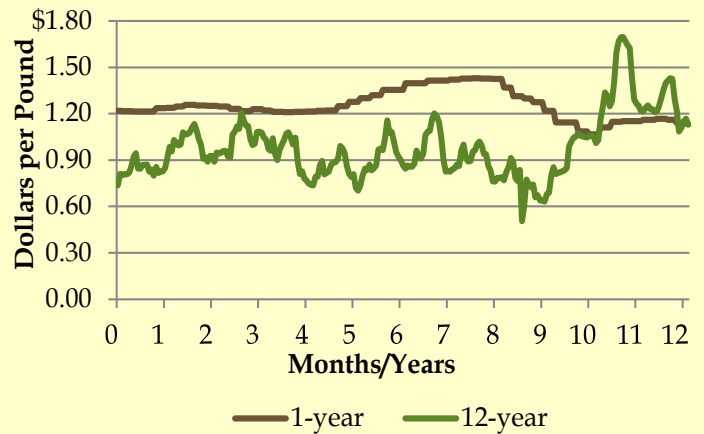
Wheat



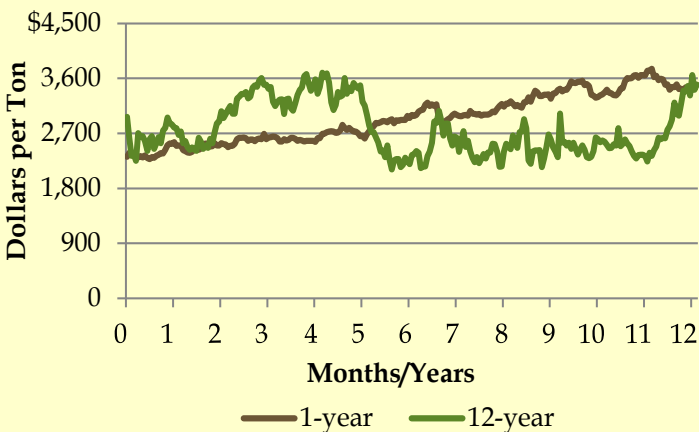
Hogs



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.

Please send your feedback and comments to Mary Burke at 312.348.7080 or lakeshorefoodadvisors@lakeshorefoodadvisors.com.