

Insights

2020 Mid-year Review: Food, Beverage and Agribusiness

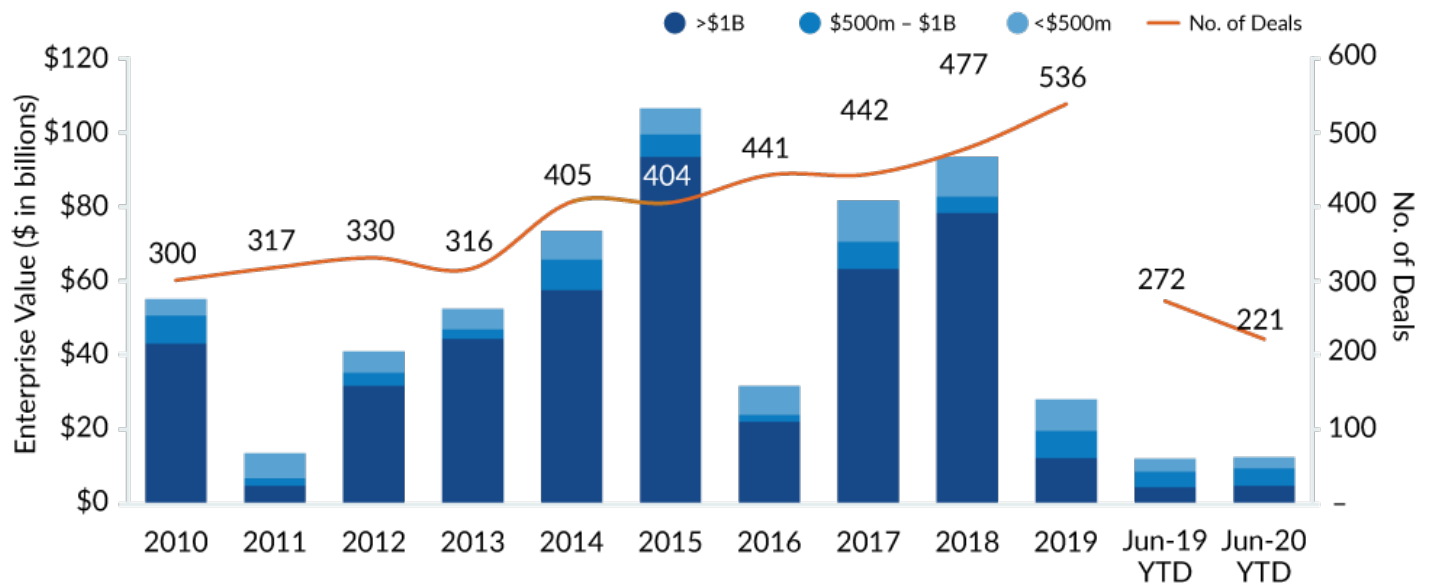
2020: Mid-year review

Key market drivers

2019 was another strong year in terms of M&A activity within the food, beverage and agribusiness industry and momentum through most of Q1 2020 continued at a robust pace followed by an unprecedented slowdown due to COVID-19 and the resulting global economic crisis. Many dealmakers passed up larger, transformational transactions in lieu of smaller, opportunistic acquisitions while shoring up balance sheets and focusing on liquidity until the post-COVID “unknown” becomes more of a known quantity. A majority of middle market deals staged to go to market in late-Q1/early-Q2 were put on hold, while timelines for deals in-market have been stretched. Better news has surfaced in recent weeks with investors/buyers having experienced a significant uptick in (pent-up) M&A activity as local economies continue to open and credit providers refine their outlooks regarding risk appetite and deal structures.

221 control deals were announced during the first half of 2020, an 18.8% decline from a year prior, equating to \$12.5 billion of disclosed value, which was a 2.9% increase compared to the same period one year ago. While the broader market has taken a temporary hit, certain sub-sectors within the value chain, such as alcoholic beverages, center-of-the-store packaged food, retail distribution, retail grocery and snack foods have proven resilient.

Chart 1: U.S. FOOD, BEVERAGE AND AGRIBUSINESS M&A VOLUME



Source: FactSet.

Mid-year 2020 | Investment Banking | Industry outlook

Food, Beverage and Agribusiness

2020 Mid-year review

Key market drivers

2020 was another strong year in terms of M&A activity within the food, beverage and agribusiness industry and momentum through mid-2020. 2020 continued at a robust pace followed by an unprecedented slowdown due to COVID-19 and the resulting global economic crisis. Many transactions paused or began transformational transactions in line of similar opportunities at a discount while allowing us to take advantage of buying on liquidity and the post-COVID "pent-up" demand more of a recession quantity. A majority of middle market deals stopped to get to market in late Q3/early Q4 and got held while business for deals in-market have been disrupted. Better times lie ahead.

Recent events with investment bankers having experienced a significant impact in client-side M&A activity as local economies continue to open and credit providers reduce their activities regarding the appetite and deal structures.

2020 market deals were announced during the first half of 2020 at \$1.3B, down from a year prior resulting in \$1.3 billion of deal volume, which was a 17% increase compared to the same period one year ago. While the broader market has taken a temporary hit, certain sub-sectors within the value chain, such as alcoholic beverages, certain off-the-shelf packaged food, retail distribution, retail grocery and snack foods, have proven robust.

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Chart 1: US FOOD, BEVERAGE AND AGRIBUSINESS M&A VOLUME

Year	Volume (\$B)
2010	100
2011	120
2012	150
2013	180
2014	200
2015	220
2016	250
2017	280
2018	300
2019	320
2020	150

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