

## Insights

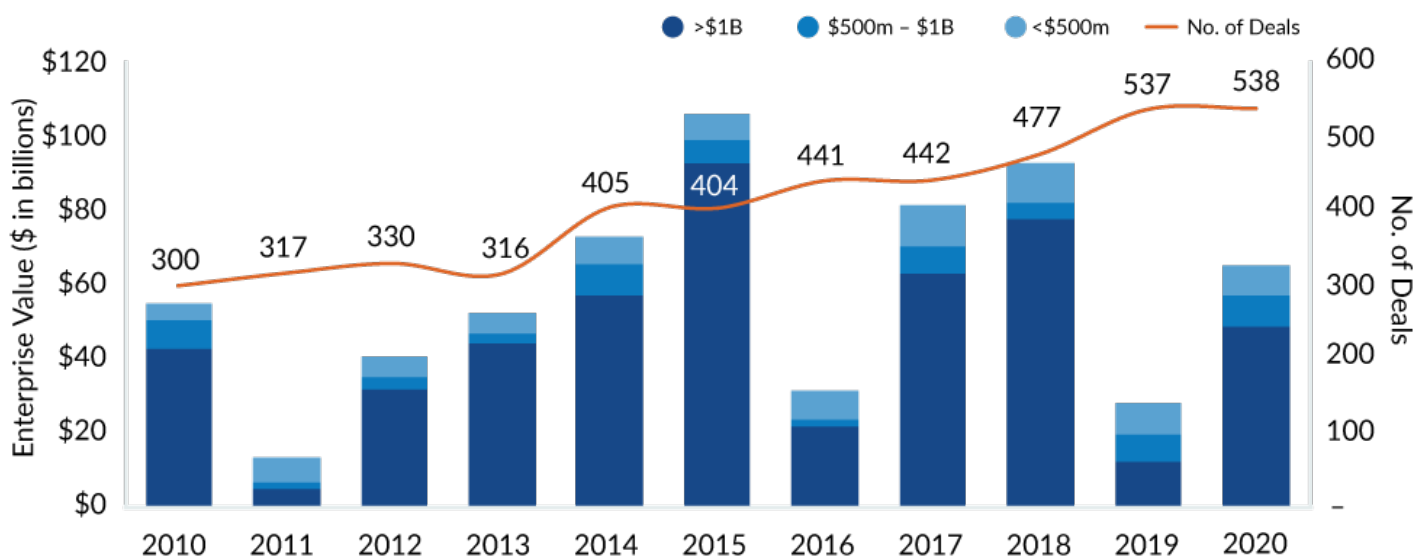
# 2020 Year-End Review: Food, Beverage & Agribusiness

## 2020: Year-end review

### Key market drivers

2020 started as a turbulent year for the capital markets coming off what was an active 2019 for M&A and capital formation transactions. 1H2020 was characterized by a significant slowdown on the heels of the global COVID-19 pandemic, with product shortages due to pantry loading, shuttered restaurants following government-mandated lockdowns, volatile agricultural commodity prices and a rapid shift to online ordering. 2H2020 experienced a rather unprecedented recovery across most industries, including the food, beverage and agribusiness (“FB&A”) sector. While the number of announced FB&A deals was flat year-over-year, deal value more than doubled from \$28.8 billion in 2019 to \$65.5 billion in 2020. This included nine deals valued at more than \$1 billion in enterprise value, which accounted for 74% of total deal value.

**CHART 1: U.S. FOOD, BEVERAGE AND AGRIBUSINESS M&A VOLUME — LATEST TEN YEARS**



Source: FactSet as of December 31, 2020.

Multiples for performing businesses continued to be strong while the overall quality of deal flow moderated. Continued strong private equity (“PE”) and strategic interest, and increased buyer bandwidth

further supported elevated multiples.

Year-end 2020 | Mesirow Investment Banking | Industry Outlook

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Food, Beverage and Agribusiness

2020 Year-end review

Key market drivers

2020 started as a turbulent year for the capital markets coming off what was an active 2019 for M&A and market formation transactions. 2020 was characterized by a significant disruption on the heels of the global COVID-19 pandemic, with product shortages due to supply hoarding, shuttered restaurants following government-mandated lockdowns, volatile agricultural commodity prices and a rapid shift to online ordering. 2020 also experienced a rather unprecedented recovery across most industries, including the food, beverage and agribusiness ("FB&A") sector. 2020 the number of announced FB&A deals rose 14% year-over-year, deal value more than doubled from \$78.8 billion in 2019 to \$143.3 billion in 2020. This included nine deals valued at more than \$1 billion in enterprise value, which accounted for 70% of total deal value.

Chart 1: U.S. Food Revenue and Agribusiness M&A Volume - Latest Ten Years

Year	Food Revenue (\$ billions)	M&A Volume (\$ billions)
2010	388	100
2011	352	100
2012	376	125
2013	404	150
2014	454	175
2015	485	200
2016	450	225
2017	477	250
2018	500	275
2019	527	300
2020	550	325

Source: National Restaurant Association

Multiples for performing businesses continued to be strong while the overall quality of deal flow improved. Continued strong private equity ("PE") fund strength, interest, and increased buyer liquidity further supported elevated multiples.

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