

Insights

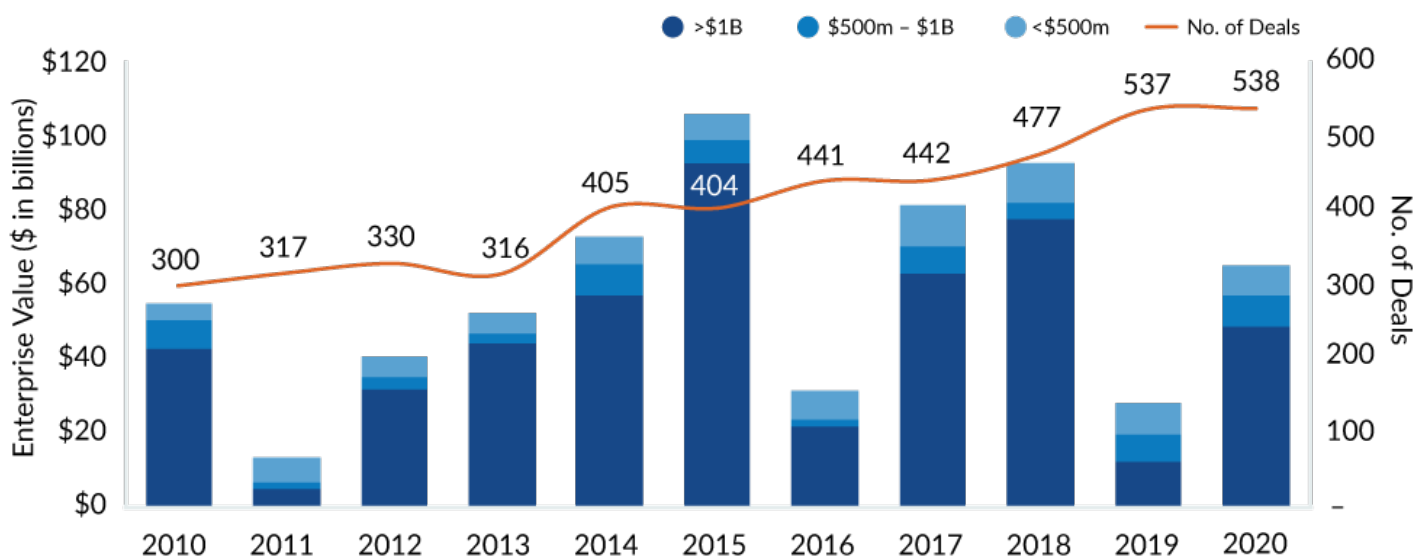
2020 Year-End Review: Food, Beverage & Agribusiness

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	~250	100
2011	~280	110
2012	~300	120
2013	~320	130
2014	~350	140
2015	~380	150
2016	~400	160
2017	~420	170
2018	~450	180
2019	~480	190
2020	~350	200

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 bandwidth further supported elevated multiples.

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