

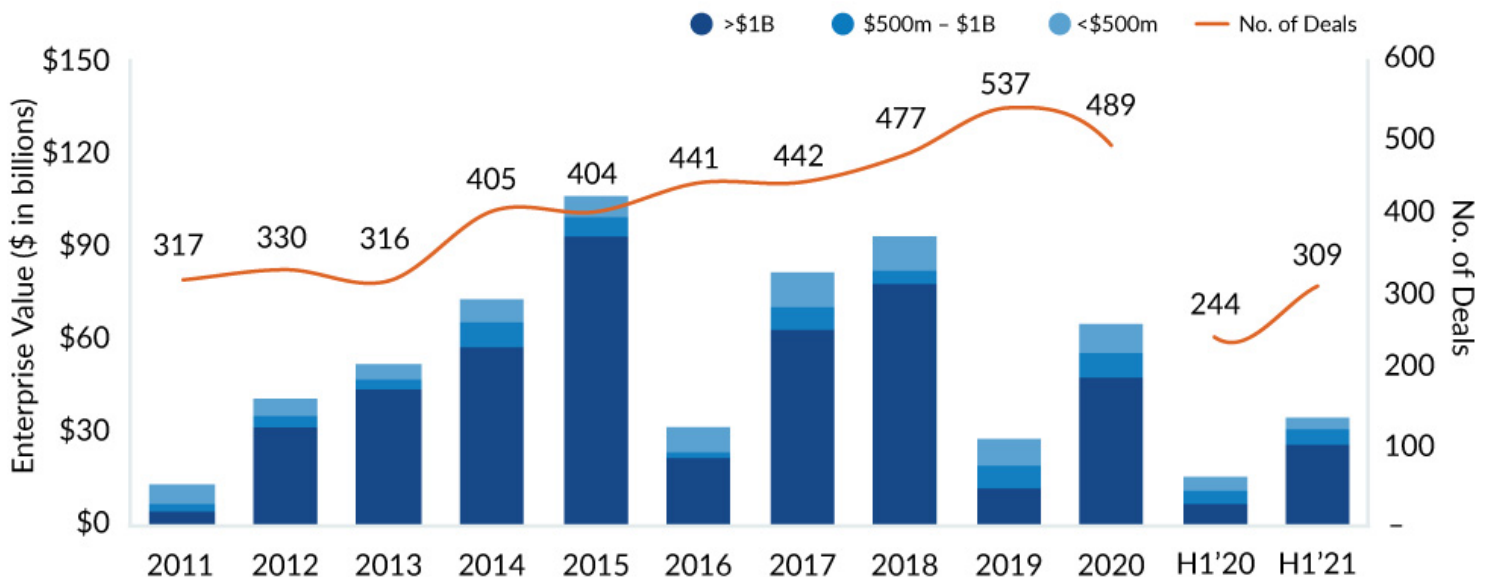
# 2021 Mid-Year Outlook: Food, Beverage & Agribusiness

## Move towards normalcy

The first half of 2021 was characterized by continued resilience within the food, beverage and agribusiness (FB&A) industry, following a period of uncertainty through much of 2020. With more visibility on health and safety policies, changing consumer purchasing preferences and areas of sustainable growth, buyers and sellers have been adept at implementing strategic decisions to support their long-term growth plans. While certain foodservice operators struggled to regain their footing, most sub-sectors flourished—particularly those able to benefit from at-home dining and convenience trends—and took share in what appears to be an everchanging market with a strong long-term outlook.

US M&A momentum evidenced a temporary wait-and-see approach, with only three announced FB&A deals over \$1 billion during all of 2020, while, according to FactSet, there were 11 announced deals (US targets) valued at more than \$1 billion through June 30, 2021. Overall, US FB&A M&A volume hit a record during the first half of 2021 (309 deals), an increase of more than 26% during the same period in 2020. Valuations for quality deals remained at historically high levels, fueled by ongoing private equity fund raising, historically low interest rates and the specter of a Biden administration capital gains tax policy change taking effect in 2022.

CHART 1: US FOOD, BEVERAGE AND AGRIBUSINESS M&A VOLUME | 2011 – 1H2021



Source: FactSet as of June 30, 2021.

# Food, Beverage and Agribusiness

## 2020 Mid-year review

### Market trends summary

The first half of 2021 was characterized by continued volatility within the food, beverage and agribusiness ("FB&A") industry, following a period of recovery through much of 2020. With many markets on track to reach or exceed 2019 levels, FB&A companies are beginning to see operational performance improvements and are able to begin a range of engineering, R&D and other initiatives to support their long-term growth plans. With market fundamentals generally aligned to support their funding needs, FB&A companies are beginning to look for growth opportunities and have shown a clear appetite to do so, notwithstanding market volatility that has been evident.

U.S. M&A momentum continued a recovery well into the approach with only three announced FB&A deals over the first half of 2021, down from 11 announced deals in the first half of 2020. Overall, U.S. M&A volume for FB&A in the first half of 2021 is down 40% from the first half of 2020, being an indicator of more than 10% during the same period in 2020. Qualitative factors remain at historically high levels, leading to ongoing and significant deal activity, including new business and the pursuit of a clear strategic path for public companies (M&A) in 2021.



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