

*M&A Update*

# Agribusiness

December 2019

# Key Highlights

## *M&A in the United States*

The broad M&A market in the U.S. remains healthy even in light of economic and political uncertainties, while valuations continue to climb to record highs.

**Page 3**

## *M&A in the Agribusiness Sector*

53 deals have been announced or completed in the sector so far in 2019, representing a 4% increase compared to the same time period last year.

**Page 4**

## *Notable Transactions*

Notable M&A deals include Dairy Farmers of America's acquisition of the remaining stake in Stremick's Heritage Foods for \$1.8 billion and the acquisition of Actagro by Nutrien for \$340 million.

**Page 5**

## *Public Markets*

Although the sector lags the overall performance of the S&P 500, valuation multiples for public companies remain high relative to prior years.

**Page 6**



# M&A in the United States

## Deal Activity & Valuations

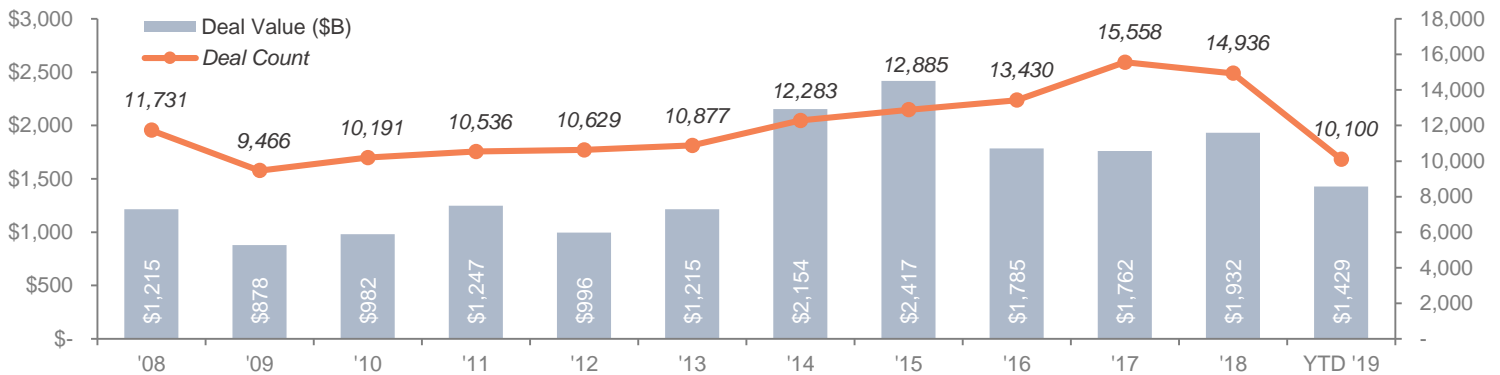
### Deal Activity

The broad U.S. M&A market in 2019 remains healthy despite economic uncertainty from trade tensions and recession risk. Though year-to-date activity has been lower than in the same time period in 2018 – total deal volume and value declined 28% and 23%, respectively – the current M&A environment is fundamentally strong due to low interest rates, the bull market in stocks, high valuations and large capital reserves waiting to be deployed by strategic and financial acquirers.

<b>10,100</b> <b>M&amp;A Deals</b>	<b>\$1.4 Trillion</b> <b>Deal Value</b>
▼ 28% YoY decline	▼ 23% YoY decline

### Total M&A Deal Volume & Value in the United States

\$ in Billions; Year to date through November 30, 2019



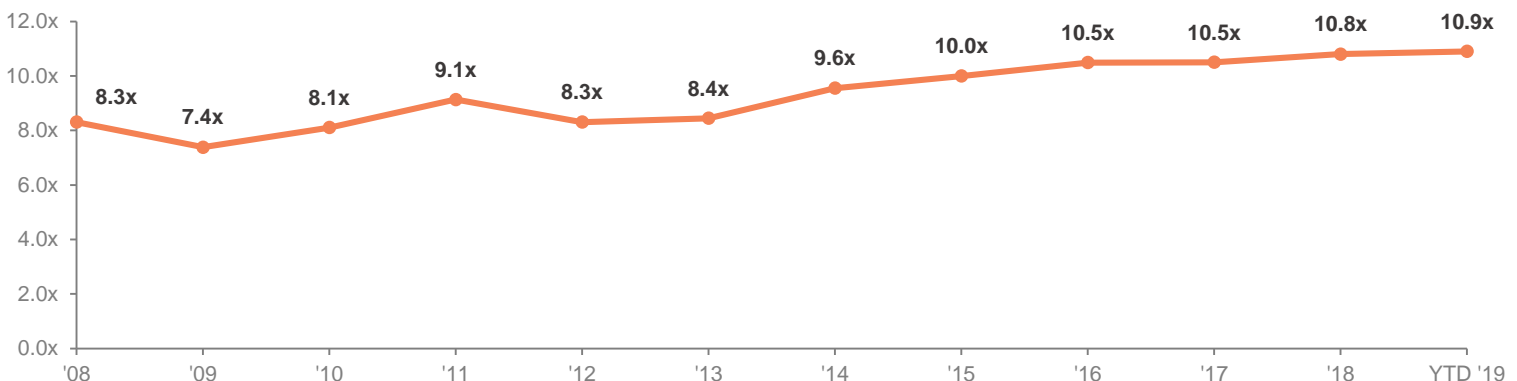
### Valuations

Valuation levels continue to climb amid strong deal competition, cheap capital and high sellers' expectations. After reaching a lofty 10.8x in 2018, the median Enterprise Value (EV) to EBITDA multiple rose to double digits once again in 2019. The current benchmark of 10.9x EBITDA represents a 47% increase (equivalent to 3.5x EBITDA) vs. 2009 and marks the fifth consecutive year with valuation multiples north of 10.0x.

<b>10.9x</b>	<b>10.5x</b>
Current Median EV / EBITDA	5-Year Median EV / EBITDA

### Median Enterprise Value (EV) / EBITDA Valuation Multiple

Only includes transactions with disclosed financial terms; Year to date through November 30, 2019



Sources: S&P Capital IQ, Pitchbook, IMAA Institute, CCCA Research

Definitions: YoY = Year-over-year; Enterprise Value = Market Cap + Debt – Cash; EBITDA = Earnings Before Interest, Taxes, Depreciation & Amortization

# M&A in the Agribusiness Sector

## Sector Snapshot

### Industries in the U.S. Agribusiness Sector

#### Agricultural Products & Services

- Dairy
- Grains
- Crop Inputs
- Machinery & Equipment Manufacturing
- Machinery & Equipment Distribution
- Agricultural Services

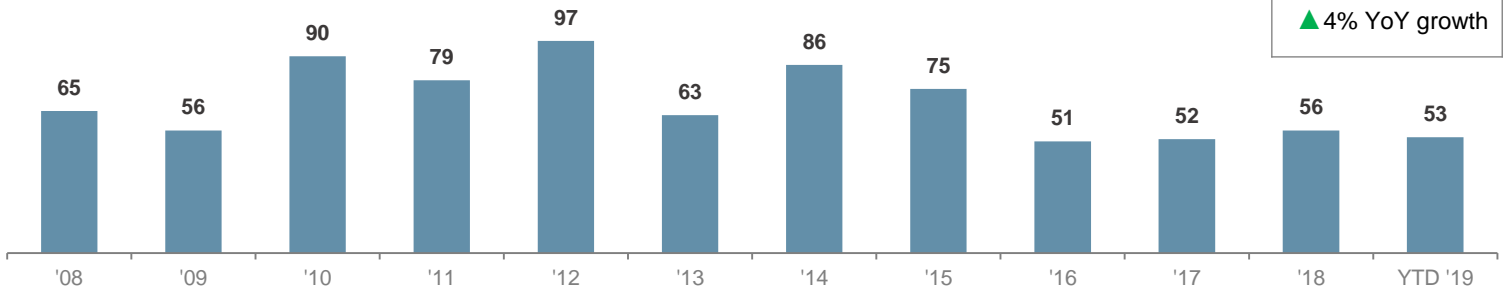
#### Livestock

- Livestock Feed
- Livestock & Animal Specialties

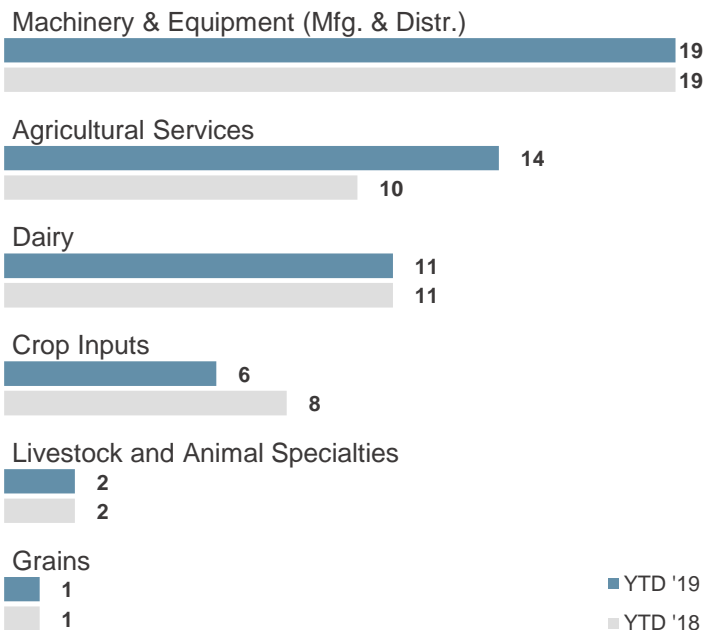
### Sector M&A Deal Volume

#### Sector Deal Volume

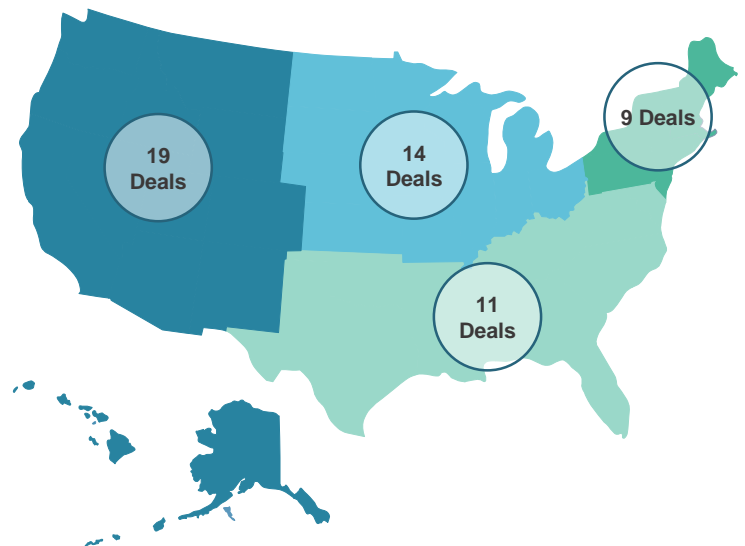
Year to date through November 30, 2019



### M&A Deal Volume by Industry



### M&A Deal Volume by U.S. Region



Sources: S&P Capital IQ, Pitchbook, IMAA Institute, CCCA Research  
Definitions: YoY = Year-over-year

# M&A in the Agribusiness Sector

## Notable Deals & Buyer Mix

### Notable Deals

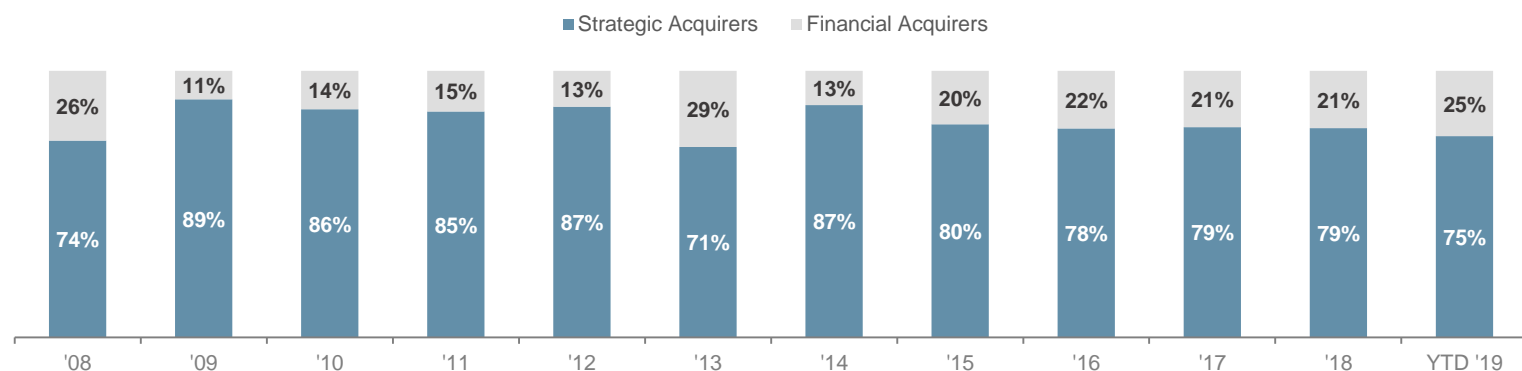
Date	Company	Acquirer	Enterprise Value (EV) (\$ in MM)	Implied EV / Revenue	Implied EV / EBITDA
Oct 2019	Mid-West Fertilizer, Inc.	Mid-Kansas Cooperative Association	-	-	-
Aug 2019	HeartLand	Sterling Investment Partners	-	-	-
Jun 2019	Prime Equipment Group, Inc.	John Bean Technologies Corp. (NYSE:JBT)	\$65	1.4x	-
Apr 2019	Stremick's Heritage Foods, LLC	Dairy Farmers of America, Inc.	\$1,795	-	-
Apr 2019	MGI Grain Processing, LLC	RiceBran Technologies (NasdaqCM:RIBT)	\$4	1.4x	-
Mar 2019	Miller Chemical & Fertilizer Corp.	Huber Engineered Materials	-	-	-
Mar 2019	Iowa Premium Beef LLC	National Beef Packing Co.	\$150	0.2x	-
Feb 2019	Sam Kane Beef Processors	JDH Capital	\$28	-	-
Feb 2019	Actagro, LLC	Nutrien Ltd. (TSX:NTR)	\$340	-	-
Jan 2019	US Irrigation, LLC	Laurel Ag	-	-	-

Note: This table includes only a sample of relevant transactions in the context of M&A activity in the sector. It is not meant to be all-inclusive.

### Buyer Mix

#### Share of Acquisitions

% of Acquisitions by Strategic and Financial Acquirers



Sources: S&P Capital IQ, Pitchbook, IMAA Institute, CCCA Research

Definitions: Enterprise Value = Market Cap + Debt – Cash; EBITDA = Earnings Before Interest, Taxes, Depreciation & Amortization

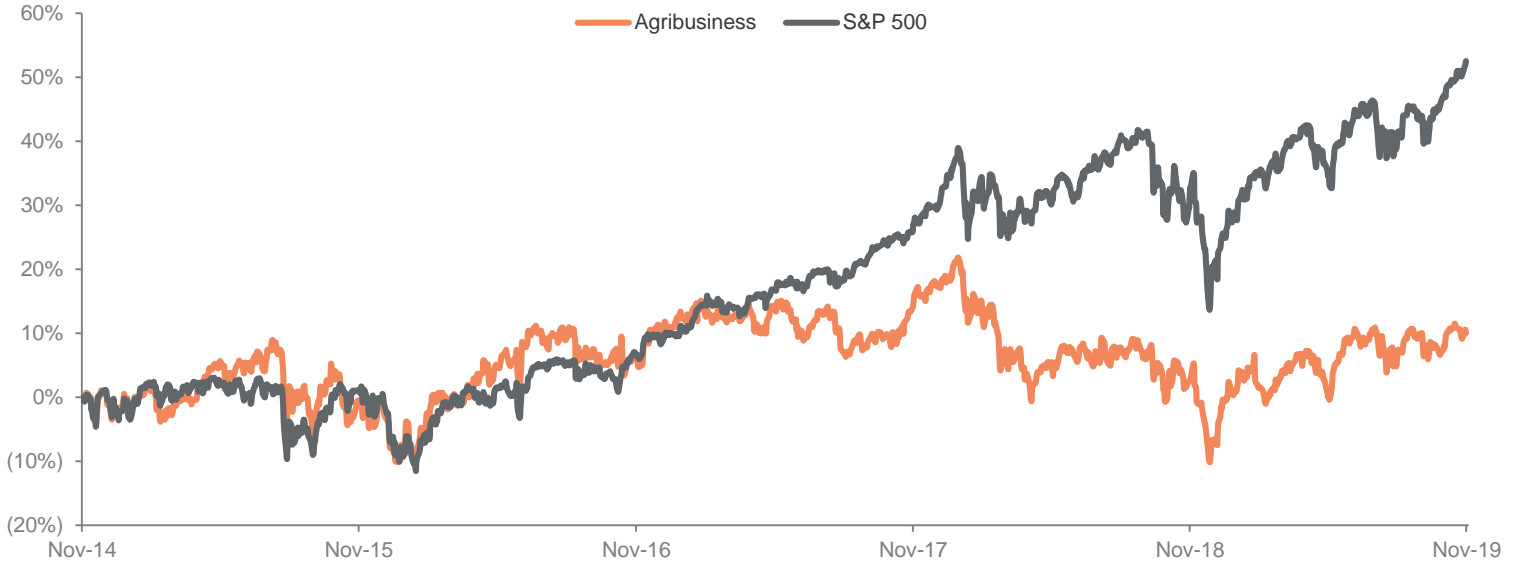
# Public Companies in the Agribusiness Sector

## Performance & Valuations

### Sector Performance

#### Return vs. S&P 500

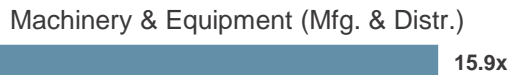
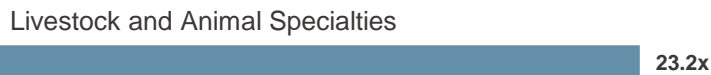
Last 5 Years



### Valuations

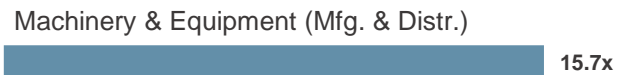
#### Enterprise Value / LTM EBITDA

Median of Publicly Traded Companies



#### Enterprise Value / NTM EBITDA

Median of Publicly Traded Companies



Sources: S&P Capital IQ, Pitchbook, IMAA Institute, CCCA Research

Definitions: Enterprise Value = Market Cap + Debt - Cash; EBITDA = Earnings Before Interest, Taxes, Depreciation & Amortization; LTM = Last Twelve Months; NTM = Next Twelve Months



# CC Capital Advisors

## Firm Overview

### Who We Are

CC Capital Advisors is a boutique investment banking firm providing mergers and acquisitions, capital raising and strategic advisory services to middle market clients. Our experienced team of committed advisors combines long-standing transaction experience to provide independent and uncompromised services to achieve our clients' objectives.

### Who We Serve

We tailor our services to a broad base of clients, including entrepreneurs, family-owned businesses, private and public corporations, family offices, private equity and venture capital investors. Clients have repeatedly chosen us as trusted advisors and partners because of our quality advice, ability to execute transactions and client-first philosophy.

### What We Do

Mergers & Acquisitions	Capital Raising Advisory	Strategic Advisory
<ul style="list-style-type: none"><li>Sales of privately-held companies</li><li>Buy-side acquisitions</li><li>Minority buyouts</li><li>Corporate subsidiary divestitures</li><li>Private equity and venture capital portfolio divestitures</li></ul>	<ul style="list-style-type: none"><li>Senior secured and unsecured debt</li><li>Mezzanine capital</li><li>Growth equity capital</li><li>Recapitalizations</li><li>Private placements of institutional capital</li></ul>	<ul style="list-style-type: none"><li>Business valuations</li><li>Fairness opinions</li><li>Strategic options assessment</li><li>Ownership transition planning</li><li>Corporate reorganizations</li></ul>

### Why Clients Choose Us

<b>100+ Years</b>	Collective investment banking experience of our team	<b>\$7 Billion</b>	Completed transaction experience of our team
<b>Midwest Values</b>	Integrity, experience and commitment are our core values	<b>\$1 Billion</b>	Completed transaction value in the last five years
<b>Global Reach</b>	We represent clients across the world	<b>15 Deals</b>	Number of transactions closed since 2017

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