



Economic situation

IAA 80: the Unigrains indicator of European listed agri-food stocks

Created by Unigrains, the IAA 80 consists of 80 listed agri-food stocks based in 13 countries of Western Europe (Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Netherlands, Norway, Spain, Sweden, Switzerland, United Kingdom). It is weighted by the market capitalisation. The selected stocks have a market capitalisation of more than €50m and a minimum free float of 15%. Additional information on the composition of the IAA 80 indices is available in annex. All figures in this memorandum come from the S&P Capital IQ database and are calculated in euro.



STOCK MARKET REVIEW AS OF JUNE 2021

See illustrative charts in Appendix 1 of this document.

In Q2 2021 the Unigrains index recorded its best performance over one year

The IAA 80 accelerates sharply in Q2-21 to +8.4%, driven by Beverages stocks

After a slow start (+0.9%) in the first quarter, the IAA 80 accelerated sharply in Q2-21. Buoyed by the acceleration of the vaccination campaign and the accompanying prospects for a return to normal, it posted its best quarterly performance since the start of the health crisis.

Growth was driven by its Beverage component (+14.5%), which largely tracks the ebb and flow of the pandemic. Food stocks also accelerated, up +4.9% compared with only +1.4% in the previous quarter and -2.7% in Q4-20. This is due to the overall good 2020 annual results and an outlook which remains positive

The IAA 80 outperforms the MSCI Europe (+4.8%) in the quarter, supported by its largest stocks

While in Q1-21 the IAA 80's rise was held back by Lead 13 (sub-index grouping capitalisations above €10bn), in Q2-21 it took back its role as a driver with a gain of +9.1%. Within the Lead 13 all Beverage stocks (Wine & Spirits, Brewery) posted growth of more than +9%. The only company in the Food sector to match their performance was Kerry (+9.4%), with investors endorsing its health nutrition positioning in tune with current consumer trends.

The French sub-index FR 13 jumps +9.1%

Over the quarter the FR 13 outperformed the IAA 80, the MSCI Europe and the CAC 40 (+6.6%). Its excellent performance – the best recorded in the past year – is largely due to two of its three largest stocks, Pernod Ricard (+16%) and Rémy Cointreau (+9.8%). Ultimately, these companies were not severely impacted by the crisis because they were able to quickly adapt to the context. Furthermore, their international reach means they are benefiting greatly from the global recovery in out-of-home beverage consumption, particularly in the US and China.

Valuation multiples reach record highs

Unlike the last recession when it took several years to recover to its previous levels, the IAA 80's average valuation, measured as an EBITDA multiple, recovered quickly after the March 2020 shock. **Having broken its 2017 record in Q1-21 it remains on a strong momentum, reaching 16.0x this quarter.** This level reflects an expected turnaround in operating results – already priced in – and an unprecedented abundance of liquidity in the financial markets.

The IAA 80 is ahead of its US equivalent

In line with the S&P 500, the Unigrains US 63 agri-food stocks indicator slowed to +2.4% in Q2-21 down from +4.8% in the previous quarter. **It is therefore largely outpaced by the IAA 80.** The difference in growth mainly reflects a catch-up effect in favour of the European index, whereas the US 63 had recovered earlier from the March 2020 decline thanks to more favourable economic and health conditions (earlier vaccination campaign).

The observation is the same over one year, with an increase of +15.2% for the IAA 80 against +13.8% for the US 63. This compares with US 63 growth of +1.6% over January 2020-March 2021 versus a decline of -6.7% for the IAA 80, which shows that the US index recovered more quickly after the March 2020 fall.



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Agri-food stocks erased the March 2020 losses

Since the end of May 2021, the IAA 80 has exceeded its pre-crisis level

In the second quarter of 2021, the Unigrains index erased the losses caused by the health crisis, up +0.6% between 1 January 2020 and 30 June 2021.

The catch-up seems small compared with the MSCI Europe (+7.5%) but it actually masks the **better resilience of the agri-food industry in times of crisis**, and therefore the more defensive nature of its stocks. At the height of the crisis (March 2020), the IAA 80 limited its fall to -25%, while the MSCI Europe lost 33%. As a result, its recovery has also been more gradual: since its low point it has recovered +35%, compared with +73% for the MSCI Europe.

The Food component is particularly stable

Food stocks lost only 18% between 1 January 2020 and their lowest point in the crisis (around mid-March 2020), compared with -41% for Beverages stocks. They benefited from the massive shift in food spending from the out-of-home channel to mass retail. As a result, their recovery was also less spectacular, at +22% compared with +71% for the Beverage component. This brings the total change in the Food component to -0.2% over the period compared with +2% for Beverages.

The FR 13 is in line with the IAA 80, up +0.8% between 1 January 2020 and 30 June 2021

Like the IAA 80, the FR 13 was less sensitive to the health crisis than the global indices. While the CAC 40 fell by 38% at the height of the crisis compared with 1 January 2020, the FR 13 fell by only 25%. Its lower volatility is reflected in its current growth, at +0.8% over the period versus +7.7% for the CAC 40, whose stocks are generally more cyclical.

Quarterly changes in the main indices:

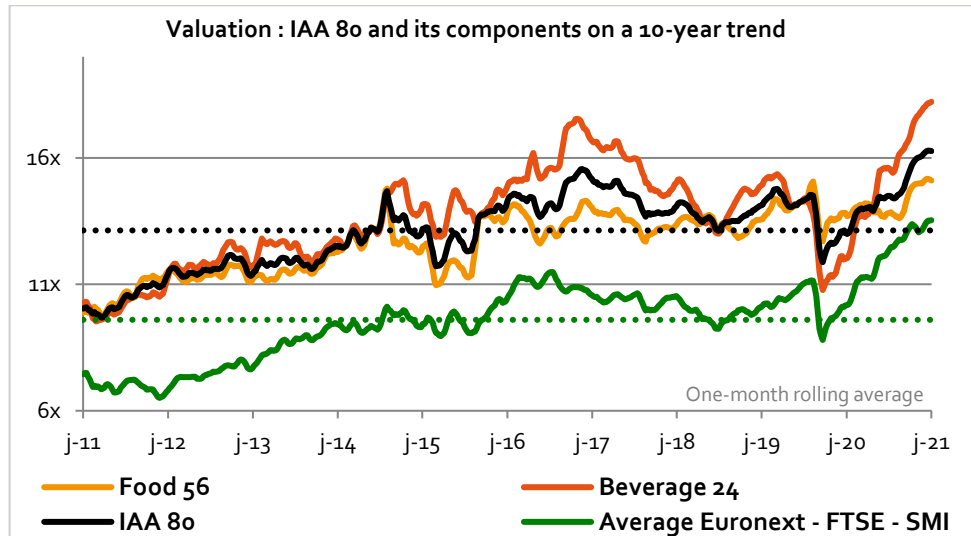
	Unigrains indices and sub-indices ^a					Broader indices	
	IAA 80	Food component	Beverage component	FR 13	US 63	MSCI Europe	CAC 40
Q3-20	1.3%	1.2%	1.6%	(4.0%)	2.4%	(0.5%)	(2.5%)
Q4-20	3.4%	(2.7%)	16.1%	5.6%	3.1%	10.3%	15.1%
Q1-21	0.9%	1.4%	0.1%	4.9%	4.8%	7.8%	9.3%
Q2-21	8.4%	4.9%	14.5%	9.1%	2.4%	4.8%	6.6%
1 year to Q2-21	15.2%	5.4%	35.4%	16.4%	13.8%	24.9%	32.1%
Jan 20-June 21	+0.6%	(0.2%)	+2.0%	+0,8%	3.8%	+7.5%	7.7%

^a As the index compositions have been updated, the growth rates are slightly different from those presented in the Q1-21 IAA 80 note



VALUATION

IAA 80: valuation at its highest



Equity markets have never been so dearly valued since 2000

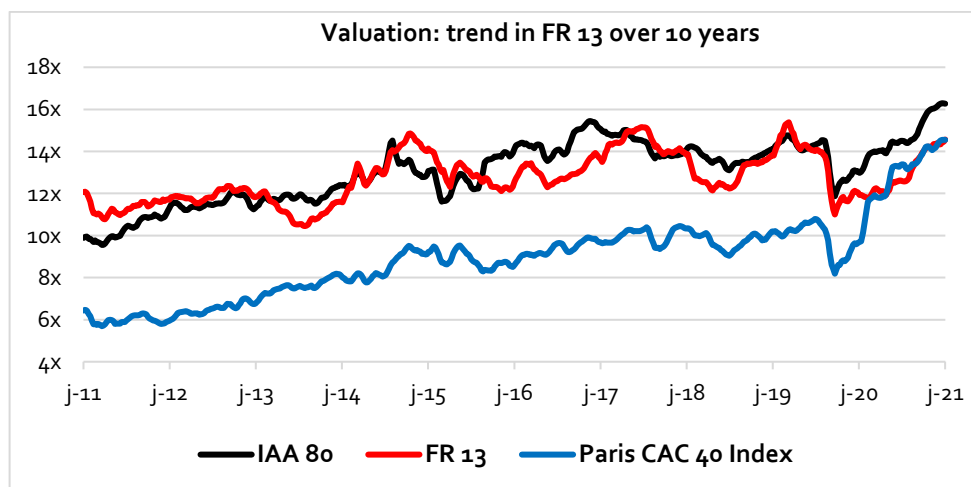
Valuations have rebounded faster and stronger than during the previous financial crisis in 2008. This trend concerns all sectors including agri-food, with the IAA 80 reaching an average valuation of 16.0x in Q2-21. It is supported by very favourable financial conditions (abundant liquidity and still low long-term interest rates) and strong optimism about the overall economic recovery.

Components: Food and Beverage up sharply

As in the last two quarters, the Beverage component (17.8x) is driving the IAA 80 higher (16.0x). Its high valuation reflects expectations of a strong recovery with attractive earnings prospects.

Stable over Q3-20/Q1-21, the Food component picked up momentum to reach a record average valuation of 15.0x in Q2-21. Investors are very bullish on equities and are now buying all sectors of the stock market, including the most defensive ones such as food.

The FR 13 continues to rise but remains below the IAA 80



In Q2-21, the valuation of the FR 13 equalled that of the CAC 40 at 14.3x

For the 3rd consecutive quarter, the FR 13 did not generate a premium over the CAC 40. The valuation of the latter is recovering strongly, driven by its mainly cyclical components, whose earnings prospects are improving strongly with the economic recovery.



The valuation of the French sub-index remains below the IAA 80's (16.0x)

Unlike the IAA 80, which has already surpassed it, the FR 13 has yet to match its 2017 record of 14.9x in the fourth quarter. While it is difficult to determine the exact reasons for this, we note that approximately half of the companies in the French sub-index include a higher EBITDA than before in the calculation of their average multiple for Q2-21, reflecting the good resilience of annual results in 2020. Their capitalisations may not have increased to the same extent as already incorporating positive growth forecasts.

Average quarterly valuations of the main indices:

	Unigrains indices and sub-indices ^a				Broader indices	
	IAA 80	Food component	Beverage component	FR 13	Average Europe-FTSE-SMI	CAC 40
Q2-20	12.8x	13.6x	11.6x	11.8x	9.9x	8.8x
Q3-20	13.7x	14.0x	13.2x	12.0x	11.1x	10.9x
Q4-20	14.3x	13.9x	14.9x	12.3x	12.0x	12.4x
Q1-21	14.8x	14.0x	16.2x	13.3x	12.9x	13.5x
Q2-21	16.0x	15.0x	17.8x	14.3x	12.9x	14.3x

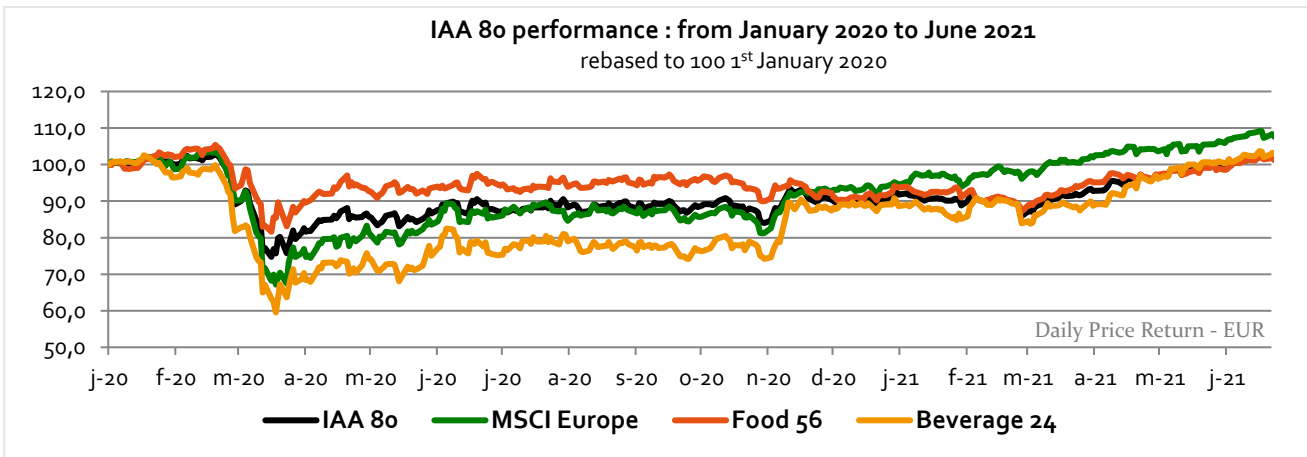
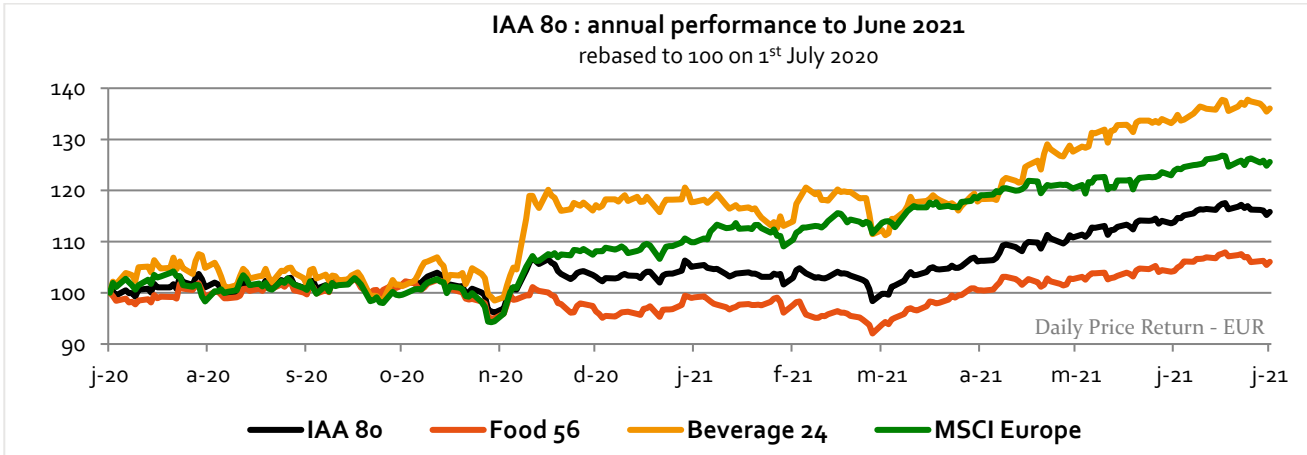
^a As the composition of the indices has been updated, the quarterly averages are slightly different from those presented in the Q1-21 IAA 80 note.



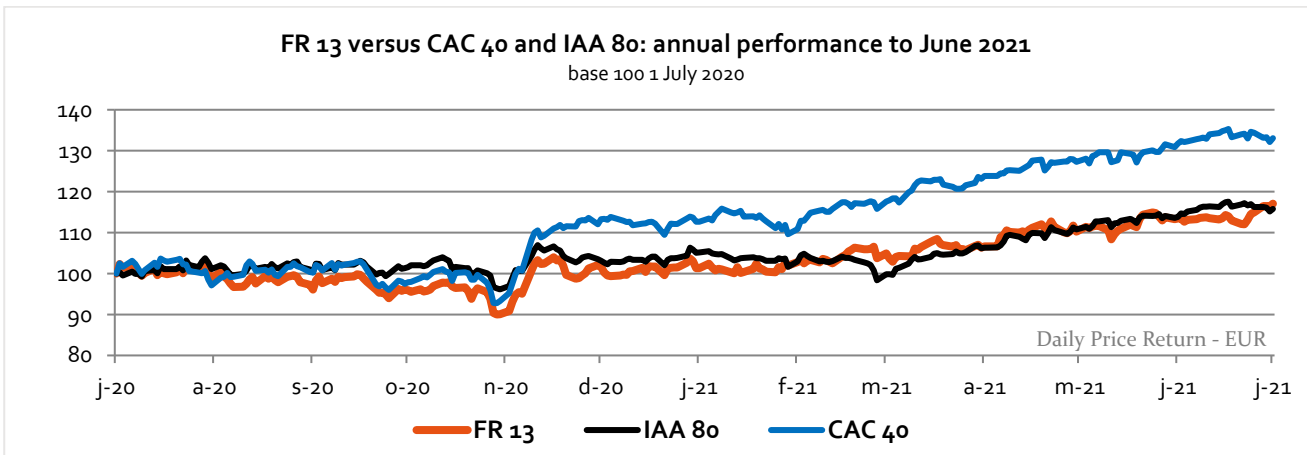


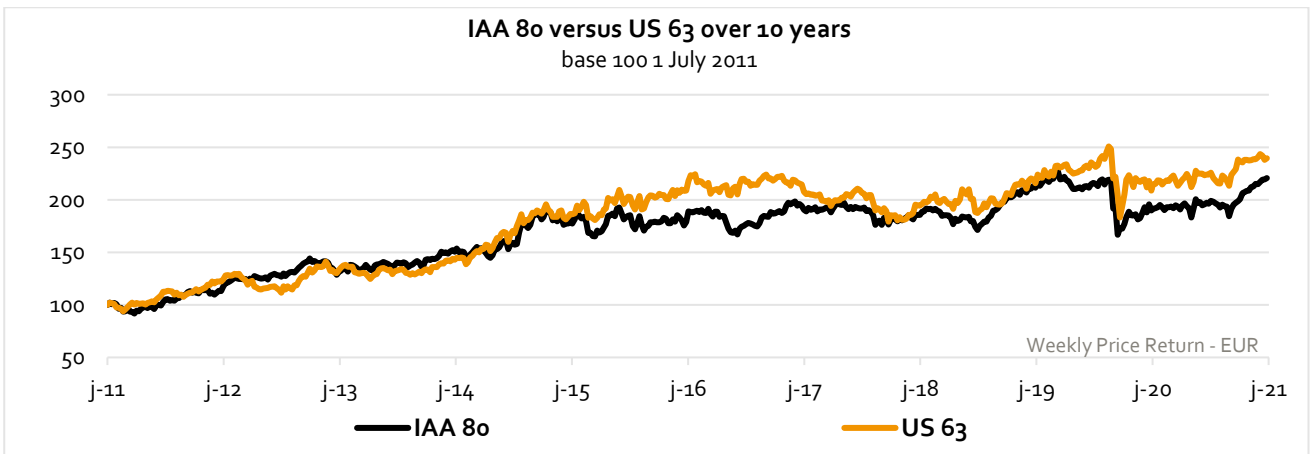
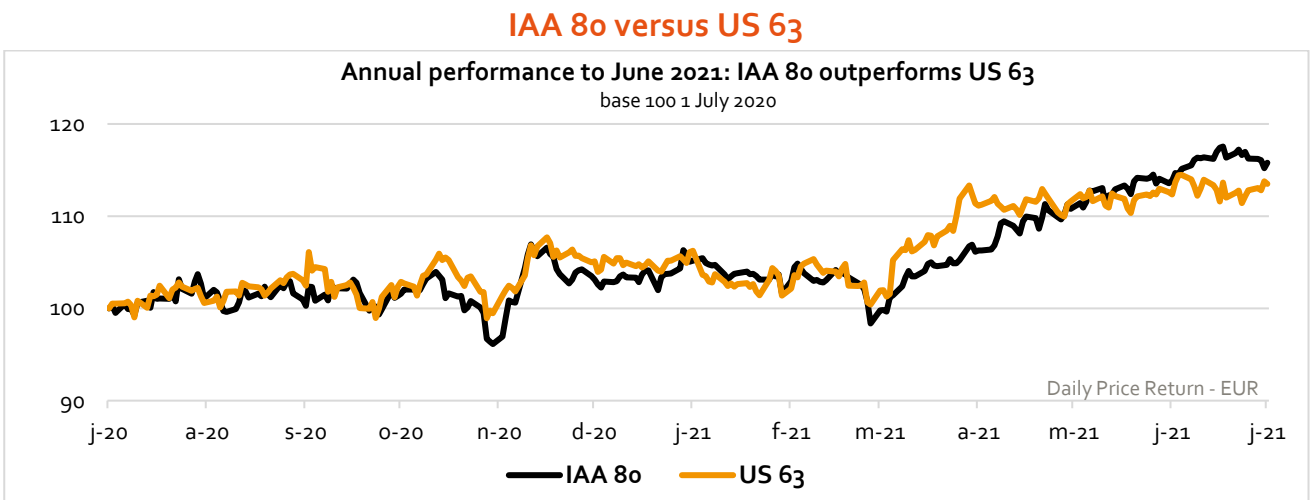
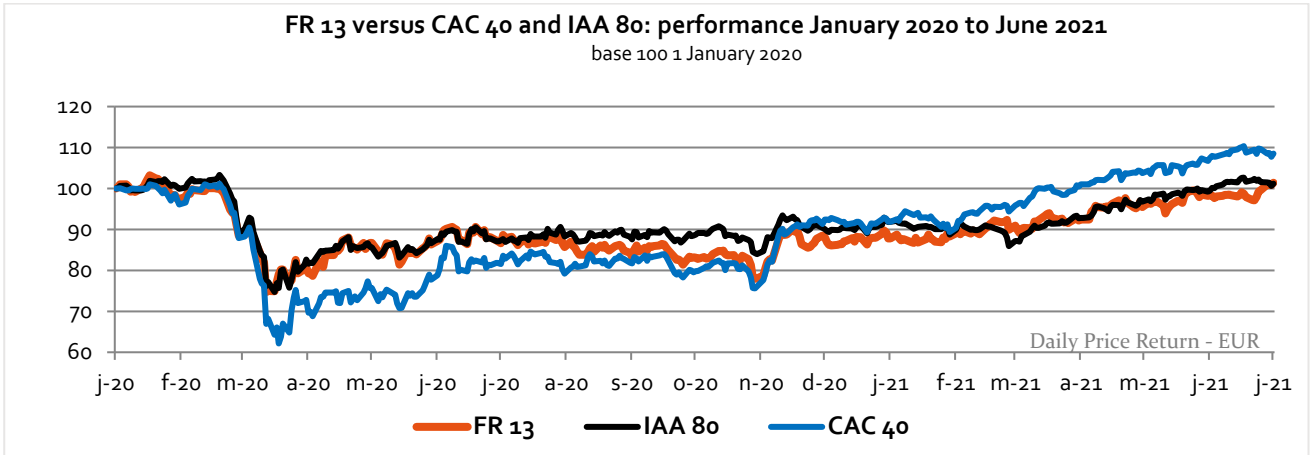
Appendix 1 – Charts

IAA 80



FR 13







Appendix 2 - Additional figures and definitions

Stock market performances

Performance* of agri-food indices at 30/06/2021

	Annualised growth						
	1 month	3 months	6 months	1 year	3 years	5 years	10 years
IAA 80	1.2%	8.4%	9.5%	15.2%	5.8%	4.2%	8.2%
Food 56	1.1%	4.9%	6.4%	5.4%	2.5%	2.7%	4.5%
Beverages 24	1.3%	14.5%	15.0%	35.4%	5.9%	4.3%	8.4%
Lead 13	1.4%	(0.6%)	9.0%	14.1%	6.0%	4.2%	8.4%
Big 24	(0.6%)	3.7%	13.4%	23.1%	7.2%	8.9%	10.4%
Mid 26	(0.9%)	0.6%	14.6%	27.5%	(8.8%)	(10.2%)	(4.4%)
Small 17	0.4%	5.8%	24.7%	42.2%	(4.6%)	(1.5%)	(5.1%)
FR 13	2.6%	9.1%	14.8%	16.4%	4.6%	7.0%	5.6%
MSCI Europe	0.8%	4.8%	13.6%	24.9%	5.6%	6.8%	4.8%

*Share price performance throughout the corresponding period, excluding dividends

Volatility: average weekly variation (absolute)

	1 year	3 years	5 years	10 years
IAA 80	1.3%	1.4%	1.3%	1.5%
Food 56	1.5%	1.5%	1.5%	1.6%
Beverages 24	1.3%	1.4%	1.4%	1.5%
Lead 13	1.3%	1.4%	1.4%	1.5%
Big 24	1.4%	1.5%	1.4%	1.5%
Mid 26	1.6%	1.8%	1.8%	1.9%
Small 17	1.4%	1.6%	1.4%	1.8%
FR 13	1.5%	1.8%	1.7%	1.7%
MSCI Europe	2.1%	1.7%	1.6%	1.7%

Financial performances

Key financial data in 2020

Average	Sales (€m)	EBITDA/ SALES	ROCE	Gearing	Leverage
IAA 80	4,600	12%	7%	0.5	3.2
Food 56	4,823	10%	6%	0.5	3.1
Beverages 24	4,081	17%	9%	0.6	3.7
Lead 13	21,034	20%	8%	0.7	2.6
Big 24	2,436	14%	10%	0.4	1.7
Mid 26	1,153	9%	6%	0.5	3.8
Small 17	361	8%	4%	0.6	5.1
FR 13	3,409	12%	5%	0.7	5.5
Euronext 100	19,953	17%	9%	0.3	1.3

^a The high leverage ratio of FR 13 is largely due to the presence of three Champagne stocks and Advini. The nature of their activity requires significant storage capacity due to the ageing of the alcohol produced.

Definitions

MSCI Europe: index representing the European stock market. Weighted index of 434 Western European stocks, with an average market capitalisation of €15 billion.

EBITDA multiple = EV/EBITDA

EV (enterprise value) = market capitalisation + net financial debt + minority interests

ROCE = EBIT * (1-33%) / (net fixed assets + working capital requirement) _{avg year n/n-1}

Gearing = net financial debt/shareholders' equity

Lever = net financial debt/EBITDA

Financial data are derived from the CIQ database, which adjusts them according to its own methodology to produce consistent indicators.



Appendix 3 - Methodology

The IAA 80 is divided into several sub-indices based on three criteria:

- Activity: Food 56 and Beverages 24, comprised respectively of 56 and 24 stocks.
- Size: Lead 13, Big 24, Mid 26 and Small 17 with a breakdown of businesses based on their market capitalisation at 1 January of the current year; thresholds at €200m, €1,000m and €10,000m.
- Geographic region: FR 13, comprised of 13 French stocks.

The use of the various sub-indices in the analysis may vary from one quarter to the next, depending on their relevance.

Unigrains updates the composition of its indices and sub-indices once a year during the first quarter analysis. The update takes into account market capitalisation at 1st January as well as entry and exit of index stocks.

IAA 80 stocks

Company	Country	Sector	Sub-sector	Market capitalisation at 01/01/2021 (in €m)	Size category
NESTLÉ	CH	Food	Sweet & savoury groceries	268,298	Lead 13
UNILEVER	NL	Food	Sweet & savoury groceries	128,604	Lead 13
AB-INBEV	BE	Beverages	Brewing	112,376	Lead 13
DIAGEO	UK	Beverages	Wine & spirits	75,128	Lead 13
HEINEKEN	NL	Beverages	Brewing	52,480	Lead 13
PERNOD-RICARD	FR	Beverages	Wine & spirits	41,062	Lead 13
DANONE	FR	Food	Sweet & savoury groceries	34,911	Lead 13
KERRY	IE	Food	Agri-food ingredients	20,939	Lead 13
ABF	UK	Food	Sweet & savoury groceries	19,960	Lead 13
CARLSBERG	DK	Beverages	Brewing	19,168	Lead 13
LINDT & SPRUENGLI	CH	Food	Chocolate, confectionery	18,824	Lead 13
BARRY CALLEBAUT	CH	Food	Chocolate, confectionery	10,646	Lead 13
DAVIDE CAMPARI	IT	Beverages	Wine & spirits	10,514	Lead 13
MOWI	NO	Food	Seafood	9,420	Big 24
ORKLA	NO	Food	Sweet & savoury groceries	8,306	Big 24
RÉMY COINTREAU	FR	Beverages	Wine & spirits	7,650	Big 24
SALMAR	NO	Food	Seafood	5,633	Big 24
ROYAL UNIBREW	DK	Beverages	Brewing	4,624	Big 24
EMMI	CH	Food	Dairy products	4,506	Big 24
AAK	SE	Food	Agri-food ingredients	4,220	Big 24
NOMAD FOODS	UK	Food	Sweet & savoury groceries	3,708	Big 24
TATE & LYLE	UK	Food	Agri-food ingredients	3,487	Big 24
P/F BAKKAFROST	DK	Food	Seafood	3,449	Big 24
LERØY SEAFOOD	NO	Food	Seafood	3,440	Big 24
FEVERTREE	UK	Beverages	Soft drinks	3,286	Big 24
GLANBIA	IE	Food	Agri-food ingredients	3,047	Big 24
LOTUS BAKERIES	BE	Food	Cereal, oilseed & protein crop processing	2,982	Big 24
EBRO FOODS	ES	Food	Cereal, oilseed & protein crop processing	2,914	Big 24
VISCOFAN	ES	Food	Agri-food ingredients	2,691	Big 24
BRITVIC	UK	Beverages	Soft drinks	2,420	Big 24
SUDZUCKER	DE	Food	Sugar	2,382	Big 24
CRANSWICK	UK	Food	Meat	2,064	Big 24
L.D.C.	FR	Food	Meat	1,695	Big 24



Company	Country	Sector	Sub-sector	Market capitalisation at 01/01/2021 (in €m)	Size category
AUSTEVOLL SEAFOOD	NO	Food	Seafood	1,688	Big 24
BELL	CH	Food	Meat	1,383	Big 24
HILTON FOOD	UK	Food	Meat	1,019	Big 24
OLVI OYJ	FI	Beverages	Brewing	1,003	Big 24
PREMIER FOODS	UK	Food	Sweet & savoury groceries	953	Mid 26
GRIEG SEAFOOD	NO	Food	Seafood	910	Mid 26
NORWAY ROYAL SALMON	NO	Food	Seafood	878	Mid 26
SAVENCIA	FR	Food	Dairy products	833	Mid 26
C&C GROUP	IE	Beverages	Wine & spirits	781	Mid 26
CLOETTA	SE	Food	Chocolate, confectionery	704	Mid 26
GREENCORE	IE	Food	Sweet & savoury groceries	682	Mid 26
BONDUELLE	FR	Food	F&V	665	Mid 26
B.F.	CH	Food	Sweet & savoury groceries	646	Mid 26
A.G. BARR	UK	Beverages	Soft drinks	644	Mid 26
ARYZTA	CH	Food	Cereal, oilseed & protein crop processing	625	Mid 26
STOCK SPIRITS	UK	Beverages	Wine & spirits	594	Mid 26
HOTEL CHOCOLAT	UK	Food	Dairy products	592	Mid 26
NICHOLS	UK	Beverages	Soft drinks	556	Mid 26
BAKKAVOR	UK	Food	Sweet & savoury groceries	525	Mid 26
RAISIO	FI	Food	Sweet & savoury groceries	504	Mid 26
FROSTA	DE	Food	Sweet & savoury groceries	494	Mid 26
ORIOR	CH	Food	Meat	454	Mid 26
SCANDI STANDARD	SE	Food	Meat	449	Mid 26
LAURENT-PERRIER	FR	Beverages	Wine & spirits	444	Mid 26
LA DORIA	IT	Food	F&V	418	Mid 26
ALTIA	FI	Food	Wine & spirits	361	Mid 26
ATRIA	FI	Food	Meat	277	Mid 26
NEWLAT FOOD	IT	Food	Sweet & savoury groceries	242	Mid 26
GREENYARDS FOOD	BE	Food	F&V	257	Mid 26
TER BEKE	BE	Food	Meat	201	Mid 26
HKSCAN	FI	Food	Meat	190	Small 17
ITALIAN WINE BRANDS	IT	Beverages	Wine & spirits	153	Small 17
LANSON-BCC	FR	Beverages	Wine & spirits	152	Small 17
VALSOIA	IT	Food	Sweet & savoury groceries	140	Small 17
VRANKEN POMMERY	FR	Beverages	Wine & spirits	130	Small 17
DEOLEO	ES	Food	Sweet & savoury groceries	127	Small 17
LUCAS BOLS	NL	Beverages	Wine & spirits	124	Small 17
HOCHDORF	CH	Food	Agri-food ingredients	124	Small 17
MIKO	BE	Food	Sweet & savoury groceries	122	Small 17
SCHLOSS WACHENHEIM	DE	Beverages	Wine & spirits	120	Small 17
FLEURY MICHON	FR	Food	Meat	118	Small 17
FINSBURY FOOD	UK	Food	Cereal, oilseed & protein crop processing	111	Small 17
GROUPE MINOTERIES	CH	Food	Cereal, oilseed & protein crop processing	102	Small 17
ADVINI	FR	Beverages	Wine & spirits	83	Small 17
APETIT	FI	Food	Sweet & savoury groceries	67	Small 17
MARIE BRIZARD	FR	Beverages	Wine & spirits	66	Small 17
TIPIAK	FR	Food	Sweet & savoury groceries	54	Small 17



US 63 stocks

The list of stocks in the US index created by Unigrains is updated each year when analysing the first quarter of the current year based on their market capitalisation at 1st January. The market capitalisation at 1st January 2021 is given below for information purposes.

Company	Sector	Sub-sector	Market capitalisation at 01/01/2021 (in €m)
THE COCA-COLA COMPANY	Beverages	Soft drinks	192,921
PEPSICO, INC.	Beverages	Soft drinks	167,767
MONDELEZ INTERNATIONAL, INC.	Food	Sweet & savoury groceries	68,453
MONSTER BEVERAGE CORPORATION	Beverages	Soft drinks	39,966
KEURIG DR PEPPER INC.	Beverages	Soft drinks	36,863
THE KRAFT HEINZ COMPANY	Food	Sweet & savoury groceries	34,689
CONSTELLATION BRANDS, INC.	Food	Wine & spirits	34,573
BROWN-FORMAN CORPORATION	Food	Wine & spirits	30,293
GENERAL MILLS, INC.	Food	Sweet & savoury groceries	29,431
THE HERSHEY COMPANY	Food	Chocolate, confectionery	25,955
MCCORMICK & COMPANY, INCORPORATED	Food	Sweet & savoury groceries	20,881
HORMEL FOODS CORPORATION	Food	Meat	20,601
TYSON FOODS, INC.	Food	Meat	19,244
KELLOGG COMPANY	Food	Sweet & savoury groceries	17,509
CONAGRA BRANDS, INC.	Food	Sweet & savoury groceries	14,500
CAMPBELL SOUP COMPANY	Food	Sweet & savoury groceries	11,990
THE J. M. SMUCKER COMPANY	Food	Sweet & savoury groceries	10,797
POST HOLDINGS, INC.	Food	Sweet & savoury groceries	5,447
LAMB WESTON HOLDINGS, INC.	Food	Sweet & savoury groceries	9,433
MOLSON COORS BEVERAGE COMPANY	Food	Brewing	8,052
DARLING INGREDIENTS, INC.	Food	Ingredients	7,652
BEYOND MEAT, INC.	Food	Meat	6,411
INGREDION, INC.	Food	Ingredients	4,314
LANCASTER COLONY CORPORATION	Food	Sweet & savoury groceries	4,142
FLOWERS FOODS, INC.	Food	Pastry & bakery	3,920
PILGRIM'S PRIDE CORPORATION	Food	Meat	3,910
THE HAIN CELESTIAL GROUP, INC.	Food	Sweet & savoury groceries	3,308
NATIONAL BEVERAGE CORP.	Beverages	Soft drinks	3,242
CELSIUS HOLDINGS, INC.	Beverages	Soft drinks	2,951
SEABOARD CORPORATION	Food	Meat, agric. commodities, etc.	2,880
THE SIMPLY GOOD FOODS COMPANY	Food	Sweet & savoury groceries	2,457
SANDERSON FARMS, INC.	Food	Meat	2,416
J & J SNACK FOODS CORP.	Food	Sweet & savoury groceries	2,411
COCA-COLA CONSOLIDATED, INC.	Beverages	Soft drinks	2,043



Company	Sector	Sub-sector	Market capitalisation at 01/01/2021 (in €m)
PRIMO WATER CORPORATION	Beverages	Soft drinks	2,021
TREEHOUSE FOODS, INC.	Food	Sweet & savoury groceries	1,966
TOOTSIE ROLL INDUSTRIES, INC.	Food	Chocolate, confectionery	1,596
HOSTESS BRANDS, INC.	Food	Sweet & savoury groceries	1,513
CAL-MAINE FOODS, INC.	Food	Eggs	1,499
B&G FOODS, INC.	Food	Sweet & savoury groceries	1,459
TATTOOED CHEF, INC.	Food	Sweet & savoury groceries	1,221
FRESH DEL MONTE, INC.	Food	F&V	1,159
UTZ BRANDS, INC.	Food	Sweet & savoury groceries	1,072
CALAVO GROWERS, INC.	Food	F&V	1,005
MISSION PRODUCE, INC.	Food	F&V	854
VITAL FARMS, INC.	Food	Eggs and milk	817
JOHN B. SANFILIPPO & SON, INC.	Food	F&V	737
MGP INGREDIENTS, INC.	Beverages	Wine & spirits	652
LAIRD SUPERFOOD, INC.	Food	Sweet & savoury groceries	344
WHOLE EARTH BRANDS, INC.	Food	Sweet & savoury groceries	343
SENECA FOODS CORPORATION	Food	F&V	296
LANDEC CORPORATION	Food	F&V, ingredients	260
NEWAGE, INC.	Beverages	Soft drinks	255
BRIDGFORD FOODS CORPORATION	Food	Sweet & savoury groceries	135
NUZEE, INC.	Beverages	Coffee	129
CRIMSON WINE GROUP, LTD.	Beverages	Wine & spirits	102
SPLASH BEVERAGE GROUP, INC.	Beverages	Soft drinks	70
LIFEWAY FOODS, INC.	Food	Soft drinks	69
FARMER BROS. CO.	Food	Sweet & savoury groceries	67
THE ALKALINE WATER COMPANY INC.	Beverages	Soft drinks	61
BARFRESH FOOD GROUP, INC.	Food	Sweet & savoury groceries	53
MAMAMANCINI'S HOLDINGS, INC.	Food	Meat	52