

Packaged Foods and Meats Industry

February 5, 2022

Consumer Staples

Stock Rating

OVERWEIGHT

Investment Thesis

We recommend an **OVERWEIGHT** rating for the Packaged Foods and Meats Industry over the next year. The Coronavirus pandemic has institutionally shocked supply and demand in almost every facet imaginable across the Earth. This has been no different for the Packaged Foods and Meats Industry, as inefficiencies have stemmed from inflation, labor shortages, and supply chain disruptions. In contrast, because of an increasing world population, rising wages, and global development; we have growing optimism for the Packaged Foods and Meats Industry and expectations for larger consumption of animal protein products worldwide.

Drivers of Thesis

- Over the forecasted period of 2021-2026, the Meat Packaging market is expected to revenue growth at a CAGR of 4.37%. In 2020, the market was valued at \$12.1 billion and is expected to reach \$13.65 billion by 2026. This signifies an increasing demand for quality and attractive meat packaging as meat products are in higher demand.²¹
- The Packaged Foods and Meats Industry growth is largely connected to the growth of the United States' economy, in 2021 the United States real GDP grew 5.7 percent, and the affordability offered to its customer base. In 2019, it is estimated that 95 percent of Americans incorporated meat as a routine part of their diet. In 2019, Americans spend 1.4% of their disposable personal income on meat and poultry products.¹⁶

Risks to Thesis

- The plant-based meat market has developed consistently throughout the years as an ever-increasing number of individuals routinely consume meat substitutes. The worldwide market of meat substitutes is expected to surpass \$35 billion by 2027, which could take over meat products in the long run eventually.¹⁹
- Rapid Inflation, labor shortages, and supply chain issues could continue and lower already thin profit margins.

Key Industry Statistics

Source: FactSet

Dividend Yield

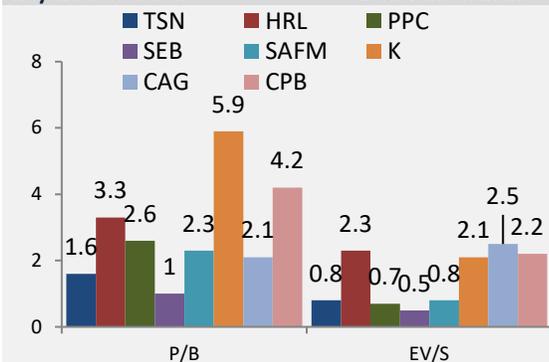
TSN	1.9%
HRL	2.0%
PPC	0.0%
SEB	0.2%
SAFM	0.9%
K	3.4%
CAG	3.4%
CPB	3.1%

Operating Margin

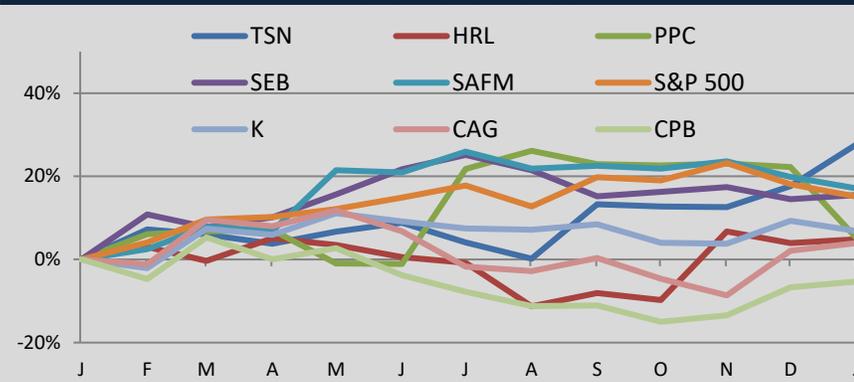
TSN	10.0%
HRL	17.2%
PPC	5.6%
SEB	5.2%
SAFM	13.3%
K	11.8%
CAG	19.3%
CPB	14.6%

Key Ratio Statistics

Source: YahooFinance



12 Month Performance



Company Description

The Packaged Foods and Meats Industry sells a diverse portfolio of both frozen and refrigerated food products. Its primary production includes proteins, such as beef, chicken, and pork, which are sold to consumers by grocery retailers, meat distributors, chain restaurants, and many other markets. The Packaged Foods and Meats Industry is additionally engaged in prepared food products, which enable customer's preference for a quick, convenient, and healthy choice for their meal while they are busy with life's everyday difficulties.¹

EXECUTIVE SUMMARY

The Packaged Foods and Meats Industry supplies a positive investment outlook off the basis that it enlarged its fixture upon society amongst the COVID-19 pandemic. In addition, most of the United States and world population have become accustomed to food-at-home dining. It takes on average 66 days to form a new habit, over the course of the global pandemic, individuals formed a habit. This habit is here to stay (food-at-home dining). Over the forecast period of 2021-2026, the Meat Packaging market is expected to grow at a CAGR of 4.37%. In 2020, the market was valued at \$12.1 billion and is expected to reach \$13.65 billion by 2026. Which signifies an increasing demand for quality and attractive meat packaging as meat products are in higher demand. We recommend an **OVERWEIGHT** position for this industry.²¹

Despite a new forming market for substitute meat, rapidly rising inflation, and labor shortages. The Packaged Foods and Meats Industry is in the driver's seat for good times ahead. Although, it is difficult to rule out new variants of COVID-19. We believe margins will strength to a considerable extent if the broader supply chain comes long. As the global population rises, so will the demand for quality protein products. Creating the perfect storm for successful international growth for those within the Packaged Foods and Meats Industry.

INDUSTRY SUMMARY

The Packaged Foods and Meats Industry end market includes butcher shops and delis that fundamentally retail fresh, frozen, and cured meats and poultry products to retailers, hotel chains, food service operators, and many more. Butcher shops and delis found within the confines of larger grocery stores are not including in this industry.¹

Tyson Foods, Inc. (TSN), Hormel Foods Corp. (HRL), Pilgrim's Pride Corp. (PPC), Seaboard Corp. (SEB), and Sanderson Farms, Inc. (SAFM) were chosen to sample the industry.

Poultry

The Packaged Foods and Meats Industry companies utilize various channels to sell fresh, frozen, and chicken and turkey products in domestically and internationally. The segment includes sales from chicken breeder subsidiaries and sales of allied products. The segment also includes live poultry raised primarily by independent contractors. The most expensive part of growing a live chicken or turkey is the feed. These animals are feed mostly corn and soybean meal. Some Packaged Foods and Meats Industry companies are vertical integrated companies, these firms raise their own breeder flock and process their raise.¹

Beef

In the beef segment, companies use live cattle for processing and fabricates dressed beef carcasses into primal and sub-primal meat cuts and case-ready products. The company also sells hides and other allied products. The products of the company are sold through various channels, such as retailers, distributors of foodservice, restaurant operators, and others. The firm does not keep cattle in its own facilities but sells cattle at public auctions and feed yards in cattle-producing areas and purchases live cattle on the open market.¹

Pork

In the pork segment, live hogs are processed into various products, and pork carcasses are made into a variety of products. These products are offered to a variety of channels, such as food retailers, foodservice distributors, restaurant operators, and others. Pig processors purchase most of their live hog supply from independent producers, who also sell allied products.¹

Prepared Foods

Within the prepared foods segment, firms make frozen and refrigerated food products such as pepperoni, bacon, beef, and pork pizza toppings, and processed meats. A portion of the raw materials used in this segment come from the beef, pork, or chicken segments.¹

RECENT DEVELOPMENTS

Avian Influenza

In early February 2022, roughly 240,000 Jimmy Dean and Hillshire Farm brands’ chickens in Kentucky tested positive for a highly pathogenic avian flu. The same that stain, H5N1, that 29,000 Turkeys had tested positive for the prior week in Indiana. At this time, it is thought of that wild ducks and other wild birds are spreading this disease. It is important to note, that inflected birds will be culled and not enter the food system. It does ultimately lead to waste from the poultry raisers point of view.^{28 & 29}

Tyson’s released a statement confirming the outbreak on February 15th, 2022: saying ““We are actively working with state and federal officials to prevent the spread of the virus. Although the origin of the infection is not known, avian influenza has been found in migratory wild birds which play a significant role in spreading the disease.” Due to this outbreak China has blocked some imports from Kentucky. In its statement, Tyson said: “Tyson Foods is prepared for situations like this, and we have robust plans in place, which we are now executing. This includes heightening biosecurity measures at other farms in the region, placing additional restrictions on outside visitors and continuing our practice of testing all flocks for avian influenza before birds leave the farms.”²⁸

Russia Exposure

Tyson Foods does not have operations within Russia nor Ukraine. The Russia-Ukraine conflict does not impact Tyson Foods in terms of sales; however, it will cause input costs (i.e., soybeans, corn, crude oil) for TSN products to rise.¹⁴

Tyson Foods Q1 Earnings

Tyson Foods (TSN) recorded a surprisingly good Q1 on February 7th, 2022. They recorded net income of \$1.21 billion, which is up about 140% from last year’s Q1. The industry consensus estimates were adjusted earnings per share of \$1.90, Tyson Foods recorded a whopping adjusted earnings per share of \$2.87. TSN beats the consensus projections in revenue, they recorded \$12.9 billion compared to the expectation of \$12.18 billion. Most impressive of all is that Tyson Foods was able to destroy industry consensus estimates despite having its cost of goods hike up 18%. TSN was able to pull this off by raising

the prices across its product rollout to make up for higher input expenses in the inflationary economic environment.
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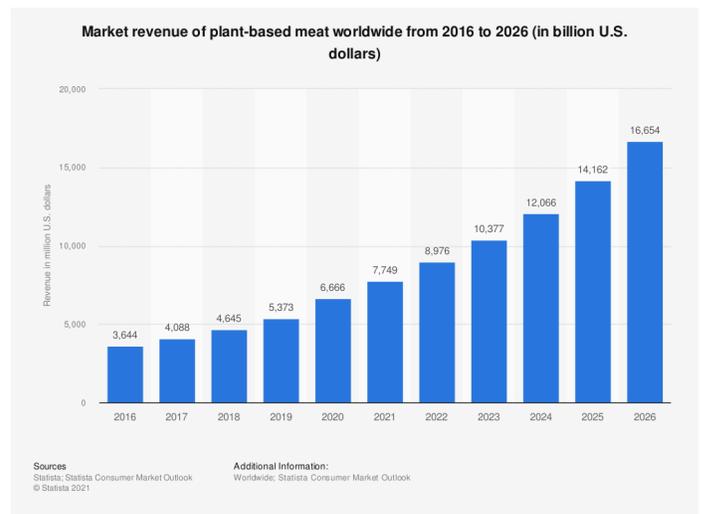
COVID-19

COVID had a major impact on the meat industry, especially on livestock production. Due to high transmission rates in many meat processing plants across the world, livestock production was unexpectedly shut down. This caused many animals to not be processed. The United States’ pig and cattle slaughter was reduced by about 40% in April 2020 compared to April 2019. This caused a supply shock of meat products during a time of high demand due to the shelter-in-place order. As shown by the chart below, beef prices have continued to rise, in large part to reach the supply-demand equilibrium.⁴

INDUSTRY TRENDS

Plant-Based “Meat”

Demand for plant-based “meat” is expected to continue to grow. In 2019, the United States had a demand of 11.1 billion dollars of demand, that number is expected to rise to 35.5 billion dollars of demand by 2027. As depicted by the chart shown below:



Source: Statista

The fast development of plant-based proteins at retail and restaurants has many within food industries questioning whether it is a passing craze or a new reality. Most of the customer base for plant-based dairy and meat choices are

Millennials and younger generations. This figures to shift plant-based food varieties as a new fixture product. However, plant-based proteins utility is not tied to the dismissal of “old-fashion” proteins as around 90% of plant-based customers are neither vegetarian nor vegan, it seems to be that buyers want choices.¹²

DTC Meat Companies

Much like many resources during the beginning of the COVID-19 pandemic as the shelter-in-place order was given; there was a shortage of meat in the United States. Many American consumers turned to direct-to-consumer meat companies, such as ButcherBox or Omaha Steaks. These firms offer a subscription-based services multiple or single time purchases of meat delivered directly to your home. Sales spiked for these firms as aforementioned.



Source: Second Measure

ButcherBox’s sales increased more than 50% month-over-month in March 2020. Omaha Steaks’ sales increased more than 68% month-over-month in April 2020. The demand spiked, so quickly that ButcherBox had to implement a waitlist for new customers. The pandemic times demonstrated the inelastic demand for meat across the United States and shown why this industry is a staple.²⁰

MARKETS AND COMPETITION

Threat of New Entrants

The threat of new entrants is **moderate**. Brand loyalty has a perception of consumers using that brand for a lifetime. However, this concept was harder for consumers to follow amidst the COVID-19 pandemic, as most brand names had an issue keep its products on the shelf. Leading for

consumers to try assorted products than the brand names they were “loyal” to. An observation found that around 75% of United States consumers switched brands and or stores during the course of the global pandemic. About 60% of these same consumers now plan to continue these newer habits in post-COVID environment. This leads to a 45% shift of consumer “loyalty” over this period. Revealing that maybe it is easier than ever to get established with a new customer base.⁷

Threat of Substitutes

The threat of substitutes is **low**. There is a growing demand for alternative “meat” products. However, this is not thought to be a replacement for meat. It is merely an extra choice, as variety is the spice of life. As aforementioned around 90% of plant-based customers are neither vegetarian nor vegan.¹⁵

Intensity of Competitor Rivalry

The intensity of competitor is **high**, but not as competitive as the White House would like. Four major United States protein firms have been accused by the White House for price fixing control, these firms control between 55% to 85% of the hog, cattle, and chicken markets. To increase competition within this industry the Department of Agriculture (USDA) will spend \$1 billion from American Rescue Plan funds according to Agriculture Secretary Tom Vilsack. USDA has plans to propose more rules additionally this year to strengthen enforcement of the Packers and Stockyards Act. Which is expected to bring more competition in to lower meat products for the public.

Bargaining Powers of Customers

The bargaining power of customers is **high**. The Packaged Foods and Meats Industry’s end markets are mostly grocery retailers, meat distributors, and chain restaurants. These end markets, suppliers have high bargaining power over the Packaged Foods and Meats Industry companies due to both domestic and international competing for these market shares. This gives the end markets, the leverage in this situation.

Bargaining Powers of Suppliers

The bargaining power of customers is **low**. These companies primarily rely on independent livestock farmers for preprocessed product. Most Packaged Foods and Meats Industry companies do not own the livestock and or property they reside on. They will offer livestock information and sometimes feed to increase the quality raised. The independent farmers have mostly had long standing partnerships with Packaged Foods and Meats Industry companies and do not have a much of a market to bring their livestock to other processing firms.

Porter’s Five Forces Summary

We have a positive economic outlook for this sub-industry over the near-term to long-term. This sub-industry is undoubtingly a staple for consumers. There are not “great” substitutes for this market and demand is inelastic. In the midst of rising input costs (i.e., transportation; feed; labor cost; etc.), this sub-industry has been increasing prices to offset the change. TSN’s Q1 earning showed analysts that it is possible to achieve modest earning in these conditions by passing its costs down to its consumers. As broader supply changes strength and inflations slows down, margins will strengthen.

PEER COMPARISONS

The Packaged Foods and Meats Industry sells a diverse portfolio of both frozen and refrigerated food products. Most of its production includes proteins, such as beef, chicken, and pork. These products are sold to consumers within grocery retailers, meat distributors, chain restaurants, and others. The companies we compared are Tyson Foods (TSN), Hormel Foods (HRL), Pilgrim's Pride (PPC) Seaboard (SEB), and Sanderson Farms (SAMF).

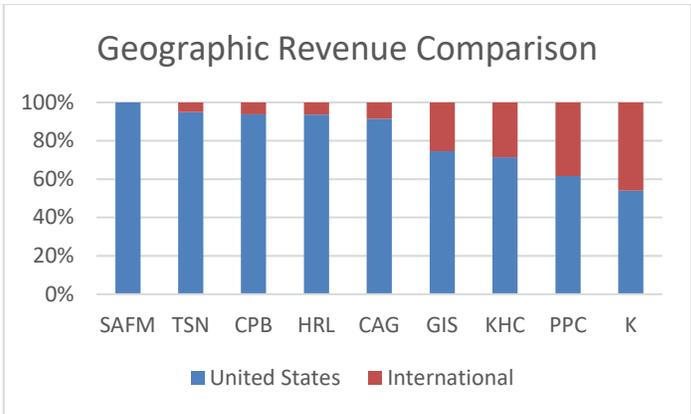
Packaged Foods and Meats Industry

TCKR	Market Cap (MM)	Profit Margin	ROE (TTM)	Share Price
KHC	49,133	3.89	2.05	40.15
GIS	40,819	12.02	22.72	67.67

TSN	33,550	7.47	21.64	92.56
HRL	28,067	7.74	13.56	52.20
K	22,382	10.49	38.08	65.94
CAG	16,166	9.82	12.81	33.70
CPB	13,735	11.40	31.95	42.52
PPC	5,139	0.21	1.21	21.07
SAFM	3,984	12.23	36.92	178.48

Source: FactSet

The chart above compares these competitors compare regarding their market capitalization, profit margin, ROE, and current share price. This data shows that Kraft Heinz Co. is the industry leader regarding market capitalization out of firms selected and generates the second lowest ROE. General Mills Inc. has the second largest capitalization and the second largest profit margin. Pilgrim’s Pride had the lowest profit margin engaging in mostly the production, process, marketing, etc. of mostly fresh, frozen chicken products, which was most definably impacted by the recent macroeconomic events. Seaboard had the most expensive per share price and still managed create a fantastic ROE relative to its peers. Hormel Foods, which we believe is the most comparable company to TSN from a business model perspective had an expected barely better profit margin than TSN.



Source: FactSet

As the United States’ market becomes more competitive it is reasonable to think these businesses will expand to less saturated markets, such as Asia. Due to rising household incomes, population growth, and socio-economic trends; Asia is expecting to more than double its protein consuming class from 69 million households to 125 million by 2025. As shown by the graph above Sanderson Farms and Tyson Foods were the least active companies by percentage of geographic revenues. We believe that TSN’s

will continue to expand its' geographic footprint due to its rapid increase in capital expenditures.

Tyson Foods (TSN)

Tyson Foods, Inc. focuses on the production protein products. Its business segments operations are the following: Chicken (28.1%), Beef (36.8%), Pork, (12.8%), and Prepared Foods (22.2%). This company was founded in 1935 and is headquartered at Springdale, Arkansas.¹

Hormel Foods (HRL)

Hormel Foods Corp. focuses on the production meat and food products. Its business segments operations are the following: Grocery Products (24.7%), Refrigerated Foods (55.6%), Jennie-O Turkey Store (13.1%), and International and Other (6.6%). This company was founded in 1891 and is headquartered at Austin, Minnesota.¹

Pilgrim's Pride (PPC)

Pilgrim's Pride Corp. focuses on the processing, marketing, production, and distribution of fresh, frozen, and value-added chicken products. Its business segments operations are the following: Fresh Chicken (67.9%), Prepared Chicken (12.1%), Fresh Pork (6%), Exports Chicken (4.4%), and Other (9.6%). This corporation was founded in 1946 and is headquartered at Greenly, Colorado.¹

Campbell Soup Co. (CPB)

Campbell Soup Co. focuses on the manufacturing and marketing of convenience food. Products like soup, simple meals, and snacks It operates through the following segments: Meals and Beverages (53.5%) and Snacks (46.5%). This firm was founded in 1922, and is headquartered at Camden, New Jersey.¹

Sanderson Farms (SAFM)

Pilgrim's Pride Corp. focuses on the processing, marketing, production, and distribution of processed, prepared, fresh, and frozen chicken products. Its business segments operations are the following: Fresh Chicken (89.1%), Frozen Chicken (6%), and Prepared Chicken (4.5%). This corporation was founded in 1947 and is headquartered at Laurel, Mississippi.¹

Conagra Brands Inc. (CAG)

Conagra Brands Inc. is headquartered at Chicago, Illinois and was founded in 1919. GIS focuses on the creation and marketing of packaged foods. It operates through the following segments: Grocery and Snacks (41.5%), Refrigerated and Frozen (42.7%), International (8.4%), and Foodservice (7.5%).¹

General Mills Inc. (GIS)

General Mills, Inc. focuses in the creating and sales notable branded consumer food. Its end markets are mostly located at retail locations. It operates through the following segments: North America Retail (60.7%), Europe & Australia (10.9%), Convenience Stores & Foodservice (9.6%), Pet (9.6%), and Asia & Latin America (9.2%). GIS is headquartered in Minneapolis, Minnesota and was founded in 1918.¹

Kellogg (K)

Kellogg Co. focuses on the manufacturing and sales of cereal and other convenience foods. markets. It operates through the following business segments: Snacks (48.0%), Cereal (36.1%), Noodles & Other (8.1%), and Frozen (7.8%). This firm was founded in 1906 and is located in Battle Creek, Michigan.¹

Kraft Heinz Co. (KHC)

Kraft Heinz Co. focuses on the creation and sales of convenience foods and beverage products. This company operates through the following business segments: Condiments & Sauces (28.0%), Cheese & Dairy (18.9%), Ambient Foods (11.1%), and Other (42.0%). The firm is located Pittsburgh, Pennsylvania and was founded in 2015.¹

Packaged Foods and Meats Industry Debt Comparison

TCKR	LT Debt/Assets	EBITDA/Interest Expense	Debt Rating
KHC	23.1	2.9	BBB-
GIS	31.1	9.2	BBB
TSN	23.8	13.8	BBB+
HRL	26.6	31.5	A
K	37.2	9.4	BBB
CAG	38.1	6.1	BBB-
CPB	44.2	7.4	BBB-

PPC	38.8	6.9	BB+
SAFM	0.7	318.7	-

Source: FactSet

The chart above compares the Packaged Foods and Meats Industry firms’ debt and credit. We believe it is likely that interest rates rise significantly in the near-term. If there is a demand shock, firms with less levered positions will have drastically more flexibility in these terms. We see that SAFM is well positioned to pay their LT debt despite their debt rating not being updated recently. HRL is a leader in this benchmarking because of their high EBITDA to Interest Expense ratio, which is metric used to better figure how firms would pay down debt, and their debt of “A.” TSN is better than the industry standard with an EBITDA to Interest Expense ratio of 13.8 and a debt rating of “BBB+.” KHC is near the bottom of the pack with an EBITDA to Interest Expense ratio of 2.9 and a “BBB-” debt rating. KHC’s LT debt to assets is well amongst the average. If this firm could better their credit rating, they would be better suited along with their peers. ¹

Packaged Foods and Meats Industry Margin Comparison

TCKR	Gross Margin	Pretax Margin	Capex (\$ MM)
KHC	33.0	6.6	905
GIS	34.8	15.8	535
TSN	14.6	8.6	1,328
HRL	17.2	9.9	242
K	31.7	13.9	553
CAG	30.4	12.6	474
CPB	32.0	15.8	272
PPC	9.0	0.6	382
SAFM	18.9	12.4	157

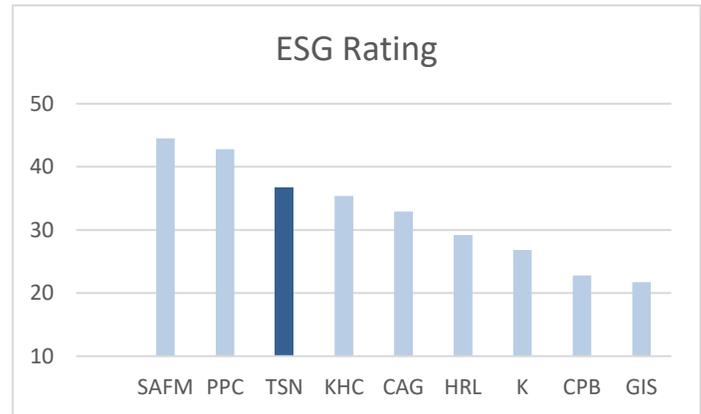
Source: FactSet

In the chart above we have benchmarked Packaged Foods and Meats Industry firms’ gross and pretax margins, as well as their Capex. We did this to figure out whether Capex is a major or determining factor in firms’ margins. GIS is a leader in this category with a pretax margin of 15.8 with mid-level Capex of \$535 million. SAFM managed to have a pretax margin of 12.4 with only \$157 million in Capex. TSN had a deficient performance in this

benchmarking as they had the largest Capex and mid-tier production in their pretax margin of 8.6.

ESG Comparison Analysis

ESG stands for environmental (E), social (S), and corporate governance (G). The Risk Ratings below were rated by Morningstar’s Sustainalytics.



Source: Sustainalytics

The chart above compares each Packaged Foods and Meats Industry firms’ ESG Rating. The lower the score the better, rating are between 0 and 50.

SAFM and PPC have the worst scores in this group, as they have respected events alleging that these firms practiced price fixing and process meats. TSN is also high amongst this group for their own allegations regarding price fixing and business model regarding processes meats. K, CPB, and GIS are significantly lower in this collection, as their business model does not operate within the production of meats.¹⁵

ECONOMIC OUTLOOK

Consumer Confidence Index

The Consumer Confidence Index (CCI) is a survey, handled by The Conference Board. This is a metric that measures how optimistic or pessimistic individuals are regarding their expected of their financial situation. The Consumer Confidence Index is built on the premise that if survey takers are optimistic, they will spend money creating an expansion on the economy. If survey takers are

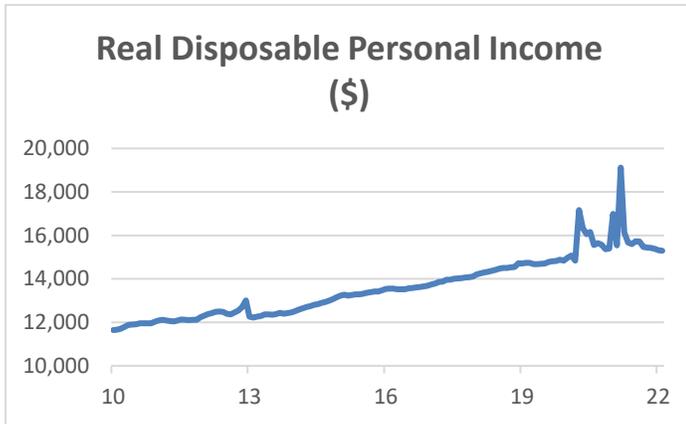
pessimistic, they will save their money and there could potentially be an economic slowdown or recession.

On the most recent CCI, January CCI, which was on January 25, 2022, the Conference Board's declined to 113.8. After a rise in December to 115.2. Any CCI above 100 means general optimism because 100 has been the benchmark since inception.⁵

Disposable Income

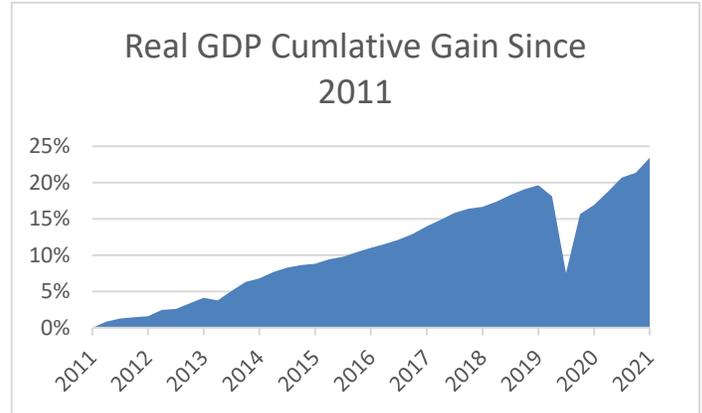
Disposable income is the amount of money an individual has after taxes, not necessarily after all necessity expenses, which is known as discretionary income. Disposable income is a macroeconomic measure used to gauge the overall economic. If the disposable income lowers, it can be a major indicator of a possible recession.

As shown in the figure above the Real Disposable Personal Income has declined from \$19,119 March 2021 to around \$15,367.3 in December of 2021. It has not been that low since February 2020. This could be an early indicator of a possible recession.⁵



Source: FRED

Gross Domestic Product

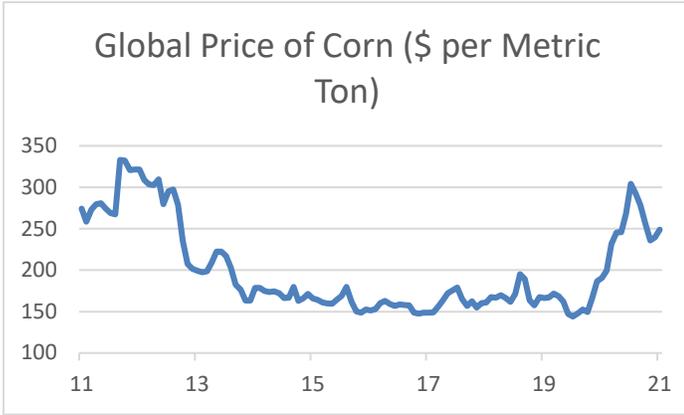


Source: FRED

Real gross domestic product (real GDP) is inflation-adjusted metric that shows the value of all goods and services produced by an economy over a given year or quarter. The nominal GDP is divided by the base year prices to express the GDP as a constant measurement. As shown in the graph, last quarter, Q4 2021 was highest ever recorded at 19,805.96 (23% cumulative gain since 2011). There have been six consecutive positive quarters since hitting the trough in Q2 2020 at \$17,258.205. The Real GDP itself is the benchmark for economic wealth for a country. Having the greatest Real GDP could signify the greatest economy of all time.⁵

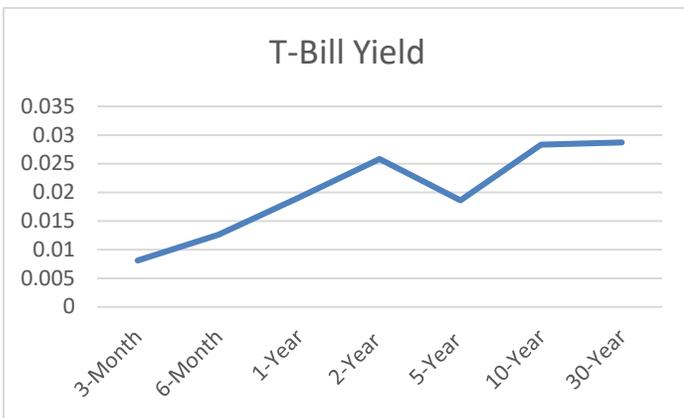
Price of Feed

We chose to have the cost of goods sold rise at historical percentage of sales less half the median Henry Fund Analyst estimate for inflation. This is to figure in the rapid inflation we are experiencing now and in the future. Selling, general and administrative is project to grow at historical percentage of sales. We have used the historical average for percentage depreciation of PPE as rate going forward. The dividends per share were projecting using the increased from last three years as the rate going into perpetuity. This is thought to be an underestimate or worst-case scenario. We would rather grossly undervalue the stock when looking to buy than to potentially overvalue the stock.⁵



Source: FRED

Interest Rates



Source: Bloomberg

The chart above is the yield curve for US T-Bills. It is an inverted curve, thus the 5-year T-Bill has a lower rate than the 2 years previous. In other words, the near-term future is riskier than the extended future. This is not the traditional yield of the curve. An inverted yield curve normally is a sign of a potential upcoming recession. Interest rates are important because it the “interest” on debt used to finance projects for growth. If the interest rates rise, firms will not be able to get access to as much capital, which limits spending. This limits growth eventually.²⁰

CATALYST FOR GROWTH

In this highly competitive industry is important to keep reinvesting into infrastructure, employees, geographic reach, and product offerings. To capture a larger customer base. The strongest players in the long run are the firms that are willing to adapt to consumer trends and are aware

of its brand’s image, impact on society. The meat industry is not going anywhere, what will change is how consumers receive protein products and where consumer is geographically. Trivial details over a long time will provide a substantial payoff to protein producers who reinvest within themselves and their social and economic impact on customers and the place they call home.¹

Investment Positives

- The meat industry’s market value is expected to be over one trillion dollars by 2025 from 838 billion dollars in 2020.¹⁹
- Consumers have been in the habit of food-at-home dining.
- Increase in consumer confidence and wages expected will help many consumers feel more comfortable buying deluxe cuts of protein.

Investment Negatives

- Revenue for the Meat Markets industry declined 8.4% in 2020.¹⁶
- Four major United States protein firms have been accused by the White House for price fixing control, these firms control between 55% to 85% of the hog, cattle, and poultry markets.¹⁰
- Alternative meats continue to improve and become more popular, if greatly improved could end this industry.

RECOMENDATION

We are recommending an **OVERWEIGHT** position in the Packaged Foods and Meats Industry. The industry is experiencing a major growth and recovery as result from supply chain and labor shortage solutions. As COVID-19 is minimized this industry will garner paramount revenue growth.

KEYS TO MONITOR

We need to keep inflation and interest rate at the front of our attention. Inflation can cause products to be underpriced and laborers to be underpaid. Interest rates can cause issues for firms looking to leverage their firms to better accelerate their growth and trajectory.

In addition, we also need to be aware of the fluctuations in feed prices. Feed prices are currently falling but are still above pre-pandemic levels. We believe that firms within the Packaged Foods and Meats Industry have a limited ability to pass on community fluctuations onto its consumers. High rising feed costs could lean into this industry's bottom line.

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29. [WebMD](#)

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