AGRIBUSINESS INDUSTRY

A Balanced Approach to Harvesting Returns

The 2025 Agribusiness Value Creators Report

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The five years from 2020 to 2024 have been a mixed bag for the world's agribusiness companies. Record high commodity prices drove growth for some industry players during the first half of the period, even as top-line growth did not always translate into increased shareholder value. Still, the industry's median total shareholder return (TSR) across the 38 companies analyzed in this year's agribusiness value creators report improved to 4%. That's twice the 2% TSR of the five years between 2014 and 2018 covered in our previous analysis—and a sure sign of resilience in an environment marked by considerable volatility.

While these latest results lagged the returns of most other major sectors, there was at least one standout company in each of the five subsectors covered—agricultural equipment, crop protection and seeds, fertilizers, plant processors, and protein processors.

For several of those top performers, revenue and margin growth was the biggest contributor to increased TSR, thanks largely to the commodity super-cycle, which drove up prices for both agricultural commodities and inputs. What differentiated companies that rose to the top 10 is that they were more successful than their peers in managing margins and costs through the commodity cycle. Their success makes clear that by taking a measured approach to management and capital allocation, companies can deliver value consistently across the ups and downs of the cycle, highlighting both the opportunities for improved returns and the urgency to seek out those opportunities.

That's important, because the road ahead remains uncertain. Even so, it will likely be defined by three factors: the nature of global trade, the relative demand for biofuels, and the rise of tropical agriculture in the global agricultural value chain, including India's increasing prominence and Brazil's growing leadership in global agricultural exports.

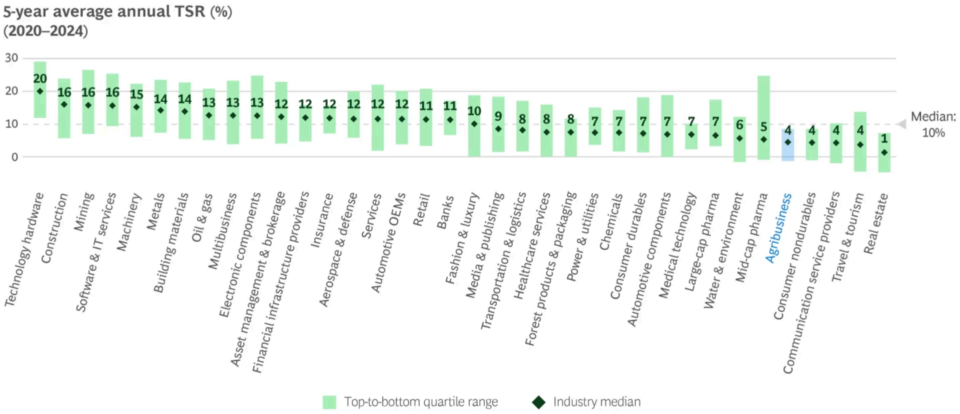
In this report, we analyze how much value the agriculture sector created from 2020 to 2024, the factors that led to its underperformance, and how that might inform companies' efforts to improve on their past performance.

A Challenging Period for Agriculture

First, the bad news. With a median TSR of just 4%, value creation in the agriculture sector lagged every other industrial sector during the five-year period from 2020 to 2024, and outperformed just four of the 36 sectors we track. (See Exhibit 1.) The root cause of this lackluster performance lies in the considerable volatility of process for both inputs and commodities over the period, the result of two major factors.

EXHIBIT 1

Agribusiness Had the Weakest Performance Among the Industrial Sectors from 2020 to 2024, and One of the Weakest Overall



Sources: S&P Capital IQ; LSEG Workspace; BCG Value Creators database 2025; BCG ValueScience® Center.
Note: TSRs run from December 31, 2019 to December 31, 2024; (N=2,345); Additional 38 agribusiness companies included; Russian companies were omitted. Argentinian and Turkish firms were excluded because these countries' hyperinflationary environment skews valuations.

The first was the COVID-19 pandemic, which caused disruptions across the agriculture supply chain. This was exacerbated by the war in Ukraine, which triggered major disruptions in supplies of both grain and natural gas, and led to spiking prices for some commodities and for inputs such as fertilizer. The second factor was the rising variability in weather patterns and climate-related risks, which continue to affect the prices of several commodities, including coffee, cocoa, and palm oil.

While the sudden increases in commodity prices drove value for a range of players across the value chain, this only lasted for the first half of the period for major row crops. The impact of the subsequent normalization in prices has had more varied effects. Prices for seeds, fertilizers, and crop protection inputs have remained relatively strong, but the impact on the economics of both crop and livestock producers has been significant.

The economic rates of return for corn and soybean farmers, for example, reached historic lows in 2024. Meanwhile, the global cattle supply tightened over the period. The US cattle herd shrank due to high production costs (including high grain and therefore feed prices) and drought conditions in the western half of the United States. Production costs have since declined and demand for beef remains strong, but recovery has been slow, since it takes time for the size of herds to recover. As a result, beef prices for consumers remain high. And while the effect on the Chinese hog market is not reflected in our overall results given that the sample companies have little exposure to China, hog prices there have been impacted by the Asian swine flu outbreak in 2018. This led to a 40% reduction in the country's herd size in 2019 and then strong recovery following decline of the disease in 2020 and 2021.

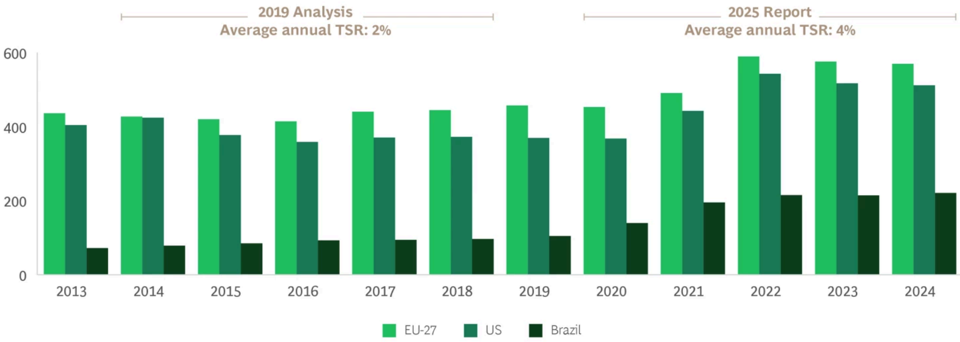
Five Years of Value Creation

While there were bright spots in the industry, these factors, taken together, led to the sector's overall anemic TSR results. Despite median revenue growth of 8% and slight increases in margins and cash contribution, median multiples declined overall by 5%, and every subgroup contributed to the declines. This runs counter to previous results. During the period from 2014 to 2018, covered in the 2019 analysis, for example, relatively slow growth had a minimal impact on valuations. In contrast, during the period from 2012 to 2016, covered in our 2017 report, valuations grew strongly despite negative growth. And while farm production increased strongly over the 2020 to 2024 period analyzed in this report, the impact on TSR was limited. (See Exhibit 2.)

EXHIBIT 2

Median Agribusiness TSR Grew Marginally Since Our 2019 Analysis, Despite Significant Growth in Crop Receipts Between 2020 and 2024

Total farm production value, US$B



Sources: USDA; European Commission; Brazil Ministry of Agriculture and Livestock.
Note: Chart reflects agribusiness data calculated for the 2019 value creation analysis and 2025 value creation report.
Flat exchange rate used across all years of BRL R$0.18 and €1.18 to US$1.

These results should come as no surprise, given the tendency for growth and valuations to move in opposite directions in cyclical industries like agriculture. This phenomenon is driven by the tendency of institutional investors to "price in" the expected cyclical movements of the sector based on their knowledge of previous cycles.

A closer analysis of the five subsectors reveals the strengths and weaknesses of the overall industry, and their relative contribution to overall TSR. For a summary of our research approach, see "Methodology and Demographics."

— Methodology and Demographics

The Agribusiness Value Creators Report includes a wide range of public companies that generate the majority of their revenues from their role in the agricultural value chain. These include companies engaged in the direct production of agricultural inputs such as seeds, animal feed, fertilizer, crop protection products, and machinery, and both crop and livestock outputs.

This approach leaves out some companies that play a key role in the industry, including private companies such as Cargill; diversified companies like BASF, Bayer, and Sumitomo with less than 50% of revenues derived from agriculture; and farmer-owned cooperatives like Fonterra and CHS. Since our last study, published in 2017, M&A activity has created new players, including Corteva and Nutrien, and removed others, notably Monsanto and Syngenta.

The full list of companies included in this year's study is below:

AAK	Henan Shuanghui	P/F Bakkafrost
AGCO	ICL Group	QL Resources Berhad
ADM	Ingredion	SalMar ASA
BRF S.A.	IOI Corporation Berhad	Seaboard
Bunge	Kuala Lumpur Kepong Berhad	Shandong Hualu-Hengsheng
CF Industries	Kubota	Sociedad Química y Minera
Chaoren Pokphand Foods	KWS	Tate & Lyle
CNH Industrial	Lerøy Seafood	Mosaic
Corteva	Mowi	Tyson Foods
Darling Ingredients	New Hope Liuhe	UPL
Deere & Co	NH Foods	Wilmar
FMC	Nutrien	Yara
Glanbia	Olam Group	

Agricultural Equipment

This subsector, which includes manufacturers of tractors, harvesters, and other off-highway vehicles and equipment, led all the subsectors in creating value. (See Exhibit 3.) While the subsector saw no megadeals, the major equipment players successfully deployed capital via M&A and joint ventures to upgrade their technological capabilities and portfolios. Despite a gradual decline in unit volumes following the peak in 2022, higher prices driven by new technologies led to increased growth and returns.

EXHIBIT 3

Agricultural Equipment and Fertilizers Were the Only Subgroup That Outperformed the Median TSR of the Combined Agriculture Sector

			Contribution to TSR (%, median values)		
	Market value (US$B)	TSR (%)[1]	Growth contribution	Multiple contribution	Cash contribution
Agricultural equipment	150	14	11	(0)	4
Crop protection and seed	52	4	7	(4)	2
Fertilizers	75	7	7	(5)	5
Plant processors	95	3	8	(8)	3
Protein processors	79	0	4	(5)	1
Total sample	**446**	**4**	**8**	**(5)**	**2**

Sources: S&P Capital IQ; BCG ValueScience® Center.
Note: Subgroup market values may not add up exactly to total due to rounding; Market values used are as of December 31, 2024.
[1]Average annual total shareholder return over 5-year period from January 1, 2020 to December 31, 2024.

Crop Protection and Seeds

This subsector includes producers of agricultural chemicals such as herbicides, fungicides, and insecticides as well as plant seeds. Due to growth in both margins and revenue, KWS, a seed company, did well, while Corteva also benefited from growth, primarily in its seed business. Pure-play crop protection companies, however, suffered as the sector grappled with channel overstocking and raw material overcapacities, which pushed down pricing over the second half of the period. (See "M&A and Business Model Evolution.")

— M&A and Business Model Evolution

Continued difficulty in generating returns despite the upcycle of the previous few years has seen many companies re-evaluating their business models and focusing on pure-play models. The seeds and crop protection subsector is a case in point. Large M&A deals in the subsector have had mixed results. While Corteva, spun off from DowDupont in 2018, is one of the top ten TSR leaders in the current study, other blockbuster M&A deals from the past decade have failed to generate comparable returns for shareholders.

Recent trends in both the seeds and crop protection businesses highlight the challenges and opportunities that lie ahead. Seed companies have strongly improved the yield potential of their products and taken full advantage of technologies such as herbicide tolerance and insecticides in protecting crops. As a result, innovation is focused on new use cases, such as seeds that yield more nutritious food, increasing the oil content of crops intended for biofuels, and improving resilience to climate risks such as drought, severe weather events, and changing temperatures.

This is weakening the traditional link between seeds and crop protection amid legal risks and lackluster value creation in crop protection—and leading to an increase in dealmaking in the subsector. BASF recently announced plans to partially divest its Agricultural Solutions division, while Corteva is planning to split its seed and crop protection businesses.

Fertilizers

Manufacturers of nitrogen, potash, and phosphate fertilizers generated the second-highest TSR of all the subgroups. Thanks to its ability to capitalize on the relatively lower prices for natural gas in the US compared to Europe, the TSR for CF Industries, for example, led all but two companies across our entire agriculture sector sample.

Plant Processors

This subgroup includes traders and processors of global commodities like palm oil, soybeans, and corn, as well as ingredients players with high added value. Despite record high crop prices during the period, their performance varied by product mix, value chain stage, and geographical position. Due to their greater exposure to changing consumer prices, which counteracted the effects of cyclicality, ingredients companies achieved notably stronger returns than commodities processors.

Protein Processors

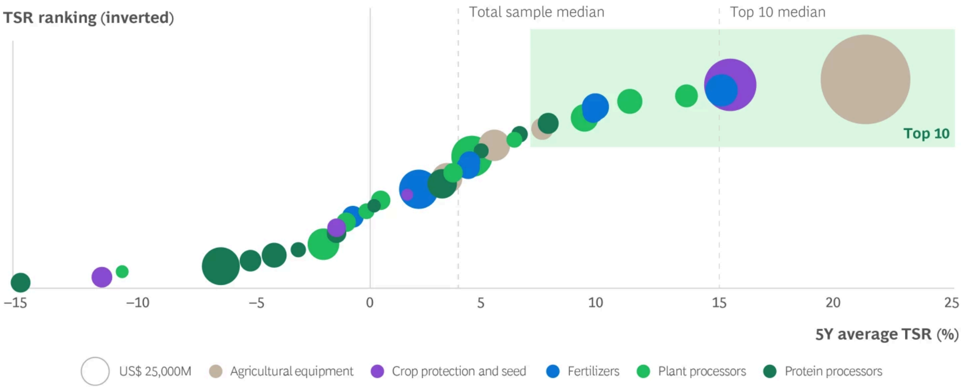
Despite continuing growth in protein demand, this subsector's producers of meat products like chicken, beef, and pork faced high feed costs; higher TSR depended on the ability to manage costs. Meanwhile, the number of seafood processors included in our sample grew from one to four, as Norwegian salmon companies capitalized on the increasing demand for seafood.

Top Value Creators

Of course, not all companies in the industry created so little value. The top ten performers as a whole boasted a median TSR of 15%, and every subsector was represented among these leaders. (See Exhibit 4.) While growth was the primary driver of TSR, what separated top performers from the rest of the sample was their ability to drive value across multiple TSR dimensions and, to a certain extent, counteract the negative correlation typically seen between growth and multiples in cyclical industries. Also common among many of these top performers was their position as market leaders in their subsectors, strong focus on their core business, and aggressive management of costs and margin.

EXHIBIT 4

Every Subsector Was Represented Among the Top Ten Companies in the Sector



Sources: S&P Capital IQ; BCG ValueScience® Center.
Note: Average annual total shareholder return over 5-year period from January 1, 2020 to December 31, 2024.

The greatest beneficiary of these factors, however, was Deere, whose returns to shareholders reached 21%. Like many other companies, its success was largely due to both revenue and margin growth. Yet it was also the only company among the top ten whose multiple increased and the only one in the total sample that saw growth across each individual TSR dimension measured by BCG. Contributing to this has been its smart industrial strategy, putting Deere on track to meet or exceed its 2026 targets for connected machines and digital engagement.

Taken together, these results emphasize the importance of maintaining a balanced approach to value creation, even—or especially—during a period highlighted by a commodities super-cycle driven by the global pandemic and geopolitical upheaval.

What Comes Next?

The challenges that faced the global agriculture industry from 2020 to 2024 made it a very difficult period for most of the companies in the sector—and as always in agriculture, the next five or ten years remain uncertain.

However, there are three areas in particular that will have real impacts across the agriculture value chain over the next decade or so. Companies would be well advised to carefully monitor these issues as they devise their future scenarios.

Tropical Agriculture

Tropical agriculture is poised to grow at a rapid pace over the next decade. Brazil's agricultural output, for example, almost tripled in value between 2014 and 2024. Output is expected to further increase in the years ahead as the country turns degraded pastureland into cropland and further boosts yields through the adoption of new agricultural and agronomic technologies. The rise of India as an agricultural powerhouse, fueled by innovation and increasing export ambitions, will also have real impacts. (See "Growing Indian Agriculture.")

— Growing Indian Agriculture

India's agribusiness sector is entering a new phase of value creation, moving decisively from commodity production to integrated, innovation-led growth. Driven by a combination of robust revenue growth, margin expansion, and valuation re-rating, a distinct sample of 24 Indian players that we looked at have outperformed global peers, delivering median TSR of 30% between 2020 and 2024.

The top value creators share a common playbook: scale, diversification, and integration. Fertilizer and crop protection leaders such as Coromandel and PI Industries have shifted toward biologicals, specialty nutrients, and high-margin adjacencies, while investing in R&D, capacity expansion, and digital farmer platforms. Equipment manufacturers like TAFE and Escorts Kubota have globalized through co-development and localization, converting technological innovation into export strength. And food and protein players, including LT Foods, ABIS Exports, and Mother Dairy, have integrated backward into supply chains, strengthened branding, and entered value-added consumer categories.

This shift reflects a broader structural transition in Indian agriculture—from scale based on subsidies to scale based on science, sustainability, and strategy. India's fast-growing agri-sector is not just feeding the nation but is looking to build resilient, tech-enabled, globally competitive value chains that anchor the country's next wave of growth.

Global Trade

Recent tariff increases by the US and resulting reciprocal measures have disrupted global trade flows, and the impacts on global flows in agricultural machinery, inputs, and products will likely be long-lasting. China's shift to Brazil and Argentina as sources for soybeans is only the most notable effect—one that will continue even if US farmers can begin exporting to China again.

Biofuels

Increasing production of biofuels could play a major role in generating more demand for US corn and soybeans. Already, rising economies like Brazil, India, and Indonesia are increasing their mix of ethanol and biodiesel in motor vehicle fuels, while the EU is proposing the extension of its climate regulations supporting biofuels to include jet fuel and maritime fuels. In Brazil, biofuels already make up more than 30% of fuels for road vehicles. And increased biofuel production can help countries everywhere increase their energy self-sufficiency. Depending on the degree of demand, the impact could be significant and profitable—not just for farmers but for all downstream players in the sector's value chain.

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