

2019 is a year that will go down in vegan history.



*BEYOND*  
**EXPECTATIONS**

**BEYOND MEAT** is the first plant-based protein company to be listed on the stock market, and served up the best-performing public offering by a US company in nearly 20 years, ballooning to a value of \$3.8 billion. As the meatless burger boom continues to take off, author **MARK HAWTHORNE** explores the impact of this California company and what its momentous first steps into the publicly traded world mean for the future of food.

**I**T WAS MAY 2, and Ethan Brown was beaming. The company he'd founded a decade earlier, Beyond Meat, was debuting on the stock market that day with an initial public offering (IPO), and he was in New York City's Times Square to ring the opening bell at Nasdaq. Standing proudly beside Brown inside the gleaming MarketSite tower were his wife Tracy, members of the Beyond Meat team, and vegan celebrities Jessica Chastain and John Salley. "We have been really elated to see the reaction from the market," he said. "So I couldn't be happier to open this up to their participation."

And what remarkable participation it has been. Shareholders eagerly snapped up the stock, showing that they believe not just in the future of the company, but the future of meat alternatives. In Beyond Meat's post-IPO earnings meeting in June, Brown wasted no time touting their success. "We are pleased to report a strong first quarter," he told investors before sharing a tally of impressive statistics. Net revenue had increased 215 percent, gross profit margin was up more than 1,000 basis points, and the adjusted EBITDA had improved by 50 percent. The jargon may have been lost on some—especially stock market newbies who'd only bought shares in Beyond Meat (the stock symbol for which is BYND) because they wanted to invest in something vegan—but Brown quickly pivoted back to explain what his company does best: make meat from plants.

"We began with a simple question," Brown said. "Do you need an animal to produce meat?" The answer, of course, was no. "When we think about meat," he explained, "we define it in terms of its composition. And as it turns out, meat is, at a high level, an assembly of amino acids, lipids, trace minerals, vitamins, and water"—materials Beyond Meat uses to

crank out its wildly popular Beyond Burger patties in a remarkably efficient fashion.

While only about three percent of crops eaten by cows are converted into muscle, Beyond Meat feeds their twin-extruder machines with ingredients such as pea protein, canola oil, and refined coconut oil, resulting in burgers designed to replicate the taste and texture of a beef patty. "We are bypassing the animal and using plants to build meat directly," Brown told investors. It's a business model that

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helped give the El Segundo, CA-based startup what *MarketWatch* describes as “the best-performing public offering by a major US company in almost two decades,” surprising even the most optimistic financial analysts. After pricing their shares at \$25, Beyond Meat opened at \$46 per share and was soon trading at comfortably north of \$100.

### **BULLISH ON BYND**

Beyond Meat has come a long way since its modest beginnings in 2009—the same year the Worldwatch Institute published its alarming study “Livestock and Climate Change,” which found that animal agriculture accounts for half of all human-caused greenhouse gases. In 2006, a report from the United Nations revealed that animal agriculture contributed 18 percent of these emissions. But it didn't take into account the destruction of rainforests to

make pastureland and grow feed crops, the CO<sub>2</sub> exhaled by farmed animals, or the 103 million tons of methane emitted by cows each year. The Worldwatch report inspired Brown to act—to help create, in his words, “a future of farmers growing higher-value protein crops for more direct human consumption via plant-based meat.”

Soon, Microsoft founder Bill Gates and Twitter co-founder Biz Stone were investors, and Brown had licensed the technology of Fu-Hung Hsieh and Harold Huff, two food-science professors from the University of Missouri who were developing a soy-based chicken. The result, Chicken-Free Strips, was launched in 2012. “What I was experiencing was more than a clever meat substitute,” Gates wrote on his blog soon after sampling the plant-based chicken. “It was a taste of the future of food.” He wasn't alone in his praise. Biz Stone told Slate: “My first reaction was, if I was given this in a restaurant, I'd get the waiter to come over and ask if he'd accidentally given us real chicken.”

After being initially funded by venture capitalists, Beyond Meat is now a public company with a full plate of products, including sausages and ground beef. In late August, the company teamed up with KFC for the fast-food chain's first-ever foray into plant-based protein with Beyond Fried Chicken. But it's the Beyond Burger patties that have generated the most sizzle, and they're now found in 30,000 grocery stores, schools, and restaurants including A&W, Carl's Jr., and TGI Friday's. Getting into so many outlets wasn't easy, but Beyond Meat had two things going for it: a unique product and favorable word of mouth. These helped when Brown refused to work with stores unless they agreed to display the burger in the meat aisle, a move he regarded as crucial. “The future is one where the meat case is going to be called the protein case and consumers will be able to buy plant-based and animal-



based protein side by side," he told *The Washington Post* in 2016. "Beyond Meat has done a great job marketing to the mainstream consumer, which includes getting placed in the meat department

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of major, conventional retailers," adds Michele Simon, executive director of Plant Based Foods Association. "[But] most importantly, their food is delicious."

### TAKING STOCK

Big Food is also seeing the viability of plant-based eating. Nestlé, the world's largest food company, gobbled up vegetarian brand Sweet Earth in 2017 and predicts its own vegan business—including the new Incredible Burger—will be worth a billion dollars within a decade. Tyson sold its stake in Beyond Meat to develop a recently launched line of alternative protein products (a blended burger made from both Angus beef and

pea protein, as well as nuggets made with egg white). Minnesota-based meat giant Cargill backs Puris Proteins, a key supplier of pea protein used by Beyond Meat. Canada's Maple Leaf Foods, which acquired Lightlife Foods and Field Roast in 2017 and 2018, launched a plant-based brand called Greenleaf Foods last year. Pinnacle Foods owns both the canned-meat brand Armour and the vegan meat brand Gardein. Hormel recently announced they are going after a slice of the meatless meat business with vegan pizza toppings.

All of these companies operate animal-based businesses alongside their alternative offerings. But in June, Vivera Foodgroup, one of the biggest food producers in Europe, did away with their meat products altogether. "We are one of the first companies in the world's meat industry to say a final goodbye to meat," said Willem van Weede, CEO of Vivera. "From now on, we will only focus on plant-based foods, which are really conquering the world."

Most conventional meat companies are arriving late to the biomimic barbecue, however. "The large food companies remain followers, not leaders, and plant-based companies continue to be where the innovation and responsiveness to

## MEAT

by the Numbers

**6%**

The percentage growth of the US plant-based meat market in 2017

**24%**

The percentage growth of the US plant-based meat market in 2018

**2%**

The percentage growth of animal meats in 2018

**163%**

The percentage Beyond Meat stocks surged in its first day of trading

**\$11.9 billion**

The global value of plant-based meats in 2018

**\$21.2 billion**

The estimated global value of plant-based meats by 2025

## VEGAN VENTURES

Does Beyond Meat's historic entrance onto the stock market have you looking to add some socially responsible investments to your portfolio?

Check out **CRUELTY FREE INVESTING** ([crueltyfreeinvesting.org](http://crueltyfreeinvesting.org)), which lists thousands of publicly traded companies that do not exploit animals. The non-profit organization, launched in 2017, also highlights the 10 worst public corporations for animals, including Covance, the world's largest breeder of dogs used in experiments; JBS, the world's biggest meat company; and Cal-Maine Foods, which controls about a quarter of the US egg market.



the market need for products is to be found," says Claire Smith, CEO of Beyond Investing, which develops market investment products for the vegan community. Smith believes Beyond Meat's IPO highlights not only the dissatisfaction consumers and shareholders feel with food companies whose products harm animals and the environment, but the power companies focused on plant-based products have to create value for shareholders.

At last, she says, large, growth-oriented investors are taking the plant-based sector and its limitless potential seriously. And the enormous fortunes being invested in mission-driven companies such as Beyond Meat is perhaps the most telling sign that the future of food is undeniably vegan. **VN**

**Mark Hawthorne's** ([markhawthorne.com](http://markhawthorne.com)) latest book is the 10th-anniversary edition of *Striking at the Roots: A Practical Guide to Animal Activism*.