

# Food Industry

In Focus



*Leading Independent North American Financial Advisor  
to the Food & Agriculture Sector*

## Q4 2024 HIGHLIGHTS AND TRENDS

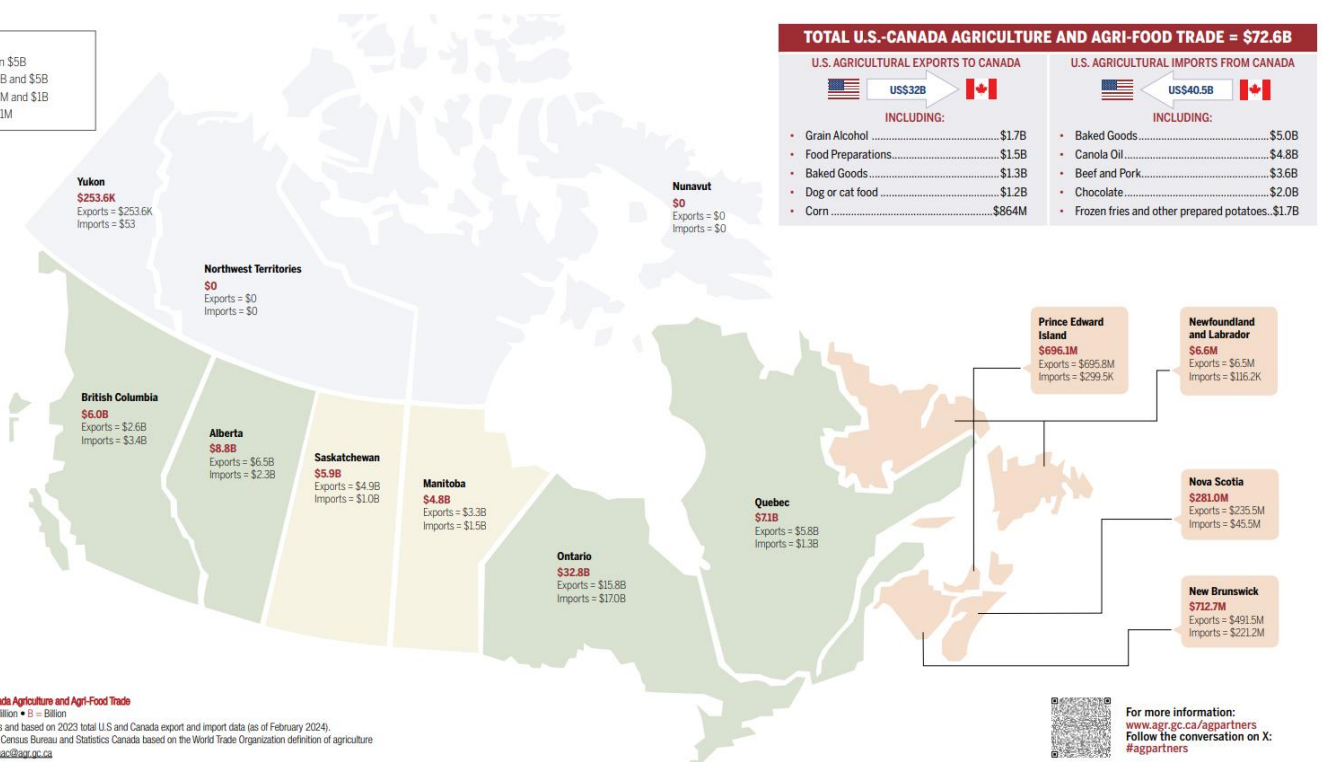
- The agrifood industry in Canada and the U.S. is heavily focused on possible tariffs and the balance of trade in key commodities more than ever
- Mixed results across the industry as dynamics impact share prices and Q4 results by segment
- M&A activity feels reasonably strong with momentum and a mix of larger deals and many tuck-in or add-ons



## Food and Agriculture Trade Impacts Between the U.S. and Canada

- Both countries have a deeply integrated supply chain and a large co-dependence on each other. The agrifood sector is a large North American market, with a gross production value of US\$722 billion per annum; Canada imported US\$32 billion from the U.S. in 2023 and exported US\$40.5 billion to the US in the same year, according to data from Agriculture and Agri-Food Canada.
- Looking at the major commodities, Canada's 5 largest imports from the U.S. include **grain alcohol, food preparations, baked goods, pet food and corn**. While Canada's 5 largest exports to the U.S. include **baked goods, canola oil, beef/pork, chocolate and frozen potatoes**.
- Q4 results for the quarter were softer and the quarter saw many declines in multiples and share prices likely contributed by the trade and tariff overhang and general volatility in the sector

## CANADA / U.S. AGRIFOOD TRADE 2023



**TOTAL U.S.-CANADA AGRICULTURE AND AGRI-FOOD TRADE = \$72.6B**

U.S. AGRICULTURAL EXPORTS TO CANADA		U.S. AGRICULTURAL IMPORTS FROM CANADA	
US Flag	US\$32B	US Flag	US\$40.5B
<b>INCLUDING:</b>			
• Grain Alcohol	.....\$1.7B	• Baked Goods	.....\$5.0B
• Food Preparations	.....\$1.5B	• Canola Oil	.....\$4.8B
• Baked Goods	.....\$1.3B	• Beef and Pork	.....\$3.6B
• Dog or cat food	.....\$1.2B	• Chocolate	.....\$2.0B
• Corn	.....\$864M	• Frozen fries and other prepared potatoes	.....\$1.7B

© His Majesty the King in Right of Canada, as represented by the Minister of Agriculture and Agri-Food, 2023.

**\$ = Two-way U.S.-Canada Agriculture and Agri-Food Trade**  
 K = Thousand • M = Million • B = Billion  
 All figures in U.S. dollars and based on 2023 total U.S. and Canada export and import data (as of February 2024).  
 Trade data source: U.S. Census Bureau and Statistics Canada based on the World Trade Organization definition of agriculture.  
 E-mail: [afdc.mas.ssm.aap@agr.gc.ca](mailto:afdc.mas.ssm.aap@agr.gc.ca)

For more information:  
[www.agr.gc.ca/agpartners](http://www.agr.gc.ca/agpartners)  
 Follow the conversation on X:  
 #agpartners

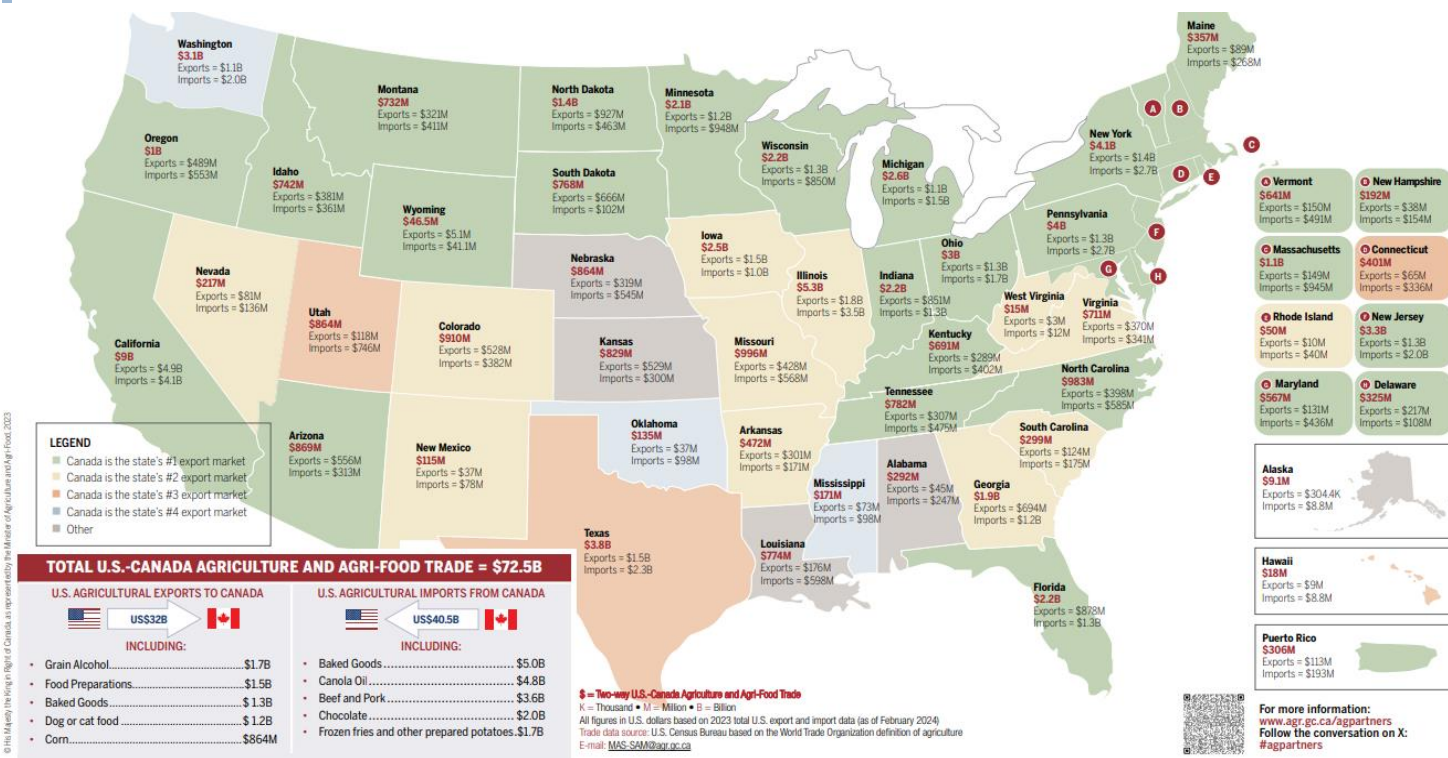


1. Constituent averages of companies as profiled on Page 7
2. Source: S&P Capital IQ

## Food and Agriculture Trade Impacts Between the U.S. and Canada (cont'd)

- Looking at the map below, note the green-coloured states which denote those where Canada is the state's #1 export market
- The large overhang from early hints at possible tariffs by incoming President Trump have left many Canadian companies on "hold" while they consider the implications. Supply chain disruptions, retaliatory tariffs, increased supply costs and changes in the exchange rate are all weighing on next steps
- The practical implications of significant tariffs would be material and widely felt across the food and agriculture sectors. North America has a deeply integrated supply chain (from its early development) that regularly has the exchange of raw materials and finished goods across its borders.
- Many Canadian companies see partnerships or acquisitions with U.S. companies a positive or potential mitigant to future tariffs

## CANADIAN AGRIFOOD TRADE BY U.S. STATE



## KEY INDUSTRY TRENDS, M&amp;A AND OTHER NEWS

## ➤ Q4 Earnings

- Of the 16 CPG and Manufacturers we track, 7 released EBITDA results above the comparable prior year period and 9 were below. Overall, EBITDA margins on average were up 4.6% in Q4
- Share price trends have been mostly on a decline in the last 3 months with only 3 of the companies showing share price increases and groups such as **B&G Foods, Inc.** and **Mondelez International, Inc.** down more than 18%

## ➤ M&amp;A and Other Trends

- There were many notable M&A deals in the fourth quarter across CPG and Food Manufacturing categories, with large strategic buyers and private equity sponsors announcing significant transactions in beverage, snacking and private label production
- High-growth energy drink brand **Celsius Holdings** boosted its innovation and production capabilities with the acquisition of **Big Beverages Contract Manufacturing** for US\$75 million, adding a 170,000 sq. ft manufacturing and warehouse facility
- **PepsiCo** acquired the remaining 50% ownership of **Sabra Dipping Company** for US\$240.8 million; Sabra is a leading brand of hummus in the U.S and will allow PepsiCo to further expand its healthier snack options
- **Lancaster Colony** announced the acquisition of a 300,000 sq. ft. sauce and dressing production facility in Atlanta from **Winland Foods** for US\$75 million
- A subsidiary of **OSI Group** purchased Indiana-based **Park 100 Foods**, a kettle-cooked food manufacturer specializing in breaded meats, frozen soups, sauces, chili, side dishes and gravies.
- Some notable private equity transactions in Q4 included the following:
  - **Graham Partners** acquired **Tulkoff Food Products**, a Baltimore-based a manufacturer of custom sauces, dips, and dressings
  - Florida-based PE fund **Anderson Group** announced the acquisition of **Double B Foods, Inc.** a manufacturer of frozen and refrigerated appetizers, snacks, desserts and dips for the private label and foodservice channels
  - **AUA Private Equity Partners** and **Avance Investment Management** jointly invested in **Tropical Cheese Industries, LLC** a Hispanic-focused maker of premium meat and cheese products

## NOTABLE DEAL OF THE QUARTER



- **Keurig Dr Pepper ("KDP")** acquired a 60% stake energy drink brand **GHOST Beverage** for US\$990 million, reflecting a ~3.0x multiple on 2024 net sales
- Beverage is a fast-moving category with near-constant innovation to appeal to changing consumer tastes, and the GHOST brand gives KDP a leg up in competing in a segment traditionally dominated by Red Bull, Monster and Celsius
- GHOST is one of the fastest-growing energy drinks in the space, with net sales that have more than quadrupled in the past three years, well-known for creative partnerships with brands like *Sour Patch Kids* and *Oreo* that appeal to a younger consumer audience

KEY INDUSTRY TRENDS, M&A AND OTHER NEWS

➤ Q4 Earnings

- Of the 8 Food Ingredients companies we track, 5 released EBITDA results above the prior year comparable quarter and 3 were below. Overall, EBITDA margins on average were up 4.4% in Q4
- Over the past three months, share prices have been decreasing. **Glanbia's** shares fell by 16% and **International Flavors & Fragrances Inc.** by 19% with **Ingredion's** shares increasing the most in the group by only 1%

➤ M&A and Other Trends

- Q4 M&A activity in the ingredient space was fairly quiet but did see continued trend of companies executing portfolio rationalization as well as others acquiring businesses that position them more into value-added products
- The federal government of Canada, through its **Strategic Innovation Fund**, has invested \$27.0 million in Torquest-backed **Bartek Ingredients**, to support its \$192.5 million project constructing a new food ingredient facility in Hamilton, ON. Bartek Ingredients is a global leader of food-grade acidulants, malic and fumaric acid
- US Based flavour ingredient leader **Edlong** announced the strategic acquisition of **Brisan Group**, a US-based flavour company focused in the dairy and sweet flavor market
- Specialty oil and condiments ingredients producer, **AAK**, has agreed to sell its foodservice facility in New Jersey, US, to **Stratas Foods** for an undisclosed sum. Stratas Foods is a supplier of fats, oils, mayonnaise, dressings and sauces to the foodservice, food ingredients and private label retail markets in North America
- Al Mada subsidiary **Terallys**, has acquired Italian-based chocolate and nut ingredient and spread producer **Nutkao** for an undisclosed sum from **White Bridge Investments**
- Global food safety firm **Mérieux NutriSciences** has entered into an agreement to acquire the food testing business of **Bureau Veritas** for €360 million (or ~2.7x 2023 Revenues)
- Fonterra Co-operative Group has confirmed the divestment of its global Consumer business to prioritize its B2B ingredients and foodservice businesses following an internal strategic review process

NOTABLE DEAL OF THE QUARTER



- Netherlands based agribusiness and trader, **Louis Dreyfus**, announced it has signed a binding agreement to acquire the Food and Health Performance ingredients business from German specialty chemicals giant **BASF**
- The transaction accelerates Louis Dreyfus's participation in plant-based ingredients and broadens its ingredient portfolio with the acquisition of food performance ingredients such as whipping and aeration agents as well as food emulsifiers
- Holistically the transaction was core to the Louis Dreyfus strategic plan of revenue diversification through more value-added products and growth in downstream markets
- For BASF this transaction will support its strategic portfolio optimization allowing for increased focus on their core Nutrition and Health businesses
- This transaction highlights the continued trend of global agribusinesses pivoting from commoditized to higher value-added products and processes



## KEY INDUSTRY TRENDS, M&A AND OTHER NEWS

### ➤ Q4 Earnings

- Of the 5 'Better-for-You' companies we track, 2 released EBITDA results above the prior year comparable quarter and 3 were below. Overall, EBITDA margins on average were down 10.1% in Q4
- Over the last 3 months, **SunOpta Inc.** saw the largest share price increase, rising over 21%. **The Simply Good Foods Company** share price was up 12%. While **Beyond Meat, Inc.** saw a massive price retreat of 45%

### ➤ M&A and Other Trends

- There were select deals announced in the healthier segments as set acquirors focus on key areas to expand or grow in new lines of business
- Nut and seed butter company **Once Again** acquired a California based organic almond manufacturer called **Big Tree Organic Farms**
- **Lakeview Farms**, manufacturer of dips, acquired the noosa yoghurt business of **Campbell's** which they acquired with the Sovos acquisition earlier in the year
- Plant-based investor **Ahimsa Companies** acquired **Simulate** including their NUGGS product
- Doubling down on cellular meat, **CULT Food Science** and **The Better Butchers** have plans to merge
- Natural sugar company **Wisdom Natural Brands** (parent of **SweetLeaf**) acquired Canada's **Drizzle Honey**, who focus on sustainably sourced raw and superfood honey
- After a review of its vegetables division, **Del Monte** sold its **Fresh Leaf Farms** brand to **First Leaf Farms**
- Private investment firm **Sojourner** invested in **Hawaii Coffee Company**
- **Mucci Farms** (backed by Cox Farms) acquired **Greenhill Produce**, a 150-acre greenhouse business based in Kent Bridge, Ontario

## NOTABLE DEAL OF THE QUARTER



- **PepsiCo** acquired **Siete Foods**, specializing in Mexican-America food products for \$1.2 billion
- Siete was started in 2014 by the Garza family who focused on grain-free tortillas in the better-for-you category
- Expanded lineup to include salsas, seasonings, sauces, cookies and snacks sold in over 40,000 retailers across the U.S.
- The company had raised \$90 million in 2019 by a private equity group called Stripes Group to more quickly scale and expand
- For PepsiCo, they acquire a fast-growing brand in a great category with an angle on healthy
- Siete's product lineup includes grain free tortillas, enchilada sauces, taco seasonings, botana sauces, mexican cookies, vegan beans, grain free puffs, and salsas





## KEY INDUSTRY TRENDS, M&A AND OTHER NEWS

### ➤ Q4 Earnings

- Of the 9 Canadian Food companies we track, 7 released EBITDA results above the prior year comparable quarter and 2 were below. Overall, EBITDA margins on average were up 21.3% in Q4
- Canadian food stocks were mixed, with a slight bias towards share price incline as 6 companies had their shares increase, anywhere from flat to 29%, while **Premium Brands Holdings Corporation** decreased over 17% in the last 3 months

### ➤ M&A and Other Trends

- **Gay Lea Foods** intends to sell **Hewitt's Dairy** based in Hagersville, Ontario to specialty processors **Dairy Fountain**. **Hewitt's** sells fluid milk, goat milk products and ice cream
- In the pet world, **Pure Treats** based in Quebec acquired **Bar W Foods** and **18 Below** which included a facility based in Texas
- **Furlani Foods**, owned by private equity firm **E2P** acquired a US garlic bread business called **Cole's Quality Foods**
- **GoodFood** entered the CPG game with the partial acquisition of **Genuine Tea**, a small Canadian brand it hopes to help growth with its distribution network
- **Spectra Confectionery**, maker of dessert toppings, sold to **SK Capital Partners**
- **Premium Brands** acquired three businesses including **NSP Quality Meats**, **Casa Di Bertacchi** and **Italia Salami** which all had a theme around cooked meats and deli-style proteins
- **Cookin**, a platform for homemade meal delivery sold to **CookUnity**, a similar business in the US with the goal of collaborating to cover the segment
- **entosystems** raised \$58 million from a few different funds to advance their insect protein and fertilizer business
- **Redstone Food Group**, a commercial bakery based in Mississauga, raised minority capital from **Clairvest**. Products include par-baked breads, cookies, muffins, garlic bread and related products

## NOTABLE DEAL OF THE QUARTER



- **Second Nature Brands** acquired the **Voortman** cookie brand from **J.M Smucker** for US\$305 million
- The deal includes Voortman's zero sugar cookies and wafer cookies along with their Burlington, Ontario facility and roughly 300 employees who will transfer
- Second Nature Brands is a portfolio company of CapVest Partners and manages a portfolio of brands including Kar's Nuts, Second Nature Snacks, Sahale Snacks and Brownie Brittle
- Combined companies expect to achieve \$500 million in annual revenue
- J.M. Smucker had acquired Voortman in 2023 as part of its large acquisition of **Hostess Brands** (who had purchased it from **Swander Pace** in 2019)



## CPG &amp; FOOD MANUFACTURING

All Figures in USD millions unless indicated

	TEV	TEV/EBITDA		EBITDA Margin		3 Year Growth	
		2024E	2025E	Recent Quarter	LTM	EBITDA	Revenue
Mondelez	96,890	12.9x	13.0x	14.8 %	20.5 %	7.0 %	8.4 %
Kraft Heinz	54,812	8.6x	8.6x	25.3 %	24.7 %	(0.0)%	(0.1)%
General Mills	46,145	11.1x	11.3x	23.3 %	21.8 %	0.4 %	3.3 %
Hershey	37,855	13.0x	13.8x	25.8 %	26.9 %	7.2 %	7.6 %
Kellogg	34,162	15.1x	14.5x	17.8 %	15.9 %	3.3 %	2.8 %
McCormick	24,460	19.0x	17.9x	20.5 %	19.0 %	0.1 %	2.0 %
Conagra	21,123	9.1x	9.6x	16.3 %	19.0 %	0.3 %	2.6 %
Campbell Soup	19,166	10.3x	9.5x	19.3 %	18.6 %	(1.1)%	4.5 %
Hormel	18,968	13.4x	12.7x	11.7 %	11.4 %	2.2 %	1.6 %
Lamb Weston	12,716	8.4x	10.9x	17.9 %	19.1 %	32.1 %	21.3 %
Post	12,549	9.1x	8.7x	15.3 %	16.2 %	17.5 %	16.5 %
TreeHouse Foods	3,212	9.5x	8.7x	9.1 %	9.2 %	20.0 %	6.2 %
J&J Snack Foods	2,922	14.2x	13.2x	14.8 %	12.3 %	18.9 %	11.0 %
Utz Brands	2,670	13.4x	12.2x	10.5 %	9.1 %	30.7 %	6.4 %
B&G Food	2,622	8.9x	8.9x	14.8 %	14.7 %	(4.2)%	(2.1)%
<b>Mean</b>		<b>11.7x</b>	<b>11.6x</b>	<b>17.2%</b>	<b>17.2%</b>	<b>9.0%</b>	<b>6.1%</b>

## FOOD INGREDIENTS

All Figures in USD millions unless indicated

	TEV	TEV/EBITDA		EBITDA Margin		3 Year Growth	
		2024E	2025E	Recent Quarter	LTM	EBITDA	Revenue
IFF	30,244	13.8x	13.3x	17.0 %	16.6 %	6.4 %	(0.7)%
Associated British	19,668	5.3x	5.7x	13.3 %	12.8 %	22.2 %	12.3 %
Kerry	17,586	13.5x	12.5x	13.8 %	14.5 %	4.7 %	(0.4)%
Darling	9,786	8.9x	6.9x	13.9 %	14.6 %	9.0 %	6.9 %
Ingredion	9,681	8.0x	7.5x	17.6 %	15.5 %	10.5 %	2.7 %
Glanbia	4,264	8.3x	8.2x	13.9 %	10.5 %	15.6 %	(7.7)%
Sensient	3,592	13.8x	12.6x	17.1 %	16.2 %	5.9 %	4.2 %
Tate & Lyle	3,291	8.0x	6.8x	20.0 %	19.9 %	0.2 %	8.5 %
<b>Mean</b>		<b>10.2x</b>	<b>9.5x</b>	<b>15.2%</b>	<b>14.4%</b>	<b>10.6%</b>	<b>2.5%</b>

## BETTER-FOR-YOU FOOD MANUFACTURERS

All Figures in USD millions unless indicated

	TEV	TEV/EBITDA		EBITDA Margin		3 Year Growth	
		2024E	2025E	Recent Quarter	LTM	EBITDA	Revenue
The Simply Good Foods Company	3,886	14.6x	13.7x	19.1 %	18.5 %	10.7 %	9.7 %
Beyond Meat, Inc.	1,337	neg	neg	(31.6)%	(41.7)%	(11.8)%	(11.2)%
SunOpta Inc.	1,309	14.5x	12.0x	10.5 %	9.9 %	30.6 %	13.3 %
The Hain Celestial Group, Inc.	1,245	8.1x	7.8x	5.0 %	7.9 %	(12.7)%	(4.1)%
Lifeway Foods, Inc.	320	15.3x	11.5x	10.9 %	12.2 %	33.8 %	16.3 %
<b>Mean</b>		<b>13.1x</b>	<b>11.3x</b>	<b>2.8%</b>	<b>1.4%</b>	<b>10.1%</b>	<b>4.8%</b>

## CANADIAN FOOD COMPANIES

All Figures in USD millions unless indicated

	TEV	TEV/EBITDA		EBITDA Margin		3 Year Growth	
		2024E	2025E	Recent Quarter	LTM	EBITDA	Revenue
Saputo	9,545	8.7x	8.6x	8.2 %	7.6 %	0.2 %	3.6 %
Premium Brands	4,412	10.7x	9.5x	7.1 %	6.5 %	16.0 %	5.1 %
Maple Leaf Foods	2,968	7.9x	6.7x	10.8 %	9.2 %	14.1 %	(1.6)%
Lassonde	1,284	6.9x	5.9x	9.9 %	9.6 %	11.0 %	6.1 %
Rogers Sugar	774	7.8x	7.5x	10.9 %	9.7 %	5.5 %	8.5 %
High Liner	534	5.4x	5.1x	9.3 %	9.3 %	8.4 %	2.4 %
Corby Spirit and Wine	329	n.a.	n.a.	29.1 %	23.3 %	5.1 %	21.3 %
Andrew Peller	270	7.4x	7.3x	16.5 %	9.0 %	(7.8)%	(3.0)%
Swiss Water	95	n.a.	9.5x	9.7 %	9.8 %	n.a.	5.1 %
<b>Mean</b>		<b>7.8x</b>	<b>7.5x</b>	<b>12.4%</b>	<b>10.5%</b>	<b>6.6%</b>	<b>5.3%</b>



## ABOUT US

Origin Merchant Partners is a leading Independent North American Financial Advisor to the Food & Agriculture Sector.

To learn more about our active food & agriculture practice, please reach out to any of our team members below.



Toronto | Chicago | Montreal  
[www.originmerchant.com](http://www.originmerchant.com)

## OMP FOOD TEAM LEADS

### ANDREW MUIRHEAD

Managing Director – Head of Agrifood  
[andrew.muirhead@originmerchant.com](mailto:andrew.muirhead@originmerchant.com)

### GREG MARTIN

Managing Director  
[greg.martin@originmerchant.com](mailto:greg.martin@originmerchant.com)

### DEVIN KENNEALY

Managing Director  
[devin.kennealy@originmerchant.com](mailto:devin.kennealy@originmerchant.com)

### CHRISTOPHER SOLDA

Director  
[christopher.solda@originmerchant.com](mailto:christopher.solda@originmerchant.com)

## OMP FOOD TEAM ADVISORS AND SUPPORT

### PERRY CAICCO

Senior Advisor  
[perry.caicco@originmerchant.com](mailto:perry.caicco@originmerchant.com)

### STEVE BROMLEY

Senior Advisor  
[steve.bromley@originmerchant.com](mailto:steve.bromley@originmerchant.com)

### JAY WRIGHT

Senior Advisor  
[jay.wright@originmerchant.com](mailto:jay.wright@originmerchant.com)

Click to Subscribe to Origin Insights: Food & Agriculture Publications