

Food Industry

In Focus



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

Q1 2025 HIGHLIGHTS AND TRENDS

- As tariff news has consumed markets and news, buy Canadian has been a strong trend in the grocery store, in some cases ballooning demand for niche local Canadian brands
- Most Canadian M&A and financing activity has remained on hold given tariff uncertainty – the more clarity we get the more deal activity we expect
- Volatility among stocks and earnings for most agrifood businesses has been high

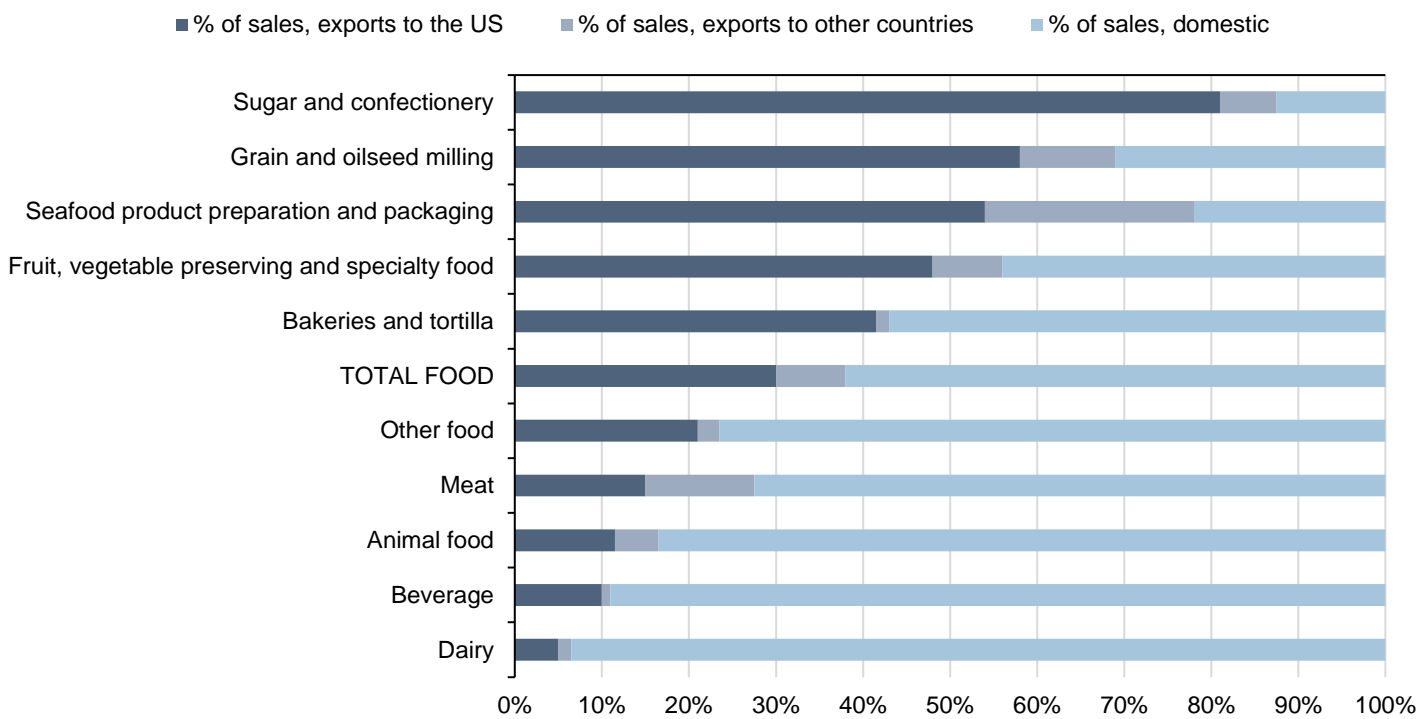




The Rise of the "Buy Canada" Movement in Response to Tariffs

- Following trade tensions and U.S. tariffs on Canadian goods (e.g., steel and aluminum), over **80%** of Canadians report prioritizing locally made products to support the domestic economy
- Canadian retailers have noted increased demand for products labeled as "Made in Canada," with many consumers willing to pay a premium for local goods. This shift has prompted businesses to adapt supply chains to meet consumer preferences
- A survey revealed that **79%** of Canadians believe buying local is essential for economic recovery, while **73%** value spending on Canadian-made goods as a way to reduce reliance on imports
- Industries such as food, agriculture, and manufacturing have seen growth in domestic sales, while exports remain challenged due to tariff-related costs and global trade volatility

CANADA / U.S. AGRIFOOD TRADE



1. Source: Farm Credit Canada; KPMG Canada Survey, 2024; Interac Survey, 2024

KEY INDUSTRY TRENDS, M&A AND OTHER NEWS

➤ Q4 Earnings

- Of the 16 CPG and Manufacturers we track, 8 released EBITDA results above the comparable prior year period and 8 were below. Overall, EBITDA margins on average were up 3.0% in Q1
- Over the last 3 months, **Mondelez International** saw the largest share price increase, rising over 14%. **Lamb Weston Holdings** and **TreeHouse Foods** both saw a massive price retreat of 20% and 23%, respectively

➤ M&A and Other Trends

- There were multiple large M&A transactions in the branded beverage category, by both major strategic players and consumer-focused private equity sponsors. Sponsors also remained active in baked goods and condiment categories as well
- **Celsius Holdings** acquired **Alani Nu**, a fast-growing, female-focused brand offering functional beverages and wellness products; purchase price totaled US\$1.8 billion, reflecting a 3.0x EV/Sales multiple and EV/EBITDA multiple of 12.0x
- Diversified co-manufacturer **Treehouse Foods** acquired **Harris Tea**, a North American private-label and contract manufacturer of tea products, for US\$205 million (roughly 8.5x TTM adjusted EBITDA, or 6.5x net of estimated synergies)
- **Spindrift**, U.S. based provider of premium beverages with real squeezed fruit and zero added sugar, was purchased by California private equity sponsor **Gryphon investors**; the deal was reportedly consummated at an EV/Sales multiple of 2.5x and an EV/EBITDA multiple of 26.0x
- Global PE fund **Advent International** acquired **Sauer Brands**, a Virginia-based producer and distributor of spices, extracts, flavorings, food colors, seasoning envelopes, baking bags, mayonnaise, pourable salad dressings, condiments, sauces, and other food products
- Some notable private equity M&A add-ons to existing portfolio companies in Q1 included:
 - **Legacy Bakehouse** (owned by **Benford Capital Partners**), acquired **Mannon Specialty Foods**, which does business as *Classic Cookie* and bakes premium cookie products
 - **E2P-backed MBC Companies**, a diversified frozen breakfast foods manufacturer, recently purchased **Nardone Brothers Baking Company**, a Pennsylvania-based producer of pizzas and related food items for schools throughout the United States

NOTABLE DEAL OF THE QUARTER



PEPSICO

poppi

- **PepsiCo** announced its acquisition of **Poppi**, a high-growth prebiotic soda brand, for US\$1.95 billion (or a net purchase price to \$1.65 billion if including \$300 million in anticipated cash tax benefits), and represented an EV/Sales multiple of 3.9x
- Founded in 2015 by Allison and Stephen Ellsworth, Poppi began as a home-brewed beverage sold at farmers' markets, combining prebiotics, fruit juice, and apple cider vinegar to create a low-calorie drink
- PepsiCo's acquisition aims to expand its portfolio with healthier beverage options, responding to increasing consumer demand for functional drinks that promote health and wellness

KEY INDUSTRY TRENDS, M&A AND OTHER NEWS

➤ Q4 Earnings

- Of the 8 Food Ingredients companies we track, 4 released EBITDA results above the prior year comparable quarter and 4 were below. Overall, EBITDA margins on average were down 6.7% in Q1
- Share price trends have been mostly on a decline in the last 3 months with only 2 of the companies showing share price increases and groups such as **Glanbia** and **Tate & Lyle** down more than 20%

➤ M&A and Other Trends

- Q1 M&A activity in the ingredient space was fairly quiet but did see continued trend of companies executing portfolio rationalization as well as a means of tightening their focus on core operations and driving enhanced balance sheet positions
- Farm Credit Canada (“FCC”) announced an additional \$1.0 billion in new loans to the Canadian agriculture and food sector to support the businesses through ongoing tariff uncertainties
- Romanian agri-food business **Carmistin The Food Company** is acquiring **Cargill’s** animal nutrition group in Romania, subject to regulatory approval. Financial details were not disclosed
- The **Saudi Agriculture and Liestock Investment Company** (SALIC) has increased its ownership stake in the agribusiness unit of **OLAM Agri** purchasing an additional 44.7% for \$1.78 billion, valuing 100% of Olam for \$4 billion
- **DSM-Firmenich (“DSM”)**, the Swiss ingredients producer has increased its shareholding in **Yantai DSM Andre Pectin Company Limited (Andre Pectin)** to 90.5%. This acquisition is part of DSM-Firmenich’s broader strategy to expand its portfolio in nutrition and health sectors, leveraging its expertise in natural and renewable ingredients
- **Bunge Global SA** has entered into an agreement to divest its European margarines and spreads division to **Vandemoortele**, a Belgium-based food manufacturer. The transaction allows Bunge to focus on its core business of oilseeds, grains and B2B ingredients
- **Woodland Gourmet**, a wet and dry ingredient specialist acquired Utah-based **Sevillo Fine Foods**, a ready-to-eat frozen ingredient company to enhance its product portfolio

NOTABLE DEAL OF THE QUARTER

Feed Enzymes Unit
Partnership

dsm-firmenich ●●●

novonesis

- **DSM** announced the sale of its stake in the **Feed Enzymes Alliance** to its equal partner, **Novonesis**, for €1.5 billion
- The transaction marked the end of a successful 25-year partnership and was part of DSM-Firmenich’s broader strategy to refine its portfolio
- Rationale for the transaction included DSM’s desire to focus on its core businesses and improve balance sheet health and overall financial standing
- Novonesis saw the transaction as an opportunity to expand its presence in the animal biosolutions sector
- Purchase price of €1.5 billion and first year EBITDA contribution of €70 million, implying a TEV/EBITDA multiple of ~20x
- Additional synergies are expected to drive incremental EBITDA growth and walk-down of TEV/EBITDA multiple



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 up 7.7% in Q1
- Over the past three months, share prices have been decreasing. **Hain Celestial's** shares fell by 33% and **SunOpta** by 37% with **Lifeway Foods'** shares decreasing the least in the group by only 1%

➤ M&A and Other Trends

- You can call them healthy, but maybe not - big beverage deals were the driver of a lot of Q1 activity in M&A. However, there was still some action across plant-based on healthy brands to help with growth
- **The Vegetarian Butcher** brand owned by **Unilever** was sold to Netherlands-based **Vivera** (parent company **JBS**), a business they previously bought in 2018
- Protein bar and snack brand **Power Crunch** was acquired by **Ferrero Group** from **Bio-Nutritional Research**
- **Sweetmore Bakeries** of Chicago acquired a Mexican bakery business called **Azteca Bakeries** based in Phoenix, Arizona
- As they expand upon their portfolio of plant-based brands, **Ahimsa** has this time acquired a frozen pizza business called **Blackbird Foods**
- Private equity firm **New Water Capital** made a sweet deal to acquire the honey businesses of **Dutch Gold Honey**
- In the world of food distribution, **GrubMarket** raised \$50 million at a \$3.5 billion valuation and acquired **Bay Cities Produce** and **Sally Produce**. Meanwhile, private equity firm **Red Arts** acquired **Freshway Foods** from **US Foods** in the world of fresh and produce

NOTABLE DEAL OF THE QUARTER



- **Flowers Foods** acquired **Simple Mills**, natural channel leader in crackers, cookies, snack bars and baking mixes
- Flowers Foods is paying \$795 million in cash for the business which in 2024 did \$240 million in net sales (implied 3.3x revenue multiple)
- Simple Mills has focused on nutrient-dense foods relying on nut, seed and vegetable flours to expand across the U.S.
- Aligns with the Flowers Food strategy of growing in the better-for-you space while benefiting from bigger resources and distribution as a combined company
- Simple Mills had previously raised capital in 2016 and 2019 from a variety of funds that included Vestar Capital, Impact Assets, Constitution Capital and Claridge Venture Partners



KEY INDUSTRY TRENDS, M&A AND OTHER NEWS

➤ Q4 Earnings

- Of the 9 Canadian Food companies we track, 5 released EBITDA results above the prior year comparable quarter and 4 were below. Overall, EBITDA margins on average were down 6.7% in Q1
- Canadian food stocks were mixed, with a slight bias towards share price incline as 6 companies had their shares increase, anywhere from flat to 24%, while **Swiss Water Decaffeinated Coffee** decreased over 17% in the last 3 months

➤ M&A and Other Trends

- **Premium Brands** paid US\$21 million for **Denmark Sausage** and their facility in Arizona (not Europe)
- **CEA Industries** acquired **Fat Panda** for C\$18 million, Canada's largest retailer and manufacturer of e-cigarettes, vape devices and e-liquids including 33 retail locations
- **TopGum Industries**, acquired PEI based dietary supplement gummies and lozenges business called **Island Abbey Nutritionals**, paying \$20 million plus an earnout
- Two businesses focused on energy drinks and supplements combined, **Safety Shot** and **Yerbaé** are joining forces
- Non-alcoholic beer brand **Sober Carpenter** was acquired by **Les Brasseurs du Nord**
- BC based **Artigiano** acquired **Salt Spring Coffee**
- Private equity firm **Fulcrum** made an investment into **Sunco Foods**, focused on nut butters, seeds, dried fruits and other snacky products
- Italy based **Sammontana Italia** is acquiring Toronto based caked maker **La Rocca**

NOTABLE DEAL OF THE QUARTER



- **Colabor** acquired **Alimplus'** food distribution assets (**Mayrand Plus**) and shares of subsidiary **Tout-Prêt** for \$51.5 million
- Acquisition includes warehouses in Drummondville, Anjou, Quebec City, and prepared fruits and vegetables specialist **Tout-Prêt**
- The plan behind the deal is to position **Colabor** as a leading Quebec food distributor, enabling significant customer base growth and operational synergies
- **Mayrand Alimentation's** four stores are excluded but will have a 6-year distribution agreement with **Colabor**
- Acquisition funded by amended credit facility and subordinated debt from **Investissement Québec**

CPG & FOOD MANUFACTURING

All Figures in USD millions unless indicated

	TEV/EBITDA			EBITDA Margin		3 Year Growth	
	TEV	2025E	2026E	Recent Quarter	LTM	EBITDA	Revenue
Mondelez	105,049	15.8x	14.5x	20.6 %	21.3 %	4.5 %	6.0 %
Kraft Heinz	56,074	9.2x	9.1x	24.9 %	25.0 %	0.6 %	(1.9)%
General Mills	47,303	12.1x	12.4x	19.5 %	21.4 %	(0.3)%	0.9 %
Hershey	38,485	17.1x	16.1x	36.8 %	30.8 %	(5.1)%	3.1 %
Kellanova	34,297	14.6x	14.0x	20.7 %	19.1 %	14.3 %	0.6 %
McCormick	25,904	19.5x	18.2x	17.5 %	18.7 %	6.5 %	2.4 %
Conagra	20,878	9.7x	9.4x	13.0 %	17.0 %	2.5 %	0.7 %
Campbell Soup	19,086	9.8x	9.6x	18.2 %	18.5 %	8.3 %	6.4 %
Hormel	19,290	13.3x	12.3x	10.2 %	11.1 %	(1.5)%	(0.9)%
Post	12,750	8.8x	8.5x	17.1 %	16.4 %	20.5 %	10.7 %
Lamb Weston	12,675	10.9x	10.0x	23.9 %	19.0 %	22.4 %	15.7 %
Utz Brands	2,800	12.9x	11.9x	7.4 %	9.2 %	36.3 %	0.5 %
J&J Snack Foods	2,696	13.7x	12.0x	6.5 %	12.0 %	18.3 %	5.8 %
TreeHouse Foods	2,602	7.4x	6.9x	14.4 %	9.2 %	18.6 %	0.7 %
B&G Food	2,548	8.7x	8.6x	15.2 %	14.8 %	1.7 %	(4.0)%
Tootsie Roll	1,933	n.a.	n.a.	23.3 %	18.6 %	n.a.	n.a.
Mean		12.2x	11.6x	18.1%	17.6%	9.8%	3.1%

FOOD INGREDIENTS

All Figures in USD millions unless indicated

	TEV/EBITDA			EBITDA Margin		3 Year Growth	
	TEV	2025E	2026E	Recent Quarter	LTM	EBITDA	Revenue
IFF	28,738	13.7x	13.4x	8.9 %	15.1 %	(2.3)%	(4.4)%
Associated British	21,536	6.2x	5.7x	13.3 %	12.8 %	18.0 %	10.1 %
Kerry	20,195	14.2x	13.2x	0.0 %	16.6 %	4.8 %	(5.2)%
Ingredion	9,809	7.6x	7.4x	16.9 %	16.4 %	9.6 %	(1.7)%
Darling	9,244	7.3x	6.4x	15.9 %	13.7 %	4.9 %	(3.1)%
Sensient	3,829	13.9x	12.4x	15.4 %	16.6 %	3.5 %	3.7 %
Glanbia	3,474	7.1x	6.5x	12.2 %	13.0 %	8.3 %	(12.8)%
Tate & Lyle	2,923	6.0x	4.8x	24.3 %	19.9 %	16.5 %	7.9 %
Mean		9.5x	8.7x	13.4%	15.5%	7.9%	-0.7%

BETTER-FOR-YOU FOOD MANUFACTURERS

All Figures in USD millions unless indicated

	TEV/EBITDA			EBITDA Margin		3 Year Growth	
	TEV	2025E	2026E	Recent Quarter	LTM	EBITDA	Revenue
The Simply Good Foods Company	3,773	13.4x	12.4x	19.4 %	18.9 %	8.2 %	7.6 %
Beyond Meat, Inc.	1,309	neg	neg	(41.9)%	(38.4)%	(39.9)%	(8.1)%
The Hain Celestial Group, Inc.	1,082	7.1x	6.5x	8.1 %	7.7 %	(4.8)%	(4.7)%
SunOpta Inc.	931	9.3x	8.0x	11.8 %	10.7 %	27.7 %	10.2 %
Lifeway Foods, Inc.	359	14.1x	11.4x	3.4 %	9.2 %	68.4 %	14.1 %
Mean		11.0x	9.6x	0.2%	1.6%	11.9%	3.8%

CANADIAN FOOD COMPANIES

All Figures in USD millions unless indicated

	TEV/EBITDA			EBITDA Margin		3 Year Growth	
	TEV	2025E	2026E	Recent Quarter	LTM	EBITDA	Revenue
Saputo	9,996	9.1x	8.1x	8.4 %	7.6 %	10.4 %	3.1 %
Premium Brands	4,743	10.0x	8.8x	6.3 %	6.7 %	21.0 %	4.3 %
Maple Leaf Foods	3,475	7.8x	7.3x	10.8 %	10.8 %	56.5 %	0.4 %
Lassonde	1,383	6.1x	5.6x	9.6 %	10.0 %	31.2 %	8.0 %
Rogers Sugar	808	7.8x	7.7x	10.3 %	9.6 %	19.0 %	6.9 %
High Liner	576	5.6x	5.1x	6.3 %	9.4 %	2.5 %	(2.0)%
Corby Spirit and Wine	370	n.a.	n.a.	27.0 %	23.3 %	n.a.	n.a.
Andrew Peller	295	7.9x	7.8x	17.6 %	10.2 %	13.5 %	(3.1)%
Swiss Water	98	9.6x	n.a.	8.8 %	9.2 %	(8.4)%	(2.2)%
Mean		8.0x	7.2x	11.7%	10.8%	18.2%	1.9%

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.



www.originmerchant.com

OMP FOOD TEAM LEADS

ANDREW MUIRHEAD

Managing Director – Head of Agrifood
andrew.muirhead@originmerchant.com

GREG MARTIN

Managing Director
greg.martin@originmerchant.com

DEVIN KENNEALY

Managing Director
devin.kennealy@originmerchant.com

CHRISTOPHER SOLDA

Director
christopher.solda@originmerchant.com

BILL FARRELL

Managing Director
bill.farrell@originmerchant.com

OMP FOOD TEAM ADVISORS AND SUPPORT

PERRY CAICCO

Senior Advisor
perry.caicco@originmerchant.com

STEVE BROMLEY

Senior Advisor
steve.bromley@originmerchant.com

JAY WRIGHT

Senior Advisor
jay.wright@originmerchant.com

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