

Food Industry

In Focus



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

Q2 2025 HIGHLIGHTS AND TRENDS

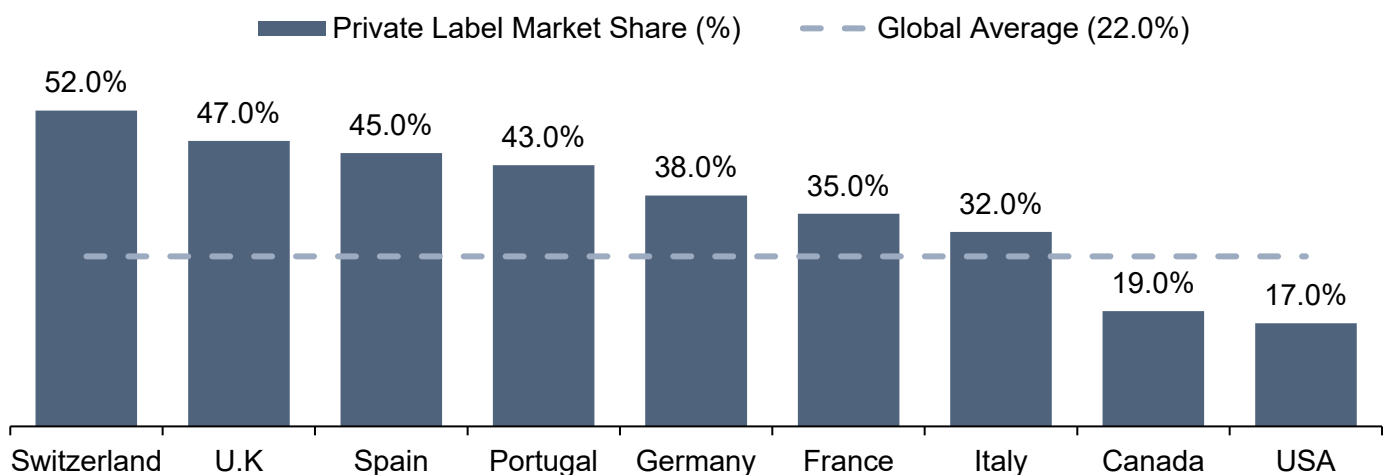
- This quarter we profile the dynamics around active deals and strong multiples for fast growing brands across North America versus the strength of private label manufacturers, particularly in Canada
- Earnings results continue to be mixed across the industry with tariff and supply chain challenges balanced against pockets of strong end-consumer demand
- Q2 largely saw a break in large company M&A activity, though private equity led deals continued with smaller deals as they seek growth in new areas



Canadian Private Label is Strong, But Has Room to Grow...

- The strength of private label in the Canadian market can make it hard for Canadian brands to build sizeable, sustainable businesses. It often means many with manufacturing capabilities focus on private label and co-manufacturing, while brand focused companies rely on the U.S. market to achieve volume
- However, despite the growth in overall share of private label in Canada, when compared to the European market, private-label still controls less than 20%, barely half Europe's ~39 % share
- Where does it work? Canadians happily choose store brands for functional products and staples like bakery, meat/seafood, dairy and basic grocery. It's in emotion-driven aisles—premium snacks, soft drinks and confectionery where national brands still own the story
- A recent study by Nielsen IQ showed 42% of Canadians say they're buying more private label products than ever before, similar to global trends. The survey showed it's more than just about value, with 72% of Canadians viewing private labels as good value for money and 68% seeing them as viable alternatives to name brands

GLOBAL PRIVATE LABEL MARKET SHARE COMPARISON



Strongest Private Label Categories in Canada

27.1%
Bakery

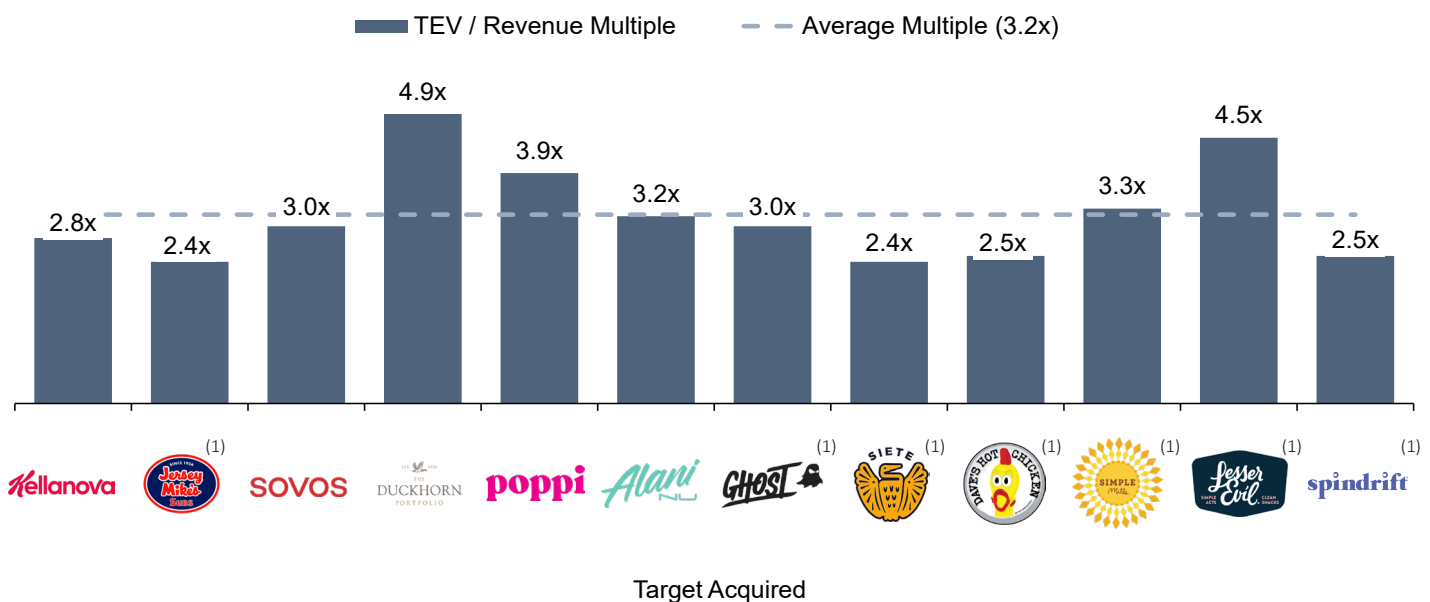
24.8%
Meat & Seafood

21.1%
Pantry Staples

...While High Growth Brands Continue to Command Premium Multiples

- Despite private label trends, there have been a variety of large branded M&A deals over the last 6-12 months across all categories including beverage, snacks, restaurants and other non-food categories
- The big acquirors like Flowers Foods, Pepsi and Campbells are eager to acquire brands where they have large scale, proven brand power and can benefit from the larger distribution network of the acquiror post-sale
 - These strategies can plug a proven label straight into plants, brokers and shelf slots they already own, hoping to drive quick EBITDA growth to justify a high TEV/revenue headline
- Better-for-you snacks, functional beverages and clean-label pantry staples remain the rare pockets of double-digit retail growth, so both strategics and private equity strategies are willing to pay a premium

SELECT BRANDED AGRIFOOD M&A TRANSACTIONS AND REVENUE MULTIPLES



KEY INDUSTRY TRENDS, M&A AND OTHER NEWS

➤ Q1 Earnings

- Of the 16 CPG and Manufacturing companies we track, 6 reported EBITDA margins higher than the prior year comparable quarter (Q2 2024), while 11 were below
- Standouts include **Hershey**, **Kraft Heinz**, and **Mondelez**, which maintained strong margins above 25%, although all three declined year-over-year. TreeHouse Foods and B&G Foods posted sharp declines versus Q2 2024. On average, margins in the group declined moderately, reflecting continued cost pressures and limited pricing power in certain categories

➤ M&A and Other Trends

- Private equity firm **Swander Pace Capital** has acquired Pennsylvania private label bakery **Maple Donuts Inc.**, which makes fresh and frozen donuts, donut holes and other baked treats for the retail and foodservice channels
- **Dare Foods Ltd.** is acquiring organic and gluten-free cracker brand **Mary's Gone Crackers Inc.** from Japanese rice crackers and snacks maker **Kameda Seika Co. Ltd**
- **Verlinvest** and **Mistral Equity Partners** acquired **Krispy Kreme's** remaining stake in **Insomnia Cookies**, a fresh-baked cookie chain and online store for, US\$75 million
- **Artisan Bakery**, the bakery platform backed by **HC Private Investments**, acquired two bolt-on assets in the quarter - **Snackwerks**, a Michigan-based contract manufacturer of baked snacks; and **Specialty Bakers**, a 125-year-old commercial bakery in Marysville, Pa., that produces specialty desserts
- **C.H. Guenther & Son** purchased **Fresca Mexican Foods**, which produces and supplies flour and corn tortillas to the foodservices market . Guenther is PE-owned by **Pritzker Private Capital**
- **TH Foods**, the Illinois-based private label snack manufacturer, was fully acquired by **Kameda Seika Co**; Kameda purchased the remaining 50% stake from **Mitsubishi Corporation** for US\$221 million
- U.S. consumer-growth PE **Karp Reilly** invested alongside **Next in Natural** and other parties in **Rowdy Mermaid**, a U.S. functional beverage brand focused on sustainably-sourced botanicals, fruits, herbs & mushrooms

NOTABLE DEAL OF THE QUARTER



- CPG conglomerate **Post Holdings, Inc.** acquired the remaining stake in **8th Avenue Food & Provisions** for a net payment of approximately US\$880 million (which includes the assumption of \$111 million in finance leases)
- 8th Avenue was formed in 2018 when Post brought together its private-label businesses in a transaction previously backed by private-equity firms **Thomas H. Lee Partners** and **Harvest Partners**
- 8th Avenue's categories include branded and private label dry pasta and private label nut butters, granola, and fruit & nut; the acquisition is hoped to deepen Post's presence in high-growth food categories, enhance vertical integration, and capitalize on private-label trends
- Post Holdings' acquisition of 8th Avenue Food & Provisions is valued at a multiple of 7.6x on the US\$115 million adjusted EBITDA contribution

KEY INDUSTRY TRENDS, M&A AND OTHER NEWS

➤ Q4 Earnings

- Of the 8 Food Ingredients companies we track, four reported higher EBITDA margins year-over-year. **Sensient** improved to 18.2%, from 15.4%, and **Ingredion** rose to 18.6%, from 16.9%, driven by better pricing and product mix
- Overall, margins across the group compressed slightly, reflecting ongoing cost pressures

➤ M&A and Other Trends

- Q2 saw moderate food ingredient M&A activity in North America on the back of ongoing trade uncertainty whereas Europe and international markets saw strong M&A activity
 - Demand for specialty/technical ingredient businesses continues to grow globally as macro-market factors favors insulated B2B food businesses with stronger formulation IP, higher switching costs and stickier customer relationships
- **Ventura Foods**, the flavors, sauces and shortenings joint venture between **CHS** and **Mitsui** acquired **DYMA Brands**, a manufacturer of bulk condiments, seasoning blends, and flavor enhancers, expanding its flavor and seasoning ingredient portfolio for foodservice customers
- **TopGum** Industries acquired **Island Abbey Foods**, a contract manufacturer specializing in gummies and honey lozenges with patented production technology, to expand manufacturing and innovation in functional gummy supplements
- Snacking giant **Mars** announced the establishment of the **Mars Sustainability Investment Fund**, a US\$250 million fund focused on investing in technologies that target further reduction of Mars' agricultural emissions, including ingredients to lower emissions, better-for-you alternatives and circular-economy packaging
- **IMCD**, a global specialty ingredient distributor, made two acquisitions in Q2, **TECOM Ingredients** and **Ferrer Alimentación**, accelerating its Iberian market presence and expanding its portfolio in precision health and wellbeing ingredients

NOTABLE DEAL OF THE QUARTER



- **Glanbia**, the Ireland based global nutrition company, acquired **Flavor Producers**, the U.S. based natural and organic flavor manufacturer, for over \$300 million
- Expands Glanbia's Nutritional Solutions business, enhancing its capabilities in the attractive and fast-growing natural and organic flavors market
- Aligns with Glanbia's long-term strategy of acquiring complementary businesses to grow its "Better Nutrition" platforms and capture evolving consumer trends favoring clean-label and organic products
- Represents an LTM EBITDA multiple on closing of ~15x (based on Adj. EBITDA of ~\$19.7m) and ~18x including deferred consideration
- The acquisition reflects broader trend of increased M&A in natural, organic, health-focused food ingredients and strategics leveraging bolt-on acquisitions to drive growth and portfolio expansion

KEY INDUSTRY TRENDS, M&A AND OTHER NEWS

➤ Q4 Earnings

- Of the 6 better-for-you manufacturers we track, 3 reported EBITDA margins above the prior year comparable quarter, while 2 were below. The average margin across the group improved modestly, driven primarily by gains at **The Hain Celestial Group** and **Lifeway Foods**, which both posted year-over-year increases. However, **Beyond Meat** continues to weigh on the group with another deeply negative margin of -59.1% this quarter, highlighting ongoing profitability challenges
- Share price sentiment remains cautious, with Beyond Meat's sustained losses likely contributing to broader investor skepticism, though some stabilization in margin performance among other players may support a more constructive outlook moving forward

➤ M&A and Other Trends

- Fast growing protein bar company **David** acquired a foodtech business called **Epogee** that makes a low calorie plant-based oil used in its bars
- **Cal-Maine** has expanded its lineup of breakfast products with a deal for **Echo Lake Foods**, a business with \$240 million in revenue and a focus on ready-to-eat egg products and other breakfast foods like pancakes and waffles
- **Calypso Lemonades** made a deal to acquire **Mela Water** to bring together two strong brands. Mela Water focuses on watermelon waters in a variety of flavours
- **MeliBio**, a California based company working on the world's first plant-based honey has been sold to Switzerland based **FoodYoung Labs**
- Another California company, **Nielsen Citrus Products**, known for lemon juice production, has been sold to **Polenghi Group**
- Technology first **Odeko** acquired **Humankind Beverage**, a café distributor and bottled beverage brand from Pennsylvania
- Two better-for-you chocolate businesses have been acquired. **Macalat** and its organic, sugar-free and plant-based product lineup was acquired by **Birmingham Chocolate**. Meanwhile, **Chocolate Works** acquired a specialty chocolate maker called **Thompson Chocolate**

NOTABLE DEAL OF THE QUARTER

Chobani



DAILY HARVEST

- Yogurt maker **Chobani** is expanding its product lineup and presence further with the acquisition of **Daily Harvest**, the once e-commerce focused business known for its frozen smoothies
- Today the company sells a broad range of frozen, plant-based single-serve items—including smoothies, breakfast bowls, soups, harvest (grain) bowls, savory meals and flatbreads
- The business transitioned from exclusive direct-to-consumer sales to a broad retail presence beginning in 2023, debuting in over 1,000 Kroger stores and expanding into additional retailers such as Costco, Wegmans, New Seasons, and independent grocers
- At market height, Daily Harvest was once valued at over \$1 billion when raising a prior round of capital in 2021
- The acquisition expands Chobani's lineup, adding to their prior **La Colombe** acquisition around ready-to-drink coffee



KEY INDUSTRY TRENDS, M&A AND OTHER NEWS

➤ Q1 Earnings

- Of the 9 Canadian food companies we track, 4 reported EBITDA margins above the prior year quarter, while 5 were below
- Maple Leaf Foods and Andrew Peller posted stronger double-digit margins, while Saputo, Corby Spirit & Wine, and High Liner saw year-over-year declines. Overall, trends remain mixed across the group

➤ M&A and Other Trends

- TSX listed **Ceres Global Ag** has been taken private by **Bartlett** (part of the Savage family of companies) for \$4.50/share or roughly US\$140 million
- Ironbridge combined its produce distribution business **North American Produce Buyers** with **The Bamford Group**
- In the beer industry, two craft brewers merged, this time **Sawdust City Brewing** and **Lake of Bays Brewing** joined forces
- **Commercial Bakeries**, a portfolio company of private equity backed **Graham Partners**, acquired a cookie focused business in Ontario called **Hollandia Bakeries**
- **Gay Lea Foods** sold its Notre Dame Creamery based in Manitoba to **Chaeban Ice Cream**
- **Paterson Grain** sold its **Alliance Seed Co** business to **Canterra Seeds**
- A new entity called **QuickBite Collective** has just formed, acquiring the brands of **Teriyaki Experience**, **Burgers n' Fries Forever (BFF Burger)** and **Maverick's Donut Company** with the goal of 82 locations by the end of 2025
- **A1 Group** acquired a Toronto based beverage manufacturing facility to become part of its advanced platform. The facility has three high speed manufacturing lines in PET and can formats.
- **Village Farms** announced a deal to privatize its fresh produce segment with a group called **Sweat Equities** becoming its JV partner
- In big financing announcements, pizza maker **Rustica Foods** raised \$65 million to expand its pizza business and **Drake Meat Processors** raised capital from **Westcap** and **FCC** to build a new plant in Saskatoon

NOTABLE DEAL OF THE QUARTER



- Canadian meat processor **Sofina Foods** announced two big deals in the quarter, acquiring **Exceldor Cooperative** in Canada and making a European acquisition of Ireland based **Finnebrogue**
- Exceldor is a 330-member owned co-op across Quebec, Ontario and Manitoba spread across a variety of facilities
 - Focuses on poultry products and holds the Canadian license to Butterball turkey brand
 - The co-op generates over \$1.4 billion in revenue and employs 3,700 people and is headquartered in Lévis, Quebec
- Finnebrogue is a family-owned meat processor based in Ireland that was created in 1991
 - Operate 4 facilities that produce a range of products including outdoor-bred pork, sausages, rashers, ham and plant-based proteins

CPG & FOOD MANUFACTURING

All Figures in USD millions unless indicated

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		TEV/EBITDA		EBITDA Margin		3 Year Growth	
	TEV	2025E	2026E	Recent Quarter	LTM	EBITDA	Revenue
Mondelez	106,925	15.9x	14.7x	11.2 %	15.5 %	4.9 %	6.8 %
Kraft Heinz	50,242	8.5x	8.4x	24.4 %	25.0 %	(0.4)%	(1.9)%
General Mills	43,064	11.1x	12.3x	16.5 %	20.0 %	(0.4)%	0.9 %
Hershey	39,204	17.7x	16.7x	18.2 %	25.8 %	(5.6)%	3.2 %
Kellanova	33,564	14.8x	14.3x	17.8 %	18.8 %	12.8 %	0.4 %
McCormick	23,919	17.8x	16.8x	19.1 %	19.0 %	6.8 %	2.4 %
Hormel	19,270	13.4x	12.3x	10.8 %	11.0 %	(1.8)%	6.3 %
Conagra	17,953	8.6x	8.9x	17.6 %	18.2 %	1.6 %	(1.0)%
Campbell Soup	16,378	8.5x	8.7x	18.4 %	18.1 %	7.9 %	0.4 %
Post	12,254	8.4x	8.2x	16.3 %	16.5 %	20.7 %	10.7 %
Lamb Weston	11,587	9.8x	9.3x	21.5 %	19.2 %	23.1 %	15.8 %
Tootsie Roll	2,837	n.a.	n.a.	16.4 %	19.0 %	n.a.	(4.8)%
Utz Brands	2,738	12.6x	11.6x	6.7 %	8.9 %	36.4 %	n.a.
TreeHouse Foods	2,624	7.3x	7.0x	7.1 %	9.7 %	19.0 %	0.7 %
J&J Snack Foods	2,401	13.4x	11.8x	6.6 %	11.3 %	14.7 %	0.5 %
B&G Food	2,333	8.3x	8.3x	13.2 %	14.2 %	0.2 %	5.1 %
Mean		11.7x	11.3x	15.1%	16.9%	9.3%	3.0%

FOOD INGREDIENTS

All Figures in USD millions unless indicated

All Figures in USD millions unless indicated

		TEV/EBITDA		EBITDA Margin		3 Year Growth	
	TEV	2025E	2026E	Recent Quarter	LTM	EBITDA	Revenue
IFF	28,820	13.8x	13.4x	17.7 %	15.4 %	(2.3)%	(4.6)%
Associated British	23,865	6.7x	6.2x	11.6 %	12.5 %	18.7 %	11.6 %
Kerry	19,858	13.5x	12.6x	16.6 %	16.6 %	6.0 %	(4.1)%
Darling	10,115	9.3x	7.2x	13.7 %	14.3 %	(0.1)%	(1.8)%
Ingredion	9,760	7.6x	7.3x	18.6 %	17.5 %	9.6 %	(3.2)%
Sensient	5,271	18.3x	16.5x	18.2 %	16.8 %	4.9 %	4.1 %
Tate & Lyle	4,413	9.1x	7.1x	20.5 %	20.5 %	16.3 %	(12.7)%
Glanbia	4,362	8.9x	8.3x	12.2 %	13.0 %	8.1 %	7.8 %
Mean		10.9x	9.8x	16.1%	15.8%	7.6%	-0.4%

BETTER-FOR-YOU FOOD MANUFACTURERS

All Figures in USD millions unless indicated

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	3,451	12.3x	11.7x	17.3 %	18.9 %	8.1 %	7.7 %
Beyond Meat, Inc.	1,394	neg	neg	(59.1)%	(39.8)%	(30.8)%	(9.3)%
SunOpta Inc.	1,159	11.4x	9.8x	10.4 %	10.7 %	28.2 %	(6.0)%
The Hain Celestial Group, Inc.	873	7.2x	6.5x	8.3 %	8.2 %	(11.6)%	10.5 %
Lifeway Foods, Inc.	359	18.7x	13.1x	5.4 %	8.2 %	53.4 %	13.3 %
Mean		12.4x	10.3x	-3.5%	1.2%	9.4%	3.2%

CANADIAN FOOD COMPANIES

All Figures in USD millions unless indicated

All Figures in USD millions unless indicated

		TEV/EBITDA		EBITDA Margin		3 Year Growth	
	TEV	2025E	2026E	Recent Quarter	LTM	EBITDA	Revenue
Saputo	10,777	9.9x	8.5x	5.2 %	7.5 %	10.0 %	3.1 %
Premium Brands	5,104	10.2x	9.0x	5.7 %	6.7 %	23.1 %	6.3 %
Maple Leaf Foods	3,896	8.0x	7.5x	13.3 %	10.3 %	61.4 %	2.6 %
Lassonde	1,575	6.6x	6.0x	9.7 %	10.2 %	33.9 %	10.1 %
Rogers Sugar	857	8.0x	7.8x	12.0 %	10.1 %	20.3 %	8.5 %
High Liner	659	6.2x	5.8x	11.4 %	9.3 %	3.7 %	(2.2)%
Corby Spirit and Wine	370	n.a.	n.a.	23.2 %	23.7 %	n.a.	n.a.
Andrew Peller	321	8.6x	6.8x	14.6 %	13.7 %	13.5 %	(3.1)%
Swiss Water	118	11.1x	n.a.	8.3 %	9.5 %	(7.3)%	2.1 %
Mean		8.6x	7.3x	11.5%	11.2%	19.8%	3.4%

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.



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