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Grass-Fed Dairy: Ireland's Tradition Meets Market Demand in the US

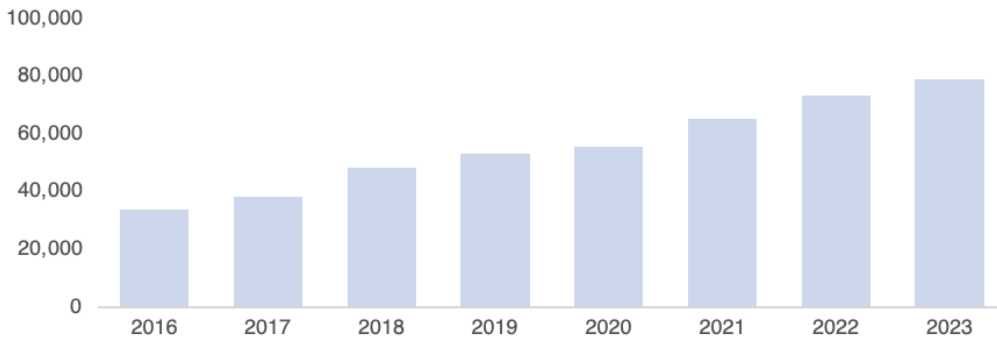
OVERVIEW

As one of the world's largest consumers of dairy, the US is a key market for the Irish dairy industry and offers significant opportunities for Irish dairy brands to flourish.

Revered for its rich flavor and superior quality, Irish dairy products are capturing America's kitchens. Recent years have witnessed incredible growth of dairy exports from Ireland to the US, with exports reaching €684 million, more than double the value of 2019 figures. Driving this shift is changing consumer behavior, coupled with the rise in dairy consumption in the US – including butter and cheese, two of the most important categories for Irish dairy products.

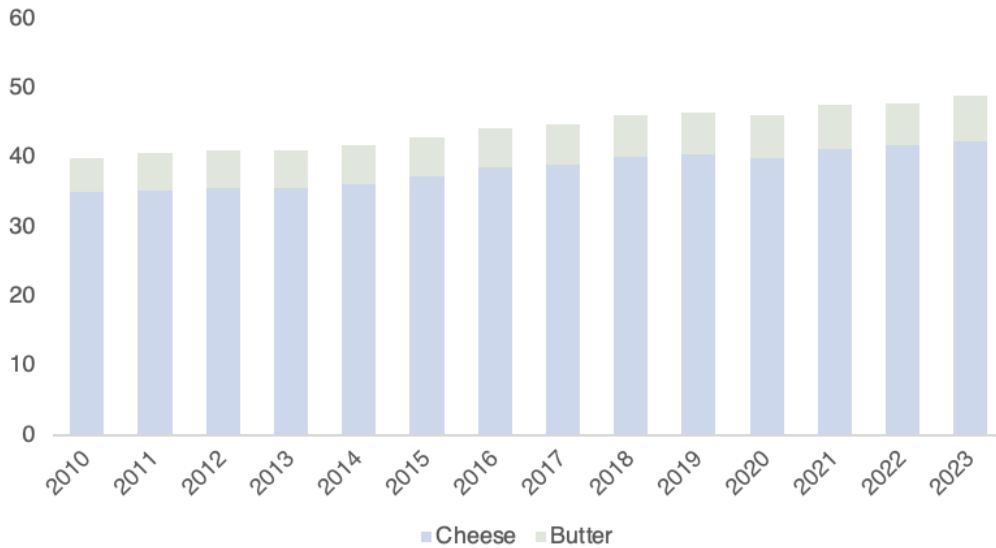
In 2023, the US accounted for 24% of all Irish butter exports, as well 6.5% of cheese exports; it also represented 20% of Ireland's export of casein, a high value dairy ingredient. The numbers show that the US is a key destination for the Irish dairy industry and a market with tremendous upside potential.

ANNUAL VOLUME OF IRELAND DAIRY EXPORTS TO THE US (TONNES)



Source: Central Statistics Office, Ireland Department of Agriculture
Export volumes include butter, cheese, yogurt, milk, milk powders, and specialized nutritional powders

U.S. PER CAPITA ANNUAL CONSUMPTION OF CHEESE AND BUTTER (POUNDS PER PERSON)



IRELAND SETS THE BENCHMARK

The taste, nutrition and quality of Irish dairy products are a testament to Ireland's dairy industry and its history of a grass-fed system. And as grass-fed production is increasingly recognized for its environmental and ethical benefits, Ireland is ahead of the field. The country's abundant rainfall and mild climate create an ideal environment for dairy herds to

graze outdoors most of the year, promoting better animal welfare and reducing the reliance on imported feed and synthetic fertilizers. Milk from grass-fed cows tends to have higher levels of beneficial nutrients, contributing to better flavor and nutritional value in dairy products. Grass-based farming practices work in harmony with natural systems and support efficient dairy production.

Bord Bia and the Grass-Fed Standard

Bord Bia, the Irish Food Board, developed Ireland's Grass-Fed Standard, which includes key thresholds for Irish dairy to be classified as grass-fed:

- Cows must derive at least 90% of their diet from grass and grass forage
- Cows must graze outdoors for an average of 240 days per year

The standard is upheld through farm audits as part of Bord Bia's Sustainable Dairy Assurance Scheme, ensuring consistency and transparency in Irish grass-fed dairy products.

Ireland's Grass-Fed Standard, developed in collaboration between Bord Bia and the Irish dairy industry, is an independent verification that provides proof for what consumers seek: natural products associated with safety, health, and sustainable farming practices. Introduced in 2020, the standard enhances Ireland's longstanding reputation as a consistent producer of natural, high-quality products, in the US as well as other export markets.

Source: USDA Economic Research Service
Cheese total includes American, Other-than-American, and Cottage Cheese



IRISH DAIRY GAINS IN US GROCERY STORES

With \$76 billion in annual sales, dairy is a category leader in US grocery retail and it is growing (15.4% over the last three years). Consider why the dairy case is in the back of US supermarkets: the high demand items draw shoppers through the aisles, encouraging additional sales. The grocery retail market in the US (60,000 plus stores) differs from most European markets, boasting both larger stores with much more shelf space and independent specialty retailers – providing lots of options for consumers and producers.

Irish dairy brands are benefitting from changing consumer tastes and the favorable dynamics of US grocery retail. Ornu, an Irish agri-food cooperative that specializes in dairy products, is behind one of Ireland's most successful food exports with its Kerrygold brand. Since launching in the US in 1990 with Kerrygold cheese, Kerrygold has expanded its product assortment, leading with Ireland's grass-fed system. Kerrygold holds the number two position for branded butter in the US, the number one for imported butter, and has its sight set on becoming Ireland's first €2 billion food brand.

TRANSPARENCY EARNS TRUST

The modern consumer demands transparency and a real connection to their food, in addition to products underpinned by high environmental and ethical standards. In the fiercely competitive grocery space, Irish dairy is advantaged by the credibility and integrity supported by its Grass-Fed Standard leadership. At a time when many consumers are dubious of companies' claims, Irish dairy earns high trust with shoppers for its clear ethical and environmental values. These factors have helped Irish dairy companies differentiate themselves in the US and capture market share from domestic brands.

ROOM FOR GROWTH

Leveraging its quality and sustainability credentials, Ireland's dairy industry is expanding beyond its traditional production of milk, cheese, and butter. Recent years have seen Irish dairy companies, from Tirlán to Lakeland Dairies, direct their expertise in R&D to focus on value-added products, developing specialty ingredients and science-backed formulations that offer food and beverage companies a competitive edge in the market. The shift paves the way for the Irish dairy to expand its presence in the US, growing as vital supply partner to food and drink companies under pressure to continually innovate.

Lakeland Dairies Looks to US for Growth

Lakeland Dairies is a recent addition to other major Irish co-ops, including Tirlán and Dairygold, entering the US dairy aisle. In 2024, it began supplying its grass-fed butter to US-based Vital Farms, a supplier of eggs and dairy sourced from producers with high animal welfare standards and a major player in the premium consumer space. With a focus on moving up the value chain, Lakeland Dairies is pursuing strategic acquisitions across the UK, Europe, and the United States – prioritizing targets that can facilitate growth and enhance the company's value-added capabilities.

PRACTICE TEAM



Robert Adams
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Robert is a leading Corporate Finance Advisor with a wealth of experience in Debt Fundraising and M&A. He is a Fellow of Chartered Accountants Ireland. He has developed a strong reputation for financing and refinancing business and property based portfolios, working across a broad range of Corporate Finance activities. He has significant commercial experience in undertaking M&A, Business Reviews, Due Diligences and Strategic Advisory for Corporate clients. Robert has developed a large client base across a broad range of sectors throughout Ireland.



Rick Thomas
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Rick Thomas, FOCUS' CEO, has 25 years of consulting, management and M&A advisory experience across industries including manufacturing, distribution, and food service. Prior to joining FOCUS, he served as Vice President at VSI, a boutique investment banking firm located in Washington, DC. He led M&A activities for publicly and privately held companies in the middle market, several of which have annual revenues in excess of \$1 billion.



Brian Barrett
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Brian Barrett, a FOCUS Managing Director, has extensive expertise in providing strategic advice to entrepreneurs, business owners and companies to assist them in achieving their strategic ambitions and preparing for significant value events. He has over 16 years of corporate finance experience working with SME's, large corporates and semi state bodies across Ireland. Brian has successfully project management and complete many significant transactions across multiple sectors, including retail, technology, food & beverage, agriculture, logistics, banking, energy and leisure.



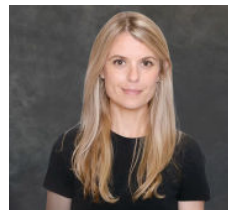
Barry Calogero
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Barry Calogero, a FOCUS Managing Director, brings more than 30 years of executive management and consulting experience, with an emphasis on driving operational excellence and improving the enterprise value of companies around the world. He has deep expertise across industries including food & beverage manufacturing and distribution. Previous to FOCUS, he was COO of Coastal Sunbelt Produce, where he was responsible for operations, supply chain management, street sales, and asset velocity of the private equity-backed, \$300 million company.



Kate Elliott
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Kate Elliott is the Director of Research and oversees the production of research, financial modeling and analysis, and writing assignments that are integral to FOCUS' process-driven methodology for executing M&A transaction work.



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Beth Johnson, a FOCUS associate, supports buy-side and sell-side engagements as well as capital raising. Prior to FOCUS, she led capital raise events as the Director of Development at 4P Foods, a fresh foods distributor serving B2B and B2C customers across the mid-Atlantic region. Her experience includes working with founder-owned businesses in the natural/organic segment and agtech ventures, with an emphasis on regenerative agriculture.