

# Food Ingredients

M&A Insight | 2022

**HIGH GROWTH IN FOOD  
INGREDIENTS IS DRIVING M&A**



**capitalmind**

BEYOND TRANSACTIONS



# HIGH GROWTH IN FOOD INGREDIENTS IS DRIVING M&A

The ingredients sector is characterised by high R&D expenditure, strict regulation and significant growth potential. The trends towards healthier lifestyles and support on wellbeing are supporting increasing levels of Merger & Acquisition activity.



**JAN WILLEM JONKMAN**  
Managing Partner

*“Sustainability and well-being are key determinants to choose for premium healthier and more conscious food. The food ingredients industry recognises this trend and invests heavily in e.g. protein alternatives. Demand by market leaders for innovative targets is on the rise and M&A activity is picking up the pace.”*

## Key Insights

### Innovative companies are being targeted

Large food ingredients companies will continue to target niche suppliers that have a proven track record of innovation in order to expand their product portfolios into high growth segments, such as specialty proteins and probiotics.

### Many subsectors are fragmented

There is high potential for consolidation in markets such as proteins, fibres, bakery and savoury ingredients. The health and nutrition ingredient market is currently fragmented and highly attractive to financial and strategic buyers.

### High multiples are being paid

Acquirers are willing to pay high multiples to access these high growth sectors, since the average EV/EBITDA multiple in our transaction analysis is 17.2x. Key valuation items are the established customer relationships and technological expertise. Acquisitions are a critical means of accessing this market due to strict local regulations and the necessity for technical expertise.

### Listed players are valued at 3.1x Revenue<sub>2021</sub> and 16.7x EBITDA<sub>2021</sub>

A main driver for the high average valuations in the food ingredients market is the EBITDA margin realised by the publicly listed companies.



# THEY RELY ON US

## A selection of our recent Food & Ingredients deals



**CHAINCRAFT**  
BIODEBASED INNOVATORS

raising €11m funding by  
lead investor



**CONVENT CAPITAL**  
THE CIRCULAR INVESTORS

and existing investors  
Shift Invest, Horizon 3 and PDENH

Circular fatty acids



akay

sold to



oterra

Ingredients / Flavours



**ORAXYS**  
SUSTAINABLE PRIVATE EQUITY

sold its stake in



PHODÉ

through a MBO sponsored  
by



**Turenne**  
SANTÉ

Natural sensory feed  
additives



OmniActive



EVERSTONE

sold to



**TA ASSOCIATES**

Natural ingredients for food  
supplements

Sale of



**P F**  
Pet Flavors Inc.

to (and investment by)



**BESSEMER**  
INVESTORS

Animal feed flavours



U.S. Waffle  
Company

sold to



Cérélia

Baked Goods & Pastries  
ingredients



ROYAL TASTE  
COMPANY

sold a stake to



BerkPartners Private Equity  
since 1992

Private label coffee &  
ingredients



OmniActive

sold a stake to



**IIFL**  
ASSET MANAGEMENT

Natural ingredients for food  
supplements



de **Smaak**specialist  
FAIR DEALS

acquired the distribution  
of the brands from



**BestPartner** FOOD

Gluten-free food &  
ingredients distributor



**BUISMAN**  
1807  
BIJ KONINKLIJKE BESCHIKING

sold to



**bencis**  
capital partners

Coffee and chocolate milk  
ingredients



**MK**  
PÂTISSERIE  
MICHÈLE BERNELL

was sold to



mademoiselle  
DESSERTS

backed by



**Investment**  
Partners

Bakery & ingredients



**Avril**

sold



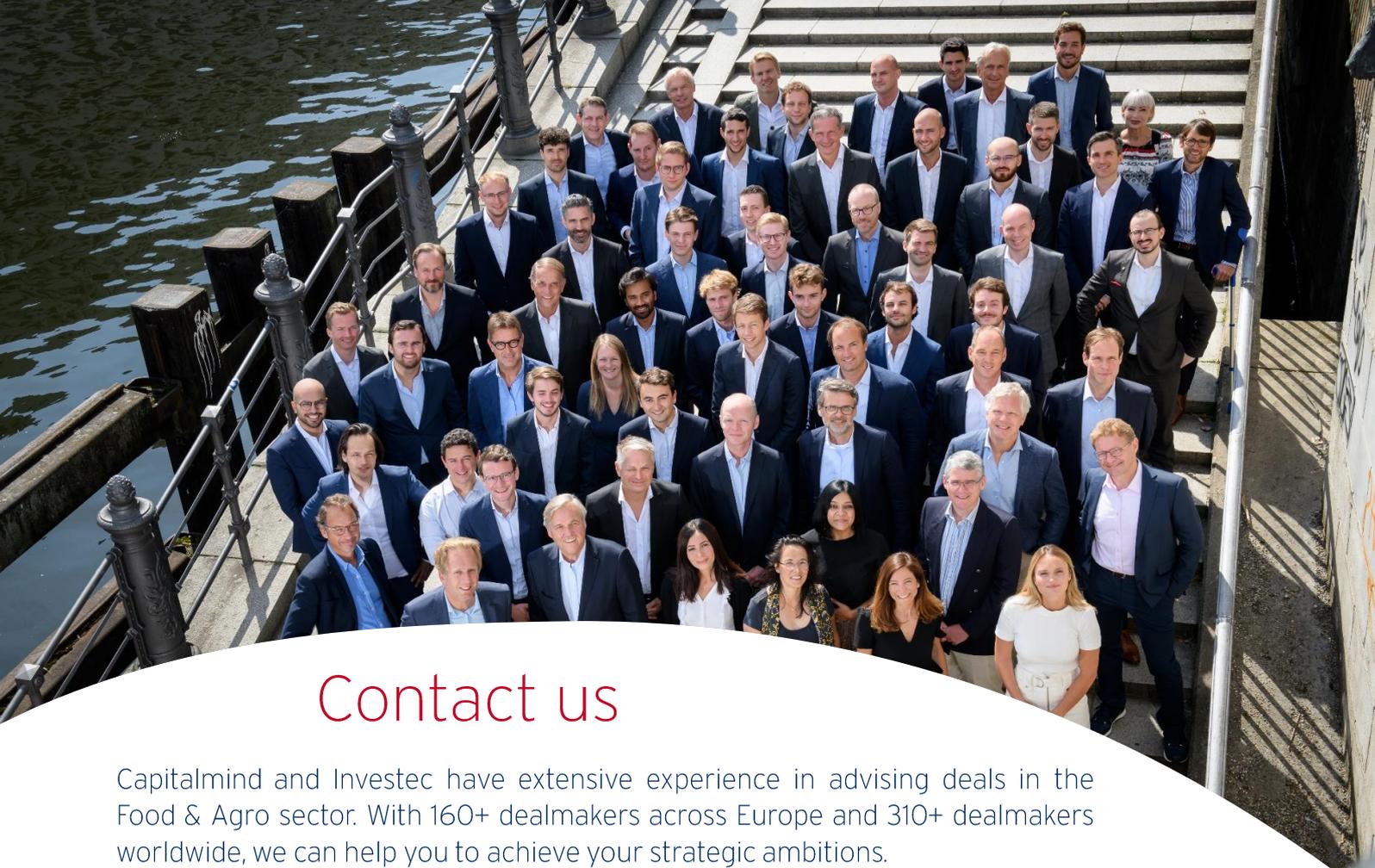
**SOPRAL**

through a MBO  
supported by



**PARQUEST**  
CAPITAL

Pet food and equine nutrition



## Contact us

Capitalmind and Investec have extensive experience in advising deals in the Food & Agro sector. With 160+ dealmakers across Europe and 310+ dealmakers worldwide, we can help you to achieve your strategic ambitions.



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