



Oaklins

MARKET OVERVIEW AND M&A ACTIVITY

# Plant-based proteins


September 2021

M&A advisory experts in the **Food & Beverage** industry

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## Dedication and passion for high performance

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 <p>has merged with</p>  <p>M&amp;A BUY-SIDE Food &amp; Beverage</p>	 <p>has acquired</p>  <p>M&amp;A BUY-SIDE Food &amp; Beverage/Private Equity</p>	 <p>has acquired</p>  <p>M&amp;A BUY-SIDE Food &amp; Beverage</p>

## Oaklins – your trusted M&A advisor for transactions in the food and beverage industry

- Oaklins has been active as an experienced M&A advisor for sell- and buy-side transactions in this industry for several years
- Excellent relationships with major market players in the industry
- Personal advice and counseling during the entire transaction process
- Global presence with offices in more than 45 countries, enabling Oaklins to deliver high-quality results for all stakeholders
- This results in the best possible merger, acquisition and divestment opportunities in the field of plant proteins

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# Executive summary

## Market drivers

-  1 Increasing rates of obesity and diabetes see consumption behavior move towards healthier lifestyles
-  2 Significant consumer shift to vegan diets and products with a high protein content
-  3 Growing demand for plant-based and clean sports nutrition products for muscle recovery

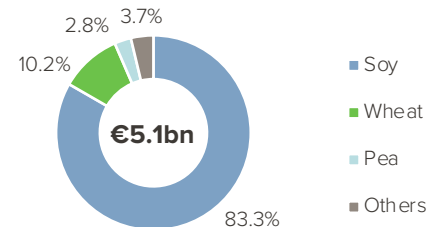
## European M&A outlook

-  1 The market will be characterized by increasing cross-border M&A activity
-  2 M&A activity is driven by strategic investors and global players
-  3 Motivations for M&A activities include gain of market share, product extension and expertise

## What are plant proteins?

Proteins are vital nutrients needed by the human body that are composed of amino acids. Plant proteins can be used as substitutes for animal proteins. The main source of plant proteins is soy, followed by wheat, peas and other substances such as quinoa, oats, beans and rice. Plant proteins offer a wide variety of applications in the food and beverage industry, ranging from meat alternatives and high-protein yoghurt to sports protein bars.

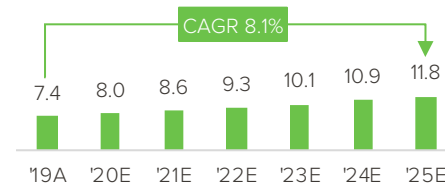
## European plant protein market by source (2020E)\*



## Market overview

The global plant protein market revenue is expected to grow at a CAGR of 8.1% between 2019A and 2025E, from a market value of €7.4 billion to €11.8 billion\*\*. Developed countries constitute the largest share of the market and primarily drive its growth.

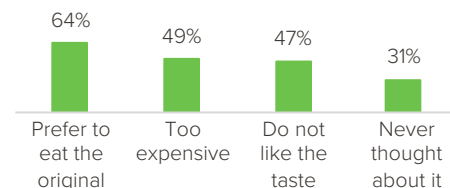
## Global plant protein market revenue (in € billion)



## Challenges

Plant protein products are significantly more expensive than animal protein products, and cannot fully imitate the latter's taste and texture. If plant proteins succeed in overcoming the price barriers in the future, its market potential can be fully exploited and product variety will further increase.

## Reasons not to buy plant-based dairy



\*Total European market revenue share

\*\* 1 EUR = 1,1806 USD (exchange rate at the time this report was written)



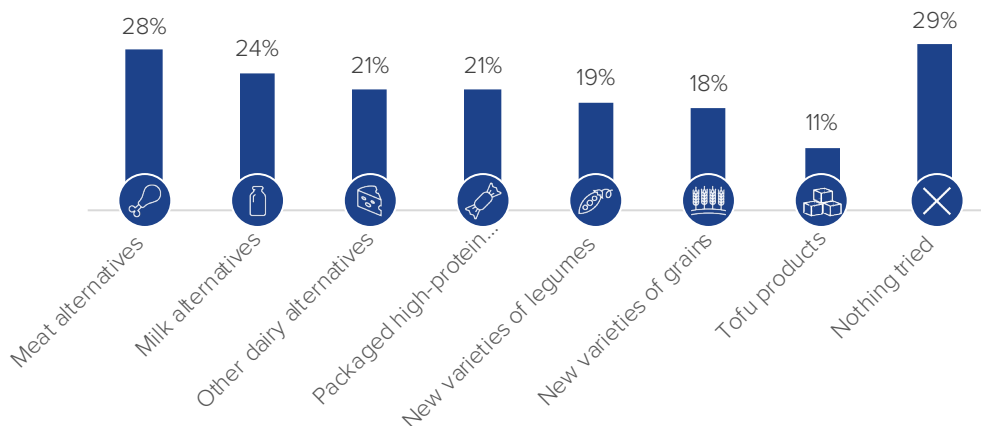
## Introduction

The relevance of plant proteins in the food and beverage industry has experienced significant growth in recent years, and this positive development is expected to continue in the future. The growing demand for plant proteins is mainly driven by their health benefits, an increasing interest in high-protein food and the rising adoption of vegan lifestyles in developed countries. Moreover, plant proteins reduce exploitation of animals and the environment, presenting a way for us to reduce our own environmental footprint. A rise in lifestyle-related diseases such as obesity is another reason why people are becoming more inclined towards plant-based eating habits.

**Oaklins has successfully advised on numerous M&A transactions not only in the conventional food industry but also in the healthy foods, functional foods, nutritional supplements and beverages sectors.**

This report analyzes the plant protein market and presents market forecasts, key drivers and challenges. It provides an in-depth analysis of the global, European and German markets, and a separate outlook for algae proteins, environmental benefits and the effects of COVID-19. Lastly, M&A activities in the European plant protein market and valuation trends in the global plant protein market are presented.

## Types of new plant protein products tried by consumers in 2020



Source: International Food Information Council, Institute of Food Technologists

## Types of plant proteins

### Isolates

- Protein content 90–95%
- The extensive process of producing isolates separates the protein from fat, cholesterol and lactose to create a pure protein
- Used for lactose-free products

### Concentrates

- Protein content 60–80%
- Concentrates still contain fat, lactose, cholesterol and gluten
- The human body absorbs this type of protein very quickly, therefore its main use is for muscle recovery

### Protein flour

- Low amount of protein content
- Mainly made of almonds and wheat
- Main application is baked goods as the protein flour makes the products more crunchy

# Market overview

## Characteristics of plant proteins

- Plant proteins are an alternative to animal-based proteins with almost similar amino acids, thereby providing all relevant nutrients for the human body
- People suffering egg or dairy allergies, which are among the most common food allergies, can consume plant proteins as an alternative
- While plant proteins have fewer calories than animal proteins, other beneficial health aspects may include satiety, weight loss, muscle and bone health, lower risk for stroke and heart disease and anti-aging effect

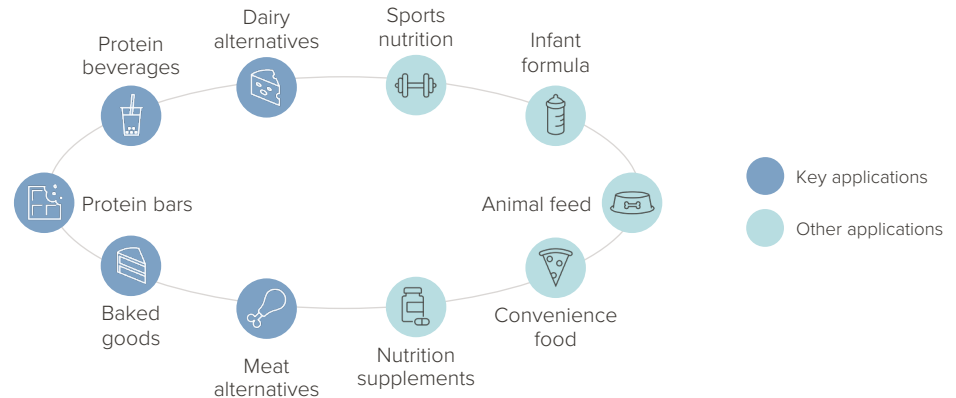
## Most common reasons why plant-based products are purchased

- “I wanted to try something new”
- “It seemed healthy and nutritious”
- “I like and trust the brand”
- “It looked tasty”

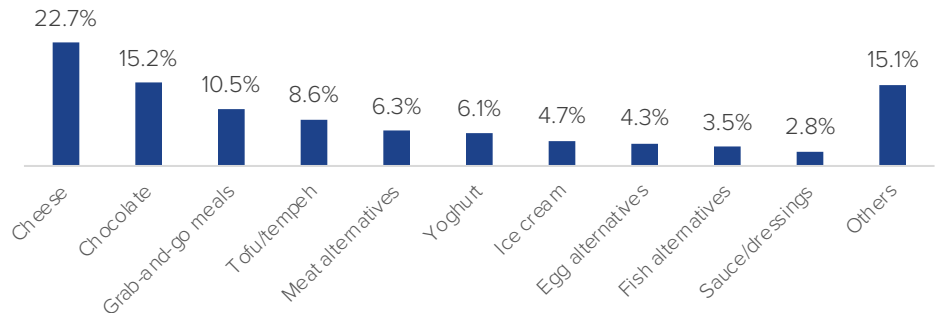
Among different global studies, health, animal welfare and the environmental impacts of food choices are the main drivers behind the consumption of plant proteins.

Sources: European consumer survey by Proveg International, Oaklins research

## Plant proteins – by application

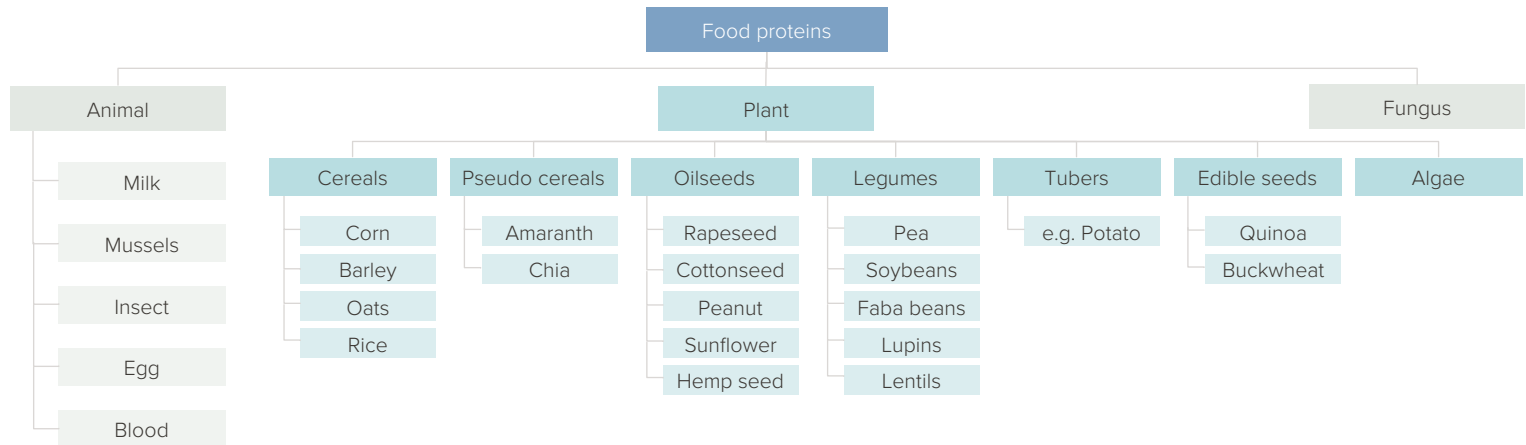


## Product categories most in demand by consumers who follow a plant-based diet

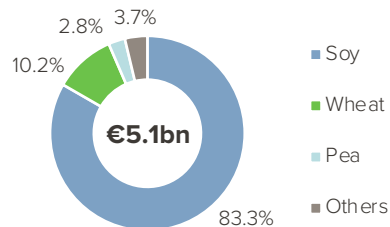


Currently, most plant-based alternatives don't taste like animal protein products and this makes many consumers look for more satisfactory substitutes. The taste discrepancy is especially big in cheese products.

## Types of plant proteins: A variety of food proteins is available for the human body – plant proteins offer far more diversity than animal proteins



### European plant protein market by source (2020E)\* and supplementary annotations on plant protein sources



- Animal proteins have different structures, compositions and food functionalities from plant proteins. This makes it challenging to make the substitution match consumer tastes
- Each plant protein source provides a different set of amino acids, which in turn results in different protein content, number of nutrients and processing characteristics that define the use of each plant protein
- Soy, peanuts and seeds contain the greatest amount of proteins

## Algae – a nutritious plant protein that grows even in rather barren environments and creates a low amount of CO<sub>2</sub> emissions

### Definition of algae

The term algae encompasses a highly diverse group of organisms ranging from microscopic microalgae to large macroalgae seaweeds that can perform photosynthesis.

### Characteristics of algae proteins

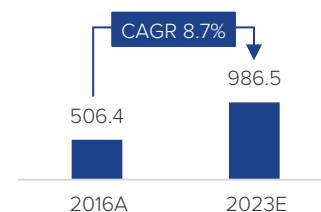
The algae types Spirulina and Chlorella are widely used and have a high nutritional and protein content as well as a lot of amino acids. In addition to their nutritious character, their advantages include ease of cultivation and control, rapid growth and low CO<sub>2</sub> emissions. Algae only need carbon dioxide, sunlight, water and a few nutrients to grow. At the same time, algae release valuable oxygen, which is essential for the circle of life in the sea.

### Drivers and challenges

Perceived health and nutritional benefits combined with sustainability and environmental benefits are the main drivers for the consumption of algal products. In addition, algae do not compete with agricultural and building land, and are able to capture CO<sub>2</sub> more efficiently than terrestrial plants.

Lack of knowledge, unfamiliarity and reservation towards unknown food ingredients are the main barriers for algae proteins. However, with rising awareness about the advantages of algae proteins and increasing global food demand in the future, the current low interest could turn into rapidly growing demand.

### Global algae protein market (in € million)



Deutsche Algen Genossenschaft eG (DAG), located in northern Germany, is the largest European algae producer with 14 algae farms. DAG offers algae in bulk, powder, granules, tablets, capsules and finished products for consumers. What's more, the company offers not only plant-based proteins, but also regionally produced algae in Germany without the need for carbon intensive transportation.



## Growing climate concerns, especially among Millennials and Gen Z, accelerate demand for plant-based proteins

The food supply chain emits 26% of anthropogenic greenhouse gases (GHG). Livestock alone represents 14% of all global GHG emissions, so replacing animal proteins with plant-based proteins could reduce GHG emissions significantly.

Younger generations – Millennials and Gen Z – are a predominant force in the fight against climate change and want to reduce the human impact on the environment. In general, Millennials and Gen Z represent the largest share of consumers of plant-based products. In the USA, 25% of 25–34 year-olds declare themselves to be vegan or vegetarian, while 78% of vegans decide to change to a plant-based diet between the ages of 16 and 34.

Replacing 10% of global meat consumption with plant-based alternatives by 2030 could save up to 176 million tonnes of carbon dioxide emissions, free up 38 million hectares of land, and save 8.6 billion cubic meters of water. That equates to 2.7 billion trees, an area larger than Germany, and enough water to supply every single person in New York State for five years.

### Compared to the production of 1 kg of beef, 1 kg of kidney beans requires ...



... 8x less land,



... 10x less water,



... 9x less fuel,

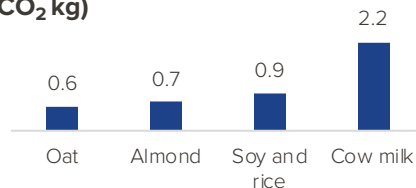


... 12x less fertilizer and



... 10x less pesticide.

### Emitted CO<sub>2</sub> equivalents for 1 liter of milk or alternative drink produced (in CO<sub>2</sub> kg)



Oat drinks offer the best life cycle assessment in terms of CO<sub>2</sub> and can be cultivated with a low amount of water in Germany, leading to reduced transport emissions.



## Impact of COVID-19

COVID-19 is providing an unexpected boost to the plant protein industry



Medical studies show that the COVID-19 disease has a major impact on people suffering from diabetes, hypertension and heart disease. Hence, the WHO<sup>1</sup> advises people to follow a well-balanced diet to strengthen their immune systems during the pandemic. A plant protein-based diet might also help people reduce the risk of suffering from obesity and other health issues that could worsen the health consequences of getting COVID-19.



As many restaurants have been closed during the COVID-19 pandemic and some consumers are willing to try new things, plant-based products are increasingly being incorporated into everyday food choices. Vegan products are easily accessible via grocery stores, which reduces the buying barrier. One in every ten newly launched food products in Europe is classified as vegan, expanding the product range considerably. Over 90% of all plant-based meals were consumed by meat-eaters, accelerating the number of flexitarians and the demand for plant-based food.



During the COVID-19 pandemic, there has been a surge in investor confidence in plant-based products:

- In late April 2020, Beyond Meat experienced a share price jump of 49%, which analysts attribute to the rising and widespread interest in plant-based foods as well as delays in meat supply as a result of the COVID-19 crisis.
- In May 2020, Singapore's plant-based protein company, Growthwell, received €6.6 million funding from Singapore's sovereign fund Temasek, alongside a number of institutional investors.



The COVID-19 pandemic has placed a spotlight on meat production, food supply chains and food security. In Europe and the USA, major meat production plants have been shut as a consequence of employees testing positive for the virus, resulting in supply chain disruptions and shortages. On top of these factors, plant protein products have a longer shelf life, enabling better stock management, and are not exposed to risks from zoonotic and animal diseases. Experts expect meat conglomerates to significantly increase their plant-based protein investments going forward.

<sup>1</sup> World Health Organization  
Sources: WHO, Roland Berger, Oaklins research

## Trends



Growing number of Millennials in Western countries switch from traditional animal-based food to an organic and vegan lifestyle



Rising demand for high-protein snacks, beverages and dietary drinks



Growing demand for clean and natural sports nutrition products



Development of other alternative proteins from insects and algae, and cell based

## Drivers



Plant proteins provide nutrients comparable to animal proteins with less fat and cholesterol



Rising awareness of beneficial health aspects such as managing weight loss, anti-aging and lower blood pressure



Plant proteins offer an effective way to reduce the exploitation of both animals and the environment



Increased number of investments leads to a broader range and improved products

## Challenges



Meeting the growing demand for organic plant proteins from non-genetically modified crops



Development of the umami flavor (associated with meat) and the fibrous three-dimensional texture of meat



Currently, plant protein products are more expensive than animal protein products, hampering consumers' buying intentions



Plant-based substitutes contain at least one major food allergen among their ingredients

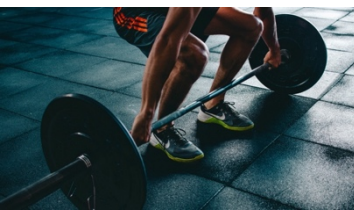
## Factors influencing market activity

Rising awareness about plant proteins' health benefits and less damaging environmental effects have driven demand in the past, and will establish the vegan trend as a mainstream diet in the future. An additional consequence is that the number of flexitarians will continue to increase.

Combinations of various plant proteins enable consumers to ingest the same amount and type of amino acids compared to animal proteins but with less fat and cholesterol. Another benefit of plant proteins is fast muscle recovery and easier weight loss. Hence, athletes will further boost the demand for high-protein drinks and snacks.

Currently, premium prices for vegan alternatives are preventing a further increase in demand. However, in the future, prices will decrease as a result of optimized supply chains, scaling effects and reduced R&D costs. Beyond Meat, for example, has committed to sell at least one product by 2024 that is at the same price level — or cheaper — than animal meat.

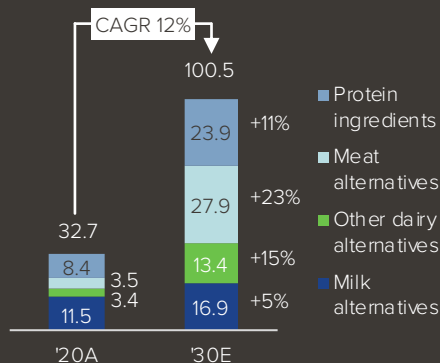
The market is currently characterized by a wealth of innovation, which results in constant expansion in the market size, availability and range of plant protein products. Large sums of money are being invested in R&D, and more and more startups are entering the market with innovative solutions.



## Key market information

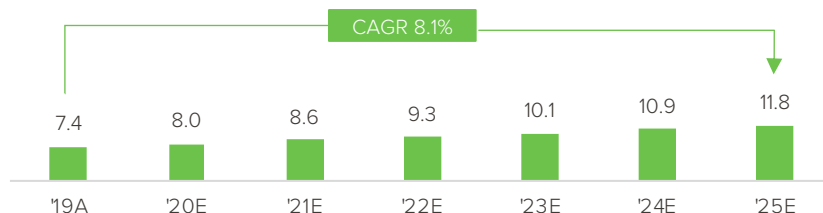
- The global plant protein market is expected to grow at a CAGR of 8.1% from €7.4 billion in 2019A to €11.8 billion in 2025E
- Main drivers are well-developed regions, such as North America, Europe and Asia-Pacific
- Many large corporations are investing in plant-based food alternatives. In 2019, Unilever opened The Hive – a €85 million plant-based food innovation center in the Netherlands
- Allergies and intolerances caused by animal proteins have increased among both humans and pets, causing a further rise in the demand for plant proteins

## Global plant-based products market (in € billion)



## Global plant protein market

Global plant protein market value development (in € billion)



North America has seen a strong shift in consumer demand for plant-based proteins that are designed to look and taste like the original, spurring the success of companies such as Beyond Meat. Increasing rates of obesity, diabetes and food allergies further increase demand.



Although South America has a strong culinary heritage in meat dishes, a relatively large number of people are turning to vegetable- and plant-based dishes for reasons including growing urbanization, rising industrialization and changing lifestyles due to globalization.



In the Asia-Pacific region, Hinduism and Buddhism strongly influence vegetarianism. Growing awareness about animal protection and sustainable eating habits also drive demand for plant-based alternatives. In Asia, new plant protein products have been launched by domestic companies rather than by newly founded Western companies.



In developed African countries like South Africa, consumers demand healthy and nutritious plant-based alternatives. In general, African countries already offer many options in their traditional food culture which are vegetarian/vegan. Plant proteins play a major role in feeding the growing population across the continent.

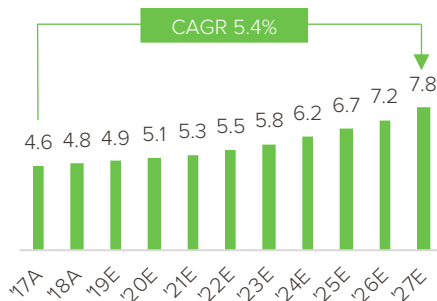


Demand in Europe for plant protein supplements and plant-based alternatives is influenced by the same factors as in North America. Between 2013 and 2018, there was an increase in the production of plant protein products of approximately 500,000 tonnes in Europe and Russia.

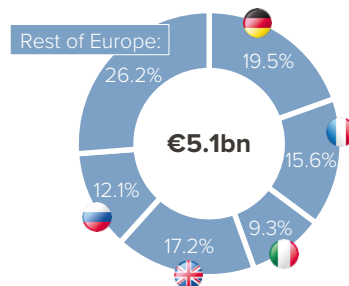


## European plant protein market

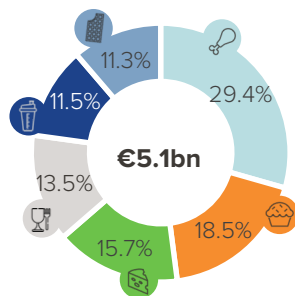
Plant protein market value  
(in € billion)



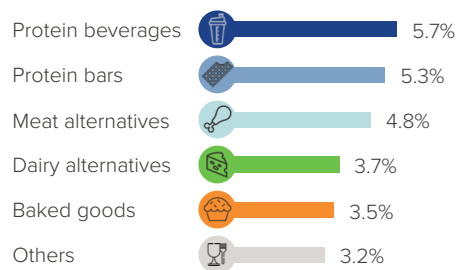
Market breakdown by country  
(2020E)



Market breakdown by application  
(2020E)



CAGR growth by application  
(2019-2027F)



## Key market information

- With growing health consciousness among consumers, demand for plant-based protein products is expected to continue rising
- Protein-rich products are particularly gaining in popularity in Germany, France and the UK, which is consistent with these countries' affluence
- Country specific developments reflect a culturally diverse European food market
- EU law bans dairy terms — e.g., "milk" or "similar to cheese" — for products not made of milk
- EU law does not prohibit meat-related terms, e.g., "vegan sausages"

## Outlook

- Europe's plant protein market revenue is expected to grow at a CAGR of 5.4% between 2017A and 2027F, from a market value of €4.6 billion to €7.8 billion
- Consumers become more skeptical about consuming animal-based protein products due to growing incidences of allergies and international food scandals
- The European Commission is exploring how to increase the potential of protein plant production in the EU, matching the diverse needs of farmers, producers and consumers

## Key market information

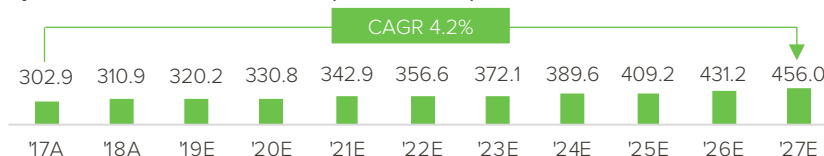
- The German plant protein market is expected to grow at a CAGR of 5.4% from €0.9 billion in 2017A to €1.5 billion in 2027E
- Consumption of nutritional supplement products and the rising number of vegans and vegetarians are key drivers
- The number of vegans doubled between 2016A and 2020A, from 1.6% to 3.2% of the German population, while 4.4% follow a vegetarian lifestyle
- The market for plant-based protein is driven in particular by an increased interest in bodybuilding and fitness and the accompanying high demand for plant-based protein bars, shakes, etc.
- Taxes on plant-based beverages such as oat drinks are 19% compared to those on cow milk that are only 7%, resulting in even higher prices for plant protein products

## Outlook

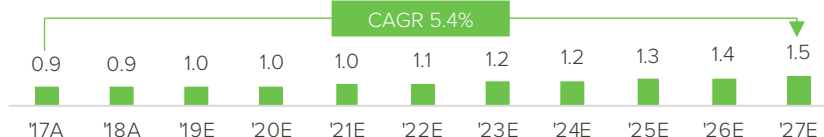
- The revenue earned from protein beverages and bars will increase the most, at a CAGR of 7.3% and 6.9% respectively from 2019A to 2027E
- The German government has introduced a "plant protein strategy" with a budget of €4.8 million for 2021, with the aim of reducing competitive disadvantages for domestic protein crops and closing research gaps

## German plant protein market

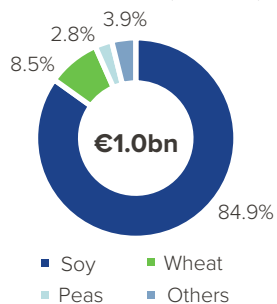
### Plant protein market in volume (in k tonnes)



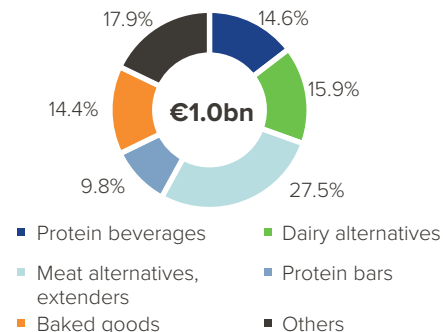
### Plant protein market in value (in € billion)













### German plant protein market by source (2020E)



### German plant protein market by application (2020E)



## Selected global leaders in the plant protein market

	<b>Headquarters:</b>  Minneapolis	Cargill Incorporated operates globally in the food, agriculture, financial, and industrial products and services segments. The company produces, processes and distributes grains, oilseeds and other agricultural commodities.
	<b>Employees:</b> ~ 155,000	
	<b>Revenues:</b> €93.3 billion	
	<b>Headquarters:</b>  Chicago	Archer-Daniels-Midland procures, transports, stores and merchandises agricultural commodities and products. The company processes oilseeds, corn, milo, oats, barley, peanuts and wheat. In addition, it offers vegetable oils and protein meals.
	<b>Employees:</b> ~ 38,000	
	<b>Revenues:</b> €56.2 billion	
	<b>Headquarters:</b>  New York	International Flavors & Fragrances Inc. produces cosmetic and natural health ingredients. The recent merger of DuPont's Nutrition & Biosciences and IFF, has strengthened the IFF value chain in the segment of global consumer goods.
	<b>Employees:</b> ~ 13,700	
	<b>Revenues:</b> €4.3 billion	
	<b>Headquarters:</b>  Tralee	Kerry Group plc develops, manufactures and delivers taste and nutrition solutions for the food, beverage and pharmaceutical industries worldwide. The company operates in two segments: taste & nutrition and consumer foods.
	<b>Employees:</b> ~ 26,000	
	<b>Revenues:</b> €5.7 billion	
	<b>Headquarters:</b>  Lestrem	Roquette Frères S.A. manufactures plant-based ingredients and pharmaceutical excipients. The company offers ingredients for protein stability and cell cultures. It also offers ingredients for pharma and nutraceuticals, cosmetics, food and nutrition, animal nutrition, and the industrials market.
	<b>Employees:</b> ~ 8,600	
	<b>Revenues:</b> €1.7 billion	

Source: Company websites, Capital IQ, Oaklins research

## The global plant protein market is highly fragmented

At present, the plant protein market is notably fractured across the world. Only a few key participants operate globally and are present in various major markets. Most of the key players are based in the USA or Europe.

Smaller players that are active in the plant protein market are Axiom Foods, Glanbia, Ingredion incorporated, Wilmar International, Puris, DSM, Batory Foods, Burcon NutraScience, Sotexpro and Emsland Group.

Key market players are expected to pursue an inorganic growth strategy in the future by acquiring regional players. Forward and backward integration transactions are used to widen distribution networks and to gain access to crucial market insights.

An increase in product extensions, product quality enhancements and technological innovations are expected to enhance the competitiveness in the plant proteins market.

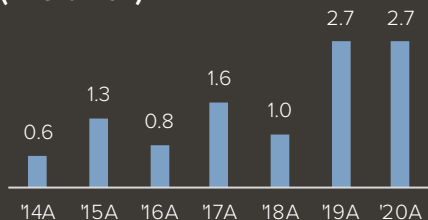
## European food startup scene

Despite the pandemic, the European food tech Isphere raised €2.7 billion in 2020. Most of the investments were driven by the alternative protein sector. The capital invested in cell-based and plant-based alternative protein startups increased by 178%. Several high-profile companies rose to unicorn status, such as Swedish oat drink giant Oatly. With its IPO in May 2021, Oatly went public.

The largest European food tech hubs are in the UK (27% market share) and France (25%), followed by the Nordics (18%). However, European startups have less impressive valuations and popularity compared to American food startups, e.g., Beyond Meat.

The outlook for the European food tech industry remains strongly positive. Investors continue to rely on startups to bring in much-needed disruptive technologies amid concerns about health, food safety and supply chain resilience.

## European food tech investments (in € billion)



## Selected innovative startups in the European plant protein market

**STOCKELDREAMERY**



2019

Founded as Noquo, the rebranded as Stockeld Dreamery, the company combines different plant-based proteins, pulses and other legumes to create cheeses that slice, melt and taste like cheese made with cow's milk. In January 2020, the company closed a €3.25 million seed funding round, and announced the launch of its first product in summer 2021 after two years of R&D. It plans to hire an additional 15–20 people by the end of 2021.



2019

77 Foods produces 100% plant-based bacon and lardons. Fat is often described as the most important sensory ingredient in meat, which is why 77 Foods developed a plant-based fat tissue made of sunflower oil which closely resembles that of meat. These products are already available through private labels and food service channels. Ultimately, 77 Foods wants to create an entire line of plant-based products.

**tempeasy**



2018

Tempeasy introduced the world's first all-in-one, tabletop tempeh maker, allowing people to prepare delicious plant-based protein products in the comfort of their own homes. Tempeh, a high-protein meat-alternative that originated 300 years ago in Indonesia, can be cooked in all the same ways that meat is traditionally cooked. Almost any bean, legume, nut and grain can be used to produce tempeh products.

**SUNBLOOM PROTEINS**



2017

Sunbloom Proteins, founded in 2017 as a spin-off of the Fraunhofer Institute for Process Engineering and Packaging IVV, focuses on the production and distribution of high-quality, functional sunflower proteins. These proteins are further processed in the food industry. A production site is being built in the north of Budapest, Hungary, and commercial production is expected to start in 2021.

**simple feast**



2014

Simple Feast offers organic, plant-based food boxes of ready-to-eat meals delivered right to the door, enabling customers to prepare healthy food in no time. The dishes are par-cooked, requiring only an additional 10–15 minutes of cooking. In autumn 2019, Simple Feast raised €30 million to expand its mission into health-conscious California in the USA. Simple Feast is a B-certified Corporation and available in Denmark, Sweden and California.



## German full-range vegan provider Veganz announces an IPO within the next 12 months



**02-Jul-2021:** Veganz has appointed MM Warburg and Quirin Privatbank to **prepare its IPO within the next 12 months**. The German retailer EDEKA has exited its 11.71% stake, and the largest private investor is the founder himself, who has 26.01%.

Founded 2011 in Berlin

220 vegan products

22,000 sale points

28 countries

The former startup Veganz is now an established developer, producer and seller of vegan products. Its main distribution channels are food retailers, discounters and drugstore chains, mainly in the DACH region of Europe. Veganz Group AG has invested in three supermarkets in Berlin to sell vegan products from third-party suppliers in addition to its own products.

### Ranking of Veganz



#### The most innovative food brand

No 2 Beyond Meat  
No 3 Like Meat

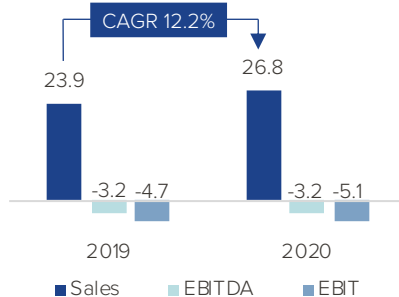


#### Third most innovative brand overall

No 1 Too Good To Go  
No 2 Tesla

YouGov, commissioned by the economic newspaper Handelsblatt, performed a survey of 10,000 representatively selected people to identify the most innovative brands within 20 different categories.

### Veganz financial figures (in € million)



## Veganz product range

### Cheese substitutes



### Meat and fish substitutes



### Pastries, sweets and snacks



### Protein products

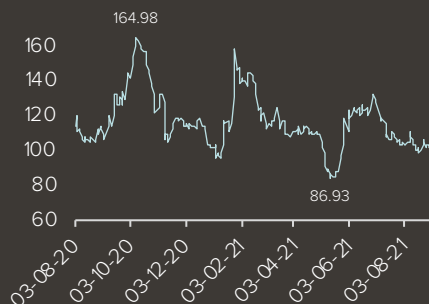


### Others

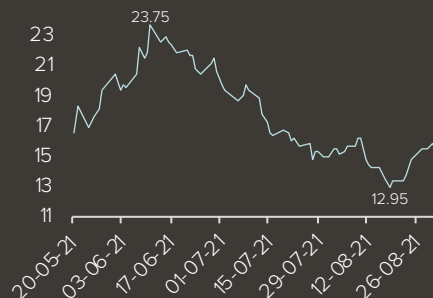


## Stock price development

### Beyond Meat, Inc. (NasdaqGS:BYND) (share price in €)



### Oatly Group AB (NasdaqGS:OTLY) (share price in €)



## Selected listed plant-based protein companies



Founded: 2009

IPO: 02-May-2019

Revenue ('20): €332.5 million Market cap (03-31-2021): €6.5 billion

EBITDA ('20): €-14.9

Revenue multiple (04-03-2021): 18.6x

Beyond Meat, Inc. is a plant-based food company, headquartered in El Segundo, USA and employing 700 people. The company's product offering includes alternative burgers, sausages, beef, meatballs, breakfast sausage patties and links, beef crumbles and Italian sausage crumbles made from peas, mung beans, faba beans and brown rice. The meat alternatives are globally available at classical food retailers and grocery stores, in restaurants and through e-commerce.



Founded: 1994

IPO: 20-May-2021

Revenue ('20): €344.5 million Market cap (03-31-2021): €8.9 billion

EBITDA ('20): €-31.7 million

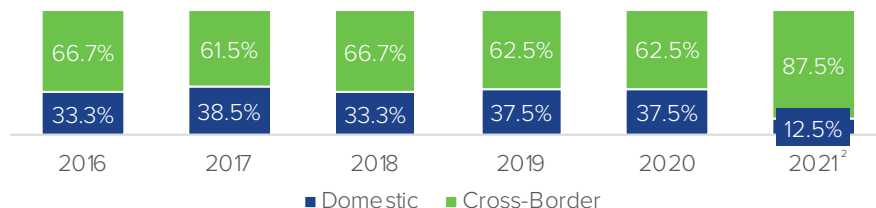
Revenue multiple (03-31-2021): 22.5x

Oatly Group AB is the world's largest oat drink manufacturer. For over 25 years, Oatly has exclusively focused on developing expertise around oats. Oatly's commitment to oats has resulted in core technical advancements that have enabled the company to unlock the breadth of the dairy portfolio, including alternatives to oat drinks, ice cream, yoghurt, cooking creams and spreads. Oatly is headquartered in Malmö, Sweden and has 247 employees. The brand is available in more than 20 countries globally.

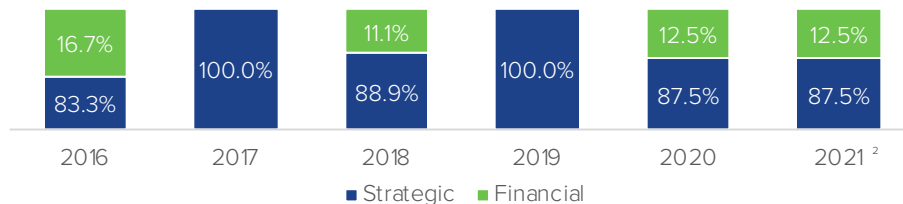


## M&A activity

### Domestic vs cross-border transactions



### Strategic vs financial buyers



### Transaction multiples (2016–2021)



<sup>1</sup> also includes plant-based food transactions

<sup>2</sup> 2021 ends at 31 August

Notice: Only transactions with at least one transaction participant from Europe are included

Sources: Mergermarket and Capital IQ as of 31-Aug-2021

## Domination of strategic-oriented transactions

- Cross-border activity in the plant protein market<sup>1</sup> has increased between 2016 and 2021<sup>2</sup>, and in Q1 and Q2 2021 only cross-border transactions were closed
- Most targets are based in the USA, followed by the Netherlands and Germany
- Most of the acquirers are from the USA, followed by Germany and France
- M&A activity is dominated by strategic players that are aiming to grow inorganically, benefit from know-how and product synergies, and gain market share in the innovative plant protein market
- Transaction multiples are based on precedent transactions within the plant protein market between 2016 and 2021<sup>2</sup>
- The mean of the EV/Sales multiple is 1.6x and includes six transactions since 2016, while the mean of the EV/EBITDA multiple is 11.5x including three transactions during the last five years
- The multiple range reflects the 25<sup>th</sup> and 75<sup>th</sup> quartile of past transactions

## Motivation for M&A transactions



1

Expansion of product portfolio according to changing market trends



2

Bypassing intense R&D phases using external expertise strategies



3

Lowering of overall expenses through reductions in raw material, supply chain and labor costs



4

Use of cross-border deals to enhance market shares

“The ‘Follow Your Heart’ family shares our commitment to producing high-quality products that delight consumers while contributing to the wellbeing of people and planet. Consumers are increasingly eating flexitarian diets, and we look forward ... to offering more choices.”

**Shane Grant, CEO of Danone North America**

“This acquisition is an important step to strengthening our global plant-based protein platform. Viverra will give JBS a stronghold in the plant-based sector, with technological knowledge and capacity for innovation.”

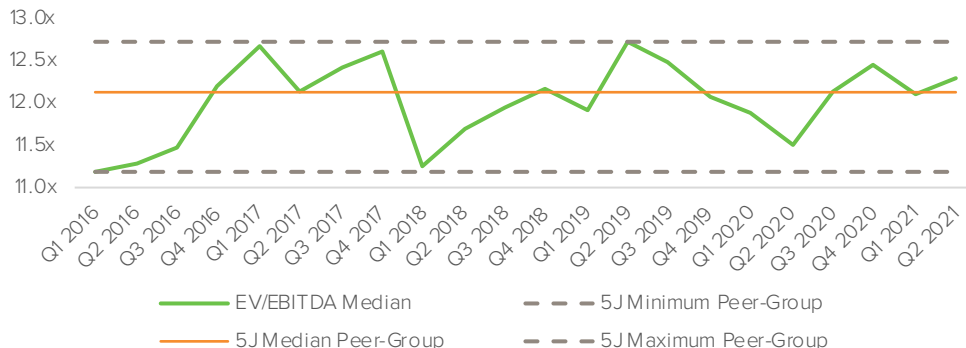
**Gilberto Tomazoni, global CEO of JBS**

## Selected transactions from the global plant protein market

Date	Target	HQ	Deal description	Buyer	HQ
Jul 2021	 SOJAPROTEIN		SOJAPROTEIN doo Becej produces <b>soy and protein ingredients</b> . SOJAPROTEIN was acquired by ADM.	 ADM	
Jun 2021	 healthy Scoop		Healthy Scoop, LLC manufactures and sells a variety of <b>plant-based protein powders and nutrients</b> . The company was acquired by Brand Holdings, LLC from Seurat Capital, LLC.	 BRAND HOLDINGS	
Jun 2021	 vega		Danone, a French food company, has sold its North American <b>plant-based powder</b> brand Vega to WM Partners, a USA-based private equity investment firm focused on the health and wellness industry.	 WM PARTNERS LP	
Apr 2021	 Vivera		Meat producer JBS has agreed to acquire Viverra, a European <b>plant-based protein</b> company, to boost JBS's global expansion in plant-based food. Viverra produces plant-based meat for major retailers in 25 countries.	 JBS	
Feb 2021	 THE BOUNTIFUL COMPANY		USA-based manufacturer and distributor of <b>nutritional supplements</b> The Bountiful Company has sold the brands Nature's Bounty, Puritan's Pride, Solgar and Osteo Bi-Flex, which will be integrated into Nestlé Health Science.	 Nestlé	
Feb 2021	 FOLLOW YOUR HEART		Earth Island manufactures and sells <b>vegan and plant-based dairy food</b> through the brand Follow Your Heart, which has been acquired by Danone S.A. to strengthen Danone's vegan food product portfolio.	 DANONE ONE PLANET. ONE HEALTH	
Jan 2021	 NO MEAT		No Meat Ltd., a UK-based <b>producer of plant-based meat products</b> has been acquired by The Livekindly Company, Inc., a platform company that owns five vegan food companies. Livekindly is part of Blue Horizon Corporation.	 LIVEKINDLY	
Dec 2020	 ALMOND LABORATORIES		The Spanish company Laboratorios Almond, a <b>producer of organic and vegan food and drinks</b> , has sold a majority stake to Nazca Capital.	 nazca	
Nov 2020	 WINTERBOTHAM DARBY		Winterbotham Darby & Co Ltd., a UK-based company manufacturing and supplying <b>own-label and branded chilled food</b> including plant-based products, has been acquired by PAI Partners.	 PAI PARTNERS	

## Valuation trends

### Valuation of comparable companies



### Selection of comparable companies and headquarters



Source: Capital IQ as of 31-Aug-2021

## Valuation of the plant protein market

- The comparable company analysis is based on 17 companies active in the plant-protein market
- The EBITDA multiple shows a volatile development, hitting its peak in the mid of 2019 with a multiple of 12.7x, and at the beginning of 2016 with a multiple of 11.2x
- In the first two quarters of 2020, the multiples decreased as result of the first shock of COVID-19, however the market for plant proteins recovered quickly

## Comparable company characteristics

- Most listed companies are located in the USA
- The selected companies operate on a global scale and follow inorganic growth strategies to expand internationally
- These companies have a diversified product portfolio and in recent years they have concentrated in particular on the manufacturing, distribution and sale of plant-based proteins as more consumers demand vegan products



## Oaklins case studies

### Naturex has acquired Swedish Oat Fiber

#### Our client

Naturex S.A. sources, manufactures and markets natural specialty ingredients for the food, healthcare and cosmetic industries. Headquartered in Avignon, France, the group has experienced steadily increasing growth throughout the last 25 years. Naturex employs 1,700 people worldwide and had revenues of US\$409 million in 2017.

#### Target

Swedish Oat Fiber AB is a Sweden-based manufacturer with a key international position as a producer of oat beta-glucans dietary fibers, oat oils and oat proteins for the food industry and nutraceutical, cosmetic and animal feed applications. Headquartered in Bua, near Gothenburg, and with 25 employees, Swedish Oat Fiber has an annual turnover of US\$13.2 million.

#### Rationale

Swedish Oat Fiber's unique expertise in natural oat ingredients will strengthen Naturex's development and diversification strategy into the very promising market segment of dietary fibers with strong health claims and specialty plant-based proteins. This strategy focuses on new consumer trends.



# NATUREX

has acquired



M&A BUY-SIDE

Food & Beverage/Healthcare

The Wessanen logo features the word "wessanen" in a green, lowercase, sans-serif font. A small green sprout with two leaves is positioned above the 's'.

has acquired

The Abafoods S.r.l. logo consists of the word "ABAFOODS" in a bold, blue, sans-serif font, with a stylized blue star above the 'A'. To the right, "S.r.l." is written in a smaller, blue, sans-serif font.

M&A BUY-SIDE

Food & Beverage

Royal Wessanen has acquired Abafoods S.r.l.

### Our client

Royal Wessanen N.V. is a leading company in the European market for healthy and sustainable food. The company is focused on organic, vegetarian and natural ingredients. Operating mainly in the Benelux, France, Germany, Italy and the UK, Royal Wessanen manages and develops well-known local brands such as Allos, Alter Eco, Bjorg, Bonnetterre, Clipper, De Rit, Kallø, Tartex, and Zonnatura.

### Target

Abafoods S.r.l. is a European expert in organic vegetable drinks. It produces a range of cereal drinks using rice, coconut, almond, oat, spelt and soy. The company has strong R&D capabilities for delivering new concepts and innovative packaging. It operates an advanced manufacturing plant in Italy, and owns and manages around 400 hectares of organic farmland in Italy.

### Transaction details

Royal Wessanen, a leading company in the European market for healthy and sustainable food and which is based in the Netherlands, has acquired a 100% stake in Abafoods S.r.l., an Italian-based expert in organic vegetable drinks for US\$65 million.

### Rationale

Abafood's unique expertise in plant-based alternatives will strengthen the R&D and production capabilities of Royal Wessanen to support the growth of its core brands in Europe, particularly the brand Isola Bio. The acquisition reinforces Wessanen's commitment to organic food and sustainable farming.

# Conclusion

The global plant protein market is expected to grow at a CAGR of 8.1% globally between 2019A and 2025E from a total market size of €7.4 billion to €11.8 billion.

The high growth rates are mainly a result of rising consciousness of about the benefits of plant proteins, including health factors, reduced environmental impacts compared to animal proteins, and no animal exploitation, as well as rising demand for high-protein products.

Large corporations are pursuing an inorganic growth strategy by acquiring plant protein know-how and production facilities. Additionally, they are looking to an international expansion to get a first mover advantage and key local market insights.

The number of food tech startups concentrating on alternative proteins will rise further due to the increasing awareness of investors and the market potential that has not yet been fully exploited.

## Market trends



Significant growth potential for high-protein products and sport nutrients



Consumer behavior moving toward vegan and flexitarian lifestyles



Taste and texture are key drivers behind purchase decisions

Established key players buy young companies with expertise and pioneer experience



High volume of cross-border transactions



Rising amount of food tech startups



Market expansion



Vertical and horizontal supply chain integrations and transfer of know-how



Complementary product synergies

Premium prices will drop with scaling and optimization



Sustained growth potential



Cross-border transactions are expected to accelerate



## Market activity

## Deal drivers

## Outlook



## About Oaklins

### Deep local roots, global commitment

Oaklins brings you opportunities from across the world and we meet you with our expertise wherever you are.

Oaklins offers a comprehensive range of services:

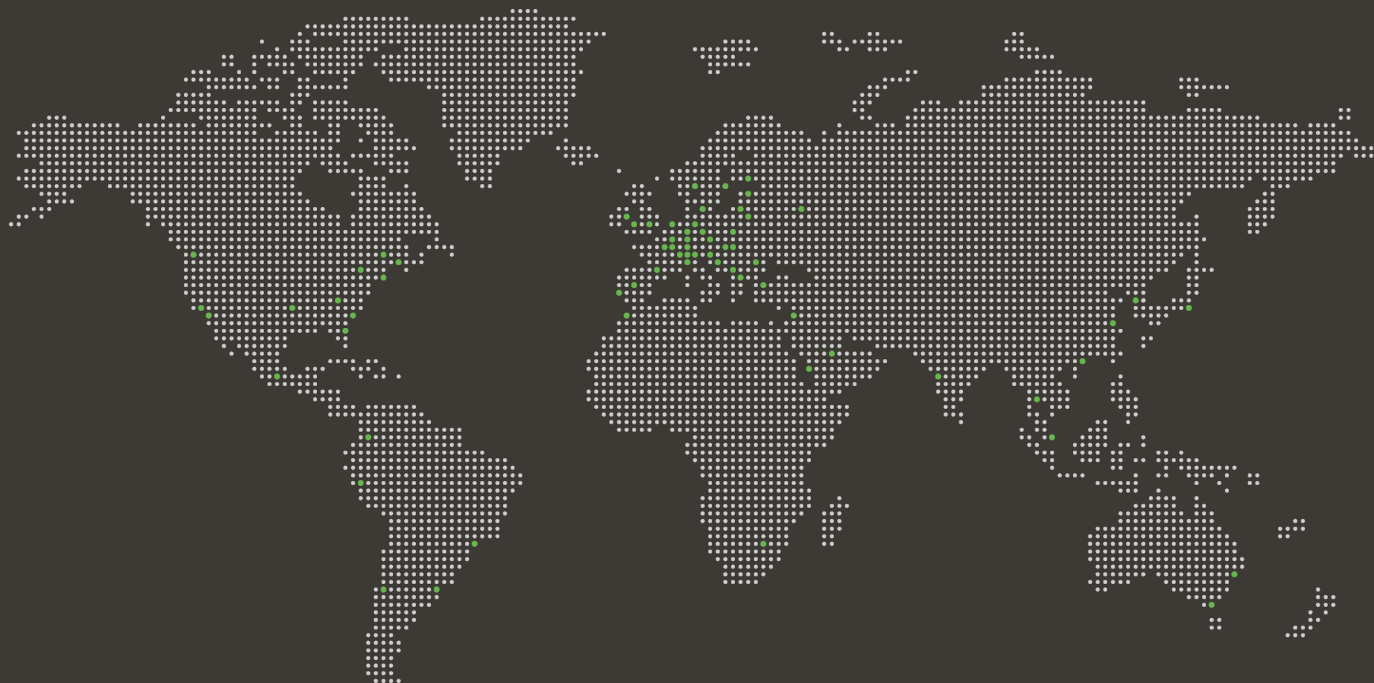
- M&A advisory (buy- and sell-side)
- Growth equity and equity capital markets advisory
- Debt advisory
- Corporate finance services

Oaklins is the world's most experienced mid-market M&A advisor, with over 850 professionals globally and dedicated industry teams in more than 45 countries. We have closed 1,700 transactions in the past five years.

If mergers, acquisitions, or divestitures of businesses or business units are part of your strategy, we would welcome the opportunity to exchange ideas with you.



# Global reach



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