



Belgian Food &
Beverage Sector
M&A Snapshot

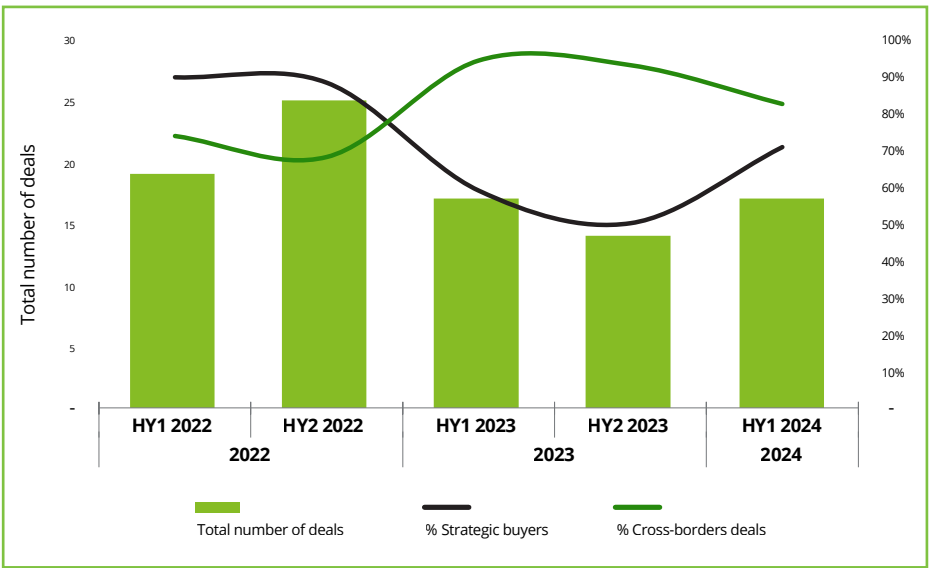
Belgian Food & Beverage Sector M&A Snapshot

Future of Food Review

The Belgian food and beverage (F&B) market has undergone significant transformations between 2022 and 2024, marked by a dynamic wave of mergers and acquisitions (M&A). As the industry adapted to post-pandemic realities, **the race for innovation, sustainability, and market consolidation** became the driving forces behind these transactions. This period saw established players as well as emerging companies **seeking strategic alliances** to enhance their market positions, streamline operations, and **capitalise on shifting consumer preferences**. In this second edition of our Belgian Future of Food M&A Snapshot, we examine private equity and strategic investment activity, explore upcoming Future of Food categories, and delve into the underlying **factors that have shaped the Belgian F&B M&A landscape**, offering insights into the future trajectory of this vital sector.

Food & Beverage—Belgian M&A market

Including international targets acquired by a Belgian buyer



Volume—Decline in the number of deals

In terms of volume, 2023 proved to be a challenging M&A year for the Belgian food and beverage market with a 30% decrease in the total number of deals compared to 2022. The deal volume in the first half of 2023 (HY1) was relatively equal to the volume in HY1 2022, but the decline was most pronounced in the second half of 2023 which saw a 44% decrease compared to HY2 2022. This resulted in 31 transactions in 2023 compared to 44 in 2022.

Changing consumer preferences, with a growing demand for healthier, sustainable, and locally sourced products, have made it more challenging for companies to define their strategy going forward and find suitable acquisition targets. Additionally, rising food inflation has strained profit margins across the sector, making some companies hesitant to invest in expansion. Higher interest rates have further compounded this, increasing the cost of financing for potential buyers, leading to a slowdown in M&A activity.

HY1 2024 began with the same number of transactions as the first half of 2023, but the key question is whether the deal volume will follow the upward trend of 2022 or continue the downward trajectory seen in 2023.

Cross border vs domestic transactions —International M&A continues

In the first half of 2024, the number of cross-border transactions declined by 10.2% compared to 2023. In 2023, the percentage of cross-border transactions was high, reaching 94.1% in the first half and 93.5% for the full year.

Despite the decline, **Belgian strategic buyers** still showed a strong preference for international targets with 62.5% of their acquisitions in HY1 2024 being cross-border. However, there is a noticeable shift back toward domestic deals, with the share of Belgian targets rising from nearly no deals in HY1 2023 to 37.5% in HY1 2024.

A similar trend is observed among **Belgian financial investors**, who continued to focus on international transactions (76.9%), but increased their interest in Belgian targets, from 11.1% in HY1 2023 to 23.1% in 2024.

Strategic vs private equity transactions—Strategic transactions still dominate the sector

In the first half of 2024, F&B M&A activity in Belgium **continued to be largely driven by strategic buyers**, accounting for 66.7% of the total deal volume, a slight increase compared to the first half of 2023.

Notably, no transactions have yet been recorded by Belgian corporate ventures (CVs). This marks a contrast to 2023 and 2022, when Belgian CVs such as Sparkalis (Puratos Group), The Source (Spadel), and FF2032 (Lotus) actively invested in several innovative (but sometimes smaller) food and beverage companies.

Sub sector—Food tech reports the most transactions in HY1 2024

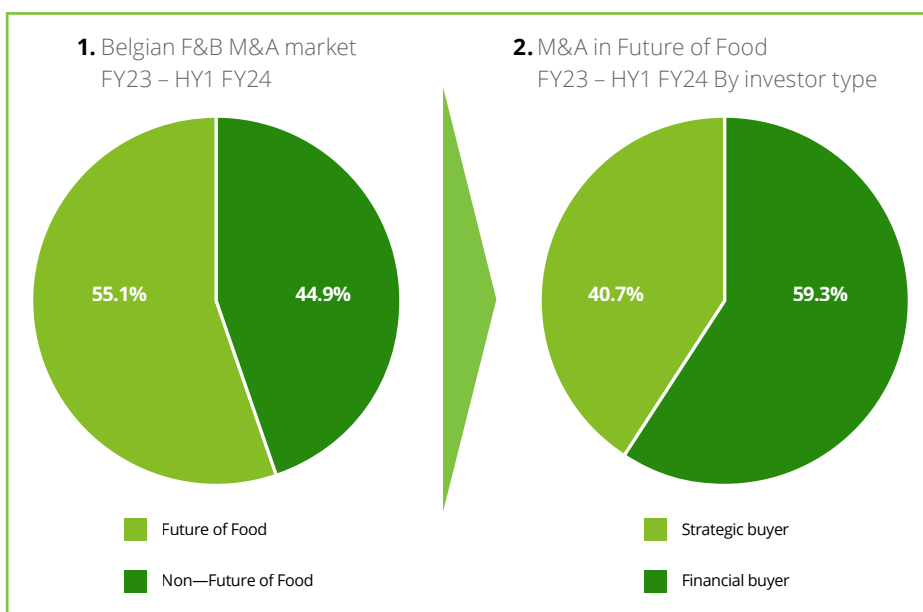
There is a strong focus on food tech, marked by five deals in HY1 2024, reflecting the food and beverage sector's emphasis on innovation and technology-driven solutions. The bakery and confectionary industry, along with the dairy sector, followed with three transactions each, indicating a consolidation wave in these traditional food segments. Other categories, such as animal nutrition, showed more modest activity.

Future of Food

1. Financial investors are increasingly entering the Future of Food market

We analysed 49 Belgian F&B transactions from 2023 and the first half of 2024, classifying **55.1% as 'Future of Food' related transactions** (cfr. graph 1). These deals align with Future of Food (FoF) trends, including amongst other consumer shifts toward health-conscious choices and sustainable food production.

In contrast to our previous review, strategic buyers no longer dominate the Belgian Future of Food M&A market. Of the F&B transactions closed by **financial investors, 80% are Future of Food-related, resulting in financial investors representing 59.3% of total Future of Food deals**, while strategic buyers account for the remaining 40.7%.



The trend of financial investors increasingly entering the Future of Food market, noted in our last review, continues to accelerate. **While attractive margins and sustainable profitability have historically been the primary focus for private equity firms, the rising significance of ESG is becoming evident** and is likely contributing to the increase in Future of Food transactions, of which many have a strong ESG component.

Since many companies in the Future of Food sector are still in their early stages, the majority of the financial investor transactions in this space **involve a consortium of (financial and strategic) investors**. For example, the Belgian impact investor NewTree Impact collaborated with ECBF and strategic investor Upfield to support Heura, a specialist in vegan burgers and vegan chicken, in their series B funding round.

Belgian strategic buyers, including companies such as Greenyard and Kriket (part of the Colruyt Group), have recently been active in acquiring companies within the Future of Food sector. Following its acquisition of Gigi in 2023, Greenyard continued its 'pure plant innovation' strategy in HY1 2024 by acquiring Crème de la Crème to, amongst other, make **plant-based eating more accessible and convenient**. Kriket merged with Yuma, a company producing cricket-based products, which are a **more sustainable food ingredient and protein** due to their lower CO2 emissions and reduced water usage.

2. Companies active in sustainable food ingredients and plant-based proteins appear to be an attractive M&A target

The Future of Food is being shaped by diverse initiatives across the entire food chain, from seed production to processed foods, and from personalised nutrition to food safety. In last year’s review, we identified six distinct segments, with ‘responsible and sustainable supply chain’ clearly dominating. Over 2023 and the first half of 2024, we identified three segments that attracted our attention and showed clear growth.

One of these segments, animal welfare and personalised animal nutrition, showed considerable developments. Notably, General Mills acquired Edgard & Cooper at the beginning of 2024. Edgard & Cooper is a Belgian company renowned for its well-balanced recipes for cats and dogs that provide maximum nutrition from natural ingredients.

In 2023, Innovad, a leading Belgian provider of animal nutrition and health solutions backed by IK Partners, acquired Herbonis Animal Health. Herbonis is a Swiss company specialising in natural solutions for animal nutrition, particularly in producing specialty feed ingredients derived from active herbal origin material.

Apart from United Petfood's buy-and-build strategy (backed by PE Waterland) with the acquisition of among other Wellness Pet Company in June 2024, the animal welfare and personalised nutrition segment has mainly been dominated by strategic transactions.

Plant-based diets are gaining momentum, along with companies developing innovative plant-based products and proteins. The plant-based food tech Company Heura, ut supra, that was founded beginning of 2024 by among other Belgian NewTree Impact can be classified in this segment. Heura’s product line, including vegan burgers, chicken, sausages, and ground mince, primarily relies on soy and pea proteins.

Other notable transactions in 2023 include Wide Open Agriculture's acquisition of Prolupin, which was backed by Belgian venture capital firm Capricorn Venture Partners and Novax AB. Prolupin produces premium lupine-based proteins that can substitute milk, meat, or eggs in food products. They market them under their Made with LUVE brand, which includes lupine-based yoghurt, ice cream, and drinks. Umiami, a start-up specialising in plant-based meat and fish production, raised €32.5 million to upscale its production activity. The investment came from a consortium of investors, including Belgian venture capital firm Astanor Ventures.

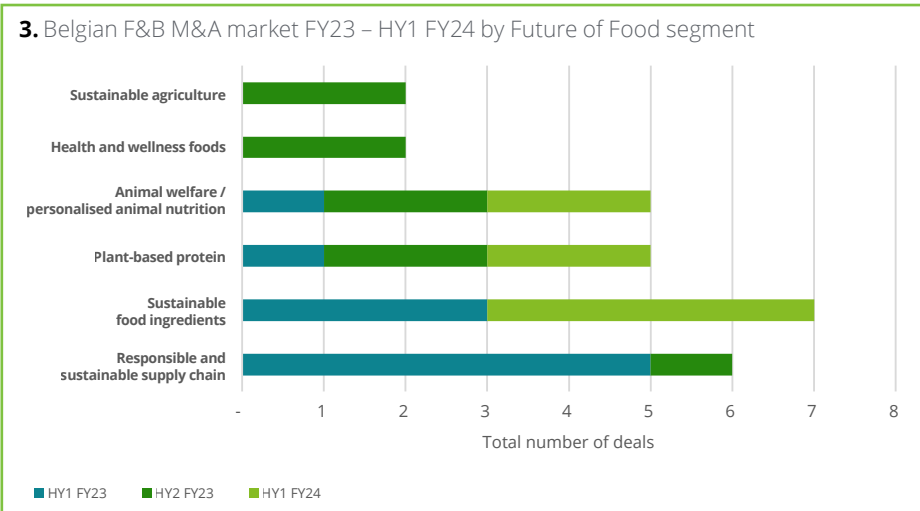
In the plant-based protein sector, financial investors are currently involved in 80% of transactions, demonstrating a strong interest in this rapidly growing and innovative area of the food industry.

Cubiq Food and Infinite Roots (formerly Mushlabs) are prime examples of companies innovating within the realm of sustainable food ingredients. Their work aligns with the global push toward more eco-friendly food systems.

Cubiq Food's development of alternative fats tackles one of the major environmental and health concerns in the food industry i.e. animal-based fats and their ecological footprint. The funding round in June 2024 led by Cargill Ventures with among other NewTree Impact, highlights continued investor interest in sustainable solutions that are scalable for mainstream food production.

Infinite Roots, specialising in mushroom mycelium, represents an exciting frontier in creating novel, sustainable food categories. Their January 2024 Series B funding, supported by industry players such as Haribo, Rewe Group, and the Brussels-based European Innovation Council Equity Fund, underlines the broadening interest in leveraging fungi-based ingredients to create more environmentally friendly food products.

These transactions emphasise the growing momentum behind sustainable food ingredients and the role such companies play in transforming global nutrition while reducing the environmental impact.



Conclusion

- **2023 proved to be a challenging M&A year** for the Belgian food and beverage market with a 30% decrease in the number of deals compared to 2022. The first half year of 2024 began with the same number of transactions as the first half of 2023, but the key question is whether the deal volume will follow the upward trend of 2022 or continue the downward trajectory seen in 2023.
- Despite the **decline in number of cross-border transactions** in HY1 2024, Belgian strategic buyers and financial investors still showed a **strong preference (71.1%) for international targets**.
- The Belgian M&A activity in F&B continued to be **largely driven by strategic buyers**, accounting for 66.7% of the total deal volume.
- The Belgian food and beverage market saw a **strong focus on food tech** reflecting **the sector's emphasis on innovation and technology-driven solutions**.
- In contrast to our previous review, **strategic buyers no longer dominate the Belgian Future of Food M&A** market. Financial investors continue to increasingly enter the Future of Food M&A market.
- We observed **three key segments that are currently influencing the Future of Food M&A market** with 'sustainable food ingredients' and 'plant-based products and proteins' as the key segments with the most deal activity over the last 12 months under review.

Sources: Mergermarket, press reports, and Deloitte analysis

A selection of Deloitte's Food & Beverage 2024 transactions

Deloitte.

Deloitte and Deloitte Legal provided vendor assist services to the shareholders of



The Dairy Food Group

in the sale to



WARE
FOOD GROUP

Ongoing Belgium

Deloitte.




Deloitte provided acquisition due diligence services on Banneton on behalf of Vandemoortele



Vandemoortele
shaping a tasty future

2024 Belgium

Deloitte.





Deloitte provided vendor due diligence services on Ysco on behalf of Milcobel in the sale to DavidsonKempner

DavidsonKempner
Capital Management LP


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Deloitte.



We preserve nature's gifts

Deloitte provided acquisition due diligence services on Ardo Group on behalf of the Nest



the nest

2024 Belgium

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About Deloitte's Future of Food ecosystem

Future-proofing our food system is one of the biggest systemic challenges we face globally. The food industry is responsible for a huge portion of CO₂, methane, and nitrogen emissions globally, and contributes massively to deforestation. These sustainability concerns add to challenges like price volatility, rising costs and changing consumer preferences.

Yet, the food sector is pivotal in feeding our growing population. Not to mention an essential part of the global economy, providing a livelihood for millions, through agriculture, transport, retail, innovation and more. Therefore, it is imperative to create a reliable food value chain for the long-term. Together, Deloitte collaborates with clients and food players to help transform the industry and prepare for the future.

Deloitte connects for impact on the future of food

Deloitte contributes to the transformation of the food system by helping future-proof some of the largest and most innovative organisations across industries. Deloitte supports businesses to satisfy shifting nutritional needs within planetary boundaries. In practice, this means helping enable profitable business, while helping ensure it is driven by purpose and a long-term strategy. It means capturing new and changing consumer segments in order to help future-proof market position and enable continued growth, while navigating the regulatory landscape.

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