



Pace of Transaction Activity in the Nutrition and Health & Wellness Industry Gains Only Marginally in 2018

M&As are down 5% in 2018 but financings are up 9% as rate of growth in the number of deals slows from blistering pace of the past four years.

NCN Transaction Database tracks 942 total deals in 2018

After four years of dramatic growth that averaged almost 40% annually, the Nutrition and Health & Wellness Industry saw only a 3% increase in transaction activity in 2018 compared to 2017, with the number of **mergers and acquisitions** (M&As) down 5% and **financings** up 9% compared to 2017, according to Nutrition Capital Network (NCN) and the NCN Transaction Database.

The NCN Transaction Database follows transactions in two categories: 1) mergers & acquisitions (M&As) or changes in ownership or control, and 2) investment or equity financing (excluding debt or non-cash strategic partnerships) from around the world in what NCN defines as the Nutrition and Health & Wellness Industry.

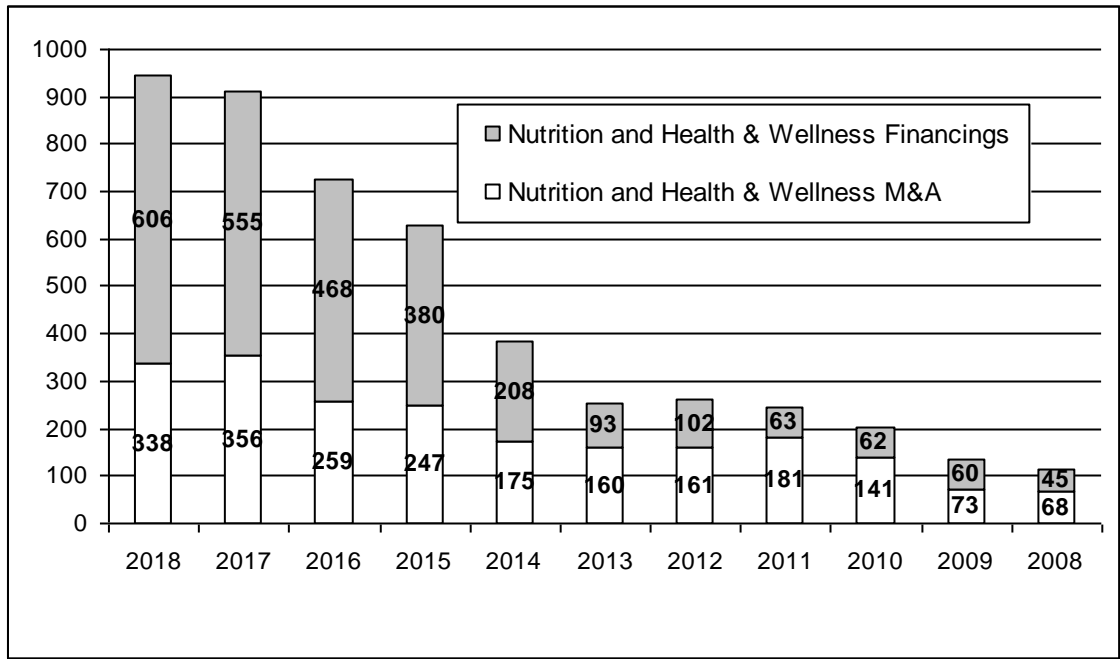
The NCN Transaction Database recorded a total of 942 transactions in the Nutrition and Health & Wellness Industry in January-December 2018 compared to 911 in January-December 2017, 715 in 2016, and 627 in 2015. NCN has tracked transactions in the industry using the same methodology since 2009. Total transactions numbered 203 in 2010 and grew fairly steadily to 253 in 2013 before taking off in 2014-2017.

Nutrition and Health & Wellness Industry Transactions: 2014-2018

	2014	2015	2016	2017	2018
M&A Transactions	174	247	259	356	338
Financing Transactions	209	383	456	555	604
Total Transactions	383	627	715	911	942
M&A Growth	9%	42%	5%	37%	-5%
Financing Growth	125%	82%	19%	22%	9%
Transaction Growth	51%	64%	13%	27%	3%

Source: Nutrition Capital Network Transaction Database. Counts are from listed, announced and published transactions reported from reputable sources. Omissions or errors are unintentional.

Nutrition and Health & Wellness Industry Transactions: 2008-2018



Source: Nutrition Capital Network Transaction Database.

“Given the steep growth rates of the last four years, it’s hardly surprising to see that the Nutrition and Health & Wellness Industry has not sustained that pace of growth in M&A and financing transactions,” said Grant Ferrier, managing director of Nutrition Capital Network. “But it’s still impressive that 2018 exceeded 2017’s record numbers. Moreover, the absolute number of transactions has risen from 253 in 2013 to 942 in 2018—an increase of 690 transactions in five years! I find that remarkable, even in light of the sustained growth in nutrition and health & wellness markets,” said Ferrier.

“Investor interest in the industry has continued to mushroom as natural, functional and healthier alternatives penetrate further into mainstream product categories, especially in food and beverage. It is also remarkable that the number of companies with investible propositions is keeping up with investor demand for opportunities in nutrition and health & wellness, although there are signs that the quantity of quality deal-flow may soon fall short of demand in light of slowing growth in 2018.”

New investors and acquirors in nutrition and health & wellness include more strategic players from food and beverage: NCN sees not only household names like Coca-Cola, Pepsi, General Mills, Kellogg and Campbell, etc. participating but also increasingly a number of mid-tier and smaller firms becoming more active in healthier and natural & organic products. Health & Wellness has certainly become the centerpiece of the competitive game board in food & beverage this century, intertwined with other trends shaping future market demand like e-commerce, convenience and the millennial preference for grazing or multiple consumption occasions throughout the day rather than three sit-down meals.

The landscape of investors in health & wellness, nutrition science and the still-emerging sectors of agtech and foodtech include private equity investors with a consumer or nutrition science focus; family offices dedicating themselves to this industry or at least to social, health or sustainability causes; venture capital firms broadening their scope out of tech and biotech, including the top technology global superstars like Google, Alibaba and Tencent; high-net-worth individuals and a growing list of industry players that have sold business for tens of millions and are “giving back” and leveraging their experience, expertise and contacts in early-stage investments; and angel investors willing to support local startups or entrepreneurs that share their ethos or just have a good value proposition and happen to be in the same zip code.

Key Segment Trends

Nutrition Capital Network reports a moderate decline in activity in transactions in Natural & Organic and Functional Foods in 2018, but still 30% above 2015 and 2016 levels. The segment saw M&As decrease by 1% to 136 in 2018, and financings decrease by 4% to 134, but as these figures indicate there were still well more than two deals per week. Overall industry transactions increased 3% as the table below indicates, with growth in financings and a decline in M&As. NCN notes the increasingly finite number of M&A candidates in many key segments is a factor, as well as the resulting supply-demand equation leading to understandably high expectations of value.

Nutrition and Health & Wellness Industry M&A and Financing Transactions: 2014-2018

	2015	2016	2017	2018	2017	2018
M&A Transactions	247	259	356	338	37%	-5%
Financing Transactions	382	456	555	604	22%	9%
Total Transactions	627	715	911	942	27%	3%

Nutrition and Health & Wellness Industry Transactions: Key Segments in 2015-2018

	2015	2016	2017	2018	2017	2018
M&A: Natural & Organic, Functional Food	100	103	138	136	34%	-1%
Financing: Natural & Organic, Functional Food	105	105	139	134	32%	-4%
M&A: Retail & Distribution	10	26	34	22	31%	-35%
M&A: Ingredients & Contract Manufacturing	22	29	43	28	48%	-35%
M&A: Supplements	10	17	21	10	24%	-52%
Financing: Supplements/Ingredients/OTC/NPC*	20	15	46	33	207%	-28%
Financing: Technology & FoodTech	173	183	159	192	-13%	21%
Financing: Nutrition Biotech & Agtech	39	119	126	141	6%	12%

Source: Nutrition Capital Network Transaction Database. Counts are from listed, announced and published transactions from reputable sources. *OTC is over-the-counter medication; NPC is natural personal care

Nutrition Capital Network produces annual lists of top transactions in the Nutrition and Health & Wellness Industry, in addition to a summary of investment and M&A activity by segment, derived from the NCN Transaction Database. NCN has maintained a database on

transactions since 2004, and has been compiling nutrition industry market data and top company lists data since 1996 when NCN founders founded Nutrition Business Journal. NCN also maintains and produces bi-annual summaries from its Dealflow Database and the NCN Presenter Tracking Database.

About NCN: The mission of Nutrition Capital Network is to facilitate financing, partnering and asset sales for growing companies, and to introduce investors to the next generation of successful brands and technology in the nutrition and health & wellness industry. NCN hosts five Investor Meetings each year featuring qualified deals screened by the NCN Selection Committee, in addition to unique industry content: An East Coast Spring meeting (New York) and a West Coast Fall meeting (San Francisco), both presenting branded products primarily; and an annual European meeting (Geneva, Switzerland) and an Fall meeting at SupplySide West (Las Vegas) dedicated to ingredients, science and technology. In 2017 we launched NCN-NPC Canada, an investor meeting co-hosted with Natural Products Canada. NCN also presents candidates for investment at Expo West and Expo East in a joint event called the PitchSlam with New Hope Network. Led by industry veterans and experienced investment professionals, NCN serves as a gateway to connections, insights and resources that support the continued growth of the nutrition, natural products and health & wellness industries.

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NCN 2019 Events

NCN XXIV, New York, April 23-24, 2019

NCN Europe VI, May 6, 2019, Starling Hotel, Geneva, Switzerland

NCN-NPC Canada III, September 18-19, 2019, Toronto

NCN Ingredients & Technology Investor Meeting XI at SupplySide West, October 16, 2019

NCN XXV, San Francisco, November 2019