



ADM's WILD deal 'exemplifies opportunity'

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Global food processing company Archer Daniels Midland Company will acquire WILD Flavors, the food ingredients provider, for €2.2 billion later this year, subject to approval, in a deal that private equity professionals are calling a game changer for the industry.

WILD has been valued at €2.3 billion and ADM will pay €2.2 billion to WILD shareholders, including private equity behemoth Kohlberg Kravis Roberts. ADM will also assume €100 million of debt in a deal that highlights the increasing interest in the agribusiness sector, according to Kevin Schwartz, president of Paine & Partners.

"ADM's acquisition of WILD Flavors exemplifies the significant opportunity for private equity to invest and create value in agribusiness," Schwartz told Agri Investor. "This acquisition demonstrates the willingness of large strategic acquirers to pay attractive multiples for companies that show strong margins and growth potential."

There is significant opportunity in sectors where value can be added, he said. "There is growing interest across the food ingredient sector, a subsector of the value chain with significant fragmentation across the feed and food ingredients categories," he said.

KKR bought a 35 percent stake in Rudolf Wild, the flavour and ingredients business that went on to become WILD Flavors, in January 2010.

In a press release, ADM chair and chief executive, Patricia Woertz, explained the motivation behind the acquisition. "This acquisition expands ADM's ability to serve customers' evolving needs today and well into the future. Natural flavor and ingredients is one of the largest and fastest-growing consumer trends in both developed and emerging markets, and WILD Flavors is the world's leading provider of natural flavour systems to the food and beverage industry," she said.