



Companies Retail

Five V Capital launches health foods roll-up Openway

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Private equity-backed Openway Food Co is searching for more bolt-on acquisitions in the fast-growing health and functional food category after snapping up three businesses within six months.

Openway, which is backed by Five V Capital, has acquired Annex Foods, which owns the Raise the Bar, Red Tractor and Hammer & Tuffy's brands, [Metro Food Co's](#) Keep it Cleaner brand, and [Table of Plenty](#), lifting annual sales to about \$100 million.



Openway Food Co founder and CEO Andrew Loader: "We want to triple the size of the business from where it is."

The founders of the three businesses have stayed on as shareholders and many will form part of the Openway leadership team.

The five brands sell about 150 products, including muesli, probiotic yoghurt, dukka and rice cakes (Table of Plenty), snack bars (Raise the Bar), oats, granola, cacao powder and chia seeds (Red Tractor and Hammer & Tuffy's), fermented foods such as kimchi and protein bars and powders (Keep it Cleaner.)

Annex Foods in Melbourne also has sourcing and contract manufacturing capabilities and makes private-label products for the major retailers and other major brands.

Founder and chief executive Andrew Loader is aiming to grow sales three-fold over time by adding more brands to the portfolio, expanding into new sales channels including health-food stores, independent grocers and selling direct to consumers online, and by taking its brands overseas, particularly China and the west coast of the United States.

“We want to triple the size of the business from where it is,” Mr Loader told *The Australian Financial Review* on Monday after launching Openway Foods’ new corporate moniker.

The healthy snacks market is worth about \$1.8 billion a year, according to IbisWorld, and is expected to grow 3.8 per cent a year over the next five years.

However, the market is extremely fragmented, with no major players apart from the troubled Freedom Foods, and has been virtually ignored by multinational food companies.

“We’re looking mostly in the breakfast, snacking, sports and nutrition areas, which are heading to the \$1 billion mark and growing 10 per cent,” said Mr Loader.

Mr Loader has worked in the fast-moving consumer goods sector for more than 20 years, including stints as CEO of Mars Wrigley Australia and CEO of Mars Chocolate in Australia.

He said the major supermarkets were keen to grow the health-foods category but struggled to deal with a fragmented supplier base and were looking for partners to drive category growth.

Openway provided capital to help small health-food companies grow and a shared infrastructure platform for back office, sales and distribution, enabling founders to focus on new-product development and brand development.

“In my last six months doing this I’ve had more conversations [with the major retailers] about opportunities to grow and partner than I would have had in a lifetime at other places, so it’s really exciting,” he said.

Value creation

“They [the retailers] are excited as well, because they deal with a very fragmented supplier base and smaller suppliers, so having someone who can help them educate consumers ... is what they’re looking for as well.”

Openway is backed by Adrian MacKenzie and Srdjan Dangubic’s private equity firm Five V Capital, which owns more than 50 per cent of the company, alongside Mr Loader and founders, and which is estimated to have invested between \$40 million and \$50 million into the roll-up.

Five V Capital has assets under management of more than \$900 million and investments include Canva, Madman, FluentRetail, ParcelPoint, talent management platform Totara, personal lender Plenti and cyber-security technology firm Penten.

“In Openway Food Co, we saw an opportunity to partner with passionate management and founders and meet the growing needs of the market,” said Five V Capital’s Tim Cooper.

“Together, I am confident we will focus on long-term value creation, bringing more investment and more brands into the group, and identify new growth avenues,” said Mr Cooper, who was named as one of the [top 20 dealmakers under 40](#) by *The Australian Financial Review* last December.

Mr Loader said an initial public offering, trade sale or other exit strategy were not yet on the radar.

“The Five V fund is a 10-year fund, so that gives us good time to continue to build this business,” he said.