

## Fit for purpose

Ardian has capitalised on the widening appeal of sports nutrition products.

By *Nicholas Neveling*

**P**rotein powders and sports nutrition supplements, once the preserve of body builders and fitness fanatics, are now very much a part of the consumer mainstream.

According to consultancy P&S Market Research the world sports nutrition market was worth \$24.7bn (£22bn) at the end of 2014 and forecast to expand at a compound annual growth rate of 8.3 per cent between 2015 and 2020.

The rapid growth in this previously esoteric niche of the food market has attracted the attention of the world's largest food and drink corporates. Pepsico, Coca-Cola and GlaxoSmithKline are now all active in the space. Specialist nutrition companies like Glanbia, GNC, Universal Nutrition and Clif Bar, meanwhile, have become global food and drink brands in their own right.

### A lifestyle business

Private equity firms have noticed the sports nutrition trend too and invested accordingly (see box). The latest firm to have cashed in after spotting the opportunity is Ardian, which earlier this month sold its stake in French sports equipment and nutrition business FitnessBoutique back to the company founders.

Financial details were undisclosed, but the growth of the business during Ardian's hold suggests that firm has come away with a decent return.

Ardian first made a growth capital investment in the business in 2011, taking a minority stake. Since then the number of points-of-sale for FitnessBoutique products have tripled to 72 and revenues have roughly doubled to more than €40m.

Expanding the company's sports nutrition offer has been a cornerstone of its growth. "When we first invested in the company almost all of its revenue came from selling fitness and gym equipment. The nutrition side was just a few per cent of revenues and there to help support equipment sales. Now nutrition represents around a third of sales," says Laurent Foata, head of growth capital at Ardian.

The US remains the largest market for sports nutrition products by some distance, but sales are increasing in Europe too as consumers become more health and image conscious and also look for convenient ways to supplement diets.

The industry has been good at making its products easier to use and more appealing to a wider consumer base. Shoppers no longer have to buy a 5kg tub of whey protein from a specialist store managed by an intimidating weightlifter. Consumers can now purchase power bars and pre-mixed muscle shakes in various sizes and flavours, and most supermarkets have aisles dedicated to products for those who want to bulk up or slim down.

"Five years ago sports nutrition was already a significant market in the US and in the UK too. We could see the same drivers



### MUSCULAR DEALS

Ardian's investment in FitnessBoutique is one of a number by private equity firms in sports nutrition brands.

One of the most successful was Darwin Private Equity's backing of MaxiNutrition. Darwin first invested the business at the end of 2007, acquiring it in a £75m deal. Three years later GlaxoSmithKline swept in to buy the company for £162m in an off-market deal.

The firm worked on broadening the company's appeal to a wider group of consumers. During Darwin's period of ownership, the business delivered double-digit revenue growth as it expanded beyond the UK, Greece and Ireland into more than 20 countries.

In 2014 Grovepoint Capital acquired a majority interest in UK sports nutrition business Grenade.

Founded in 2009 by husband and wife team Alan and Juliet Barratt Grenade produces a range of nutrition products that assist weight gain, weight loss and recovery after exercise.

With products including supplements named Grenade Black Ops, 50-Calibre and Grenade Thermo Detonator, Grovepoint Capital is working to ensure that its nutrition portfolio company can generate some explosive returns.

taking hold in France and southern Europe and felt that nutrition would be a good play for FitnessBoutique and help the company to accelerate growth," Foata says.

### Heavy lifting

Following Ardian's investment FitnessBoutique launched its own sport nutrition brand. This wasn't easy, but the investment has paid off for the company.

"When you are doing anything around food or nutrition in France, regulation is tough and you have to have a very good product to meet the regulatory standards," Foata says. "We had to find a laboratory and we worked hard to get the formula right, but it was worth it because by developing its own brand FitnessBoutique has been able to double the gross margin on its nutrition products."

Another key part of the strategy to grow the FitnessBoutique nutrition brand was to build sales online. Ardian, which has also backed Bricoprivé, a Toulouse-based online retailer that conducts private sales of DIY goods to its 1.7 million members, had seen how a brand could build its profile online and then use this to expand into traditional retail.

"We knew from experience with other retail investments that addressing the market we needed to address for FitnessBoutique would be very difficult with an offline store model," Foata says. "We went web-to-store rather than the other way around. After building up the brand and products online, we then moved on to opening franchises and finding the right people to run those stores and points-of-sale." ●