

M&A TRENDS ACROSS VIETNAM'S F&B MARKET



In light of a vibrant and evolving food and beverages landscape, Vietnam is solidifying its position as a key player in the region and attracting

significant investment and M&A activities. **BINH LE** and **DUUY VO** from ASART Deal Advisory talked to **THANH VAN** about the current trends in the market.

How do you see the development of Vietnam's food and beverage (F&B) market, and what are driving the growth of this sector?

Vietnam's food and beverage (F&B) sector has seen significant growth in 2024. The country's strong economic fundamentals, increasing disposable incomes, and rapid urbanisation are transforming consumer preferences, leading to a heightened demand for diverse, innovative, and quality F&B offerings. Consumers are shifting towards healthier and more sustainable options, prompting both local and international brands to expand their portfolios. The integration of food technology and e-commerce is reshaping the market, with digital ordering, delivery services, and AI-driven personalisation becoming more prevalent.

Vietnam's participation in various free trade deals has also opened

its market and attracted foreign capital, providing consumers with a broader selection of international products and fostering competition. This competitive environment encourages local brands to innovate and improve quality. Government support through favourable policies, such as tax incentives for food start-ups, further boosts the sector.

These factors collectively create a vibrant and evolving F&B landscape in Vietnam, solidifying its position as a key player in the region and attracting significant investment and dealmaking activities.

What is the current interest of investors and buyers in Vietnamese F&B companies?

This year Vietnam's F&B sector has seen several significant M&As that underscore the market's dynamism and growth potential, record-

ing around 23 transactions with a total disclosed value of approximately \$468 million. Since 2019, M&A activities in this sector witnessed an active participation of domestic investors, accounting for 71 deals worth over \$584 million in disclosed value, indicating a strong domestic confidence and long-term growth expectation within the sector. Japan stood out among foreign investors, with 20 deals with a total disclosed value of approximately \$306 million, while Singapore and South Korea, despite fewer deals (five and three, respectively), contributed substantial capital, signalling targeted and high-value investments.

Thailand also played a notable role, with three major deals totalling nearly \$297 million in disclosed value, reflecting a preference for larger acquisitions in Vietnam.

Strategic investors are likely to focus on mergers and acquisitions that align with their long-term growth strategies, such as expanding market reach, diversifying product offerings, and strengthening distribution networks. There's also a growing interest in quality and health-conscious products, creating opportunities for investors specialising in these niches.

Financial investors with a proven track record in the F&B sector have also been quite active in the market. With those who have already invested in companies in the sector or in businesses within the ecosystem, they can provide both capital and industry expertise to help Vietnamese F&B companies enhance performance and scale up.

Meanwhile, foreign and domestic investors are increasingly drawn to Vietnam's F&B sector, particularly eyeing companies within food manufacturing, food ingredients, food additives, and retails.

NOTABLE M&A TRANSACTIONS IN VIETNAM'S F&B, JAN-OCT 2024

DATE	INVESTOR	INVESTOR NATION	TARGET	DEAL SIZE (\$ MILLION)	PERCENTAGE SOUGHT (PER CENT)	INVESTOR TYPE	TRANSACTION TYPE
Apr-24	CDH Investments	China	Bach Hoa Xanh	Undisclosed	5	Financial	Acquisition (Minority stake)
May-24	Mitsubishi Corporation	Japan	Homefarm	1.8	Undisclosed	Financial	Investment
Jul-24	AIG Asia Ingredients	Vietnam	GC Foods	Undisclosed	34.9	Strategic	Stake increase
Aug-24	Marubeni Corporation	Japan	AIG Asia Ingredients	Undisclosed	29	Financial	Stake increase
Sep-24	Nutifood	Vietnam	Kido Frozen Foods	Undisclosed	51	Strategic	Acquisition (Majority stake)
Sep-24	Saigon Beer Alcohol Beverage	Vietnam	Saigon Binh Tay Beer Group	33.64	43.2	Strategic	Stake increase

Source: Eikon Refinitiv, ASART analysis

ULTIMATE PARENT ECONOMIES OF M&A INVESTORS IN VIETNAM'S F&B 2019-OCT 2024

NO.	INVESTOR'S ULTIMATE PARENT ECONOMY	NUMBER OF TRANSACTIONS	TOTAL DISCLOSED VALUE (\$ MILLION)
1	Vietnam	71	584.3
2	Japan	20	306.4
3	Singapore	5	601.8
4	Thailand	3	296.5
5	South Korea	3	438.8
6	Switzerland	3	0.1
7	United Kingdom	2	NA
8	United States	2	NA
9	Taiwan	2	79.3
10	Malaysia	1	15.9
11	Denmark	1	NA
12	Netherlands	1	NA
13	Hong Kong	1	NA
14	India	1	20.7
15	China (mainland)	1	NA

Source: Eikon Refinitiv, ASART analysis

Investors are seeking businesses with strong brand recognition, a diverse product range, and robust distribution networks. In addition, companies with sound financial performance, experienced management teams, strong distribution network, sustainable model, and clear growth strategies are highly attractive.

How will exports be a major driver for the industry and dealmaking?

Vietnam has long had natural advantages in exports, especially in the F&B sector, thanks to the resources and competitive labour costs the country possesses. However, there are still significant barriers holding back its potential. A major limitation lies in the ownership structure of firms in this sector: most are still family owned or small to medium-sized enterprises with limited expertise, financial resources, and corporate governance. This structure often restricts their ability to expand to achieve economies of scale, a critical factor for improving efficiency and competitiveness in global markets.

To unlock the full potential of Vietnam's F&B sector, companies should consider opening to experienced strategic partners and investors. Strategic investors not only bring much-needed capital but also provide expertise and experience from developed markets, helping Vietnamese companies improve

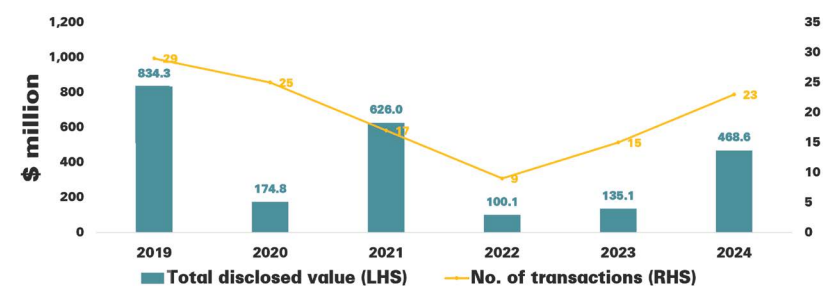
production processes, enhance product quality, and expand global distribution networks. Collaboration with experienced strategic partners can enable Vietnam's F&B companies to overcome capital and scalability limitations, setting the stage for sustainable growth and strengthening their competitiveness on the international stage.

What is your forecast for the robustness of M&A activity in 2025 and beyond?

The sector has a dynamic M&A landscape, characterised by increasing deal activities and value. While 2019 saw a surge in both disclosed value and number of transactions,

the sector faced a couple of years of challenge posed by the pandemic, with a strong rebound in deal's disclosed value in 2021, indicating a shift towards more strategic and sophisticated deals. Subsequent years continued with a dip, but has rebounded strongly in 2024. With a promising outlook, M&A activities in this sector for 2025 and beyond are expected to remain active, strong, and supported by both economic and sector-specific drivers. This growth, combined with Vietnam's favourable demographics and urbanisation trends, creates an ideal landscape for both strategic and financial investors seeking access to a dynamic market and robust long-term prospects.

M&A TRANSACTIONS IN VIETNAM F&B 2019-OCT 2024



Source: Eikon Refinitiv, ASART analysis