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Growth in organics, gluten-free products drives \$22M acquisition

By [João-Pierre Ruth](#)

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The growing demand for gluten-free foods in a market expanding into traditional retail helped inspire **High Road Capital Partners** to acquire Saddle Brook's **PANOS Brands LLC**, a maker of organic and specialty foods.

Bob Fitzsimmons, managing partner with High Road, in New York, said his firm sought the acquisition because of expected growth for companies such as PANOS, compared with traditional food makers. "You'll see low double-digit growth for natural and organic brands, as opposed to low single digits for regular packaged foods," he said.

The heightened awareness of celiac disease and other wheat-related allergies, Fitzsimmons said, is bolstering sales of gluten-free products.

Sufferers of celiac disease have an intolerance for the naturally occurring gluten protein found in wheat products. Fitzsimmons said with the disease being diagnosed more accurately, consumers are buying more gluten-free products. "Roughly 40 percent of PANOS' sales come from gluten-free products," he said. The company's products are available in mainstream and specialty stores, Fitzsimmons said.

High Road acquired PANOS for \$22 million from **Royal Wessanen NV**, in the Netherlands. Fitzsimmons said his firm will look for additional acquisitions in the specialty foods segment to combine and grow PANOS.

Brian Todd, president of **The Food Institute**, in Upper Saddle River, said gluten-free foods represent one of the fastest-growing segments in the industry. "In 2009, the number of products claiming to be gluten-free registered a 16 percent increase over 2008," he said, the most recent year for which data is available.

Larger companies, as well as smaller specialty makers, are producing more food for the segment, Todd said. Foodmaker **Schär USA Inc.**, in Lyndhurst, plans to open a plant in New Jersey in 2012 to produce gluten-free products, he said.

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