

SweeGen seeking up to USD 50m in capital raise, CFO says

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SweeGen [OTC:SWEE], the Rancho Santa Margarita, California-based sweetener manufacturer, welcomes both potential investors and advisors for an ongoing capital raise of up to USD 50m, said CFO Raffi Asadorian.

The company is confident in the discussions it has held to this point, but would be interested in potentially working with an advisor who might be able to access deeper pools of capital or generate a more competitive process, he added.

The company aims to raise USD 30m by the end of May, but would take investments up to a total of USD 50m, the CFO noted. Investors will have the opportunity to exit their investment via a free float in two to three years, he added, speaking on the sidelines of Global AgInvesting 2017 in New York last week.

SweeGen's majority owner, whom Asadorian declined to identify, has so far invested about USD 70m into the company and the current capital raise will be used to complete the construction of a second production facility in Asia, he said. That facility is expected to become operational in 1Q18, and the company expects to produce about 500 tons of its Reb-M sweetener in FY18, ramping up to 2,000 tons by 2020, according to Asadorian.

SweeGen's main product, Bestevia, uses a patent-pending, FDA-approved enzyme process to extract the Reb-M compound from stevia plants to produce a non-caloric sweetener that has a taste profile closer to that of table sugar than existing stevia sugar replacements on the market, which use the Reb-A compound, he explained.

Asadorian said that a financial investor would be the best fit for the current raise, however SweeGen continues to bring in strategic investors through its "house account" structure. Through that structure, six strategic food and beverage companies have invested USD 2m each in SweeGen in exchange for a prioritized and secure supply of its products and to receive them directly from the company rather than through a distributor, the executive explained.

The six are **Coca-Cola** [NYSE:KO], **Givaudan** [VTX:GIVN], **Mondelez International** [NASDAQ:MDLZ], **Ferrero**, **Danone** [EPA:BN], and **Kraft Foods** NASDAQ:KRFT, Asadorian said. The company has also signed an exclusive distribution agreement for all non-house accounts outside of China with **Ingredion** [NYSE:INGR].

The company began selling Bestevia earlier this year and is currently the only Reb-M producer on the market, he added.

Demand for non-caloric sweeteners has skyrocketed in recent years as consumers have become increasingly conscious of their sugar intake. Asadorian said he expects the food industry could potentially face a public health reckoning over sugar similar to what the tobacco industry has faced over the past three decades.

So far, most sugar replacements have not succeeded in replicating the flavor of sugar, but the global sweetener market is estimated to be about USD 90bn, according to a SweeGen presentation. About 40% of sugar is used in beverages and 70% of that usage is expected to be replaced by non-caloric sugar replacements by 2021, the presentation said.

SweeGen has a current market cap of about USD 11.5m.

by Nicholas Clayton in New York

Grade: Confirmed

TARGET

[SweeGen](#)

OTHERS

[Danone SA](#)

[Kraft Heinz Company](#)

[The Coca-Cola Company](#)

[Givaudan SA](#)

[Ingredion Incorporated](#)

[Mondelez International, Inc.](#)

[Ferrero SpA](#)

Countries

USA

States

California (CA)

Sectors

Consumer: Foods

Sub-Sectors

Food ingredients

Sugar and confectionery

Topics

Advisory Invitation (Bankers, Other)

California (Southern)

Companies for sale

Growth Capital Raise

Private equity related

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