

# Toronto mealkit delivery startup Chefs Plate acquired by Germany's HelloFresh

Published October 17, 2018 - The Globe and Mail

One of the world's biggest players in the fast-growing meal-kit delivery market has bought the market leader in Canada, a Toronto startup called Chefs Plate that had hoped to go public as early as this year.

Germany's HelloFresh SE announced Wednesday it has agreed to buy Chefs Plate Inc. for an undisclosed amount believed to be between \$50-million and \$100-million. Chefs Plate was founded in 2014 by Patrick Meyer and Jamie Shea and quickly scaled up, generating more than \$50-million in annualized revenues as of last year. The company faced competition from Montreal-based GoodFood, which went public on the TSX via a reverse takeover in June, 2017, as well as HelloFresh, which entered the Canadian market in 2016.

The acquisition "will amount to a middle double digit million Canadian dollar amount," HelloFresh said in a release on its German investor relations website, first reported by tech website Betakit. "The majority of the consideration will be paid in cash and the remainder will be paid by issuing new shares of the Company out of its existing authorized capital to the shareholders of Chef's Plate Inc."

Hannes Blum, a director with Chefs Plate whose Acton Capital was one of the earliest institutional investors in the Canadian firm, said HelloFresh has made an aggressive push to become the leading player in all English-speaking countries, and "Canada was one of the markets where they weren't the market leader. ... I think this is a very smart acquisition by HelloFresh to make a real leap forward in the Canadian market."

HelloFresh, which went public on the Frankfurt Stock Exchange last fall, said in a release its combined business with Chefs Plate in Canada would have revenues of \$200-million and create the "clear market leader in Canada" with the largest customer base. A spokesperson declined to say how many customers it has in Canada, adding the company serves 1.84 million households worldwide. It delivers "cook from scratch" meals through a subscription. Meal prices vary between \$10.31 to \$13.33 per serving.

"We started out four years ago as the pioneer in the Canadian meal kit market and have led it ever since," Mr. Shea, co-founder and CEO of Chefs Plate, and a former brand manager with

Cara Operations Ltd., said in an e-mail Wednesday. “As we continue to think through being a leader in the space we decided that the best approach was to join forces with the global market leader that had the same vision in mind.”

Mr. Blum said while the sale represented “a very good exit ... I think there would have been an opportunity to develop that independently even further. This is an attractive market and I think there’s a great opportunity in Canada.”

Chefs Plate financiers include BrandProject, Acton Capital, Emil Capital and InvestEco Capital as well as Comerica Bank.

The fast-growing meal-kit delivery industry faces heavy competition from players including New York-based Blue Apron, whose stock has struggled as companies such as [Amazon.com](https://www.amazon.com) Inc. have launched their own meal-kit services.

In August, HelloFresh said it no longer expected to break even in the fourth quarter of this year as it plans to invest margin profits to support growth.

A HelloFresh spokesperson declined a request for interviews.

<https://www.theglobeandmail.com/business/article-toronto-mealkit-delivery-startup-chefs-plate-acquired-by-germanys/>