

Technology**Burger King deal fuels plant-based meat group**

Silicon Valley start-up Impossible looks to raise fresh funds after launching veggie Whopper



The Impossible Burger 2.0 can be cooked on a grill and has lower cholesterol, fat and calories than the original © AFP

Tim Bradshaw and Emiko Terazono in London 3 HOURS AGO

Impossible Foods, the US plant-based meat company, is looking to raise fresh funding to increase its production capacity, after striking a [distribution deal](#) with fast-food chain Burger King.

The company has filed a Form D financing notice with the SEC for an undisclosed sum. Existing investor Temasek, which is backed by the Singapore government, is considering investing \$75m in the round, according to people familiar with the situation. Investors hope the company would achieve a valuation of more than \$1bn through the fundraising.

Impossible, which [relaunched](#) its product “Impossible Burger 2.0” at the start of the year at CES in Las Vegas, said consumer demand had so far exceeded initial expectations.

“We are straining to meet demand,” said David Lee, chief financial officer, who added: “Any capital we raise will be used to expand capacity.”

Mr Lee would not comment directly on its fundraising plans, saying only that the new filing “reflects the fact that Impossible Foods is constantly in the market looking for the best partners for

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investment”. Temasek declined to comment.

The planned financing comes amid rising competition in the plant-based burger market with large food companies entering the market.

Beyond Meat, one of Impossible’s main rivals in the market for meat alternatives, is preparing for an initial public offering as it looks to expand internationally.

Nestlé also will launch its Incredible Burger under its Garden Gourmet brand in eight European countries, including Germany and the Nordics, later this month, and is also planning to enter the US market in the autumn with its Awesome Burger under its Sweet Earth brand.

Like Impossible Foods and Beyond Meat, the Swiss group’s products, made from soyabeans and wheat, aim to replicate the mouth feel of real meat while plant extracts from beetroot, carrots and bell peppers provide the juiciness.

Impossible has already raised more than \$475m since it was founded in 2011, through a combination of debt and equity, from investors including Viking Global, Bill Gates, Li Ka-shing’s Horizons Ventures and venture capital fund Khosla. This week it announced its biggest deal yet, a pilot with Burger King featuring the “Impossible Whopper”.

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“The Impossible Whopper represents a validation that delicious cravable meat can be made entirely out of plants by Impossible Foods,” Mr Lee said.

“But it’s also a validation that the financial engine is ready for prime time . . . Scale was the only thing we really needed to demonstrate impressive profitability on every patty.”

After earlier partnerships with US restaurant chains, including the Cheesecake Factory and White Castle, proved successful, Impossible is confident that its initial trial in 59 Burger King outlets in St Louis, Missouri, could lead to a national roll-out by the end of this year.

Such a deal would double Impossible’s distribution footprint from the 6,000 locations at which its products are already available around the US. In the past couple of months, Impossible has increased its production from 500,000 pounds of its meat alternative per month to 2m pounds today, all at a single facility in Oakland, California.

“We have the capacity today to operate a launch nationwide with Burger King,” Mr Lee said. “The reality is the consumer demand we are seeing today so far exceeds almost anyone’s approximation a few months ago . . . The capital that we will raise in the future will largely be used just to increase capacity against the already proven technology and brand.”

The plant-based protein market is still small compared to the meat market, but vegan protein food

sales are growing rapidly, appealing to consumers who want to reduce their intake of meat for health and environmental reasons.

According to the Good Food Institute, a US-based not-for-profit group that promotes alternative proteins, US retail sales of plant-based foods grew 17 per cent in the year to August 2018, to \$3.7bn.

Both Impossible Foods and Beyond Meat have created plant-based products based on molecular science, where the cells are created to mimic that of animal protein. Both companies pride themselves on offering burgers that have the same mouth feel as those made from beef.

Both products “bleed” like real meat, with Impossible using “Heme” — a protein created by its scientists through genetic engineering and yeast fermentation — while Beyond Meat uses beet juice.

The Impossible Whopper has the same ingredients as the company’s new version of burger, which now uses soyabeans instead of wheat. The company said the Whoppers’ diameter had been adjusted so that it would fit in the Burger King buns.

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