Germany's 1Q Health Group acquires Beauty Production, expanding European CDMO platform

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Germany-based Contract Development and Manufacturing Organisation (CDMO) 1Q Health Group, backed by European private equity firm Nord Holding, has acquired Beauty Production GmbH, a contract manufacturer specialising in liquid dietary supplements and cosmetics.

1Q Health produces hard capsules, liquids, powders, and tablets across three manufacturing sites in Germany and Austria. The latest acquisition supports 1Q Health's ambition to become a full-service CDMO with end-to-end capabilities.

"Beauty Production adds not only new production capacities but additional know-how that complements our vision of becoming a full-service partner and a leading CDMO for healthcare brands in Europe," said Philipp Ziehr, CEO of the 1Q Health Group.

The transaction follows its acquisition of ABJ alive in 2024, a manufacturer of high-quality nutritional supplements and orthomolecular products, and two acquisitions in 2025: HKS Health Solutions, a producer of premium nutritional supplements in powder and liquid form, and VivaCell Biotechnology, a Germany-based contract research organisation (CRO). Law firm McDermott Will & Schulte has advised Nord Holding on all three acquisitions.

These deals form part of Nord Holding's ongoing European buy-and-build strategy in the high-quality dietary supplements and pharmaceuticals market.

HBI spoke with Holger Ebersberger, who is a private equity partner at McDermott Will & Schulte in Munich, to discuss his views on the acquisition, current deal activity in the CDMO and health manufacturing sectors across Germany and Europe, and the key factors driving investment in these areas.

What made Beauty Production an attractive acquisition target for 1Q Health?

From our perspective as counsel, Beauty Production presented a compelling strategic fit for 1Q Health's broader European expansion and innovation agenda. The company brings deep expertise in complex, high-barrier liquid nutraceutical products such as sprays and shots which align perfectly with 1Q Health's emphasis on advanced, science-backed offerings.

How would you describe current deal activity in the CDMO and health manufacturing sectors in Germany and across Europe?

We're seeing sustained momentum in deal activity within the CDMO and health manufacturing space, both in Germany and more broadly across Europe. This is largely driven by the maturation of the consumer health sector, where brand owners are increasingly prioritising supply chain resilience, quality assurance, and integrated service delivery from their manufacturing partners.

As a result, strategic consolidators and financial sponsors alike are seeking scalable, high-quality assets that can meet these evolving expectations. We anticipate that this trend will continue to shape the market in the near to medium term.

Do you anticipate further M&A activity in this space during the remainder of 2025?

Yes, we fully expect the current consolidation trend to persist through the rest of 2025. The structural drivers, rising demand for end-to-end CDMO capabilities, growing consumer focus on health and wellness, and heightened regulatory scrutiny, continue to create a fertile environment for strategic transactions.

What are the key factors attracting investment to the CDMO and health manufacturing sectors?

The sector is characterised by fragmentation across the value chain, which creates attractive opportunities for roll-up strategies. As demand for food supplements and related products grows, there's a clear shift toward integrated players that can offer lifecycle services from formulation and procurement to regulatory support and go-to-market execution.

These dynamics make the space particularly appealing to both strategic buyers and private equity investors looking to back scalable, future-ready platforms.

Which types of businesses in this space are most attractive to private equity investors right now?

Private equity interest is especially high in innovation-driven, technically sophisticated businesses. Segments such as Biotics, clean-label formulations, and plant-based health products are seeing strong interest, particularly where there's a robust scientific foundation.

In fact, 1Q Health's recent acquisition of a German CRO focused on scientifically validating the efficacy of nutraceutical ingredients is indicative of the broader trend toward evidence-led product development, which continues to gain traction with investors.

We would welcome your thoughts on this story. Email your views to <u>Rakshitha</u> <u>Narasimhan</u> or call 0207 183 3779.