

Specialty Materials: sector brief

Specialty materials is the quietest of the origination sectors and the hardest to enter. Excipients, high-purity reagents, filtration media and single-use laboratory consumables are qualified into a customer process over

KIND	EXPOSURE	POSITIONS
Origination	US\$62 million across 3 positions	3
DIVISIONS		
Private Equity, Investment Banking		

Overview

Specialty materials is the quietest of the origination sectors and the hardest to enter. Excipients, high-purity reagents, filtration media and single-use laboratory consumables are qualified into a customer process over 18 months to 3 years. Once qualified, a supplier is rarely displaced, because requalification costs the customer more than the material is worth. The qualification file, not the chemistry, is what IGUAKO Capital underwrites.

The 3 positions total US\$62 million. One produces high-purity excipients for oral and injectable formulation, with customers in Japan and Europe. One makes filtration media for sterile processing. The third supplies single-use consumables to laboratories and small manufacturers. All three sell into the same industries as the pharmaceutical and animal health positions held elsewhere in the book.

Scale is deliberately modest. These are small revenue lines with high gross margins and long order books, and growth comes from adding qualified customers rather than from price. Energy is the main input exposure, so supply contracts are fixed at least a year forward. Capacity is expanded only against a signed qualification, never in advance of one.

Thesis

A qualification is a permission that the customer rather than a regulator has granted, and it is just as hard to obtain. Three years of testing can stand behind a single approved supplier line. IGUAKO Capital buys qualified positions inside processes it already understands, funds the capacity that holds them, and treats each new qualification as the unit of growth.

Themes

- High-purity excipients for oral and injectable formulation
- Filtration media for sterile processing
- Single-use laboratory consumables
- Customer qualification cycles of 18 months to 3 years
- Energy input contracts fixed a year forward

Case studies

Case	Year	Jurisdiction
Nashiro Fine Materials	2022	Japan

Research

- 2021-11-17: Qualified into the customer: the specialty materials barrier
- 2023-01-24: Holding a qualified supplier: capacity, concentration and exit
- 2024-07-16: Qualified once, supplied for a decade: specialty materials in Japan
- 2025-06-10: One qualified supplier: financing a single-source input

Colophon

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