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SECTOR SNAPSHOT



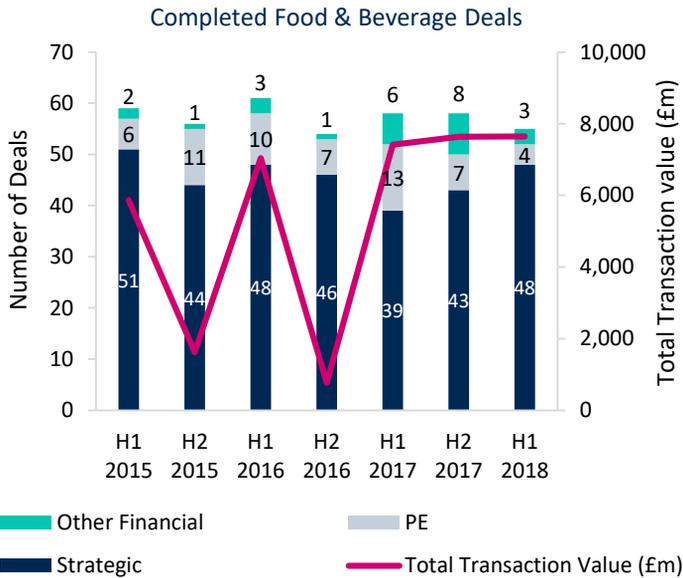
UK FOOD & BEVERAGE M&A ACTIVITY AND VALUATIONS FOR H1 2018

High deal volumes across a range of sub-sectors

M&A activity in the food and beverage sector has a productive outlook in H1 with 55 deals completed involving UK or Irish targets, with the largest number of strategic deals completed since the EU referendum. Additionally, disclosed deal values surpassed those recorded in H2 2017, with a new high of £7.64bn, driven by a number of large disclosed deals including the merger of Sainsburys and Asda, a landmark deal for the UK retail sector.

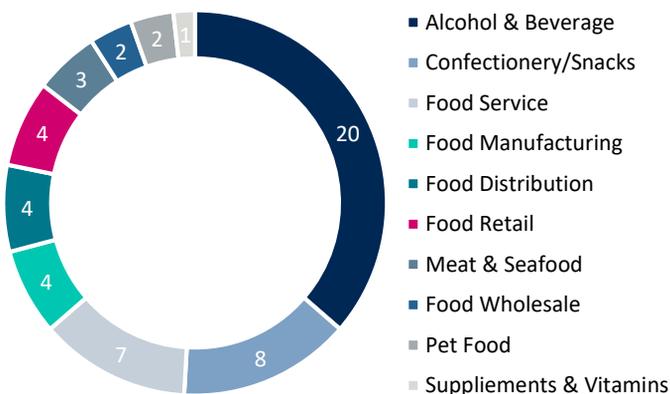
SMEs with a branded proposition continue to attract interest from both large domestic corporates and overseas acquirers looking to add quality businesses to their portfolio. Eleven international deals were completed in H1, the most significant of which saw German investment firm JAB announce a deal to acquire premium café chain Pret a Manger from Bridgepoint for approximately £1.5bn.

Food & Beverage M&A Activity



Other financial primarily relates to debt funded deals with no disclosed equity investor.

No. of Food & Beverage Deals by Sub-Sector – H1 - 2018



Strong Interest in UK Retail Brands

H1 saw Sainsburys announce a merger with Asda, a deal aimed at creating “a dynamic new player in the UK retail market” and one which will impact the food retail market further following the Tesco-Booker deal. Against this backdrop of consolidation, we have seen a demand for strong retail brands, as companies begin to strengthen their brand portfolios to compete in the dynamic food retail market.

 Have acquired GREEN & BLACK'S For undisclosed value	 Have acquired For GBP 210m	 Have acquired For undisclosed value
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Froneri, a leading UK ice cream manufacturer, has acquired a majority stake to take over production in Green and Blacks organic ice cream brand from Mondelez International. With a brand image associated with premium chocolate, Froneri aim to replicate this through its ice cream product.

H1 saw Nomad Foods enter into an agreement to acquire Aunt Bessie's from William Jackson & Son Limited for a deal worth £210m. This strategic acquisition will diversify and expand Nomads brand portfolio into frozen potato and Yorkshire puddings categories.

Also in branded retail, Arla Foods acquired Yeo Valley Dairies Limited, giving Arla the rights to use the Yeo Valley brand in milk, cheese, spreads and butter under an intellectual property licence with Yeo Valley. The Yeo Valley yoghurt, ice cream, cream and dessert business will still operate independently through Yeo Valley Group.

Continued Consolidation in Snacking Market

Continuing their growth via acquisitions strategy, KP snacks have acquired Tyrrells Potato Crisps from The Hershey Company. After acquiring Butterkist in H2 2017, the company has further expanded their brand portfolio in order to gain strategic access to premium crisp consumers in the UK, France, Germany and Australia.

Whilst the 'healthy snacking' market continues to grow, there is still significant consumer demand for premium potato-based snacks. Such demand is reflected in the acquisition of hand cooked crisp and popcorn manufacturer Ten Acre Snacks by Fairfield Farm. This deal, along with Burts Crisps' acquisition of Savoury & Sweet is also indicative of a wider trend of UK crisp manufacturers looking to add 'healthy' popcorn brands to their portfolio.

H1 also saw Tayto Group acquire the Real Pork Crackling Company, a deal that solidifies Tayto as the biggest UK-owned crisp and snack manufacturer, producing six million bags a day across six UK sites. The acquisition of Real Pork comes against the backdrop of growing consumer preference for high-quality, artisan products.



Have acquired



For undisclosed value



Have acquired



For undisclosed value



Have acquired



For undisclosed value

Alcohol & Beverage Market

Following the trend seen in H2 2017, the alcohol & beverage sector has proven itself popular again for M&A activity with 20 deals taking place in H1 2018. The alcohol market value in the UK has grown in value year on year since 2013, with a 2018 valuation of approx. £55bn; a key driver for the acquisitions of alcohol brands and manufacturers.

Distillers and vintners attracted a lot of interest, with Spanish firm Diego Zamora acquiring Martin Miller's Gin, and Halewood Wines & Spirits acquiring Dead Man's Fingers Spiced Rum from The Rum and Crab Shack, both for undisclosed deal values.

Brewers remained an attractive target for large corporates during H1 2018 as Fuller, Smith and Turner PLC acquired The Dark Star Brewing Co. to further their brand portfolio.

BrewDog also acquired independent craft cider company Hawkes Brewing as part of the company's plan to move into the lucrative cider space. BrewDog plans to support the growth of Hawkes in the UK and internationally in addition to expanding the range of products sold.



Have acquired



For undisclosed value



Have acquired



For undisclosed value



Have acquired



For undisclosed value

Refreshing Interest in UK Water Brands

H1 has seen significant overseas interest in UK water brands. In May, Nestle waters acquired a majority stake in the bottled water manufacturer Princes Gate Spring Water for an undisclosed fee. With an increase in consumer appetite for bottled water in the UK, Nestle aim to expand their portfolio to accommodate this growing demand.

Yusuff Ali, the billionaire owner of Asian retail chain LuLu Group, announced an agreement to acquire Harrogate Spring Water in April. Harrogate has recently invested £8m in production facilities, alongside becoming the official water brand for the Hockey Women's world cup.

Elsewhere in the UK soft drinks market, iced drinks firm Polar Krush has acquired rival company Slushee UK to strengthen its European market position.



Have acquired



For undisclosed value

Yusuff Ali M.A

Have acquired



For undisclosed value



Have acquired

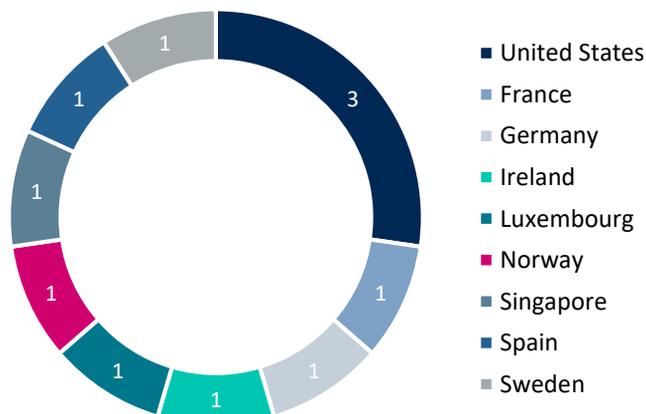


For undisclosed value

H1 Overseas Summary

UK food and beverage companies continue to attract a lot of interest from overseas acquirors with 11 overseas deals completed in H1. The United States were the largest regional buyer in terms of number of deals completed.

The largest overseas deal of H1 saw German investment firm JAB Holdings acquire Pret A Manger for an estimated £1.5bn. We expect continued overseas interest in H2 with a number of sub-sectors ripe for consolidation and a weak sterling enabling overseas acquirors to get a comparatively cheaper deal on quality UK food & beverage assets.



Foodservice Activity Continues

Whilst the casual dining market has faced numerous challenges over the last 12 months, M&A activity in the overall foodservice sub-sector continues. H1 saw Orbis complete the sale of premium food distribution business Wellocks to William Jackson Food Group (see across the page for further details on this transaction).

The 'food to go' market also continues to thrive, reflected by German investment firm JAB Holdings' acquisition of Pret A Manger for a rumoured £1.5bn at an estimated 15x EBITDA multiple. The acquisition forms part of JAB's strategy to expand its coffee and beverage business.

H1 also saw the senior team at Pizza Hut UK complete a successful buyout from private equity firm Rutland Partners. The deal is rumoured to be valued at c. £100m but the official transaction value remains undisclosed.

Within the challenging restaurant/casual dining space, US private equity firm Trispan acquired a majority stake in Rosa's Thai café, a popular chain of Thai-food restaurants.. This deal forms demonstrating the continued appeal of foodservice operators with an authentic, quality offering and a differentiated concept.

JAB HOLDINGS

Have acquired



For GBP 1.5bn
(Estimated)

Pizza Hut UK
Management

Have acquired



For undisclosed
value

TRISPAN

Have acquired



For undisclosed
value

Orbis Foodservice Deal

Business Overview

Wellocks supply a range of high-quality food ingredients to a premium customer base, ranging from Michelin star restaurants to 5* hotels and premier league football clubs. The business employs around 470 people nationwide, operates from four strategically placed business units and makes over 6,000 nationwide deliveries a week via its own fleet of temperature-controlled vehicles.

Our Role

Orbis advised the shareholders of Wellocks during a two-year period on potential exit strategies, resulting in William Jackson Food Group acquiring the company in June 2018. We utilised our strong knowledge of the sector to identify strategic buyers for the business. William Jackson were selected as a result of their strategic valuation and their focus on a family-run ethos. William Jackson aims to uphold the premium brand image of Wellocks and translate this into further organic growth for the overall group.

wellocks
the perfect ingredient

Was sold to



For undisclosed
value



Other Selected H1 Deals

Katjes

Have acquired a
significant stake in

CANDY KITTENS

For undisclosed
value



Have acquired the
cake division of



For undisclosed
value

KARRO
FOOD GROUP

Have acquired



For undisclosed
value

KERRY

Have acquired

Oakhouse
foods

For undisclosed
value

PURINA

Have acquired

tails.com

For undisclosed
value

YD!
SUSHI

Have acquired



For undisclosed
value

About Us

Orbis is a mid-market corporate finance boutique advising on a wide range of M&A transactions covering the food & consumer sector in addition to industrials, technology, media & telecoms, and healthcare. Orbis also has an active investment portfolio held through its investment vehicle Intrinsic Equity.

If you are considering your strategic options for enhancing the value of your business or your client's business, please contact either Gary or Steve.

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ORBIS

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Orbis is an independent corporate finance advisory firm, working with business owners, management teams and investors to advise them through every aspect of corporate finance.

The partners have over 100 years of deal-making experience and combine their broad network of global relationships with deep sector knowledge and investor skills to deliver a specialist M&A experience.

Orbis is the UK partner for Clairfield International, a global investment bank, offering clients access to over 400 corporate finance professionals situated in over 20 countries across the globe.

Orbis Partners : Services

A complete range of M&A services providing a wealth of experience to our clients

- Company Sales**
- Extensive mid market M&A expertise and experience across the team.
 - International reach – over 20 countries and growing.
 - Over 90% of all sale mandates involve an overseas party.

- Acquisition Support**
- Listed and private clients.
 - Research and origination - internal research team and tools.
 - Strategic and financial assessment.
 - Deal management.

- Due Diligence**
- Experienced and informed advice.
 - Extensive experience within the UK and of international transactions.
 - Tailored reports.
 - Partner led.

- Management Buy Out**
- Deal leadership and fund raising.
 - Align interests with management team.
 - Co-investors on 15 deals.

- Capital Raising**
- Supporting existing business to fund development.
 - Supportive investor bringing focus on value creation.
 - Co-investors on 3 deals.

- Business Improvement**
- Independent advice and planning strategy led by sector insights.
 - Turnaround and profit improvement credentials.
 - Leading the team through uncertainty whilst developing a game plan.
 - Co-investors and principal.

Orbis Partners : Sectors

Experience across a range of sectors

Food & Consumer

Business Services

Industrial

Healthcare

Technology, Media
and Telecoms



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