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SECTOR SNAPSHOT



UK FOOD & BEVERAGE M&A ACTIVITY AND VALUATIONS FOR H1 2020

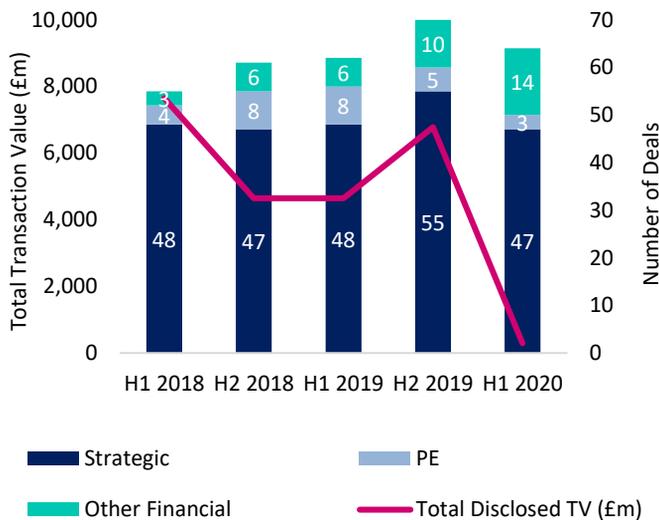
Deal volumes and transaction values decline as Covid-19 impacts H1

M&A activity in the food and beverage sector has fallen slightly in comparison to H2 2019, with 64 deals completed involving UK target companies. Total disclosed transaction values declined sharply to c. £300m, with the largest completed deal seeing the original owner of Iceland acquire 63% of the business from South African Investment company Brait for £115m. The reduction in transformational deals is unsurprising against the backdrop of a global pandemic with a number of mid-market transactions also put on hold until at least H2 of this year.

Despite the uncertainty, H1 has demonstrated the appeal of UK companies to overseas acquirers, with 17 international deals completed. The pandemic continues to accelerate some underlying trends such as on-line shopping and a desire to consume perceived healthier products. We would expect these trends to underpin M&A strategies going forward, along with a desire from large corporates to diversify their customer base and routes to market to reduce the impact of large scale events in the future.

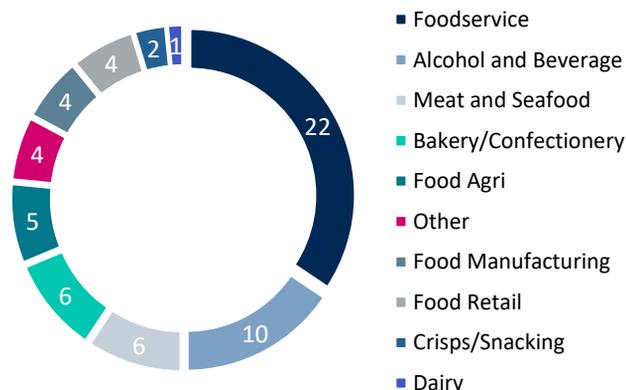
Food & Beverage M&A Activity

Completed Food & Beverage Deals



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

No. of Food & Beverage Deals by Sub-Sector – H1 2020



Healthy / Free-From

Gone are the days when plant-based alternatives were targeted towards the niche consumer. As we continue to garner an increasing awareness of healthier and better for you products, it is no surprise that the Free-From category has seen an uptick in M&A activity over the last few years. To affirm this, we have seen further evidence of international conglomerates seeking to tap into this growing market in H1.

 Have acquired RUDE HEALTH For GBP £7m	 Have acquired THE PRIMAL PANTRY For undisclosed value	 Have acquired natural balance foods For GBP £22.9m
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In June, it was announced that snacks giant PepsiCo has acquired a 10% stake in free-from brand Rude Health for £7m, a deal valuing the milk alternative and cereal business at c. £70m. The minority stake acquisition is part of PepsiCo's drive to invest in emerging brands that offer functional benefits to consumers and allows them to tap into a growing UK milk alternative market which is now valued at over £400m.

In addition, the growing popularity of high-protein snacking saw plant-based food company Nurture Brands announce its acquisition of The Primal Pantry for an undisclosed amount. Nurture Brands stated that the acquisition was part of its plan to be the UK's fastest-growing plant-based snacking business.

May saw Lotus Biscoff owner Lotus Bakeries acquire 30% of Natural Balance, the manufacturer of Nakd and Trek snack bars, taking its total ownership to 98%. The valuation of the transaction is estimated at c. 1.7x current year turnover.

Overseas / PE

H1 demonstrated the continued popularity of UK businesses to overseas strategic buyers. In February 2020, Asia's leading provider of Food Solutions and Gateway Services SATS acquired food-to-go manufacturer Monty's Bakehouse for £27m. The acquisition allows SATS to combine its culinary expertise with Monty's Bakehouse's product and packaging innovation, supporting growth into new customer segments.

In a similar fashion, Germany's Frostkrone Food Group, a manufacturer of frozen products and snacks, has acquired Scotland-based Innovate Foods for an undisclosed value. The acquisition allows Frostkrone to have direct access to the UK market.

Amid the backdrop of large amounts of dry powder among private equity firms, Artemis Growth Partners has announced its acquisition of Bridge Farm Group from Sundial Growers for £53m. The sale is part of Sundial's strategy to lower its debt and restructure its balance sheet.

March saw Hilco Capital acquire a majority equity stake in chilled and frozen food manufacturer, Anglia Crown. Anglia continues to grow at an accelerated pace and has ambitions to diversify its customer base into new sectors for which Hilco will provide operational and financial expertise.



Have acquired
Monty's
BAKEHOUSE
For GBP £27m



Have acquired
innovate
For undisclosed value



Have acquired
bridge farm group
For GBP £53m

Alcohol & Beverage

H1 saw 10 Alcohol & Beverage M&A deals completed. In January British Honey, a producer of honey-infused spirits rescued the London Distillery out of administration for an undisclosed value. The acquisition is hoped to be a critical element of British Honey's strategic growth ambitions.

Elsewhere, the Japanese distillery company, Suntory, has acquired a 10% stake in the Famous Grouse maker, Edrington Group. The deal builds on a strategic partnership between the firms dating back to the 1990s. Within the bottled water market, Danone has acquired a majority stake in Harrogate Spring Water, one of the UK's fastest growing bottled water brands bolstering Danone's water business in the UK.



Have acquired
THE LONDON DISTILLERY COMPANY
For undisclosed value



Have acquired
EDRINGTON
For undisclosed value



Have acquired
HARROGATE
SPRING WATER
For undisclosed value

Foodservice

The foodservice subsector has been particularly impacted by COVID-19, particularly due to the closure of restaurants and shopping centres during the lockdown period. In light of this, Ed's Easy Diner owner, Boparan, has acquired the struggling restaurant chain, Carluccio's for £3.4m. The sale sees Boparan Restaurant Group takeover the Carluccio's brand, as well as 30 UK sites.

Elsewhere in the foodservice sector, Euro Garages has purchased 146 UK and Ireland-based KFC sites, bringing the total number of food-to-go retail concessions owned by the firm to 1500. The acquisition is the latest move by the Blackburn-based company to diversify its portfolio.

Within the catering sub-sector, February saw the independent caterer, CH&CO, acquiring Vacherin, the London-based boutique catering business. The addition of Vacherin to the CH&CO family sees the company expand its portfolio significantly in the London area.

H1 also saw the acquisition of the cloud canteen start-up, Feedr, for £21m by Compass Group. Compass Group says the purchase of Feedr will help accelerate its digital transformation, and form part of its 'return to work' strategy after the coronavirus crisis.



Have acquired
Carluccio's
For GBP £3.4m



Have acquired
vacherin
For undisclosed value



Have acquired
feedr
For GBP £21m

Other Selected M&A Deals

The continued growth of the gourmet pet food market saw Nestlé Purina announce its acquisition of Lily's Kitchen in April. Lily's Kitchen has seen a revenue growth of 30% over the past year, with Nestlé keen to extend the company's success.

Listed UK food producer, Cranswick Plc, has announced its acquisition of the pig farming and rearing operations as well as a 50% stake in White Rose Farms. The acquisition reinforces Cranswick's commitment to sustainable farming in the UK.



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Orbis Partners : Services

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

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| Company Sales | <ul style="list-style-type: none"> 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 | <ul style="list-style-type: none"> Research and origination - internal research team and tools. Strategic and financial assessment. Deal management. |
| Due Diligence | <ul style="list-style-type: none"> Experienced and informed advice. Extensive experience within the UK and of international transactions. Partner Led |
| Management Buy Out | <ul style="list-style-type: none"> Deal leadership and fund raising. Align interests with management team. Co-investors on 15 deals. |
| Capital Raising | <ul style="list-style-type: none"> Supporting existing business to fund development. Supportive investor bringing focus on value creation. Co-investors on 3 deals. |
| Business Improvement | <ul style="list-style-type: none"> Independent advice and planning strategy led by sector insights. Turnaround and profit improvement credentials. Leading the team through uncertainty whilst developing a game plan. |

The Unsworth Family

Have Acquired



For undisclosed value



wellocks
the perfect ingredient

Was sold to



For undisclosed value



FineFranceUK

Was sold to



For undisclosed value



Was sold to



For undisclosed value



Was sold to



For undisclosed value



Have acquired



For undisclosed value



Have acquired



For undisclosed value



Was sold to



For undisclosed value



Have acquired



For EUR 20.5m



Was sold to



For undisclosed value

