

SECTOR SNAPSHOT – H2 2021

UK FOOD & BEVERAGE M&A



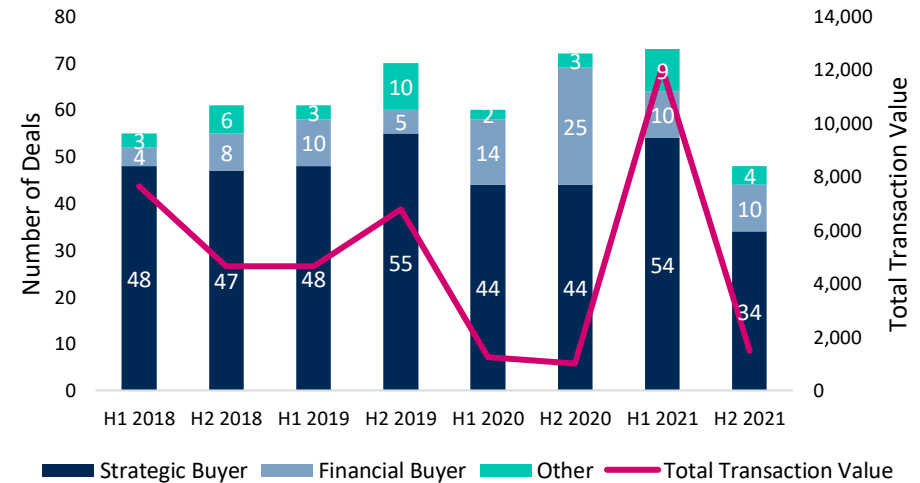
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Director

- M&A deal volumes decreased in H2 2021, with 48 deals completed involving UK target companies compared to 73 in H1 2021.
- This decrease follows a busy H1 period with a number of business owners accelerating their exit plans amidst fears of capital gains tax rises in the March 21 budget.
- The largest deal of H2 saw private equity firm KPS Capital acquire a controlling stake in Tate & Lyle's primary products business for c. £900m, a transaction that accounted for the majority of the £1.5 bn. of total disclosed deal value in H2.
- Despite the challenges of the last 12 months, overseas interest in the sector continues to remain strong with 14 transactions involving overseas buyers from Europe and North America across a range of sub-sectors including plant-based, meat, bakery and dairy.
- H2 saw 10 acquisitions completed by private equity firms, with increased competition amongst financial buyers for quality assets and brands in growing sub-sectors driving up deal multiples.
- M&A activity within the plant-based sector continues to grow as larger plant-based corporates both in the UK and overseas seek to expand their portfolio and companies operating in other sub-sectors look to enter the market via acquisition. We expect this trend to continue into 2022, with companies operating in the meat sector likely to consider diversification in light of market trends and growing demand for plant-based products.
- Consolidation continued across the meat sector in H2 with large operators such as Pilgrims Pride and Hilton Food Group acquiring smaller competitors with complementary offerings.
- Whilst appetite for D2C businesses remains high, H2 saw a drop off in D2C acquisitions following a flurry of transactions in H1 as owners sought to benefit from the Covid-19 upturn.
- We expect M&A activity to increase in H1 2022 driven partly by the spectre of potential capital gains tax rises along with the continued appetite of private equity who are keen to deploy funds in sectors such as food & beverage that have shown their resilience in the face of the Covid-19 pandemic.

M&A VOLUMES BY TYPE



H2 2021 M&A BY SUBSECTOR



KEY TRANSACTIONS – H2 2021

DOMESTIC TRADE & PE BUYERS


TRADE



Valeo FOODS
Have acquired

For undisclosed value
Sector:
Snacking

Valeo FOODS
Have acquired



For undisclosed value
Sector:
Snacking

HILTON
Have acquired

For undisclosed value
Sector:
Meat


Have acquired

For undisclosed value
Sector:
Meat


Have acquired

For undisclosed value
Sector:
Bakery




Have acquired

For £15.7m
Sector:
Fruit & Veg


“Large trade acquirors are expanding their product portfolio’s through the acquisition of high-performing smaller brands/companies as well as distressed businesses that need a turnaround solution”



Notable trade deals with a domestic acquiror in H2 2021 include:


- Serial acquiror Valeo Foods’ acquisition of pork scratching manufacturer Openshaws and meat snacks producer New World Foods as it looks to expand its portfolio of leading brands.
- Hilton Food Group’s acquisition of fellow meat producer Fairfax Meadow, with Hilton looking to expand their product range into the foodservice and market.
- Bright Blue Foods’ acquisition of Sargents Bakeries, a £200m t/o business producing pies, and tarts. BFF, backed by PE firm Endless, has made a number of acquisitions in the last few years including Greencore’s cake and desert division in 2018.
- Global agriculture group, Camellia PLC’s acquisition of a majority stake in Bardsley, the UK’s second largest apple supplier.

PRIVATE EQUITY


Have acquired

For undisclosed value
Sector:
Foodservice


True.
Have acquired

For undisclosed value
Sector:
Energy Drinks


Have acquired

For undisclosed value
Sector:
Food Agri


Have acquired

For undisclosed value
Sector:
Snack Bars


Have acquired

For undisclosed value
Sector:
Beverage


Have acquired

For undisclosed value
Sector:
Food Ingredients

“There is significant competition amongst private equity buyers for high-quality food & beverage businesses operating in growing and resilient sub-sectors”

Notable PE deals in H2 2021 include:

- Trispan’s acquisition of a majority stake in UK Vietnamese restaurant group Pho, with the intention to expand the existing 30 restaurant sites and 3 delivery only kitchens across the UK.
- True’s acquisition of a majority stake in Sneak, a sugar-free energy D2C drinks business with a focus on the gaming and creative markets.
- Elysian Capital’s acquisition of a majority stake in Wholebake, a co-manufacturer of healthy, gluten-free snacks for third party brands.
- Zetland Capital’s investment into well-known tea brand Typhoo, with the investment designed to reassert the brand in the market after a challenging few years.

KEY TRANSACTIONS – H2 2021

INTERNATIONAL BUYERS

“H1 saw international buyers from North America and Europe swoop to acquire both established and upcoming plant-based brands as interest in this sub-sector continues to increase”



boosh
Have acquired
SALTSPRING HARVEST
For undisclosed value
Sector:
Plant-Based



zoglo's
Have acquired
Veggie Day
For undisclosed value
Sector:
Plant-Based



SONAE
Have acquired
Gosh!
For undisclosed value
Sector:
Plant-Based



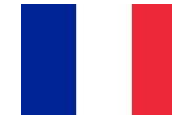
Newlat FOOD SpA
Have acquired
SYMINGTON'S
For undisclosed value
Sector:
Retail Brands



Saputo
Have acquired
WENSLEYDALE CREAMERY
For undisclosed value
Sector:
Dairy



Sysco
Have acquired
MEDINA FOODSERVICE
For undisclosed value
Sector:
Food Distribution

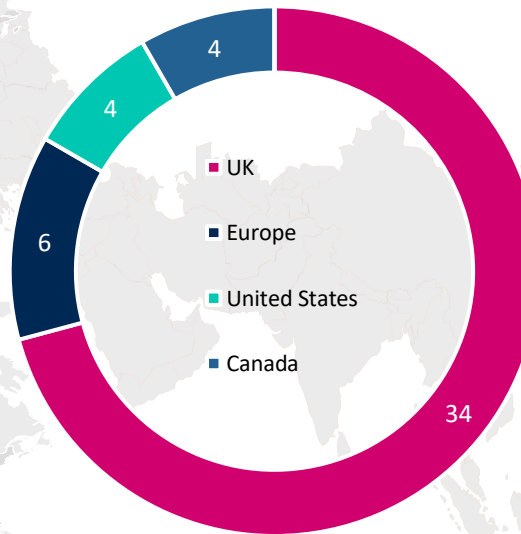


LDC
Have acquired
THE LATESTONE C
For undisclosed value
Sector:
Organic Meat



PALACIOS
Have acquired
rhokett
For undisclosed value
Sector:
Deserts

H2 2021 -
Buyers by Geography








LISTED VALUATION MULTIPLES






FOOD & BEVERAGE SUBSECTORS

“EBITDA multiples are performing strongly across the alcohol and beverage sector with revenue multiples for online based businesses ranging from 1x to 5x revenue”






ALCOHOL & BEVERAGE

COMPANY	SUBSECTOR	ONLINE BASED	EV / EBITDA MULTIPLE	EV / REV MULTIPLE
 DIAGEO	Alcohol		23.2x	8.2x
 naked wines	Alcohol	✓	170.3x	1.2x
 Virgin Wines	Alcohol	✓	13.4x	1.3x
 FEVER-TREE	Beverage		50.4x	10.4x
 BRITVIC	Beverage		16.2x	2.3x






FOOD MANUFACTURE

COMPANY	SUBSECTOR	ONLINE BASED	EV / EBITDA MULTIPLE	EV / REV MULTIPLE
 BAKKAVÖR	Manufacture		6.7x	0.6x
 Associated British Foods	Manufacture		9.0x	1.2x
 HILTON	Meat		9.9x	0.4x
 CRANSWICK plc <small>Great British Taste</small>	Meat		10.2x	1.1x
 Finsbury <small>Food Group</small>	Bakery		5.8x	0.5x

FOOD RETAIL

COMPANY	SUBSECTOR	ONLINE BASED	EV / EBITDA MULTIPLE	EV / REV MULTIPLE
 ocado	Grocery Retail	✓	206.0x	5.4x
 Sainsbury's	Grocery Retail		6.5x	0.4x
 TESCO	Grocery Retail		7.9x	0.5x
 GREGGS	Other Retail		14.7x	3.1x
 HOTEL Chocolat	Other Retail		25.6x	4.1x

OTHER/MIXED

COMPANY	SUBSECTOR	ONLINE BASED	EV / EBITDA MULTIPLE	EV / REV MULTIPLE
 Domino's	Food Delivery		16.3x	3.9x
 KITWAVE <small>Wholesale group</small>	Wholesale		14.5x	0.5x
 The Restaurant Group plc	Restaurants		22.4x	2.9x
 THE FULHAM SHORE PLC	Restaurants		NM	4.4x
 TATE & LYLE	Ingredients		6.7x	1.2x

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	<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.

ORBIS/CLAIRFIELD: FOOD & BEVERAGE CREDENTIALS

<p>The Unsworth Family</p> <p>Have acquired</p>  <p>Sector: Bakery</p>	<p>wellocks the perfect ingredient</p> <p>Sold to</p>  <p>Sector: Food Distribution</p>	<p>FineFranceUK</p> <p>Sold to</p>  <p>Sector: Food Distribution</p>	<p>jupiter GROUP</p> <p>Have acquired</p> <p>Cool Fresh International</p> <p>Sector: Fruit & Veg</p>
 <p>Sold to</p>  <p>For undisclosed value Sector: Dairy</p>	 <p>Series D Fundraising</p> <p>For undisclosed value Sector: Alcohol</p>	 <p>Sold to</p>  <p>For undisclosed value Sector: Sauces/Condiments</p>	 <p>Sold to</p> <p>ASTRACO</p> <p>For undisclosed value Sector: Food Retail</p>



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