

SECTOR SNAPSHOT – H2 2022

UK FOOD & BEVERAGE M&A



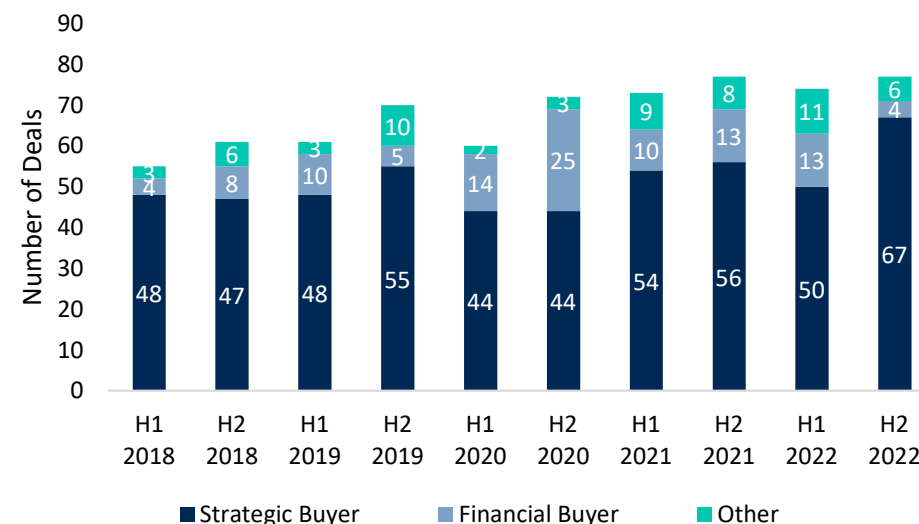
Gary Ecob
Partner



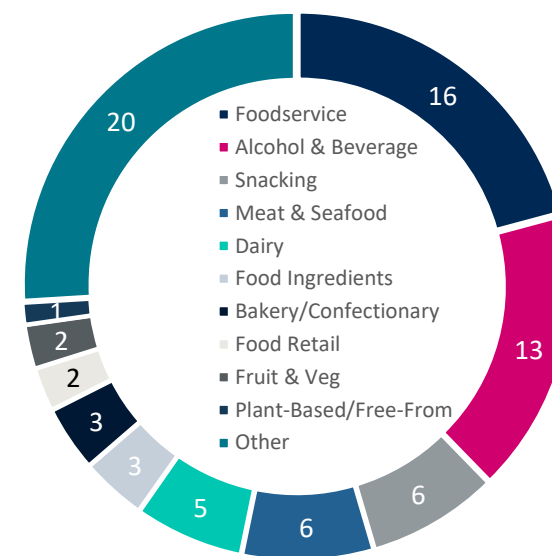
Steve Nock
Director

- M&A deal volumes increased by 4% in H2 2022, with 77 deals completed involving UK target companies compared to 74 in H1 2022.
- This is relatively consistent across the five year period monitored showing the strength of M&A in the food and beverage sector despite the challenges faced in the last few years.
- Included in the 77 deals completed, are a number of distressed transactions as some food companies have struggled to cope with inflationary pressures caused by increases in wages, raw materials, energy and transport.
- Disclosed deal values continued at a lower level than seen historically, with big ticket M&A perhaps more impacted by the wider macro-economic issues as investors demonstrate a degree of caution.
- The largest disclosed deal of H2 saw British food manufacturer Premier Foods acquire premium sauce maker, The Spice Tailor, in a deal worth c. £72.5m. This acquisition complements Premier Foods' current brands such as Sharwood's and Loyd Grossman. In addition, Premier Foods' strong retailer partnerships present a clear opportunity to expand Spice Tailor's current retailer distribution across existing and new geographies.
- Despite the challenges of the last 12 months, overseas interest in the F&B sector continues to remain strong with 16 transactions involving overseas buyers from Europe and North America.
- One of the most notable overseas acquisitions of H2 saw Mexico's Grupo Bimbo acquire UK brioche maker St Pierre Groupe in a deal worth more than £300m. The deal is expected to accelerate the already rapid growth of St Pierre in the US. This continues Grupo Bimbo's aggressive acquisition strategy as the group builds upon their position as one of the largest bakers in the world.
- H2 saw 4 acquisitions completed by private equity, the lowest level since 2018. PE are adopting a cautious approach to the sector with the bar for investment remaining very high. We expect PE activity to pick back up once some of the inflationary pressures in the sector have eased.

M&A VOLUMES BY TYPE



H2 2022 M&A BY SUBSECTOR



KEY TRANSACTIONS – H2 2022

DOMESTIC TRADE & PE BUYERS

<p>Have acquired</p> <p>For undisclosed value</p> <p>Sector: Food Agri</p>	<p>Have acquired</p> <p>For undisclosed value</p> <p>Sector: Foodservice</p>	<p>Have acquired</p> <p>For circa. £32m</p> <p>Sector: Alcohol & Beverage</p>
<p>Have acquired</p> <p>For undisclosed value</p> <p>Sector: Food Retail</p>	<p>Have acquired</p> <p>For undisclosed value</p> <p>Sector: Foodservice</p>	<p>Have acquired</p> <p>For undisclosed value</p> <p>Sector: Snacking</p>
<p>Have acquired</p> <p>For undisclosed value</p> <p>Sector: Foodservice</p>	<p>Have acquired</p> <p>For undisclosed value</p> <p>Sector: Foodservice</p>	<p>Have acquired</p> <p>For undisclosed value</p> <p>Sector: Food Retail</p>
<p>Have acquired</p> <p>For undisclosed value</p> <p>Sector: Foodservice</p>	<p>Have acquired</p> <p>For undisclosed value</p> <p>Sector: Petfood</p>	<p>Have acquired</p> <p>For undisclosed value</p> <p>Sector: Plant-Based/Free-From</p>

“Despite macroeconomic conditions, trade acquirors continue to seek high-quality food companies to expand their product offering”

Notable trade deals with a domestic acquiror in H2 2022 include:

- Leading UK wholesale business, Kitwave Group, acquired specialist foodservice wholesaler, WestCountry Food. Kitwave, will incorporate WestCountry Food into their existing foodservice division to complement their offerings in the Southwest.
- A.G. Barr, creators of IRN-BRU, announced the acquisition of functional beverage company Boost Drinks. Boost Drinks has a strong market position in the production of energy, sport and protein drinks. A.G Barr cited the “significant potential for growth” as a reason for the acquisition.
- British multinational contract foodservice company, SSP Group, have completed the acquisition of AMT Coffee from administration. This deal will see 25 AMT Coffee locations become part of the SSP group with other locations closing.

“Private equity activity was reduced in H2 2022 as investors demonstrated caution amidst continued inflationary pressures across the sector”

Notable PE deals in H2 2022 include:

- Downing LLP, a sustainable investment manager established in London, acquired a majority stake in The Pub People. The Pub People Group manages 49 pubs and Downing have committed to further funding in order to expand through acquisitions.
- Assisi Pet Care, backed by Harwood Capital, acquired Pet Munchies as part of a wider buy-and-build strategy. The acquisition of Pet Munchies complements the natural positioning of all Assisi brands whilst broadening the company’s reach into new distribution channels.
- THI Investments acquired leading school caterer, Impact Food Group. Impact Food Group are focused on providing healthier food to children across all ages from primary to secondary schools.

KEY TRANSACTIONS – H2 2022

INTERNATIONAL BUYERS

“ H2 saw 15 transactions completed by overseas acquirors, with 3 transactions completed across the pet and animal subsector. Overseas activity remains at a similar level to the last 5 years ”



Have acquired

 For undisclosed value

 Sector: Health & Supplements



Have acquired

 For undisclosed value

 Sector: Food Service



Have acquired

 For undisclosed value

 Sector: Pet / Animal



Have acquired

 For undisclosed value

 Sector: Bakery



Have acquired

 For undisclosed value

 Sector: Pet / Animal



Have acquired the logistics assets of

 For undisclosed value

 Sector: Other



Have acquired

 For undisclosed value

 Sector: Alcohol & Beverage

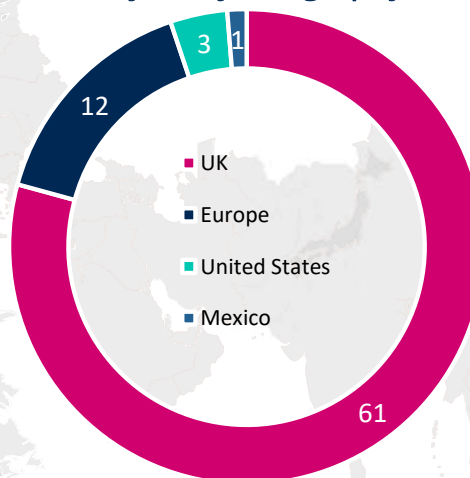


Have acquired

 For undisclosed value

 Sector: Pet / Animal

H2 2022 - Buyers by Geography








LISTED VALUATION MULTIPLES






FOOD & BEVERAGE SUBSECTORS

“ Revenue multiples are performing strongly across the alcohol and beverage sector with multiples for online based businesses ranging from 3.5x to 13.9x EBITDA ”






ALCOHOL & BEVERAGE

Company	Subsector	Online Based	EV / EBITDA MULTIPLE	EV / REV MULTIPLE
 DIAGEO	Alcohol		17.5x	6.4x
 naked WINES	Alcohol	✓	NM	0.2x
 Virgin Wines	Alcohol	✓	3.5x	0.3x
 FEVER-TREE	Beverage		20.9x	3.3x
 BRITVIC	Beverage		10.3x	1.6x






FOOD RETAIL

Company	Subsector	Online Based	EV / EBITDA MULTIPLE	EV / REV MULTIPLE
 ocado	Grocery Retail	✓	NM	2.9x
 Sainsbury's	Grocery Retail		5.7x	0.4x
 TESCO	Grocery Retail		6.7x	0.5x
 GREGGS	Other Food Retail		10.4x	2.0x
 HOTEL Chocolat.	Other Food Retail		8.2x	1.3x

FOOD MANUFACTURE

Company	Subsector	Online Based	EV / EBITDA MULTIPLE	EV / REV MULTIPLE
 BAKKAVÖR	Manufacturing		6.2x	0.5x
 Associated British Foods	Manufacturing		7.1x	0.9x
 HILTON	Meat		7.3x	0.3x
 CRANSWICK	Meat		9.3x	0.9x
 Finsbury	Bakery		5.1x	0.4x

OTHER / MIXED

Company	Subsector	Online Based	EV / EBITDA MULTIPLE	EV / REV MULTIPLE
 Domino's	Food Delivery	✓	13.9x	3.1x
 KITWAVE <small>Wholesale group</small>	Wholesale		9.0x	0.4x
 The Restaurant Group PLC	Restaurants		5.1x	1.0x
 THE FULHAM SHORE PLC	Restaurants		9.8x	1.7x
 TATE & LYLE	Food Ingredients		NM	2.9x

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**
 - 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.
 - 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.

ORBIS / CLAIRFIELD: FOOD & BEVERAGE CREDENTIALS

<p>Have acquired</p> <p>Sector: Petfood</p>	<p>Have acquired a minority stake in</p> <p>Sector: Bakery</p>	<p>The Unsworth Family</p> <p>Have acquired a majority stake in</p> <p>Sector: Bakery</p>	<p>Sold to</p> <p>Sector: Food Distribution</p>
<p>Sold to</p> <p>Sector: Food Distribution</p>	<p>Acquired</p> <p>Cool Fresh International</p> <p>Sector: Fruit & Veg</p>	<p>Sold to</p> <p>Sector: Dairy</p>	<p>Series D Fundraising</p> <p>Sector: Alcohol</p>



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