

A still life composition of various breads, a white pitcher, wheat stalks, and a wooden scoop filled with grains on a wooden surface. The scene is set against a dark blue background. The breads include a long baguette, several round loaves, and a large dark loaf. The white pitcher is in the center-left. The wooden scoop is in the foreground, filled with grains. Wheat stalks are scattered around the breads.

Clairfield industry snapshot

Food & Beverage

February 2024

■ **clairfield**

Sector Snapshot – H2 2023

Food & Beverage M&A



Gary Ecob
Partner



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Deal Volumes

- Deal volumes in H2 2023 amounted to **67**, with the majority of transactions falling in the Bakery/Confectionery subsector (**11**). Deal volumes displayed an increase on H1 2023 though down on the comparative period in 2022 as both the economic and geopolitical environment continued to impact M&A activity.
- Total disclosed deal value amounted to **£1.4bn**, the majority of which was attributable to Apollo Global's acquisition of The Restaurant Group, owners of the Wagamama and Barburrito trading brands (**EV: £1.1bn**).
- The Alcohol and Soft Beverage subsectors were active in the period with a combined total of **14** transactions. This included a mix of consolidation in distressed sectors such as brewery as well as large corporates acquiring high-quality assets in on-trend sub sectors.

International and Private Equity Transactions

- Interest from international investors reached its highest level since H1 2021 (**15** transactions) demonstrating a level of returning confidence in the UK Food & Beverage sector from overseas. Transactions were spread across a variety of subsectors, with 4 transactions falling within Food Ingredients.
- Standalone private equity investments in the sector reached **11** in H2 2023, the highest in two years with PE involvement in "take private" deals a noticeable feature in the period. H2 also saw continued bolt-on acquisitions from PE backed food businesses with Meadow Foods (Exponent) and The Compleat Food Group Ltd (PAI Partners) both adding to their portfolio.

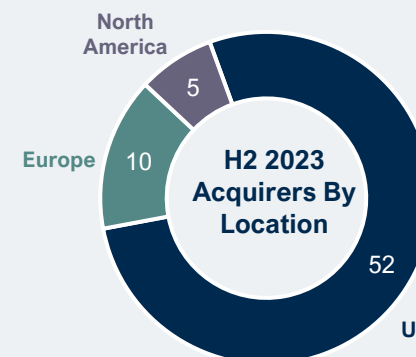
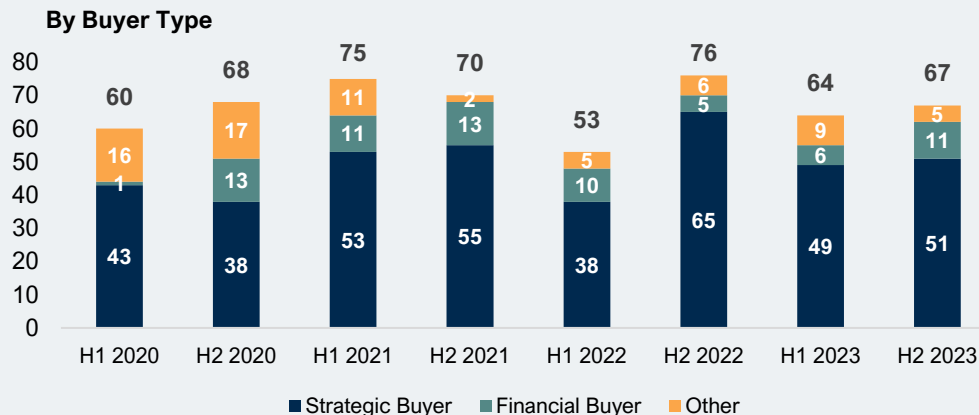
Market Outlook

- Plateauing and/or declining interest rates combined with falling UK food inflation and fragmented sub-sectors should help to drive higher levels of M&A activity in 2024. This will be supported by pent up demand set against lower volumes of deal activity in recent years with both corporate and institutional investors having significant cash reserves to deploy. Access to new customers, products and markets will continue to drive M&A strategies across all sub-sectors.

H2 2023 At A Glance



UK M&A Transaction Volumes



Key Trade and Private Equity Transactions

Premier Foods acquires Fuel 10K Ltd a protein enriched breakfast brand | EV £33.6m

- Substantially increases Premier's position in the breakfast space and provides an on-trend proposition attracting a young consumer demographic. FUEL10K's commitment to sustainability supports Premier's ESG credentials.

Britvic acquires Jimmys Iced Coffee, the fastest growing ready-to-drink iced coffee brand | EV £24.9m

- Focus on great taste with fewer calories and fully recyclable packaging makes it a perfect fit for Britvic.
- Jimmy's to benefit from Britvic's existing customer relationships, supply chain expertise and procurement capabilities.

Onore acquires Cakesmiths, an independent manufacturer of artisan cakes | EV undisc.

- Demonstrates Onore's commitment to growing in the UK Bakery sub-sector having acquired Proper Cornish earlier this year and provides an exit for LDC who helped Cakesmiths more than double revenue and near triple EBITDA in two years.

Apollo acquires Wagamama owner The Restaurant Group in a 'take-private' deal | EV £1.1bn

- Having recently offloaded its Frankie & Benny's and Chiquito chains, TRG starts a new phase in its lifecycle and receives the support of a patient private capital investor to achieve its ambitions.

DBAY Advisors acquire Finsbury Food Group, one of the UK's largest speciality bakery groups | EV: £178m

- A take-private deal to provide investment and operational support to pursue the current strategy of scaling Finsbury's buy-and-build M&A in the future.

Fairfax Financial acquires 'significant' stake in Meadow Foods, a value-add ingredients business | EV undisc.

- With new backing Meadow will continue to focus its efforts on becoming a market leader in dairy and plant-based ingredients for sustainability, targeting net zero operational sites by 2030 and to be fully net zero by 2050.

Food Nutrition Have acquired	Soft Beverages Have acquired	Bakery & Confectionary Have acquired
Foodservice Have acquired	Bakery & Confectionary Have acquired	Food Ingredients Have acquired a significant stake in
Food Ingredients Have acquired	Plant-based Have acquired	Petfood Have acquired

Clairfield View

TRADE

“Trade buyers continue to demonstrate a willingness to invest in premium, scalable brands which align with current market trends”

PRIVATE EQUITY

“H1 saw an uptick in standalone private equity investments in the sector as well as continued appetite for bolt-ons to support existing platform investments”

Clairfield In The Sector In H2 2023

Clairfield advised the shareholders of Town & Country Fine Foods on its sale Musgrave Group in H2 2023

- Town & Country is a Royal Warrant holder and specialist supplier of chocolate, canapés, pastry, décor and related ingredients to high-quality restaurants, hotels, banqueting and hospitality professionals.
- The transaction continues Musgrave's expansion into the UK food service market (having acquired Ritter Courivaud in H2 2023) whilst highlighting the growing consolidation within the fragmented foodservice distribution segment.

Wholesale & Distribution

TOWN & COUNTRY
FINE FOODS

Sold to

“The Clairfield team displayed excellent knowledge of the UK and international foodservice market and added significant value and support throughout the transaction.”

Judy Lyell, Founder of Town & Country Fine Foods

“Listed multiples have increased across Food Manufacturing and Food Retail sub-sectors over the last six months reflecting reducing food inflation and a slight ease in the cost-of-living crisis”

Alcohol and Soft Beverages			
Company	Type	EV/EBITDA Multiple	EV/Rev Multiple
DIAGEO	Alcohol	13.8x	4.9x
naked WINES	Alcohol	5.4x	0.2x
Virgin WINES	Alcohol	9.4x	0.2x
FEVER-TREE	Beverage	45.6x	3.1x
BRITVIC	Beverage	11.3x	1.6x

Food Manufacturing			
Company	Type	EV/EBITDA Multiple	EV/Rev Multiple
BAKKAVOR	Food Manufacture	6.0x	0.4x
Associated British Foods plc	Food Manufacture	8.0x	1.0x
HILTON Food Group plc	Meat	8.1x	0.3x
CRANSWICK plc <i>Great British Taste</i>	Meat	10.1x	0.9x

Food Retail			
Company	Type	EV/EBITDA Multiple	EV/Rev Multiple
ocado	Grocery Retail	n.a	2.0x
Sainsbury's	Grocery Retail	5.8x	0.4x
TESCO	Grocery Retail	7.1x	0.5x
GREGGS	Other Food Retail	10.6x	1.8x
HOTEL Chocolat.	Other Food Retail	26.2x	2.8x

Other			
Company	Type	EV/EBITDA Multiple	EV/Rev Multiple
Domino's	Food Delivery	14.7x	2.7x
KITWAVE Wholesale group®	Wholesale	8.4x	0.5x
TATE & LYLE	Food Ingredients	8.1x	1.5x

Source: Capital IQ

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

Mergers & Acquisitions Advisory

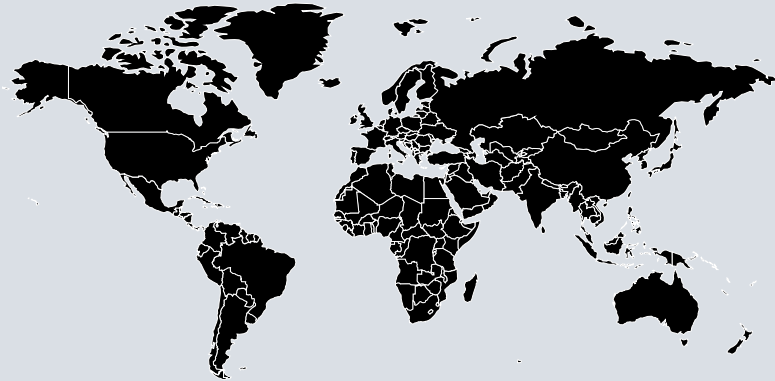
Strategic Advisory

Capital Solutions

Headquartered in Europe with locations in every major region worldwide, we offer access to corporate businesses, investors, and key decision makers, combined with thorough understanding of local regulations and cultures.

300+ Professionals

35+ Offices globally



80% International mandates

140+ Transactions per year

Top 10 Midmarket rankings

Recent Clairfield Food & Beverage Transactions

Wholesale & Distribution

TOWN & COUNTRY FINE FOODS

Sold to

Musgrave

Beverages

CLESSIDRA Private Equity SGR

Acquired

EVERTON Tea House Taste of Nature

Petfood

Little Big Paw

Sold to

PBG

Bakery

Bramble FOODS

Sold a minority stake to

LDC

Bakery

The Unsworth Family

Have acquired a minority stake in

GEARY'S CRAFT BAKERS

Wholesale & Distribution

wellocks the perfect ingredient

Was sold to

WILLIAM JACKSON FOOD GROUP

Alcohol

VIVINO

\$155m Series D fundraising

Wholesale & Distribution

TRANSGOURMET

Acquired

GM FOOD IBERICA GENERAL MARKETS FOOD IBERICA



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