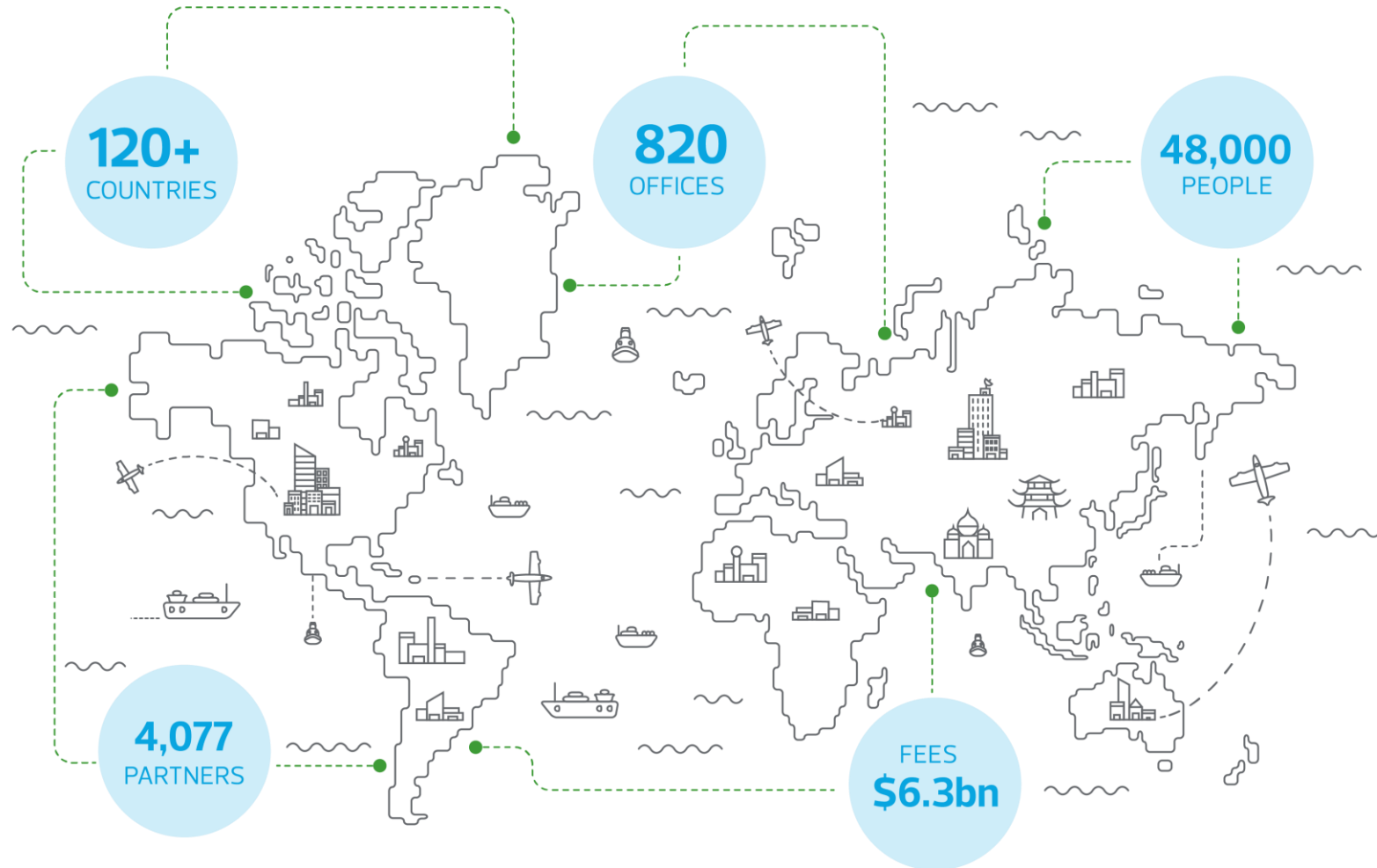


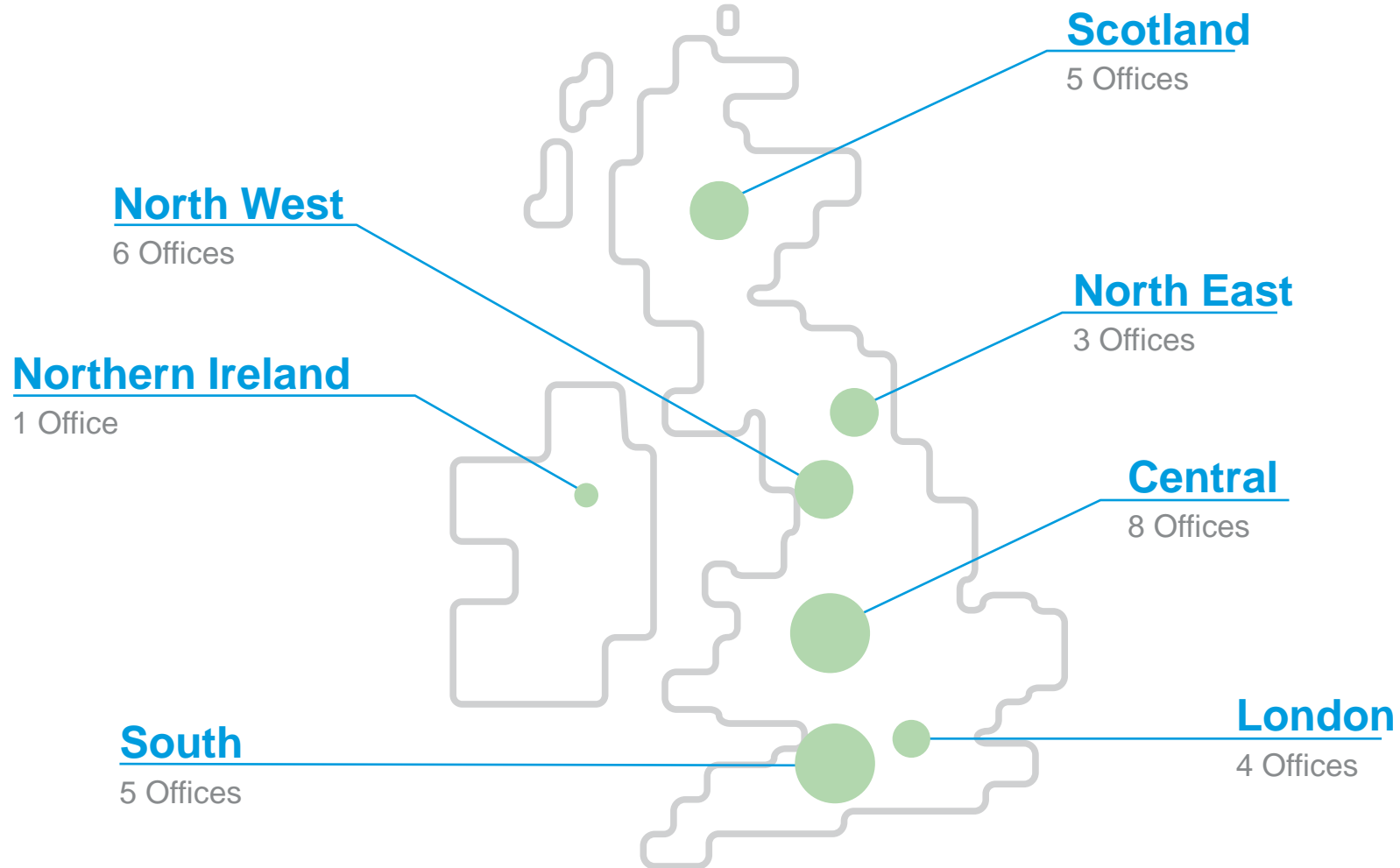
TRANSACTIONS AND PRIVATE EQUITY INVESTMENT IN THE FOOD AND DRINK SECTOR

29 June 2022

Our global footprint



Where are we in the UK?



What is the industry currently facing?

- producer price inflation



- increasing demand from overseas



- staff shortages



- further supply chain disruption



- investment in innovation



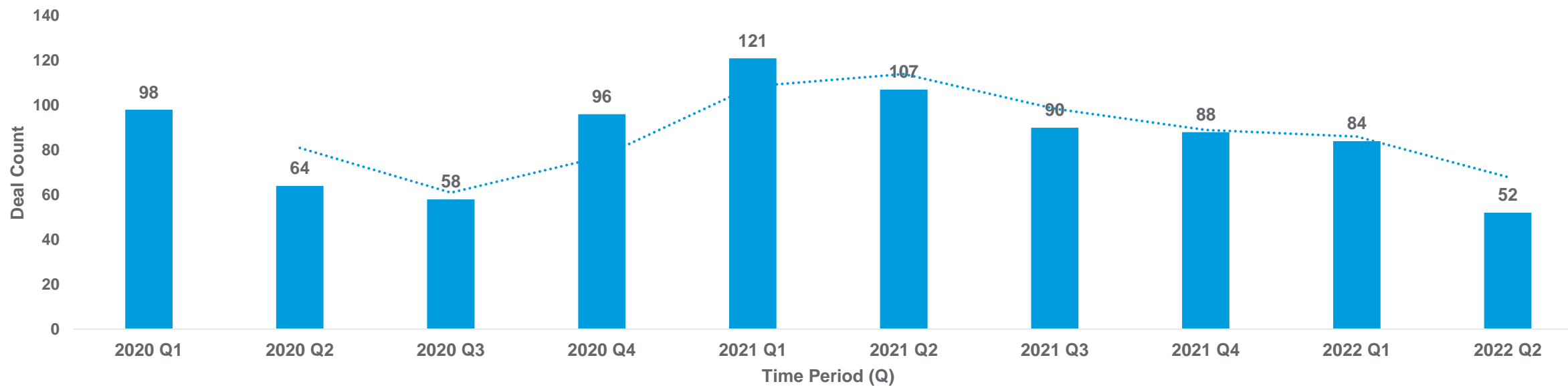
“The UK consumer must get used to paying more for food and drink. For many businesses, output prices have only increased by half as much as input costs.”



FOOD AND DRINK SECTOR: Q1 2022

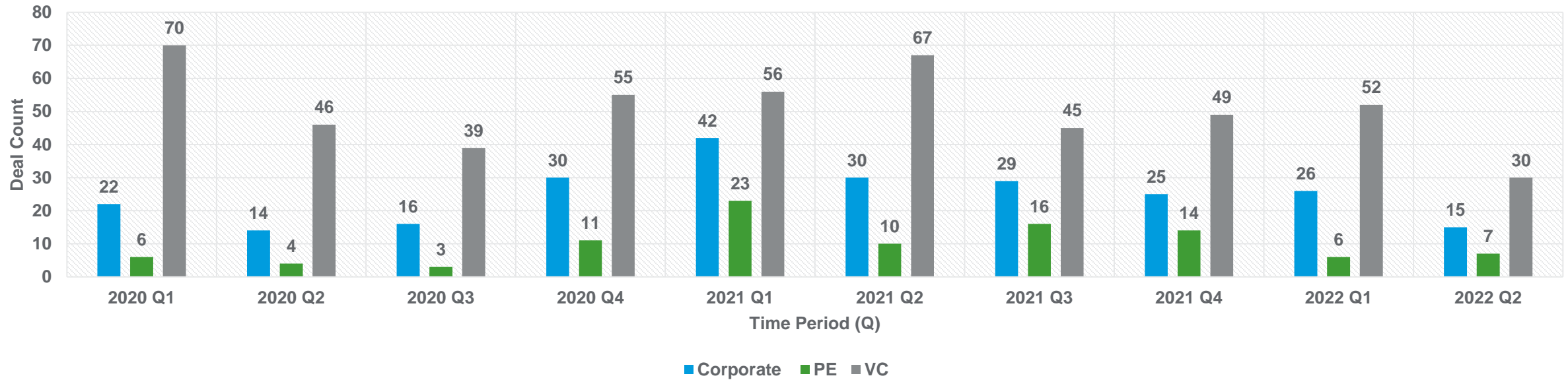
Insights and analysis against a tough economic backdrop

Food and drink deals by volume



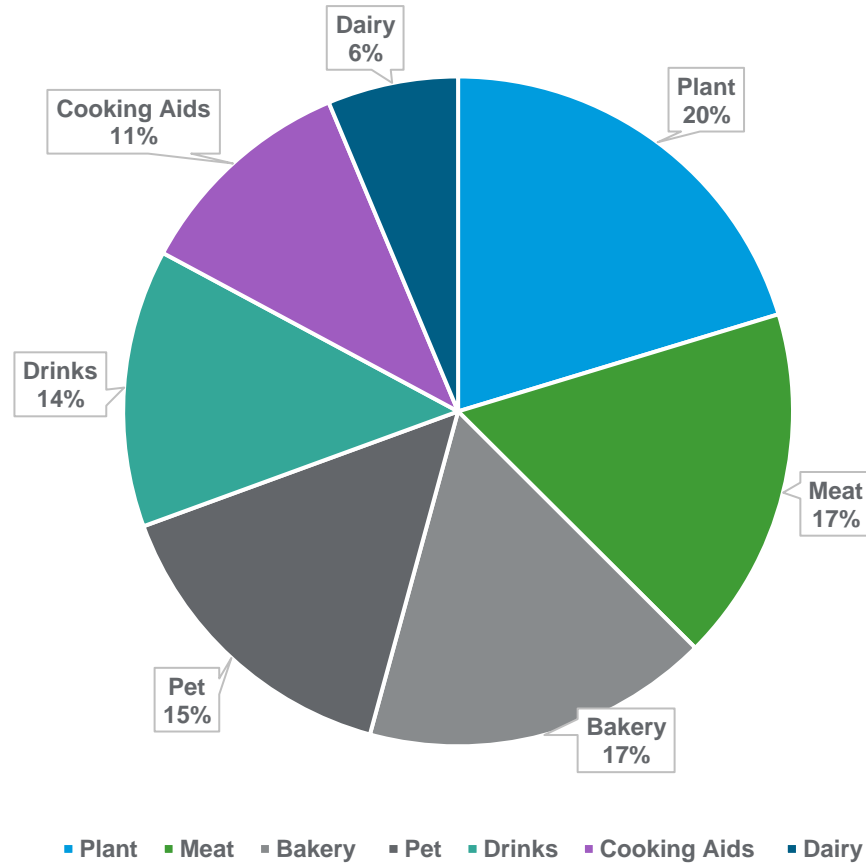
➤ Deal volumes in the sector are returning to numbers at pre-pandemic levels

Food and drink deal volumes (UK HQ)



- There were no mega-deals this quarter reflecting growing investor caution about headwinds facing the sector.
- Investors were particularly focused on early stage, high growth companies.
- PE and VC backed deals peaked as COVID restrictions started to ease and the hospitality sectors returned to normality.

Deals by subsector Q4 2021 to Q1 2022



Subsector spotlight
Bakery based foods
Plant based foods

Targets

Buyers/Investors



GRIDDLE



Preparation for a transaction

Taking the time to prepare means we can run a tightly controlled, highly competitive process. We will help you prepare for a transaction and will only go to market when the time is right.

Shareholder aspirations

Timing

Growth opportunities

Housekeeping

Management information

Technology DD

Working capital

Data room

Vendor assist vs vendor due diligence

Tax



Private & Confidential

26 June 2022

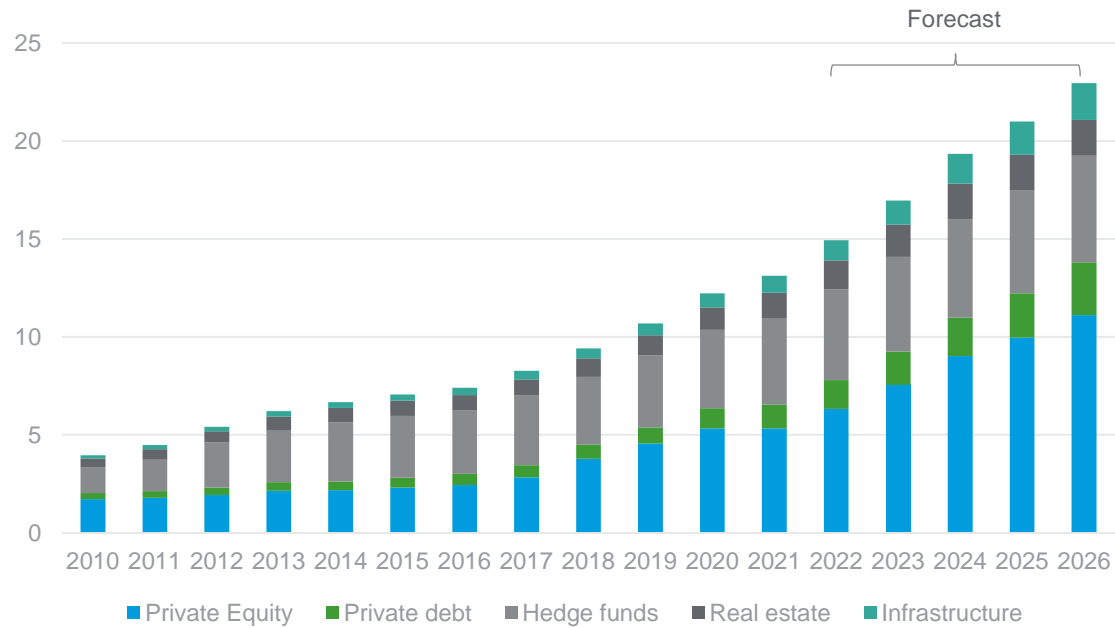


TRANSACTIONS AND PRIVATE EQUITY INVESTMENT IN THE FOOD & DRINK INDUSTRY

Key observations about PE

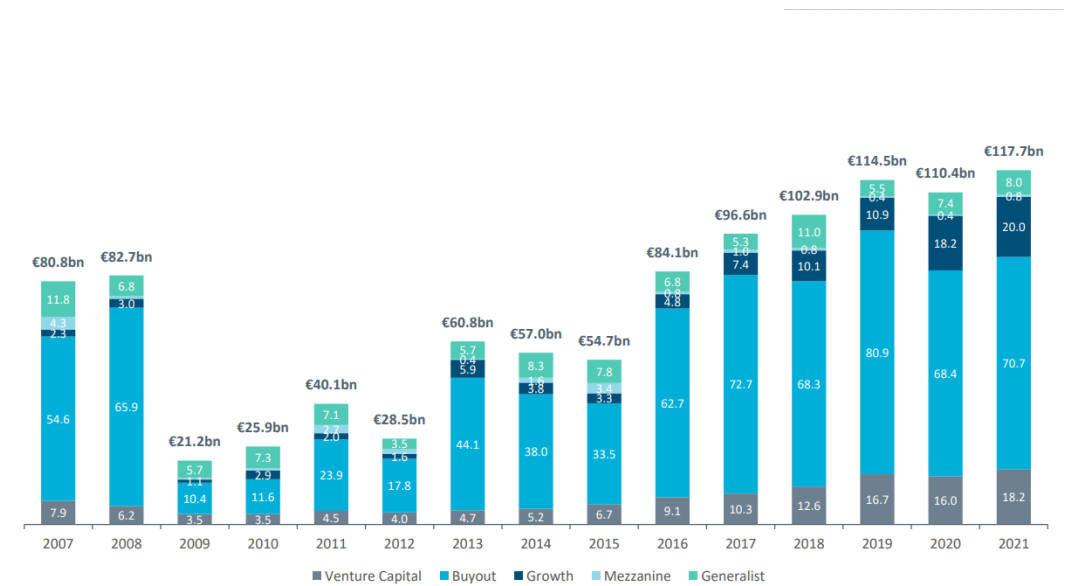
A WAVE OF CAPITAL TO DEPLOY

Alternative Assets Under Management - Global (\$tn)



Source: Preqin, FT

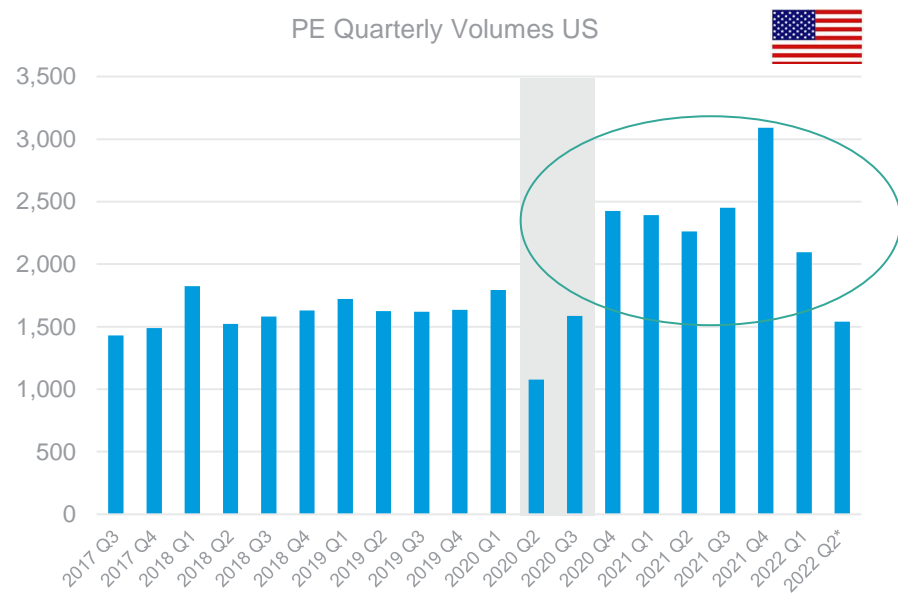
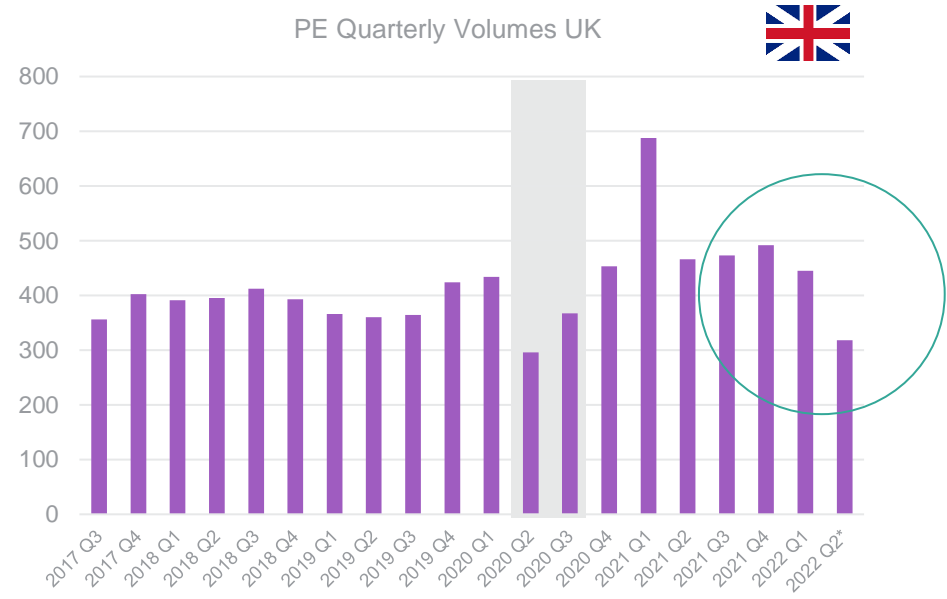
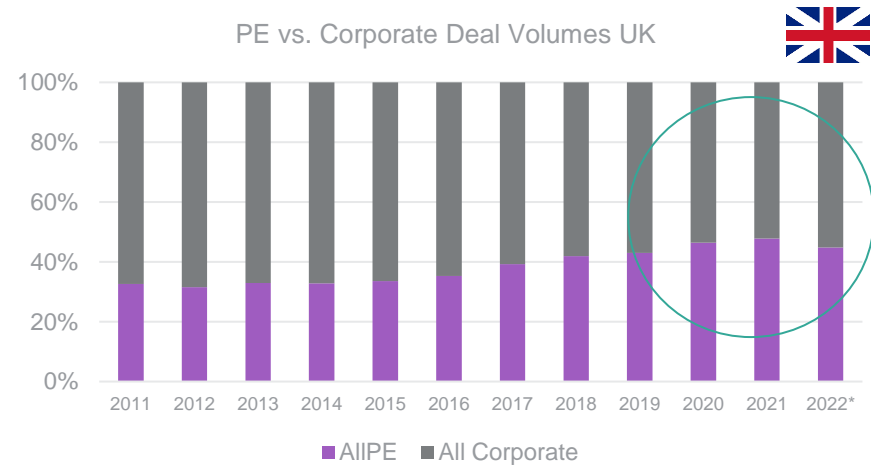
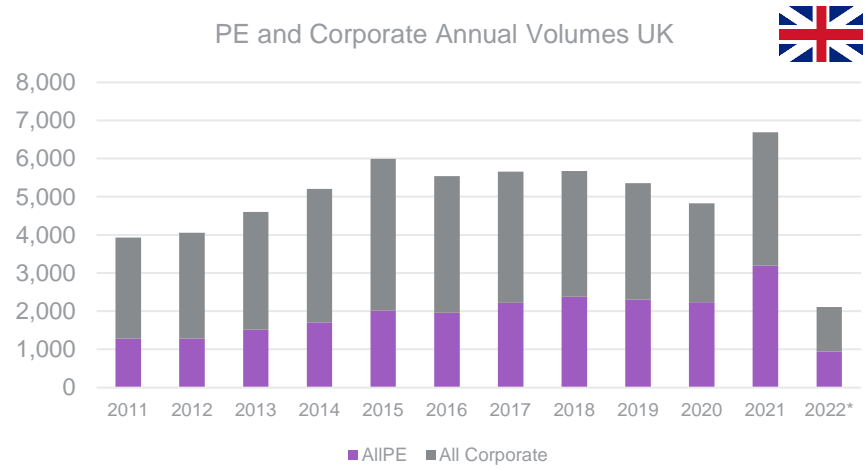
European fund raising



Source: Invest Europe / EDC. Note: Buyout includes turnaround/rescue and replacement capital funds

Source: Invest Europe

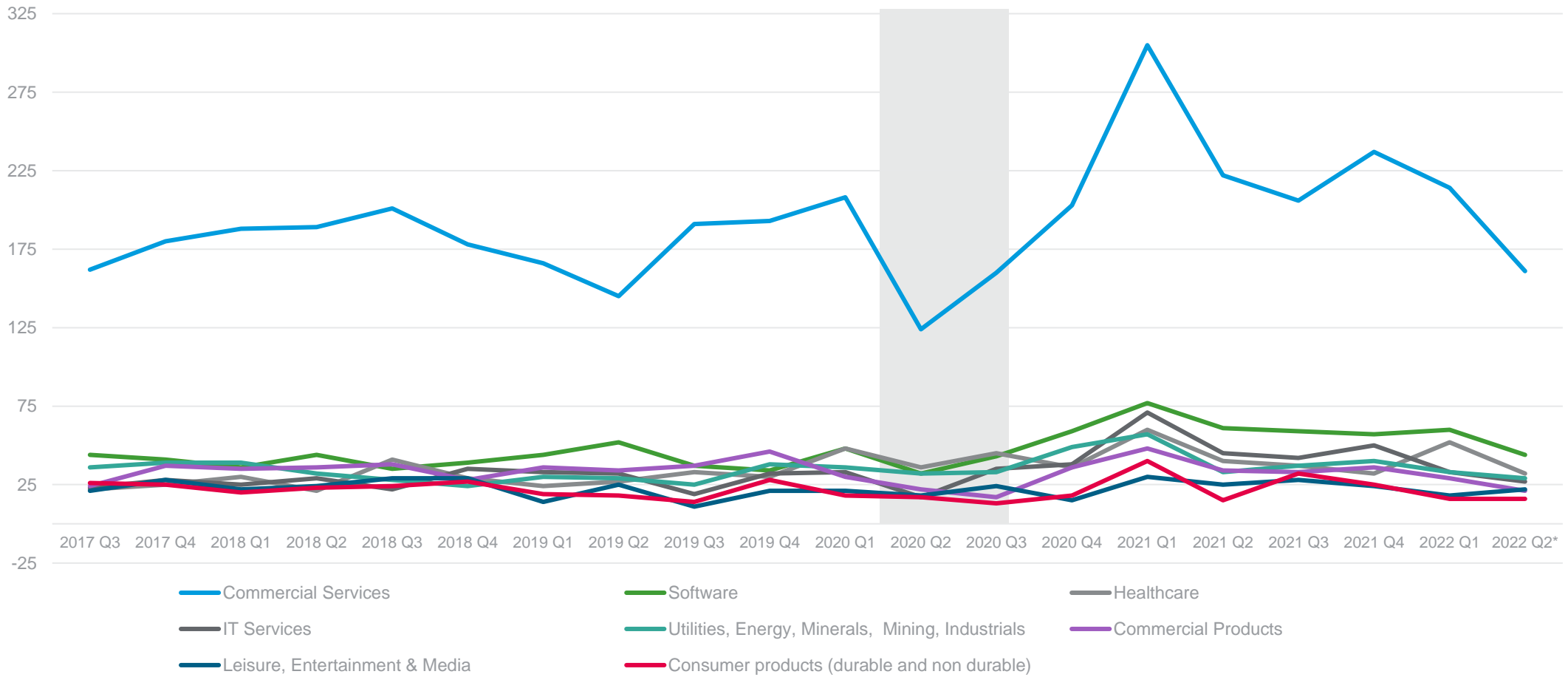
PE DEAL VOLUMES HAVE BEEN CATCHING CORPORATES, BUT OVERALL VOLUMES HAVE COME DOWN IN LAST QUARTER



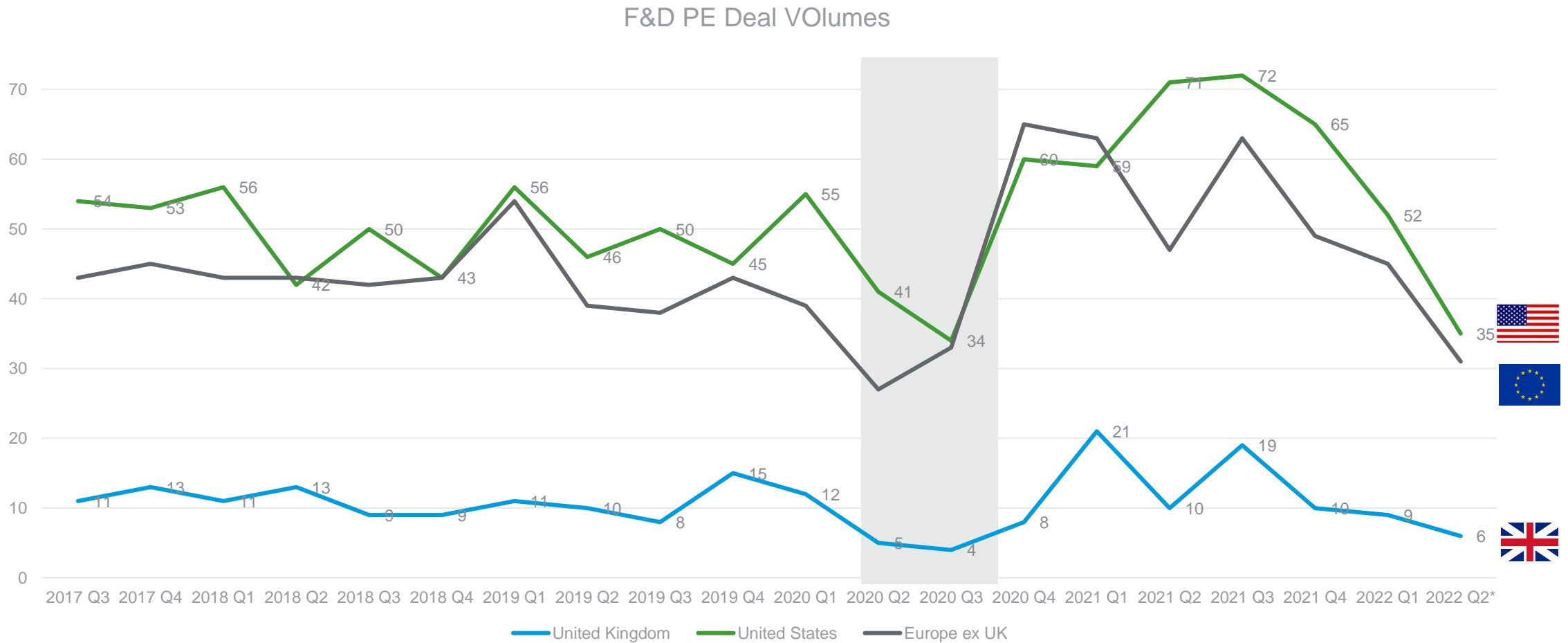
Source: PitchBook Data Inc, 24 June 2022. Country indicates HQ of target company

COMMERCIAL SERVICES ACCOUNTS FOR NEARLY 50% OF UK PE DEAL VOLUME. CONSUMER GOODS MADE UP 5% OF VOLUME SINCE 2020

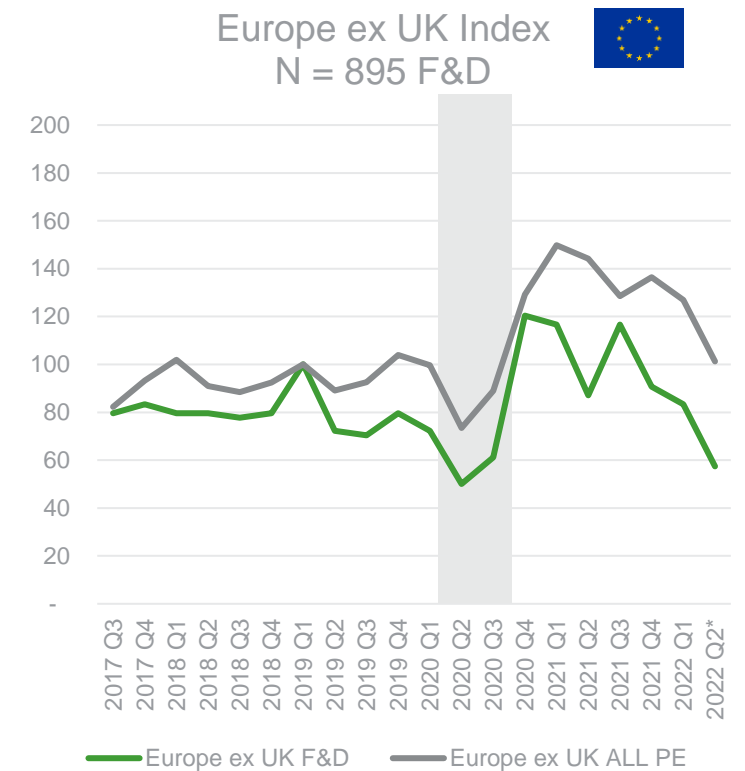
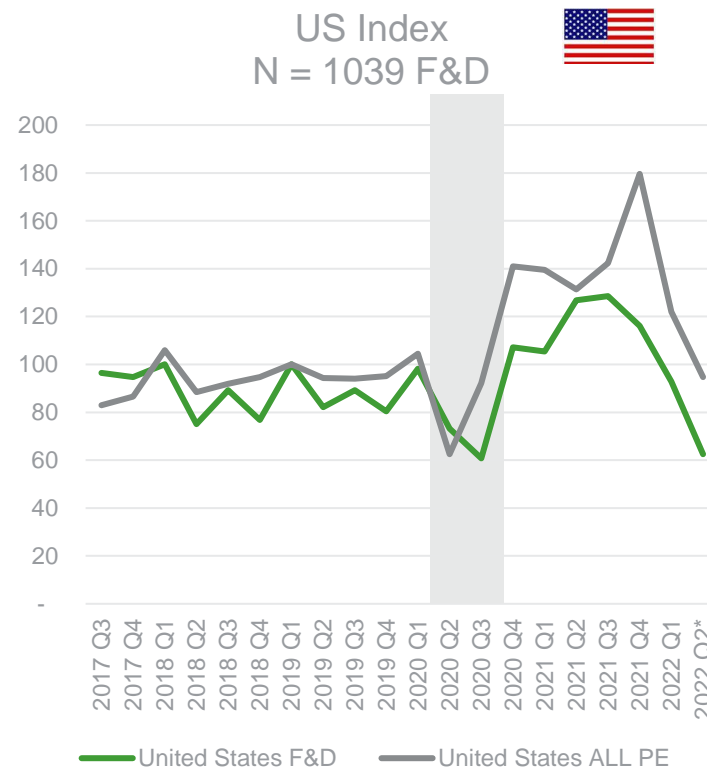
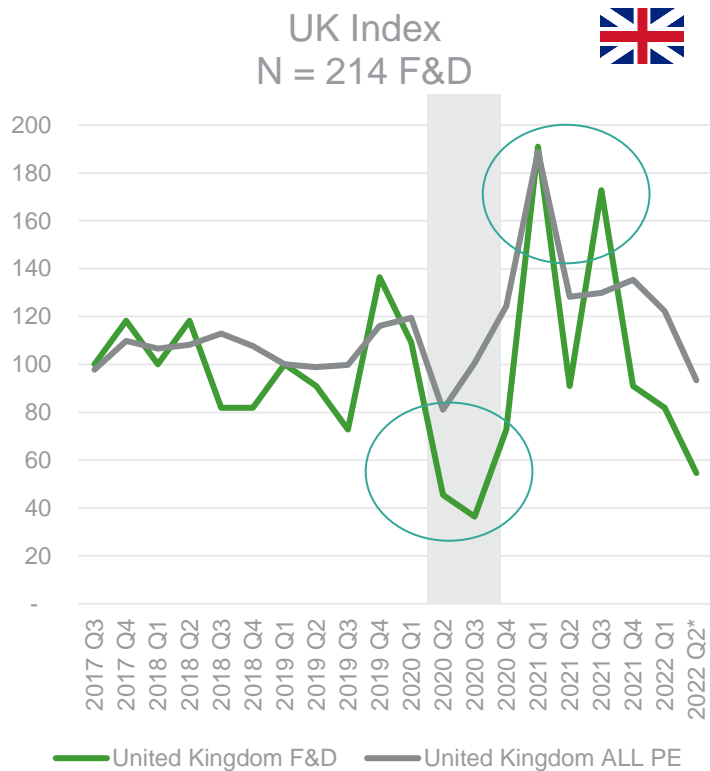
UK PE Volumes by sector



FOOD & DRINK PE DEAL VOLUMES REBOUNDED POST COVID BUT HAVE BEEN WANING IN 2022



UK F&D VOLUMES ARE MORE VOLATILE THAN THOSE IN US AND EUROPE

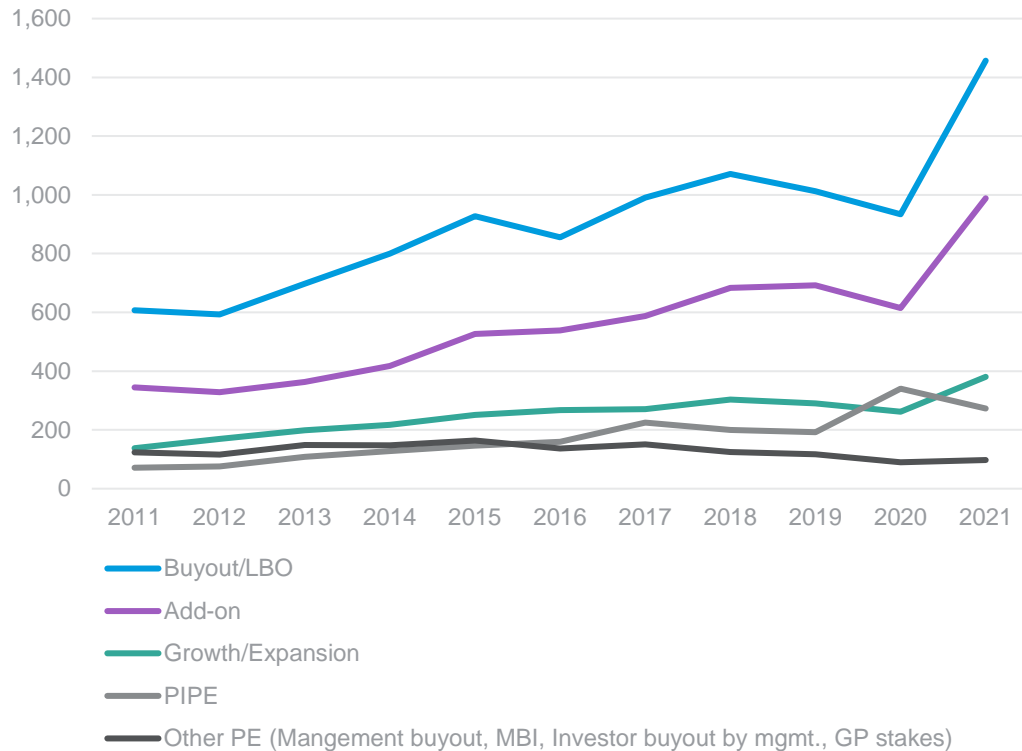


PE Deal Volumes (Food & Drink, and All PE), Index 100 = 2019 Q1

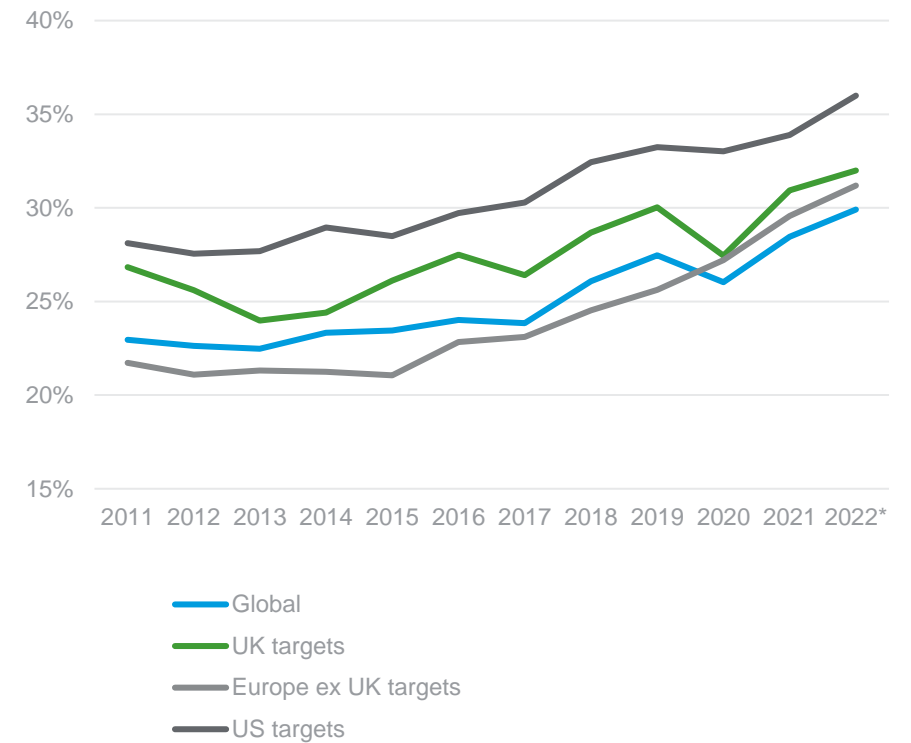
ADD-ONS ARE INCREASINGLY BEING USED IN PE

Strengthens strategic position and opportunity to create value via multiples arbitrage

PE Deal Types UK



Add-ons as % of all PE deals



Add-ons are acquisitions made by PE-backed companies
 Source: PitchBook Data Inc, RSM UK

PE & Your company?

WHAT IS PE LOOKING FOR

Typical attributes sought in a business

Mandatory:

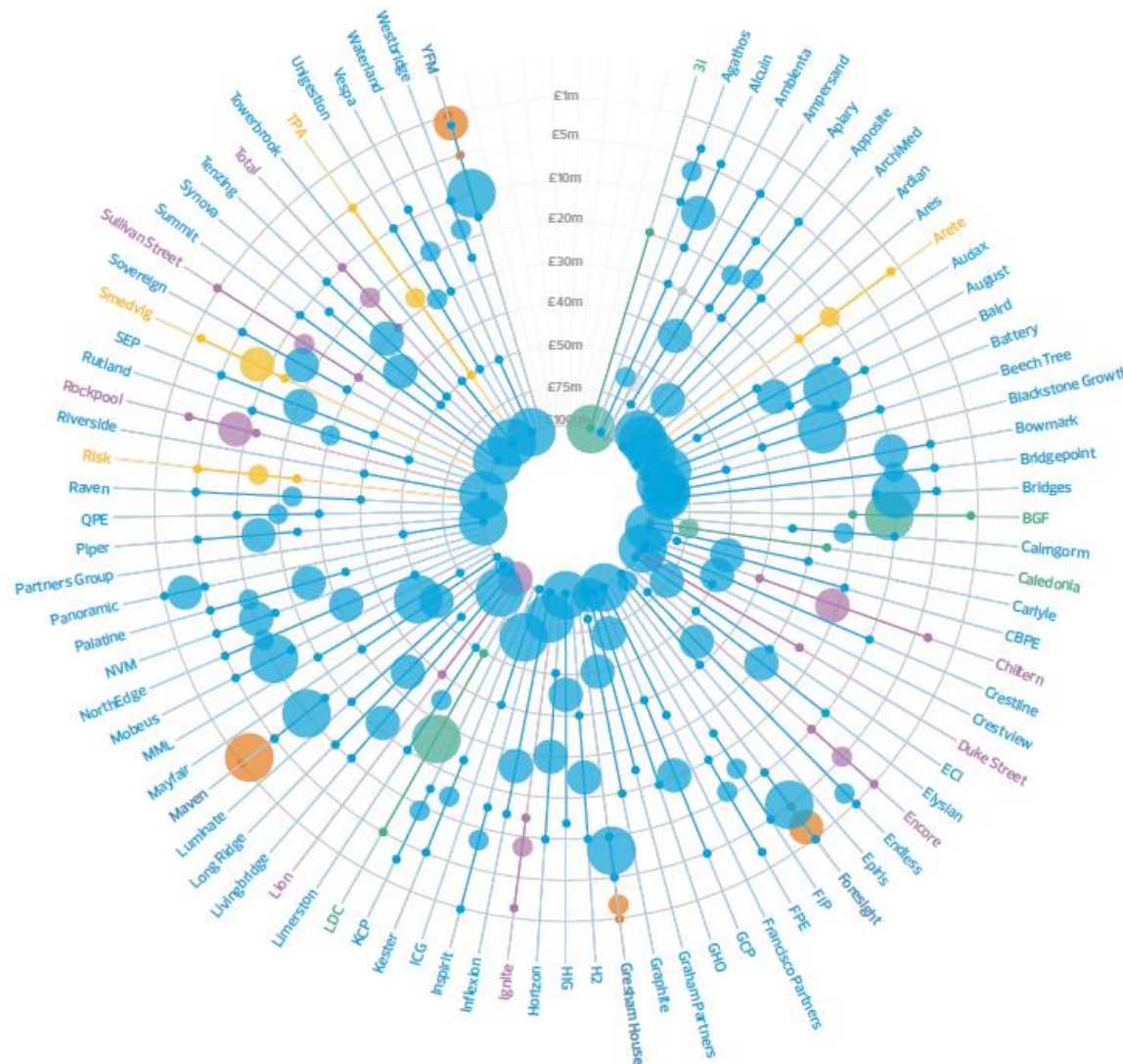
- **Market**
 - Favourable industry trends
 - Recurring revenue and reliable cash flows
- **Prospects**
 - Multiple drivers of growth
 - Opportunity to make add-on acquisitions

Desirable but optional, with an impact on price:

- **Profile**
 - Strong management team
 - Strength of proposition
 - Diversified client base
 - A competitive business plan
 - Optimised capital expenditure
 - Operational discipline
 - Financial discipline
 - Traction on ESG and sustainability initiatives
- **Clear exit strategy**

THE UNIVERSE OF PE BUYERS IS LARGE, AND VARIED

There's a large pool to consider, with variances in investment focus and approach



Our private equity clients

- Portfolio size of 26+
- Portfolio size of 11-25
- Portfolio size of 1-10

- Fund
- Family office
- Deal by deal
- VCT
- Balance sheet

Select All
 Deselect All

£100m+ Average target investment size
 £1 million - £100 million plus

FUNDS THAT TARGET AND/OR REGULARLY INVEST IN THE FOOD & DRINK SECTOR EITHER EXCLUSIVELY OR AS KEY ELEMENT OF THEIR STRATEGY



NOTABLE FOOD & DRINK BRANDS BACKED BY PRIVATE EQUITY



ICG, TDR
£100m deal value
April 2021



Exponent
\$212m
May 2021



Bridgepoint
£100m
June 2021



Bain
Undisclosed
Sept 2021



Partners Group
Undisclosed
Sept 2020



Bridgepoint
Undisclosed
Nov 2017



Piper
£10m dev cap
Mar 2017



Endless
£125m
Feb 2020



Panoramic
£1m
Sept 2014



CapVest
£185m
July 2019



Felix Capital
Undisclosed
Jan 2021 pre IPO



Active Partners
£3m
Feb 2021



Three Hills Capital
Undisclosed
Feb 2018



Baring Private Equity
£512m
Sept 2015



JAB Holding
£185m dev cap
Feb 2021



Mayfair
£85m
Nov 2015



Durable Capital
\$180m
Jan 2021 pre IPO



Investec
Undisclosed
Oct 2018

WHAT YOU CAN EXPECT FROM YOUR PE-BACKER

Emphasis on EBITDA growth and risk mitigation



Thirst for information and data-driven decision making



Support of change, multiple focus areas of improvement (especially in the first two years)



Rising emphasis on ESG



Bolstered management team



Add-on acquisitions



Emphasis on operational risk management



Always with an eye on the exit

Thank you
for your time
and attention

Contact details



Stuart McCallum

Partner, Head of Food and Drink

DL +44 (0) 141 285 3869

E: stuart.mccallum@rsmuk.com

 [Stuart McCallum](#)



John Gillibrand

Partner, Corporate Finance

DL +44 (0)1284 772980

E: john.gillibrand@rsmuk.com

 [John Gillibrand](#)



Jasper Van Heesch

Director, PE Senior Analyst

DL +44 20 3201 8522

E: jasper.vanheesch@rsmuk.com

 [Jasper Van Heesch](#)

If you have any queries about the content of this presentation, do not hesitate to get in touch.