

Leading the way

A review of consumer deals in 2018



Snapshot



36

Sector deals in 2018



16

Deals involving private equity



£4.73bn

Cumulative value



5

Deals involving cross-border elements



£131m

Average deal value



6

Deals involving public-listed businesses

Foreword



Trefor Griffith

Head of Consumer and Food and Beverage, Corporate Finance Partner

T 0207 728 2537

E trefor.a.griffith@uk.gt.com

There can be no doubt that the Consumer sector remains an ever-evolving and increasingly complex and uncertain environment in which to operate.

It would be remiss not to acknowledge the ongoing challenges and uncertainty triggered by Brexit. But even more deep-rooted than Brexit are the shifting trends driven by an increasingly discerning and evolving consumer. On top of which, disruptors (ranging from new entrants through to technology) continue to evolve and consumer confidence remains understandably subdued.

Despite the political and macroeconomic headwinds, M&A activity in the Consumer sector in 2018 remained strong, and notably in the Food & Beverage (F&B) and Travel, Tourism & Leisure (TTL) sectors. Since the Referendum vote, Brexit has not impacted on M&A in the Consumer sector in the way initially feared. Whilst it inevitably caused some strategic agendas to be postponed, conversely, Brexit has served as a catalyst for M&A in other instances. Some overseas companies have engaged in M&A to establish or strengthen a UK footprint prior to Brexit, and specifically in the F&B sector, we have noted a pick-up in outbound M&A as UK companies seek to increase their routes to market, alongside furthering export channels.

The Retail and Hospitality sectors continue to be hardest hit by the headwinds and long-term disruptive consumer trends, with high-profile casualties across both sectors. It seems to be a tale of two halves – broadly speaking retail players with dominant bricks and mortar portfolios have suffered the most, whilst niche operators with a strong online presence, and those with a value, premium or artisan offering, are prospering. Likewise in the Hospitality sector, brand fatigue and the rise in online delivery have contributed to the downfall of many high-profile casual dining groups.

Whilst consumer confidence and pockets are constrained, consumers are being more selective and prioritising spend on experiential offerings, especially holidays. Travel companies with a niche offering in particular are thriving, in particular, those whose form is activity-based, tailored premium or staycation.

Alongside the demand for experiential, it is the small and agile disruptors that are winning the hearts, minds and pennies of the consumer. Brands that address the wellness theme continue to prosper: the rise in veganism and demand for plant-based proteins shows no let up. In particular in the F&B sector, the large FMCG groups continue to review their portfolios to ensure they are relevant, and divest heritage parts of their business. At the same time, they are snapping up the small disruptors nipping at their heels.

Strong consumer appetite in turn translates into M&A appetite, from both trade and Private Equity (PE) investors. Stellar UK brands continue to attract both international trade and PE appetite, across all deal sizes.

With the ongoing uncertainty surrounding Brexit, it would be plausible if investors and consumers demonstrate an element of a wait-and-see approach, as no-one thrives on uncertainty. Whilst consumers and investors will continue to be cautious about where to invest, one thing is certain: deal-makers, just like consumers, will not go away.

Food and beverage tombstones

<p>Edrington Distillers Limited</p>  <p>Disposal of the Cutty Sark brand</p> <p>Blended Scotch whisky</p> <p>£undisclosed December 2018</p> <p>Grant Thornton provided vendor due diligence services</p>	<p>Jarr Kombucha Limited</p>  <p>Strategic investment into Jarr Kombucha Ltd from Duvel Mortgat N.V.</p> <p>Consumer</p> <p>£undisclosed October 2018</p> <p>Grant Thornton provided corporate finance advisory services</p>	<p>Scoffs Group Limited</p>  <p>Acquisition of Premiere Coffee Limited</p> <p>Food and beverage – Costa Franchise</p> <p>£undisclosed October 2018</p> <p>Grant Thornton provided due diligence services</p>	<p>Carrs Foods Limited</p>  <p>Sale of Carrs Foods to BGF</p> <p>International branded bakery business</p> <p>£undisclosed October 2018</p> <p>Grant Thornton provided corporate finance advisory and tax services</p>	<p>Rosa's London Limited</p>  <p>Sale of Rosa's Thai Cafe to TriSpan Rising Stars LP</p> <p>Casual dining</p> <p>£undisclosed June 2018</p> <p>Grant Thornton provided corporate finance advisory services</p>
<p>Treait plc</p>  <p>Sale of Earthoil Plantations Limited to Univar Limited</p> <p>Supplier of personal care ingredients</p> <p>£11 million May 2018</p> <p>Grant Thornton provided corporate finance advisory services</p>	<p>Demipower Limited and HSBC Bank plc</p>  <p>Refinancing and acquisition of 47 KFC restaurants from Kentucky Fried Chicken (Great Britain) Ltd</p> <p>Fast food restaurants</p> <p>£undisclosed February 2018</p> <p>Grant Thornton provided corporate finance advisory, financial due diligence and financial modelling services</p>	<p>The West Berkshire Brewery plc</p>  <p>Fundraising for a craft brewery</p> <p>Craft brewery</p> <p>£3.2 million January 2018</p> <p>Grant Thornton provided corporate finance advisory services</p>	<p>Maverick Pubs Limited</p>  <p>Fundraising for a wet-led pub company</p> <p>Pub operator</p> <p>£5 million January 2018</p> <p>Grant Thornton provided corporate finance advisory services</p>	<p>SBR South Limited</p>  <p>Refinancing and acquisition of 4 KFC restaurants from Kentucky Fried Chicken (Great Britain) Ltd</p> <p>Fast food restaurants</p> <p>£undisclosed January 2018</p> <p>Grant Thornton provided due diligence services</p>

Carrs Foods secures investment from BGF

Client name:

Carrs Foods Limited

Sector:

Food and beverage

Transaction type:

Private equity investment

Services provided:

Corporate finance advisory and tax advisory services



Carrs Foods is a market leading international branded bakery business, supplying brioche and other bakery products across the world via its three brands: St Pierre; Baker Street; and Paul Hollywood. The company has recently rebranded as St Pierre Groupe.

Background to deal

Carrs Foods engaged us to act as lead advisors on securing investment as a result of our sector, local and private equity credentials.

Solution

We introduced BGF, the UK's most active investment company that provides patient capital for small and medium-sized enterprises.

Our deal experience, relationships and technical capability ensured a seamless process and successful outcome.

Trefor Griffith, Corporate Finance Partner at Grant Thornton, commented: "We are extremely proud to have advised the shareholders of Carrs Foods; it's an incredible business and we believe BGF is a great new partner for the company."

"We have built Carrs Foods up over a number of years and we are delighted with the outcome. We're thankful to the Grant Thornton team for all their help and support throughout this transaction. We are excited to enter into this new era partnered with BGF and continue building on our recent success."

**Jeremy Gilboy, Managing Director
Carrs Foods International Limited**

Retail tombstones

<p>The Children's Furniture Co. Limited</p>  <p>Foresight Group investment in The Children's Furniture Co. Limited Furniture retail</p> <p>£undisclosed November 2018</p> <p>Grant Thornton provided due diligence services</p>	<p>Bluegem II LP</p>  <p>Acquisition of make-up and beauty products retailer Make-up brand</p> <p>£undisclosed July 2018</p> <p>Grant Thornton provided due diligence services</p>	<p>Syngenta International AG</p>  <p>Acquisition of Icepage Limited (parent company of Floranova Limited) Flower and vegetable seed breeder</p> <p>£undisclosed July 2018</p> <p>Grant Thornton provided due diligence and anti-bribery and corruption services</p>	<p>Kester Capital LLP</p>  <p>Acquisition of Jolles Retail Group Limited Retail</p> <p>£undisclosed May 2018</p> <p>Grant Thornton provided due diligence, tax structuring and SPA advisory services</p>	<p>Bluegem II LP</p>  <p>Acquisition of QMS Medicosmetics GmbH Skincare brand</p> <p>£undisclosed May 2018</p> <p>Grant Thornton provided due diligence services</p>
<p>CorpAcq Limited</p>  <p>Acquisition of Cotton Traders Limited by CorpAcq Limited Clothing retail</p> <p>£undisclosed May 2018</p> <p>Grant Thornton provided due diligence services</p>	<p>Robinsons Motor Group Mercedes-Benz division</p>  <p>Sale to Group 1 Automotive Motor retail</p> <p>£undisclosed February 2018</p> <p>Grant Thornton provided corporate finance advisory and tax services</p>	<p>Swallowfield plc</p>  <p>Acquisition of the Fish brand Male grooming brand</p> <p>£2.7 million February 2018</p> <p>Grant Thornton provided due diligence services</p>	<p>Venanpri Group</p>  <p>Acquisition of Burgon & Ball Limited Manufacturer and distributor of garden and agricultural tools</p> <p>£undisclosed January 2018</p> <p>Grant Thornton provided due diligence services</p>	

Jarr Kombucha receives a partial share capital purchase from Duvel Mortgat N.V.

Client name:

Jarr Kombucha Ltd

Sector:

Food and beverage

Transaction type:

Partial acquisition

Services provided:

Corporate finance advisory services



Jarr Kombucha (Jarr) is a London-based drinks business, producing and selling a premium and authentic kombucha brew to the UK market, a non-alcoholic ancient Chinese fermented tea soft drink.

Background to deal

Jarr engaged our growth finance team to help find a strategic partner to support its growth ambitions to expand production capacity and enhance its sales and marketing functions, enabling wider distribution to on-trade, supermarkets and national distributors.

Solution

The growth finance team supported in the preparation of a regulatory compliant Investment Memorandum and ran a competitive deal process with a number of selected equity partners. Our support led to significant share capital purchase by Duvel Mortgat N.V., a well-established, family-run Belgian brewery.

The deal will see management receive support from Duvel around strategic areas such as export and large-scale production. Duvel's partial acquisition is typical of an increasing number of deals we are seeing involving industry partners offering strategic support to early-stage businesses.

We provided full lead advisory support to the shareholders, delivering a hands-on approach testing the funding strategy and business plan. Drawing on our food and drink industry expertise, we provided targeted support to shareholders in discussions with prospective UK and European investors. This enabled a timely and joined up process for all parties and secured a prosperous future for the business.

Travel, tourism and leisure tombstones

<p>Bridge Leisure Parks Limited</p>  <p>Acquisition of a caravan leisure and holiday park site</p> <p>Holiday park operator</p> <p>£undisclosed October 2018</p> <p>Grant Thornton provided due diligence services</p>	<p>Reed & Mackay</p>  <p>Acquisition of Hillgate Travel</p> <p>Travel management</p> <p>£undisclosed April 2018</p> <p>Grant Thornton provided buy-side commercial due diligence services</p>	<p>GVC Holdings plc</p>  <p>Acquisition of Ladbrokes Coral plc</p> <p>Online gaming and sports betting</p> <p>£3.2 billion March 2018</p> <p>Grant Thornton acted as reporting accountant</p>
--	---	---

Scoffs Group Limited acquires Premiere Coffee Limited

Client name:

Scoffs Group Limited

Sector:

Food and beverage

Transaction type:

Acquisition

Services provided:

Due diligence services



Scoffs Group Ltd is a leading Costa Coffee franchisee currently operating a portfolio of 29 Costa stores located in North East London and the eastern UK counties.

Background to deal

Scoffs Group has acquired Premiere Coffee Limited which operates a portfolio of 57 Costa stores located in the southern UK counties. The acquisition created the largest Costa Coffee franchisee in the UK with a combined portfolio of 86 stores. Funding for the acquisition was provided by HSBC UK Bank plc.

Solution

We provided financial and tax due diligence services relating to the acquisition. We assisted Scoffs Group throughout the process, completing the report efficiently to a tight deadline that ensured a successful outcome for all parties.

“We are impressed with the level of commitment, sector knowledge and expertise Grant Thornton has displayed throughout the transaction. We are very happy with Grant Thornton’s advice and look forward to working with them further in future.”

Carlo Jawed,
Chairman and Finance Director, Scoffs Group Limited



“The Growth Finance team were integral in the successful fundraise for Maverick, from inception through business plan to completion they helped every step of the way. Without the access to the various services that Grant Thornton can offer we wouldn’t have successfully launched our venture.”

Tom Lucas
Director, West Berkshire Brewery

“The Grant Thornton team provided financial, tax and IT due diligence to support a key international transaction of ours.

They worked well with our other advisers, adopted a hands-on approach and remained supportive and responsive throughout the process, providing practical and commercial advice which added real value for us.

Overall, we enjoyed working with the Grant Thornton team and would happily recommend them to others going through a similar process.”

Jon Auzmendi
Global Financial Vice President,
Venanpri Group (formerly Natt Tools Group Inc.)

“We found Grant Thornton to be extremely helpful in getting a complicated deal through. The team was fantastic and provided great support throughout. They were helpful, they understood the deal and were willing to go that little bit further to make it all happen, they did what was necessary. We would recommend using Grant Thornton.”

Haider Zaman
Director, SBR South Limited

For more information on Grant Thornton International member firms, please visit www.grantthornton.global

Corporate finance advisory

Head of Corporate Finance

Andy Morgan
T 0207 865 2626
E andrew.morgan@uk.gt.com

Consumer

Trefor Griffith
T 0207 728 2537
E trefor.a.griffith@uk.gt.com

Nicola Sartori

T 0207 865 2936
E nicola.a.sartori@uk.gt.com

Usman Malik

T 0207 728 2321
E usman.b.malik@uk.gt.com

Alex Harris

T 0207 865 2303
E alex.j.harris@uk.gt.com

Nikki Calver

T 0207 184 4425
E nikki.calver@uk.gt.com

Joanna Penny

T 0207 865 2594
E joanna.s.penny@uk.gt.com

Ishpal Bedi

T 0207 728 2322
E ishpal.s.bedi@uk.gt.com

Central & East

Darren Bear
T 0122 322 5673
E darren.m.bear@uk.gt.com

Phil Sharpe

T 0122 322 5609
E phil.j.sharpe@uk.gt.com

North West

Peter Terry
T 0161 953 6350
E peter.terry@uk.gt.com

Scotland

Neil McInnes
T 0141 223 0618
E neil.mcinnes@uk.gt.com

Midlands

Maria Thomas
T 0121 232 5227
E maria.s.thomas@uk.gt.com

South

Wendy Hart
T 0186 579 9938
E wendy.e.hart@uk.gt.com

Yorkshire & North East

Richard Goldsack
T 0113 200 2653
E richard.goldsack@uk.gt.com

Deal services

Debt Advisory

Chris McLean
T 0207 865 2133
E christopher.mclean@uk.gt.com

Philip Stephenson

T 0161 214 6343
E philip.stephenson@uk.gt.com

Financial Due Diligence

Mo Merali
T 0207 728 2501
E mo.merali@uk.gt.com

Hemal Shah

T 0207 728 2635
E hemal.shah@uk.gt.com

Nigel Mattinson

T nigel.mattinson@uk.gt.com
E 0207 728 3101

Dan Rosinke

T 0113 200 2507
E dan.u.rosinke@uk.gt.com

John Panteli

T 0117 305 7680
E john.panteli@uk.gt.com

Alex Hyde

T 0121 232 5245
E alex.s.hyde@uk.gt.com

Financial Modelling

Rob Bayliss
T 0207 865 2655
E rob.bayliss@uk.gt.com

IT / Technology / Digital Diligence

Richard Joyce
T 0207 728 2161
E richard.joyce@uk.gt.com

Operational Diligence

Alan Dale
T 0207 865 2777
E alan.dale@uk.gt.com

Pensions Advisory

Paul Brice
T 0207 728 3423
E paul.f.brice@uk.gt.com

Private Equity

Valentina Vitali
T 0207 865 2896
E valentina.vitali@uk.gt.com

Restructuring

Shaun O'Callaghan
T 0207 865 2887
E shaun.m.ocallaghan@uk.gt.com

SPA Advisory

Patrick O'Brien
T 0207 728 3161
E patrick.g.obrien@uk.gt.com

Strategy and Commercial Due Diligence

Ven Balakrishnan
T 0207 865 2695
E ven.balakrishnan@uk.gt.com

Wealth Advisory

Neil Messenger
T 0114 262 9712
E neil.messenger@uk.gt.com

Working Capital

Alex Mumford
T 0207 865 2852
E alex.fg.mumford@uk.gt.com

Treasury

Paul Harrison
T 0207 865 2124
E paul.a.harrison@uk.gt.com

