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Food & Drink

Top 5 Food & Drink deals of 2017

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Grenade
Acquired by Lion Capital

Pukka Herbs
Acquired by Unilever

Brewdog
Investment by TSG Consumer Partners

Addo Foods
Secondary buy-out backed by LDC

Weetabix
Acquired by Post Holdings

Lion Capital's acquisition of Grenade

The active nutrition company was bought out this year by private equity firm Lion Capital in a deal valuing the business at £72m. Grenade was founded in 2010 by Alan and Juliet Barratt, who subsequently sold a stake in the company to Grovepoint Capital in 2014, which at the time valued Grenade at £16m. Back then Grenade offered just six products which were primarily sold through specialist retailers.

The company has since launched a variety of new products, including its 'Carb Killa' range of high-protein bars and low carb drinks. It has also expanded distribution into mainstream convenience and grocery channels in the UK and abroad, meaning its products are now sold in more than 100 countries. This is a great example of excellent new product development and on-trend branding driving a valuation towards the top of the market.

Pukka Herbs sale to Unilever

Unilever, owner of PG Tips and Liptons, increased its presence in the herbal tea market by acquiring Bristol-based Pukka Herbs this year. Sebastian Pole and Tim Westwell, founders of the brand known for its exotic flavours such as turmeric gold and mint matcha, as well as cleansing and detox teas, sold the business to Unilever for an undisclosed sum. The pair have agreed to stay on to help drive global expansion.

The sale initially raised fears that the brand would lose its independent and ethical values after being taken over by a multinational corporation. But Pole said Pukka had agreed "solid iron-clad commitments" from Unilever to stand by its ethical standards including 100% organic, "fair for life" Fairtrade and FairWild accreditation for wild collected herbs The deal is a great example of a global giant making a small but strategic acquisition in a niche area, and promising to keep the business ethics intact.

TSG Consumer Partners investment in Brewdog

In 2017, independent craft brewer BrewDog sold 23% to TSG Consumer Partners in a £213m transaction, including £100m to fund BrewDog's continued global expansion, with the balance of proceeds to provide for early shareholder liquidity. The transaction valued BrewDog plc at approximately £1bn enterprise value. TSG Consumer Partners is a San-Francisco based leading strategic equity investor in high-growth consumer brands. TSG was founded in 1987 and has helped over 70 brands grow, including successful investments in global brands like vitaminwater, thinkThin, popchips and many others.

The deal is a great example of a successful UK crowd funded growth story going global partnered by a US investor. At a £1bn valuation, craft beer fans that invested in Equity for Punks IV, which closed in April 2016, have seen the value of their shareholding increase by 177% in just one year.

Secondary buy-out of Addo Foods backed by LDC

In 2017, private equity firm LDC backed the secondary buyout of Addo Food Group, the UK's leading chilled savoury pastry producer in a transaction that marked a successful exit for Vision Capital. LDC invested to support Addo's growth strategy, which includes further investment in product innovation, expansion into new markets through organic growth and potential acquisitions in adjacent markets.

Headquartered in Nottingham, Addo produces more than 287 million packs of chilled savoury pastry products every year. The business manufactures a range of own brand and branded products including sausage rolls, hot pies, slices, pork pies, scotch egg products and quiches, which it supplies to the UK's leading names in food retail including all the major supermarkets.

The deal is a great example of a long held and heritage business doing the right deal, at the right time. The business was in a challenging position following Northern Foods disposal, but grew under Vision's stewardship, including the acquisition of Kerry's chilled division. With LDC's backing, it is now poised for a new phase of growth that requires re-investment. This fits LDC's model and management's appetite at a point where private label businesses such as Addo are in favour with retailers.

Weetabix, sold by Bright Food to Post Holdings

UK cereal brand Weetabix was snapped up by the US company Post Holdings in a deal worth £1.4bn. The breakfast cereal favourite, made in Britain since 1932, was put up for sale in January by China's Bright Food, which took a majority stake in 2012.

Weetabix is made in the small town of Burton Latimer, near Kettering, Northamptonshire, and will become part of America's third-largest cereal company. The Weetabix portfolio includes Alpen, the number one muesli brand in the UK, Ready Brek, and Weetos. While it has some overseas manufacturing plants, all of the wheat that goes into Weetabix biscuits is grown within 50 miles of its base in Burton Latimer.

The deal is an example of a huge cross border deal that succeeded where an earlier deal did not. When Shanghai-based Bright Food bought Weetabix, it had hoped the cereal would become popular in China as part of a general trend towards more western eating habits. However, while sales of Weetabix have risen in China, market share has disappointed as traditional rice and steamed bread remain popular breakfast staples.

Smart advice

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- Raising private equity capital
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