

This webinar will start shortly

In the meantime, why not sign up to receive RSM insights?



For more information visit:

<https://www.rsmuk.com/what-we-offer/industries/manufacturing/food-and-drink>

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PRIVATE AND CONFIDENTIAL

RSM / FDF

Transactions and private equity
investment in food and drink
June 2024



Stuart McCallum

RSM Partner
Head of Food and Drink
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LinkedIn profile:



RSM in the UK

4715

People

360+

Partners

30

Locations

>£486m

Revenue

RSM global network

6th largest **global** audit,
tax and consulting network

64,000

People worldwide

820

Offices

120

Countries

\$9.4bn

US Dollars

WHAT'S THE OUTLOOK FOR OUR FOOD AND DRINK CLIENTS?

WHAT'S ON THE HORIZON?



- Health
- Summer of sport
- Food security
- Regulation
- Political uncertainty.....

THE ECONOMIC OUTLOOK



- Inflation
- Interest rates
- Wage inflation
- Back to economic growth

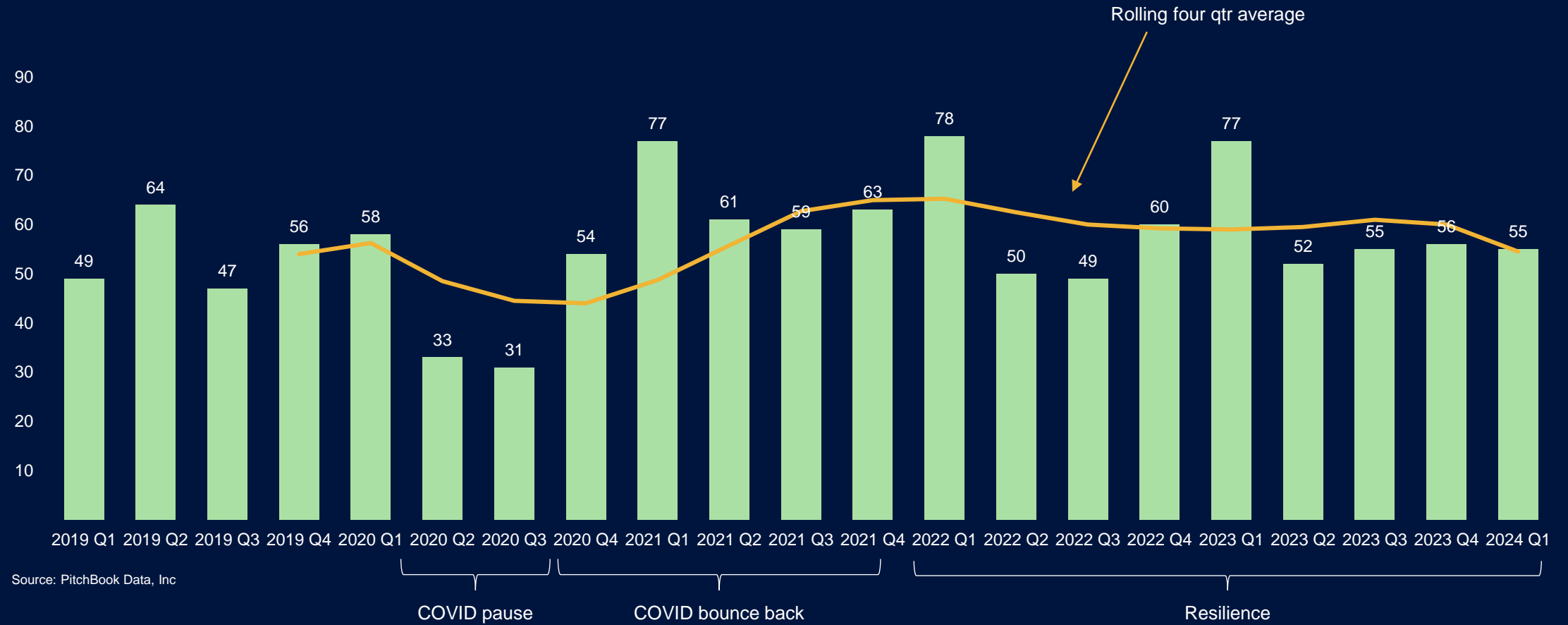
Rhys Jennings

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Food and drink deal volumes

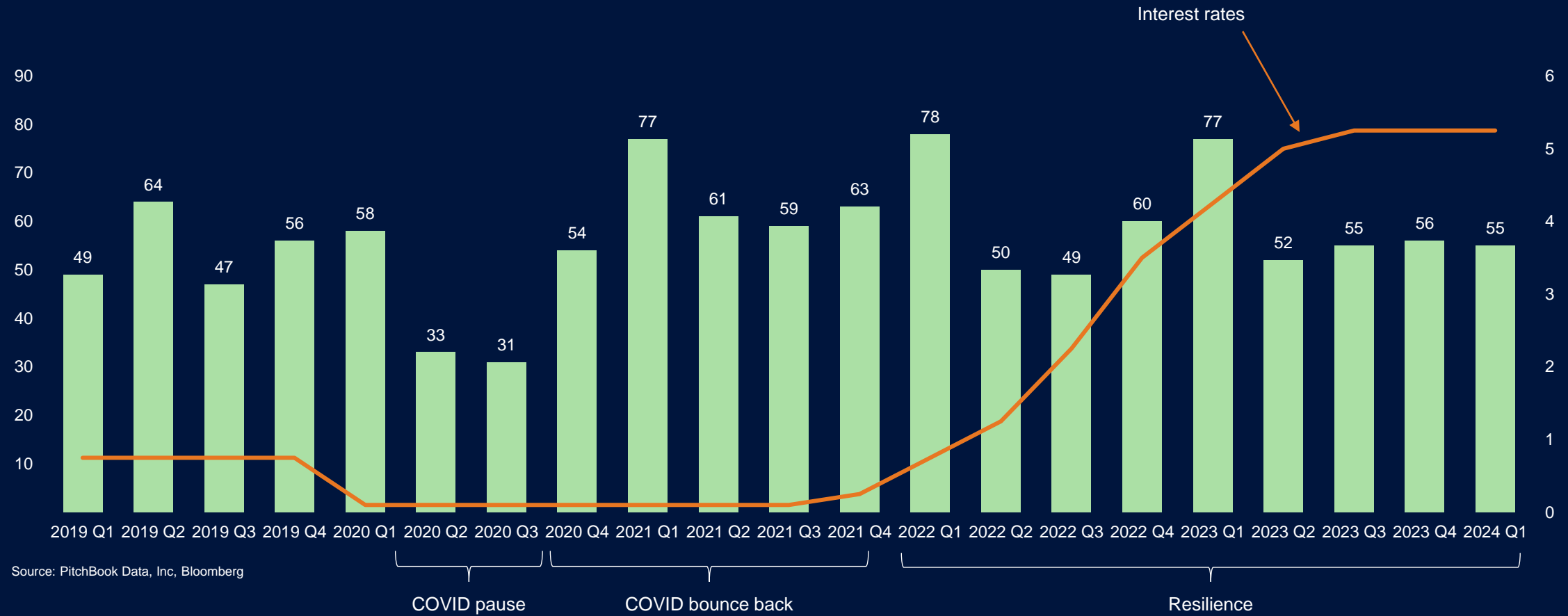


Source: PitchBook Data, Inc

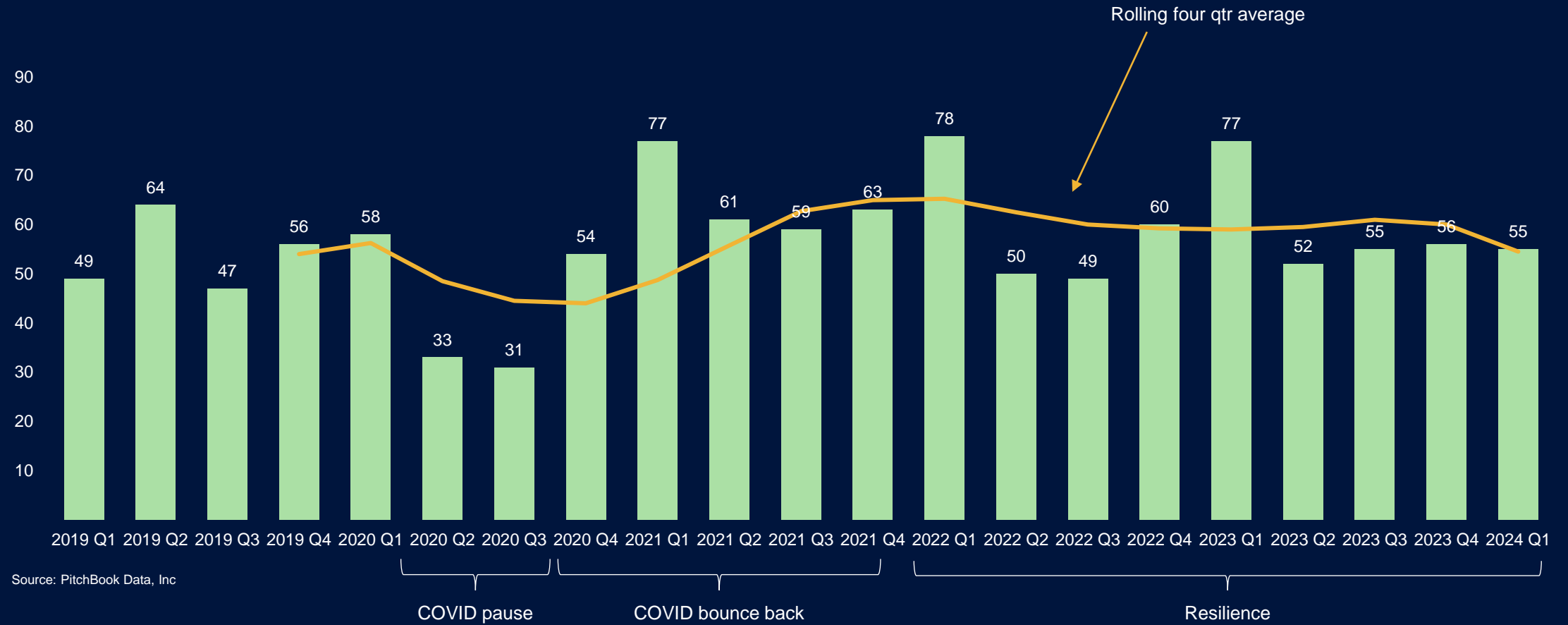
Food and drink deal volumes



Food and drink deal volumes

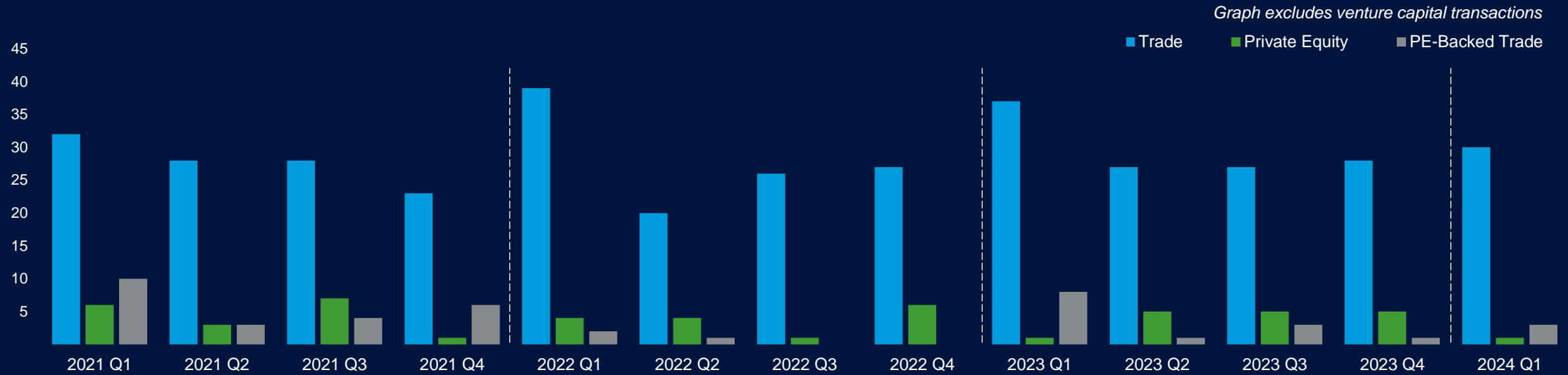


Food and drink deal volumes



Source: PitchBook Data, Inc

Deal volumes – by type



Source: PitchBook Data, Inc



70:30
UK vs overseas
investment

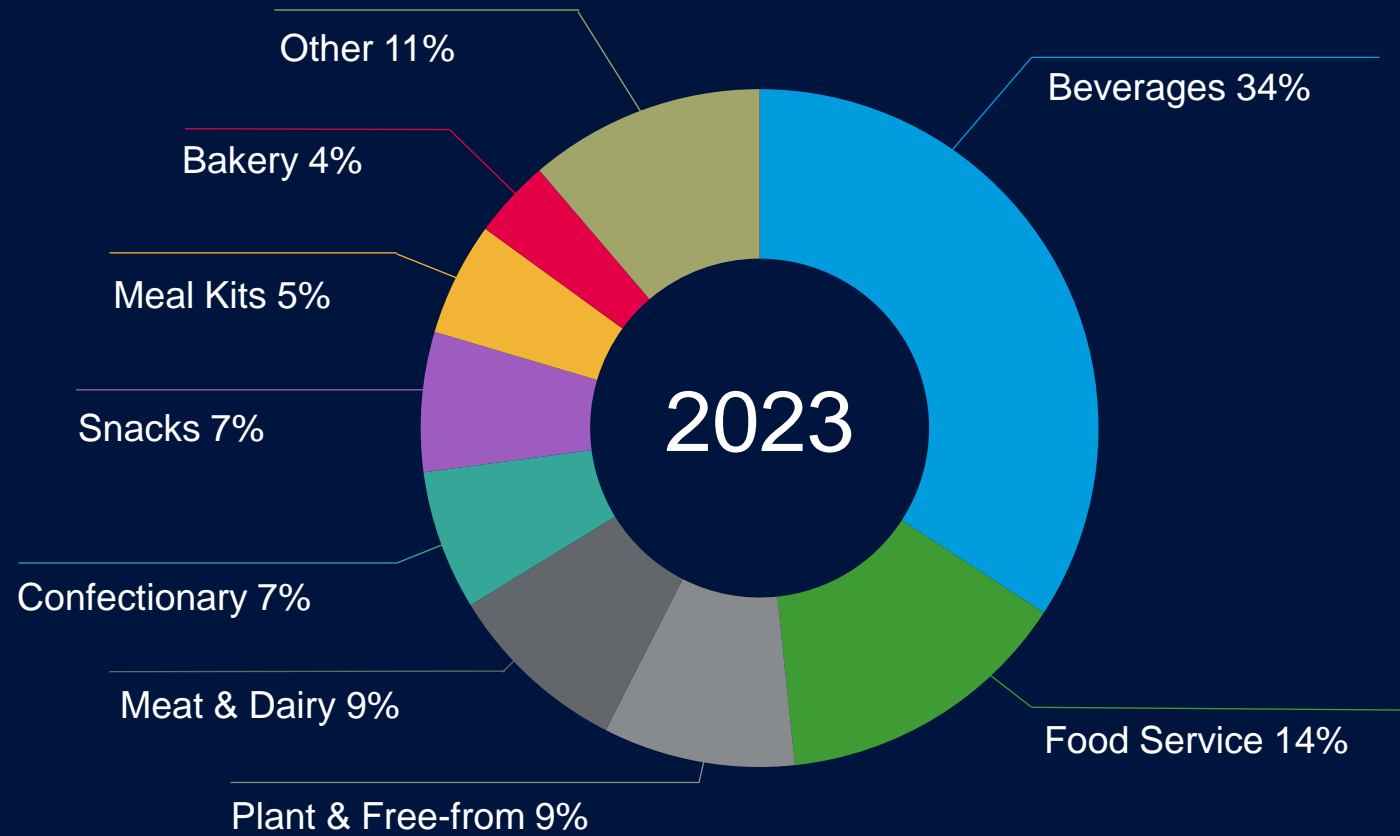


14%
YOY increase in
transactions in
2023



13
PE backed trade
acquisitions - 2023

Deal volumes - by subsector



Future considerations

Upcoming election

01

Industry 4.0

03

Role of ESG in transactions

05

02

Business Asset
Disposal Relief

04

Cost volatility –
supply chain,
inflation, labour

Jasper van Heesch

RSM Director
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PE market update

An adapting market

June 2024

Jasper van Heesch, Senior Analyst – Private Equity, Industry Eminence Program



Private equity

An adapting market

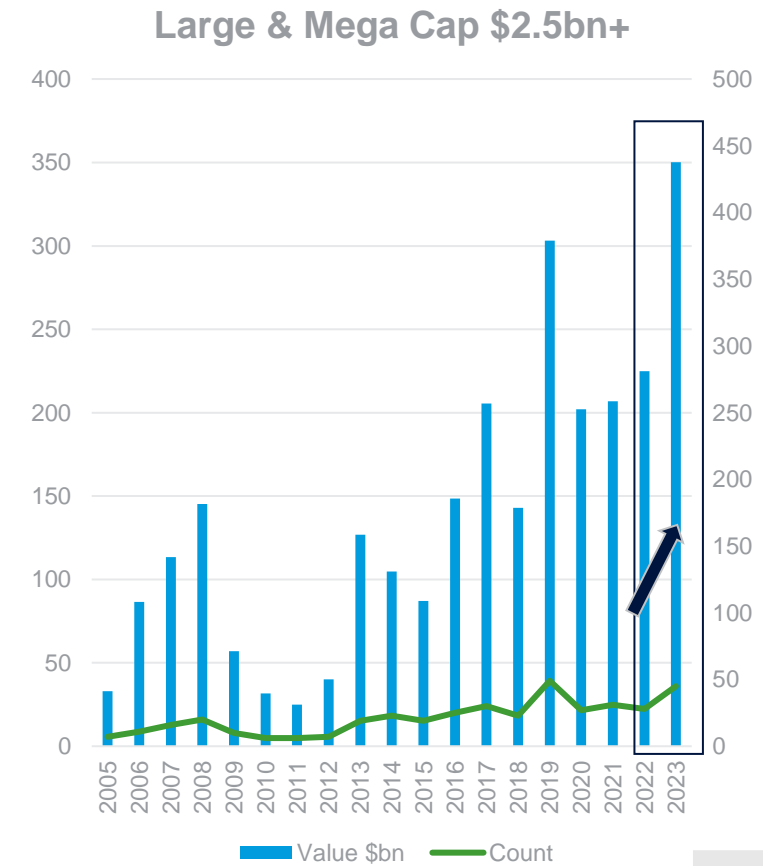
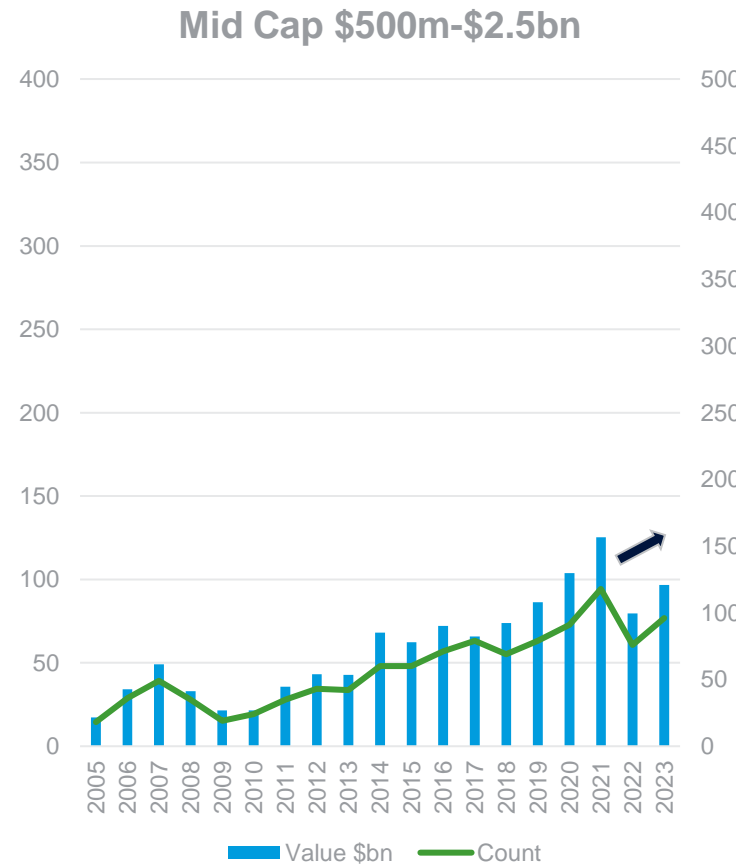
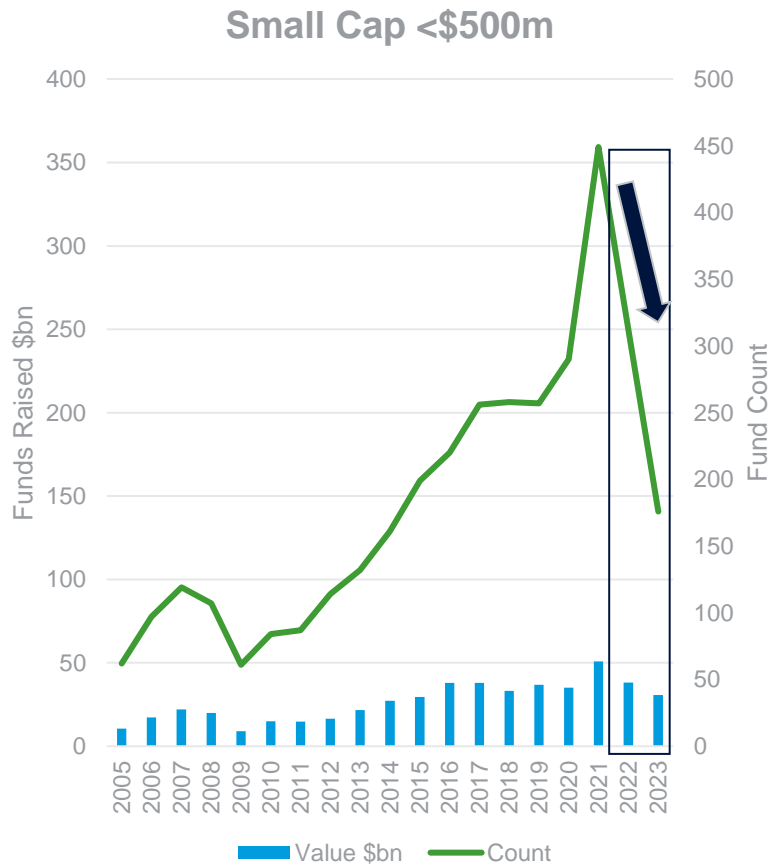
Jasper van Heesch

Senior Analyst – Private Equity, Industry Eminence Program

Fund raising

Under pressure, in certain areas

Fund raising is concentrating into larger hands

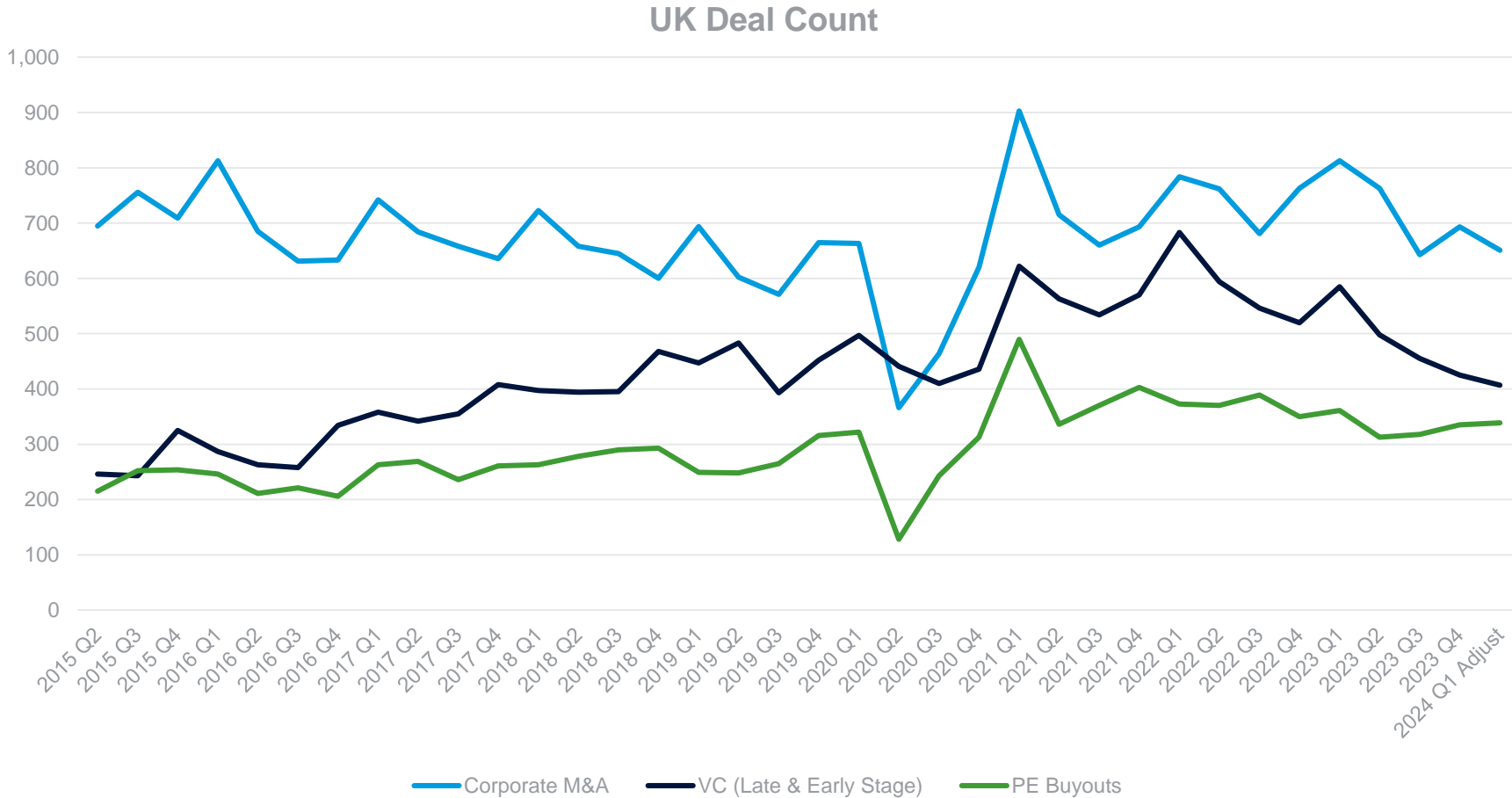


Source: Preqin, RSM UK. Closed funds. PE Buyout fund raising, Global RSM / FDF |

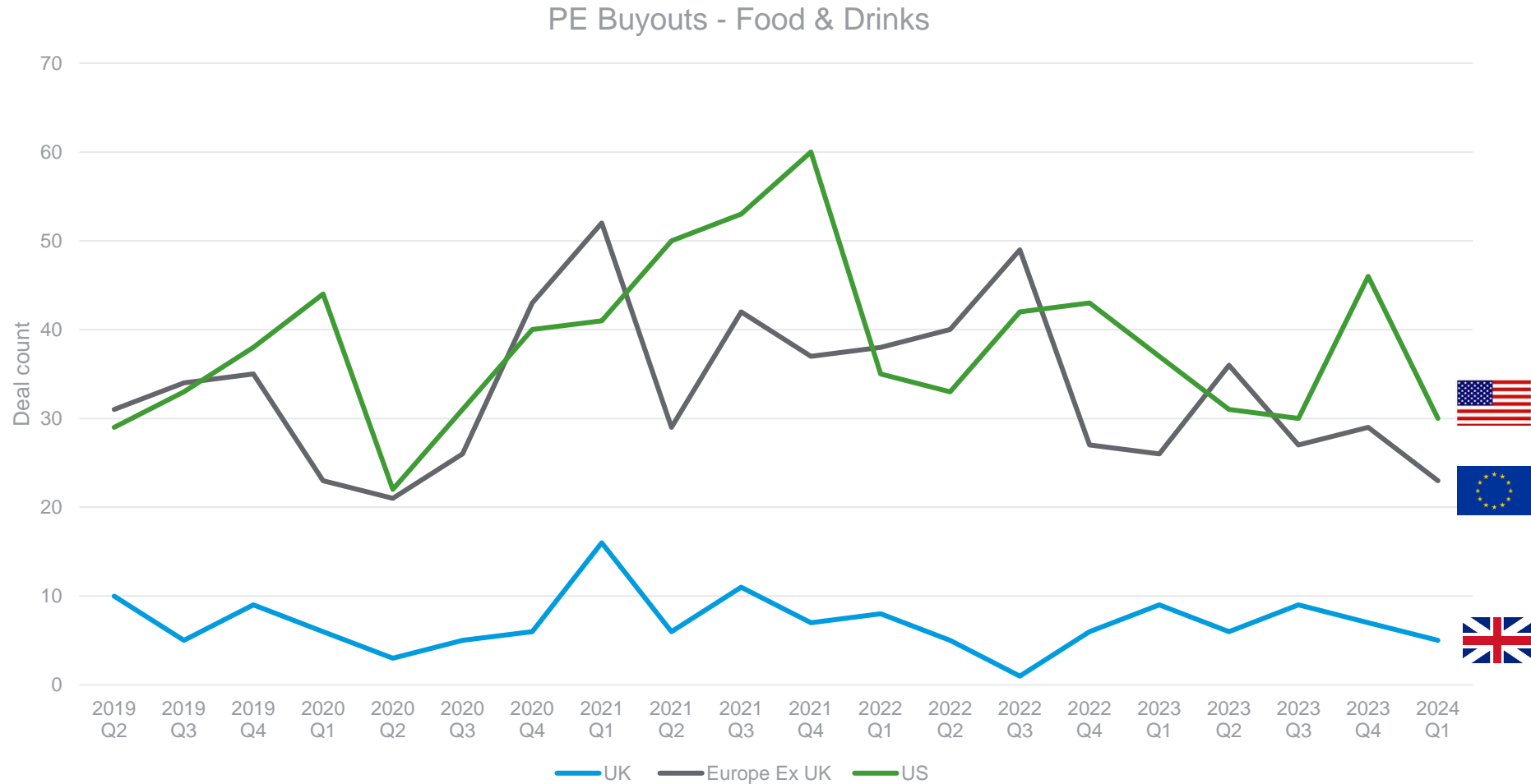
Investment activity

Continues, selectively

PE activity remains up, while VC and Corporates are under pressure



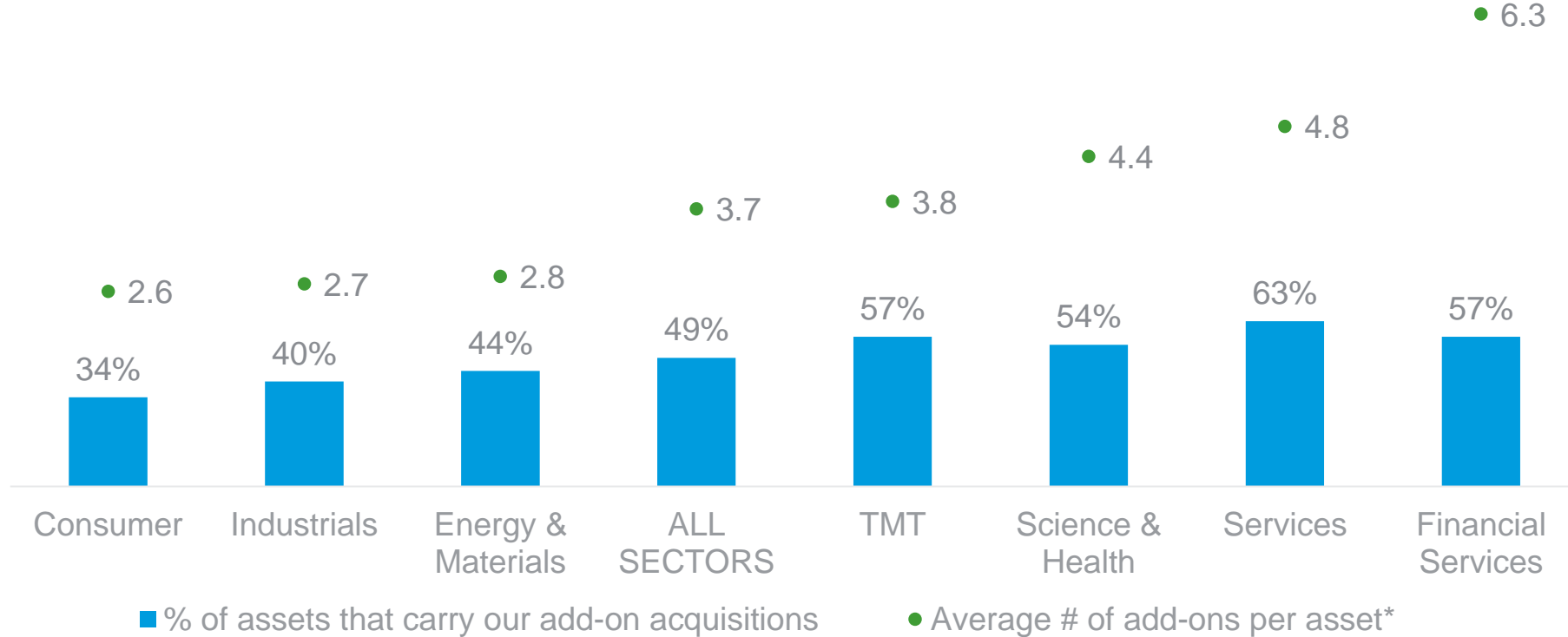
Food & Drink buyout count under some pressure



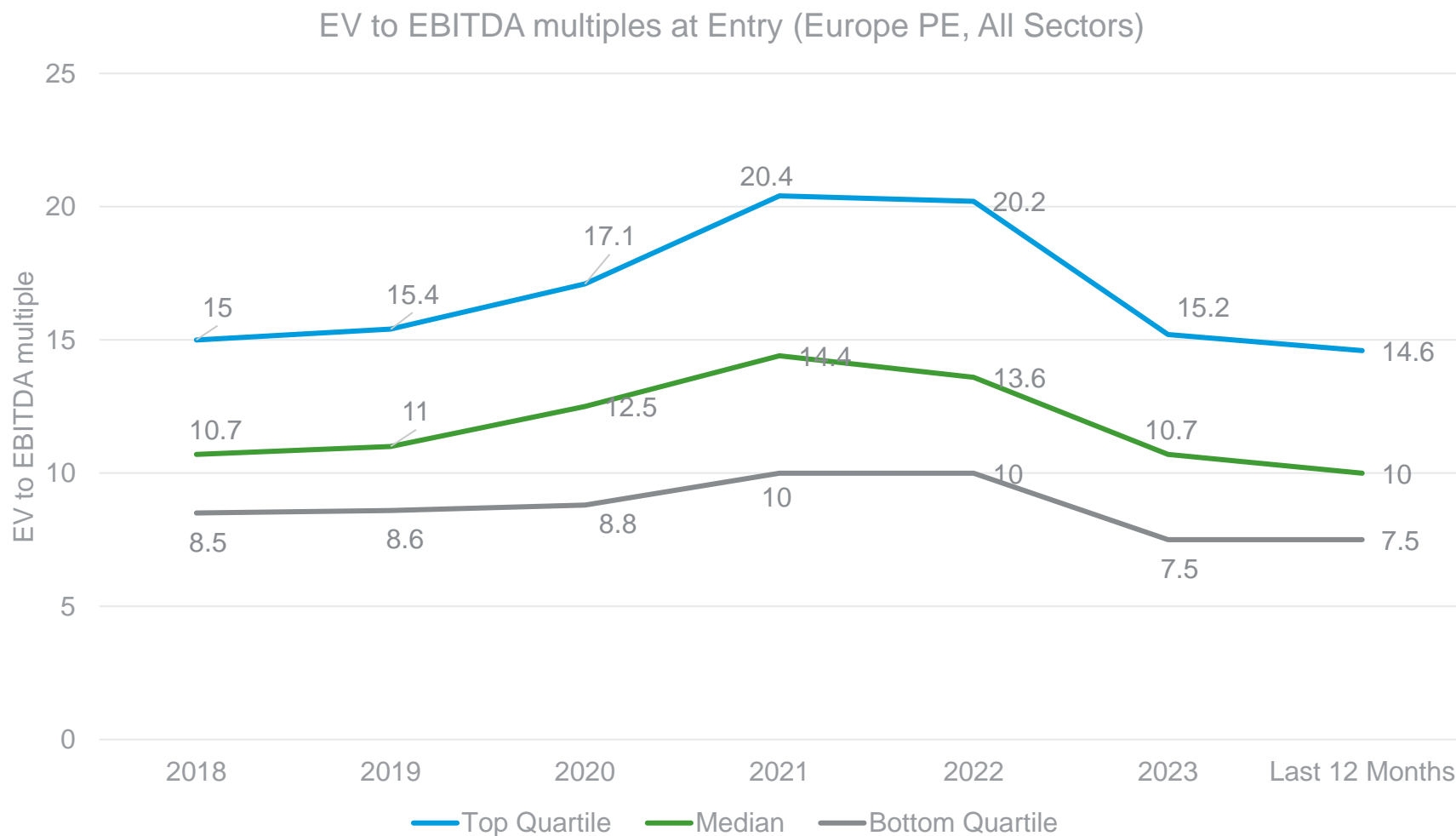
Add-ons are a key feature of the market

With some sectors more active consolidators than others

Avg. # of add-ons (last 5 years) and % of assets that carry out add-ons (Europe)



Valuations under pressure



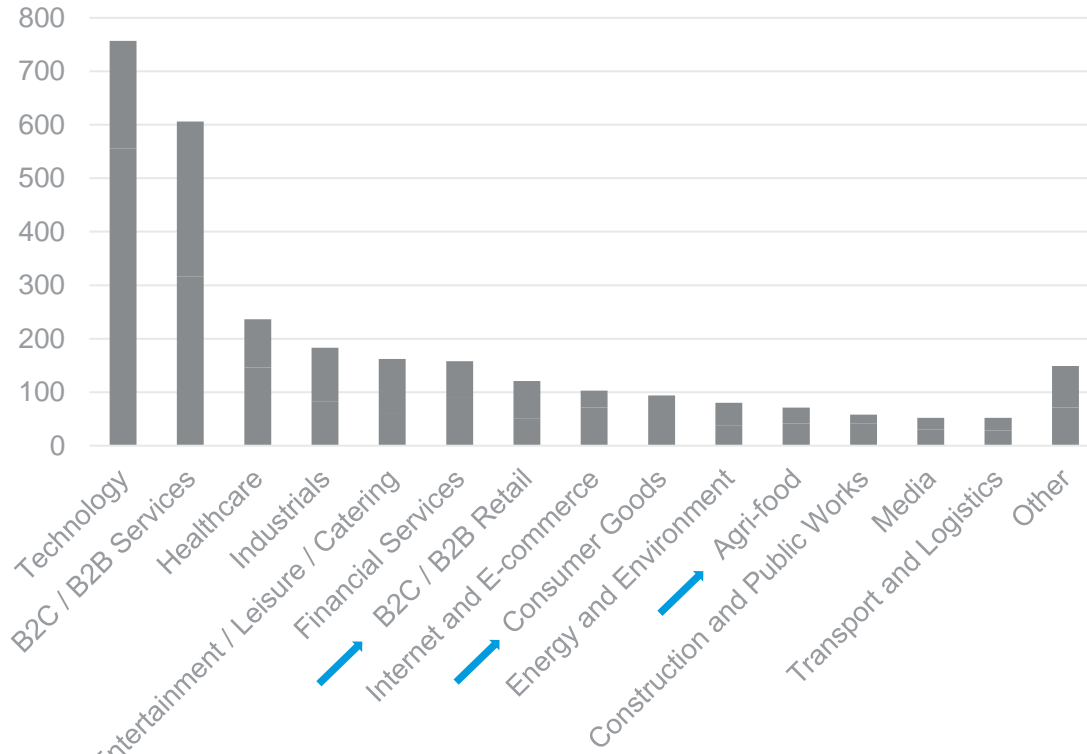
The portfolio

Maturing and pressure to increase value

Concentration in tech & services

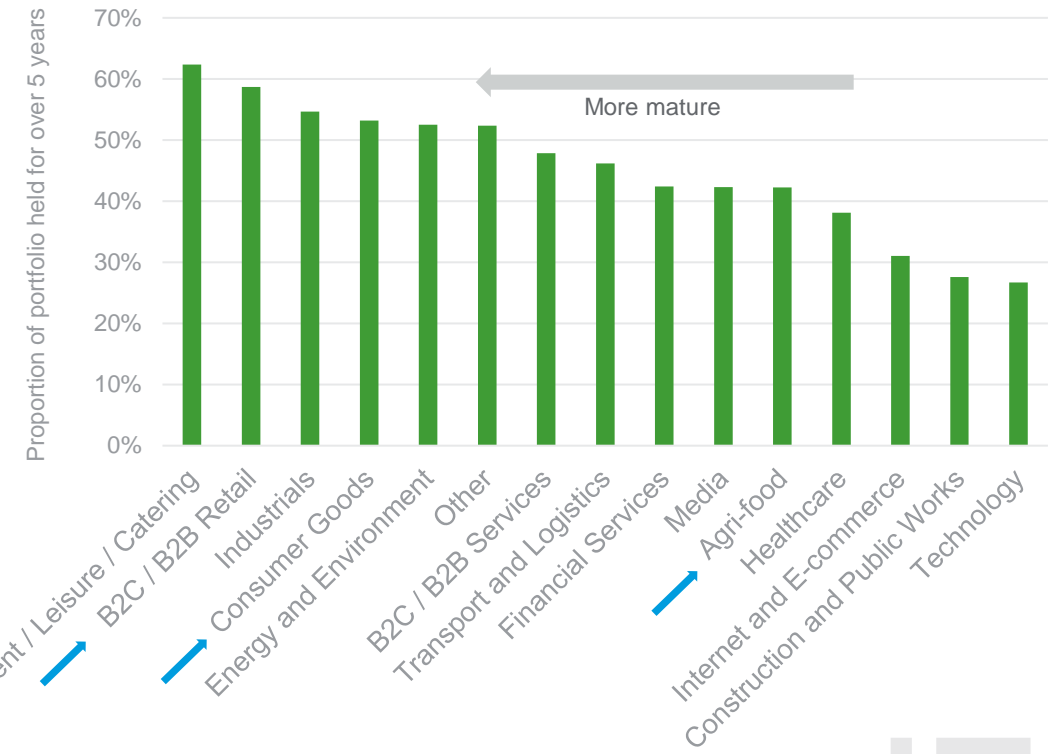
Consumer-focused businesses increasingly mature

UK PE portfolio profile
(n = 2,882)

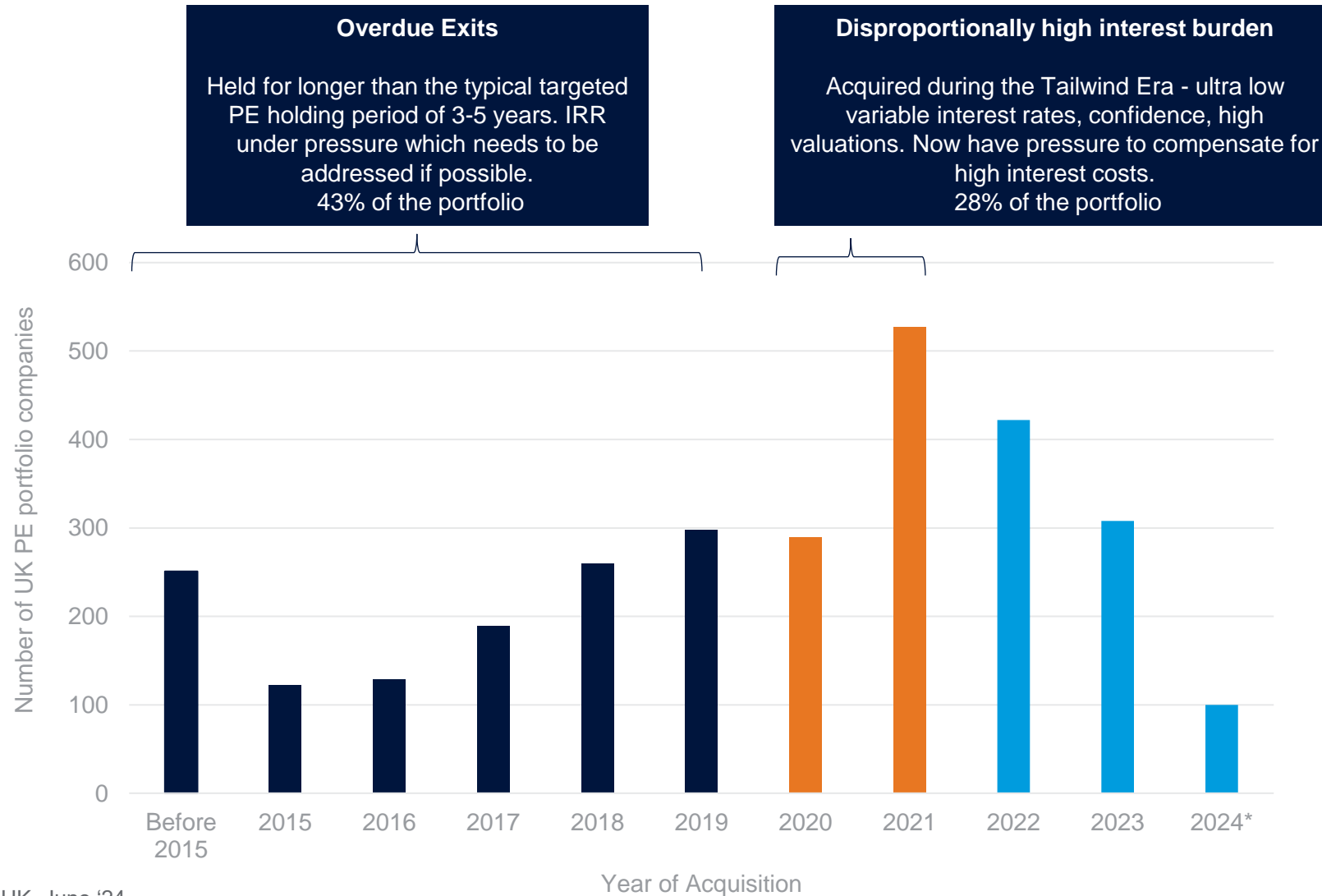


RSM / FDF | Source: Arx, RSM UK

Overly Mature %
(>5 years holding, UK)



Portfolio maturity and carrying unexpectedly high interest rates



Extensive involvement in the portfolio

Emphasis on discipline, the buy and the build, cash



Strategic add-ons, with
integration thereof



Operational efficiency &
margin expansion



Cash management



Risk management &
resilience



Data, data, data + AI



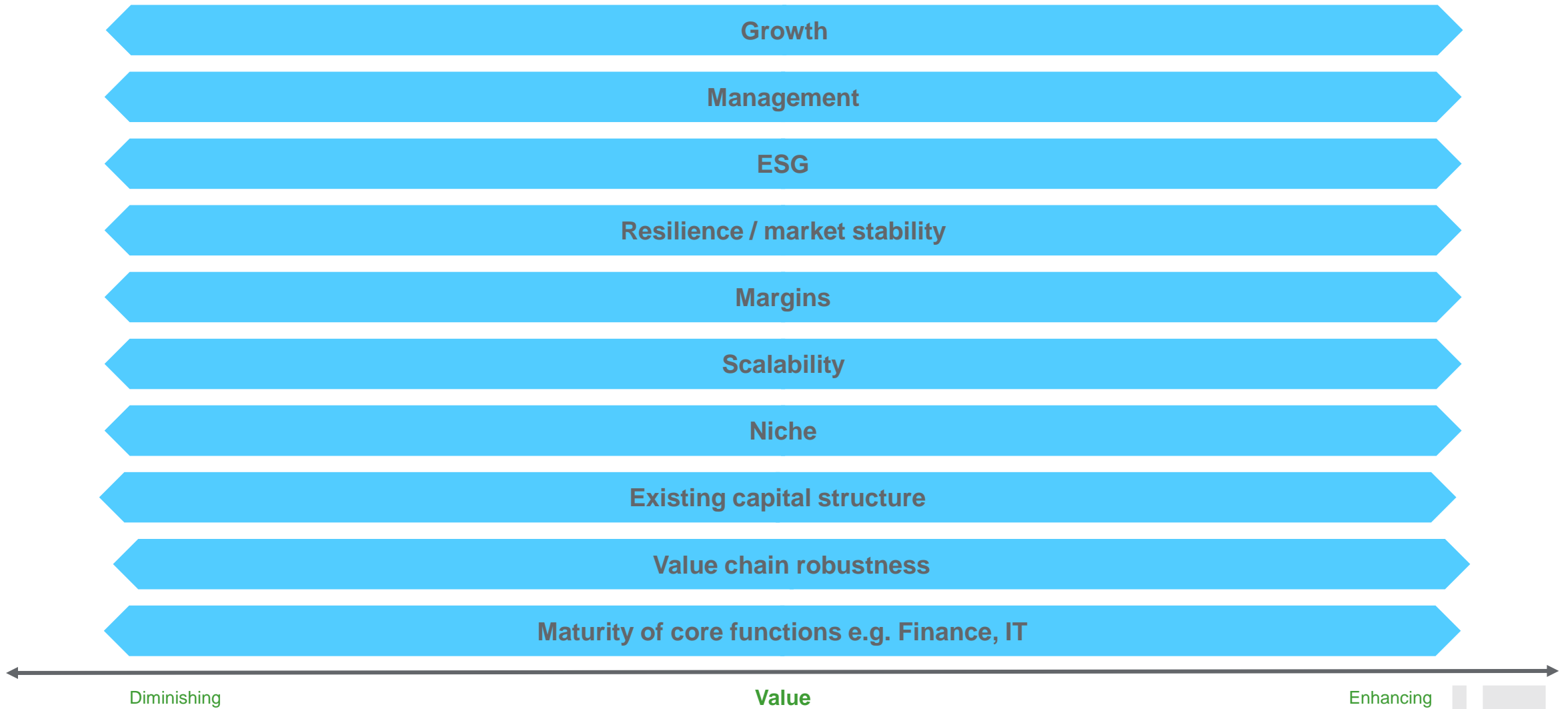
Exit readiness

PE & your Food & Drink Company

Funds that target and/or regularly invest in the Food & Drink sector either exclusively or as key element of their strategy.



Value drivers



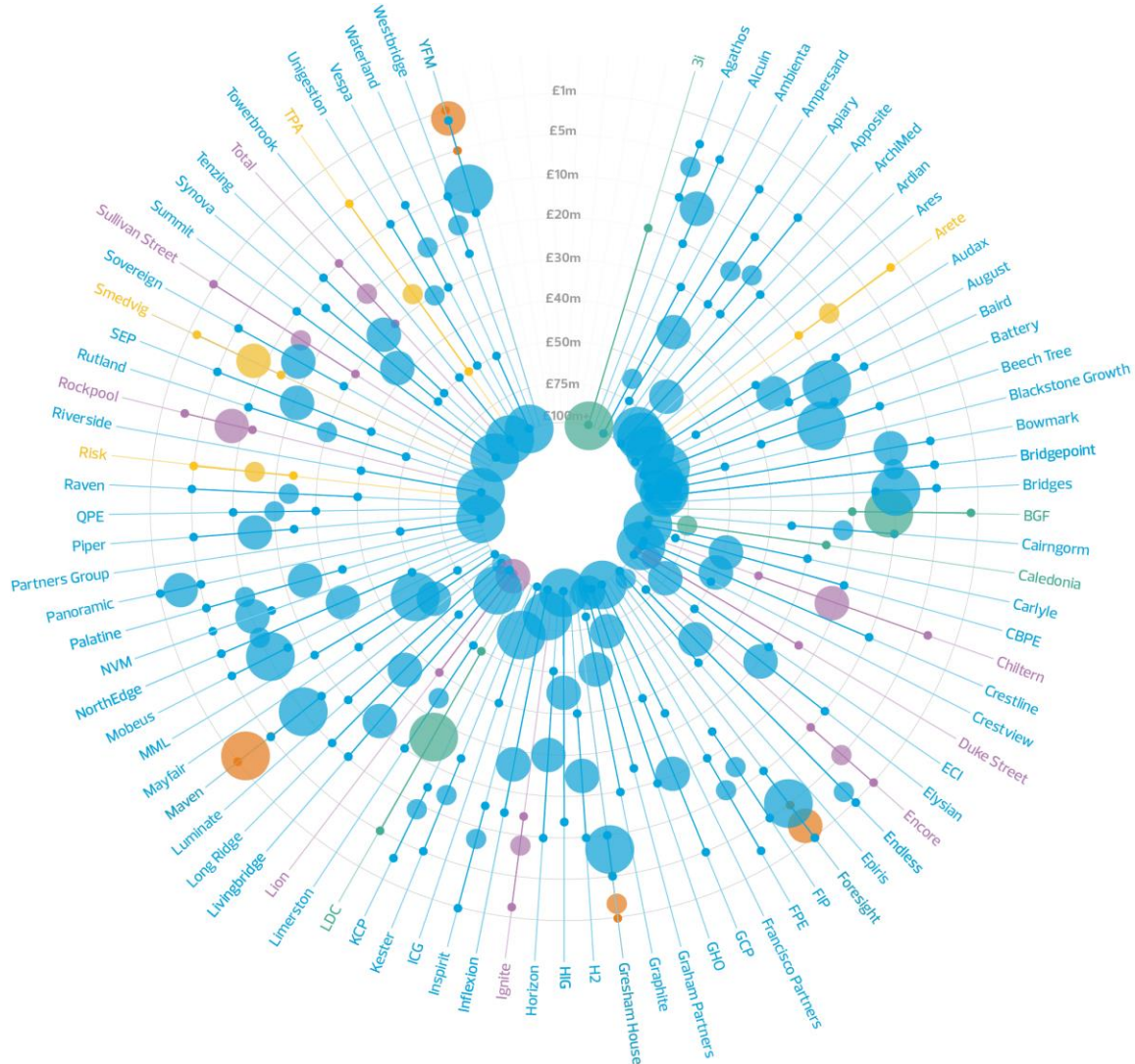
A big pool of PE buyers to consider, with variances in investment focus and approach

Selected RSM clients

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

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

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



**PE is adapting - being selective
and 'leaning into' its portfolio**

Get in touch

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