

Sector Focus: F&B

M&A and Transactions Advisory

The Global & Regional Economic Outlook

USD 1.04 Tn

Global M&A Deal
Value in Q3 2022

10,118

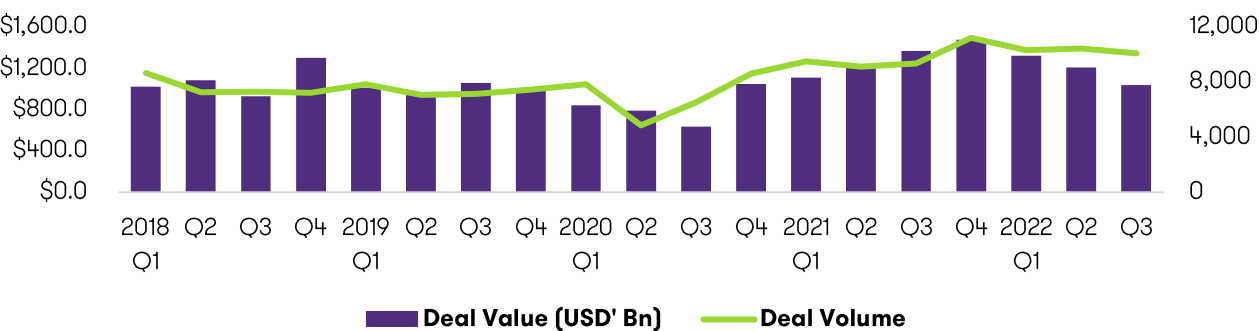
Global M&A Deal
Volume in Q3 2022

USD 55.2 Bn

MENA M&A Deal
Value – 9M 2022

524

MENA M&A Deal
Value – 9M 2022



- Global M&A fell by roughly 14% in Q3 2022 compared to the previous quarter as rising interest rates, persistent inflation and the prospect of slower economic growth presented challenges for dealmaking. Despite this, global M&A deal activity in 2022 is poised to surpass pre-pandemic levels.
- MENA M&A transactions during the first 9 months of the year were 23% less than the value recorded during the same period in 2021. Deal volume in the region however, increased by 6%.

Economic Outlook



The IMF revised the UAE’s economic growth forecast upward to 5.1% and 4.2% for 2022 & 2023 respectively, which would be **the highest growth achieved in the past seven years.**



Higher oil prices are projected to improve the domestic liquidity situation in UAE and offset the negative effects of interest rate hikes. The price increase is expected to be fueled by the 2 mn bpd production cuts announced by the OPEC.



Freight rates have reduced by 45% from January 2022 and are expected to decrease further due to a slowdown in global demand, which is expected to contribute to reducing global inflationary pressures.



Visa reforms, investor-friendly policies and ease of doing business is expected to keep **UAE’s real estate market resilient through global recessionary pressures.** The influx of buyers led by net positive migration has propped up the UAE’s property sector in 2022 and is expected to drive further growth moving forward.

UAE and Broader GCC F&B Market



Food Security

- GCC countries are considered among the most food-secure as per the GFSI 2021. However, the region's over-reliance on imports leaves it vulnerable to supply shortages.
- In recent years, there has been significant investment by both public and private entities to enhance food security within the region.
- Along with the implementation of government initiatives such as UAE's 'National Food Security Strategy 2051', there has been a significant flow of private capital into the sector over the last few years; recently, the AI-powered Agri-Tech startup Produze raised USD 2.6m in a seed funding round.



Food-Tech

- Food technologies – specifically focused on digital transformation have been building momentum as a tool to combat issues such as supply chain and labor shortages.
- Two main sub-areas, namely process optimization and connectivity, have especially seen significant investments in recent times.
- Supy, a B2B food marketplace that aids in digitizing the communication process between restaurants and suppliers recently raised USD 8 mn in a seed round led by BECO Capital.
- OneOrder, a tech-enabled supplier that tackles structural issues faced by restaurants raised USD 6.5 mn in its most recent funding round.



Food Delivery & Cloud Kitchens

- Rising internet penetration is driving growth in the GCC Online food delivery market. Internet penetration is over 90% in 5/6 GCC countries as compared to a 57% global average.
- Concurrently, the cloud kitchen market has observed astronomic growth within the region as businesses have recognized it to be a low cost, low risk alternative to physical dine-in locations supported by robust margins.
- There have been consistent and considerable capital flows into the above-mentioned spaces. Recently 'The Cloud' and 'Chatfood', two UAE-based startups raised USD 10 mn and USD 3 mn respectively in their latest funding rounds.



Protein & Dairy Alternatives










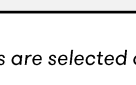
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Source: The Economist, Infinium Global Research, Gulf News, IFT, GPCA, Kline Group, The Business Research Company

A flavour of recent F&B activity in MENA

The MENA F&B market has observed notable activity in the food security and food-technology spaces, garnering significant interest from investors.

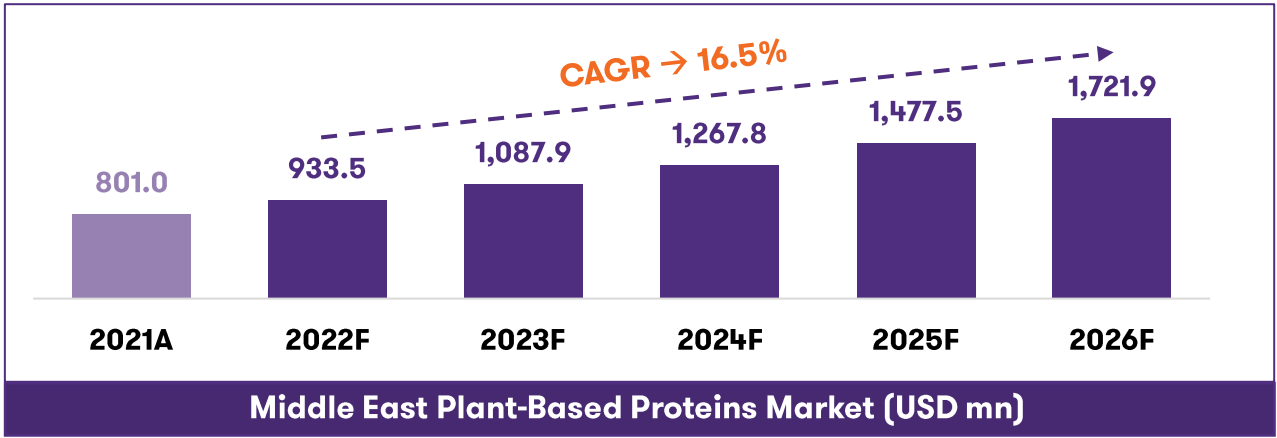
Recent Transaction Activity

Date	Target	Acquirer	Implied Value	Target Country	Overview of Transaction
Sep 2022	The Cloud	Investor Group	N/A		A B2B2C cloud kitchen platform, raised US\$10 million in a Series A funding round
Sep 2022	Eat App	Investor Group	N/A		Global restaurant reservations platform raised funds in its series B funding round.
Sep 2022	Arabian Food Industries Co SAE	N/A	USD 80 Mn		3.185% of the shareholding of a cheese manufacturer was acquired for USD 2.5 mn
Aug 2022	Barakah	Alriyadah Investments	N/A		Food delivery startup secured \$300K in a Pre-SEED funding.
Aug 2022	OneOrder	Investor Group	N/A		Egypt-based B2B e-commerce catering startup secured USD 1 mn in Seed funding .
Aug 2022	Produce	Investor Group	N/A		AI-powered Agri-Tech startup raises USD 2.6 mn in its most recent seed funding round
Aug 2022	Mermade Seafoods Ltd.	Investor Group	N/A		An investor group acquired a minority stake in Israeli cell-based seafood producer.
July 2022	ChatFood	Investor Group	N/A		An ordering platform start-up recently raised USD 3 mn in it's bridge funding round.
July 2022	ADC & SFP Co.	Tyson Int. Holding	N/A		US-based listed company acquired stakes in two Saudi-based F&B companies.
July 2022	Supy	Investor Group	N/A		UAE-based B2B food marketplace raised \$8 million in a Seed funding round.

Precedent transactions and share price data sourced from Eikon. Transactions are selected on the basis of available transaction data, size and, where available, geographical relevance.

Sources: Refinitiv Eikon, The National News, Zawya, Magnitt, Wamda, CNBC, Bloomberg, Logistics Middle East, Pitchbook,

Growing sub-sectors to watch



Growth Drivers



Higher awareness of health benefits



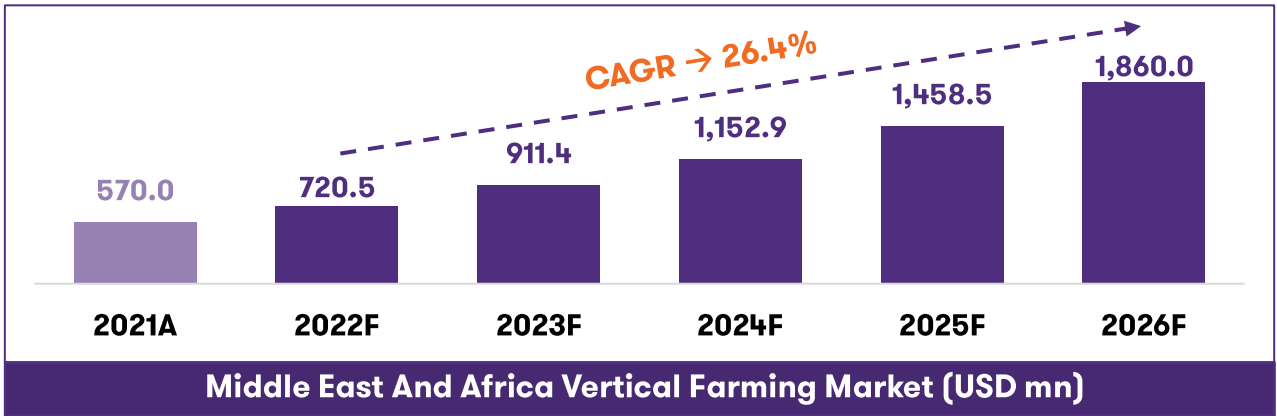
Growing environmental concerns



Higher demand due to population growth

Key Considerations

- The Middle East plant-based protein market grew from USD 479.5 mn in 2016 to USD 801.0 Mn in 2021 at a CAGR of 10.8% and is further expected to grow at a CAGR of 16.5% between 2022 and 2026.
- The market is supported by high disposable incomes, which leads to higher spending on plant-based proteins and high investments. A growing vegan movement fueled by environmental concerns are also aiding growth in the market.



Growth Drivers



Growing demand of organic GMO-free food



Higher production yield and lower dependence on weather



Shortage of arable land and water

Key Considerations

- A strategic shift by governments towards local production of food crops to combat growing demand, dependence on food imports and unfavorable weather and geological factors are supporting growth of this market in the Middle East.
- The Abu Dhabi government recently invested USD 100 million in indoor farming, additionally Dubai recently inaugurated the world's largest vertical farm called 'Bustanica' with more than a 330,000 sqft facility.

[Source: The Business Research Company, Market Data Forecast]

Global Benchmarking

Outlier	N/A
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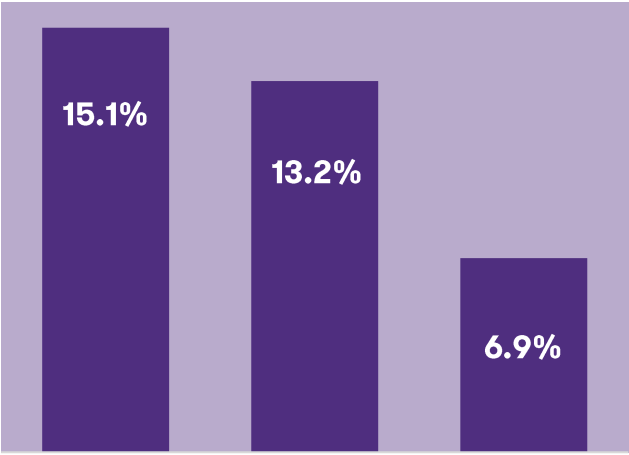
Company Name	Country of listing	EBITDA Margin	EV/EBITDA (2022-09-30)	EV/Sales (2022-09-30)	P/E (2022-09-30)
GCC Markets					
Savola Group Company SJSC	KSA	7.6%	13.22	1.01	42.83
Abdullah Al Othaim Markets Company	KSA	7.9%	18.18	1.42	34.12
Saudia Dairy and Foodstuff Company	KSA	16.9%	14.37	2.44	27.78
Agthia Group Pjsc	UAE	14.9%	8.97	1.34	15.09
Mezzan Holding Company KSCP	Kuwait	5.6%	13.82	0.80	38.32
Dubai Refreshment Pjsc	UAE	21.9%	8.35	1.83	13.56
Herfy Food Services Company SJSC	KSA	26.0%	8.73	2.28	15.96
Development Works Food Co CJSC	KSA	17.2%	30.48	5.58	1,338.15
Raydan Food Company	KSA	-10.1%		2.81	
Shatirah House Restaurant Co	KSA	15.4%	10.46	1.61	29.54
Median		15.1%	13.22	1.72	29.54
Emerging Markets					
San Miguel Food and Beverage Inc	Philippines	17.5%	5.29	0.93	10.97
Bestore Co Ltd	China	3.7%	30.64	1.02	38.29
Nestle Pakistan Ltd	Pakistan	21.1%	8.95	1.89	17.61
Garudafood Putra Putri Jaya Tbk PT	Indonesia	11.9%	18.61	2.19	47.99
Gourmet Master Co Ltd	Taiwan	18.6%	4.89	0.92	29.89
Formosa Oilseed Processing Co Ltd	Taiwan	4.8%	22.65	1.10	22.83
An-Shin Food Services Co Ltd	Taiwan	14.6%	4.38	0.64	20.49
Restaurant Brands Asia Ltd	India	8.2%	53.36	3.62	
Fast Food Indonesia Tbk PT	Indonesia	-0.2%	93.71	0.79	
Shakey's Pizza Asia Ventures Inc	Philippines	18.7%	13.90	2.67	33.76
Median		13.2%	11.43	1.06	26.36
Developed Markets					
Premium Brands Holdings Corp	Canada	6.8%	16.76	1.14	22.06
TreeHouse Foods Inc	USA	7.0%	16.87	1.16	
Cranswick PLC	UK	10.0%	7.64	0.77	13.77
Chefs' Warehouse Inc	USA	4.3%	14.87	0.66	38.04
Bega Cheese Ltd	Australia	6.5%	7.43	0.48	43.49
South Dakota Soybean Processors LLC	USA	10.2%			
BJ's Restaurants Inc	USA	4.6%	10.14	0.48	
Ruth's Hospitality Group Inc	USA	15.5%	7.46	1.16	13.84
Red Robin Gourmet Burgers Inc	USA	4.7%	4.10	0.21	
FAT Brands Inc	USA	14.5%	25.87	3.47	
Median		6.9%	10.14	0.77	22.06

The above comp sets consist of listed companies for each market with a mix of F&B Manufacturing and Distribution companies and 'F&B Retail' companies.

Sources: Refinitiv Eikon, Gulf Food, Arabian Business, The National, Wamda, Zamy, Gulf Business, Magnitt

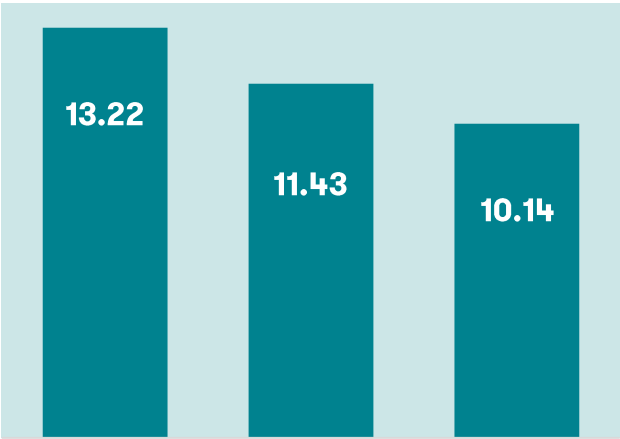
Global Benchmarking

Median EBITDA margins



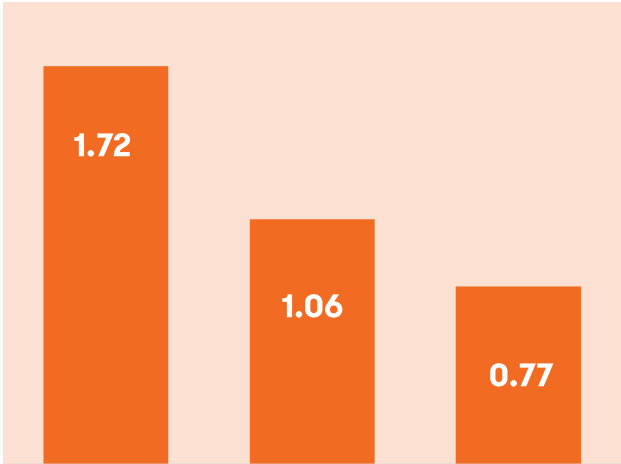
GCC Markets Emerging Markets Developed Markets

Median EV/EBITDA multiple



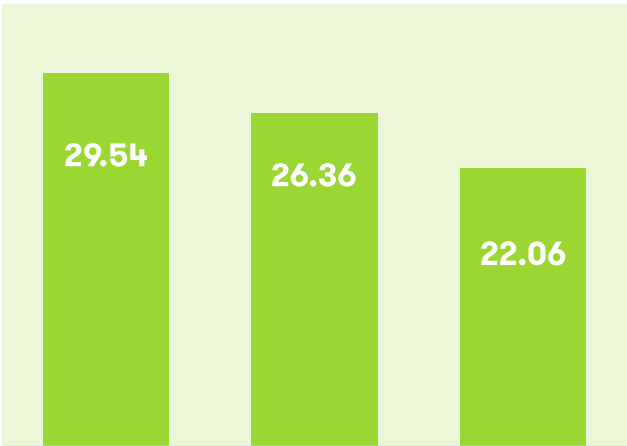
GCC Markets Emerging Markets Developed Markets

Median EV/Sales multiple



GCC Markets Emerging Markets Developed Markets

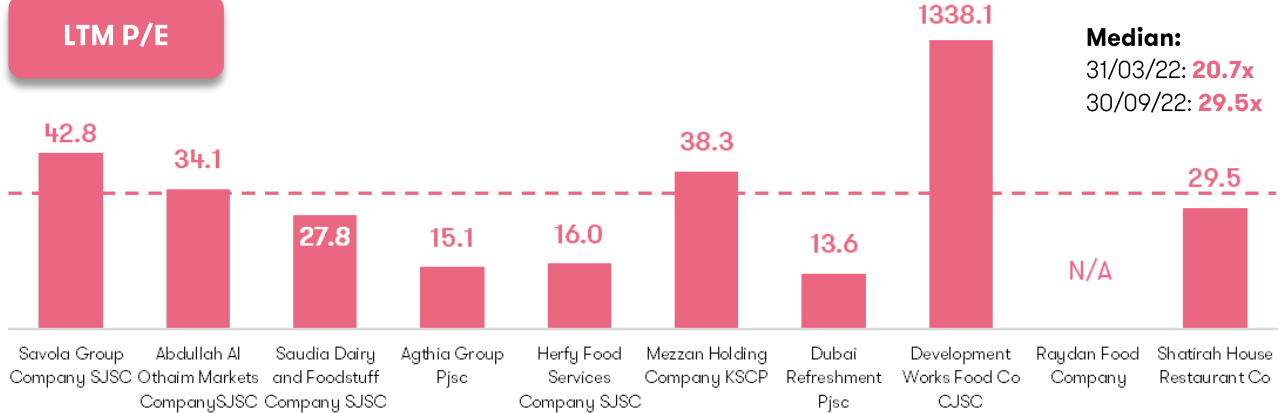
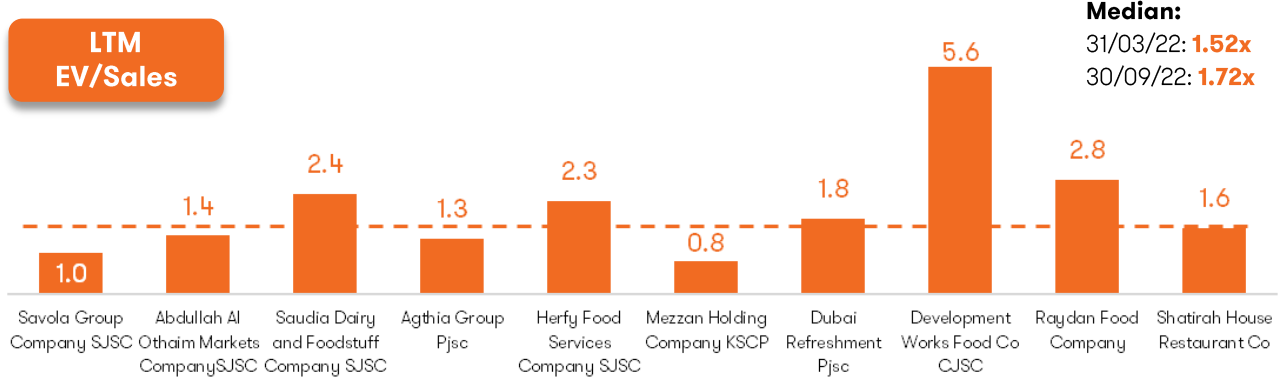
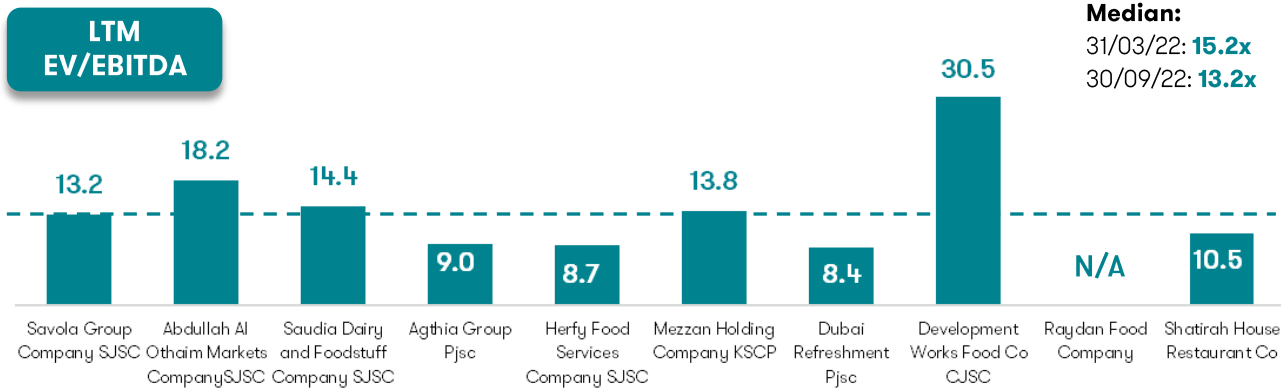
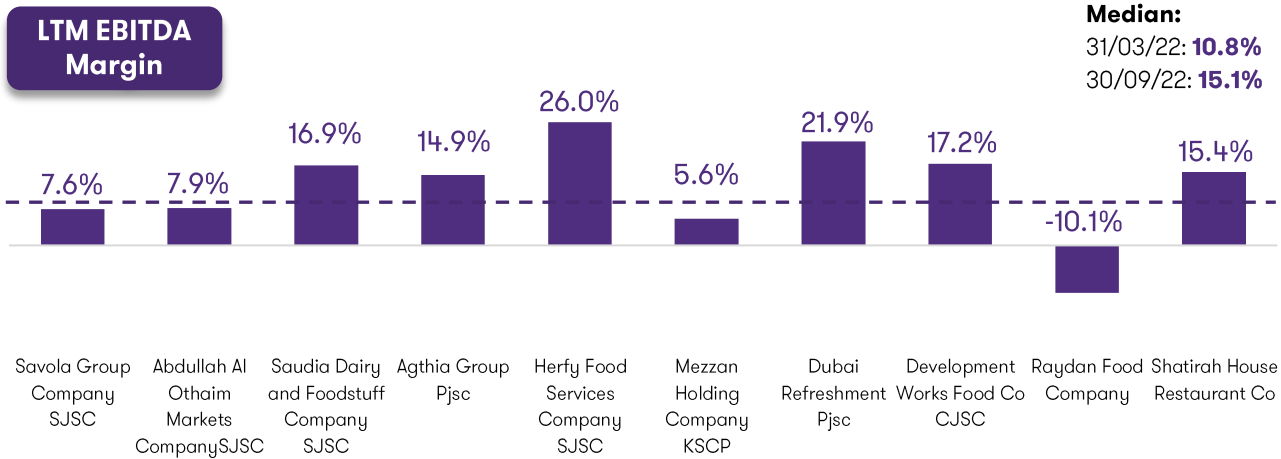
Median EV/Sales multiple



GCC Markets Emerging Markets Developed Markets

Sources: Refinitiv Eikon, Gulf Food, Arabian Business, The National, Wamda, Zamyra, Gulf Business, Magnitt

Global Benchmarking



Note: The charts above display data as at 30/09/2022

Global Benchmarking



Abu Dhabi International Food Exhibition

Date: 6 – 8 December 2022

Description: The first inaugural edition of the Abu Dhabi International Food Exhibition (ADIFE) is scheduled to be held at the Abu Dhabi National Exhibition Centre.

Link: <https://adife.com/>



The ME Organic & Natural Product Expo

Date: 13 - 15 December 2022

Description: The Middle East's sole business event that focuses on organic and natural products connecting suppliers with buyers for 19 years.

Link: <https://organicandnatural.com>



ISM Cologne

Date: 29 January – 1 February 2023

Description: The world's leading trade fair for confectionery and snacks offers inspiration and innovation, exciting networking possibilities, top-class exhibitors and competent visitors.

Link: <https://www.ism-cologne.com/>



SIAL Middle East 2022

Date: 6 – 8 December 2022

Description: The 10th anniversary edition of SIAL Middle East, one of the largest food, beverage and hospitality events in the region.

Link: <https://sialme.com/>



SIGEP 2023

Date: 21 - 25 January 2023

Description: The Middle East Organic and Natural Product Expo Dubai is the Middle East's sole business event that focuses on organic and natural products, connecting suppliers with buyers for 19 years.

Link: <https://en.sigep.it/>



Gulf Food 2023

Date: 20 – 24 February 2023

Description: The world's largest annual food and beverage trade exhibition. An event with the goal of commitment to Rethinking Food for the safety and security of the F&B Community

Link: <https://www.gulffood.com/>



M&A and Transactions Advisory Team

Our M&A and Transactions Advisory team actively originates and executes transactions across a range of sectors. Some of the current as well as recently completed transactions include businesses in food & beverage, technology, real estate, logistics, healthcare, education, financial services and oil & gas.



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