

Sector Focus: F&B

M&A and Transactions Advisory

March 2023



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The Global and Regional Economic Outlook

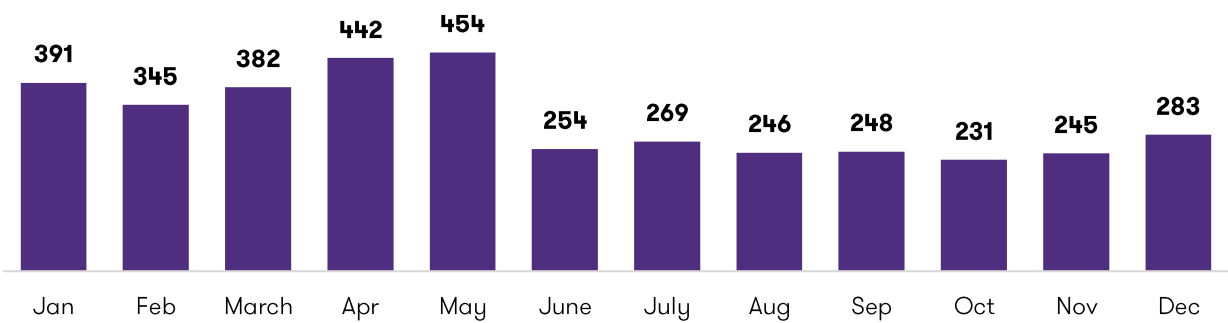
USD 3.8 tn
Global M&A Deal
Value in 2022

USD 759 bn
Global M&A Deal
Value in Q4 2022

USD 85.2 bn
MENA M&A Deal
Value in 2022

50
Number of MENA
IPO's in 2022

2022 Global M&A Deal Value (USD 'bn)



- M&A continued to prosper in the first five months of 2022 after a record-breaking year in 2021, although the 16 June 2022 US Federal Reserve Bank interest rate increase coupled with increased macroeconomic uncertainty marked a significant turning point for the global deal market.
- MENA M&A activity exceeded USD 85.2 bn in 2022. Both Investment banking and Advisory fees reached an all-time high reaching USD 1.6 bn and USD 0.5 bn growing by 5% and 35% respectively.

Economic Outlook



According to the World Bank’s latest Global Economic Prospects report, the UAE GDP is estimated to expand by 4.1% in 2023 becoming the fastest-growing economy in the GCC for the year.



According to EIU, GCC countries are expected to benefit from international energy market developments in 2023. Oil price movement is expected to be dependent on the economic rebound of China and the extent of future rate hikes.



Dubai reaffirmed its status as the world’s most popular travel destination, hosting 14.4 mn international visitors in 2022 – almost 100% up from the previous year. In Jan 2023 both hotel occupancy and RevPar levels noted significant improvement , growing by 9% and 5.7% y-o-y to reach 80.5% & USD 171 respectively.



In 2022 UAE’s non-oil foreign trade hit USD 599 bn equating to a 17% increase y-o-y. UAE has been expanding economic partnerships with other countries with a focus on growing the country’s non-oil trade, this is expected to aid the country’s goal to diversify away from hydrocarbons and establish itself as a global trade hub.

Sources: Reuters, Zaywa, UAE-EU.com, Bain & Company, Arabian Business, EIU, Reuters, Government of UAE

UAE F&B Outlook 2023

USD 23.5 bn

2027 expected consumer foodservice outlet sales in UAE – up from USD 15.9 bn in 2022

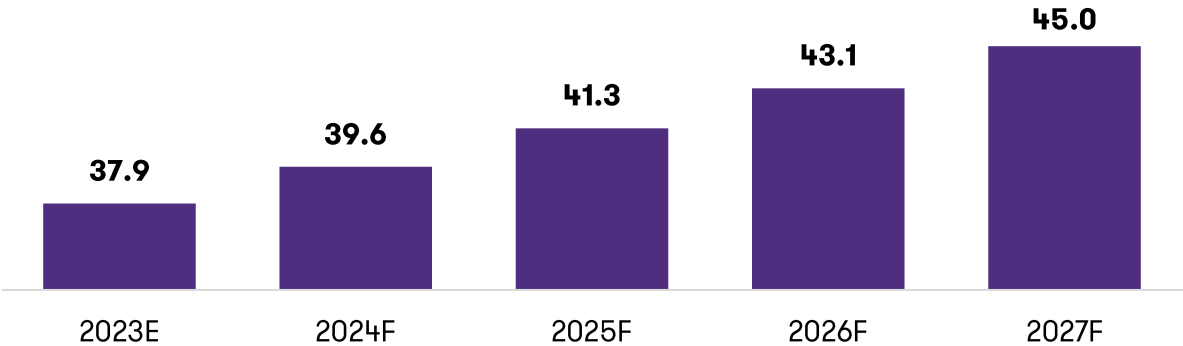
4.4% CAGR

Growth in spend on fresh food between 2023 and 2027

30% tax removed

30% tax on alcohol sales in Dubai suspended for 2023, a move that is likely to boost tourism and spend

2022 Global M&A Deal Value (USD 'bn)



The UAE ranked sixth in total consumer spending on food and non-alcoholic beverages. The United Arab Emirates continues to lead the food & beverage (F&B) market in the Middle East with a growing population and strong GDP per capita. By 2025, consumer spending on food and non-alcoholic beverages is forecast to exceed \$3,900 USD per capita.



Growth for the F&B sector will be supported by an increase in UAE's population, which is projected to expand from 10 mn in 2022 to 13 mn+ by 2050. Additionally, the country's push for constant innovation and diversification into a non-oil dependent economy is also expected to create thousands of jobs and in turn drive population growth.



UAE also has a large young population within the 15 – 54 years age group contributing 76.5% to the country's total population. This demographic is a key target group for retailers due to their high spending power and willingness to try new and innovative food items, this is because the younger demographic tends to have higher levels of awareness of international food trends.



In an aim to boost the country's social and economic attractiveness, UAE has recently been relaxing its alcohol policies. On January 1st 2023, the government announced the elimination of the 30% tax on the sale of alcohol. These moves are expected to drive growth in the alcoholic beverages segment and further aid rise in overall F&B spend.

Sources: Statista, Siasat, Global Media Insights, Euromonitor, Fitch solutions

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 December 2022, the Agri-tech sector secured the most VC funding in MENA totaling USD 38 mn, followed by Fintech, Food-tech & HR.
- Recently, the OPEC fund for International development provided a USD 100 mn loan to Jordan to help the country improve its agricultural development and enhance overall food security.
- UAE is to house the world's largest agricultural attraction, set to open in 2030 and expected to create 10,000 jobs – the initiative is expected to aid in achieving the country's food security vision.



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.
- In December 2022, the food-tech sector ranked first in terms of deal count ranking in 10 transactions.
- Calo, a B2B food-tech startup that offers personalised meal subscriptions, received \$13 million in their pre-Series A investment round. Calo has received \$26.5 million in total investments so far.
- OneOrder, a tech-enabled supplier that tackles structural issues faced by restaurants raised an additional USD 3 mn in its most recent funding round – raising USD 6.5 mn previously in Q3 2022.



Artificial Intelligence (AI) and Machine Learning (ML)

- 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 considerable growth within the region as businesses have recognised it to be a low cost, low risk alternative to physical dine-in locations supported by robust margins. The cloud kitchen market is forecasted to reach USD 2.63 billion by 2026, four times larger than it was in 2018
- There have been consistent and considerable capital flows into the above-mentioned spaces. Recently 'KitchenomiKs' and 'Matbakh', Oman and KSA based startups raised USD 1.7 mn and USD 2.3 mn respectively in their latest funding rounds.



Automation and Robotics











- The Middle East Plant based proteins market is expected to grow to USD 1.72 bn by 2026, growing at a CAGR of 16.5%. Factors driving growth in the market include increasing innovation and expanded product lines, sustainability and environmental issues along with the overall demand increase due to a growing population
- Recent investments in the space include Torr Foodtech & Equinom – 2 Israel based producers of nutritious alternative foods that raised USD 35 mn and USD 12 mn respectively in their most recent funding rounds.
- IFFCO Group, one of UAE's largest producers of processed food and agro-items recently announced the launch of THRYVE, GCC's first 100% plant-based meat venture.

Sources: The Economist, Infinium Global Research, Gulf News, IFT, GPCA, Kline Group, The Business Research Company, Arab News, Arab Business, The National News, Gulf Food

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, gaining significant interest from investors.

Recent Transaction Activity

Date	Target	Acquirer	Implied Value	Target Country	Overview of Transaction
Jan 2023	OrderJet	Investor group led by Hope Ventures	N/A		Bahrain-based food-tech platform established in 2020 raised USD 125k in venture funding.
Jan 2023	Matbakhi	Bugshan Investment Company	N/A		Saudi-based cloud kitchen startup raised USD 2.3 mn in their pre-seed funding round.
Jan 2023	Nourish	Investor Group	N/A		UAE-based food-tech startup raised USD 400k in funding round.
Dec 2022	Nomu	Merger	N/A		2 grocery delivery startups, Jumlaty & Appetitto merge into new entity.
Dec 2022	Calo	Investor group led by Nuwa Capital & STV	N/A		Bahrain-based B2C food-tech startup raised USD 13 mn in their pre-series A funding round.
Dec 2022	KitchenomiKs	Group of Angel investors	N/A		Oman-based cloud kitchen operator raised USD 1.7 mn in their most recent funding round.
Dec 2022	OneOrder	Investor group led by Nclude	N/A		Egypt-based restaurant supply chain solutions provider raised USD 3 mn in funding round.
Dec 2022	Equinom	Synthesis Capital	N/A		Israel-based non-GMO food producer raised USD 35 mn in their latest funding round.
Nov 2022	Chefz	Jahez	USD 172.9 mn		Saudi food delivery startup to acquire 100% of competitor for USD 172.9 mn.
Nov 2022	Torr FoodTech	Investor Group	N/A		Israeli food-tech startup raised USD 12 mn in their series A 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, Arab News, Calcalistech, Tech Crunch, The Startup Scene

Global Benchmarking (1/2)

	Outlier	N/A
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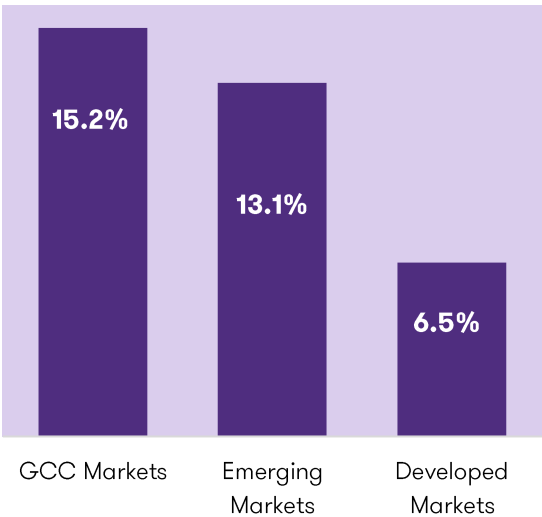
Company Name	EBITDA Margin (2022-01-31)	C.O.H	EBITDA Margin (2023-01-31)	EV/EBITDA (2023-01-31)	EV/Sales (2023-01-31)	P/E (2023-01-31)
GCC Markets						
Savola Group Company SJSC		KSA	7.7%	13.1	1.0	40.5
Abdullah Al Othaim Markets Company SJSC	8.1%	KSA	7.9%	15.2	1.2	9.1
Saudia Dairy and Foodstuff Company SJSC	16.2%	KSA	18.0%	15.0	2.7	26.9
Agthia Group Pjsc	12.6%	UAE	14.9%	7.4	1.1	12.7
Mezzan Holding Company KSCP	9.6%	Kuwait	1.2%	50.3	0.8	
Dubai Refreshment Pjsc	23.8%	UAE	21.1%	9.2	1.9	14.9
Herfy Food Services Company SJSC	26.3%	KSA	23.6%	9.3	2.2	19.8
Development Works Food Co CJSC	29.3%	KSA	18.6%	26.0	5.1	4,649.3
Raydan Food Company SJSC	-8.7%	KSA	-4.0%		2.6	
Shatirah House Restaurant Co	19.3%	KSA	15.4%	8.5	1.3	23.2
Median	16.2%		15.2%	13.1	1.6	21.5
Emerging Markets						
San Miguel Food and Beverage Inc	18.7%	Philippines	17.3%	6.2	1.1	13.2
Bestore Co Ltd	5.6%	China	3.2%	45.5	1.3	54.1
Nestle Pakistan Ltd	18.5%	Pakistan	20.5%	8.2	1.7	15.9
Garudafood Putra Putri Jaya Tbk PT	12.9%	Indonesia	11.4%	17.3	2.0	46.0
Gourmet Master Co Ltd	23.1%	Taiwan	17.6%	7.7	1.4	50.8
Formosa Oilseed Processing Co Ltd	5.7%	Taiwan	4.2%	27.8	1.1	27.1
An-Shin Food Services Co Ltd	14.4%	Taiwan	14.8%	3.6	0.5	14.5
Restaurant Brands Asia Ltd	6.2%	India	6.8%	42.0	2.6	
Fast Food Indonesia Tbk PT	-4.6%	Indonesia	-0.2%	79.4	0.7	
Shakey's Pizza Asia Ventures Inc	15.0%	Philippines	20.5%	12.0	2.4	22.8
Median	13.7%		13.1%	14.7	1.3	25.0
Developed Markets						
Premium Brands Holdings Corp	8.5%	Canada	6.4%	17.7	1.2	24.8
TreeHouse Foods Inc	8.5%	USA	6.0%	22.9	1.4	
Cranswick PLC	10.2%	UK	9.6%	9.0	0.9	16.6
Chefs' Warehouse Inc	1.9%	USA	4.6%	16.4	0.8	44.2
Bega Cheese Ltd	11.2%	Australia	6.5%	8.0	0.5	48.8
South Dakota Soybean Processors LLC	6.4%	USA	9.1%			
BJ's Restaurants Inc	4.5%	USA	4.4%	14.0	0.6	
Ruth's Hospitality Group Inc	16.5%	USA	14.8%	7.9	1.2	14.6
Red Robin Gourmet Burgers Inc	3.7%	USA	4.3%	5.0	0.2	
FAT Brands Inc	13.0%	USA	10.9%	25.4	2.9	
Median	8.5%		6.5%	14.0	0.9	24.8

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.

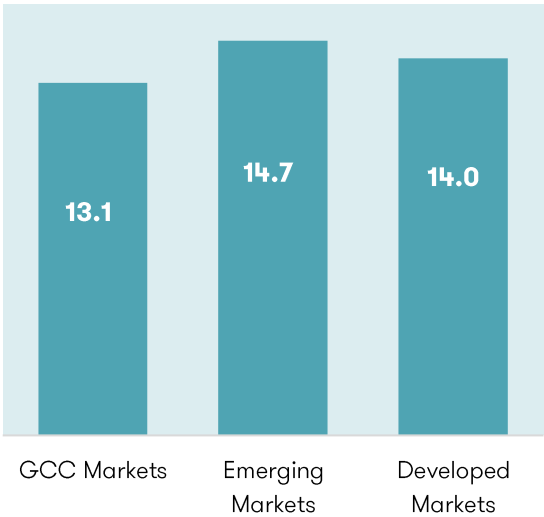
Note: The table above displays data sourced from Refinitiv Eikon as at 31/01/2023

Global Benchmarking (2/2)

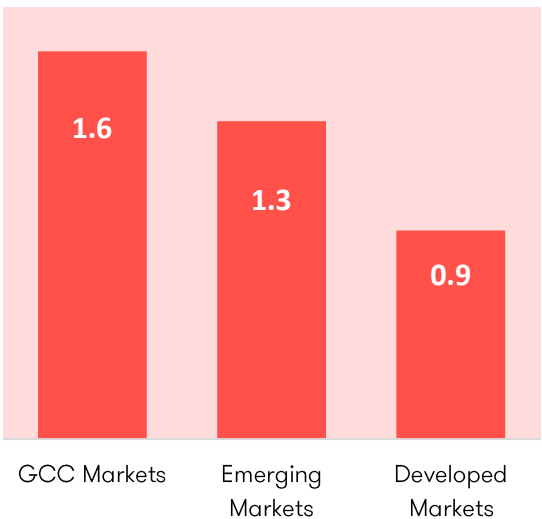
Median EBITDA Margins



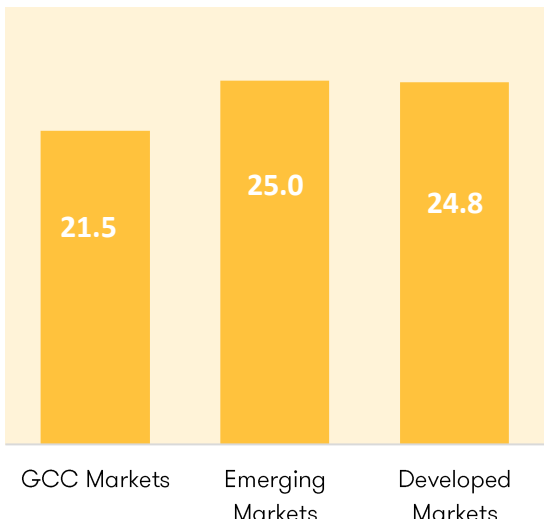
Median EV/EBITDA multiple



Median EV/SALES multiple

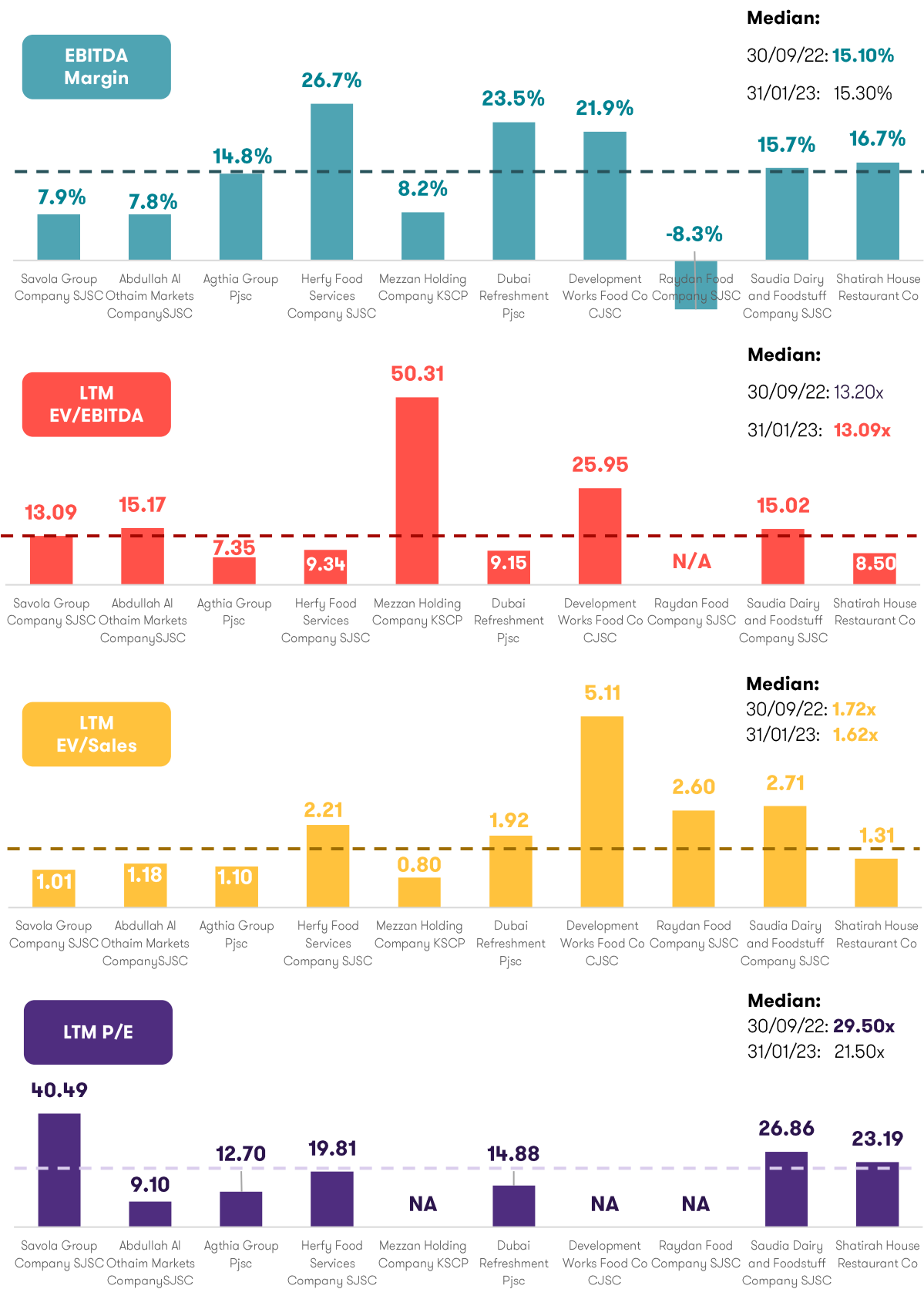


Median P/E multiple



Note: The charts above display data sourced from Refinitiv Eikon as at 31/01/2023

Local Benchmarking



Note: The charts above display data sourced from Refinitiv Eikon as at 31/01/2023

Upcoming key F&B events



Global Dubai Tea Forum

Date: 25 - 27 April 2023

Description: The Global Dubai Tea Forum, organised by the Dubai Multi Commodities Centre (DMCC) will address every aspect of the tea supply chain bringing together producers, merchant exporters, buyers etc.

Link: <https://www.globaldubaiteaforum.ae/>



Dubai Africa Trade Expo

Date: 01 - 04 May 2023

Description: Dubai Africa Trade Expo is an exhibition on all kinds of General, FMCG, Consumer & Industrial products, Machinery & Equipments etc., where vendors present their goods and services for sale to interested customers.

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



ISM 2023

Date: 23 April – 25 April 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/>



Dubai Food Festival 2023

Date: 21 April – 7 May 2023

Description: DFF is an annual culinary celebration. DFF will be dishing out activities that put a spotlight on the dining scene, from bespoke gourmet meals to intimate cooking showcases featuring world famous chefs.

Link: <https://www.visitdubai.com/en/whatson/dubai-food-festival>



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 logistics, technology, real estate, food & beverage, healthcare, education, financial services and oil & gas.



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