



Unigrains – In Brief

2022 Global Review of M&A in the bakery sector

Business resilient despite deteriorating conditions

In the bakery sector, 2022 was characterised by a sharp decline in the number of mergers and acquisitions compared with a record year in 2021, with contrasted dynamics on either side of the Atlantic.

This memorandum presents an overview of the year's highlights.



→ Global activity slowed in 2022 after a record 2021

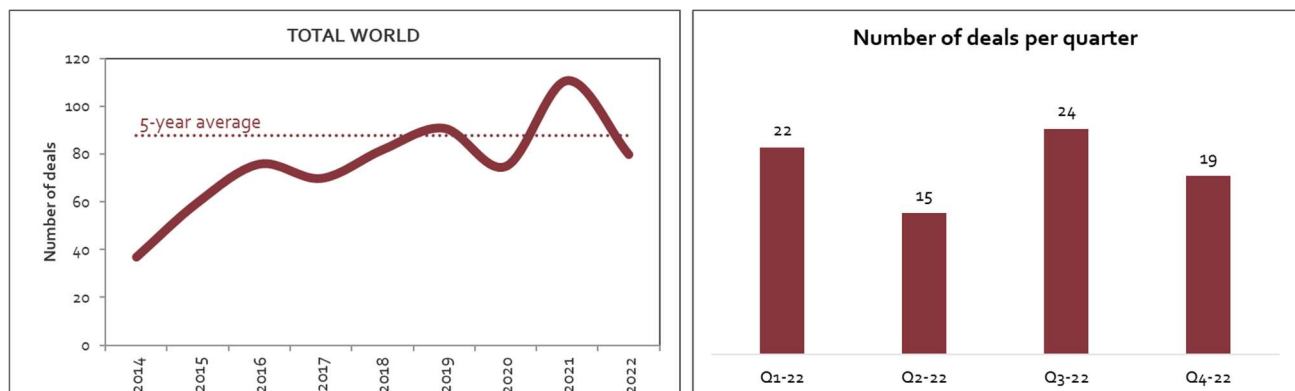
Successive crises drove M&A activity for the bakery sector worldwide.

The Covid-19 pandemic initially brought things to a halt in 2020 (75 deals), but this was quickly offset by a record 2021 (111 deals). The ensuing crises – regarding geopolitics, food, energy and economics – again had a negative impact on deals in 2022 (80 deals).

Faced with widespread inflation and logistical issues, companies focused on short term issues, postponing more structural projects. The brakes were applied on the day after the invasion of Russian troops in Ukraine, casting a pall over ongoing deals.

That said, activity did not collapse altogether. After the shock of the 2nd quarter, business picked up with a significant number of deals in the 3rd quarter.

Number of M&A deals* in the bakery sector



Source: Unigrains, *company acquisitions/sales, spin-offs, acquisitions of majority stakes or mergers

→ Financial and geopolitical tensions come to the table in Europe

The decline in activity was most visible outside Europe and particularly in North America, where only 15 deals were recorded, compared with 37 in 2021.



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In Europe, the number of deals remained in its historical average. However, beyond the usual motivations – consolidation, expansion, internationalisation, diversification, integration¹ – exogenous economic factors came to the table.

Geopolitical tensions notably led to an acceleration in the sale of Russian assets by Western companies. While some companies limited themselves to freezing their investments in the country, others decided to withdraw, like the Finnish group FAZER.

Increasing financial difficulties also precipitated some transactions. This explains the record number of deals in Germany. The traditional German bakery sector, consisting of networks of shops supplied by a central kitchen, was particularly affected by the successive crises.

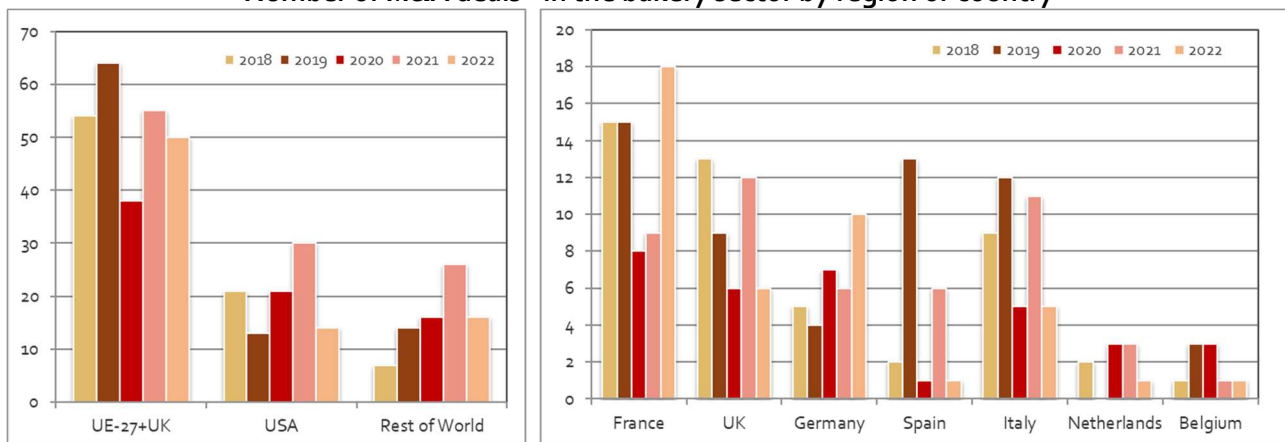
➔ Record number of deals in France

While in 2021 there were many deals in the UK, Italy and Spain, the level of activity in 2022 was particularly high in France.

Among the most noteworthy are Dutch fund WATERLAND’s double acquisition of BONCOLAC and MAG’M, NOVEPAN’s takeover by the French fund SAGARD, the integration of BOULANGERIES LOUISE into the SPAC TERACTION, and ERHARD’s acquisition of BURGARD.

The ready-to-fill niche experienced a major consolidation movement through two deals carried out, on the one hand, by the BOUVARD group with the takeover of LA CIGALE DORÉE and, on the other, by the HAFNER group with the acquisition of BISCUITERIE DUTOIT.

Number of M&A deals* in the bakery sector by region or country



Source: Unigrains, *company acquisitions/sales, spin-offs, acquisitions of majority stakes or mergers

➔ A more discreet presence of financial companies

Of the 80 deals recorded, 30 (37.5%) were acquisitions by financial companies (investment companies, financial funds, family offices, fund-owned industrial companies). Their presence was more discreet than in previous years. Similarly, on the disposal side, projects were postponed pending more favourable conditions.

¹ See annex



On the buy side, however, we note the dynamism of some private equity companies: BAIN CAPITAL and ARBOR INVESTMENTS in the United States, ALIANTE PARTNERS in Italy, MAYRIT CAPITAL PARTNERS in Spain, WATERLAND in the Netherlands, SAGARD in France, amongst others.

→ Among corporates, **GRUPO BIMBO, EUROPASTRY** and **BRIDOR** stand out

At the same time, corporates were on the acquisition path for big deals.

The world leader, Mexico's GRUPO BIMBO, sold its confectionery business to MONDELEZ to better focus on its core business. Alongside heavy investment programmes, Grupo Bimbo continued its shopping spree in 2022 with the acquisition of the British group ST PIERRE, a major player in the pre-packed buns sector which is steadily growing its presence on the other side of the Atlantic.

EUROPASTRY strengthened its presence in the American frozen patisserie market by taking over the European business of DAWN FOODS.

BRIDOR consolidated its presence in North America with the takeover of LECOQ CUISINE and invested in *pastel de nata* by swallowing up Portugal's PANIDOR.

In addition to bakery products specialists, other family-owned companies in related sectors entered the market in a bid to diversify. This was the case of the Italian chocolate maker FERRERO with the acquisition of FRESYSTEM in Italy. In the UK, the Belgian biscuit maker LOTUS BAKERIES took over PETER'S YARD and the financial arm of the German confectioner KATJES acquired GENIUS FOOD.

→ 2023 off to a great start

The first two months of 2023 have already seen a number of deals, around twenty, already finalised or announced. North America has regained momentum with seven deals. If the trend continues, 2023 could be a good year for mergers and acquisitions.

While uncertainties will remain high, bringing an additional risk that could slow down disposal or acquisition projects, there will also be more opportunities and windfall effects. Furthermore, given the deteriorated market conditions, multiples should logically fall.





**Annex – Synopsis of deals made in 2022
according to strategic orientation and target market**

National or regional consolidation	
France	<ul style="list-style-type: none"> • GROUPE BOUVARD acquires LA CIGALE DOREE • HAFNER GROUP takes over BISCUITERIE DUTOIT • BONCOLAC and MAG'M become part of the WATERLAND fund
Italy	<ul style="list-style-type: none"> • MORATO PANE acquires NT FOODS
Russia	<ul style="list-style-type: none"> • KOLOMENSKY takes over the assets of FAZER and acquires VOLGA PEKAR
Europe	<ul style="list-style-type: none"> • DR SCHÄR acquires GDR FOOD TECHNOLOGY in the UK • EUROPASTRY acquires the European business of DAWN FOODS • BRIDOR acquires PANIDOR in Portugal • ORKLA acquires KHELL FOOD in Hungary • BAKER&BAKER integrates Portugal's PEIPEN
United States	<ul style="list-style-type: none"> • DESSERT HOLDINGS takes over STEVEN CHARLES and DIANNE'S FINE DESSERTS • CROWN BAKERIES acquires PLEASANT PRAIRIE • FLOWERS FOODS acquires PAPA PITA
Brazil	<ul style="list-style-type: none"> • WICKBOLD integrates DELIMYLL
Japan	<ul style="list-style-type: none"> • YAMAZAKI BAKING swallows up KOBEYA BAKING
Expansion	
France	<ul style="list-style-type: none"> • TRAITEUR DE PARIS takes over COBRAL TRAITEUR • SOPHIE DEBREUILLY swallows up FRED and EMILE BEC bakery chains
Spain	<ul style="list-style-type: none"> • MIA FOODS integrates PASTELERIA MANDUL into its consolidation platform
United States	<ul style="list-style-type: none"> • BRIDOR acquires LECOQ CUISINE
Internationalisation	
France	<ul style="list-style-type: none"> • FORNO D'ASOLO takes over GELPAT TRADITION in France
Europe & United States	<ul style="list-style-type: none"> • GRUPO BIMBO takes over British company ST PIERRE
Malaysia	<ul style="list-style-type: none"> • ARYZTA acquires DE-LUXE FOOD SERVICES
Diversification	
France	<ul style="list-style-type: none"> • The BOULANGERIES LOUISE bakery chain is integrated into INVIVO RETAIL, a subsidiary of TERACTION • ERHARD acquires BURGARD
Spain	<ul style="list-style-type: none"> • VICKY FOODS invests in flexible packaging with DUCPLAST
Italy	<ul style="list-style-type: none"> • Pasta producer ANDRIANI takes over NOVE ALPI • Chocolate maker FERRERO acquires FRESYSTEM
United Kingdom	<ul style="list-style-type: none"> • Confectioner KATJES acquires GENIUS FOOD • LOTUS BAKERIES takes over PETER'S YARD
Vertical integration	
Germany	<ul style="list-style-type: none"> • Food retailer EDEKA NORD takes over H. VON ALLWÖRDEN bakery
Belgium	<ul style="list-style-type: none"> • Food retailer COLRUYT acquires ROELANDT bakery

Source: Unigrains