

Adnams open to sale as brewing sector faces funding squeeze

Adnams, one of the most historic names in British brewing, is to explore an outright sale amid a funding squeeze across the industry which has triggered a growing wave of insolvencies.

Sky News has learnt that Adnams has begun contacting prospective investors and buyers after hiring advisers earlier this year to shore up its finances.

A source close to the 134 year-old Suffolk brewery acknowledged that a full sale of the company was now an option, having indicated last month that it was not under consideration.

They insisted, however, that Adnams' preferred routes to raising capital remained a funding injection from a high net worth investor or family office.

The sale of some of its freehold assets from its estate of pubs and inns would also be considered, they added.

The objective of the plan is said to be to raise capital to pay down bank debt and fund further growth initiatives.

Advisers from Alvarez & Marsal are working with the company, which remains partly owned by members of its founding family.

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A spokesman for Adnams, whose B-shares are listed on the junior stock market Aquis, told Sky News last month: “We have instructed advisors to explore a range of options to fund our future growth plans.”

It declined to comment further on the possibility of a sale.

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The appointment of A&M comes several months after Dr Jonathan Adnams, the company’s long-standing chairman, told investors that continued inflationary pressures were having a

detrimental effect on consumer demand.

Operating losses in the first half of its financial year increased to £2.4m on flat revenues of about £30m.

Dr Adnams pointed to the ongoing slump in the number of pubs across Britain, and a 25% decline in the size of the cask beer market since 2019.

Adnams' best-known products include a strong ale called Broadside, Kobold lager and Blackshore stout.

It has also diversified into the no and low-alcohol beer categories, with Ghost Ship, a 0.5% ABV product, now among its bestsellers, particularly during the 'dry January' adopted by many consumers.

Adnams' name now also adorns a range of wines, such as Tallyho, as well as gin and whisky.

The company was founded in 1890, although family members George and Ernest Adnams had originally purchased the Sole Bay Brewery 18 years earlier.

The Adnams family remains the company's largest shareholder, with Dr Adnams, the chairman, owning a stake of approximately 20%.

The business is run by Andy Wood, who joined it in the mid-1990s and became chief executive in 2010.

Last week, it announced that Mr Wood would be replaced in June by Jenny Hanlon, its finance chief.

In that announcement, Ms Hanlon said it was important to "keep evolving and keep innovating – our brand and product portfolio, our brewing, distilling and distribution operations and our estate – while continuing to support our customers, communities and colleagues with the same values and commitments which have served us so well".

Dr Adnams described her as “the ideal candidate to lead us through the next chapter of Adnams’ evolution, both in stabilising our financial footing but also capitalising on Adnams’ unique strengths.”

Adnams boasts an illustrious board including the veteran marketer Steven Sharp and Simon Townsend, the former boss of pub giant Ei Group.

Sacha Berendji, a senior Marks & Spencer executive, is also a non-executive director of the brewery.

Its Aquis-listed shares have fallen by about two-thirds during the last year, although its minuscule market capitalisation of just £9m is misleading because only a small proportion of its shares are traded.

The search for new capital comes after a series of bankruptcies in the brewing sector.

Last year, Yorkshire-based Black Sheep collapsed into administration before being bought by Breal, an investment firm.

Breal has since acquired a number of other distressed players, including Purity Brewing Company, the owner of Session IPA.

Leeds-based North Brewing Co also fell into administration earlier this year before being sold to a local industry executive.