

Bridgepoint cooks up £500m Whopper with plot to sell Burger King UK

The newly listed owner of Burger King's UK operations has begun drawing up plans for a sale of the business next year in a bet on an accelerated recovery of Britain's pandemic-hit restaurant industry.

Sky News has learnt that Bridgepoint Group is holding preliminary talks with investment banks about an auction of one of the country's best-known fast-food chains.

The discussions are unlikely to result in a formal sale process for another 12 months, according to insiders, although they added that one could kick off in the early part of 2022 if sales continue to grow at a significant rate.

The prospective appointment of bankers is likely to alert rival private equity firms and potential trade buyers, and comes exactly a year after Burger King UK's chief executive, Alasdair Murdoch, warned of substantial job losses and restaurant closures as the COVID-19 crisis decimated the hospitality sector.

Although there is scant public detail about its recent financial performance, the chain is said to have rebounded strongly in recent months, boosted by an expanded portfolio of drive-thru restaurants.

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Burger King also has partnerships with Deliveroo, Just Eat and UberEats, which have helped to maintain sales momentum during the UK's various lockdowns.

The chain is said to have scores of further drive-thru outlets

in the pipeline.

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Hospitality bosses have warned in recent weeks that the 'pingdemic' caused by workers being forced to self-isolate after being contacted by the NHS Test and Trace app has plunged the industry into a renewed crisis.

Since March last year, dozens of restaurant chains, including Byron, Carluccio's and Pizza Express, have been forced into insolvency or emergency restructuring processes.

Burger King UK itself weighed a company voluntary arrangement (CVA) mechanism for one of its subsidiaries as it sought to close a small number of its 530 sites.

Mr Murdoch was an early and vocal critic of government policy towards the hospitality sector after the initial outbreak of COVID-19 cases.

In March 2020, he declared that the chain would not be paying its quarterly rent bill, and called on commercial landlords to work with food and beverage operators to resolve the deepening impasse between them.

In total, UK Hospitality, the trade association, estimated recently that the industry had lost approximately £80bn in sales since the start of the pandemic.

Burger King UK's improved performance reflects a belief among many industry executives, however, that pent-up consumer demand will provide a recipe for renewed expansion in the coming years.

A new vehicle backed by the former J Sainsbury chief executive, Justin King, is poised to list in London to buy restaurant assets, while other chains, such as Tortilla and Yo! Sushi, are also planning to go public.

Burger King UK owns roughly 150 of its UK outlets, and has been buying more of them back from franchisees in recent months in an effort to boost profitability.

In May, it acquired Zing Leisure, an Essex-based franchisee which operated 17 Burger King restaurants.

Mr Murdoch recently unveiled plans to eliminate some of its meat menu items and shift to a 50% plant-based menu by 2031 amid growing demand for vegetarian and vegan options.

The company has also committed to phasing out all single-use plastics in its restaurants by 2025.

Burger King UK is chaired by Martin Robinson, a leisure industry veteran who ran Center Parcs' European operations and has since chaired private equity-backed companies including Casual Dining Group, Parkdean Resorts, Travelodge and Wagamama.

Bridgepoint, which saw its shares soar after floating in London this month, has owned Burger King UK since late 2017.

It is thought to believe that the chain continues to have significant growth potential given that its UK estate is only about one-third of the size of rival McDonald's.

Bridgepoint owns about 80% of the UK estate, and is also a shareholder in Burger King's French business – although it is unclear whether it could seek to merge them ahead of an exit.

One source said that an initial public offering of the UK operation was also a possible option.

The Burger King brand is owned globally by Restaurant Brands International, which is listed in New York.

One analyst said the UK business could be worth more than £500m in the context of a recently reported deal that would see Cinven, another private equity firm, taking over the fast-food giant's Iberian master franchisee.

Burger King UK was unavailable for comment this weekend, while a spokesman for Bridgepoint said that no advisers had been

appointed and that the company was “simply exploring growth options for the [Burger King UK] business”.