

Buyout firm Advent joins list of suitors for \$10bn sandwich chain Subway

A former owner of the high street retailers DFS and HMV has joined the suitors vying to take control of Subway, the global fast food chain.

Sky News understands that Advent International is one of several private equity firms which have progressed through to the second stage of an auction of Subway.

Advent submitted an indicative offer for the US-based company, which could fetch a valuation of between \$8bn (£6.6bn) and \$10bn (£8.3bn), earlier this month.

It joined rival bidders including Goldman Sachs' asset management arm, Bain Capital, TDR Capital – the joint owner of Asda – and TPG.

TSG Consumer Partners, which counts Brewdog among its investments, has also been monitoring the situation.

Family-owned chain Subway said it was exploring a sale last month, paving the way for a change of ownership for the first time since its maiden store was opened in Connecticut in 1965 by Peter Buck, a nuclear physicist.

Since then, it has grown into one of the world's largest quick-service restaurant chains across 37,000 – mainly franchised – outlets in more than 100 countries.

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In the UK, Subway trades from more than 2,000 sites, selling made-to-order sandwiches, wraps and salads.

It is bigger in Britain by number of outlets than rivals such as Greggs and McDonald's.

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In a statement last month, the company confirmed that its shareholders were “exploring a possible sale of the company”.

“There is no indication of timing or assurance that a sale will occur.

“The management team remains committed to the future and will continue to execute against its multi-year transformation journey, which includes a focus on menu innovation, modernization of restaurants and improvements to its overall guest experience.

“The company recently announced another record-setting year, ending 2022 exceeding global sales projections and achieving eight consecutive quarters of positive same-store sales growth.”

Bankers at JP Morgan are overseeing the sale process.

At a valuation of \$10bn, a takeover would be too large for some of the initial bidders to execute alone, meaning that some may seek to team up with each other or with investors in their private equity funds.

A spokesman for Advent declined to comment.