

Compass points towards £400m takeover of Kew Gardens caterer CH&Co

Compass Group, the FTSE-100 contract caterer, is in advanced talks to take over a rival business which provides hospitality services at landmark venues including Kew Gardens and the Royal Opera House.

Sky News has learnt that Compass is this weekend putting the finishing touches to a deal worth more than £400m to acquire CH&Co, a private equity-backed company.

Banking sources said a deal could be announced as soon as this week.

If confirmed, it would be Compass's largest acquisition in the UK for years, although the transaction will not be material from a valuation perspective given its market capitalisation of over £37bn.

Nevertheless, it will be significant in further cementing Compass's presence at the premium end of the contract catering market.

Based in Reading, CH&Co provides services in sectors including schools, workplaces and tourist destinations.

Among the other prominent venues it counts as clients are the Royal Academy of Arts, the Southbank Centre and the Old Royal Naval College.

Historic Royal Palaces, whose portfolio includes the Tower of London and Hampton Court Palace, is also on its books.

CH&Co, which has held a royal warrant since 2013, has been backed by Equistone, the private equity firm, since 2019.

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One catering industry executive said that at a valuation of more than £400m, the exit would deliver an impressive outcome for Equistone, which has engineered a string of smaller takeovers for CH&Co during its period of ownership.



Last summer, it announced the acquisitions of Blue Apple, which specialises in workplace catering, and Pabulum, an education caterer.

The sale to Compass will come nearly four years after the FTSE-100 company raised £2bn from shareholders to support it through the pandemic.

The [COVID](#) crisis brought a sudden halt to the hospitality sector, forcing companies to furlough or lay off tens of thousands of workers.

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Compass, which employs hundreds of thousands of people around

the world, said at the time that its cash call was partly aimed at fuelling acquisitions in the pandemic's aftermath.

Unusually at the time, its share sale included an offer to retail investors through a platform called PrimaryBid, allowing them to participate in the deal.

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The stock was sold at 1025p, and has since more than doubled, reflecting the bounce-back enjoyed by parts of the catering and hospitality sectors.

On Friday, shares in Compass closed at 2170p, having risen by 14% during the last 12 months.

The resurgence in its value would mean that ranks among the most successful, as well as the largest, of the pandemic era fundraisings by a London-listed company.

Bankers at Rothschild are understood to be advising Equistone on the sale of CH&Co.

Compass and Equistone declined to comment on Sunday.