

Goldman Sachs arm has appetite for \$10bn Subway takeover

An arm of the Wall Street behemoth Goldman Sachs is among the suitors hoping to take a mouthful of Subway, the global sandwich chain which has been put up for sale with an estimated \$10bn price tag.

Sky News has learnt that Goldman Sachs Asset Management (GSAM) is one of at least a handful of parties which tabled indicative offers for Subway this week.

People close to the process said on Saturday that Bain Capital, TDR Capital – which jointly owns Asda and the petrol forecourts giant EG Group – and TPG had also lodged their interest.

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

The array of suitors for Subway has emerged weeks after the family-owned chain said it was exploring a sale.

The first Subway 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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A sale could value the business at \$10bn or more, according to the Wall Street Journal, although the structure of any deal remains unclear.

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, modernisation 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, with a number of other bidders also said to have expressed an interest.

At \$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.

Goldman’s emergence as a potential buyer of Subway is intriguing given that it participates in relatively few auctions of this nature.

Its interest is through a division of GSAM which used to be known internally as its Principal Investment Area (PIA).

Bain was among the bidders for Boots, the chemist, when its owners pursued an aborted sale last year, while as the owner of several food-service brands, TDR has experience in the sector.

Subway could not be reached for comment, while Goldman Sachs, Bain, TDR and TPG all declined to comment.