

Historic Suffolk brewery Adnams in scramble to raise new funds

Adnams, one of the most historic names in British brewing, has drafted in City advisers to raise new funding amid a deluge of insolvencies across the sector.

Sky News has learnt that Adnams is working with Alvarez & Marsal (A&M) on a range of options to shore up its finances.

People close to the situation said these were likely to include an injection of private capital from a high net worth investor or family office.

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

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

This weekend, the Southwold-based company sought to distance itself from the idea that it could consider an outright sale, which some industry figures had speculated about in recent weeks.

A spokesman for Adnams, whose B-shares are listed on the junior stock market Aquis, said: "We have instructed advisors to explore a range of options to fund our future growth plans."

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The appointment of A&M comes several months after Dr Jonathan Adnams, a member of the company's founding family and now its 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.

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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.

An Adnams insider said, however, that trading had been “very positive” in January amid signs of consumer confidence returning and some input cost increase beginning to ease.

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 founding 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.

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

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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 last month before being sold to a local industry executive.