

# **FOODSERVICE GROWTH REPORT 2018**





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# INVESTMENT DRIVEN GROWTH CONTINUES

## Foreword

By Graeme Smith: Managing Director, AlixPartners

This is the sixth year of the AlixPartners Foodservice Growth Report and it is fantastic to see that the leading independent operators in the sector continue to deliver outstanding financial results. When we first launched this report, we commented that this particular sector was not well covered by financial investors as it often fell between the two stools of either facilities management or hospitality & leisure. It is quite clear that this is no longer the case.

The sector has attracted significant support from the financial community in the form of private equity, credit funds and banks in recent years. This support has been instrumental in enabling new leading players to emerge and grow, from Westbury Street Holdings (WSH) with MML Capital Partners then Intermediate Capital Group, to most recently Bridges Fund Management backing the merger of Innovate with Cucina to create the Impact Food Group.

Understanding of the industry has also built-up over the different operating models (cost-plus, fixed subsidy, concession etc) and the different sub-sectors. In this time, the global groups have also been active in building their businesses through acquisitions and mergers such as the recent Servest Atalian transaction and the multiple acquisitions completed by Elior in the UK.

### **MAKING ACQUISITIONS A SUCCESS**

The sector has a long track-record of companies making a success of acquisition-led growth. Many of the largest groups have been built this way. However, sustaining acquisition-led growth is not straightforward, as has been demonstrated by the high-profile troubles faced by many in the facilities management sector. The foodservice sector has, on the whole, managed to avoid these troubles.

Having advised on several transactions in the sector, I have been impressed by the focus placed on the integration process by senior management teams. Particular attention is placed on the integration of people, both in managerial positions and also at the client site. I believe this people focus is driven by the experience that foodservice businesses have in onboarding new teams when a new contract is won. In this situation, the staff at the client site don't change but the contractor does, and the contractor has to quickly integrate these new colleagues into their business and their way of doing things. This is not so different to what happens on day one following an M&A transaction, so it is definitely good practice.

This experience also appears to stand companies in good stead when it comes to keeping clients on board following a deal. Clients are experienced in dealing with foodservice contractor transition

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so a change of control as part of a transaction is not a new experience. Through engagement with the client, and a real focus on ensuring quality at point of delivery does not suffer, and communication is transparent, clients can be retained by the business.

**RISING PRESSURES**

There are undoubtedly increasing pressures being faced by the industry due to the recent volatile weather, food price inflation and tightness of the labour market. These factors are being exacerbated by the uncertainty surrounding the Brexit process. We are seeing operators manage through these challenges though and in many cases using these challenges to forge closer relationships with their clients as these are market-wide issues and not ones that can simply be fixed by switching supplier. A trigger for greater interaction with the client has been the need to provide assurances over matters such as security of the

supply-chain in the event of a no-deal Brexit or what steps are being taken to offset food price inflation.

Whilst many of the issues around Brexit are being effectively managed by companies in this sector, one area that remains a key concern is access to staff. This particularly bites in the sports and events area of the market where there is a need to access large numbers of flexible staff due to the need to scale up and scale down operations quickly. Many of these workers are young EU nationals and the industry is looking to the Government for support and assurances in this area as these people would not fall into the high-skilled category.

**CONCLUSIONS**

The independent sector continues to drive growth by offering something different to the very largest players and targeting clients where they can

meet their specific needs. A common refrain from the leading independent operators is that one of the keys to their success is pitching to clients where lowest-cost and highest investment are not the key criteria for selection. They know they can't compete with the scale of global groups in these areas, so they have to play to their strengths of personal service, quality with creativity and bespoke provision. However, the rise of inflation has moved costs higher up the client agenda which plays to the global groups. The ability of the independents to innovate and offer quality of service has therefore never been more important.



"2018 has been a tough year for many...2019 maybe tougher still but could mark a time for change."

– CHRIS SHEPPARDSON

By Chris Sheppardson: Managing Director, EP Business in Hospitality

When we look back at 2018, many will talk of a challenging year when snow days and the hot summer hardly helped operators, but the picture is becoming even more complex as the number of fully-employed home workers continues to increase, and of course there is the National Living Wage and the threat of further food price inflation to consider. Throwing the uncertainty of Brexit into the mix has certainly made business more difficult this year. It is hard to plan for 2019 with such little clarity on how the market will look in even six months' time.

All together this creates a perfect storm that, in turn, creates pressure for operators with no clear let up on the horizon. Considering such a difficult back drop, credit must go to those businesses constantly and consistently adapting and changing

their approach. The AlixPartners report has illustrated just how well many companies do perform against a constantly combative landscape.

### CONSUMER TRENDS

At the same time, consumer habits are evolving faster than ever, with more and more consumers seeking healthier diets and better food produce. Today it is estimated that there are around 3.5 million vegans in the UK, rising from 540,000 in 2016 and 150,000 in 2006.<sup>1</sup> This is a dramatic change and the trend will continue. It is estimated that 22 million people are reducing their meat intake in the UK alone.<sup>2</sup>

Furthermore, 25% of today's professionals are reported to be suffering from mental illness and a common view is that this will only increase if something does

not change to a potential 50% by 2025.<sup>3</sup> There are also record levels of depression being reported amongst students which is simply not a healthy situation and one which cannot continue. We believe foodservice can have a positive impact on stress and mental well-being in the workplace and in an educational context.

### OPERATIONAL CHALLENGE AND OPPORTUNITY

In August 2018 food price inflation stood at around 2.5%, slightly higher than the overall picture in Europe where the figure stands at an average of 2.1%.<sup>4</sup> The reality is that the hot weather this year will see an increase in prices that will feed through into financial performance when corporates report their results next year.

1. <https://www.independent.co.uk/life-style/food-and-drink/vegans-uk-rise-popularity-plant-based-diets-veganism-figures-survey-compare-the-market-a8286471.html>
2. <https://www.theguardian.com/lifeandstyle/2017/jun/25/vegans-vegetarians-and-now-reducetarians>
3. <https://www.mentalhealth.org.uk/sites/default/files/fundamental-facts-about-mental-health-2016.pdf>
4. <https://tradingeconomics.com/united-kingdom/food-inflation> / <https://tradingeconomics.com/european-union/food-inflation>

**Chris Sheppardson** is Managing Director of EP Business in Hospitality, the magazine launched in 2005 to provide a communications source for leaders in the industry. His vision was inspired by the desire to look at the real people and characters who make up the industry, and to provide constructive debate on issues that affect the industry at many levels.

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But herein also lies the opportunity. UK business is facing a series of challenges and will need to bring people together to face these challenges through renewed, stronger cultures – and foodservice can play an important role. There is great debate over productivity figures – especially those that suggest the UK lags other G7 countries. Many argue that this cannot be true as we are close to full employment, but this is a slightly separate issue.

There is therefore a genuine opportunity for the sector to create an argument for increased focus, if not investment, on the importance of great food and how restaurants – in-house or commercial – bring people together. There is a strong argument, resonating across many sectors, that food is playing an increasingly

important role in the creation of better communities, and if the foodservice sector can't solve some of the issues noted above, it can certainly help in trying to address them.

**THE FUTURE**

The foodservice sector has arguably found a symbiotic position in the built environment where it must focus on the changing patterns of the workforce on a truly daily basis – monitoring home working volumes, spend variations, risk, and the cost of X or Y. However, the future is perhaps about enhanced services, creating and supporting communities and culture, increased technology in measuring health and ultimately enticing home workers into the workplace through greater value add. There needs to be a shift towards a strong proactive focus on the end-user and how foodservice plays a

central and important role in their lives. This naturally increases the value of foodservice to everyday life.

Foodservice is, in many ways, a truly remarkable sector – it adapts and handles every demand with impressive skill. However, just maybe, a new landscape is beginning to emerge and the need for change is becoming an even more tangible reality.





# INDUSTRY AND INVESTOR INSIGHT

By Nigel Harris, Owner, The Proper Food and Drink Company – Absolute Taste

## **THE CONVERSATION SHOULD BE ABOUT PRODUCING GREAT FOOD**

It might sound crazy to open with this, but I love it when the main subject in foodservice is about the production of great food and the importance of seasonal produce. Food is becoming central to everyone's lives and people want great quality produce, exciting food styles and will pay accordingly for a product that they trust.

At Manchester City, where we operate a joint venture with US-based brand agency Legends, the food spend per customer has doubled since we took over, simply through us using great products. This is not the only example – we recently delivered a huge range of food styles at the Ryder Cup in Paris using local suppliers. We travel the world with McLaren and Formula One and, wherever we go, clients and customers are excited by the food that we are serving.

Today we sit at around £60 million of sales and we are not stopping there! We want to be the force that really does stand for great food.

Yes, it's more complex than just saying that food should sit at the heart of the conversation

– great food only happens with great expertise and processes in place plus good pricing. It is a balancing act. It is also about using produce that is in season, that is sourced correctly, and with experts that really work hard to design great menus and food styles. In my experience, I see consumers light up when presented with great food that they want to engage with. I understand the need for tenders and process in business – it is fundamental – but we should never forget that food sits at the heart of all we do.

We all know that Brexit will be challenging. We all know that food prices are likely to increase over the next twelve months. In August, food inflation was climbing towards 3%. It can be conservatively forecast that over the next year this will lie between 12% and 15%. This will be a challenge, and it is a procurement exercise to place more pressure on suppliers. We need to understand how we can create strong, effective partnerships with suppliers, but also change the way we think about food.

I suspect Brexit – however it manifests itself in the end – will be challenging, but it could be a real catalyst for change. Most foodservice operators still prefer to talk food and service rather than procurement and process. This

may be an opportunity to try and change the story that has surrounded the foodservice sector over the last decade. I would be delighted if discussions were focused on food quality and people.

This is what drives The Proper Food and Drink Company and Absolute Taste. We have really invested to create a world-class CPU operation that can deliver first-class foods to leading businesses and brands across the country. This isn't about creating a new supply practice, but about creating a new approach to foodservice that can manage cost and can deliver great food.

We want to engage the market positively. We want to provide great services and amazing food. We have worked hard to create a business model that offers clients an alternative approach that can keep costs controlled and that places food at the heart of our work.

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**Nigel Harris** is the owner of The Proper Food and Drink Company, headed by Absolute Taste, a business servicing a multitude of food and beverage sectors including major events, performance sports, retail, and private aviation. He is the former owner of Fresh Direct, one of the biggest fresh food suppliers and wholesalers in the UK. After 20 years in the industry, Nigel decided it was time to build the only caterer in the world that buys direct from the people that grow and rear food, with the most experience. Absolute Taste is driving that vision.

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**"GREAT FOOD ONLY HAPPENS  
WITH GREAT EXPERTISE AND  
PROCESSES IN PLACE PLUS GOOD  
PRICING. IT IS A BALANCING ACT."**

**– NIGEL HARRIS**



“Almost 60% more children in their last year of primary school are now classified as "severely obese" than in their first year, according to Public Health England.”

– EMMA THORNE

By Emma Thorne, Investment Director, Bridges Fund Management

As an impact investor, we think deeply about the role business can play to address some of the most pressing social and environmental challenges. It was as we delved into the issue of childhood obesity that we saw the opportunity for school caterers to positively impact the health and wellbeing of the pupils they serve, with this £2 billion market providing up to half of a child's daily nutritional intake, 190 days a year. Helping children make better nutritional choices doesn't just influence health outcomes; research shows that it also makes them more alert and better-behaved in school and improves their educational attainment.

In 2018 so far, we have invested in two of the UK's leading, quality-led educational caterers, Innovate and Cucina, bringing them together to form the Impact Food Group (IFG). Combined sales are £35 million arising from almost 200 secondary and primary school multi-year contracts. Both companies have achieved an impressive organic growth track record, winning contracts and subsequently driving take-up and sales off the back of innovative menu development and operational discipline. As a function of bringing children back into school

canteens, generally less healthy alternatives (packed lunches, or worse - trips to the local takeaway) are displaced. The caterer can then gradually educate and encourage pupils towards adopting healthier meal choices. Good examples of this 'health by stealth' approach are Cucina's beetroot brownies and their secret recipe pizzas, which contain two portions of veg per slice. Consider that 98% of packed lunches don't meet the nutritional standards required for school meals, and you get a sense of what is possible.

Our ambitious growth strategy for IFG will pursue strong commercial performance in "lock-step" with better social and environmental outcomes. The group is seeing increasing interest from key decision makers and influencers (including head teachers, consultants, governors, parents and most importantly students themselves) for quality-led caterers who can promote better nutrition in their schools in a holistic way, even supporting them to incorporate food education, healthier eating and lifestyles into the curriculum. In response, IFG is developing Impact Partnerships with its schools, working

**Emma Thorne** is a member of the Bridges Sustainable Growth Funds team, focusing on identifying and executing new investment opportunities, and working with existing portfolio companies. She sits on the Boards of the Impact Food Group and Vegetarian Express. Bridges Fund Management (formerly Bridges Ventures) is a specialist fund manager focused exclusively on sustainable and impact investment, with offices in London and New York. Since 2002, the firm has raised over £900 million to invest in SMEs, properties and social sector organisations that are helping to tackle some of society's biggest challenges, with a focus on four themes: health & wellbeing, education & skills, sustainable living and underserved markets.

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with teacher and student groups to join-up the school's approach across nutrition, physical education, and emotional wellbeing. This includes work with Food for Life and Place2Be, the mental health charity.

We are targeting one or two more acquisitions, with a high-bar for quality and service excellence and looking for the opportunity to add value to existing contracts through the introduction of our impact-led initiatives, and to deepen Multi-Academy Trust (MATs) relationships. We will also look at entering new geographies or market segments, for example independent schools.

As with all successful investments, the most critical success factor will be talent, from the senior management team through to the unit teams. We are delighted that John Hamill and Phil Morris are joining us to lead as CEO and CFO/COO respectively. Both join from Servest Atalian, where John was Managing Director of their burgeoning catering division and Phil was CFO. One of their first priorities is to retain and attract the best talent in an industry with notoriously high turnover.

# METHODOLOGY

## PROFIT MEASURE

In the *AlixPartners Foodservice Growth Report*, the term profit is defined as earnings before interest, taxes, depreciation, amortisation, and exceptional items, with directors' remuneration added back to account for differences in how entrepreneurs' extract cash from private companies. We therefore remove that variable to avoid any potential distortion.

## TIME FRAME

Profit growth is measured by compound annual growth over three years, based on statutory accounts. The analysis has a cut-off date for account filings available at Companies House on 30 September 2018. Companies that have filed their 2018 accounts will have profit measured from 2016 to 2018, while companies that have not yet filed 2018 accounts will have profit growth measured for the same length of time from their most-recently-filed accounts, which report 12 months of trading.

## QUALIFYING COMPANIES

Qualifying companies must have a turnover of at least £10 million in their latest accounts and profit of at least £250,000. They also must have been profitable in all three years and have achieved profit growth in their latest financial year.

Businesses must be UK registered and be independent and unquoted. UK subsidiaries of European businesses are included in the analysis. However, only their performance in the UK has been considered. Companies that have grown through acquisition qualified for inclusion. We exclude companies with turnover of more than £1 billion. Companies focusing primarily on facilities management (FM) services have also been excluded, though catering subsidiaries, when reported separately, qualified for inclusion. Traditional catering companies expanding into FM services have also been included.

# TOP 20 LIST

RANK 2018	CHANGE SINCE 2017	COMPANY	TURNOVER (£M)*	PROFIT (£M)*	PROFIT CAGR (%)
1	▲16	Graysons Hospitality	28.7	1.0	155.8%
2	New	Smart Group	25.3	1.6	79.8%
3	▼2	Innovate	19.4	1.6	50.5%
4	New	The Proper Food and Drink Company	32.4	1.4	45.7%
5	▼1	Cucina	16.4	1.7	42.0%
6	▲3	Bartlett Mitchell	39.7	1.2	41.4%
7	▼4	CH&Co	240.3	16.0	38.7%
8	▲11	Eventist Group	20.8	2.5	33.6%
9	▲6	Thomas Franks	28.9	1.5	32.3%
10	▲13	T(n)S Catering	18.3	1.2	26.8%
11	New	Aspens	36.1	1.1	25.2%
12	▼10	rhubarb	65.7	7.4	24.6%
13	▼6	Accent Catering	15.1	1.3	22.9%
14	▼2	Wilson Vale	30.4	3.1	17.2%
15	▼9	Dine Contract Catering	32.1	3.1	13.9%
16	▼6	Olive Catering	27.0	2.2	10.0%
17	▼1	Westbury Street Holdings	828.1	65.5	9.8%
18	▲3	Harrison	55.5	3.9	6.1%
19	▼5	ABM Catering	25.0	1.5	5.4%
20	▼7	Pabulum	26.7	1.5	4.9%

Key: CAGR = compound annual growth rate

Source: Company statutory accounts

\*Most recent filed accounts reporting 12 months comparable trading



# COMPANY PROFILES

## 1 GRAYSONS HOSPITALITY

Latest turnover:	£28.7 million
Profit CAGR:	55.8%
Key personnel:	Sir Francis Mackay, Chairman; Tim O'Neill, Managing Director; Barnaby Watson, Finance Director; Ian Daly, Non-Executive Director
Backer:	Privately funded
2017 ranking:	17

A new entrant to the index last year, Graysons hit the top spot this time around having benefited from a recent strategic repositioning which delivered enhanced profitability across the B&I, venues, and events platform in the last 12 months.

The business, led by ex-Compass chief executive and industry veteran Sir Francis MacKay and managing director Tim O'Neill, operates over 30 fixed sites across London and the South of England, via Graysons Restaurants (B&I staff restaurants, cafés, and corporate hospitality) and Graysons Venues (conference and event venue catering). The Group is further supported by the well regarded By Word of Mouth (party design and event catering) brand, led by Justin Tinne and Rick Perry, which continues to deliver consistent bottom-line performance.

Benefiting from the maturity of deals secured in 2016, having mobilised contracts for the British Library and Francis Crick Institute, and having renewed high-profile contracts for the likes of BMW, Graysons reported 17.4% growth in annual sales and £1 million of profit last year, propelling the business to the top of the index.

Further profit growth will follow in 2018 with new contracts secured with IOP Publishing, Ricardo, and the National Archives in Kew, supported by maturity of the British Library contract. As a result, the Graysons platform will continue to be one to watch.

## 2 SMART GROUP

Latest turnover:	£25.3 million
Profit CAGR:	79.8%
Key personnel:	Greg Lawson, CEO; Christophe Tramoni, Finance Director; Stephen Lawrence, Battersea Evolution & Smart Seasonal Venues; Angela Hartnett, Creative Director
Backer:	Privately funded
2017 ranking:	New

Led by chief executive Greg Lawson, the Smart Group is a dynamic collection of hospitality, catering, and event management businesses with a track record spanning over 20 years. The Group stormed into second place in this year's index, supported by 27.9% revenue growth and a material step forward in profitability.

The business, which recently secured an exclusive two-year contract with the Marylebone Cricket Club at Lords, is also well known for its management and operation of Battersea Evolution, alongside four other prestigious London venues. Accredited at more than 25 other venues through the 33-year-old Moving Events brand, the Group delivers high-quality events to high-profile clients throughout the year.

From Christmas parties to sporting event hospitality, Smart Group is also able to draw on its partnership with Michelin-starred Chef Angela Hartnett to deliver truly memorable experiences at some of the UK's largest set-piece events. Having secured new minority investment during 2018 to support further infrastructure investment, Smart looks set to continue its growth story in 2019 and beyond.

## 3 INNOVATE

Latest turnover:	£19.4 million
Profit CAGR:	50.5%
Key personnel:	Geoff Peppiatt, Chairman; Ken Navin, Managing Director; Michelle Callcut, Finance Director
Backer:	Bridges Fund Management
2017 ranking:	1

Picking up where it left off, last year's number-one-ranked operator Innovate delivered another stellar period of growth in 2017 to secure third place in our index with £1.6 million of profit. As a result, the private equity market took notice and the specialist sustainable and impact investor Bridges Fund Management acquired a majority stake in February 2018.

Based in West Byfleet, led by Chairman Geoff Peppiatt and Managing Director Ken Navin, Innovate focuses exclusively on the education sector, serving around 75 secondary schools in England, using some of these as a base to serve another 45 local primary schools, delivering a total of 90,000 meals per day.

At a primary level, service is delivered to clients with and without kitchen facilities and the business offers both cashless and pre-ordering systems to simplify parents' lives but ensure their children are still provided with fresh,

healthy produce. Together with Bridges, the team will be looking to continue their high-impact service for years to come, targeting increasing childhood obesity while promoting healthy eating in schools, to help foster better long-term eating habits.

This clearly paid dividends in the last financial year with 10% revenue growth supporting 22.7% growth in bottom-line profit. As a result, Innovate is making a truly positive impact at both the social and financial level.

#### 4 THE PROPER FOOD AND DRINK COMPANY

Latest turnover:	£32.4 million
Profit CAGR:	45.7%
Key personnel:	Nigel Harris, Owner; Lyndy Redding, Founder: Absolute Taste; Gary Kennerley, Managing Director; David Burns, Commercial Director; Oliver Hitchcox, Business Development Director
Backer:	Privately funded
2017 ranking:	New

Entering the index for the first time on the back of an almost threefold increase in revenue, The Proper Food and Drink Company, formerly known as One Event Management, is a collection of foodservice businesses covering a variety of end-markets from events to private aviation.

The brainchild of Nigel Harris, one of the founders of fresh produce specialist Fresh Direct, the business brings together exceptional service across all its brand platforms. The Group acquired Absolute Taste in December 2016 to add a high-quality portfolio of contracts including McLaren F1, Burghley House, and Chelsea Harbour to the wider operating platform alongside expertise in the venues and events marketplaces. Most recently the Group delivered services at the Queen's Club tennis tournament and during the Ryder Cup.

Following a year of restructuring and integration, 2018 will see the combined Group, generating almost £60 million in annual sales, begin to reap the rewards of an innovative platform which leverages skills in the fresh produce sector to execute high-quality delivered-in services from a state-of-the-art distribution centre, 'The Shed', in Banbury.

The last financial year was equally positive for the Group, consolidating existing businesses which include F3 (Stadia Hospitality) and Fresh Air (Private Aviation) to deliver an impressive £1.4 million of profit, representing compound growth of 45.7% in the last three years. With Absolute Taste providing further upside for the combined platform, the business looks well set to make a bold statement in 2018.

#### 5 CUCINA

Latest turnover:	£16.4 million
Profit CAGR:	42%
Key personnel:	Steve Quinn, CEO; Stuart Lenton, Managing Director
Backer:	Bridges Fund Management
2017 ranking:	4

Based in Wakefield, Cucina was down one place in the index this year, breaking through the £1.6 million profit barrier with 14.5% profit growth. This was supported by another step forward in annual revenues, having secured contracts with Swales Academies Trust, Meller Educational Trust (covering several academies and university technical colleges based around Watford, South Hertfordshire, and Hillingdon), and Walton High in Milton Keynes.

The business brings restaurant-quality food to over 50 secondary schools and academies across the UK. Rather than operating canteens, food halls, or cafeterias, Cucina's outlets are all full-scale restaurants with trained chefs cooking from scratch using local, fresh ingredients where possible.

This operating model, alongside excellent operating margins which grew from 9.7% to 10.1% in 2018, clearly attracted the investment market, resulting in a merger with private-equity-backed education specialist Innovate in September 2018, forming The Impact Food Group. This will create a consolidated platform with more than £35 million in annual revenues, serving nearly 200 schools nationwide. Together, the businesses will be looking set to cement their position as one of the pre-eminent education catering operators in the UK in the next two to three years.

#### 6 BARTLETT MITCHELL

Latest turnover:	£39.7 million
Profit CAGR:	41.4%
Key personnel:	Wendy Bartlett, Executive Chairman and Co-founder; Ian Mitchell, Co-founder; Ian Thomas, CEO; Francois Gautreaux, Operational Managing Director
Backer:	Privately funded
2017 ranking:	9

Workplace and events specialist Bartlett Mitchell continued where it left off last year, rising three places in our index, supported by a substantial increase in annual profit to £1.2 million, representing 41.4% in compound profit growth in the last three years.

Having delivered consistent sales growth over the last seven years, including 10% in the last financial period, Bartlett Mitchell is now one of the largest mid-scale independent operators in the UK, boasting sales of £39.7 million per annum. This was further bolstered by new contracts secured with Man Group, the Local Government Association, and two international law firms

– White & Case and Freshfields Bruckhaus Deringer – in the last 12 months.

The business was further rewarded for its passion for training earlier in the year with the Princess Royal Training Award in recognition of its development programmes. This marked the first caterer to win such an award, highlighting the strength of the operating platform and its commitment to developing rising stars in the foodservice industry.

## 7 CH&CO

Latest turnover:	£240.3 million
Profit CAGR:	38.7%
Key personnel:	Tim Jones, Chairman; Bill Toner, CEO; Nick Thomas, CFO; Terry Waldron, COO
Backer:	MML Capital Partners (minority investor)
2017 ranking:	3

The independent sector's most active consolidator CH&Co took another large step forward in 2017, to deliver £240 million of annual sales. Alongside substantial purchasing and operating synergies secured from recent acquisitions, the business reported 80% growth in underlying profit to £16 million.

Led by CEO Bill Toner and supported by chairman Tim Jones, the business progressed with the integration of recent acquisition Harbour and Jones during late 2017 and further augmented its events platform with the acquisition of Concerto in December, creating further scale and coverage across the UK.

As a result, operating margins increased from 4.6% to 6.7% in 2017, highlighting the success of recent M&A in driving the bottom line. Following the successes of 2017, CH&Co has recently become the largest and most diverse contract caterer to receive the top-level Three-star rating from the Sustainable Restaurant Association and maintained its growth trajectory with 50 new clients secured in 2018. As a result, the business will be looking to break through the £300-million revenue barrier in the not-too-distant future.

## 8 EVENTIST GROUP

Latest turnover:	£20.8 million
Profit CAGR:	33.6%
Key personnel:	Jeffrey Hilliard, Thomas Hilliard and Peter Stevens, Founders and Directors; Tim Stevens, Managing Director
Backer:	Privately funded
2017 ranking:	19

The Eventist Group is one of the largest event service specialists in the UK, entertaining more than 375,000 guests annually across six well-renowned brands. Building on the success of the eponymous Christmas party business, Best Ever Parties, the Group acquired premium

London event catering experts Food by Dish last year, adding to its stable of other brands to establish a genuine force in the events marketplace.

The acquisition will add a further £5 million in sales to a business which broke through the £20-million barrier last year, generating an additional £0.8 million of bottom-line contribution and rising eleven places in our index. As a result, the Group generated an impressive £2.5 million of annual profit, representing 33.6% compound growth in the last three years, which will be further bolstered by contribution from Food by Dish in 2018.

The last 12 months was clearly a year of great success for the Group, securing its ninth contract with the Glastonbury Festival via 'Arribar!', and Tobacco Dock operator 'Tapenade' winning the prestigious Event Caterer of the Year award at the Foodservice Cateys, and the Best Catering at a Venue award at the London Venue Awards.

## 9 THOMAS FRANKS

Latest turnover:	£28.9 million
Profit CAGR:	32.3%
Key personnel:	Frank Bothwell, CEO; Chris Pearce, Managing Director; Lorraine Wilson, Finance Director
Backer:	Privately funded
2017 ranking:	15

Oxfordshire-based contract caterer Thomas Franks, which services B&I clients, independent schools, and fine dining events, went from strength to strength last year, delivering a seventh consecutive year of revenue growth, a trend which looks set to continue in the next reporting period.

The business was founded in 2005 by Frank Bothwell, who had previously worked at Avenance (now part of the Elior Group). In July, the business appointed former Holroyd Howe operations director Chris Pearce as managing director, to support Frank in day-to-day operations as it looks to break through the £30-million turnover barrier and continue a trajectory towards £50 million in annual sales in the next few years.

With substantial growth from independent schools and new London-based contracts, profitability took a substantial 33.2% step forward last year to £1.5 million, representing 32.3% compound growth in the last three years.

2018 will see further growth, with new school contracts secured with Wimbledon High School, Kings School, Gloucester, and St Felix School in Suffolk, and the launch of a new bespoke cafe styled bistro with Bibby Financial, driving the business ever closer to its ambitious revenue target.

## 10 T(N)S CATERING MANAGEMENT

Latest turnover:	£18.3 million
Profit CAGR:	26.8%
Key personnel:	Phil Tyas and Tim Smith, Founders and Directors
Backer:	Privately funded
2017 ranking:	23

B&I, healthcare, and education catering provider T(n)S Catering, maintained its impressive recent growth trajectory, adding almost £2 million in annual sales and breaking through the million-pound profit barrier in its latest financial results. With £1.2 million of profit and compound growth of 26.8% over the last three years, the business continues to make strides across the UK.

Established in 2003 by Phil Tyas and Tim Smith, T(n)S promotes the fact that it sources all meat, bread, dairy, and greengrocery from local or regional suppliers within a 25-mile radius of its sites, which now span the UK from Lancashire to Devon.

After 14 years in its original headquarters, T(n)S moved into new modern premises in Leamington Spa during 2018, providing the business, which placed 65 in the last Sunday Times Best Companies to Work For list, with the platform to continue its expansion story over the next few years.

## 11 ASPENS

Latest turnover:	£36.1 million
Profit CAGR:	25.2%
Key personnel:	John Roe, Manging Director; Martin Garland, Client Relationship Director; Amanda Ashmore, HR Manager; Tim Wilson, Commercial Director
Backer:	Privately funded
2017 ranking:	New

Aspens, the Worcester-based education catering specialist marked its 10-year anniversary in 2018 alongside a debut placing in our index. Operating at over 300 locations from Cornwall to Hull, the business has delivered an incredible 51% organic compound revenue growth in the last three years (the highest in our index) to reach £36.1 million of sales in its latest results.

This growth has been recognised more widely with the business ranking 545 in the Financial Times Fastest Growing Companies in Europe for 2017, highlighting Aspens' ability to deliver organic growth through referrals and retentions while also generating meaningful bottom-line contribution.

The business, which delivers primary, secondary and sixth-form contract services, is recognised for its commitment to healthy food. It secured the Food for Life gold catering mark in 2016 and seeks to operate as a true partnership with its school and college clients. This is clearly bearing fruit, with Aspens breaking through the £1 million barrier to secure £1.1 million of profit last year.

## 12. RHUBARB

Latest turnover:	£65.7 million
Profit CAGR:	24.6%
Key personnel:	Richard Prosser, Chairman; P.B. Jacobse, CEO; Helen Bowey, Chief Development Officer; Laraine Beament, CFO
Backer:	Livingbridge
2017 ranking:	2

Premium events, venues, and restaurant operator rhubarb consolidated its position during 2017 following its secondary buy-out by private equity sponsor Livingbridge which closed in December 2016.

Indeed, the business benefited in the last financial year from a 48% increase in guest capacity at the Sky Garden, the iconic fixed-site venue operated at the Walkie Talkie building since 2015. This contributed to a step forward in group profitability despite the exit of a low-margin event contract, which otherwise saw a decline in overall event revenues.

rhubarb's restaurant business will be further bolstered in late 2018 with the opening of VIVI at Centre Point, following the extensive refurbishment of the Tottenham Court Road area in central London. This follows exciting recently-announced international development plans, with the group due to open two restaurants at the Hudson's Yard development in New York during 2019.

Closer to home the business still provides bespoke catering solutions at around 600 events per year for a broad range of clients, from high-profile charity galas for 2,000 guests, to small, intimate dinners in country venues. Having enhanced margins from 10.8 to 11.3% in 2017, the next reporting period looks set to be another breakthrough year for this premium-led international hospitality operator.

## 13 ACCENT CATERING

Latest turnover:	£15.1 million
Profit CAGR:	22.9%
Key personnel:	Ian Crabtree, Managing Director; Derek Warman, Finance & IT Director; Clare Piggott, Client Services Director
Backer:	Privately fmded
2017 ranking:	7

Following a new entry in the index last year, Staines-based education and B&I specialist Accent Catering made another major step forward in 2017, with a 27.4% increase in profit to £1.3 million, representing 22.9% in the last three years.

Headed by managing director Ian Crabtree and finance director Derek Warman, who co-founded the business alongside Claire and (the late) Gordon Haggarty in 2002, Accent focuses on healthy eating, cooking all meals from scratch. The business launched a lifestyle range of foods called Better Choice in 2018, and partners

with UK Michelin-starred chef Graham Garrett on menu development for high-profile events, while providing training to all Accent's chefs.

Accent employs over 500 staff and delivered a fourth consecutive year of enhanced margins, increasing to 8.6% on the back of £15.1 million of sales, a 23.3% growth on the prior year.

#### 14 WILSON VALE

Latest turnover:	£30.4 million
Profit CAGR:	17.2%
Key personnel:	Andrew Wilson, Carlyne Vale – Co-founders and Joint Managing Directors
Backer:	Privately funded
2017 ranking:	12

Wilson Vale remains one of the stars of our index, placing for an incredible sixth year running, having added more than £5 million in sales last year from eight new contracts or extensions. Further augmented by the maturity of the Group's single largest venue contract at Conference Aston, Birmingham, the business broke through the £30 million revenue barrier in 2017.

The Group is now well positioned for further growth having made substantial investment in its operating infrastructure in the last 12 months, opening a new 8,000-square-foot corporate headquarters in Ashby-de-la-Zouch.

The business now operates with an enviable portfolio of 95 clients on a national basis, adding its first schools' contracts in and around London with Herne Hill School and Kent College Pembury, a new deal with healthcare specialist Bionical, and securing a new five-year deal with College Court Conference Centre at The University of Leicester in 2018. Further progress has also been made into the London market, servicing the new West London corporate headquarters of fashion and lifestyle brand Jack Wills.

With top quartile operating margins of 10.1%, the business delivered £3.1 million of profit last year, representing 17.2% compound growth and, despite one-off investment costs, the business looks to be sitting pretty in 2018.

#### 15 DINE CONTRACT CATERING

Latest turnover:	£32.1 million
Profit CAGR:	13.9%
Key personnel:	Jim Cartwright, Chairman and Co-founder; Ian Cartwright, Managing Director and Co-founder
Backer:	Privately funded
2017 ranking:	6

Father and son team Jim and Ian Cartwright delivered another year of robust growth at Dine Contract Catering last year, building on recent success in the healthcare catering sector, to secure £3.1 million of profit, representing 13.9% compound growth in the last three years.

The Warrington-based caterer operates over 200 contracts in the B&I, education, and care sectors for clients including Regatta, Rentalcars.com, AO.com, Birchwood Business Park and JD Sports. The business operates through an ethos of innovation, passion, and consistency, a mindset recognised by the SME News North West Enterprise Awards, with Dine securing the Best Contract Catering Company accolade for 2017. As a result, the business appears well placed to deliver on its target of £50 million of sales and £5 million of profit in the next three to five years.

#### 16 OLIVE CATERING SERVICES

Latest turnover:	£27 million
Profit CAGR:	10%
Key personnel:	Sally-Ann Bradley, Director and Co-founder; Damon Brown, Director and Co-founder; Andrew Norrie, Finance Director and Co-founder
Backer:	Privately funded
2017 ranking:	10

Workplace specialist Olive Catering Services ranked in our index for the fifth year running and, despite a minor slowdown in annual revenue growth in the last 12 months, strict cost management supported another year of margin improvement, rising to 8.2%.

Led by Sally Ann Bradley, Damon Brown (who previously worked together at Catering Alliance), and Andrew Norrie, Olive retains a minimum of 25% of profit generated each year to reinvest in the business, ensuring both clients and staff benefit from a first-class platform and market-leading service.

Further growth is expected to follow in 2018 as the business has secured several high-profile contracts including a multi-site deal with ITV to cater three separate venues and a three-year deal at St George's Park, the Football Association's national football centre. At the same time the business has completed further investment, launching a new artisan coffee brand, 'Love Coffee', as Olive continues with its mission to become the UK's Independent Workplace Caterer of Choice.

#### 17. WESTBURY STREET HOLDINGS

Latest turnover:	£828.1 million
Profit CAGR:	9.8%
Key personnel:	Alastair Storey, Chairman; Noel Mahony, CEO; Marc Bradley, CFO; Simon Esner, Sales Director
Backer:	Intermediate Capital Group (minority investor)
2017 ranking:	16

Westbury Street Holdings (WSH) did it again in 2017, placing in our index for the sixth consecutive year, a quite astonishing result given the business has now surpassed £800 million in annual revenues with 13.2% sales growth in the last financial year.



One of only two ever-present members of our index, the business was not immune from margin pressure in the last financial year. However, this was offset by strong working capital management which supported a 10% improvement in cash generation.

Headed by industry stalwart Alastair Storey, who was awarded an OBE last year and topped a list for the most powerful people in the UK hospitality industry for a second time in April, WSH has continued to diversify in the last 12 months, launching an agency platform, The Collection Events, to showcase the Group's extensive venues estate. 2018 looks set to be another great year for the independent sector's leading light.

### 18. HARRISON CATERING SERVICES

Latest turnover:	£55.5 million
Profit CAGR:	6.1%
Key personnel:	Geoffrey Harrison, Chairman; Claire Aylward and Gareth Harrison, Joint Managing Directors
Backer:	Privately funded
2017 ranking:	21

Founded in 1994, Harrison Catering Services remains the largest independent family-owned catering business in the UK, led by chairman Geoffrey Harrison and joint managing directors, Claire Aylward and Gareth Harrison.

Returning to our index in 2018 having narrowly missed out last year, the education catering specialist secured 3.2% revenue growth in the last financial year and, despite investment in back office infrastructure, still delivered 3.1% growth in underlying profitability in the same period.

The business remains committed to increasing customer uptake by providing healthy and enticing meals through innovative recipes and will be looking to expand its nascent B&I catering proposition over the next two to three years.

### 19 ABM CATERING

Latest turnover:	£25 million
Profit CAGR:	5.4%
Key personnel:	Sue Johnson, Managing Director; Neil Floyd, Group Finance Director
Backer:	Privately funded
2017 ranking:	14

2017 proved to be another strong year of growth at ABM Catering, the B&I, stadia, education, and healthcare specialist, led by Sue Johnson, which was founded in 1983. The business added 24 new sites to the operating portfolio last year, including six for 'Honest', the ABM B&I brand, and two catering deals for professional football clubs, delivered through 'Venue', the ABM Stadia and Commercial venues brand.

This will be expected to deliver further revenue expansion next year as the contracts mature, but nevertheless helped profit reach £1.5 million in 2017,

representing 5.4% compound growth in the last three years. Strong contract management and higher-quality business also supported substantial improvement in gross margins from 14.9% to 16.1%.

Through ABM's other branded offerings – 'Essence' (healthcare), 'Mint' (secondary education), and 'Grow' (primary and nursery education) – the business supports clients nationwide across a total of 176 locations, serving 35,000 meals per day.

### 20. PABULUM

Latest turnover:	£26.7 million
Profit CAGR:	4.9%
Key personnel:	Nelson Williams, Managing Director
Backer:	Privately funded
2017 ranking:	13

Despite falling seven places, Hampshire-based Pabulum secured a fourth consecutive ranking in our index this year supported by 8.6% revenue growth and an impressive 6.6% growth in underlying profitability to £1.5 million.

It was a further year of change as the three founders of parent company, The Quarr Group, which included Pabulum managing director Nelson Williams, agreed a management buyout of the £70-million revenue Group which comprises subsidiaries Nviro (contract cleaning) and Mountjoy (building maintenance and facilities management services), and Pabulum itself.

Focusing exclusively on the education catering sector to clients within a 125-mile radius of its offices in Fleet, Pabulum has become one of the standout operators in the South of England, with an enviable record of contract retention and an unwavering focus on locally-sourced, fresh ingredients. Under new ownership the business will be looking to continue its recent growth story in 2018 and beyond.





# SECTOR REVIEW

By Tom Cox: Director, AlixPartners

## **UNCERTAINTY ON THE HORIZON, BUT THE SECTOR CONTINUES TO DELIVER**

2018 has proven a volatile year in the UK as we experienced the first interest-rate hike for over a decade, and net migration from the EU reached a six-year low as a so-called Brexodus of employment-age citizens continued.

However, a review of the data underlying our index makes for interesting reading, because the UK market, for the time being at least, appears to have partially weathered the sector headwinds that we identified in our report last year. Of course, historic statutory data reporting on performance in 2017 is unlikely to have been so heavily impacted by the building pressure we have witnessed in the industry from food price inflation, the National Living Wage, and clients seeking more value for money in a competitive marketplace.

Our report focuses on the fastest-growing operators in the UK market, who again delivered higher margins and faster top-line growth than the prior year, but it is important to also consider the wider marketplace. Indeed, an analysis of the entire UK sector, incorporating all potential index participants and larger listed corporates, is more telling, highlighting that 2017 was not quite as buoyant as a review of the Top 20 would suggest.

For example, an analysis of more than 50 corporates active in the UK foodservice marketplace, highlights that average margins contracted in 2017 for a second year running,

down from 6.2% to 5.9%, despite average revenue growth increasing from 7.2% to 14.8%. This includes large players such as Compass, Sodexo, and Aramark, who may suffer disproportionately given their scale and the relative impact of wage inflation on the bottom line. It also highlights the impact the well-run independent market has had on industry leaders, slowly chipping away at the large corporate contract bases. Nevertheless, several smaller independents have also suffered, with 90% of those outside the Top 20 reporting a decline in margins last year.

2018 is likely to have been harder still for the entire market as the last 12 months has thrown up even further obstacles beyond the control of even the most efficient operators. The 'Beast from the East' treated us to eight snow days in February, while the summer of 2018 then proved to be the joint hottest on record with sweltering temperatures in July and August. Restaurant operators were hardest hit, but catering operators will have also felt the pinch as consumers tempered spending at different stages of the year. Indeed, Compass has specifically noted further margin compression in the UK for the nine months to June 2018, highlighting the challenges all operators have been wrestling with in the last 12 months.<sup>5</sup>

With a formal Brexit milestone on the horizon for March 2019, supply-chain leaders are articulating widespread concerns about the impact on food prices once the UK leaves the EU.<sup>6</sup> Storm clouds may be growing for the entire UK economy, but efficient, well-manged

5. <https://www.compass-group.com/content/dam/compass-group/corporate/Investors/Results-presentations/2018/2018%20Q3%20Trading%20update%20FINAL.pdf.downloadasset.pdf>

6. <https://www.prestige-purchasing.com/news/bites/foodservice-hospitality-sector-big-concerns-rising-food-drink-prices-brexite/>

foodservice operators with a core commercial proposition and robust infrastructure will no doubt weather the storm.

### M&A TRENDS – TRANSACTION ACTIVITY IN 2018

While the investment market has not perhaps felt as frothy in the last 12 months, due in no small part to wider sector headwinds and the impending uncertainty of Brexit, annual M&A volumes generally held up in the foodservice sector, albeit primarily at the smaller end of the market.

Indeed, as we have heard elsewhere in this report, Bridges Fund Management were first out of the blocks in February, completing the management buy-out of Innovate, which was swiftly followed by a merger with Cucina in September to form The Impact Food Group, establishing an education catering specialist platform with genuine scale and a strong focus on a sustainable impact for young people.

The merger of Atalian and Servest was the biggest news for the wider business-services sector in May, but some may have missed their parallel acquisition of Unique Catering, which flew under the radar for many, supporting Servest’s strategy of adding commercial, retail, leisure, and manufacturing sector expertise to the UK catering platform.

Finally, integrated FM and education specialist

Vertas merged with Suffolk-based Churchill Catering in July, expanding their proposition into the commercial and leisure market across 50 UK sites, creating a truly national catering operation.

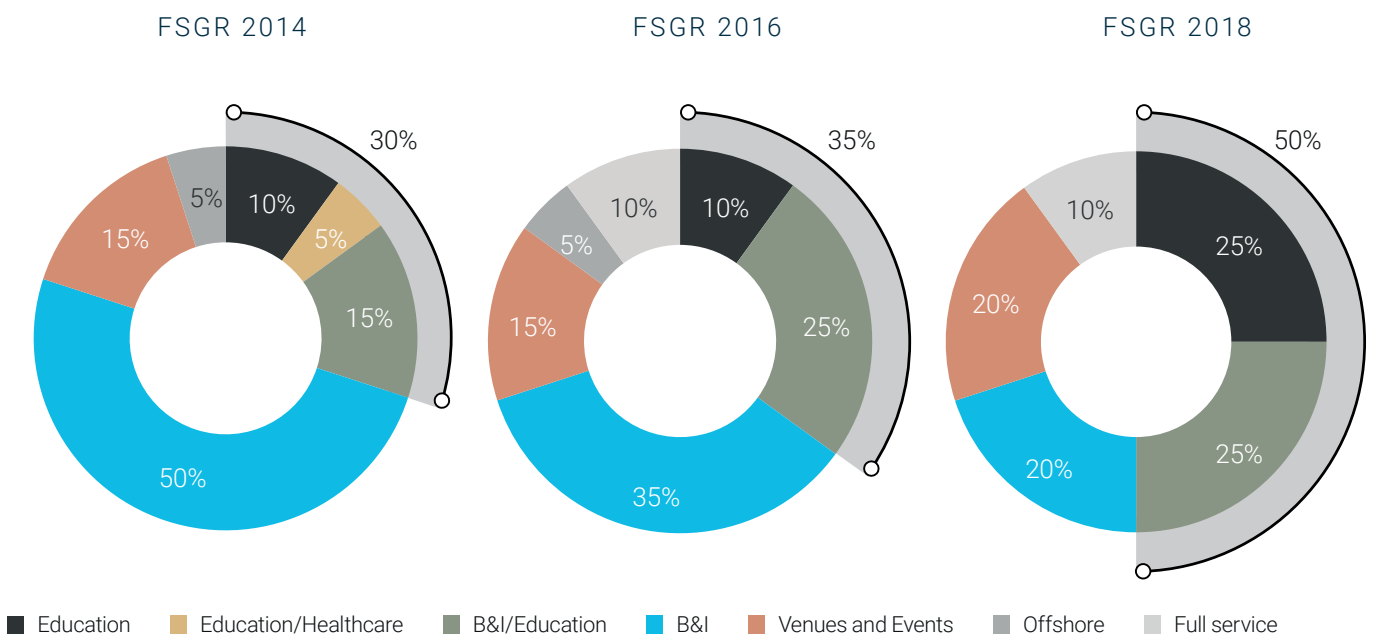
While other processes have been mooted for completion later in the year, we expect these to form a mix of trade, secondary buy-out and refinancing activity. As a result, the speed of sector consolidation may have taken a marginal step off the gas in the last 12 months. However, we do not expect this trend to continue in 2019 as new consolidation platforms have emerged and existing consolidators still have a genuine appetite to acquire niche operators, given the clear attraction of regional expertise, specialist sector skills, or tangible acquisition synergies.

### REPORT TRENDS – 2018

While the margin pressures that were anticipated across the UK market did not fully manifest themselves in our latest Top 20 dataset, challenges remain on the horizon for the sector in general. Nevertheless, we have continued to observe recurring sub-sector growth trends in the last two to three years, which we expect to continue through 2018 and 2019.

Indeed, the growth trajectory of the education market was maintained in the last 12 months with end-market proposition of index members (as a pure play offering or alongside B&I/

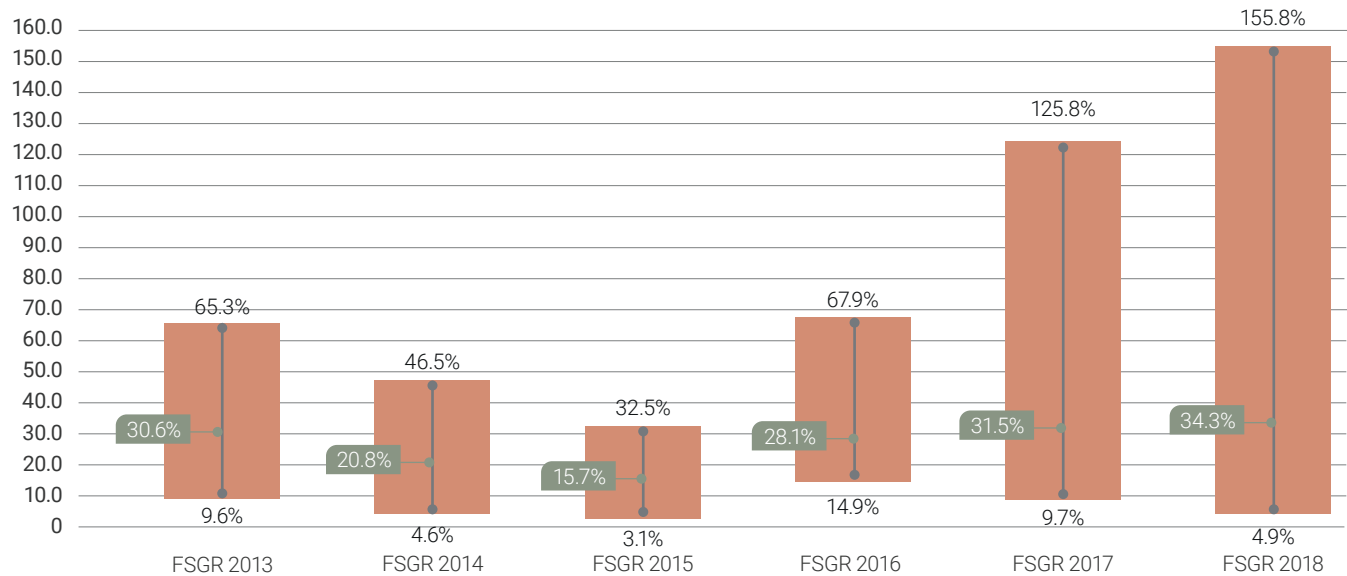
**FIGURE 1: REPORT TOP-20 OPERATORS BY END-MARKET PROPOSITION (2014 TO 2018)**



7. <http://www.bridgesfundmanagement.com/bridges-invests-innovate-promote-healthier-eating-schoolchildren/>  
 8. <http://www.bridgesfundmanagement.com/bridges-invests-in-cucina-and-forms-the-impact-food-group/>  
 9. <https://www.servest.co.uk/atalian-servest-makes-first-double-acquisition-with-thermotech-solutions-and-unique-catering-and-management-ltd/>  
 10. <https://www.vertas.co.uk/acquisition-sees-vertas-become-national-player/>

**FIGURE 2: TOP 20 – PROFIT CAGR (2013 TO 2016)**

Average profit CAGR (%)



Source: Company statutory accounts

Note: High to low figures represent the highest- and lowest-profit CAGR observed amongst the top 20 participants in each report. Average CAGR represents the average CAGR for all members of the top 20 index in each individual report.

healthcare) growing to 50%, up from 45% of the index in 2017. While this is only a marginal gain, it is more noticeable when one considers that education players accounted for just 30% of the index in 2014 and 35% in 2016. They have clearly made headway as the domestic UK B&I market has become tougher.

Of course, the education market is not immune from external threat, with several operators holding their breath last year when the Tory government announced plans to scrap funding for infant free school meals, only to reverse the decision two months later. Nevertheless, it is becoming harder for operators to deliver a high-quality school offering for £2.30 per meal and contractors are never far away from the threat of cuts from central government.

Nevertheless, I remain astounded by the overall consistency of performance from our index participants given the fickle nature of the contract industry. It remains testament to the independent sector that it has been able to retain business and expand every year with an innovative, fresh, and entrepreneurial approach to client delivery.

Incredibly, after six years we still have two ever-present members of our index, led by WSH, the independent sector's standout player, which surpassed £825 million in annual revenues in 2017. Last year was clearly somewhat harder,

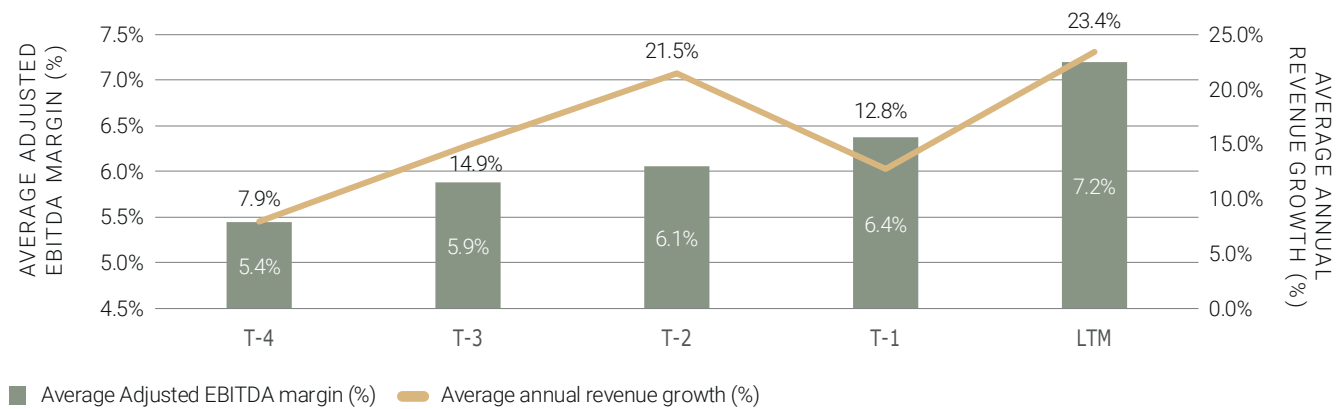
with the business suffering from some margin compression, but on the back of 13.2% sales growth, the business has still enhanced bottom-line contribution. Can the group reach £1 billion of sales? Only time will tell.

At the other end of the spectrum, our other ever present, Wilson Vale, continues to stamp its mark on the sector. More impressive than breaking through the £30 million sales barrier in 2017 is the fact that operating margins have been maintained above 10%. While the business couldn't deliver a fifth consecutive rise in annual margins, one must take one's hat off to management's ability to drive contribution through purchasing and efficient back-office cost control while still growing the top line in parallel.

Credit must also go to Thomas Franks, the Banbury-based B&I and independent schools specialist, who secured ninth place in our index this year. This represents a fifth placing in total, and it has only exited the report in 2016 when investment was made in back-office infrastructure to support the next phase of its growth. The business went from strength-to-strength last year, with enhanced operating margins and continuing development of a fantastic pipeline of new business that has been maintained throughout 2018. They certainly remain one to watch.

At a margin and compound-profit growth level,

**FIGURE 3: 2018 TOP 20 – MARGIN AND REVENUE GROWTH PROGRESSION (LAST FIVE YEARS)**



Source: Company statutory accounts

a comparison of the Top 20 index to last year’s participants highlights a stronger reporting period with average margins up from 6.9% to 7.2%. This, as ever, is likely to have been partially driven by end-market mix, which can skew annual comparisons given that membership varies year-on-year (especially given the presence of venue and event specialists such as Smart, rhubarb, and Eventist this year), but average compound profit growth also improved from 31.5 to 34.3%, the highest group average we have ever reported.

While we have already noted that the wider dataset reported increasing margin pressure in 2017, by contrast the Top 20 members delivered stronger average annual revenue growth and margin performance when considered in isolation, up to 23.4% (2016: 12.8%) and 7.2% (2016: 6.4%) respectively, with particularly strong top-line growth reported by the Proper Food and Drink Company, Eventist, and Aspens, amongst others. With enhanced scale, participants have driven higher margins, with the index also supported by a higher concentration of venue and events specialists.

Given the uncertainty surrounding the UK at present, 2018 has almost certainly been an even harder year for the sector and 2019 provides an uncertain horizon. However, we expect operators to demonstrate resilience and those innovative players at the top of their game will still find a way to maintain growth trajectories for yet another year.

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**Tom Cox** is a Director in the Debt Advisory practice at AlixPartners. He has almost 15 years’ advisory and banking experience with a specific focus advising corporate and private equity clients on their debt finance options and strategy. He has worked with a number of foodservice operators and has particular experience raising capital for businesses in the hospitality industry.

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These are the moments when everything is on the line – a sudden shift in the market, an unexpected performance decline, a time-sensitive deal, a fork-in-the-road decision. But it's not what we do that makes a difference, it's how we do it.

Tackling situations when time is of the essence is part of our DNA – so we adopt an action-oriented approach at all times. We work in small, highly qualified teams with specific industry and functional expertise, and we operate at pace, moving quickly from analysis to implementation. We stand shoulder to shoulder with our clients until the job is done, and only measure our success in terms of the results we deliver.

Our approach enables us to help our clients confront and overcome truly future-defining challenges. We partner with you to make the right decisions and take the right actions. And we are right by your side. When it really matters.

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