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McWin could build cross-border Italian ‘super group’

By [Shwetal Sapte](#) | 26 September 2023 | 6 min read

Following McWin Capital Partners’ acquisition of Big Mamma - in a deal valuing the Italian restaurant group at £234m - MCA examines the fund’s background, investment strategy, and what it hopes to achieve with its portfolio of brands

McWin Capital Partners’ acquisition of Big Mamma Group last week – valuing the French-founded, Italian-inspired restaurant group at £234m – was seen as a ringing endorsement of experiential dining amid a return of dealmaking activity to the hospitality sector.

Big Mamma is considered an influential leading player in Western Europe’s experiential hospitality scene, operating concepts such as Gloria, Circolo Popolare, and Jacuzzi across five countries.

Supported by new majority partner McWin – under the leadership of co-founding partners Henry McGovern and Steven Winegar – the 23-strong estate will continue to expand in new and existing

markets.

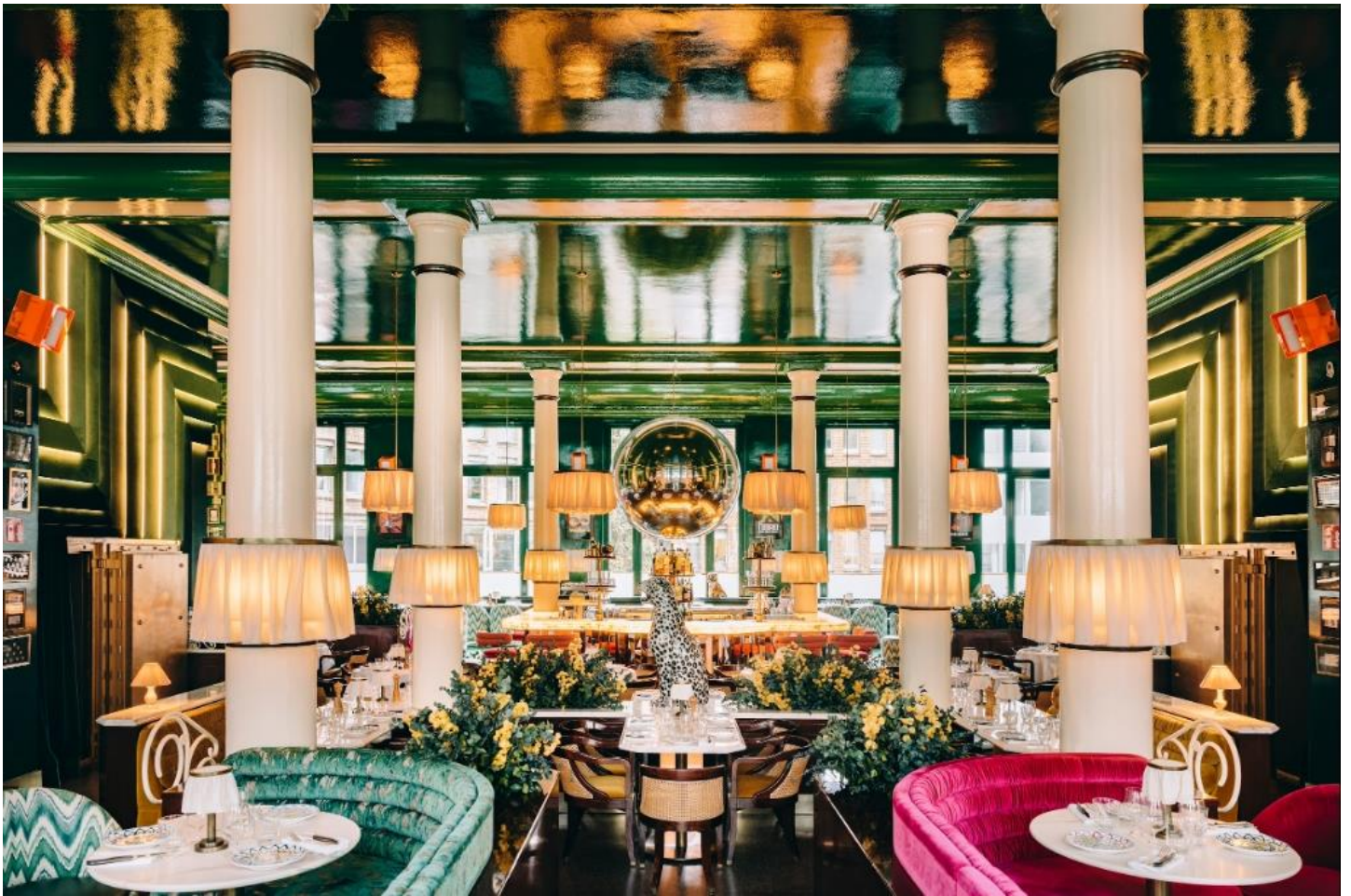
“This is a great deal and great news for the sector,” Graeme Smith, managing director at AlixPartners, tells MCA. “This particular deal highlights the strength of the experiential dining market. It hits the affordable luxury trend and shows consumers are still prioritising this activity as part of their overall spending.”



The term experiential is sometimes at risk of becoming a throwaway term, but Big Mamma has lived up to its billing with its maximalist interiors, extravagant service and an immersive guest experience.

“They operate from quite large sites which has proved important in an inflation environment, as these sites have enough sales volume to be able to offset the cost inflation pressures,” Smith adds. “Multi-country growth is also a key investment theme we see in the market right now, which Big Mamma offers.”

The strategy



Big Mamma would have been a highly attractive proposition for an ambitious investor like McWin, a firm which has a strong track record spotting talent and snapping it up.

In 2021, the fund bought Gail's Bakery for a £200m valuation – seeing its potential to double or triple in size – and has overseen the premium bakery chain's steady growth ever since.

Specialist hospitality incubator White Rabbit Projects was next, securing an undisclosed multimillion-pound investment from McWin last year in a bid to expand its portfolio of concepts including Lina Stores, Cricket, and Island Poké.

McWin has also acquired a majority stake in German restaurant brand L'Osteria, with a view of driving further growth in European markets.

“They're a mid-cap, institutional investor and in many ways operate like regular PE – disciplined, highly selective and rigorous in their diligence,” Ali Aneizi, founder of Tamweel Capital – who advised on the White Rabbit deal – tells MCA. “However, unlike most other PE funds, McWin wasn't founded by accountants, investment bankers or lawyers – instead their founders are hardcore, restaurant operators.”

Henry McGovern founded American Retail Systems – later rebranded to American Restaurants, or AmRest – and nurtured the business from its beginnings as a single-unit Pizza Hut franchisee in

1993 to a leading operator of brands across Central and Eastern Europe, including KFC, Burger King, and Starbucks.

Steve Winegar has over 30 years of experience in the Spanish restaurant industry. He founded Restauravia Grupo Empresarial – another KFC franchisee – and also has concepts such as Foster’s Hollywood, La Tagliatella, and MegaFood under his belt.

“Henry McGovern and Steve Winegar are a duo with an impressive track record of scaling businesses, cultivating talent and creating value in the restaurant sector globally,” Aneizi adds. “As a result, they are able to build rapport, trust and chemistry with restaurant founders much more effectively than your regular spreadsheet-driven investors.”

The implications



What can Big Mamma – and other brands in the McWin portfolio – expect from their backer?

McWin has a reputation as one of private equity’s chief talent scouts, but their expectations are no different than those of their peers.

As Aneizi says: “They will want a PE-style return that is reflective of the risk they are taking in an investment. Think 3x their money over three to five years, give or take.”

Under McWin's ownership, Gail's has moved out of its London heartland and now has more than 108 shops across the UK, growing at the rate of c25 per year.

White Rabbit Projects most recently opened bespoke concept Eve at Kensington's Ember Locke hotel as part of its in-house studio.

Once the investment is made, the approach is fairly hands off.

"McWin back management teams – they're not in the business of running businesses," Anezi says. "Their job is to spot talent and support that talent with a combination of capital and experience borne from many years operating in the restaurant industry."

However, Anezi points out that McGovern and Winegar's first-hand experiences as operators uniquely position them to understand pressures as well as spot opportunities "that others might not or may lack the conviction and risk appetite to pursue."

Their DNA is "truly entrepreneurial," he says.

"They are likely to have more of an 'opinion' when it comes to the big decisions, but that's because they are more informed and have deeper insight than your generalist PE investor."

The future



McWin has three funds to its name – the Food Tech, Food Ecosystem, and Restaurant funds – with a portfolio as diverse as ready-to-eat subscription model Cook Unity to cell-cultured meat company Upside Foods.

Each fund has a distinct strategy, ranging from disruptive food tech, QSR master franchises, and next generation restaurant brands.

“Where other, more generalist investors have stepped away from restaurant investing in the aftermath of Covid, McWin have taken a counter-cyclical approach,” he explains. “Where others see risk they see opportunity.

“As a result, they now have a portfolio which includes some of Europe’s leading restaurant brands.”

The Big Mamma acquisition also adds to an already assembled portfolio of Italian cuisine brands, such as Lina Stores, Vapiano, and L’Osteria.

“You could argue that they are long on Italian and may now concentrate their efforts seeking out investments in other categories,” Aneizi adds.

Regardless of McWin's strategy, Smith says the acquisition has injected a welcome dose of positivity into a sector marred by headwinds.

"Private Equity returning to the deal market for restaurants is important for deal flow and gives owners the opportunity to realise value from their businesses."

Aneizi, meanwhile, proposes another theory. "They could bring these businesses together and build out a cross-border Italian 'super group.'

"Who knows, such a platform could make a good IPO candidate for when the capital markets are fired up again."