

# SMITH COOPER



# Deal DISPATCH

ISSUE 26



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# WELCOME TO ISSUE 26

## WELCOME

Welcome to the latest edition of the Smith Cooper Corporate Finance Deal Dispatch featuring a selection, but by no means all, of our deals completed in the first half of 2017. In fact, in the quarter to June alone, Smith Cooper completed no less than 11 deals.

As regards our work with Vendors, the selected deals demonstrate a wide sector spread and the healthy array of buyers in the market, ranging from international corporates to management buy-out and buy-in teams. The Buy-side has been just as active, including the acquisition of two minority stakes in fast-growing technology businesses, and three full acquisitions.

Our pipelines of assignments and enquiries remain strong, perhaps exacerbated by economic and political pressures causing buyers and sellers to get on with sale or acquisition plans they have been sitting on for a while. These are very interesting times, although by no means bad for the mergers and acquisitions market.

On the economic front, inflation pressure on businesses has reappeared after many years of absence. For many, the big question is the extent

to which supply side inflation, often stoked by weaker Sterling, can be passed onto customers – especially when the end user is an individual with stagnant income growth. Perhaps the answer can be seen in the accelerating growth of consumer debt (growing at its fastest rate in 12 years) which, for the year to May, grew by 10.3% - five times faster than earnings growth. Of course, all that debt might be manageable whilst interest rates are so low, but if there were pressure to increase rates to halt runaway inflation then things could look very different. The same applies to businesses too, although corporate borrowings for acquisitions do at least create earnings (rather than put an expensive shiny new car of the driveway).

It'll be interesting to see how things play out but, for now and the foreseeable future, it remains very busy for all of our Corporate Finance units.



John Farnsworth,  
Corporate Finance Partner

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# SMITH COOPER CORPORATE FINANCE CONTINUES TO GROW WITH NEW APPOINTMENTS

**We are delighted to announce that we have recently expanded our specialist Corporate Finance team with two new recruits.**

The first was Christopher Campbell, who joins the firm as an Analyst. Chris is a graduate of the University of Greenwich with a BSc in IT Management with Business.

Based in Smith Cooper's Nottingham office, Chris will fulfil a vital role within the firm-wide Corporate Finance team which also operates from Derby and Birmingham. His priority will be researching and contacting potential business contacts, alongside project support.

Of the new role Chris commented, "I am thrilled to be part of the growing team at Smith Cooper. There are exciting times ahead and I am looking forward to being part of the journey." Corporate Finance Partner Dan Bowtell commented: "We are delighted to welcome Chris to Smith Cooper Corporate Finance at such an exciting time. The financial year 2016/2017 was a record year for Smith Cooper advised deals and our team continues to grow and prosper through the appointments of key staff members. Recognition of this performance by our peers and other professionals resulted in Smith Cooper being voted winners for both the SME Deal of the Year and SME Advisory Team of the Year awards last year."

The second appointment was of Nicola Whiting, who joined Smith Cooper in 2013 as an audit trainee, passing through the ranks and qualifying as a Chartered Accountant in December 2016. Nicola brings a wealth of experience having established, grown and sold her own business in South Africa where she lived after graduating from the University of Manchester.

Of her move into Corporate Finance, Nicola commented: "I'm really looking forward to joining such a highly respected and award-winning team. Whilst hard work, the experience of establishing, growing and then successfully selling my own business gave me invaluable exposure to the issues facing many of our clients. I consider myself fortunate to be able to bring many of these skills to my advisory role with Smith Cooper."

Head of Corporate Finance, John Farnsworth, added: "Nicola's move demonstrates our ongoing commitment to developing both Smith Cooper and our Corporate Finance division. We aim to continue to recruit and retain the best talent, ensuring our team lives up to the SME Advisory Team of the Year title.

Nicola has fantastic hands-on experience of steering a business through all stages of the life cycle and, as such, her ability to empathise will be particularly valuable to our clients."



Chris Campbell,  
Analyst



Nicola Whiting,  
Corporate Finance Senior Executive



# HISTORIC DERBYSHIRE SEALANT MAKER SNAPPED UP BY US GROUP

**Smith Cooper recently advised on the sale of an £11m turnover sealant manufacturer, that can trace its roots back more than 150 years, which was acquired by a New York Stock Exchange listed group. Adshead Ratcliffe, which trades as Arbo, makes sealants and coatings which are used by architects and contractors to waterproof buildings.**

The Derbyshire based business, which was incorporated in the 1940s but dates back to 1859, has been acquired by Carlisle Companies Incorporated for an undisclosed sum. The selling shareholders, who acquired Arbo in a management buy-out in 2007, will continue to work for the company.

Julian Miller, finance director at Arbo, said “We were keen to find the right succession plan for Arbo and Carlisle presented us with a great opportunity. We are excited to become part of their group, which undoubtedly brings new opportunities for Arbo.”

Chris Koch, Carlisle’s president and chief executive, added: “The acquisition of Arbo complements our leading position in EPDM roofing systems in Europe and adds new products to our weatherproofing offerings used to improve the thermal performance of buildings. Arbo provides Carlisle additional channels for our existing products and a strong foundation from which to grow Arbo’s business throughout Europe.”



# THE FERTILITY PARTNERSHIP ACQUIRES ULTRASOUND DIRECT

As part of its vision for improved continuity of fertility care, The Fertility Partnership has acquired a majority interest in Ultrasound Direct, the latter advised by Smith Cooper.

Ultrasound Direct was formed by husband and wife, Mike and Jan Steward, to give people better baby scan services through longer and more regular appointments, and a more welcoming approach to partners. Having started with just a single clinic, their company network is now booking 120,000 clients a year, with a team of over 230 sonographers running more than 80 clinics across the UK.

The Fertility Partnership runs around 25 clinics across the UK and Poland, employs over 350 staff and achieves some of the highest pregnancy success rates in Europe. Every four hours a baby originally conceived at a Fertility Partnership clinic is born in the UK. The acquisition of Ultrasound Direct means its patients and other families have the choice to continue to receive close and regular monitoring throughout their pregnancy, which is especially valued amongst couples who have conceived through IVF.

The deal, which brings together the largest providers in the UK of fertility conception and pregnancy monitoring services, will significantly improve the convenience and accessibility for those undergoing IVF treatment by providing access to a greater choice of clinics – both Ultrasound Direct’s and the clinics owned and operated by The Fertility Partnership.



Dan Bowtell, Corporate Finance Partner at Smith Cooper who advised Ultrasound Direct commented: “Strategically, this acquisition strengthens The Fertility Partnership’s commitment to the IVF market and allows them to better serve the growing requirements for expecting parents. The Ultrasound Direct team is knowledgeable, innovative and experienced and is a great fit with The Fertility Partnership; the combined strengths of the companies will allow them to continue providing award winning services.”

A qualified former NHS sonographer, Jan remarks on the next stage in her company’s journey “Ultrasound Direct is my baby and I can’t think of a better organisation than The Fertility Partnership to help us transition to the next level of growth.

Ultrasound Direct enables assisted conception monitoring closer to home and our Babybond® pregnancy scans are a clear next step on from fertility. With The Fertility Partnership, our vision is making this unique combination accessible for more families and continuing our habit of innovation for ultrasound services and education.”

Andrew Came, CEO, The Fertility Partnership added: “The combination of The Fertility Partnership and Ultrasound Direct leverages the expertise of two exceptional organisations and further enhances patient experience with improved accessibility and convenience of fertility care, during what can be a stressful time for couples undergoing treatment.”

# SMITH COOPER ADVISE ON THE SALE OF A UK MANUFACTURER AND GLOBAL EXPORTER OF SPECIALIST FASTENERS

**Smith Cooper Corporate Finance recently advised the shareholders on the sale of Alca Fasteners, a UK manufacturer and global exporter of large diameter high integrity bolting, covering hexagon head bolts, socket head capscrews, studbolts, studding and ancillary items. The purchaser was a management buy-in team consisting of Jonathan Neate, David Barber, and Matthew Tongue who all have a deep experience of the fasteners sector. The buy-in team were supported by SME Capital, and Hadrian's Wall Capital.**

Alca provides mission critical fasteners to the Petrochemical, Wind, Renewables, and Construction sectors. Its core service enables urgent turnaround deliveries to allow for fast repair of critical infrastructure across the world. The Company has traded on a standalone basis for over 30 years and has a reputation for delivering a quality product to high specification with low lead times.

Darren Hodson, Partner at SCCF said: "The cultural fit between the buy-in team, and the existing team was obvious from our first meeting. It was one of the strongest matches I have seen in 16 years of advising on transactions. It felt like finding the missing piece of the jigsaw and with the new management team Alca is set for a strong future and will continue to thrive by exporting to international markets."

Carole Hodson, the majority shareholder of Alca, commented: "Darren and his team were exceptional throughout the process, providing a strong lead for both the vendors and the buy-in team. Smith Cooper were instrumental in approaching the purchaser, constructing the deal and managing it through to completion. I would highly recommend Darren to any owner manager."



# ADTHENA RAISES £2M FROM CANDY CRUSH MILLIONAIRE, MEL MORRIS

**Software provider Adthema has secured £2m in funding from Mel Morris, the entrepreneur behind Candy Crush. The Shoreditch-based company says it will use the money to boost its growth across the UK and Australia, as well as expanding into the USA, Germany and France.**

Ian O'Rourke, founder and CEO of Adthema, commented: "We're delighted to welcome Mel on board to support our international expansion. He brings a brilliant and highly successful business mind to Adthema, and invaluable experience."

Adthema's technology platform provides search marketers with competitive market insights, enabling them to acquire more customers from the insights of their competitors' activities.

"With this investment we will be able to take our

patented 'Whole Market View' technology to even more brands to help ensure they are able to identify threats, spot market opportunities and boost online acquisitions," O'Rourke continued.

The Candy Crush entrepreneur commented: "With search marketing spend making up on average 50% of marketing spend, there is a clear market opportunity for Adthema with their patented technology to provide marketers with a unique 'whole market view'. Adthema has proven market traction in the UK and Australia, with over 120 customers, and the investment will enable them to expand into new markets and exploit the \$83bn search marketing opportunity."



# WFF (YORK) LIMITED SOLD TO YORK GROUP LIMITED

**WFF (York) Limited, an operator of the UK's leading frozen meal home delivery business Wiltshire Farm Foods, has been sold to York Group Limited in a deal advised by Smith Cooper.**

The sale of the franchise marks the retirement of the sellers who set up the business as a Wiltshire Farm Foods franchise over 20 years ago and have successfully grown the business, becoming one of the leading meal delivery providers operating in the York and Hull area.

Former co-owner, Barry Bradfield, commented: "Having been a part of Wiltshire Farm Foods' continued success over the last few years, it was imperative that we found an investor who shared our vision to invest in WFF (York) Limited and wanted to nurture it further from the strong base which we've established".

York Group Limited, owned by Amarjit Rai and Lacky Sohal, has acquired the entire issued share

capital of WFF (York) Limited from the sellers. Amarjit and Lacky have successful backgrounds in Royal Mail, the health service and in franchise brands such as Costa and Pizza Hut Delivery. Their combined plethora of experience will lend well to this latest venture.

David Crump and John Farnsworth of Smith Cooper's corporate finance division provided full sale process management services to the sellers during the transaction. This included marketing, buyer identification, negotiation and process management.

John Farnsworth said: "We are delighted to have secured an exit for the Bradfield's who have operated WFF (York) Limited successfully for over 20 years. I believe this success will be continued by their successors".

Barry added: "The professionalism and guidance provided by David and John was exceptional and this, together with their industry knowledge, made the sale as smooth as possible."

Smith Cooper has an established track record within the food sector, ranging from wholesaling of commodities to food manufacturing and retail. The sale of WFF (York) Limited is the fourth frozen meal delivery transaction on which the firm have advised.

Wiltshire Farm Foods is the UK's leading frozen meals home delivery service. It operates a franchise model consisting of over 70 local delivery businesses throughout the UK. The holding company of the Wiltshire Farm Foods brand is *apetito*, a global business which manufactures and supplies nutritionally balanced meals to Care Homes, Local Authorities and Hospitals and, through WFF, to individual households. Spokesman for Wiltshire Farm Foods, Lee Sheppard, Director of Operations and Performance said "we are delighted to welcome Amarjit and Lacky to our team and wish Barry a long and enjoyable retirement."



# SPLENDID EYES-UP A MEAL DEAL

**Smith Cooper Corporate Finance recently helped Splendid Hospitality Group LLP in its multi-million pound acquisition of 18 KFC stores in the West Midlands, East Midlands and North East from KFC (GB) Limited. The acquisition marked Splendid's first foray into the retail food market, away from its core business of hotel operation.**

Smith Cooper provided commercial and financial diligence advice on the sustainability of the multi-million profit flow of the target KFC stores, amongst other facets, involving the creation of a complex financial model. Commenting on the deal Corporate Finance Partner John Farnsworth said "the client came to Smith Cooper to benefit from its unrivalled

experience in the food and franchise markets. We were able to bring a combination of deep sector knowledge and comparative KPI's to the commercial aspects of our work, whilst other divisions within Smith Cooper provided specialist financial modelling of our commercial assumptions. The work done by Smith Cooper enabled the client to secure a good deal and provided an invaluable insight to the client who was able to gain comfort that there would be no post-deal surprises."



# EVAC+CHAIR INTERNATIONAL'S MBO EMBRACES TEAM IN FUTURE GROWTH

**Smith Cooper Corporate Finance ("SCCF") advised Mark Wallace on the sale of Evac+Chair International, the market leader in manufacturing life safety products, which has been bought out by business partners Gerard Wallace and Ian Thompson.**

The buy-out comes 35 years after the company was founded, following a previous management buy-out. The company develops a range of products through its Evac+Chair, ParAid and Sigma divisions.

Darren Hodson, partner at SCCF, commented "Evac+Chair is another example of an innovative Midlands based business that has managed to carve out a market-leading position, exporting products globally. Products are produced to a high standard and are used in safety critical environments. The business is currently benefiting from increasing regulations around the world that require these type of safety critical products to be installed. The new management team should be in a great position to advantage of these regulations over the coming years."

The business was bought utilising outside funding. Gerard becomes managing director with Ian Thompson coming in as sales and marketing director. Gerard has worked in the business since 2013 as operations director. Ian Thompson joins from Advanced Electronics with a 30-year track-record in the fire and safety industry.

Remaining on the board as non-executive chairman, former MD of Evac+Chair International, Mark Wallace, said: "A management buy-out is the ideal way to continue our growth trajectory. We're hitting record financial results which show our products are meeting global and tangible market needs."

Gerard Wallace added: "Evac+Chair is internationally-recognised as a market leader in its field. The growth and success of strong regional businesses, such as Evac+Chair, are critical to the success of the overall UK economy."



# OTHER DEALS ROUND-UP

Seed investor and former long-term chairman of King Digital (creators of Candy Crush) Mel Morris has invested £3.8m in Audiense, a software-as-a-service developer which delivers unique consumer insight and consumer engagement capabilities to many of the world's biggest brands and agencies.

The investment will support Audiense's ambitious growth plans, which include scaling up its sales and marketing functions, powerful new platform functionality, and expansion into North America. Smith Cooper advised Mel Morris.


 The Audiense logo features the word "audiense:" in a lowercase, sans-serif font. A horizontal line with a dot at its right end is positioned below the "e" and "n" characters.

Smith Cooper recently advised on the acquisition process and diligence relating to a significant, southern UK-based JCB Dealership.



Smith Cooper recently advised on the acquisition and provided diligence advice to MPS Care Group Limited in its acquisition of Prestige Care (Thorne) Limited. The deal represents a further step in the close professional relationship of MPS and Smith Cooper.

*MPS Care Group*



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