

SMITH COOPER



Deal DISPATCH

ISSUE 28



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WELCOME TO ISSUE 28

WELCOME

Welcome to Deal Dispatch, our round-up of some of the deals we've completed over the last few months. There is a mix of both sell side and buy side projects including raising £3m of development capital for independent coffee chain retailer 200 Degrees, and the sale of Synova-backed Clearwater Healthcare.

The level of UK M&A has remained strong in 2017 although overall transaction volumes declined slightly year on year after the record-breaking highs of 2016, according to Experian's International M&A review for 2017. By contrast, at Smith Cooper, our overall tally of deals for 2017 increased, reaching a record-breaking 32. These deals encompass a wide sector and geographic spectrum, including cross border, and demonstrate Smith Cooper's continuing growth and brand recognition. We also retained our top 10 ranking, being placed 9th by deal volume in the Midlands.

2018 has started well for Smith Cooper with a number of new projects across the regions and,

whilst it remains to be seen whether M&A activity will continue at the levels seen in 2016 and 2017, the environment of low interest rates and favourable exchange rates should continue to attract attention from outside of the UK so, overall, we believe the outlook is positive.

Our confidence is reflected in the appointment of the two new team members detailed later in this issue.

We'd be delighted to hear from you if we can assist in any way.



Dan Bowtell
Corporate Finance Partner

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200 DEGREES RAISES £3M INVESTMENT

Nottingham-based specialist coffee company, 200 Degrees, has raised £3m of development funding from private equity investor Foresight Group, in a deal advised on by Smith Cooper Corporate Finance.

200 Degrees, founded in 2012 by Tom Vincent and Rob Darby, was created after a passion for coffee became an obsession in the pursuit of the perfect cup of coffee. Starting life in a domestic garage, the company has gone from strength to strength.

200 Degrees now has 6 coffee shops across the UK and supplies hundreds of wholesale customers with ethically sourced, freshly roasted coffee from its own roastery. It also offers a barista school and a coffee subscription scheme, and already has plans to introduce more coffee shops throughout the UK.

The investment came from leading independent infrastructure and private equity investment manager, Foresight Group. Foresight's portfolio of fund management activities extends internationally, with specialist teams located in 3 continents.

Throughout the transaction, Smith Cooper provided assistance to 200 Degrees in the negotiations with Foresight Group, and provided structuring and financial advice to the shareholders.

Dan Bowtell, Corporate Finance Partner at Smith Cooper, commented "200 Degrees is highly renowned, having established a reputable and ethical brand over the last 5 years. Foresight's funding will help the company to develop further, potentially doubling both the workforce and revenue streams."

He continued "The investment will provide the entrepreneurial owners with the financial backing they need to be able to grab every opportunity that comes their way. We were delighted to be able to support such a passionate and ambitious business."

Rob Darby of 200 Degrees commented "Smith Cooper provided us with very valuable support throughout the transaction and provided a commercial angle which was essential in achieving a deal which worked for both parties."



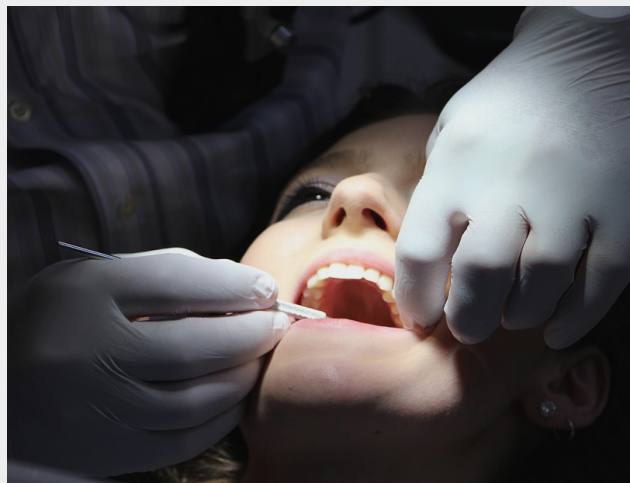
SMILE PLEASE!

A Midlands-based dental practice and client of the firm, has been sold in a deal advised by Smith Cooper Corporate Finance.

The company operates a modern dental practice offering state-of-the-art equipment and professional, friendly staff, providing its patients with a range of NHS and private dentistry services.

Teams from Smith Cooper's Corporate Finance, Tax and Accounts divisions, were appointed to advise the seller through the sale process.

The deal was led by David Crump, Corporate Finance Senior Manager at Smith Cooper. Commenting on the deal, David said, "We are delighted to have played our part in securing an exit for the seller and wish her every success in her future ventures."



SMITH COOPER SYSTEM PARTNERS ACQUIRES UNIQ SYSTEMS LTD

Smith Cooper System Partners has acquired Uniq Systems Ltd to support its strategy of continued growth in the London/South region, supported in the process by Smith Cooper Corporate Finance.

Based in Reading (two minutes from the Sage Office in Winnersh) and with more than 21 years' experience as a Sage Business Partner, Uniq Systems has earned a fantastic reputation for customer service and quality Sage 200 support. The business provides all the standard Sage 200 products and services and enjoys fantastic relationships with its loyal customers.

Chris Smith, MD of Smith Cooper System Partners, said "We have been delighted by our rapid expansion in the London/South region and the acquisition of Uniq is a fantastic addition to our operation in that territory. From the first moment we met the Uniq team, we recognised a synergy in the way we all believe a Sage Business Partner should work and how Sage 200 customers should be treated."

Graham Bayly, MD and owner of Uniq Systems said "We are immensely proud of our history as a quality Sage 200 support partner and have worked very hard

over many years to achieve the reputation we enjoy today. We believe this is a fantastic development for our customers, suppliers and staff and look forward to a prosperous 2018 as part of Smith Cooper System Partners".

Whilst Uniq will continue to trade under their own name in the short term, branding will immediately align with Smith Cooper System Partners to highlight and emphasise complementary and supporting services across the two businesses.

This acquisition follows Smith Cooper System Partners recently being awarded the Midlands Sage Partner of the Year for the third year in a row, and three further appointments to the service and support teams across both the Midlands and South region.



CARE CLIENT SALE

Smith Cooper client, Clearwater Care, was recently sold to Saludem Healthcare (“Saludem”), a leading UK residential healthcare operator for those with learning disabilities and high acuity needs, in a deal assisted by Smith Cooper.

Clearwater provides specialist care services for people with complex needs and severe learning disabilities in both a Residential and Supported Living setting. The Group’s services are located in the South East, including London, and the Midlands, delivering levels of care designed to maximize people’s potential and independence. Smith Cooper provided accounting and taxation services on the transaction, which saw the previous owners, comprising individual shareholders and private equity firm, Synova Capital, realise their shareholdings.

Saludem’s strategy for Clearwater is to merge it with its existing platform of leading care provision for people with learning disabilities, formed when they acquired Pathways Care Group and Modus Care in April 2017, furthering its strategy of building a leading provider of care for both children and adults with learning disabilities and associated needs.

Philip Arden, CEO of Clearwater, commented: “I have thoroughly enjoyed working with Synova who demonstrated a detailed understanding of our business. Their strategic vision and operational discipline have been instrumental in the development of the Group and leave Clearwater well positioned to grow in a market looking for bespoke solutions for adults with complex Learning Disabilities”.

Philip Shapiro, a Managing Partner at Synova and a Director of Clearwater, commented: “We are delighted with the completion of our successful investment in Clearwater. Since we acquired the Group, we have seen significant growth in turnover, profits and occupancy levels. We thank the Clearwater management team and staff for their valuable contribution and hard work. Saludem has a clear vision and ability to continue this growth”.



DOUBLE DOMINO’S DEAL

Established Domino’s operator, Rickey Sharma, recently completed a buy-in to two companies operating Domino’s stores, the deal being funded by HSBC and advised on by Smith Cooper Corporate Finance.

The transaction involved Mr Sharma and the target companies’ owners setting up a Newco in which Mr Sharma acquired the majority equity stake. Funding was provided by HSBC Leeds, in liaison with their specialist franchise team, and Smith Cooper provided commercial due diligence services to the bank.

Mr Sharma intends to lead Newco and to open additional stores in the target companies’ territories. The diligence was referred to Smith Cooper by HSBC’s specialist franchise team, and represents another significant underpinning of Smith Cooper’s reputation in the food and beverage market, especially franchised retail.

Commenting on the deal, John Farnsworth, Smith Cooper Corporate Finance Partner, said “we were delighted to be selected by HSBC to perform this work and wish Newco’s shareholders the best of fortunes with their expansion strategy.”



DÉJÀ VU CHICKEN DEAL

Smith Cooper Corporate Finance recently advised on the sale of a significant restaurant group – for the second time!

In the recent transaction, Kuwait-based food retail group KFG sold Kout Food Group New Chicken, an operator of KFC stores stretching from Preston to Bristol, to the largest KFC operator in the UK – Herbert Group – for an undisclosed sum.

Smith Cooper Corporate Finance advised the seller, KFG, on the sale which represented an exit from its UK KFC operations - though it retains Burger King and Costa operations in the UK.

Smith Cooper first came across the target business when it acted on the sale by its previous owners to KFG way back in 2012.

Speaking about the deal, John Farnsworth, Corporate Finance Partner at Smith Cooper, said “it is certainly unusual to advise on the same business for two different owners. We had contacts with a number of existing and new-to-brand potential buyers and were delighted to be able to strike a deal with Herbert Group, a top quality operator we have known for many years.”



TWO DERBYSHIRE COMPANIES SOLD IN DOUBLE DEAL

Two distinguished Midlands based businesses have been sold in deals advised by Smith Cooper.

Premier Electrical Services Limited, a multidisciplinary mechanical contractor, was sold in a Management Buy Out to James and Marie Brader, whilst Premier Facilities Maintenance Limited, a facilities maintenance service provider, was sold to third shareholder, Mike Wagstaff. Both companies are located in Ilkeston, Derbyshire.

Established in 2001, Premier Electrical Services Ltd started life as a mechanical contractor in the small Nottinghamshire village of East Leake. Now a specialist M&E contractor, they offer a host of electrical and mechanical services throughout the UK.

Premier Facilities Maintenance Limited offer a full facilities support service including a range of reactive, planned and compliance maintenance services.

The exiting shareholders are Martyn Kelk and Martyn Oliver. Of the transaction, Martyn Oliver comments “We are proud to pass the baton on, and firmly believe

this is the right move to enhance the companies’ current offerings and underpin both growth plans, whilst ensuring our customers continue to receive the same high-quality services that they have become accustomed to.”

He continues “David Nelson of Smith Cooper played a pivotal role in the outcome of the transaction, and his guidance and management throughout the process helped ensure a smooth deal for all parties.”

David Nelson, Partner at Smith Cooper was appointed to operate a facilitation role for both transactions, being instructed by all parties.



INTRODUCING OUR NEW CORPORATE FINANCE PROFESSIONALS

We are delighted to welcome two new members to our award winning Corporate Finance team.

Alex Thompson joins as a Senior Executive, whilst James Ward joins as a Senior Manager. Both will primarily be based at the Nottingham office, but will operate across the wider Midlands, and assist clients throughout the UK.

Both Alex and James will be acting for business owners and management teams to support and deliver all types of corporate transactions including acquisitions, disposals, management buy-outs/buy-ins and fundraising.

Commenting on his new appointment, Alex said “Smith Cooper has established a prestigious reputation in the Midlands, and I feel privileged to be working as part of the Corporate Finance team.”

James will also fulfil a vital role having acquired a wealth of finance and industry experience from his career spanning over 20 years. He has worked as a corporate finance adviser in Nottingham for both BDO and Clearwater International and also spent time as a business owner running an engineering

consultancy practice. James commented “I am thrilled to be joining Smith Cooper and looking forward to applying my knowledge to deliver great results for our clients.”

Dan Bowtell, Corporate Finance Partner at Smith Cooper commented “We are really delighted to welcome both Alex and James to the team. Both have established industry acumen, and I am confident they will help our team continue to prosper.”

He continued “In the last year, our team have worked on a number of high profile transactions, including raising £3m of development finance for 200 Degrees Coffee, the sale workwear manufacturer Wearwell, and the acquisition of Ultrasound Direct by The Fertility Partnership. 2018 deal activity looks set to exceed 2017 which is why we have made these two key appointments to ensure we have a strong team to deliver a quality corporate finance service”

The new appointments follow a very successful year for our team which advised on a record breaking 28 deals last year, won numerous awards including the SME Deal of the Year Award, and maintained a top 10 ranking by deal volume in the Midlands Experian M&A league table.



OUR TEAM



John Farnsworth

john.farnsworth@smithcooper.co.uk



Dan Bowtell

dan.bowtell@smithcooper.co.uk



Darren Hodson

darren.hodson@smithcooper.co.uk



Andrew Delve

andrew.delve@smithcooper.co.uk



David Nelson

david.nelson@smithcooper.co.uk



James Bagley

james.bagley@smithcooper.co.uk



David Crump

david.crump@smithcooper.co.uk



James Ward

james.ward@smithcooper.co.uk



Alex Thompson

alex.thompson@smithcooper.co.uk



Tom Joy

tom.joy@smithcooper.co.uk

A: St Helen's House,
King Street,
Derby,
DE1 3EE

T: 01332 374 419

A: 158 Edmund Street,
Birmingham,
B3 2HB

T: 0121 236 6789

A: 2 Lace Market Square,
Nottingham,
NG1 1PB

T: 0115 945 4300