

DEAL DISPATCH - ISSUE 37

OUR CORPORATE FINANCE DIVISION'S REGULAR DEAL ROUND-UP



LOCAL
KNOWLEDGE,
GLOBAL
EXPERTISE

Market overview

It's been an intense year for dealmaking, with the UK recording the second highest ever volume of transactions in a quarter. I imagine annual deal volumes will also be at record levels when they are published. Whilst it's understandable that sellers want to de-risk, given the current environment and to beat potential CGT rate increases, it is interesting that there is no shortage of acquirers. Demand is outstripping supply, which in some circumstances is leading to an increase in deal values. We have achieved some fantastic results for our clients in the last quarter. We expect high activity levels to continue into 2022, as liquidity should remain strong whilst the risk of a CGT rate rise is likely to continue to drive more owners to exit.

Darren Hodson, Corporate Finance Partner



PKF Smith Cooper's Corporate Finance division win 'Deal of the Year' at Insider's 2021 East Midlands Dealmakers Awards

On Wednesday 29th September, Nottingham's Belfry hosted the renowned East Midlands Dealmakers Awards ceremony, celebrating the region's dealmaking achievements throughout the past year.

PKF Smith Cooper's Corporate Finance division had more than one reason to celebrate, not only winning the 'Deal of the Year (under £10m)' award, but also being shortlisted for three other awards.

The Deal of the Year award recognised PKF Smith Cooper Corporate Finance's David Crump and John Farnsworth in advising the shareholders of Fabrikat, the £12m turnover Sutton-in-Ashfield-based manufacturer of lighting columns and guardrails, through a sale to the fourth successive MBO team. This unusual deal was backed by royalty financier, Duke Royalty, which elected to take a minority equity stake in the business alongside the new Management Team.

David Crump, Corporate Finance Director at PKF Smith Cooper, commented: "We are delighted to have been recognised for our involvement in the deal. Fabrikat has become the leading independent designer and fabricator of lighting columns in the UK, and we are happy to have facilitated the transfer of ownership to the talented senior management team, which will retain that independent status. The Duke proposal emerged as the best deal for the sellers and the management team alike, and is the second deal we have structured that involves the innovative royalty-style funding offered by Duke".

Up-and-coming Corporate Finance team member, Tom Joy, was shortlisted for the 'Emerging Dealmaker of the Year' award, whilst the entire Corporate Finance team was shortlisted for the 'Advisory Team of the Year' and 'Deal of the Year (above £10m)' awards. This demonstrates PKF Smith Cooper's success and impact across the board, in what has been a difficult year for many suffering the economic fallout of the pandemic.





Midlands-based company, Quick Self Storage Holdings Ltd, has acquired the Darlington site and operations of Dainton Group Services Ltd

PKF Smith Cooper recently completed a deal for rapidly expanding, Midlands-based self-storage company, Quick Self Storage Holdings Ltd, which acquired the Darlington site and operations of Dainton Group Services Ltd, a well-established operator with 17 self-storage sites across the South-West and North-East.

The innovative, 100% digitally-led Quick Self Storage appointed our Corporate Finance team to assist with identifying and unlocking potential acquisition targets amidst a company-wide push to embark on a series of acquisitions of established storage operations. The firm's acquisition strategy will be complemented by the addition of greenfield self-storage sites, located within the Midlands.

Prior to beginning the acquisition process, Quick Self Storage had gained the prestigious status of 'Peterborough's only SMART self-storage facility' by utilising the latest cutting-edge technology and industry-leading security features.

We supported Quick Self Storage in defining the acquisition strategy, identifying key targets, unlocking deal opportunities and project managing the transaction through to completion. As part of our role, we developed a database of self-storage operations across the UK that helped Quick Self Storage cherry-pick prime opportunities, ultimately leading to the acquisition of Dainton's Darlington site.

A number of providers were shortlisted from this pool of potential targets, with whom we entered into negotiations with off-market opportunities, but Darlington was subsequently selected as the principal target.

Following this, we advised on company valuations, funding options and structures (including introducing Quick Self Storage to a variety of suitable funders to support the transaction), transaction structuring, and supported its commercial negotiations with the vendor.

Andrew Dempsey of Quick Self Storage commented: "PKF Smith Cooper understood our expectations and led us through the process with determination and understanding, overcoming various challenges to enable an excellent transaction outcome. The team demonstrated a strong sector knowledge that became invaluable to us."

A Corporate Finance team comprising PKF Smith Cooper's Darren Hodson, Tom Joy and Joshua Gurton provided lead advisory support to Quick Self Storage, with the Tax department's Gary Devonshire advising on tax structuring.

Tom Joy, who led the deal for PKF Smith Cooper's Corporate Finance Team, said: "We are thrilled to have advised Quick Self Storage alongside Pennington Manches Cooper, on its landmark first acquisition of established self-storage operators. We were able to leverage our knowledge of the sector to identify and unlock a number of strategic acquisition targets and will continue to support the business on further acquisitions as it continues to expand its footprint across the UK.

As the first of what is intended to be many acquisitions of this nature, it's clear that the uniquely modern Quick Self Storage have an exciting future ahead, expanding across the UK and welcoming the storage sector into the increasingly-digitised 21st Century – watch this space".



Hydropac Ltd, a leading manufacturer of icepacks and temperature-controlled shipping systems, has been sold to Bunzl Plc

PKF Smith Cooper recently completed the sale of Hydropac, the market-leading designer of insulation solutions, to Bunzl.

Hydropac designs and manufactures insulated packaging solutions that focus on maintaining chilled and frozen temperatures of food, pet-food and pharmaceutical products during transit. It works with customers to design packaging that maintains thermal and visual integrity of products, all the way through mainstream delivery networks to the consumers' doorsteps.

The temperature-controlled solutions manufacturer, located in High Wycombe, designs and produces insulated shipping systems, ice and gel packs for the growing online food delivery and other markets, with a remarkable 99% of their products being recyclable. In 2020, they produced a UK-market-leading 30 million ice packs, demonstrating their continued strength in the sector.

The shareholders appointed PKF Smith Cooper's Corporate Finance division to design the sale process, research to identify strategic trade purchasers, discretely market the company, assess bids, negotiate terms and to manage and advise on the entire sale process.

Bunzl plc was selected as the preferred bidder. Hydropac is highly complementary to Bunzl-owned Coolpack BV in the Netherlands, which is a leading manufacturer and supplier of cooling elements, gel packs, cooling plates, thermal foam packs and cooling packaging.

Hydropac shareholder, Mike Collins, said: "We are delighted to have found the right partner in Bunzl to enable the company to take advantage of exciting opportunities and deliver on our ambitious growth plans."

Speaking about PKF Smith Cooper, Mike adds: "The Corporate Finance team were bright, quick thinking, and exceptionally talented. We were impressed with their strategic insights, creativity, and professionalism. The team took the trouble to listen, explaining any and all unclear circumstances, thereby enabling myself and my fellow shareholders to make fully-informed decisions throughout the process.

PKF Smith Cooper researched hard, working with diligence and tenacity to present us with several keen parties wanting to invest in our business. We were left to make the decisions about who we wanted to invest in our firm, which was important to us – having a deal that was right for our organisation was important and they delivered with vigour. PKF Smith Cooper went above and beyond to run a slick process and delivered a fantastic outcome; working with them was, quite simply, a fabulously fun experience. I can't imagine ever working with an alternative Corporate Finance team."

The three-person Corporate Finance team, consisting of Darren Hodson, Tom Joy and Josh Gurton from PKF Smith Cooper's Birmingham division, led the sales process, whilst Tax advice was provided by Head of Transactional Tax, Adam Rollason.

Darren Hodson, Corporate Finance Partner, commented: "It has been a pleasure working with the shareholders on this transaction. Hydropac is a fantastic business in a fast-paced, growing industry. This deal demonstrates PKF Smith Cooper's ability to find the right buyer and get deals done in a swift manner. We are thrilled for the shareholders – it is clear that Bunzl is the ideal partner for the next stage of business growth."

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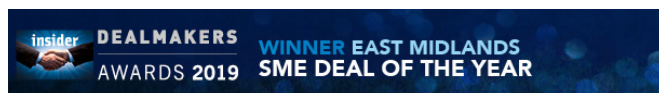
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