



BISHOPSGATE
CORPORATE FINANCE

viewpoint

Hunting for acquisitions

Bishopsgate Corporate Finance is actively working for a number of clients at the moment who are looking for acquisitions:

- We are retained by a large US corporate to find UK acquisitions in the foodservice sector. Companies making PBIT of c £1 million + and delivering food (ambient, chilled and frozen) into the restaurant, hotel and fast food markets are of interest.
- We are retained by a wealthy family office who is seeking to acquire a business to add to its extensive UK portfolio. Having completed over £300 million of acquisitions since 2003, it is looking to acquire companies making PBIT between £1 million and £5 million operating in Healthcare, Leisure, Education, Support Services and Waste Management/Environmental Services.
- We are retained by a wealthy serial entrepreneur with a background in both private company and public markets. Recently awarded FT Entrepreneur of the Year he has been very successful in developing businesses and driving value on either trade sales or reverse listings. He is looking for opportunities to invest in businesses to drive growth and maximise value for the shareholders on exit.
- We are retained by a large privately owned funeral services group, which is looking to acquire additional funeral parlours in the Midlands and North of England.

If you are aware of any opportunities that would fit with the target criteria above or indeed you would like to discuss whether your own business would be of interest, then please contact either Simon or Tom on 01780 756544.

Quotes to combat the doom and gloom

Bishopsgate is fed up with the “doom and gloom” mongers - so here are some inspiring quotes to combat negativity and reignite the entrepreneurial spirit:

“Things turn out best for the people who made the best of the way things turn out.” **John Wooden**

“There are two kinds of people in the world: those who make excuses and those who get results. An excuse person will find any excuse for why a project won't happen, and a results person will find every reason why it can be done. Be a creator, not a reactor.” **Alan Cohen**

“Your persistence is your measure of faith in yourself.” **Author unknown**

“The first step toward success is taken when you refuse to be a captive of the environment in which you first find yourself.” **Mark Caine**

“The people that get on in this world are the people that get up and look for the circumstances that they want; and if they can't find them, they make them.” **George Bernard Shaw**

“The best way to predict the future is to create it.” **Jason Kaufmann**

www.bishopsgatecf.co.uk

If you have any comments or suggestions regarding ideas for future newsletters, please contact a member of our team.

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Fund raising for growth

Anyone reading the financial press over the last few months will have noticed the growing trend for publicly quoted companies to tap the markets for new money through equity injection and rights issues.

In fact, over £30 billion has been raised through rights issues in the last four months. The single biggest reason driving such cash calls has been to reduce burdening company debt and avoid breaching banking covenants, although many PLCs have got on the bandwagon afraid of missing the market. The worry for some is that investors will become choosier as the demand for cash increases. Several PLCs have asked for cash to take advantage of opportunities as they

arrive while others have raised far more than required and are now sitting on acquisition war-chests.

So is a similar model of equity fund raising relevant for private companies?

The answer is most definitely yes and especially during the credit crunch. Sourcing debt to fund growth has become harder with so little liquidity in the banking sector. By contrast, many in the private equity market are sitting on cash so now is the time to tap them up. The PE model is evolving with many houses prepared to invest both debt (in the same way as a bank) alongside equity and with so few transactions taking place, the right opportunity will attract significant competition.

Of course, the fundamentals need to be right - a solid business with a strong management team must be at the core, so whether your financial structure is overleveraged or whether you wish to take on development capital to fund growth by acquisition, private equity may well be the answer.

Summary

Bishopsgate Corporate Finance has relationships with all the mid market private equity houses in the UK and are experts in raising funds for private companies. For a confidential discussion please call either Simon Stephenson or Tom Spencer on 01780 756544.



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Bishopsgate's Latest Deal!

Our latest deal completed in April 2009 was the Management Buy-Out of Cranswick Pet & Aquatics plc.

Achieving a successful outcome for the Management team on this £17 million buy-out from Cranswick plc - the LSE listed meat processor - was a great result in such a challenging market.

Bishopsgate Corporate Finance secured both private equity and bank funding support for the Management team enabling them to take the business private and develop it under their ownership.



BISHOPSGATE
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Lead Advisor

on the
**Management Buy-Out of
Cranswick Pet & Aquatics**



£17 million

Debt provided by:



Management lawyers:



Debt provided by:



Who's a Pretty Boy then?

As a transaction progresses you become totally absorbed in all things related to that business. And so it was with the MBO of Cranswick Pet & Aquatics plc ("CPA").

CPA is the UK's market leading supplier of wild bird and indoor bird food, and through a separate division is also the UK's largest supplier of Tropical Marine fish. Having worked on the deal for a number of months, I am now the proud owner of a dozen bird feeders, several bags of peanuts, a parrot and a tank full of Nemo's. My wife also caught me watching Springwatch which was slightly embarrassing as she now reckons I have a crush on Kate Humble. It didn't help matters when I explained that I had become a keen bird watcher.

After the deal I took the opportunity of asking John Garner, Investment Director at LDC and the East Midlands 2009 Dealmaker of the Year, a few questions about the deal we had just concluded and started by asking whether he was also a fan of Kate Humble.



From left: Derek Black (Cranswick), John Garner (LDC) and Tom Spencer (Bishopsgate)

JG: Essential.

BCF: CPA was one of a number of transactions backed by LDC over the last six months during a period when few private equity transactions have completed. How have you been able to achieve this?

JG: Well we have a supportive parent who provide us with certainty of funding and remain committed to investing throughout the cycle. Secondly LDC have been around for over 25 years and there is a recognition that the current environment should provide good buying opportunities.

BCF: Congratulations on winning this year's East Midlands Dealmaker of the Year award - you are one of the few PE houses to still maintain a regional presence across the country, do you see this as key to LDC's recent successes?

JG: Absolutely, we believe it is fundamental to be close to our management teams. Embarking on a management buy out is a long term partnership and we believe that management teams value being close to their equity provider.

BCF: So John are you?

JG: I have to say I didn't really take much of an interest in Springwatch before we did the deal. Although it is quite funny how quickly you become interested/bored when doing a deal. I couldn't help asking people about their bird feeding habits!

BCF: The UK is in recession and it's a difficult time for any consumer business. However, CPA has bucked this trend and this was obviously key for you - what else attracted you to the business?

JG: In no particular order... the strength of the management team, the fact that both divisions were clear market leaders, the significant investment made in the asset base, the strength of the brands and the fact that it was a buy out from a plc

BCF: CPA has a quality management team in both divisions and depth within the management team. From a private equity perspective, how important is the management team when taking a view on the overall opportunity?