Investors' Chronicle

TAKEOVERS

Recommended Offers - Action Required			
Target	Cambria Automobiles	**Value**	£80m
Bidder	Mark Lavery	**Terms**	80p cash per share
Cambria Automobiles announced in March that its chief executive, finance director and motor division managing director were considering a buyout of the car retailer, and it subsequently struck a formal deal with CEO Mark Lavery for a takeover at 80p per share, which has been raised to 82.5p a share. The Independent Committee, who have been so advised by Rothschild & Co as to the financial terms of the final offer, consider the terms to be fair and reasonable. From a technical standpoint, the deal has been switched from a scheme of arrangement to a takeover offer. At close of business in London on 3 September 2021, Bidco may count 74,758,859 Cambria shares, representing approximately 74.76 per cent. of the issued share capital of Cambria. Accept.			
Target	Equiniti	**Value**	£673m
Bidder	Siris Capital	**Terms**	180p cash per share
Equiniti has struck an agreement for a 180p per share takeover by Siris Capital. Valuing the financial administration services provider at around £673m, the all-cash offer is a 56 per cent premium to Equiniti's closing price on 8 February, the day before the takeover speculation emerged. Panmure Gordon analyst Robert Plant believes it is unlikely that other bidders will emerge. "Equiniti is unique in its collection of businesses so there is not an obvious trade buyer for the whole company," he says. Plant believes that Siris' offer is attractive "especially given the operational and share price underperformance of recent years." The market seems to agree with that assessment, as Equiniti's shares are currently hovering around the offer price. A vote on the deal was held on 19 July. All the resolutions proposed were duly passed. Accept.			
Target	Gamesys	**Value**	£2.03bn
Bidder	Bally's Corporation	**Terms**	1,850p cash per share
Jackpotjoy-owner Gamesys struck an agreement for a 1,850p per share takeover by US casino operator Bally's back in April. The offer is a 14 per cent premium to Gamesys' closing price on 23 March, the day before the prospect of a tie-up was made public, valuing the group at just over £2bn. Bally's is also proposing a share alternative, through which shareholders would receive 0.343 new Bally' s shares for each Gamesys share they own. Gamesys still intends to pay a 28p per share final dividend for 2020, and if the deal has not completed before 9 September, it plans to declare an interim dividend of up to 15p per share as well. Bally's has already received irrevocable undertakings from a third of Gamesys' shareholders. A vote took place on 30 June. The scheme and the special resolution were approved by the requisite majorities. Accept.			
Target	Globalworth Real Estate Investments	**Value**	€1.6bn
Bidder	Zakiono Enterprises	**Terms**	700¢ cash per share
Czech real estate group CPI Property, and German property investor Aroundtown, have made a joint €7 (609p) per share all-cash takeover offer for Globalworth Real Estate Investments. The consortium already owns 51.5 per cent of Globalworth's issued share capital, and its bid is a 20 per cent premium to Globalworth's closing price on 13 April, valuing the company at around €1.6bn. Globalworth says that the offer "significantly undervalues the company, its assets and its prospects" and that shareholders owning 40 per cent of its issued share capital agree with this assessment. Just 0.3 per cent of shareholders chose to accept the deal by the second closing deadline, and the window for acceptances has been extended once again to 30 June. Reject.			
Target	Immunodiagnostic Systems	**Value**	£110m
Bidder	PerkinElmer	**Terms**	382p cash per share

In-vitro diagnostics specialist Immunodiagnostic Systems (IDH) is recommending shareholders accept a 382p per share takeover offer from US life sciences giant PerkinElmer. The all-cash bid is a 50 per cent premium to IDH's closing price on 14 May – the day before the offer was disclosed – valuing the company at around £110m. PerkinElmer has already received irrevocable undertakings from IDH's directors and shareholders representing 58 per cent of the company's issued share capital, and the deal requires 75 per cent approval to pass. IDH's chief executive, Jaap Stuut, says that the tie-up will "significantly accelerate our existing growth plans, while providing exciting new opportunities for our employees, customers, partners and suppliers." Shareholders are due to vote on 1 July. Accept.			
Target	John Laing	**Value**	£2.0bn
Bidder	KKR	**Terms**	403p cash per share
The infrastructure investor is recommending shareholders accept a 403p per share takeover offer from US private equity firm KKR. The all-cash bid represents a 27 per cent premium to John Laing's closing price on 5 May and a 35 per cent premium to its adjusted net asset value (NAV) as at 31 December. RBC Capital Markets believes the deal is "good value to JLG shareholders." KKR is partnering with experienced infrastructure investor Equitix who will purchase a 50 per cent stake in John Laing's asset portfolio after the transaction completes. Shareholders voted on 9 July. The requisite majority of eligible shareholders voted in favour of the scheme. Accept.			
Target	Proactis	**Value**	£72m
Bidder	KKR and Pollen Street Capital	**Terms**	75p cash per share
The business spending management specialist is recommending shareholders accept a joint takeover offer from private equity firms DBAY and Pollen Street Capital (PSC). The 75p per share bid is a 79 per cent premium to Proactis' closing share price on 29 April, valuing the company at around £72m. DBAY and PSC have already received irrevocable undertakings to vote in favour of the deal from 52 per cent of Proactis shareholders. A vote was held on 20 July. The shareholders of Proactis approved by the requisite majorities all of the resolutions proposed at each of the meetings in respect of the acquisition. Accept.			
Target	Sigma Capital	**Value**	£188m
Bidder	PineBridge Benson Elliot	**Terms**	202.1p cash per share
The build-to-rent housing provider has struck an agreement for a 202.1p per share takeover by private equity firm PineBridge Benson Elliot (PBE). The all-cash offer is a 36 per cent premium to Sigma Capital's closing price on 10 June – the day before the bid was made public – and values the company at around £188m. Following a strategic review last year, Sigma initiated a private sale process, and out of "multiple well-funded parties", it says that PBE's offer was the most attractive option. PBE has already received irrevocable undertakings representing 61 per cent of shareholders, and the deal requires 75 per cent approval to pass. A vote was held on 23 July and the requisite majority of independent Sigma shareholders voted in favour of the scheme. Accept.			
Target	St. Modwen Properties	**Value**	£1.3bn
Bidder	Blackstone	**Terms**	560p cash per share
Blackstone has increased its takeover offer for St. Modwen (SMP) from 542p to 560p per share. While its original bid was backed by the real estate group's board, shareholders including J O Hambro and Janus Henderson had expressed concerns that it was too low. The sweetened offer is a 25 per cent premium to St. Modwen's closing price on 6 May – the day before the takeover interest first emerged – and is also 21 per cent higher than its EPRA net tangible asset value of 463p as at 31 May. Ahead of a vote on 21 July, Blackstone says that this is its final offer. Accept.			
Target	Telit Communications	**Value**	£308m
Bidder	DBAY	**Terms**	229.5p cash per share
Telit Communications (TCM) is recommending shareholders accept a takeover offer from asset management firm DBAY, despite advisor Rothschild concluding that the bid undervalues the company and its long-term prospects. Valuing the 'Internet of Things' (IoT) provider at £307m, the original offer was at a modest 6 per cent premium to Telit's closing price on 17 March, the day before the most recent takeover interest emerged. DBAY is Telit's largest shareholder with a 26 per cent stake and it previously mulled a 195p per share bid in December before walking away. A vote was scheduled for 14 July, but was adjourned to 26 July 2021. The requisite majority of scheme shareholders subsequently voted in favour of the resolution to approve the scheme. The offer price was increased to 229.5p (from 220p) a share and given that the shares have been struggling for the past few years, we'd be inclined to accept. Telit will then delist from Aim in London on 31 August.			
Target	Vectura	**Value**	£1.045bn

Bidder	Philip Morris	**Terms**	165p cash per share
The boards of Vectura (VEC) and Philip Morris International have reached agreement on the terms of a recommended cash acquisition, which values Vectura at approximately £1.045bn. The cash offer represents a 10 per cent premium to the original Carlyle offer, or 55 per cent to the volume weighted average ex-dividend closing price of 97p per Vectura share for the 3 months ended 25 May 2021 (being the last business day prior to the announcement of the offer from Carlyle). The Vectura Directors have withdrawn their recommendation of the Carlyle Offer and adjourned the Carlyle Offer Shareholder Meetings convened for 12 July 2021. Vectura's board members have recommended that investors accept the Philip Morris offer, though they have come under pressure from politicians and lobby groups to pull the offer. However, by 15 September 2021, PMI Bidder could count 448m Vectura Shares (representing approximately 74.77 per cent of the shares currently in issue) towards the acceptance condition to the offer and, accordingly, the acceptance condition has been satisfied.			
Target	UDG Healthcare	**Value**	£2.8bn
Bidder	Clayton, Dubilier & Rice	**Terms**	1,080p cash per share
After encountering shareholder opposition to its original 1,023p per share takeover bid, Clayton Dubilier & Rice (CD&R) has increased its offer for the health services group to 1,080p per share. The improved bid is a 28 per cent premium to UDG's closing price on 11 May – the day before CD&R's takeover interest was first made public – and values the group at around £2.8bn. It has proved sufficient to win over top investor Allianz Global and in total, CD&R has received irrevocable undertakings and letters of support from 11 per cent of UDG's shareholders. The deal has subsequently been completed.			
Target	Sumo	**Value**	£919m
Bidder	Tencent	**Terms**	513p cash per share
Sumo (SUMO) has reached a takeover agreement with Chinese tech giant Tencent (HK:800) in an all-cash deal that values the video game developer at £919m. Tencent has agreed to pay 513p a share, representing a 43 per cent premium to Sumo's closing price on the last business day before the announcement. The board intends to recommend that shareholders accept the offer. Documents outlining the offer were sent out to Sumo Group shareholders, who voted to accept the proposal at court and general meetings on 10 September 2021. Accept.			
Target	Charles Stanley	**Value**	£279m
Bidder	Raymond James	**Terms**	515p
Charles Stanley has agreed the terms of a sale to US wealth manager Raymond James in a deal valuing the business at 515p a share, or 43 per cent above the closing price on the day prior to the offer. The board believes that the terms of the acquisition represent fair value and an attractive premium for Charles Stanley shareholders. Accept			
Target	Blue Prism	**Value**	£1.1bn
Bidder	Bali Bidco	**Terms**	1,125p
Blue Prism announced that the company has reached agreement on the terms of a recommended cash acquisition by Bali Bidco Limited (a company indirectly owned by the Vista Funds) at a price of 1,125p a share, a 35 per cent premium to Blue Prism's closing price of 832p on 27 August 2021 (being the last business day prior to the commencement of the offer period).			
Target	Sanne	**Value**	£1.51bn
Bidder	Apex Group Ltd	**Terms**	
After Private equity firm Cinven bowed out of the potential bidding war, Apex Acquisition Company Ltd announced a 920p recommended cash acquisition of the entire issued, and to be issued, ordinary share capital of Sanne Group, valuing the ordinary share capital at approximately £1.51bn.			

Speculative Offers	
Target	Anexo
Bidder	DBAY

As private equity's swoop on London listed companies continues, DBAY has approached credit hire and legal services provider Anexo (ANX) about a possible takeover. The mooted 150p per share offer is an 8 per cent premium to Anexo's closing price on 22 June, the day before the takeover interest emerged, valuing the company at around £174m. Anexo says that while the structure of the bid has yet to be confirmed, DBAY's proposal is nonetheless "under consideration". The private equity firm had until close of play on 18 August to make a firm offer or walk away, after an extension to the original deadline. It has chosen to terminate the offer.	
Target	Augean
Bidder	Morgan Stanley Infrastructure
In August, the infrastructure arm of American investment bank Morgan Stanley (MSIP) announced it had agreed to acquire Augean for nearly £315m. However, a consortium (Eleia Bidco) made up of investment managers Ancala Partners and Fiera Infrastructure made a £341m offer for Augean. Directors have subsequently announced that they had agreed the terms of a recommended offer for Augean by Eleia Bidco at 372p per share. The Augean directors recommend unanimously that shareholders vote in favour of the Eleia scheme at the Eleia Court Meeting on 12 October 2021.	
Target	Bacanora Lithium
Bidder	Ganfeng International
Aim-listed lithium company Bacanora Lithium (BCN) has received a possible all-cash takeover offer from its largest shareholder, Ganfeng. The price originally discussed was for 67.5p per share – a 50 per cent premium to Bacanora's closing price on 5 May – and Ganfeng had until close of play on 26 August to table a firm offer of walk away. A tie-up wouldn't be without controversy amid rising concerns over China buying up UK assets. Lithium mining is likely to be viewed as a key strategic industry as the race to net zero makes it one of the most sought-after commodities. Since then, the two entities have announced that the final outstanding pre-condition of the proposal had been satisfied, ergo shareholders will also get 0.236 shares in Europe-based lithium group Zinnwald, worth 6.1p currently, to take the total value of the offer to 73.6p. Bacanora's independent directors intend to recommend unanimously that shareholders accept the offer.	
Target	GYG
Bidder	Harwood Capital
The superyacht painting and maintenance company has been approached by its second largest shareholder, Harwood Capital, for a possible takeover at 92.5p per share. The potential bid is an 11 per cent premium to GYG's (GYG) closing price on 8 April, valuing the company at £43m. Harwood says it has received a letter of intent from GYG's biggest shareholder, Lombard Odier Asset Management, to vote in favour of the possible offer, although this is not legally binding. The deadline by which Harwood must table a firm offer or walk away has been extended once again to 15 Oct.	
Target	WM Morrison
Bidder	CD&R
The supermarket initially rebuffed an unsolicited takeover approach from private equity firm Clayton, Dubilier & Rice (CD&R) at 230p per share. The grocer subsequently accepted a £6.7bn takeover offer from private equity group Fortress Investment, but interest in the company remained intense. The Fortress offer represented a 42 per cent premium to the Morrisons (MRW) closing price on the last business day before the commencement of the offer. However, CD&R has come back with an offer worth 285p a share, or around £7bn in total. CD&R's subsequent victory of the bidding auction at 287p a share was announced by the stock market's Takeover Panel. The deal will see a return to the UK grocery sector for Terry Leahy, the former chief executive of Tesco, who is a senior adviser to CD&R.	
Target	Good Energy
Bidder	Ecotricity
Ecotricity, which holds of approximately 25.1 per cent of Good Energy's (GOOD) issued share capital, announces that on 2 July 2021, it submitted a third non-binding indicative offer to acquire the shares not already held by Ecotricity. A third indicative offer was made at 340p per share, but was rejected by the Board of Good Energy on 8 July 2021. Ecotricity has subsequently confirmed a cash offer of 400p per share announced on 16 September 2021. The board advises shareholders to reject the revised offer by taking no action, as it represents a premium of only 30.1 per cent over the closing price on 9 July 2021 (the last business day prior to the start of the offer period).	
Target	Avast
Bidder	NortonLifeLock Inc

Antivirus specialist NortonLifeLock said it will merge with Avast (AVST) in a transaction combining cash and stock in two different options, totalling between $8.1bn and $8.6bn in stock, roughly equivalent to the value in US dollars of Avast's enterprise value.	
Target	AudioBoom
Bidder	AAA
All Active Asset Capital Limited ('AAA') announces that it is in constructive discussions with the board of AudioBoom (BOOM) about a possible offer for the on-demand audio and podcasting distribution platform. AAA has obtained irrevocable undertakings equivalent to 26.4 per cent of the issued share capital of AudioBoom. Any offer, were it to be made, would consist of 12.5 new AAA shares and 200p in cash, representing a 35.6 per cent premium to the closing mid-market price of 885p at close of business on 16 July 2021 (based on the price of 80p per AAA Share at which the recent AAA placing was announced). After consideration of the possible offer with its advisers, the independent directors of Audioboom decided to reject the possible offer, but after further discussions the independent directors have concluded that “AAA is actively seeking to address their concerns, and that it is currently in the best interests of Audioboom shareholders to allow discussions to continue”. However, the Board of Audioboom has not been made aware by AAA of any material progress. A ‘put-up-or-shut-up’ deadline was extended to 13 September, at which point All Active Asset Capital Ltd revealed that that it was withdrawing its potential takeover bid.	
Target	Ultra Electronics
Bidder	Cobham Ltd
The Ultra Electronics (ULE) saga made be headed towards a resolution – or is it? On 21 July, the defence contractor confirmed that it had received a non-binding proposal of £35 per share from Cobham Limited, which is owned by US private equity group Advent. Shareholders would also be entitled to the interim dividend of 16.2p per share announced by Ultra on 19 July. The offer, which values the group at around £2.58bn, has been pitched at an effective 42.4 premium to the Ultra share price of £24.70 on the day immediately prior to the date of the announcement. The proposal is the latest in a series of informal approaches by Cobham, but this time around the directors have indicated that it is at a value the board “would be minded to recommend” to Ultra shareholders, subject to resolution of certain terms and arrangements, including the establishment of safeguards for the interests of Ultra's stakeholder groups. The Scheme of Arrangement has subsequently been approved by the requisite majority of Scheme Shareholders at the Court Meeting However, UK Business Secretary Kwasi Kwarteng has directed the Competition and Markets Authority (CMA) to review the proposed acquisition, citing potential “national security concerns”. The CMA will have until 18 January to complete its report.	
Target	Restore
Bidder	Marlowe
On 22 July 2021, support services group Restore (RST) rejected a £743m takeover approach from business service and software supplier Marlowe (MRL), citing a lowly cash component (71p a share) within the cash/scrip offer, while arguing that the conditional non-binding proposal is not strategically compelling. It is actually the second tilt by Marlowe, but the Restore board said it said the first bid significantly undervalued the company and its prospects, and the second proposal was not really a material improvement. Marlowe has subsequently withdrawn the offer.	
Target	Watchstone Group
Bidder	Polygon Global Partners
On 1 July 2021, Polygon announced an unsolicited mandatory offer for the Ordinary Shares it does not already own of 34p in cash per Ordinary Share. The offer represents a discount of 16 per cent to the closing price of 40.5p per share on 15 July 2021 (being the last business day prior to posting of the Offer Document. The directors believe that the offer does not reflect an adequate premium for control and significantly undervalues Watchstone and its prospects. On 31 August 2021, Polygon announced that the offer was being increased to a final bid of 38p per share. The Directors recommend that shareholders should reject the offer – we concur. Reject.	
Target	Meggitt
Bidder	Parker Hannifin/TransDigm

Meggitt (MGGT) has received news that a preliminary, non-binding offer from US-based TransDigm, which valued the FTSE 250 manufacturer at £7.1bn, has been pulled. that leaves the road open for US rival, Parker Hannifin, which had previously made a bid that valued Meggitt at £6.3bn. At a subsequent general meeting held by the company, the takeover bid won backing from 99.8 per cent of votes cast and 86.8 per cent of investors. Business secretary Kwasi Kwarteng is reported to have ordered an investigation into whether the takeover would harm the UK's national security.	
Target	Stock Spirits
Bidder	CVC
Stock Spirits (STCK) is the latest Plc to come in for the attention of private equity, after CVC Capital Partners-affiliated funds agreed to buy the London-listed vodka producer for £767m. CVC's offer of 377p per share represents a premium of 41 per cent to Stock Spirit's closing share price of 268p on the day prior to the approach. The deal is scheduled to complete between early December this year and early January 2022. And the resolution to approve the scheme was passed by the requisite majority of shareholders at the Court Meeting. Accept.	
Target	TP Group
Bidder	Science Group
TP Group's (TPG) board unanimously rejected a takeover offer from major shareholder Science Group, saying the 5.8p per share offer "significantly undervalues" the firm, and seeks to take advantage of the negative impact suffered by the company as a result of the Covid-19 pandemic. Science Group has subsequently increased the indicative offer to 6.5p a share, an approx. 67 per cent premium to the closing share price on 6 August 2021, the last trading day prior to Science Group's initial investment. The TP board has stated that the revised indicative offer continues to undervalue the company.	
Target	Entain
Bidder	DraftKings Inc
Following an earlier cash/scrip approach from DraftKings at 2,500p per share, which was rejected, a further proposal was received on 19 Sept 2021, which amounted to 630p in cash and the balance payable in new DraftKings Class A common shares. DraftKings proposed that the exchange ratio which would deliver the share element of the 2,800p per Entain share was to be fixed immediately prior to the first agreed public announcement. The proposed tie-up represents a premium of 46.2 per cent to Entain's closing share price on 20 September 2021. Shareholders are urged to take no action while the Entain board considers the proposal.	
Target	French Connection
Bidder	MIP Holdings
As announced on 2 March 2021, the company is conducting a formal sale process. It has received an approach from a consortium of bidders including the company's second largest shareholder Apinder Singh Ghura, Amarjit Singh Grewal and KJR Brothers Limited, which may or may not result in an offer for the company. The indicated offer price is 30p per share in cash.	
Target	Stagecoach
Bidder	National Express
Stagecoach Group confirmed that it is in discussions with National Express Group in relation to a possible all-share combination. It is expected that Stagecoach shareholders would receive 0.36 new National Express ordinary shares for each Stagecoach ordinary share, resulting in them owning approximately 25 per cent of the combined group. The boards believe that the Potential Combination would be a strategically compelling proposition. National Express is required, by not later than 5.00 p.m. (London time) on 19 October 2021, to either announce a firm intention to make an offer for Stagecoach, or perhaps extend the deadline.	