

Deals ⁺

A half year market review

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A+B[®]

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CORPORATE
FINANCE
DIVISION

H1 2021

Deals Done in Scotland

**Top
Dealmakers
in Scotland
in H1, 2021**

Recognised by the Experian
MarketIQ M&A Review for
H1, 2021 as the financial
advisers having completed
the most deals in
Scotland



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Welcome

Anderson Anderson & Brown Corporate Finance (AABcf) is delighted to share with you our Deals+ update for H1 2021, highlighting selected M&A and fundraising transactions in Scotland across key sectors, including; Technology, Construction & Property, Energy, Food & Drink and Business Services.

Reflecting on H1 2021

The first half of 2021 has seen the M&A market continue its resurgence from the 2020 lows, and there is now optimism that both economic levels and particularly deal activity will continue to build amidst talk of a new M&A wave beginning. The start of the year began with a frenzy of activity particularly amongst E&P players looking to take advantage of asset sales in the North Sea and/or refinance existing debt to strengthen their balance sheets. This theme continued sector-wide as we seen notable increases in activity following a year of liquidity protection with large acquirers now having positioned themselves to explore new opportunities.

Several months further down the line and we are now seeing an increased number of businesses begin to strategically plan for life post pandemic. After months of stabilization in the market, M&A activity looks as if it is set for exponential growth in the second half of 2021. There have been a number of key deals throughout Q1 and Q2, that could be seen as the building blocks of a post pandemic market. In the Energy sector we saw Cairn Energy's sell its stakes in the Catcher and Kraken North Sea fields to Waldorf Energy in a deal valued at £330m. Elsewhere in the Technology sector, which flourished throughout 2020 and has continued to thrive in 2021, Edinburgh based MedTech firm Current Health raised £31m in an investment round led by Northpound Ventures.

Highlights in the Scottish M&A market this year and a testament to the rebound the market has undergone, were ready meal provider Parsely Box's IPO during Q1 2021, which saw the company valued at £84m when it initially floated on AIM. Furthermore, Scottish Malt Whisky Society owners Artisanal Spirits Company also listed on AIM during H1 2021.

Moving into the second half of 2021, we expect market momentum to continue, with a particular focus on Private Equity investments as they look to actively deploy capital unused from the struggles of 2020. With greater certainty in the market, deal activity will be boosted, setting us on course for a busy Q3 and Q4. Our Corporate Finance team is here to assist in anyway possible, please do not hesitate to contact.

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Technology Sector

The Scottish Tech sector is thriving. Activity within the sector is at an all-time high, and we are seeing private equity and venture capital investment becoming an almost weekly occurrence along with continued high levels of strategic trade activity. The industry is going from strength to strength, with an increased interest and focus on Scottish opportunities, particularly into smaller early-stage companies. A surge of exciting startups and innovative tech scale ups continue to emerge out of Scotland and investors are recognising the potential of these businesses, with the British Business Bank reporting the £124m invested in smaller tech businesses in 2020 being almost half of the total invested into smaller businesses during the year of £248m.

The first two quarters of 2021 have seen this trend continue. We saw MedTech firm Current Health raise £31m in an investment round led by Northpond Ventures along with Aberdeen based Mintra's €5.95m acquisition of marine digital learning firm Safebridge.

Our own Tech Team at AAB have had a busy six months, supporting digital lifting technology provider, Intebloc in securing investment from Stena Drilling, as well as advising asset management solution provider C-SAM in their disposal to the acquisitive Jonas Software.

Heading into the second half of the year, we expect Tech companies to be at the forefront of M&A and investment activity as companies in all sectors adapt their business through the use of technology.

Date Announced	Target	Bidder/Funder	Transaction Amount
09-Jun-21	Intebloc	Stena Drilling	Undisclosed
06-May-21	Odoro Holdings Ltd	BGF	£5.2m
16-Apr-21	Current Health Ltd	Led by Northpond Ventures	£31m
18-Feb-21	Safebridge	Mintra	£5.9m
01-Feb-21	C-SAM Ltd	Jonas Software Inc	Undisclosed
25-Jan-21	Manus Neurodynamica	North East Innovation Fund	£1.2m
22-Jan-21	Liberty One Communications	Built Environment Communications Group	Undisclosed
20-Jan-21	YOYO Games	Opera Software	£7.3m
05-Jan-21	RAB-Microfluidics	Led by EOS Advisory	£1.2m



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*AAB transactions are highlighted light grey

*Fundraising transactions are highlighted light blue

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Construction & Property Sector

The nationwide Covid-19 restrictions have seen deal volumes in the Scottish Construction & Property sector go down over the last year, however not as much as may have been expected at first. With C&P being considered an essential industry, it spent less time locked down than many others, whilst also benefitting from positive consumer activity and also welcome support from the government.

The industry has adapted to its new market conditions and challenges, and embraced the trend towards digitalization and sustainability, while the fears and uncertainties over Brexit have largely been dealt with, at least providing companies with the certainty which they didn't have before. Meanwhile, there are exciting development opportunities right across the industry. The result is that many businesses have secured a great platform upon which to build as we exit the pandemic.

This has led to increasing movement in M&A activity, and a busy first quarter of deals in the sector. A particular trend is the introduction of private investors into the sector, buying attractive opportunities to enter the market. This is something which we foresee continuing into the next quarter and beyond.

In addition, our own C&P team were delighted to support the acquisition of Scottish kitchen brand Kitchens International by James Donaldson & Sons to complement its retail and manufacturing portfolio.

Date Announced	Target	Bidder/Funder	Transaction Amount
10-Jun-21	Kitchens International	James Donaldson & Sons	Undisclosed
02-Jun-21	Bayram Timber Ltd	BSW Timber Ltd	Undisclosed
21-May-21	Wallace Land Investment & Management Ltd	Miller Homes Ltd	Undisclosed
23-Apr-21	First Student Inc	Private Group led by EQT Infrastructure	£3.3bn
01-Apr-21	Carters Packaging (Cornwall) Ltd	Macfarlane Group Plc	£4.5m
03-Mar-21	J&J Stanley Recycling	NWH Group	Undisclosed
01-Mar-21	GWP Holdings	Macfarlane Group Plc	£15.1m
01-Mar-21	GT Timber	James Jones & Sons	Undisclosed
04-Feb-21	Recycl8	High Net Worth Individuals	Undisclosed



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Energy & Industrial Sector

A year on from being hit by some of the biggest challenges the upstream E&P sector has faced and so far in 2021, we have seen a greater volume of disclosed North Sea deal value than in the whole of 2020. The oil price is riding above \$75 at the time of writing. What a difference a year can make where Brent Crude prices touched \$20 and WTI turning negative! The success of the vaccine roll-out globally, and particularly in the UK has helped fuel confidence in the markets. This is reflected in a hike in Chinese demand that is meeting limited supply for a wide range of commodities and also a strong equity market for oil Majors in 2021.

With Brent Crude prices touching c.\$75 for the first time since late 2018 we are beginning to see increased market stability, particularly amongst E&P operators which in-turn has helped bridge the valuation gap we seen in 2020 with seller and buyer expectations beginning to align. Stand-out deals in H1 21 include ExxonMobil agreeing to sell most of their non-operated upstream assets in the UK central and northern North Sea to NEO Energy for \$1 billion. The deal will result in NEO doubling their production.

Another Norwegian privately backed E&P company that aspires to grow is Waldorf Production. In early March it was announced that Waldorf are to acquire Cairn Energy's stakes in Catcher and Kraken in a deal worth £330m, boasting production to around 25,000 BOE/D. Waldorf also announced an agreement reached with Ithaca. The addition of these significant producing assets and prospects is a major achievement for Waldorf, who have since indicated that the company is in the running for even more deals.

Whilst change is inevitable, it is worth highlighting that although society is demanding the provision of sustainable energy, hydrocarbons are here for some time. The need to promote and enhance sustainable energy sources has been incredible as pressure from multi stakeholders on traditional E&P companies and their triple bottom line has seen an rapid acceleration in the requirement to be 'green' and not just be seen to portray this image. As we head into H2 21 we expect further consolidation in the upstream markets with newcomers such as Waldorf and NEO expected to be at the forefront of activity as we head into a new wave of M&A in the North Sea.

Date Announced	Target	Bidder/Funder	Transaction Amount
15-Mar-21	Zennor Petroleum	NEO Energy	£450m
12-Mar-21	Tulip Oil Netherlands BV	Kistos Plc	£328m
12-Mar-21	Peter Brotherhood	Howden Group Ltd	£35m
09-Mar-21	Cairn Energy	Waldorf Production	£330m
26-Feb-21	Spex Group Holdings	BGF	Undisclosed
24-Feb-21	ExxonMobil	NEO Energy	£700m
19-Feb-21	Petrofac	3T Energy Group	Undisclosed
12-Feb-21	Burntisland Fabrications	InfraStrata Plc	£850k
19-Jan-21	Deep Casting Tools	Scottish Enterprise & EV Private Equity	£1.6m



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Business Services Sector

At AAB, we have lengthy experience of supporting our industry partners across the various professions which lie within business services. Manpower & Recruitment, sits within this sector and below we have highlighted its H1 2021 deal activity.

Manpower & Recruitment Deals+

As we entered 2020, the majority of the UK manpower and recruitment (“MPR”) businesses were firmly focussed on ensuring their business models were Brexit ready. However, as 2020 unfolded, and the impact of Covid19 shook the global economy, attention quickly turned to resilience, cash flow management and damage limitation to ensure survival and for businesses to come out of the other side of the pandemic.

Transactions - movers and shakers

Having worked with a number of acquirers in the sector the standout point which has been consistent throughout discussions has been the acquirers focus on the strategic value that an acquisition would bring as management teams actively pursue their company’s long term strategy, rather than simply seeking opportunistic deals. Notably examples being Global Energy Group’s recently announced acquisition of Cammach Recruitment, a transaction which AAB initiated, and Private equity backed Learning Curve’s acquisition of County Durham based Acorn Training, from competitor Babington.

Certain investors of MPR businesses choosing consolidation as the most appropriate option to secure the future of portfolio companies with one of the most high-profile examples of consolidation being the merger of Fircroft and NES Global Talent to create NES Fircroft which was announced in September.

In terms of transaction activity, and based on our current pipeline, we expect to see continued levels of activity in the sector as there is an appetite from strategic acquirers to ready themselves for the expected growth together with opportunities for management teams to acquire business with some investors seeing the current time as an opportune moment to hand over the reins.

Date Announced	Target	Bidder/Funder	Transaction Amount
01-Jun-21	Hardie Caldwell LLP	Anderson Anderson & Brown LLP	Undisclosed
19-Apr-21	Caledonia Asset Management Ltd	Mattioli Woods Plc	£1.5m
14-Apr-21	Borderlink Broadband Ltd	Led by Gresham House	£10.5m
01-Apr-21	Semestry Ltd	Tribal Group Plc	£6m
24-Mar-21	Genesis Personnel	GEG Capital	Undisclosed
22-Mar-21	FinQ	Acumen & Dynamic Edge	Undisclosed
01-Feb-21	Matheson Financial Consulting	Thorntons Investment Management	Undisclosed
01-Feb-21	Sonas Wealth Management	Thorntons Investment Management	Undisclosed



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Food, Drink & Hospitality Sector

After a particularly turbulent period for the food and drink industry, we are pleased to see increased M&A activity in the sector, and hopefully, an early sign of recovery as the UK and the rest of Europe adapt to the effects of Brexit and whilst lockdown restrictions are eased.

We have summarised a few M&A highlights from the first half of the year.

- + Private equity firm, Mobeus Equity Partners backed Edinburgh-based meal delivery service, Parsley Box in January of this year, participating in a £5m funding round. The funding was required to support the Company’s steep growth trajectory after outperforming its original investment case and surpassing its milestone of delivering one million meals per month. Parsley Box went on to raise a further £17m through an initial public offering (IPO) in March 2020, at a total value of £83.3m.
- + The assets of Scottish craft beer manufacturer, WooHa Brewing Company (“WooHa”), have been purchased by North Coast Brewing Co for an undisclosed sum, after WooHa entered Administration earlier this year. The acquisition will provide WooHa with access to high-quality production facilities and an established network of trade and consumer customers.
- + Russell Distillers, a family-run craft gin, whisky and vodka distillery secured £1m in debt financing from HSBC UK. The funding was required to support the Company in its launch of a range of flavoured gin liqueurs, which includes flavours such as rhubarb and custard, lemon sherbet and cola bottle.

Date Announced	Target	Bidder/Funder	Transaction Amount
04-Jun-21	WooHa Brewing Company Ltd	North Coast Brewing Co Inc	Undisclosed
30-Apr-21	Cake Decor Ltd	NIC Enterprises Ltd	Undisclosed
08-Apr-21	TheVeganKind Ltd	Literacy Capital Plc	£3.5m
25-Mar-21	Parsley Box	IPO	£17m
12-Mar-21	Russell Distillers	HSBC	£1m
22-Feb-21	Interlock Investments	Wismettac Harro Foods	Undisclosed
20-Jan-21	KB Agencies	JW Filshill	Undisclosed
20-Jan-21	Parsley Box	Mobeus Equity Partners	£5m



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Selected Recent AAB Transactions

Timber/Construction

CF advisors acting on behalf of



James Donaldson Group
in the acquisition of



Kitchens International
Undisclosed

Technology

CF advisors acting on behalf of



Intebloc
in the recent investment from



Stena Drilling
Undisclosed

Recruitment

CF advisors acting on behalf of




GEG Capital
in the acquisition of




Genesis Personnel
Undisclosed

Technology

CF advisors acting on behalf of



C-SAM
in the disposal to



Jonas Software
Undisclosed

Communications

CF advisors acting on behalf of



Liberty One
in the disposal to



Built Environment
Communication Group
Undisclosed

Recruitment

CF advisors acting on behalf of




McGregor Consultants Ltd
in the disposal to




NRG Holdings Ltd
Undisclosed

Recruitment

CF advisors acting on behalf of



GEG Capital
in the acquisition of



Cammach Bryant Ltd
Undisclosed

Oil & Gas Services

Acting on behalf of



Well-Safe Solutions Ltd
in the raising of equity funding from

MW&L CAPITAL PARTNERS LIMITED

MW&L Capital
£26m

Food & Drink

CF advisors acting on behalf of



Bounceback Drinks
in the raising of equity funding from



Scottish Investment Bank
Undisclosed

Recruitment

CF advisors acting on behalf of



Envoy & Partners Ltd
in the divestment of GRML & Maris Subsea



Maris Subsea
Undisclosed

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Current Opportunities

Acquisition Search Mandates

TECHNOLOGY

Chris Thompson: [Contact details](#)

- ⊕ IT Managed Service Providers, preferably with a Microsoft focus. Looking for over 50% recurring revenues and over £350k EBITDA. UK-wide.
- ⊕ Telecoms businesses, providing connectivity, mobility, IoT and unified comms solutions. UK-wide, over £1m turnover.
- ⊕ Digital platform add in providers. Business that complements the client payment process cycle. MRR > \$100m.
- ⊕ European based suppliers of industrial internet, civil internet, electronics, intelligent control. Revenue > \$100m.

HEALTHCARE

Chris Thompson: [Contact details](#)

- ⊕ Domiciliary Home Care providers based in Scotland, focused on elderly care (>65s). £5m+ turnover.
- ⊕ Domiciliary Home Care providers based in South of England, focus on general home care. £100k+ EBITDA.

MANUFACTURING

Callum Gray: [Contact Details](#)

- ⊕ European based manufacturers of high speed steel, moulded steel, powdered metal and cutting tools. EBITDA > £5m.

FOOD & DRINK

Adam Cassidy: [Contact details](#)

- ⊕ UK-based manufacturers of soft drinks, with a strong brand. EBITDA £1m+.
- ⊕ UK-based fresh food supplier. Standalone investments £1.5m+ but will consider smaller bolt-on opportunities.
- ⊕ Smoked salmon & shellfish suppliers, preferably located in Scotland. Distressed opportunities considered.

RECRUITMENT & TRAINING

Adam Cassidy: [Contact details](#)

- ⊕ Provider of temporary blue collar staffing, UK wide with revenues £20m+.
- ⊕ Targets based in the north of England, £1m+ EBITDA and primarily focused on contract placements into the financial services sector.
- ⊕ Healthcare staffing businesses, generating £20m turnover, based within a 1 hour radius of London.
- ⊕ Businesses which supply staff into financial services and professional services, based in Scotland. Ideally the target will generate up to £15m turnover.
- ⊕ Businesses which supply personnel to energy industries, UK wide with revenues £2m+, would also considered distressed opportunities.
- ⊕ Provider of training and apprenticeships, preferably located in the North of England and Scotland. EBITDA £250k+.

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Current Opportunities (continued)

Acquisition Search Mandates (continued)

ENERGY & UTILITIES

- ⊕ Providers of inspection, repair and maintenance services, preferably located in the North of England and Scotland with distressed opportunities considered.
- ⊕ Engineering consultancy, design, fabrication and manufacturing businesses to the energy sectors, UK wide with distressed opportunities considered.
- ⊕ Manufacturers of pumps and valves to the Oil & Gas and utilities industries.

Callum Gray: [Contact details](#)

WASTE MANAGEMENT

- ⊕ Total waste management businesses (waste management, energy efficiency, hazardous waste) with EV between £5m - £15m. UK-wide and preferably freehold site.
- ⊕ Technology focussed waste management businesses, serving industrial clients. UK wide with an EBITDA £1m - £3m.

Chris Thompson: [Contact details](#)

FACILITIES MANAGEMENT

- ⊕ Hard Facilities Management businesses (installation and maintenance) with over £7.5m turnover, and with a focus on public sector clients. Anywhere in the UK.
- ⊕ HVAC M&E maintenance businesses, looking for retirement sales across the UK. Up to £5m turnover.

Chris Thompson: [Contact details](#)

Investment Opportunities

Broughton Ales

Food & Drink

An opportunity to invest in an award winning Scottish Brewery based in the heart of Scotland, with an established reputation for authentic quality beers.

Equity Investment: £1.3m

Lewis Dunbar: [Contact details](#)

Playermaker

Technology

An opportunity to invest in an industry leading performance data firm, who have developed wellness propriety technology, utilizing smart motions sensors to record performance data.

Equity Investment: £10m

Callum Gray: [Contact details](#)

Property

Investment opportunities across multiple property sub-sectors, including student accommodation, care homes, private rental accommodation, property development and property investment.

Gordon Steele: [Contact details](#)

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Current Opportunities (continued)

Disposal Mandates

Project Blanc

An opportunity to acquire an established business which has developed disruptive patent backed formulation for the teeth whitening and oral health markets.

Turnover: £3.5m

EBITDA: £0.5

Chris Thompson: [Contact details](#)



Project Stone

An opportunity to acquire a leading tipping and plant hire business in the North East of Scotland.

Turnover: £4.7m

Adj EBITDA: £1.5m

Brian McMurray: [Contact details](#)



Project Sky

An opportunity to acquire a strategy execution and change management specialist, with a strong presence in the UK financial services sector.

Turnover: £3.3m

Adj EBITDA: £1.1m

Adam Cassidy: [Contact details](#)



Project Cherry

An opportunity to acquire a leading plant hire and vehicle rental business in the North East of Scotland.

Turnover: £4.8m

Adj EBITDA: £1.3m

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