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BRINGING BUSINESS TO PROFESSIONALS



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# Analysis: 2010 year review

## A Steady Year

pro-manchester, in association with Corpin Experian, welcomes you to the Annual Corporate Finance Deals Review for 2010. The aim of this publication is to provide you with an insight into the activities of Manchester's financial advisory community in 2010 by looking at the deals that Manchester-based advisors have been involved in. Rather than just focusing on transactions involving Manchester-based companies, we provide analysis of all deals that Manchester's advisors have worked on globally. We believe that this provides a clear picture of the full reach of Manchester's advisory community.

In 2010 Manchester-based advisors represented a total of 211 transactions. Whereas this is a 9% drop over the previous year's tally (231 deals), it is a far less drastic decline than was witnessed between 2008-09, which saw the deal count fall by 34%. This trend is similar in nature to that for the UK market as a whole, where the volume of deals fell by just 3% between 2009 and 2010, compared with 22% in the 2008-09 period.

The variation in the total value of deals worked on by Manchester-based advisors tells a different story as there was a 90% increase between 2009 and 2010, to £3.9bn. Whereas over the same period the previous year a 69% decline was represented, where values fell from £6.7bn in 2008 to £2.06bn in 2009.

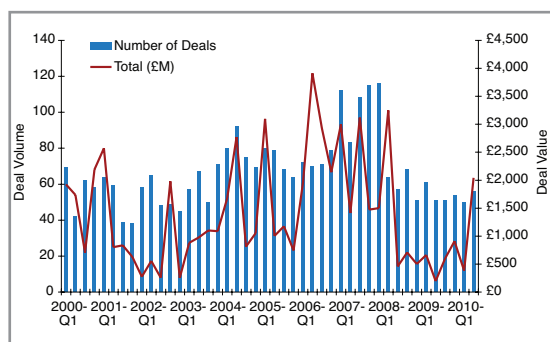
The most deal activity for Manchester's advisory community continued to be in the manufacturing sector. Although the number of deals took a bit of a hit, declining by 21% to 67 deals, the value of these

transactions declined by less than 2%. However, the two sectors that were the most eye-catching in 2010 were the Wholesale, Retail & Repair and the Real Estate sectors. Wholesale, Retail & Repair took the top ranking in terms of the value of deals in 2009 with £725m, but in 2010 this leaped to a massive £1.06bn, a 46% increase. However, this was out-performed by the Real Estate sector, which - helped by one sizeable transaction - recorded deals totalling £1.625bn a rise of 547% over 2009's figure (£251m).

In terms of the types of transaction, acquisitions continued to be the most popular in 2010, with 104 deals recorded. Whereas this represents a decline of 20%, again it is not as steep as the 34% decline between 2008-09. Notably, the management buyout activity continued to fall in 2010, dropping by 48% over the previous 12 months. Due to the lack of debt available, this deal type has suffered a steep and continued decline over the past three years, from 55 deals in 2008, to 27 in 2009 and just 14 in 2010. However, the market continues to present opportunities for some investors, with the number of insolvencies increasing by 107% since 2008.

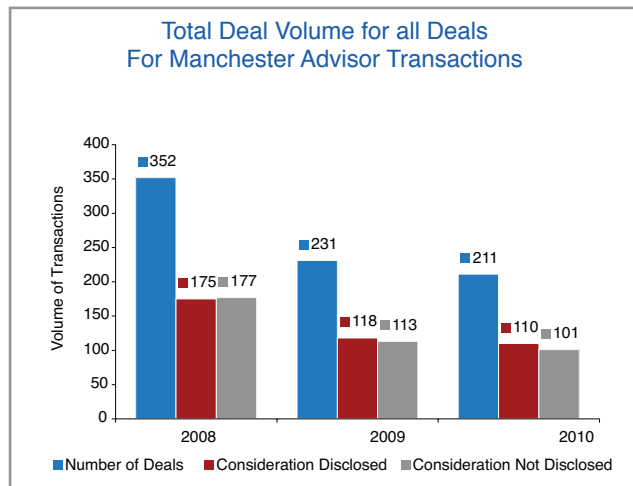
The largest deal of 2010 for Manchester-based advisors was the sale of Peel Group's Trafford Centre to Capital Shopping Centres Plc for a total of £1.598bn. Manchester also chalked up some high-profile international deals in 2010, most notably the October takeover of Blackburn Football Club by Indian-based poultry business, Venky's, for £23m. This was followed by the £93m acquisition of Cheshire-based British Salt by the British-based subsidiary of Indian conglomerate, Tata, in December.

Whereas M&A business for Manchester's corporate finance advisory community remains relatively thin on the ground, the comparative figures for 2009-08 and 2009-10 suggest that the market has at least levelled out, and in some sectors and segments has expanded. 2011 is likely to be a year in which we see which way the tide will flow. At this point, most advisors would settle for another steady year without significant decline, whereas a rise in deal flow could be regarded as early signs of a turning point.

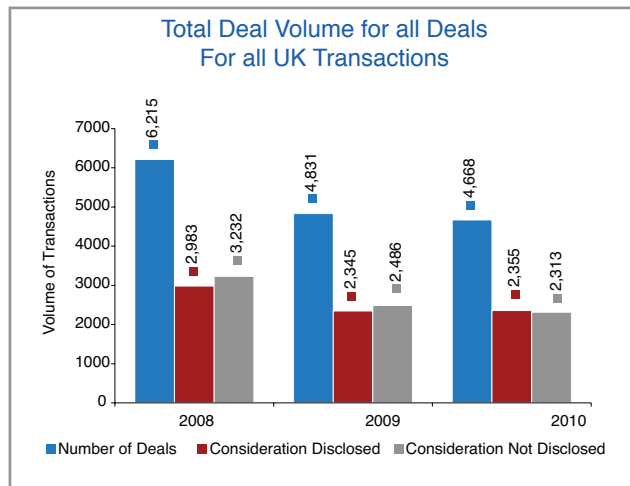


# Yearly Analysis for All Deals

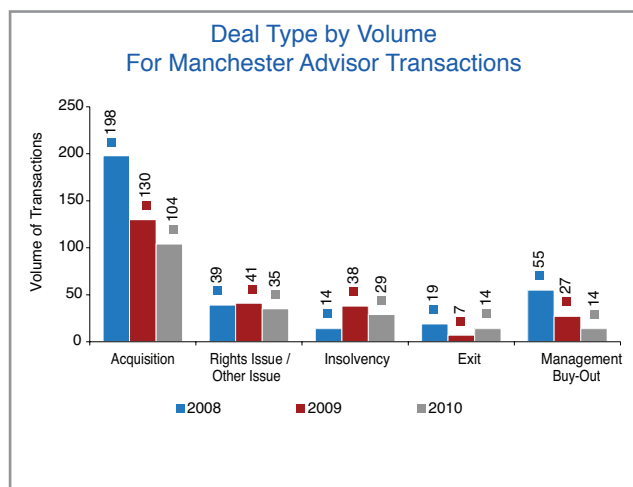
## Disclosed and Not Disclosed



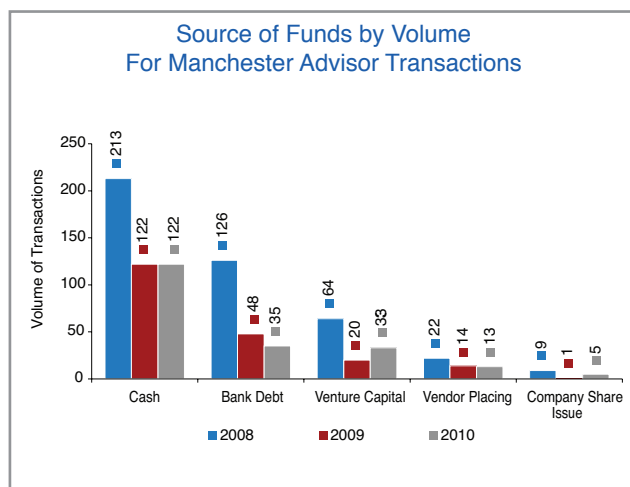
The number of deals on which Manchester-based advisors worked dropped by 9%, from 231 in 2009 to 211 in 2010. The decline was less significant than that witnessed from 2008-9 a drop of 34%



In the UK there were 4,668 deals worth a total of £234bn in 2010. This represents a marginal decrease from the 4,831 tally of the previous year



The number of MBOs dropped to a low of 14, and the number of exits doubled from 2009



The number of Venture Capital deals rose by 65% between 2009 and 2010

## The number of Venture Capital deals rose by 65% between 2009 and 2010

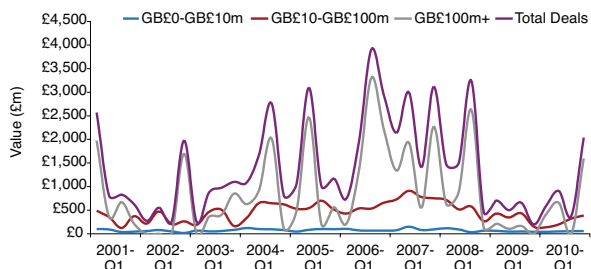
# Analysis of Manchester Based Advisor Transactions

All Manchester Advisor Transactions compared to UK Jan 1st 2010 to Dec 31st 2010

“As the graphs show, Manchester is bucking the trend when it comes to deals activity - showing growth in total deals as well as a marked increase in deals of £100million plus. This is positive news for the city and shows we are continuing to prosper while the national market is not faring so favourably.”

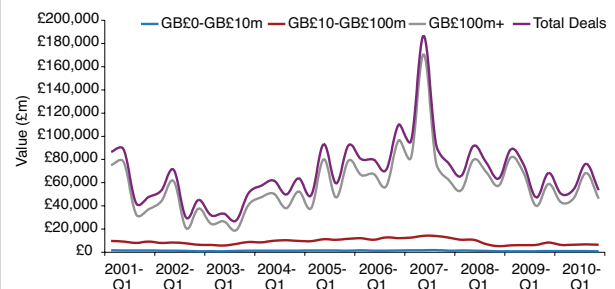
Jonathan Boyers  
Head of Corporate Finance, KPMG

Deals by value for Manchester Advisor Transactions over the Past 10 years



Over the past decade, the market peaked in 2007, when 236 deals attracted a total spend of £9.67bn

Deals by value for all UK Transactions over the Past 10 years

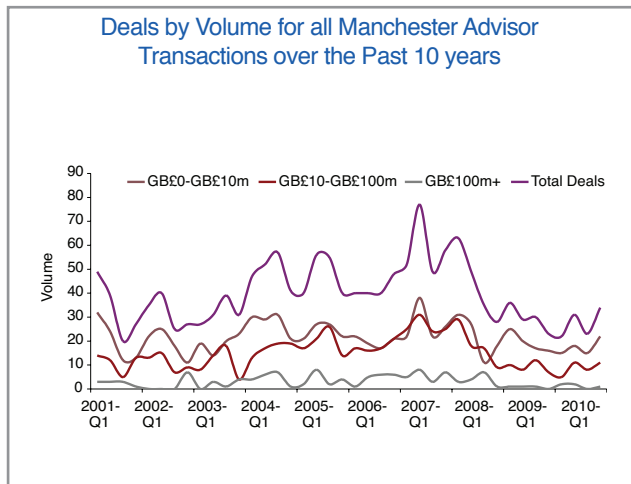


The lowest point for UK deals over the past decade was in 2003 when £143bn was transacted across 2,473 deals

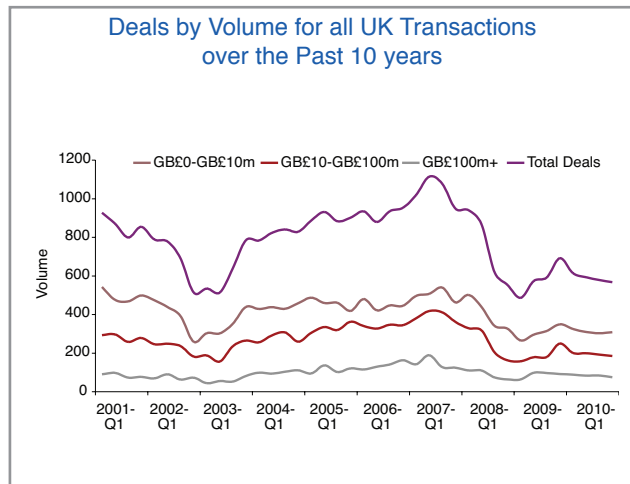
NB: Where Deal Value was disclosed

# Analysis of Manchester Based Advisor Transactions

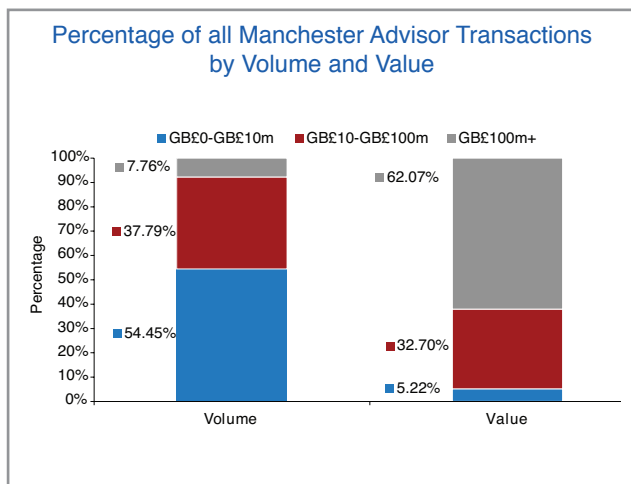
All Manchester Advisor Transactions compared to UK Jan 1st 2010 to Dec 31st 2010



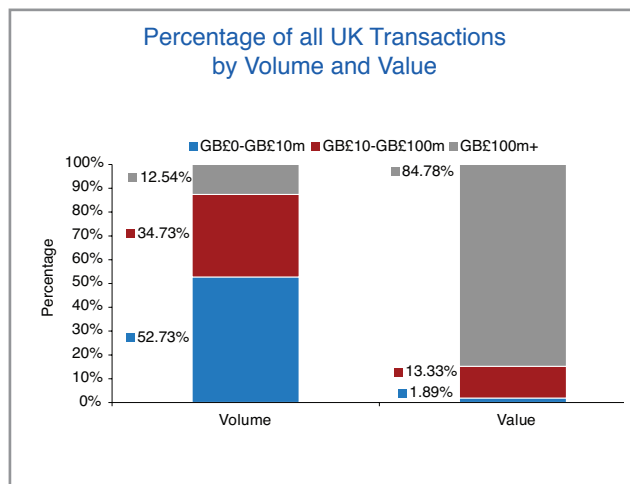
In volume terms, the market bottomed-out in 2009, with £2.06bn spread across 118 disclosed deals



The volume of UK disclosed deals was up slightly in 2010, with an increase of 0.4% to 2,355



Over 54% of all deals were in the sub-£10m range, whereas these transactions represented just over 5% of the total value of deals



Due to a small number of high-value deals in the UK, 85% of the total value of transactions was made across less than 13% of all deals

Over 54% of all deals were in the sub-£10m range

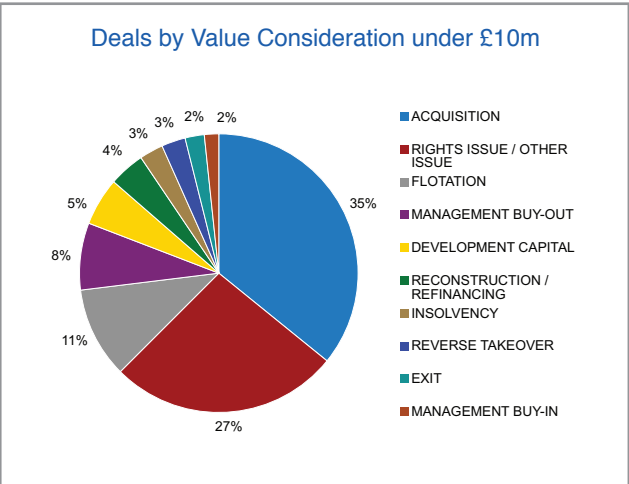
# Manchester Based Advisor Transactions

Early Stage Deals (GB£0-£10m) Jan 1st 2010 to Dec 31st 2010

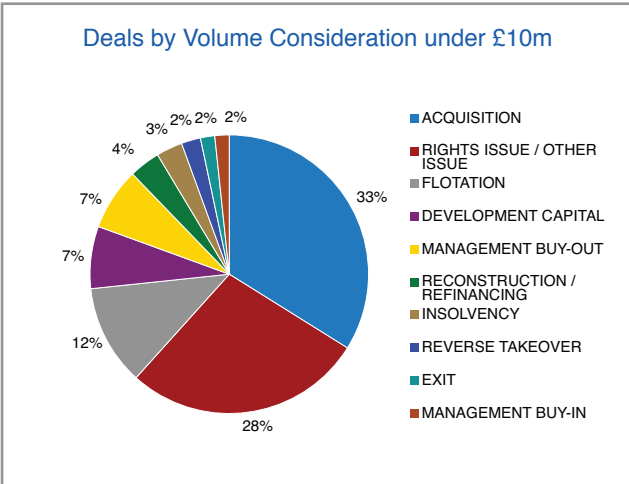
Looking at the individual segments of the market, we can identify further trends that hint at an increased stability. In the small-cap segment (deals with a transaction value of less than £10m) whereas the volume of deals declined by 10% from 78 to 70 deals, the value remained constant, clocking in at £206m for both 2009 and 2010. This is a marked improvement over the previous year which saw a drop of 34% in the total value of deals.

“Deal activity in the North West has been more resilient than the UK market as a whole. The North West advisory community has long been known for its innovation and deal making ability”

Graham Hallworth  
Chairman, Clearwater



Since January 2001, in terms of the value of deals, acquisitions have accounted for 35% of all deals



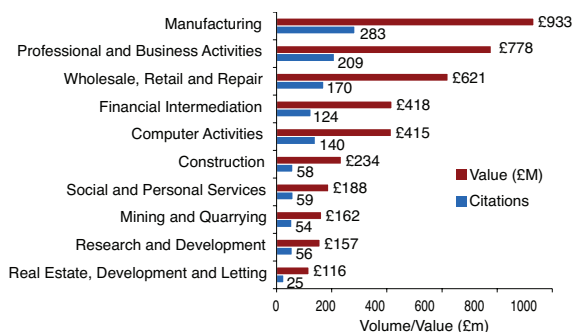
In terms of volume, Rights Issue/Other Issue was the second most active with 28% of all deals

NB: Where Deal Value was disclosed

# Manchester Based Advisor Transactions

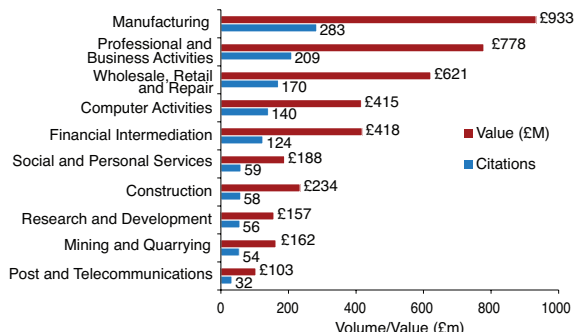
Early Stage Deals (GB£0-£10m) Jan 1st 2010 to Dec 31st 2010

Deals by Value Consideration under £10m



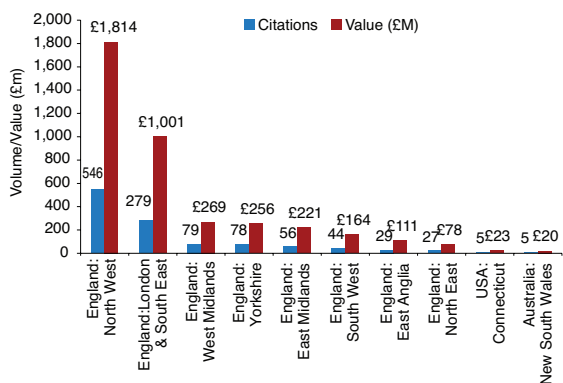
The manufacturing industry has recorded 283 deals, worth £933m

Deals by Volume Consideration under £10m



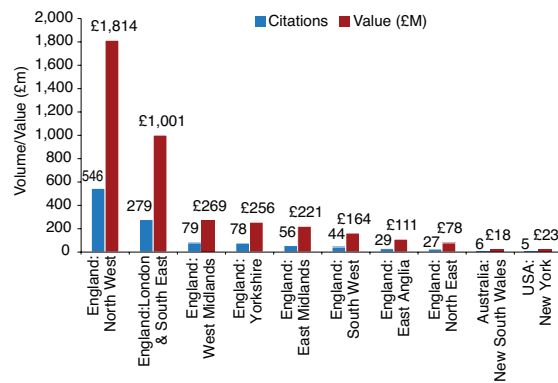
The second most prosperous sector was the Professional & Business Activities, attracting £778m over 209 deals

Deals by Value Consideration under £10m



The core of Manchester-based Advisors' work has been in the North West region with 546 deals accounting for £1.8bn

Deals by Volume Consideration under £10m



London & the South East has been the second biggest cluster, with 279 deals delivering a total of just over £1bn

The Professional & Business Activities sector attracted £778m over 209 deals

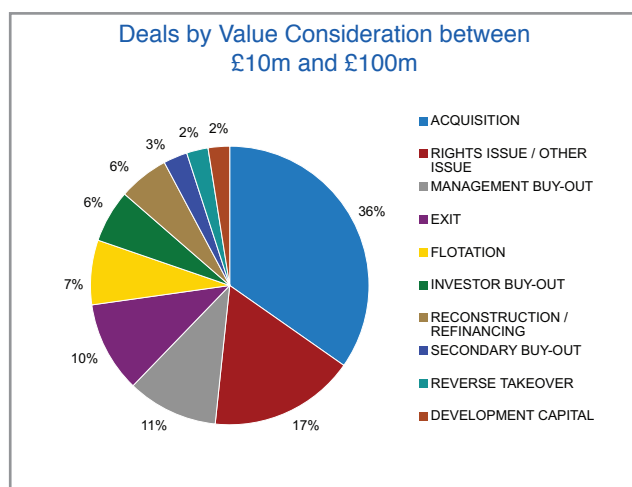
# Manchester Based Advisor Transactions

Mid-Market Deals (GB£10-£100m) Jan 1st 2010 to Dec 31st 2010

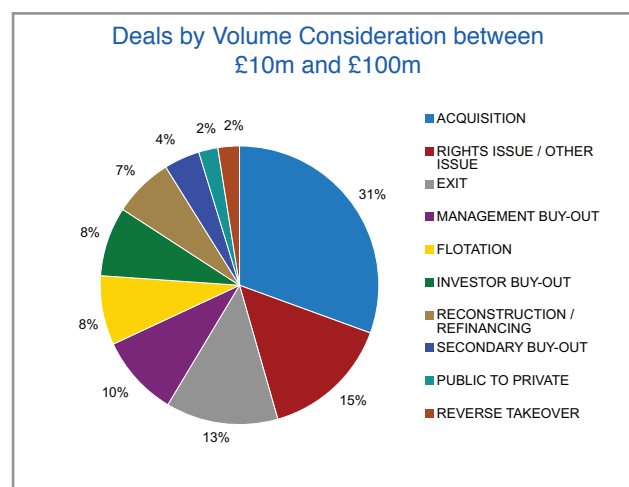
In the mid-market we can see a similar trend emerging. Whereas there was a an approximate 5% and 23% fall in both the volume and value of deals between 2009 and 2010, it is far less steep than the 49% and 34% decline witnessed between 2008 and 2009

“Companies have come through the turbulence of 2008 and 2009 in good shape and there has definitely been an increasing interest in M&A and PE transactions. This, coupled with a more stable debt market, is cause for guarded optimism”

Phil Adams  
Group Chief Executive, Altium



In the mid market, exit activity has accounted for 13% of the value of all deals since 2001



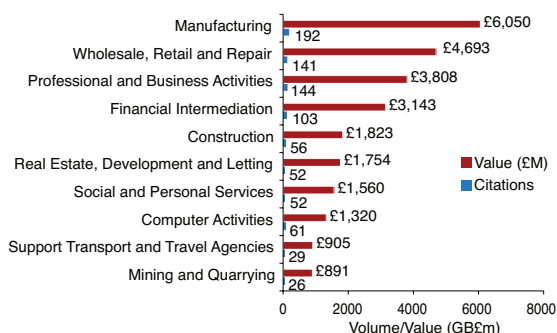
IPO activity has been relatively low, accounting for 7% of the total volume of deals

NB: Where Deal Value was disclosed

# Manchester Based Advisor Transactions

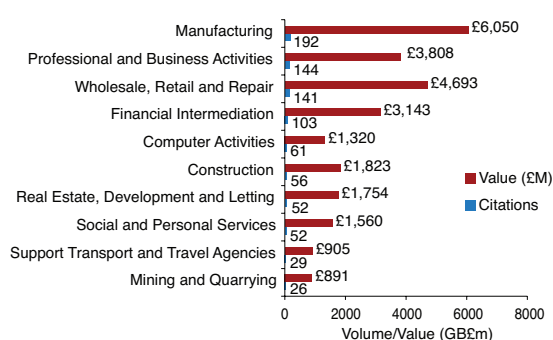
Mid-Market Deals (GB£10-£100m) Jan 1st 2010 to Dec 31st 2010

Deals by Value Consideration between £10m and £100m



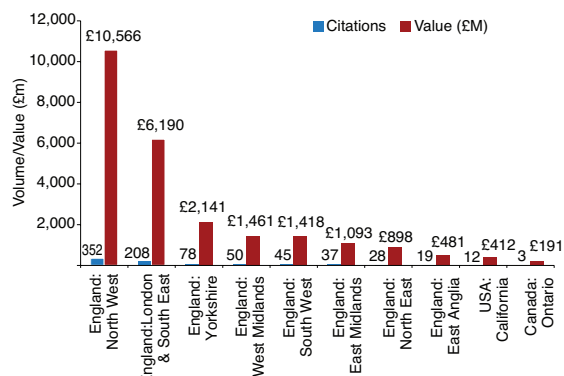
The manufacturing sector has attracted the most investment with 192 deals securing just over £6bn in funding

Deals by Volume Consideration between £10m and £100m



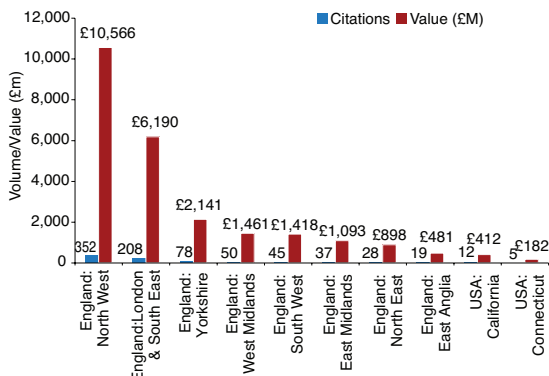
Whereas the Professional & Business Activities sector ranks second in terms of deal count (144) the third most prosperous sector has been Wholesale Retail & Repair, with 141 deals

Deals by Value Consideration between £10m and £100m



There have been a total of 352 deals in the North West region, resulting in a total transaction value of £10.6bn

Deals by Volume Consideration between £10m and £100m



Yorkshire has been the third busiest region, with £2.1bn across 78 transactions

The manufacturing sector has attracted the most investment with 192 deals securing just over £6bn in funding

# Manchester Based Advisor Transactions

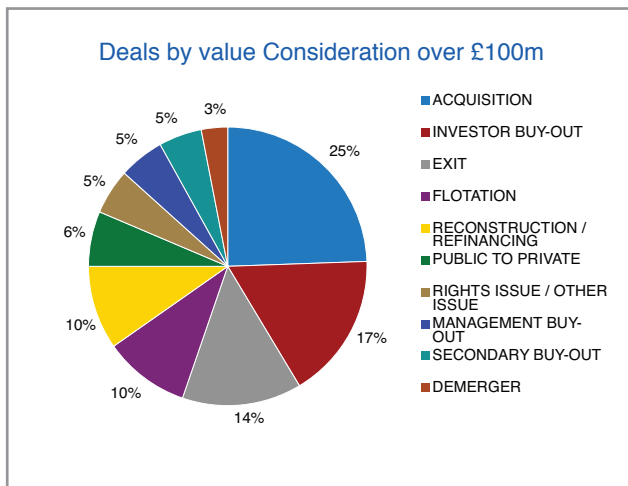
Large Deals (GB£100m Plus) Jan 1st 2010 to Dec 31st 2010

In terms of market segmentation the large-cap space was singularly successful in 2010, recording 67% growth in volume of deals and a resounding increase of more than 440% (from £492m to £2.7bn) in terms of deal value. This is the first time this segment has demonstrated expansion since 2006.

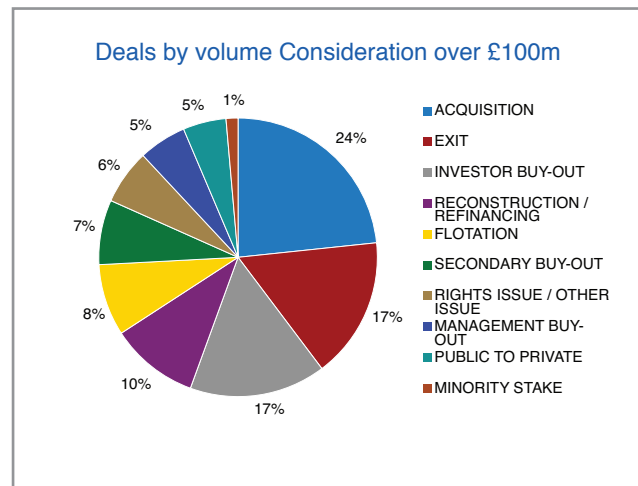
“We are seeing positive signs in the market locally, illustrated by the larger deals that have been completed in the North West in 2010. Strong examples of this include the management buy-out of Pets At Home and the £274m acquisition of Survitec Group at the beginning of the year, followed by the Peel Group disposal of the Trafford Centre for £1.6bn in the last quarter of 2010. There have also been exciting deals in the mid-market sector, such as the £93m acquisition of British Salt by Brunner Mond in December. The majority of deals have been made by large corporates and private equity, with flotations remaining low.

These examples are promising signs of a recovery within the market and current activity suggests that this looks set to continue as we are seeing a number of large corporates, with cash, seeking investments.”

Ken Williamson  
UK Head of Mergers & Acquisitions, Ernst & Young



Exactly one-quarter of all deals have been acquisitions



Investor buyouts have been the third biggest deal type, with 32 transactions

NB: Where Deal Value was disclosed

# Manchester Based Advisor Transactions

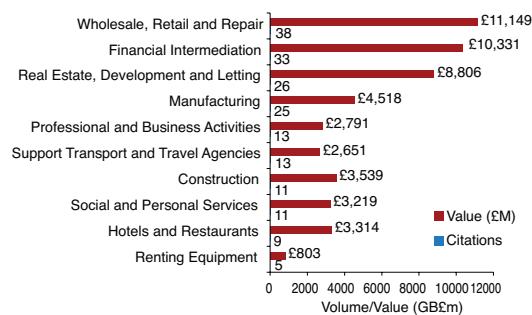
## Large Deals (GB£100m Plus) Jan 1st 2010 to Dec 31st 2010

Deals by value Consideration over £100m



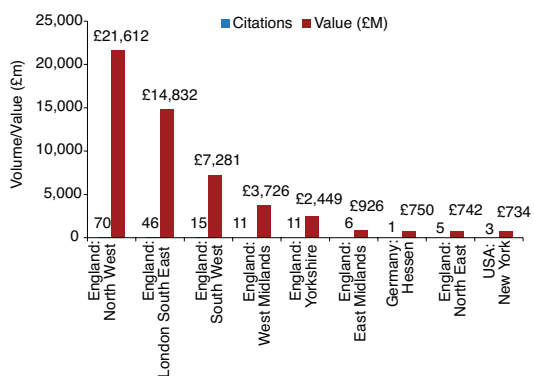
Wholesale Retail & Repair has attracted the highest volume and value of deals with 38 deals worth a total of more than £11bn

Deals by volume Consideration over £100m



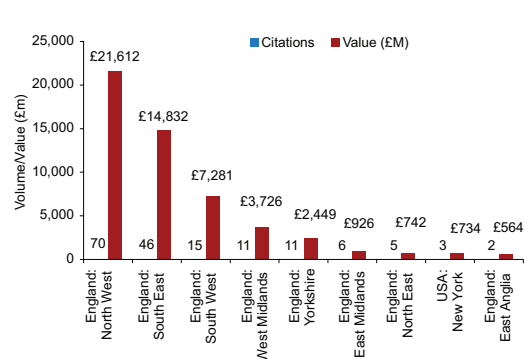
Financial Intermediation has taken second place, with 33 deals accounting for some £10.3bn in value terms

Deals by value Consideration over £100m



As with all other segments, North West England has seen the greatest deal activity, with £21.6bn spread over 70 transactions

Deals by volume Consideration over £100m



South West England has been the third most successful for Manchester advisors, with 15 transactions accounting for just £7.3bn

North West England has seen the greatest deal activity, with £21.6bn spread over 70 transactions

# Q4 2010

## Manchester Based Advisor Transactions

Announced	Deal Type	Target	Bidder	Consideration
23/12/10	Rights Issue / Other Issue	Leyshon Resources Ltd, Australia		£4
20/12/10	Acquisition	British Salt Ltd, England	Brunner Mond Ltd, England	£93
17/12/10	Divestment	Crown Paints Ltd, England		N/D
16/12/10	Rights Issue / Other Issue	Angel Mining Plc, England		£1
14/12/10	Acquisition	Academy of Training Ltd, England	General Physics (UK) Ltd, England	N/D
9/12/10	Acquisition	Formsafe Ltd, England	Restore Plc, England	£1
7/12/10	Acquisition	Cash Generator Holdings Ltd, England	Axcess Financial Services Inc, USA	N/D
7/12/10	Rights Issue / Other Issue	Diamondcorp Plc, England		£3
3/12/10	Rights Issue / Other Issue	MeDaVinci Plc, England		£2
2/12/10	Acquisition	NEG MBO Two Ltd, England	Daisy Group Plc, England	£24
2/12/10	Acquisition	Argutus Medical Ltd, Ireland	EKF Diagnostics Holdings Plc, England	N/D
1/12/10	Acquisition	World Events Group Ltd, England	United Drug Plc, Ireland	£16
1/12/10	Acquisition	Total Commerce Management Ltd, England		N/D
1/12/10	Management Buy-Out	Quiligotti Terrazzo Ltd, England	Private Group Led By The Management, England	N/D
1/12/10	Rights Issue / Other Issue	Herencia Resources Plc, England		£5
24/11/10	Acquisition, Rights Issue / Other Issue	Trafford Centre Ltd, England	Capital Shopping Centres Group Plc, England	£1,598
24/11/10	Divestment	G-T-P Group Ltd, England		N/D
23/11/10	Rights Issue / Other Issue	TSE Group Plc, England		£3
18/11/10	Acquisition	Aquarelle Towels Ltd, Ireland	Liddell Linens Ltd, Ireland	N/D
18/11/10	Acquisition	Panacea Ltd, England	K3 Business Technology Group Plc, England	£2
18/11/10	Management Buy-Out	MerseyGrid Ltd, England	Private Group Led By Carl Gilbertson, England	£1
14/11/10	Flotation	Flybe Group Plc, England		£66
11/11/10	Rights Issue / Other Issue	Angel Mining Plc, England		£1

# Q4 2010

## Manchester Based Advisor Transactions

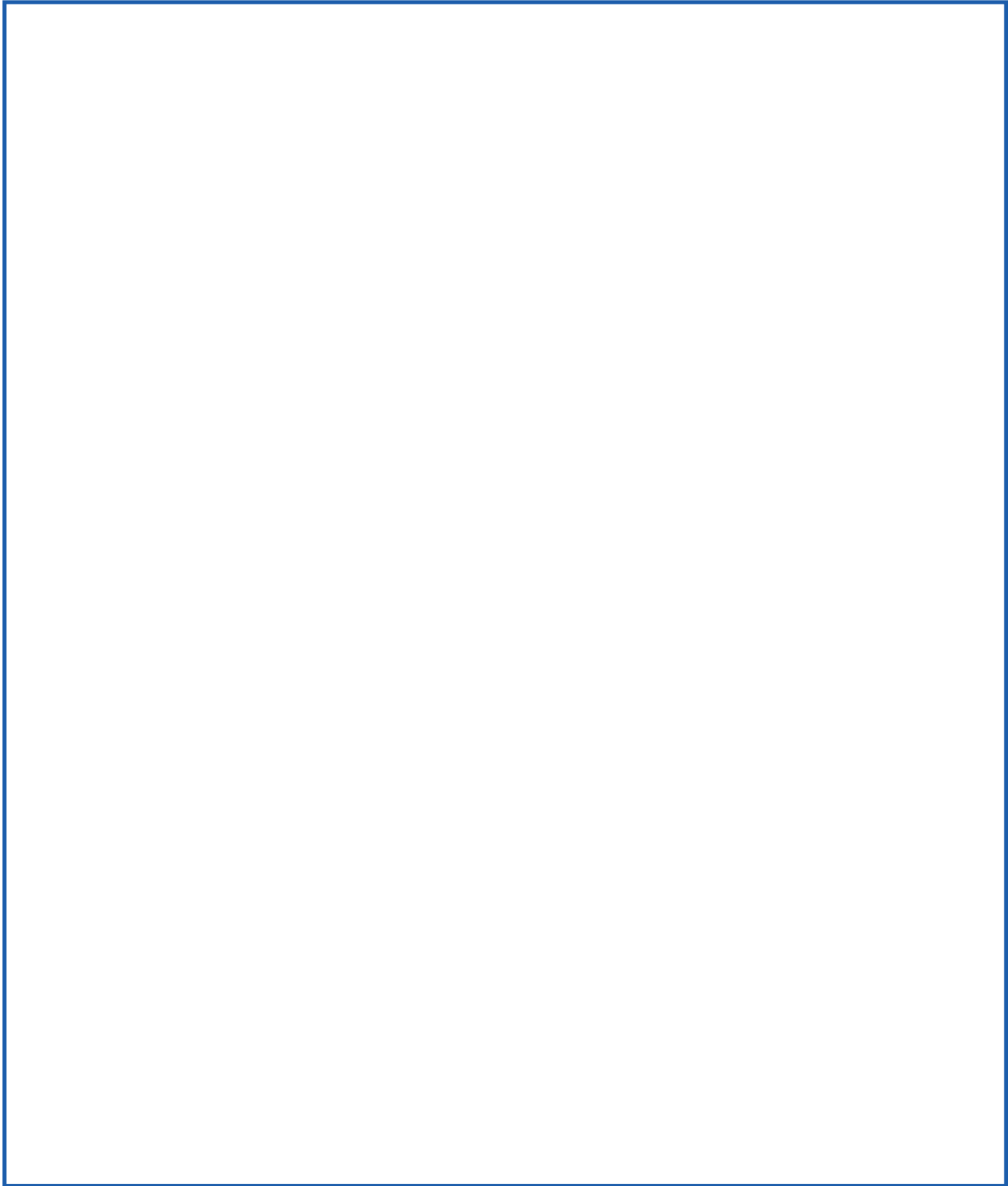
Announced	Deal Type	Target	Bidder	Consideration
10/11/10	Acquisition	Spiritel Plc, England	Daisy Group Plc, England	£33
9/11/10	Reverse Takeover	Tuscany Networks Ltd, England	Accumuli Plc, England	£4
8/11/10	Minority Stake	Retail Merchant Group Ltd, England	Nightingale Holdings Ltd, England	N/D
5/11/10	Reconstruction / Refinancing	Farmgen Ltd, England		£2
4/11/10	Reconstruction / Refinancing	Haulfryn Group Ltd, England		£60
3/11/10	Rights Issue / Other Issue	Eurasia Mining Plc, England		£1
2/11/10	Minority Stake	Shield Holdings AG, Switzerland	AOP Orphan Pharmaceuticals AG, Austria	£3
1/11/10	Acquisition	Paramount Print Group Ltd, England	Character DPM Group Ltd, England	N/D
26/10/10	Acquisition	Blackburn Rovers Football and Athletic Plc, England	Venkys London Ltd, England	£23
26/10/10	Divestment	Southern Care Group Ltd, Wales		N/D
25/10/10	Rights Issue / Other Issue	Westminster Group Plc, England		£1
21/10/10	Acquisition	Life Science, England	Entologi Ltd, England	£1
19/10/10	Acquisition	Tech Litho Ltd, England	Character DPM Group Ltd, England	N/D
19/10/10	Acquisition	Tudor Print & Design Ltd, England	Character DPM Group Ltd, England	N/D
18/10/10	Acquisition	Black Sheep Textiles Ltd, England	Thornber Home & Leisure Ltd, England	N/D
15/10/10	Reconstruction / Refinancing	Air Energi Group Ltd, England		£30
14/10/10	Acquisition	Classic Drinks Ltd, England	Booker Group Plc, England	£4
14/10/10	Acquisition	iSEC Partners Inc, USA	NCC Group Plc, England	£15
14/10/10	Acquisition	Financial Services Net Ltd, England	Moneysupermarket.com Group Plc, England	£9
14/10/10	Acquisition	Ritter-Courivaud Ltd, England	Booker Group Plc, England	£15
13/10/10	Acquisition	Translate4me Ltd, England	Applied Language Solutions Ltd, England	N/D
13/10/10	Acquisition	TM Logistics Ltd, England	Bibby Distribution Ltd, England	N/D
13/10/10	Acquisition	ISOQAR (Holdings) Ltd, England	Alcumus Group, England	N/D
13/10/10	Development Capital	Redx Pharma Ltd, England		£2

# Q4 2010

## Manchester Based Advisor Transactions

Announced	Deal Type	Target	Bidder	Consideration
12/10/10	Acquisition	ATM Parts Company Ltd, England	Cennox Plc, England	£1
12/10/10	Reverse Takeover	Ashley Commercial Finance Ltd, England	Ultimate Finance Group Plc, England	£7
11/10/10	Management Buy-Out	Total Fitness Ltd, England	Private Group led by Graham Hallworth, England	£12
8/10/10	Merger	UK High Street Travel and Foreign Exchange Business of The Co-operative Group Ltd, England		N/D
6/10/10	Acquisition	Omega Red Group Ltd, England	South Staffordshire Plc, England	N/D
6/10/10	Rights Issue / Other Issue	Kefi Minerals Plc, England		£1
5/10/10	Acquisition	P&A Davies Ltd, England	Frank Roberts & Sons Ltd, England	N/D
5/10/10	Divestment	MBL Group Plc, England		N/D
1/10/10	Startup	One2Call, Norway		N/D

# Notes



# Notes

