

Q3 2019

Deals Done in Scotland





Welcome

Anderson Anderson & Brown Corporate Finance (“AABcf”) is delighted to share with you our quarterly Deals+ update for Q3 2019, highlighting selected M&A and fundraising transactions across Scotland.

Reflecting on Q3 2019

Despite strong headwinds and growing economic and political uncertainty, the Scottish M&A market has remained resilient over the course of Q3 2019 with positive sentiment and rising valuations. There have been a number of stand-out transactions over the course of Q3 including the acquisition of The Scottish Salmon Company by Faroe Island based salmon producer Bakkafrost for a consideration of £516m and SSE’s disposal of their energy services business to OVO Energy for £500m. Elsewhere, leading paper-manufacturer Arjowiggins successfully completed an MBO out of administration ensuring the future of two historic paper mills and the saving of 560 UK jobs.

The Oil & Gas services sector continued to show recovery in Q3 with a number of key deals across the quarter including the sale of Aberdeen-based Proserv’s subsea communications business Nautronix to Norwegian subsea electronic manufacturer Imenco AS and leading subsea and solutions provider Ashtead Technology’s acquisition of Underwater Cutting Solutions, a deal that further bolstered their IMR and decommissioning capabilities and became Ashtead’s fifth deal since the firm was acquired by Buckthorn Partners in 2016.

Fund-raising activity in Q3 2019 has shown no sign of slowing with technology investment continuing to attract significant fund and VC investment across Scotland, including Mercia Technologies £1.8m investment into student-engagement platform Gecko Labs and Panoramic Growth Equity’s capital investment into award-winning connectivity business Vaioni Group. Furthermore, leading private company valuations platform MarktoMarket successfully raised £1.75m from 24Haymarket, Techstart Ventures and Par Equity to accelerate product development and enter new markets. A Valuations Insight on the UK travel industry is provided by MarktoMarket on page 12, very topical given Thomas Cook’s high profile recent demise.

As we head into Q4 2019, we continue to maintain strong positive momentum with a healthy pipeline of deal opportunities, and we will continue to invest time and resources with a view to initiating strategically compelling transactions for our clients.

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Selected Mergers & Acquisitions

Date Announced	Seller	Buyer	Transaction Amount	Description	Sector
25-Sep-19	Arjowiggins Fine Papers Ltd	MBO	Undisclosed	Arjowiggins Fine Papers Ltd, Aberdeen, Scotland, a leading paper manufacturer has announced a successful MBO protecting hundreds of jobs and saving two historic paper-mills.	Manufacturing & Engineering
25-Sep-19	The Scottish Salmon Company Plc	P/F Bakkafrost	£516m	P/F Bakkafrost, Glyvrar, Faroe Islands, a leading producer of quality salmon is to acquire The Scottish Salmon Company Plc, Edinburgh, Scotland, an independent and fully integrated salmon farming business.	Food & Drink
24-Sep-19	Goals Soccer Centres Plc	Sports Direct International Plc	£3.75m	Sports Direct International Plc, Derbyshire, England, which sells sporting goods is to acquire Goals Soccer Centres Plc, East Kilbride, Scotland, which operates five-a-side football centres.	Retail
20-Sep-19	deltaDNA Ltd	Unity Technologies ApS	Undisclosed	Unity Technologies ApS, California, USA, which operates a 3D development platform, has acquired deltaDNA Ltd, registered in Edinburgh, Scotland and trading from California, USA, which provides player relationship management (PRM) solutions.	Software & Technology
19-Sep-19	Mexican Operations of Petrofac	Perenco (Oil & Gas) International Ltd	£220.9m	Perenco (Oil & Gas) International Ltd, Edinburgh, Scotland, which engages in oil and gas extraction activities, a subsidiary of Perenco Holdings, has signed an agreement to acquire the remaining 51% interest in the Mexico operations of Petrofac Ltd, registered in St Helier, Jersey, and trading from London which designs, builds, commissions and operates surface facilities for oil and gas production, gas processing and oil refining both onshore and offshore. The transaction is subject to regulatory approval and is expected to complete in 2020.	Oil & Gas E&P
16-Sep-19	Pyramid IT Support Ltd	Workflo Solutions (Scotland) Ltd	Undisclosed	Workflo Solutions (Scotland) Ltd, Glasgow, Scotland, providers of IT support and consultancy services has acquired Pyramid IT Support Ltd, Livingston, Scotland, providers of IT support services for an undisclosed sum.	Software & Technology
10-Sep-19	SSE Energy Services Business of SSE Plc	OVO Energy Ltd	£500m	OVO Energy Ltd, Bristol, England, which supplies electricity and gas to mainly domestic customers around UK, a subsidiary of Imagination Industries Ltd, London, England, has acquired the Energy Services Business of SSE Plc, Perth, Scotland, which produces and distributes electricity, gas and other energy related services.	Utilities
10-Sep-19	Alba Gaskets Ltd	MBO	Undisclosed	Alba Gaskets Ltd, Aberdeen, Scotland, a leading oil & gas integrity specialist and manufacturer of sealing products has undergone a MBO backed by Barclays Bank.	Oil & Gas Services
06-Sep-19	M.S Industrial Services Ltd	Denholm MacNamee Ltd	Undisclosed	Denholm MacNamee Ltd, Aberdeen, Scotland, a leading industrial cleaning solutions provider has acquired M.S Industrial Services Ltd, Aberdeen, Scotland, providers of FPSO and tank cleaning services.	Oil & Gas Services

*AAB transactions are highlighted light grey

(Source: Experian MarketIQ)





Selected Mergers & Acquisitions

Date Announced	Seller	Buyer	Transaction Amount	Description	Sector
05-Sep-19	Underwater Cutting Solutions Ltd	Ashtead Technology Ltd	Undisclosed	Ashtead Technology Ltd, Aberdeen, Scotland, backed by Buckthorn Partners and a major global subsea solutions provider has acquired Underwater Cutting Solutions Ltd, Aberdeen, Scotland, providers of subsea tooling services for an undisclosed sum.	Oil & Gas Services
02-Sep-19	Leyland Packaging Company (Lancs) Ltd	Macfarlane Group Plc	£3.25m	Macfarlane Group Plc, Glasgow, Scotland, a manufacturer and distributor of packaging, plastic mouldings and marking, has acquired Leyland Packaging Company (Lancs) Ltd, Macclesfield, England, which provides a wide range of packaging materials, cardboard boxes, containers, packaging tapes and accessories for a consideration of £3.25m.	Packaging
02-Sep-19	Paterson Arran Ltd	Burton's Foods Ltd	Undisclosed	Burton's Foods Ltd, Hertfordshire, England, which manufactures and distributes biscuits and snacks, a portfolio company of Ontario Teacher's Pension Plan Board, has acquired Paterson Arran Ltd, Livingston, Scotland, which manufactures and distributes biscuits and sauces from its two plants in Scotland. Terms not disclosed.	Food & Drink
30-Aug-19	Pitreadie Farm Ltd	The Parkmead Group Plc	£5m	The Parkmead Group Plc, London, England, an oil & gas exploration and production business, has acquired the entire issued share capital of Pitreadie Farm Ltd, Aberdeen, Scotland, which owns extensive farmland and sites in Scotland with significant renewable energy potential.	Renewables
30-Aug-19	Keith Builders Merchants Ltd	MBO	Undisclosed	Keith Builders Merchants Ltd, Keith, Scotland, a leading independent builders merchant with depots across Keith and Forres has undergone a MBO with support from Barclays Bank and Scottish Enterprise.	Construction
27-Aug-19	Red Oak Ltd (t/a Cresent)	RelyOn Nutec AS	Undisclosed	RelyOn Nutec AS, Stavanger, Norway, a leading provider of multi-service safety, survival and skills training to the Oil & Gas and maritime industries has acquired Red Oak Ltd (t/a Cresent), Aberdeen, Scotland, a provider of digital and customised learning solutions for an undisclosed sum.	Oil & Gas Services
27-Aug-19	Oiltec Solutions AS	Aberdeen Drilling School Ltd	Undisclosed	Aberdeen Drilling School Ltd, Aberdeen, Scotland, part of RelyOn Nutec AS has acquired simulation technology company Oiltec Solutions AS, Sandness, Norway, from HitecVision portfolio company Teresoft AS for an undisclosed sum.	Oil & Gas Services
27-Aug-19	A2E Ltd	Pivot International (UK) Ltd	Undisclosed	Pivot International (UK) Ltd, Sutton, England, a design, development and manufacturer operating across multiple sectors has acquired A2E Ltd, Livingston, Scotland, a design and engineering solutions provider for an undisclosed sum. The deal is Pivot's second acquisition in 18 months having acquired WideBlue in 2018.	Manufacturing & Engineering
23-Aug-19	Windhoist Holdings Ltd	Private Group Led by STAR Capital Partnership LLP	Undisclosed	STAR Capital Partnership LLP, has acquired Windhoist Holdings Ltd, Irvine, Scotland, which provides heavy cranes and mechanical/electrical services to the principal wind turbine suppliers. Terms not disclosed.	Construction

*AAB transactions are highlighted light grey

(Source: Experian MarketIQ)





Selected Mergers & Acquisitions

Date Announced	Seller	Buyer	Transaction Amount	Description	Sector
20-Aug-19	Nuclear Business of John Wood Group	Jacobs Engineering Group Inc	£250m	Jacobs Engineering Group Inc, incorporated in Wilmington, Delaware, USA, headquartered in Dallas, Texas, USA, provider of engineering and architectural services to industrial, commercial, and government clients, is to acquire the nuclear Business of John Wood Group, Aberdeen, Scotland.	Manufacturing & Engineering
19-Aug-19	iMetaFilm Ltd	UK Archiving Ltd	Undisclosed	iMetaFilm Ltd, Glasgow, Scotland, a film scanning and digitisation company has merged with UK Archiving Ltd, Edinburgh, Scotland, who operate in the high-end of the international digital archiving market. The deal was supported by Kelvin Capital and the Scottish Investment Bank.	Software & Technology
19-Aug-19	Synpromics Ltd	Asklepios BioPharmaceutical Inc	Undisclosed	Asklepios BioPharmaceutical Inc, North Carolina, USA, which develops bioinformatics and intelligent data-driven design that enables more precise cell targeting has acquired Synpromics Ltd, Midlothian, Scotland, which develops synthetic promoters via a new technology for improvements in product targeting in areas such as gene and cell therapy. Terms not disclosed.	Software & Technology
13-Aug-19	James Gibb Property Management Ltd	Life Property Management Ltd	Undisclosed	James Gibb Property Management Ltd, Edinburgh, Scotland, a leading commercial and residential factoring provider has acquired Life Property Management Ltd, Glasgow, Scotland, creating the second-largest Scottish factoring business with c.44,000 properties under management.	Facilities Management
05-Aug-19	Global Aware International Ltd	Mitie Group Plc	Undisclosed	Mitie Group plc, Glasgow, Scotland, headquartered in Bristol, England, provider of building and support services to owners and occupiers of commercial/industrial property, has acquired Global Aware International Ltd, Essex, England, which provides cyber security software and services. Terms not disclosed.	Facilities Management
01-Aug-19	Cultivate Software Ltd	Roofoods Ltd (t/a Deliveroo)	Undisclosed	Roofoods Ltd (t/a Deliveroo), London, England, a provider of restaurant food delivery services to consumers' homes and offices, acquired Cultivate Software Ltd, Edinburgh, Scotland, a provider of high-quality custom software applications, user experience and visual design services to clients across the UK and internationally.	Software & Technology
31-Jul-19	MSP Scotland Ltd	Vivalda Group	Undisclosed	Vivalda Group, Birmingham, England, a leading provider of cladding and façade systems has acquired MSP Scotland Ltd, Cumbernauld, Scotland.	Manufacturing & Engineering
31-Jul-19	SCP Aberdeen	Search Consultancy Ltd	Undisclosed	Search Consultancy Ltd, Glasgow, Scotland, a leading recruitment consultancy has acquired SCP Aberdeen from SCP Recruitment Ltd a provider of recruitment services to the health and social care sector for an undisclosed sum.	Recruitment
26-Jul-19	Williamson & Dunn CA	Campbell Dallas Ltd	Undisclosed	Campbell Dallas Ltd, Paisley, Scotland, providers of accountancy and business advisory services has acquired fellow accountancy firm Williamson & Dunn CA for an undisclosed sum.	Professional Services

*AAB transactions are highlighted light grey

(Source: Experian MarketIQ)





Selected Mergers & Acquisitions

Date Announced	Seller	Buyer	Transaction Amount	Description	Sector
26-Jul-19	Airvolution Clean Energy Ltd	Statkraft AS	Undisclosed	Statkraft AS, Oslo, Norway, which generates hydropower, wind power and district heating and constructs gas power plants in Norway and Germany, has acquired Airvolution Clean Energy Ltd, Glasgow, Scotland, which generates hydropower energy. Terms not disclosed. Airvolution will become wholly owned by their UK operating company, Statkraft UK Ltd.	Utilities
23-Jul-19	Millbrook Healthcare Ltd	Cairngorm Capital Partners LLP	Undisclosed	Cairngorm Capital Partners LLP, London, England, a specialist private investment firm to mid-market growth companies has acquired Millbrook Healthcare Ltd, Edinburgh, Scotland, together with its subsidiaries, Ultimate Healthcare Ltd and Consolor Ltd marking Cairngorm's first entry into the assisted living sector.	Healthcare
22-Jul-19	Perth & Kinross Council	Commercial Waste Collections Division of Wyllie Recycling Ltd	Undisclosed	Perth & Kinross Council, Perthshire, Scotland, has acquired the commercial waste collections division of Wyllie Recycling Ltd, Perthshire, Scotland, providers of waste management and recycling services for an undisclosed sum.	Recycling
19-Jul-19	Green Light Environmental Pty Ltd	Xodus Group Ltd	Undisclosed	Xodus Group Ltd, Aberdeen, Scotland, a leading Oil & Gas upstream consultancy services provider has acquired Green Light Environmental Pty Ltd, Perth, Australia, a provider of high quality environmental support services to the energy industry for an undisclosed sum.	Oil & Gas Services
19-Jul-19	Nautronix (Proserv UK Ltd)	Imenco AS	Undisclosed	Imenco AS, Aksdal, Norway, providers of subsea electronic and mechanical products has acquired the through-water digital acoustic communications and positioning systems business, Nautronix, from Proserv UK Ltd, Aberdeen, Scotland.	Oil & Gas Services
18-Jul-19	JHC Systems Ltd	FNZ UK Ltd	£22m	FNZ UK Ltd, Edinburgh, Scotland, a leading financial technology company specialising in investment platforms to major financial institutions has acquired JHC Systems Ltd, Newcastle, England, a provider of wealth management software solutions.	Software & Technology
08-Jul-19	Field Technology Business of Proserv	Acteon Group Ltd	Undisclosed	Acteon Group Ltd, Aberdeen, Scotland, a specialist subsea services company has acquired the Field Technology business of Proserv, Aberdeen, Scotland. The acquisition will add significant subsea cutting expertise to Acteon subsidiary Claxton Engineering.	Oil & Gas Services
03-Jul-19	Peak42 Ltd	Edwin James Holdings Ltd	Undisclosed	Edwin James Holdings Ltd, Glasgow, Scotland, a provider of mechanical, electrical and process engineering services, a portfolio company of Aliter Capital General Partner Ltd, has acquired Peak42 Ltd, Warrington, England, provider of system integration consultancy services. Terms not disclosed.	Manufacturing & Engineering
02-Jul-19	Alba Power	Sulzer Management Ltd	Undisclosed	Sulzer Management Ltd, Winterthur, Switzerland, an industrial engineering and manufacturing firm providing flow control systems has acquired Alba Power, Aberdeen, Scotland, a leading independent service provider for aero-derivative gas turbines for an undisclosed sum.	Manufacturing & Engineering

*AAB transactions are highlighted light grey

(Source: Experian MarketIQ)





Selected Fundraising Transactions

Date Announced	Company	Funders	Investment Amount	Description	Sector
30-Sep-19	ProFactor Pharma Ltd	Kelvin Capital	£2m	ProFactor Pharma Ltd, Edinburgh, Scotland, a bio-technology business seeking to transform the treatment of blood disease Haemophilia A, has secured £2m funding from Kelvin Capital to continue the drugs commercialisation.	Life Sciences
25-Sep-19	Spire Global UK Ltd	Scottish Enterprise	£14.7m	Spire Global UK Ltd, Glasgow, Scotland, builds, tests and operates nano-satellites tracking aviation, maritime and weather patterns has received £14.7m funding from Scottish Enterprise with the investment due to create more than 260 jobs.	Aviation
23-Sep-19	Omega Diagnostics Group Plc	Various Investors	£1.7m	Omega Diagnostics Group Plc, Alva, Scotland, a provider of diagnostic tests that aid in the management of patients with pre-diagnosed HIV infections. The additional funds raised will be used to support working capital and continue the commercialisation of Omega's Visitect CD4 technology.	Life Sciences
20-Sep-19	Hedge App Ltd (t/a Tumelo)	Various Investors	£1m	Hedge App Ltd (t/a Tumelo), Edinburgh, Scotland, a platform provider showing investors where their savings and pension funds are being invested has secured £1m equity investment from various investors.	Software & Technology
11-Sep-19	Boundary Technologies Ltd	Equity Gap, SE	£1.2m	Boundary Technologies Ltd, Edinburgh, Scotland, a home security technology specialist that has developed a unique home alarm system has successfully raised seed funding from Equity Gap and SIB to pursue further product developments. Founding partners Robin Knox and Paul Walton were the original founders of IntelligentPOS which was acquired by iZettle in 2016 and subsequently sold to PayPal for £1.6bn.	Software & Technology
11-Sep-19	Kingdom Technologies Ltd	Superangel and United Angels	£400k	Kingdom Technologies Ltd, Glasgow, Scotland, a cutting-edge mapping and lawnmower positioning technology has secured £400k investment funding from Superangel and United Angels alongside private investors.	Software & Technology
05-Sep-19	Desana Network Ltd	Techstart Ventures	£550k	Desana Network Ltd, Edinburgh, Scotland, a flexible workspace start-up providing subscribers to a UK-wide network of offices has successfully raised £550k seed funding from Techstart Ventures.	Software & Technology
29-Aug-19	MedAnnex Ltd	Scottish Investment Bank	£1m	MedAnnex Ltd, Edinburgh, Scotland, a biotechnology company that develops and treats patients with autoimmune diseases has secured Series B funding of £1m. This is in addition to the recent £10m investment led by Boston-based investor Morningside Ventures.	Life Sciences
25-Aug-19	One Place Capital Ltd (t/a Money Dashboard)	Calculus Capital	£4.6m	One Place Capital Ltd (t/a Money Dashboard), Edinburgh, Scotland, one of the UK's leading personal financial management service platforms has secured further investment from existing backer Calculus Capital bringing the total funding round to £4.6m.	Financial Services

*AAB transactions are highlighted light grey

(Source: Experian MarketIQ)





Selected Fundraising Transactions

Date Announced	Company	Funders	Investment Amount	Description	Sector
20-Aug-19	QueryClick	Archangels	£2m	QueryClick, Edinburgh, Scotland, a provider of machine-learning algorithms for forecasted attribution has received £2m equity funding from Archangels, Edinburgh, Scotland, an angel syndicate that focuses on early stage investments.	Software & Technology
13-Aug-19	Vaioni Group Ltd	Panoramic Growth Equity	Undisclosed	Vaioni Group Ltd, Manchester, England, a network operator providing connectivity services to businesses across the UK has secured a multi-million pound growth capital investment from Panoramic Growth Equity.	Utilities
06-Aug-19	Paysend Plc	Crowdfunding	£8.7m	Paysend Plc, Kirkcaldy, Fife, a FinTech start-up focused on improving the way money transfers are made globally has successfully raised £8.7m in a crowdfunding campaign. The funds will be used to facilitate international expansion.	Software & Technology
31-Jul-19	MarktoMarket Valuations Ltd	24Haymarket, Techstart Ventures, Par Equity	£1.75m	MarktoMarket Valuations Ltd, Edinburgh, Scotland, provides corporate financiers with verifiable data on private company valuations, received funding of £1.75m. The funding was provided by 24Haymarket, Techstart Ventures and Par Equity. The proceeds will be used by the company to double its headcount over the next half-year to meet growing demand, enter new markets and accelerate product development.	Software & Technology
30-Jul-19	Neatebox Ltd	Equity Gap, SE	£180k	Neatebox Ltd, Edinburgh, Scotland, a technology company focused on improving interactions between customer service teams and disabled people through the use of their innovative app have successfully raised £180k from Equity Gap and Scottish Enterprise to facilitate further development.	Software & Technology
26-Jul-19	Peter Equi & Sons Ltd	Scottish Loan Scheme	£690k	Peter Equi & Sons Ltd, Glasgow, Scotland, an iconic ice cream maker is set to expand the business with bigger premises following £690k investment from Scottish Loan Scheme.	Food & Drink
05-Jul-19	Gecko Labs Ltd	Mercia Technologies	£1.8m	Gecko Labs Ltd, registered in London, England, headquartered in Edinburgh, Scotland, which develops and offers cloud-based enquiry management solutions to capture student data, has secured £1.8m in funding from Mercia Fund Managers, Scottish Investment Bank's Co-Investment Fund and existing angel investors. The company intends to use the funds to continue developing new products.	Software & Technology
01-Jul-19	Novosound	Scottish Enterprise	£1m	Novosound, Edinburgh, Scotland, the developer of ground breaking technique to mass manufacture printable ultrasound sensors, received a grant of £1m from Scottish enterprise as part of a £2m project.	Software & Technology
01-Jul-19	Machine Labs Ltd	Techstart Ventures	£800k	Machine Labs Ltd, Livingston, Scotland, a provider of machine learning solutions for marketing, secured seed funding of £800k from Techstart Ventures.	Software & Technology

*AAB transactions are highlighted light grey

(Source: Experian MarketIQ)



Recent AAB Transactions

Manufacturing
Acting on behalf of the shareholders of  ARJOWIGGINS <small>creative papers</small> Arjowiggins Fine Papers Ltd in the recent MBO supported by    Undisclosed

Oil & Gas Services
Acting on behalf of the shareholders of  ALBA <small>GASKETS</small> <small>THE SEAL OF ASSET INTEGRITY</small> Alba Gaskets in the recent MBO supported by   Undisclosed

Construction
Acting on behalf of the shareholders of  KBM <small>KEITH BUILDERS MERCHANTS LTD</small> Keith Builders Merchants in the recent MBO supported by   Undisclosed

Technology
CF advisors acting on behalf of  Panoramic Growth Equity in the investment into  Vaoini Group Undisclosed

Technology
Acting on behalf of the shareholders of  mercia <small>asset management</small> Mercia Technologies in the investment into  Gecko Labs £1.8m

Waste Management
Acting on behalf of the shareholders of  Perth & Kinross Council in the acquisition of the commercial trade and recycling division of  Wyllie Recycling Undisclosed

Healthcare
CF advisors acting on behalf of  Rainbow <small>SERVICES</small> Rainbow Services in the sale to  Grosvenor Health and Social Care Undisclosed

Food & Drink
CF advisors acting on behalf of  inspire CATERING Inspire Catering in the merger with  CH&CO Undisclosed

Media
CF advisors acting on behalf of  DC Thomson In the acquisition of  PSP Media Group Undisclosed

Oil & Gas Services
Acting on behalf of the shareholders of  Apollo Offshore Engineering in the disposal to  Global Energy Group Undisclosed



Recent AAB Client Case Studies

Case Study

Anderson Anderson & Brown Corporate Finance ("AABcf") is pleased to announce the management buy-out of Arjowiggins Fine Papers Ltd.

The successful buy-out of the UK operations has protected hundreds of jobs and safeguarded two historic paper mills in Aberdeen and Kent. The MBO covers Arjowiggins Fine Papers, which runs the group's Stoneywood mill in Aberdeen plus an office in Basingstoke, and Arjowiggins Chartham, which operates the Chartham mill in Canterbury and has been a manufacturer of translucent papers since 1938. The new venture will trade as Creative Paper Holdings Ltd. The deal has been financed by Scottish Enterprise, Shawbrook Bank and SQN Asset Finance.

Brian McMurray said "We are delighted to have supported the management team in this transaction which has saved the historical Arjowiggins business and hundreds of highly skilled jobs. Huge credit must go to the management team in securing the support of their investors and executing this complex transaction. We look forward to continuing our relationship and supporting the team during this new chapter for the business."

"The team at AABcf provided exceptional support in guiding us through the transaction and ensuring a successful outcome for everyone involved. As a management team we have limited experience in deals such as this but AABcf were always on hand to provide expert advice throughout the process. During an extremely challenging time for the business, AABcf maintained their focus on helping us to achieve our goals."

Jonathan Mitchell, Managing Director, Arjowiggins



Case Study

Anderson Anderson & Brown Corporate Finance ("AABcf") is pleased to announce the management buy-out of Keith Builders Merchants Ltd. The transaction was led by Brian McMurray, Corporate Finance Partner and Stuart Cooper, Corporate Finance Manager at AABcf. Funding for the deal was provided by Barclays Bank and the Scottish Investment Bank

The independent merchant, with depots in Keith and Forres was founded in 1988. The company has a workforce of over 50 staff and supplies a wide range of building materials and equipment to the construction industry in Scotland. Managing Director, Jeff Smith will be joined by fellow director Kevin Mitchell in leading the business going forward. Combined they have almost 50 years of service at KBM.

Brian McMurray said: "We are delighted to have supported the management team in this transaction. Having worked closely with Jeff and Kevin during this process, we look forward to continuing the relationship and supporting KBM in achieving their future growth aspirations."

"We now look forward to continuing and developing our relationship with AABcf who have excelled during this process. They have shown great attention to detail and kept a focus on us as their clients throughout. KBM will continue to put our own customers first in the same manner retaining the family values the business was built on"

Jeff Smith, Managing Director, Keith Builders Merchants

$$\frac{A^2 + B}{C}$$



Recent AAB Client Case Studies

Case Study



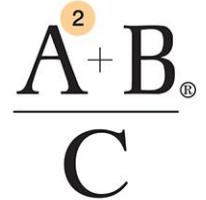
Anderson Anderson & Brown Corporate Finance ("AABcf") is pleased to announce the multi-million pound growth capital investment by Panoramic Growth Equity into Vaioni Group Limited.

Founded by Sachin Vaish in 2008, Vaioni continues to disrupt the UK SME & Mid-Markets with its award-winning connectivity & WAN portfolio, using its ultra-reliable National Ethernet Platform - V.E.N. The network currently connects 250,000 postcodes across 100 UK cities and towns with 100Mbps - 10Gbps internet speeds, including strategic relationships with all the top UK Carriers to reach locations outside of its own network. Vaioni is proud to offer high availability, ultra-fast connectivity solutions, combined with 100% Core Network availability.

David Wilson, Partner at Panoramic, said: "We have been particularly impressed by the growth that Vaioni has achieved to date, the strength of the management team and the opportunity for Vaioni to expand its network across the UK. We are excited to be involved and will now take an active role in helping the business grow further."

"We are delighted to have completed our investment in to Vaioni with the excellent support from the team at AABcf. They delivered an excellent financial insight into the business and delivered on time to allow the project to complete to schedule."

David Wilson, Partner, Panoramic Growth Equity.



Case Study



Anderson Anderson & Brown Corporate Finance ("AABcf") is pleased to announce the £1.8m investment by Mercia Technologies Plc and other investors into Gecko Labs Limited.

Gecko's student engagement platform GeckoEngage allows universities to capture, manage and follow-up with prospective students, and is used by over 50% of the UK higher education market, including Cambridge, St Andrew's, Edinburgh and Durham Universities. The company also has almost 30 clients in the US and Canada. Established in 2012 by Matt Lanham, who had previously run a digital agency, Gecko has a 27-strong team in Edinburgh, Scotland. The funding will allow Gecko to continue developing new products and open an office in New York to increase market share in North America.

Matt Lanham, CEO, said: "With the launch of our chatbot earlier this year, we've seen a real upsurge in interest from both existing users and from higher education institutions we don't yet work with. This investment will help us to capitalise on that interest and innovate further in terms of product development."

"AABcf completed due diligence for us on management's financial forecasts. This gave us an independent opinion on the growth potential of Gecko and likelihood of management achieving their forecasts, which helped us complete our due diligence prior to making our investment. AABcf provided us with excellent service and a number of valuable insights in a timely and comprehensive manner. We will definitely be seeking their advice again on future investments."

Marcus Henderson, Investment Director, Mercia Technologies Plc





Current Opportunities

Active Acquirers

Project Chocolate Asset Rental/Equipment Hire

Acquisitive plant-hire and equipment rental group seeking to expand fleet offering nationally.

Location: NE or NW England
Turnover: £2.5m-£5m
EBITDA: £0.5m-£2m
Chris Thompson- [Contact details](#)

Project Track Timber/Sawmill

Acquisitive sawmill and timber joist specialist seeking bolt-on opportunities across the UK.

Location: UK Wide
Turnover: £10m-£30m
EBITDA: £0.5m-£5m
Chris Thompson- [Contact details](#)

Project Hands Rental/Distribution

Acquisitive group seeking opportunities to buy rental and distribution businesses in Scotland.

Location: Scotland
Turnover: <£10m
EBITDA: £300k-£1m
Claire Smith - [Contact details](#)

Project Valley Software & Technology

Acquisitive international group seeking software focused companies that span multiple vertical end-markets.

Location: Scotland
Turnover: £2.5m-£10m
EBITDA: £0.5m-£2m
Philip McGrath - [Contact details](#)

Disposal Mandates

Project Cherry Plant Hire & Vehicle Rental

An opportunity to acquire a well-established plant hire and equipment rental business with contracts across Scotland.

Location: Scotland
Turnover: c.£4.5m
EBITDA: c.£1.3m
Kieran McIntosh- [Contact details](#)

Project Archie Oil & Gas Consultancy

An opportunity to acquire a leading provider of consultancy services to the upstream Oil & Gas and power generation industries.

Location: Scotland
Turnover: c.£5m
EBITDA: c.£0.6m
Callum Gray - [Contact details](#)

Project Calcutta Care Home

An opportunity to acquire a growing care home provider in the Central Belt.

Location: Scotland
Turnover: c.£1.1m
EBITDA: c.£0.25m
Stuart Cooper - [Contact details](#)

Project Harris Dental Practice

An opportunity to acquire a well-established, predominantly private dental practice with a strong reputation and 4 surgeries.

Location: Scotland
Turnover: c.£1m
EBITDA: <£0.25m
Claire Smith - [Contact details](#)





Current Opportunities (continued)

Investment Opportunities

Project Heather The Scottish Stock Exchange

After securing a 7 figure equity investment earlier in the year to support the re-launch of the Scottish Stock Exchange. Project Heather is seeking a further interim raise over the coming months.

Equity Investment: £1m
EIS Qualifying
Stuart Cooper - [Contact details](#)

Iron Ocean Survival Clothing

Providers of state of the art technical and high performance clothing garments that produces heat when immersed in cold water. The technology has multiple applications across a wide range of industries.

Equity Investment: £400k
EIS Qualifying
Philip McGrath - [Contact details](#)

Bounce Back Food & Drink

Opportunity to invest in a drink that replenishes and rehydrates the body of lost nutrients using a unique blend of vitamins and electrolytes.

Equity Investment: £700k
EIS Qualifying
Stuart Cooper - [Contact details](#)

Drinkly Drinks Delivery

A chilled drinks delivery service currently operating across Edinburgh, Glasgow and London.

Equity Investment: £300k
EIS Qualifying
Philip McGrath - [Contact details](#)

Occupyd Workspace

Opportunity to invest in a commercial marketplace that facilitates connections between business requiring space and businesses with excess space.

Equity Investment: £600k
EIS Qualifying
Stuart Cooper - [Contact details](#)

London Sock Company Fashion & Retail

An opportunity to invest in a business fashion brand that has built a direct to consumer subscription service model delivering unique and stylish socks.

Equity Investment: £500k
EIS Qualifying
Gordon Steele - [Contact details](#)

Oroson Visual Dashboards

An opportunity to invest in a visual collaboration platform bringing together client data in one central hub.

Equity Investment: £300k
EIS Qualifying
Philip McGrath - [Contact details](#)

GoRoadie Learner Driver Platform

An opportunity to invest in a online platform that helps connect driving instructors with learner drivers.

Equity Investment: £400k
EIS Qualifying
Philip McGrath - [Contact details](#)





Valuations Insight- UK Travel Industry (brought to you by MarktoMarket)

Don't just book it...

The demise of Thomas Cook has shone a light on the health of the UK travel industry. The CEO, Peter Fankhauser, painted a picture of an entire sector that was under pressure, with digital disruption and negative investor sentiment (as well as those old favourites Brexit and the weather) blighting the entire industry. In the litany of excuses, an honourable mention must surely be extended to the travel agent's elephantine £1.7 billion debt balance but is the UK travel industry as 'up against it' as he claims from a consumer and investor perspective?

What can the M&A market tell us about industry health?

We might expect to see signals in the M&A markets that can inform us of the health of the sector. Key signs of an out of favour market would be a decline in both deal volumes and deal values. Another signal might be the emergence of a digital movement, undermining the business models of the traditional operators. We analyse this below to understand whether the industry is under pressure or if it is just Thomas Cook that is suffering from the post-holiday blues.

Deal volumes remain strong....

The analysis of deal volumes suggests robust, and growing, interest in the sector since 2015 - activity has strengthened over the past 5 years and 2019 will be broadly in line with 2018 if year to date activity is maintained.

...but deal multiples have been declining

However, deal multiples paid have trended down since 2015, suggesting that the industry is losing some shine with investors (both corporate and financial). Excluding outliers, average EBITDA multiples declined from 9.1x in 2016 to 6.7x in 2018, a 26% fall. Whilst deal multiples have contracted over the last 5 years there is some important context - in 2016, when the mean multiple was greatest over our sample period, two of the largest deals in the sector since 2015 were completed - the £221m acquisition of Big Bus Tours by Exponent and the £242m 3i-backed buyout of Audely Travel.

Figure 1: Deal Volumes - UK Travel Agents

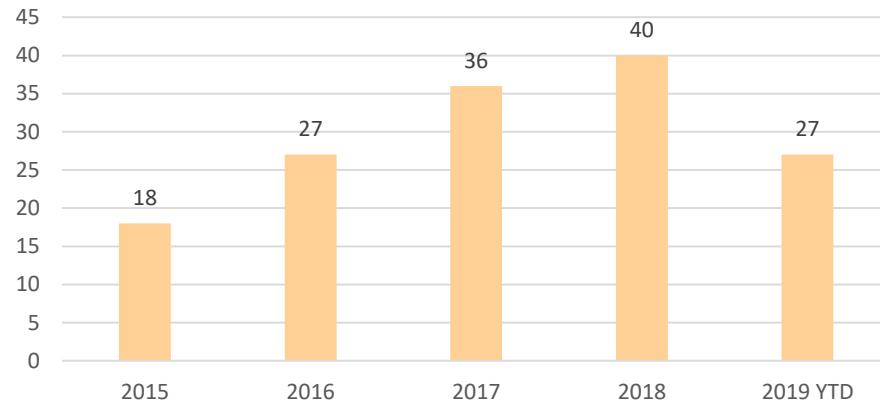


Figure 2: Average Deal Multiple - Small v Large



(Source: MarktoMarket)



Valuations Insight- UK Travel Industry (brought to you by MarktoMarket)

Has digital impacted market values?

Digital disruption is a traditional scapegoat for the death of traditional businesses that have failed to keep pace with their marketplace. For every Thomas Cook, there is a Loveholidays. Founded just 7 years ago, Loveholidays was acquired in 2018 by Livingbridge for 30x EBITDA, a huge multiple. Without the legacy assets and infrastructure of the traditional agents, emerging disrupters like Loveholidays are where the market is increasingly parking its capital and this is reflected in the superior multiples being paid in the digital travel sector.

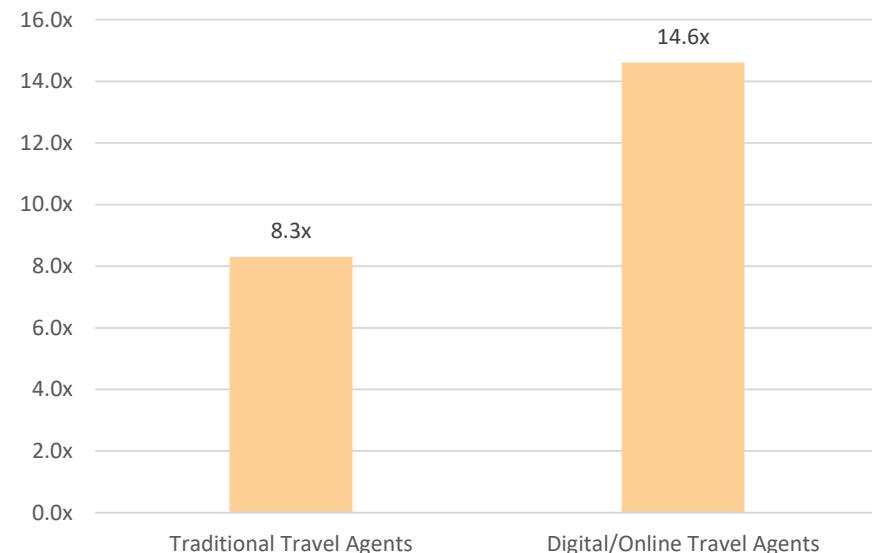
Don't Thomas Cook it

Unlike the public markets where Thomas Cook operates, the private markets provide us with multiple data points to assess sector health. Whilst sector multiples have declined, volume has remained strong (Figure 1), suggesting that consolidation is a theme. This makes sense - if deal multiples are shrinking, cash-rich acquirers can take advantage and buy assets at lower multiples; the extra scale these acquisitions bring help to expand the acquirer's multiple (Figure 2).

It is a classic buy and build strategy. If the consolidators can also convince the market that they are becoming 'digital' businesses, this provides an additional 'whammy' to the business multiple.

Unfortunately for a business with such a long and illustrious history, Thomas Cook's debt ensured it could not be a consolidator, and its business model prohibited it from making the transition to digital to compete with the rising online powerhouses. The travel industry is clearly not dead but the landscape has shifted. Unfortunately for Thomas Cook, this shift has left their business, much like their customers, stranded in the wrong place with too much baggage.

Figure 3: Average Deal Multiples - Traditional v Digital



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(Source: MarktoMarket)



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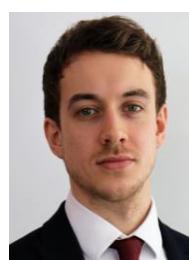
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