

# ON THE ACQUISITION TRAIL

WHY MORE AND MORE BUSINESSES ARE CONSIDERING M&A



In July 2014 DMH Stallard's Corporate Group advised Horley-based MOD procurement specialist Marlborough Communications Limited (MCL) on its sale to AIM-listed Cohort PLC. The deal was shortlisted for the Deal of the Year at the 2015 South East Insider Dealmaker Awards in February. Jonathan Grant, was named Corporate Lawyer of the Year at the same awards.

In 2014 DMH Stallard Corporate concluded a series of high-value M&A and financing transactions, together with 13 Capital Market deals, with a combined deal value of over £165 million.

The team also advised Coast to Capital LEP on their investment in Brighton's £40 million i360 project and helped magazine publisher Kelsey, acquire seven new automotive magazine titles and an events business from Future plc, Bauer and Rutland.

To consistently deliver top quality deals requires partners with experience and complimentary skills. DMH Stallard have a specialist media and technology team led by John Yates, a banking team led by Gwen Godfrey, and Jonathan Grant and Abigail Owen running an M&A team. The Team's success was recognised when they received a host of nominations at the recent South East Insider Dealmaker Awards with Jonathan Grant winning Corporate Lawyer of the Year. DMH Stallard Managing Partner, Richard Pollins commented, "There's no greater praise than direct recognition from the business community. Jonathan Grant's award highlights the firm's reputation for having people who are not only great technical lawyers but also influential business people who can help organisations to grow and succeed."

This view is shared by Philip Cunliffe, Regional Business Editor for South East Insider Dealmaker Awards, who says, "The dealmaker awards provide us all with an opportunity to recognise and reward the people doing all this hard work – those whose professionalism, skill and sheer tenacity has got deals through to completion."

Such recognition within the industry is most welcome for the firm, especially at a time when every indicator suggests that confidence has returned, and there has

been a surge in Mergers and Acquisitions. The 'M&A 2015 Outlook' supplement, published by Raconteur (distributed with The Times), reported that "global M&A volumes in the first half of 2014 were 41 per cent higher than the same period last year, and the highest first-half volume since before the financial crisis. Volumes were highest in the healthcare sector, which represented 17 per cent of M&A, followed by telecoms and real estate."

Despite the recession, over the last three years DMH Stallard have seen high prices paid for quality businesses, with the sales of Pyroban to Caterpillar, Hillcrest to Sovereign, and Kineo to City & Guilds. The split sale of MCL demonstrates the need to matching the needs of buyers wanting to avoid mistakes, and sellers needing to maximize value. Over the last 12 months there has been a pick up in deal volume, and more recently a return of some debt based acquisition finance, which suggests the market will continue to grow.



from right to left, DMH Stallard Partners, Jonathan Grant, Abigail Owen and John Yates

**"The award highlights the firm's reputation for having people who are not only great technical lawyers but also influential business people who can help organisations to grow and succeed"**

"We started the year on a high and since then both our regional and City teams have been flat out," says Jonathan Grant.

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# MCL & COHORT PLC - THE DEAL

## THE COMPANY

BY DARREN ALLERY, MD, MCL

"Marlborough Communications Limited (MCL) is a small company which packs a big punch. We supply advanced electronic and surveillance technology supporting military operations in the Middle East, and now we're well placed to sustain that business by winning and supporting contracts in the Ministry of Defence's long-term programme and with security and law enforcement agencies.

"MCL's equipment is deployed at sea, in Afghanistan and in the UK, giving the technology edge to demanding customers doing vital work for the nation's security

"Two examples from 2011, show how a small company like Marlborough can have a big impact.

"The Royal Navy required complex electronic surveillance systems to equip the new Astute Class submarines. Our excellent relationships with the customer and our supplier, and our clear and professional approach to the competition and its processes helped us to win the contract. We are now set to support the submarine fleet's eyes and ears for years to come.

"The MOD had a requirement for a very small unmanned aerial vehicle to support operations in Afghanistan. Prox Dynamics SA of Norway had developed an astonishingly small surveillance aircraft, the Black Hornet, which at 16 grammes was right at the leading edge of technology worldwide. MCL's reputation for excellence allowed the company to form a strong relationship with Prox to compete for the £20m programme. The Black Hornet was brought in

on time and has been a resounding success in Afghanistan.

"MCL has also been heavily involved in work to reduce the threat of the improvised explosive devices which have cost so many lives on recent operations. Hundreds of our advanced electronic systems are deployed across Afghanistan and will continue to play a part in protecting British troops."

## THE DEAL

DMH Stallard played a major role in negotiating and completing the sale of Horley-based MOD procurement specialist MCL to Cohort Plc, with a sale of 50.1% of equity on completion and a put and call option for 49.9%, exercisable in 2016.

MCL was a sought-after target, having received a number of offers from both trade and private equity over 24 months. Time spent with the team and a trusted advisory team, which included Baker Tilly's Corporate Finance team led by Kirsty Sandwell, helped identify the right deal.

A strong trading and reputational connection between the sellers and buyer was key and the MCL management team were determined to continue running their business after closing the deal which has been achieved.

## THE VERDICT

On completion of the deal, MCL Managing Director Darren Allery, said, "Jonathan Grant and his team steered us through a complex legal process with skill and determination. We didn't anticipate some of the issues that arose but were glad of DMH Stallard's energy and expertise to see us through to completion."



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