

UK's most acquisitive companies

Acquisitions are a powerful tool in the corporate armoury. Whether it is entering a new market, adding new products or technologies, or gaining efficiency through scale, few companies prosper in the long term without some M&A activity.

In this annual review by *Corporate Financier*, we look at the UK's most acquisitive companies. The top 10 (see right) may not be household names, but Unilever, Smith & Nephew and SportsDirect are in the top 20.

Most of the companies that completed more than 10 deals last year were consolidators, with the top spots going to Independent Vetcare and VetPartners. Both were started by August Equity. The influence of private equity is clear, with EQT and BC Partners respectively now behind the strategies at both vet businesses.

AIM-listed groups AFH Financial and Begbies Traynor have both expanded rapidly through acquisition. Dentsu Aegis, a UK-headquartered network of marketing and advertising agencies ultimately owned by Dentsu of Japan, is the sole corporate to complete more than 10 acquisitions last year. The importance of advisers in putting deals together is clear.

Rank	Top acquirers	No of deals	Financial backer
1	Independent Vetcare	22	EQT
2	VetPartners	15	BC Partners
3	RSK Group	14	Permira, Ares Capital Europe
4	ClearCourse Partnership	12	Aquiline Capital Partners
5	Dentsu Aegis	11	Dentsu (Japan)
6	Xeon Smiles UK	10	British United Provident Association
7=	Global Risk Partners	9	Maven Capital Partners
7=	Fairstone Holdings	9	Synova Capital
9	Medivet Group	8	Inflexion
10=	AFH Financial Group	7	AIM listed
10=	Begbies Traynor Group	7	AIM listed

PERIOD: 12 MONTHS TO 31 OCTOBER 2019. SOURCE: EXPERIAN



Another 22 UK clinics were brought under the Independent Vetcare umbrella last year

1 INDEPENDENT VETCARE

Independent Vetcare (IVC) is a giant in the pet care industry and acquisitions have always been the fuel for its growth. It operates more than 1,300 clinics in 10 European countries and runs an online pharmacy. Last year it swept up another 22 UK vet businesses.

The Bristol-based business was formed in 2011 when August Equity bought three vet clinics in Bath, Hertfordshire and Bristol. IVC provided marketing services, administrative function support services and enabled smaller vets to have greater purchasing power for drugs and equipment, while allowing them to retain their independence.

A rapid roll-out saw 40 vet businesses acquired and the number of clinics increase from 20 to more than 100. Summit Partners acquired the company in 2014; under its ownership, the total number of sites increased to 310 and revenues more than doubled from £76m to £184m. IVC was sold to Scandinavian buy-out firm EQT in 2016 and merged with Swedish pet care business Evidinsa.

In late 2018, IVC was reportedly put up for sale with a £1.5bn price tag. That may have been ambitious, and in February 2019 Reuters reported that investment bank Jeffries was arranging a private placement of 20-25% of the equity with institutional investors.

Vendors were advised by, variously, Slater Heelis, Ensors, Birketts, Sintons, Lincoln International and Browne Jacobson.

Acquisitions 2019 - Independent Vetcare

Target	Bidder advisers
Rufford Veterinary Group	Hazelwoods, Outset Legal
Cambridge Veterinary Group	Hazelwoods
Companion Veterinary Clinic	Hazelwoods
Earl Soham Veterinary Centre	Hazelwoods
Shield Veterinary Centre	Hazelwoods
Highcliff Veterinary Practice	Undisclosed
Hallam Veterinary Clinic	Outset Legal
Crossways Animal Care	Hazelwoods
Blake Veterinary Group	Hazelwoods
Riverside Veterinary Practice	Hazelwoods
Strathmore Veterinary Clinic	Hazelwoods
Fife Referrals	Hazelwoods
Avenue Veterinary Centre (Malvern)	Hazelwoods
Trinity Veterinary Centre	Hazelwoods
Hawkedon & Homefield Vets	Hazelwoods
Garden Lodge Veterinary Clinic	Hazelwoods
Bray House Veterinary Services	Hazelwoods
Adamsvet - Pet Care	Mills & Reeve, Outset Legal
Scarsdalevets (Derby)	BDO
Darley House Veterinary Centre	Harrison Clark Rickerbys
Bridge Street Veterinary Practice	Harrison Clark Rickerbys
Vets Now	BDO

SOURCE: EXPERIAN



David Hillier, CEO, Independent Vetcare

1,300

clinics in 10 European countries

310

Number of sites operated under Summit Partners

2 VETPARTNERS

VetPartners is snapping at the heels of Independent Vetcare (see page 15). It acquired 15 practices last year, taking the UK total to 130, and expanded into Italy and the Channel Islands. It has more than 5,000 employees in the small animal, equine and farm segments.

Like its larger rival, VetPartners was formed when August Equity acquired practices in York, Newcastle and Lincoln in 2015. The private equity house followed a proven model, allowing the veterinary practices a degree of operational independence while supporting them with shared administrative and support services functions and a professional management team, which developed a hub-and-spoke strategy to maximise revenue and take advantage of capacity and capabilities across the network.

BC Partners acquired the business for £700m in August 2018. Direct lender Ares Management committed £565m to finance the acquisition, split between



More than 5,000 employees work for VetPartners

£320m super senior and unitranche facilities, £100m in PIK notes and a £175m committed acquisition facility, according to Reuters.

VetPartners' chief executive Jo Malone said of BC's investment: "It's very supportive of how we want to continue to develop our business."

Vendors were advised by, variously, Harrison Clark Rickerbys, MS Rubic, Openshaws, Gabb & Co, Hazlewoods, Mills & Reeve, Coodes, Willans and Blake Morgan.

Acquisitions 2019 - VetPartners

Target	Bidder advisers
UK Farm Vets	RSM, Mills & Reeve
Wood Veterinary Group	Mills & Reeve
Calweton Veterinary Services	Mills & Reeve
Clyde Veterinary Group	Undisclosed
Ashfield House Veterinary Hospital	RSM, Gateley
Abbey Veterinary Centres	RSM, Gateley
Parklands Veterinary	David Lyttle + Co, Pinsent Masons
Clyde Vets	RSM, Lupton Fawcett
Roseavan Veterinary Practice	Gateley
Castle Vets	Hazelwoods, Gateley
Fellows Farm Equine Clinic	Hazelwoods
Maes Glas Vets	RSM, Mills & Reeve
Damory Veterinary Clinic	RSM, Mills & Reeve
Isle Valley Vets	Gateley
Bourton Vale Equine Clinic	Gateley

£700m

BC Partners acquired VetPartners for this much in August 2018

3 RSK GROUP

If any company was to welcome the disruption caused by Extinction Rebellion, it would be environmental consultancy RSK Group. Corporate finance practitioners have been well aware of the importance of addressing environmental issues in deals, but rising public awareness of such issues can only be good for RSK's business. Acquisitions last year brought additional expertise in areas such as geotechnical and structural engineering, habit management and ecological contracting. In addition to 12 UK acquisitions, RSK bought businesses in Germany and the Netherlands.

RSK has financed its growth with debt from private equity houses. In 2015, it secured a £33m loan from Permira to finance the recruitment of 200 new staff, with the facility being increased to £140m. In 2018, it arranged a further £315m debt facility with Ares Capital Europe to support its ambition to "double in size" over the next few years. Growth has been impressive. Pro-forma revenue grew by



The yellow vests of RSK pursue a more pragmatic route

71% to £250m in 2018/19, while EBITDA is expected to come in at £25m.

RSK's CEO Alan Ryder told *Environmental Analyst*: "Our financial backers are not involved as a shareholder and therefore are not hoping to benefit from a sale of the business."

Vendors were advised by, variously, BCMS Corporate, Freeths, JDC Corporate Finance, Prettys, Benchmark International, RMT Corporate Finance, Peter Millican Law and MHA Tait Walker.

Acquisitions 2019 - RSK Group

Target	Bidder advisers
Can UK Holdings	Dow Schofield Watts, Memery Crystal
Twig Trading	Dow Schofield Watts
BTS Group	Dow Schofield Watts
Pelling*	Dow Schofield Watts
Pellings*	Dow Schofield Watts
J & A Pelling*	Dow Schofield Watts
Dr Tillmanns & Partner	
Headland Group	Dow Schofield Watts
Drilling Supplies & Hire Services	Dow Schofield Watts, Memery Crystal
Biocensus	Dow Schofield Watts
Consents Solutions	Dow Schofield Watts
AA Milieu en Adviesbureau	Dow Schofield Watts
Geocore Site Investigations	Dow Schofield Watts
Ecologia Environmental Solutions	Dow Schofield Watts

* THESE WERE THREE SEPARATE ACQUISITIONS OF CONSULTANCIES FROM PELLINGS

71%

Growth of pro-forma revenue for RSK Group in 2018/19

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CLEARCOURSE PARTNERSHIP

ClearCourse Partnership completed 12 acquisitions in the 12 months to the end of October 2019. It is incredible progress for a company that announced its strategy and management appointments in November 2018. Headed by fintech CEO Gary Gualtieri, working alongside head of M&A Joshua Rowe, ClearCourse was established to acquire companies providing membership software and services to groups, organisations and businesses with financial backing from New York-based private equity fund Aquiline Capital Partners.

ClearCourse operates as a holding company to acquire primarily UK-based group and event management software companies. It drives increased growth and profitability through more efficient payments, capital investment and operational support, working in partnership with existing leadership teams.

Acquisitions in its first year have covered digital communications services, golf club and competition management, customer relationship management for trade associations, payments, exhibition and event software, postcode lookup and validation software, digital fundraising, digital strategy consulting, website



Joshua Rowe, head of M&A, ClearCourse Partnership

12

completed acquisitions in the 12 months to the end of October 2019

Acquisitions 2019 - Clearcourse Partnership

Target	Bidder advisers
Shepherdland	Grant Thornton, Squire Patton Boggs
NetXtra	RSM, Squire Patton Boggs
Intelligentgolf	Squire Patton Boggs
Silverbear	Grant Thornton, Squire Patton Boggs
Cleara Consulting	Grant Thornton
Circdata	Grant Thornton, Squire Patton Boggs
Crafty Clicks	Grant Thornton, Squire Patton Boggs
Instagiv	RSM, Squire Patton Boggs
Trillium Systems	Squire Patton Boggs
Protech Computer Systems	RSM, Squire Patton Boggs
E-Dataware	RSM, Squire Patton Boggs
Brightoffice	Grant Thornton

development and clinic management software.

Rowe leads a four-strong internal M&A team that includes Brandon Faulkner (formerly of JDX Consulting), Joe Nash (Creditplus, PwC) and Jessica Bryan (Compass, KPMG).

Vendors were advised by, variously, Progency Corporate Law, Greene & Greene, Stevens & Bolton, Icon Corporate Finance, Field Seymour Parkes, Moorcrofts, Tughans, Ansons, KBS Corporate, Gateley and Benchmark International.

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DENTSU AEGIS

Dentsu Aegis is not constrained by geography. The past 12 months have seen the company, a London-based wholly owned subsidiary of Dentsu Inc of Japan, the world's largest advertising agency and fifth largest advertising agency network. Dentsu Aegis was formed in 2013 when Dentsu bought Aegis.

In 2019, its acquisitions included: Re:production, a UK TV production company; US-based marketer Digital Evolution Group; German video marketing services company Videobeat Networks; Singapore-based marketing technology company Happy Marketeer; Vietnamese agency Redder Advertising and marketing solutions company Ambient Digital; Indian data solutions company Ugam Solutions; digital performance agency MuteSix in the US; and Chinese e-commerce solutions provider EBP Internet Technology.

Much of Dentsu's activity has been driven by the challenges faced by the advertising industry as a whole, where the company has been undergoing a restructuring programme to reduce costs and improve working conditions, particularly hours worked. Since acquiring Aegis in 2013, Dentsu's international business has completed more than



Tracey De Groose, CEO UK & Ireland, Dentsu Aegis Network

Acquisitions 2019 - Dentsu Aegis

Target	Bidder advisers
Hallco 990	DLA Piper
Re:production	BDO, DLA Piper
Digital Evolution Group	Undisclosed
Videobeat Networks	Undisclosed
Happy Marketer	Undisclosed
Redder Advertising Co	Undisclosed
Davanti Consulting	Undisclosed
Ambient Digital	Undisclosed
Ugam Solutions	Pioneer Legal
MuteSix	Undisclosed
Shanghai EBP Internet Technology Co	Undisclosed

150 acquisitions and grown threefold. Gross margins from international business were up 9.3% year-on-year in 2018, significantly higher than the 2% growth from operations in Japan. Digital accounted for 60.6% of revenue less cost of sales in international businesses.

Vendors were advised by, variously, Hurst Corporate Finance, TLT, Results International and Veritas Legal.

60.6%

of Dentsu Aegis's revenue in international business (less cost of sales) came from digital