

## Wm Morrison Supermarkets Limited > Transaction Details > Merger/Acquisition

Merger/Acquisition			
Currency: Reported Currency			
Deal Summary			
Status	Closed	Primary Transaction Feature	Acquisition of Equity Stake
Announced Date	Jun-19-2021	Bid Made Date	Jun-14-2021
Letter of Intent Date	-	Effective Date	-
Definitive Agreement Date	-	Closed Date	Oct-27-2021
CIQ Transaction ID	IQTR1671477918	Cancelled Date	-
Sell-side Participants			
Company Name:	Wm Morrison Supermarkets PLC (nka:Wm Morrison Supermarkets Limited)	Primary Industry:	Food Retail
Headquarters:	United Kingdom		
Buy-side Participants			
Buyer Company:	Clayton, Dubilier & Rice Fund XI, L.P.; Clayton, Dubilier & Rice, LLC		
Deal Values			
Total Consideration to Shareholders (£ mm)	7,031.93	Total Transaction Size (£ mm)	10,386.99
Implied Equity Value (£ mm)	7,031.93	Implied Enterprise Value (£ mm)	10,112.99
Implied Enterprise Value/LTM Revenue	0.6x	Implied Enterprise Value/NTM Revenue	0.6x
Implied Enterprise Value/LTM EBITDA	12.7x	Implied Enterprise Value/NTM EBITDA	9.1x
Implied Enterprise Value/LTM EBIT	41.6x	Implied Enterprise Value/NTM EBIT	18.6x
Implied Equity Value/LTM Net Income	NM	Offer Price/NTM Earnings	20.4x
Implied Equity Value/Book Value	1.7x	Offer Price/Forward Book Value	1.6x

### Synopsis

#### Comments

Clayton, Dubilier & Rice Fund XI, L.P., fund managed by Clayton, Dubilier & Rice, LLC made an unsolicited highly conditional non-binding proposal to acquire Wm Morrison Supermarkets PLC (LSE:MRW) for approximately £5.6 billion on June 14, 2021. Offer is to be affected by means of a scheme of arrangement. Under the terms of transaction, CD&R proposed cash offer is £2.3 per Morrisons share. Fortress Investment Group (UK) Ltd., Canada Pension Plan Investment Board, Cambourne Life Investment Pte Ltd and Koch Real Estate Investments made an offer to acquire Wm Morrison Supermarkets PLC from Morrison family, Silchester International Investors LLP and others for £6.7 billion on July 3, 2021. As of August 6, 2021, the offer price for Fortress offer was increased to £2.72 per share. On August 9, 2021, U.K. Takeover Panel extended the deadline for Clayton Dubilier & Rice LLC to make an offer for Wm Morrison Supermarkets PLC considering the latest offer by Fortress Investment Group Ltd. The new deadline for Clayton Dubilier to either make an offer for Wm Morrison Supermarkets PLC or walk away is August 20, 2021. It was previously August 9, 2021. On August 19, 2021, the parties entered into an agreement on a revised bid offer from Clayton, Dubilier & Rice, under which the shares of Wm Morrison Supermarkets will be acquired for £2.85 each. As of September 8, 2021, The British supermarket chain Morrisons plans to end a bidding war for Wm Morrison by holding an auction between two U.S.-based investment groups that have made competing offers. As of September 29, 2021, the auction procedure will take place on October 2, 2021. Result of the auction will be announced by no later than October 4, 2021. As of October 2, 2021, Wm Morrison Supermarkets selected Clayton, Dubilier as winner in auction and offered to acquire Wm Morrison Supermarkets PLC for the final offer price of £2.87. The offer value payable to Morrisons shareholders will be financed from a combination of equity capital to be invested by CD&R Fund XI, Ares European Direct Lending and Alternative Credit Funds and West Street Strategic Solutions and committed financing provided by Goldman Sachs Bank USA, BNP Paribas SA, Bank of America, N.A., London Branch, and Mizuho Bank, Ltd. The additional consideration payable under the CD&R Final Offer will be funded by CD&R Fund XI in accordance with the provisions of the equity commitment letter entered into by CD&R Bidco and CD&R Fund XI on the date of this announcement.

The Conditional Proposal was subject to the satisfaction or waiver by CD&R of a number of pre-conditions including the completion of detailed due diligence and the arrangement of debt financing. The transaction requires at least 75% of Morrisons Shareholders' approval, court approval, third party clearances and other closing conditions. Considering the new offer, Morrison adjourned its general meeting that was due to be held on August 16, 2021 to give Clayton Dubilier time to consider its options over the latest offer. The meeting will now be held on August 27, 2021. The Board of Wm Morrison Supermarkets rejected the offer on June 17, 2021. On June 17, 2021, the Board of Morrisons evaluated the conditional proposal together with its financial adviser, Rothschild & Co, and unanimously concluded that the conditional proposal significantly undervalued Morrisons and its prospects. Morrison still believes the new Fortress offer is in the best interest of shareholders, and it won't be withdrawing its recommendation.

## Wm Morrison Supermarkets Limited > Transaction Details > Merger/Acquisition

Meeting of Court will be held on October 25, 2021. As of August 24, 2021, the Board of Directors of Morrisons intends to recommend the CD&R revised offer to Morrisons' shareholders and has withdrawn its recommendation of the Fortress offer. As of October 4, 2021, The Morrisons Directors, consider the terms of the CD&R Final Offer to be fair and reasonable and unanimously recommended that Morrisons Shareholders vote in favor of the revised offer Scheme at the Court Meeting and the Resolution to be proposed at the General Meeting, each convened for October 19, 2021. The shareholders of Wm Morrison Supermarkets approved the transaction on October 19, 2021. The offer is expected to become effective in October 2021. As of October 19, 2021, the scheme will be effective on October 27, 2021. Long Stop Date of the offer is April 2, 2022. As on October 20, 2021, that the takeover will be completed on October 26, 2021 and shares in Morrisons will be delisted from the London Stock Exchange by October 28, 2021. As of October 25, 2021, the deal was approved by Court.

John Deans, Majid Ishaq, Stephen Griffiths and Alice Squires of N M Rothschild & Sons Limited acted as financial advisors for Morrisons. Tony White and Philip Noblet of Jefferies International Limited acted as financial advisors for Morrisons. Malachy McEntyre, Dru Danford, and Mark Percy of Shore Capital Limited acted as financial advisors for Morrisons. Ashurst LLP acted as legal advisor for Morrisons. Anthony Gutman, Nick Harper, Jimmy Bastock and Milan Hasecic of Goldman Sachs International along with Dwayne Lysaght, Jeannette Smits van Oyen and Thomas Christl of J.P. Morgan Securities plc acted as financial advisors for Clayton. BNP Paribas, BofA Securities (Merrill Lynch International), and Mizuho also acted as financial advisors while Simon Tinkler, Steven Fox, Katherine Moir, Greg Olsen, Jenny Storey, Mike Crossan, Franc Pena, Erik O'Connor, Olivia Higgs, Holly Anderson, George Holman, Elliot Hirst and Abi Birch of Clifford Chance LLP acted as legal advisors, Alan Davies and Ryan Rafferty of Debevoise & Plimpton LLP and Anne-Marie Winton of ARC Pensions Law LLP acted as the legal advisors for Clayton. Equiniti Limited acted as registrar to Morrison. Alan Davies and Ryan Rafferty of Debevoise & Plimpton LLP also advised in financing aspects of its cash offer for Wm Morrison Supermarkets PLC to Clayton, Dubilier & Rice. Paul Whitelock, Kit McCarthy and James Dunnnett of Norton Rose Fulbright acted as the legal advisors to Goldman Sachs and J.P. Morgan. Clayton, Dubilier & Rice, LLC will spend an estimate of £42 million on Financial and corporate broking advice, £12.9 million on Legal advice and £2.3 million on Accounting advice. Morrisons Group will spend an estimate of £47.9 million on Financial and corporate broking advice, £5.3 million on Legal advice and nil on Accounting advice. Paul Whitelock, Kit McCarthy and James Dunnnett of Norton Rose Fulbright acted as the legal advisors to Goldman Sachs and J.P. Morgan.

### Deal Resolution

Clayton, Dubilier & Rice Fund XI, L.P., fund managed by Clayton, Dubilier & Rice, LLC completed the acquisition of Wm Morrison Supermarkets PLC (LSE:MRW) on October 27, 2021. As the Scheme has now become Effective, Morrisons duly announces that, with effect from today's date, Andrew Higginson, Rooney Anand, Susanne Given, Kevin Havelock, Lyssa McGowan and Jeremy Townsend have tendered their resignations and stepped down from the Morrisons Board. David Potts, Trevor Strain and Michael Gleeson will remain on the Morrisons Board. As per update on October 29, 2021, Competition and Markets Authority of England has started investigation about the transaction. The CMA announced the launch of its merger inquiry by notice to the Parties on January 27, 2022 and has a deadline of March 24, 2022 for its phase 1 decision. The probe will look into whether the deal "has resulted, or may be expected to result, in a substantial lessening of competition within any market or markets in the United Kingdom. As of March 24, 2022, the CMA has decided, on the information currently available to it, that it is or may be the case that this merger may be expected to result in a substantial lessening of competition within a market or markets in UK. This merger will be referred for a phase 2 investigation unless the parties offer acceptable undertakings to address these competition concerns. Morrisons' private equity owners will carve up the business and sell £500 million worth of manufacturing and distribution sites, the house pledged not to engage in major sales and leasebacks of stores at the time of purchase. As of June 9, 2022, Britain's Competition and Markets Authority has decided to clear the acquisition of supermarket chain Wm Morrisons Supermarkets Ltd. by a consortium led by Clayton, Dubilier & Rice LLC.

Advisors				
Advisor Name	Client Name	Role	Fee(£)	Fee Percentage (%)
BNP Paribas SA (ENXTPA:BNP)	Clayton, Dubilier & Rice, LLC	Financial Advisor	-	-
Goldman Sachs International	Clayton, Dubilier & Rice, LLC	Financial Advisor	-	-
J.P. Morgan Securities plc	Clayton, Dubilier & Rice, LLC	Financial Advisor	-	-
Merrill Lynch International	Clayton, Dubilier & Rice, LLC	Financial Advisor	-	-
Mizuho International plc	Clayton, Dubilier & Rice, LLC	Financial Advisor	-	-
ARC Pensions Law LLP	Clayton, Dubilier & Rice, LLC	Legal Advisor	-	-
Clifford Chance LLP	Clayton, Dubilier & Rice, LLC	Legal Advisor	-	-
Debevoise & Plimpton LLP	Clayton, Dubilier & Rice, LLC	Legal Advisor	-	-
Jefferies International	Wm Morrison	Financial Advisor	-	-

## Wm Morrison Supermarkets Limited > Transaction Details > Merger/Acquisition

Limited	Supermarkets Limited			
N M Rothschild & Sons Limited	Wm Morrison Supermarkets Limited	Financial Advisor	-	-
Shore Capital Stockbrokers Limited	Wm Morrison Supermarkets Limited	Financial Advisor	-	-
Ashurst LLP	Wm Morrison Supermarkets Limited	Legal Advisor	-	-
Equiniti Limited	Wm Morrison Supermarkets Limited	Transfer Agent/Registrar	-	-

### Transaction Details

#### Features

Cross-Border, Going Private Transaction, Leveraged Buy Out (LBO), Cash Merger

#### Deal Conditions

Approval of Merger Agreement by Target Board; Approval of Offer by Target Shareholders; Consummation of Due Diligence Investigation; Debt Financing Secured by Acquirer; Subject to Antitrust Regulations; Subject to Court Approval; Third Party Approval Needed

#### Response to Conditions

Approval by Target's Shareholders

<b>Change of Control</b>	Yes	<b>Deal Approach</b>	Unsolicited
<b>Minority/Majority Stake</b>	Majority	<b>Deal Attitude</b>	Friendly
<b>Accounting Method</b>	Acquisition	<b>Special Committee</b>	-
<b>Sell-side Termination Fee (£ mm)</b>	-	<b>Sell-side Termination Fee (%)</b>	-
<b>Buy-side Termination Fee (£ mm)</b>	-	<b>Buy-side Termination Fee (%)</b>	-

### Consideration Summary

#### Consideration Type

Cash

Offered		Current/Final	
<b>Date</b>	Oct-02-2021	<b>Date</b>	Oct-27-2021
<b>Exchange Rate</b>	1.000	<b>Exchange Rate</b>	1.000
<b>Consideration to Shareholders (£ mm)</b>	7,031.93	<b>Consideration to Shareholders (£ mm)</b>	7,031.93
<b>Offer Per Share (£ )</b>	2.87	<b>Offer Per Share (£ )</b>	2.87
<b>Total Cash (£ mm)</b>	7,031.93	<b>Total Cash (£ mm)</b>	7,031.93
<b>Total Stock (£ mm)</b>	-	<b>Total Stock (£ mm)</b>	-
<b>Total Preferred (£ mm)</b>	-	<b>Total Preferred (£ mm)</b>	-
<b>Total Debt (£ mm)</b>	-	<b>Total Debt (£ mm)</b>	-
<b>Total Hybrid (£ mm)</b>	-	<b>Total Hybrid (£ mm)</b>	-
<b>Total Rights/Warrants/Options (£ mm)</b>	-	<b>Total Rights/Warrants/Options (£ mm)</b>	-

### Transaction Values

Offered		Current/Final	
<b>Exchange Rate</b>	1.000	<b>Exchange Rate</b>	1.000
<b>Consideration to Shareholders (£ mm)</b>	7,031.93	<b>Consideration to Shareholders (£ mm)</b>	7,031.93
<b>Other Consideration (£ mm)</b>	-	<b>Other Consideration (£ mm)</b>	-

## Wm Morrison Supermarkets Limited > Transaction Details > Merger/Acquisition

Total Earnouts (£ mm)	-	Total Earnouts (£ mm)	-
Total Rights/Warrants/Options (£ mm)	0.06	Total Rights/Warrants/Options (£ mm)	0.06
Net Assumed Liabilities (£ mm)	3,081.0	Net Assumed Liabilities (£ mm)	3,081.0
Adjustment Size (£ mm)	-	Adjustment Size (£ mm)	-
Total Net Transaction Value (£ mm)	10,112.99	Total Net Transaction Value (£ mm)	10,112.99
Total Cash & Short Term Investments (£ mm)	274.00	Total Cash & Short Term Investments (£ mm)	274.00
Total Gross Transaction Value (£ mm)	10,386.99	Total Gross Transaction Value (£ mm)	10,386.99
% Sought	100.0%	% Sought/Acquired	100.0%
Implied Enterprise Value (£ mm)	10,112.99	Implied Enterprise Value (£ mm)	10,112.99
Implied Equity Value (£ mm)	7,031.93	Implied Equity Value (£ mm)	7,031.93
Enterprise Value Multiples, Offered		Enterprise Value Multiples, Current/Final	
Implied Enterprise Value/LTM Total Revenues	0.6x	Implied Enterprise Value/LTM Total Revenues	0.6x
Implied Enterprise Value/LTM EBITDA	12.7x	Implied Enterprise Value/LTM EBITDA	12.7x
Implied Enterprise Value/LTM EBIT	41.6x	Implied Enterprise Value/LTM EBIT	41.6x
Equity Value Multiples, Offered		Equity Value Multiples, Current/Final	
Implied Equity Value/LTM Net Income	NM	Implied Equity Value/LTM Net Income	NM
Implied Equity Value/Book Value	1.7x	Implied Equity Value/Book Value	1.7x

### Target Stock Information 1 Day Before Announcement

Date	Jun-18-2021	Share Price (£ )	1.78
Market Capitalization (£ mm)	4,284.63	LTM Total Stock Return (%)	(6.28)%
52 Week High (£ )	2.00	52 Week High (%)	89.14%
52 Week Low (£ )	1.61	52 Week Low (%)	110.63%

### Premium Analysis

Target Premiums	Price per share (£ )	Premium	
One Day Prior	1.78	60.8%	
One Week Prior	1.76	63.3%	
One Month Prior	1.80	59.7%	

### Related Transactions

Date	Target	Buyer/Investor	Relationship Type	Transaction Type
Jul-06-2021	Wm Morrison Supermarkets Limited	Legal & General Investment Management Limited	Related Investor Activism Campaign	Investor Activism
Jul-03-2021	Wm Morrison Supermarkets Limited	Cambourne Life Investment Pte Ltd, CPP Investments, Fortress Investment Group (UK)	Competing Bids	Merger/Acquisition

## Wm Morrison Supermarkets Limited > Transaction Details > Merger/Acquisition

		Ltd.,Koch Real Estate Investments		
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### Target Company Details

<b>Wm Morrison Supermarkets PLC (nka:Wm Morrison Supermarkets Limited)</b>			
<b>Company Name:</b>	Wm Morrison Supermarkets PLC (nka:Wm Morrison Supermarkets Limited)	<b>Primary Industry:</b>	Food Retail
<b>Website:</b>	<a href="http://www.morrisons.com">www.morrisons.com</a>	<b>Headquarters:</b>	West Yorkshire, United Kingdom
<b>Business Description</b>			
Wm Morrison Supermarkets Limited operates retail supermarket stores under the Morrisons brand name in the United Kingdom. It engages in the in-store and online grocery retailing activities. The company also supplies eggs; invests in, develops, and maintains properties; wholesales flowers and plants; prepares and supplies seafood; manufactures and distributes fresh food, and morning goods and bread; processes fresh meat; holds pharmaceutical license; and provides leasing, technical testing and analysis, real estate management, and property partnership services. It operates through 497 stores. The company was founded in 1899 and is headquartered in Bradford, the United Kingdom.			

### Target LTM Financial Information and Balance Sheet as of: Sep-09-2021 Period Ending: Aug-01-2021 Exchange Rate = 1.000

<b>Total Revenue (£ mm)</b>	17,918.00	<b>Total Debt (£ mm)</b>	3,355.00
<b>EBITDA (Incl. Equity Inc. from Affiliates) (£ mm)</b>	795.00	<b>Total Preferred (£ mm)</b>	-
<b>EBIT (Incl. Equity Inc. from Affiliates) (£ mm)</b>	243.00	<b>Minority Interest (£ mm)</b>	-
<b>Net Income (£ mm)</b>	(28.00)	<b>Total Cash &amp; ST Investments (£ mm)</b>	274.00
<b>Earnings from Cont. Ops. (£ mm)</b>	(28.00)	<b>Net Debt (£ mm)</b>	3,081.00
<b>Diluted EPS before extra (£ )</b>	(0.01)	<b>Total Assets (£ mm)</b>	11,261.00
<b>Total Common Equity (£ mm)</b>	4,204.00		

### Buyer Company Details

<b>Clayton, Dubilier &amp; Rice Fund XI, L.P.</b>			
<b>Buyer Name:</b>	Clayton, Dubilier & Rice Fund XI, L.P.	<b>Primary Industry:</b>	Asset Management and Custody Banks
<b>Website:</b>		<b>Headquarters:</b>	New York, United States
<b>Business Description</b>			
Clayton, Dubilier & Rice Fund XI, L.P. is a private equity / buyouts fund. It specializes in directly investing. It specializes in middle market. The fund prefers investing in buyout. It targets commercial services and supplies, consumer durables and apparel, consumer services, retailing, and health care. The fund seeks to invest across North America and also invests in Europe in Germany, France and United Kingdom. The fund seeks a majority stake in its portfolio companies.			
<b>Company Relationship Information</b>			
<b>Relationship Type:</b>	Current Investment	<b>Lead Investor:</b>	No
<b>Current Investment (£ mm):</b>	-	<b>Total Investment (£ mm):</b>	-
<b>Percent Acquired (%):</b>	-	<b>Percent Currently Held (%):</b>	-
<b>Proprietary Relationship Details</b>			
<b>Percent of Funds Invested (%):</b>	-	<b>Return On Investment (%):</b>	-
(Proprietary Data Only)		(Proprietary Data Only)	
<b>Investor Notes:</b>			

## Wm Morrison Supermarkets Limited > Transaction Details > Merger/Acquisition

(Proprietary Data Only)			
<b>Clayton, Dubilier &amp; Rice, LLC</b>			
<b>Buyer Name:</b>	Clayton, Dubilier & Rice, LLC	<b>Primary Industry:</b>	Asset Management and Custody Banks
<b>Website:</b>	<a href="http://www.cdr-inc.com">www.cdr-inc.com</a>	<b>Headquarters:</b>	New York, United States
<b>Business Description</b>			
Clayton, Dubilier & Rice, LLC. is a private equity firm specializing in buyouts, acquisitions, and growth capital financings of mature and underperforming companies. It invests in the manufacturing, healthcare, medical device, distribution, services, technology-enabled services, software businesses, information technology, chemicals, business services, energy services, new materials, industrial automation, industrial properties and services, and consumer goods sectors. The firm invests in companies based in North America with a focus on the United States and Canada ; and Europe with a focus on the United Kingdom, Germany, and Italy. It also identifies and evaluates potential opportunities in France, the Benelux countries, and Asia. It focuses on non-core divisions of large corporations. It makes equity investments between \$100 million and \$500 million and invests in corporate carve outs, valued at \$1 billion to \$15 billion. Clayton, Dubilier & Rice, LLC. was established in 1978 and is based in New York, New York with additional offices in George Town, Cayman Islands, Hong Kong and London, United Kingdom.			
<b>Company Relationship Information</b>			
<b>Relationship Type:</b>	Current Investment	<b>Lead Investor:</b>	No
<b>Current Investment (£ mm):</b>	7,031.93	<b>Total Investment (£ mm):</b>	7,031.93
<b>Percent Acquired (%):</b>	100.00000	<b>Percent Currently Held (%):</b>	100.00000
<b>Proprietary Relationship Details</b>			
<b>Percent of Funds Invested (%):</b>	-	<b>Return On Investment (%):</b>	-
(Proprietary Data Only)		(Proprietary Data Only)	
<b>Investor Notes:</b>			
(Proprietary Data Only)			

Related Filings		
Company Name	Form Type	Filed Date
Wm Morrison Supermarkets Limited	Morrisons deal set for market watchdog's eye	Jan-28-2022
Wm Morrison Supermarkets Limited	Merger Update	Jan-27-2022
Wm Morrison Supermarkets Limited	UK watchdog to decide on CD&R's purchase of Morrisons by end-March	Jan-27-2022
Wm Morrison Supermarkets Limited	SCHEME BECOMES EFFECTIVE	Oct-27-2021
Wm Morrison Supermarkets Limited	Offer Update	Oct-25-2021
Wm Morrison Supermarkets Limited	Result of Meeting	Oct-19-2021
Wm Morrison Supermarkets Limited	Offer Update	Oct-05-2021
Wm Morrison Supermarkets Limited	Recommended Final Cash Offer for WM Morrison	Oct-04-2021
Wm Morrison Supermarkets Limited	CD&R wins takeover battle for Morrisons at auction with £7bn bid	Oct-02-2021
Wm Morrison Supermarkets Limited	Statement	Sep-29-2021

## Wm Morrison Supermarkets Limited > Transaction Details > Merger/Acquisition

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Wm Morrison Supermarkets Limited		Sep-25-2021
Wm Morrison Supermarkets Limited	UK supermarket Morrisons plans auction to end bidding war	Sep-08-2021
Wm Morrison Supermarkets Limited	Offer Update	Aug-24-2021
Wm Morrison Supermarkets Limited	Offer for Wm Morrison Supermarkets PLC	Aug-20-2021
Wm Morrison Supermarkets Limited	Rule 2.7 Announcement (19 August 2021)	Aug-19-2021
Wm Morrison Supermarkets Limited	Recommended increased cash offer for WM Morrison	Aug-06-2021
Wm Morrison Supermarkets Limited	Statement re Possible Offer	Jun-21-2021
Wm Morrison Supermarkets Limited	Total Voting Rights	Jun-01-2021
Wm Morrison Supermarkets Limited	Annual Report	May-12-2021

\* Denotes that the information is proprietary. Proprietary data is in USD only.

Historical Equity Pricing Data supplied by Interactive Data Pricing and Reference Data LLC

