

Precedent Transactions Analysis

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Precedent Transaction Analysis

Analysis Date (YYYY-MM-DD) **2021/12/31**
Next Fiscal Year **2022**

All figures in GBP millions unless stated
100 pence = 1 GBP

Announcement Date	Target	Acquirer	Transaction Value	EBITDA ¹			EV / EBITDA		
				LTM	FY 2022	FY 2023	LTM	FY 2022	FY 2023
2021/06/19	Wm Morrison Supermarkets PLC	Clayton, Dubilier & Rice	10,101	795	na	na	12.7x	na	na

Average	12.7x	n/a	n/a
Median	12.7x	n/a	n/a
Maximum	12.7x	–	–
Minimum	12.7x	–	–

Forecast metrics based on Consensus research estimates. Last twelve months (LTM) based on actuals. ⁽¹⁾
FY = Fiscal Year

Clayton, Dubilier & Rice Acquires Wm Morrison Supermarkets PLC

Target		Wm Morrison Supermarkets PLC
Acquirer		Clayton, Dubilier & Rice
Announcement Date	(YYYY-MM-DD)	2021-06-19
Projected or Actual Closing Date	(YYYY-MM-DD)	2021-10-27
Deal Status		Completed
Target Stock Price 1-Day Prior to Announcement	(GBP/sh)	1.7845
Acquirer Stock Price 1-Day Prior to Announcement	(GBP/sh)	na
		CD&R acquired
		100% equity
Description		stake in Wm Morrison

Transaction Details and Premiums Paid Analysis

Consideration Details

Consideration		Cash
Cash Offer per Share (if applicable)	(GBP/sh)	2.87
Nominal Exchange Ratio (if applicable) ¹	[x]	–
Implied Equity Offer Price per Share (if applicable)	(GBP/sh)	na
Other Consideration per Share	(GBP/sh)	–
Total Offer Price per Share	(GBP/sh)	2.87
Announced Synergies		–

Premiums Paid Analysis ²

Target Stock Price - 1 Day Prior	(GBP/sh)	1.7845
Target Stock Price - 1 Week Prior	(GBP/sh)	1.7485
Target Stock Price - 1 Month Prior	(GBP/sh)	1.8355
	Original Offer	Final Offer
Premium - 1 Day Prior	28.9%	60.8%
Premium - 1 Week Prior	31.5%	64.1%
Premium - 1 Month Prior	25.3%	56.4%

The exchange ratio is multiplied by the acquirer's share price to obtain the per-share-value of the stock the target will receive. ⁽¹⁾

Premiums Paid Analysis based off of the original announcement date. ⁽²⁾

Transaction Value

All figures in GBP millions unless stated

100 pence = 1 GBP

Total Offer Price per Share	(GBP/sh)	2.8700
Fully Diluted Shares Outstanding	(FD mm)	2,481.0
Equity Offer Value	(FD)	7,120.5
Equity Offer Value Override ¹		–
Modeled Equity Offer Value		7,120.5

Total Transaction Value

Market Capitalization	(FD)	7,120.5
Plus: Net Debt		1,707.0
Plus: Lease Liabilities (Current and Non-Current) ²		1,362.0
Plus: Preferred Stock		–
Plus: Non-Controlling Interest		–
Less: Investments in Affiliates/JVs		(31.0)
Less: Investments, Securities, Other		(58.0)
Transaction Value		10,100.5
Total Transaction Value Override ¹		–
Modeled Transaction Value		10,100.5

Net Debt

Current Borrowings	96.0
Non-Current Borrowings	1,885.0
Other Debt	–
Total Debt	1,981.0
Less: Cash & Cash Equivalents	(274.0)
Net Debt	1,707.0

If target is private then acquirer might only announce the equity offer value or the total transaction value. Set to zero otherwise. ⁽¹⁾

Prior to January 1, 2019, leases classified as operating may not have been capitalized on the balance sheet. ⁽²⁾

Wm Morrison Supermarkets PLC: Income Statement Data (As Reported)

Income Statement	Latest	Current	Previous	LTM
	Fiscal Year 2021/01/31	YTD ¹ 2021/08/01	YTD 2020/08/02	2021/08/01
Revenue	17,598.0	9,054.0	8,734.0	17,918.0
Cost of Sales	17,210.0	8,827.0	8,443.0	17,594.0
Gross Profit	388.0	227.0	291.0	324.0
Selling, General & Administrative	134.0	98.0	101.0	131.0
Operating Income (EBIT)	254.0	129.0	190.0	193.0
Finance Cost, net	111.0	55.0	57.0	109.0
Finance, Other Non-Operating Income	22.0	8.0	12.0	18.0
Income from Equity Investments ²	–	–	–	–
Earnings Before Tax (EBT)	165.0	82.0	145.0	102.0
Taxes	69.0	136.0	75.0	130.0
Consolidated Net Income	96.0	(54.0)	70.0	(28.0)
(Profit)/Loss from Discontinued Operations	–	–	–	–
Non-controlling Interest	–	–	–	–
Net Income to Company ³	96.0	(54.0)	70.0	(28.0)
Diluted EPS	(GBP/sh) 0.0396	(0.0225)	0.0291	(0.0116)
Weighted Average Diluted Shares	(mm) 2,423.3	2,403.2	2,403.8	2,422.7

Use the 'cumulative quarter' or 'semi-annual' amount like 6-months ending instead of 3-months ending. ⁽¹⁾
Income from Equity Investments may also include income from unconsolidated affiliates and joint ventures (JVs). ⁽²⁾
Some numbers might not match due to rounding. ⁽³⁾

Wm Morrison Supermarkets PLC: Non-IFRS/Non-GAAP Metrics & Analyst Estimates

All figures in GBP millions unless stated

100 pence = 1 GBP

Normalization Adjustments ¹

	Latest Fiscal Year 2021/01/31	Current YTD 2021/08/01	Previous YTD 2020/08/02	LTM 2021/08/01
Amounts included in Operating (Income)/Expense (COGS, SG&A)	52.0	28.0	30.0	50.0
Amounts included in Non-operating (Income)/Expense	(16.0)	(5.0)	(8.0)	(13.0)
Tax Impact of Adjustments	11.0	112.0	36.0	87.0

Non-IFRS/Non-GAAP Metrics & Analyst Estimates:

	Latest Fiscal Year 2021/01/31	Current YTD 2021/08/01	Previous YTD 2020/08/02	LTM 2021/08/01	FY 2022 2022/01/31	FY 2023 2023/01/31
Revenue	17,598.0	9,054.0	8,734.0	17,918.0	na	na
EBIT	306.0	157.0	220.0	243.0	na	na
Depreciation & Amortization ²	541.0	282.0	271.0	552.0	na	na
EBITDA	847.0	439.0	491.0	795.0	na	na
Net Income to Company ³	143.0	81.0	128.0	96.0	na	na
EPS Numerator Adjustment (ex: 'other' EPS add-back)	-	-	-	-		
EPS Denominator Adjustment	(mm)	(mm)	(mm)	(mm)		
Diluted EPS (GBP/sh)	0.0590	0.0337	0.0532	0.0396	na	na

Current Trading Multiples

	LTM 2021/08/01	FY 2022 2022/01/31	FY 2023 2023/01/31
Enterprise Value / Revenue	0.6x	-	-
Enterprise Value / EBITDA	12.7x	-	-
Price / Earnings	72.4x	-	-

Normalization refers to non-recurring/adjusting items in a company's financials. Also may be called Non-IFRS, Non-GAAP or Non-underlying. ⁽¹⁾

Not applicable since we have EBITDA estimates. ⁽²⁾

This should reflect the Continuing Net Income attributable to the Company. ⁽³⁾

Wm Morrison Supermarkets PLC: Fully Diluted Shares Outstanding

All figures in GBP millions unless stated

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Shares Outstanding	Millions	Restricted & Other Stock Awards	Unvested Outstanding
	(mm)		(mm)
Basic Shares Outstanding	2,418.0	Restricted Stock Units (RSUs)	–
Dilution From Unvested Stock Awards	40.4	Performance Shares	37.6
Dilution From Options & Dilutive Securities ¹	22.6	Other	2.8
Fully Diluted Shares Outstanding	2,481.0	Total	40.4

Options & Warrants	Number Outstanding	Share Price	Exercise Price	Options ITM?	Number Exercised	Proceeds
	(mm)	(GBP/sh)	(GBP/sh)		(mm)	
Stock Options - Tranche 1	54.53	2.87	1.6800	Yes	54.53	91.6
Stock Options - Tranche 2	–	2.87	–	No	–	–
Stock Options - Tranche 3	–	2.87	–	No	–	–
Stock Options - Tranche 4	–	2.87	–	No	–	–
Stock Options - Tranche 5	–	2.87	–	No	–	–
Stock Options - Tranche 6	–	2.87	–	No	–	–
Stock Options - Tranche 7	–	2.87	–	No	–	–
Stock Options - Tranche 8	–	2.87	–	No	–	–
Warrants	–	2.87	–	No	–	–
Total					54.53	91.6

	Amount
	(mm)
In-the-Money Options	Millions 54.5
Less: Shares Repurchased by Treasury	Millions (31.9)
Number of Additional Shares Issued	Millions 22.6

Using the Treasury Stock Method ⁽¹⁾