
Our Investment approach - Case study - The Northern Foods portfolio

In April 2006, Northern Foods plc announced a programme to divest its non-core divisions, including four UK businesses operating mainly in the private label foods sector. Vision Capital identified the strategic opportunity to acquire the entire portfolio of businesses in a single transaction, as a superior alternative to individual company sales. This provided Northern Foods with a comprehensive exit, removing its execution risk and realising full value for its shareholders quickly.

Vision Capital completed the acquisition from Northern Foods in January 2007 for a consideration of £160 million. The equity component was predominantly funded through Vision Capital Partners VI E L.P., an investment partnership created specifically for the acquisition, investing alongside Vision Capital Partners VI L.P. From Northern Foods' point of view, the transaction was well received by the stock market.

The portfolio included 100% of the business and assets of

- Smiths Flour Mills, the largest independent flour mill in the UK
- Pork Farms, the UK's No.1 supplier of savoury pastry products, including hot and cold pies, quiches and sausage rolls
- Fletchers Bakeries, a leading private label supplier of a wide range of fresh and frozen bread, rolls and speciality bakery products
- Park Cakes, the leading UK private label producer of premium cakes and desserts

The annual sales of these four companies totalled approximately £425 million across multiple sites.

Vision Capital's investment approach is based on the execution of clear strategies for enhancing profitability and reorganising operations. We have identified opportunities to develop brands and new products, strengthened and reorganised the management team, invested in productivity improvements and sharpened the focus on building relationships with market-leading retail and food service customers.

Vision Capital

54 Jermyn Street, London SW1Y 6LX

Telephone +44 (0)20 7389 6410

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