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Dermot Smurfit sells stake in Powerflute as it agrees £268m takeover

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By John Murray Brown

Dermot Smurfit, the paper and packaging entrepreneur, has sold his stake in Powerflute, as part of a £268m recommended cash offer for the London-listed company from US private equity house Madison Dearborn Partners.

The offer, announced on Thursday, from Nordic Packaging and Container (Finland) Holdings, a vehicle specially set up by Madison Dearborn to launch the bid, comprises 90 pence for every Powerflute share, writes John Murray Brown.

The 90p price represents a 22 per cent premium to Wednesday's closing price of 73.75p.

Mr. Smurfit and his brother Sir Michael Smurfit had already agreed to sell their 27.5 per cent stake for 80p a share.

Madison Dearborn has also received irrevocable undertakings from Henderson Global Investors and Alphagen to support the deal, representing a further 16.7 per cent.

Madison Dearborn has a long relationship with the Smurfit family, taking Jefferson Smurfit private in 2002. The Ireland-based cardboard box manufacturer subsequently merged with Dutch rival Kappa Industries to become Smurfit Kappa in 2005, and returned to the market in 2007.

Mr. Smurfit, a 71-year old businessman who is also chair of logistics company John Menzies, has brought a number of companies to market including Peach Holdings, a financial services company and Anker, a provider of electronic point-of-sale technology.

Powerflute was created in 2004 when Mr. Smurfit bought a distressed Finnish paper mill called M-real. Powerflute floated on London's Aim market in 2007 with a valuation of €142m.

Mr. Smurfit struck the original deal when he met the M-real chief executive while partridge shooting in Portugal.

Powerflute has recycled paper "coreboard" mills in Finland, France and North America and makes high grade packaging papers used for transporting fruit and veg at a mill in Finland.