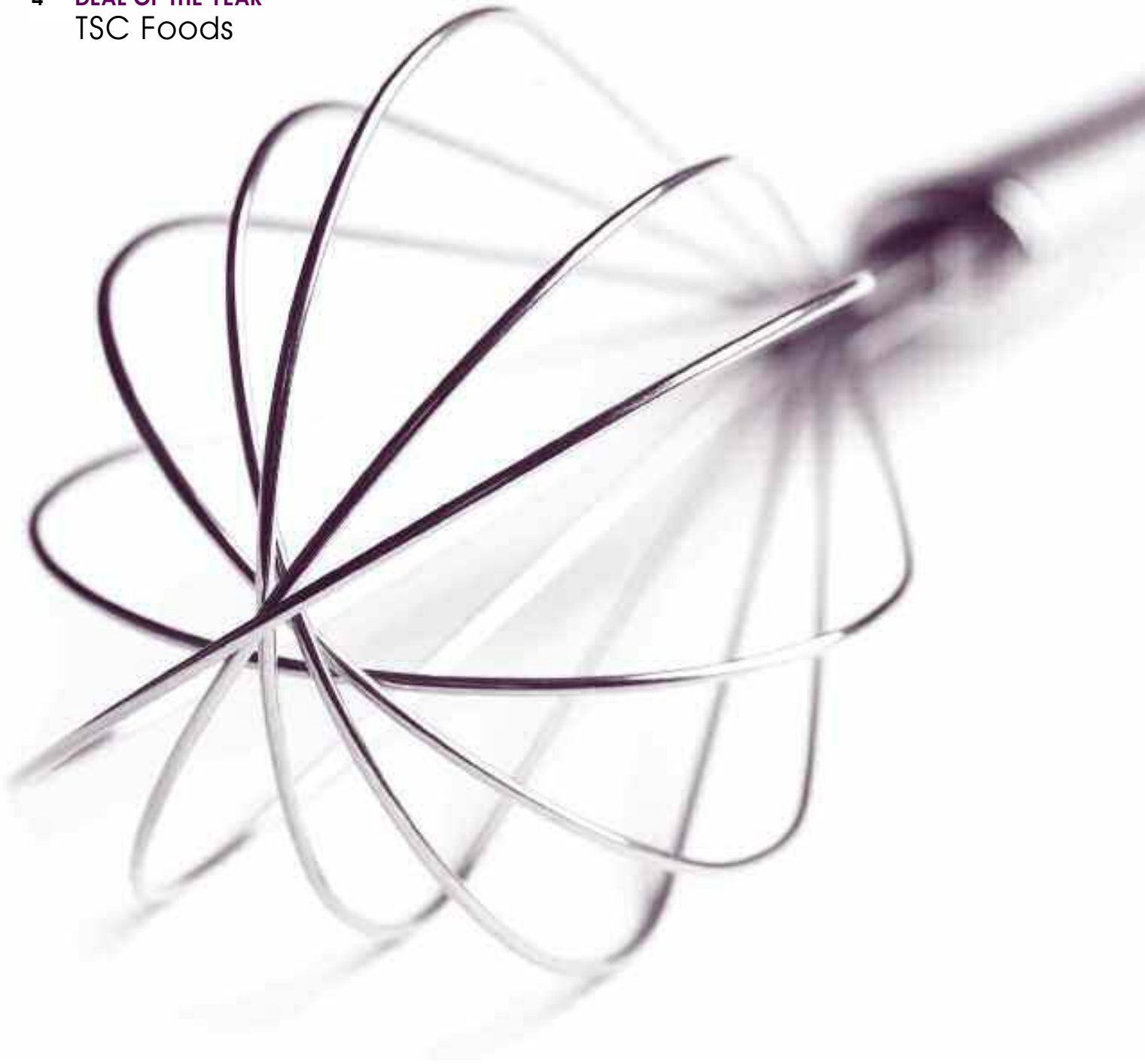


4 **DEAL OF THE YEAR**
TSC Foods



Food for thought

It was in late 2006 that TSC Foods completed its MBO, and since then the company has gone from strength to strength. ACQ's Kristen Lackajis spoke to Brian Dahl and Bill Morran - the remarkable men behind the award-winning food manufacturer's success.



TSC Foods

TSC Foods has been in existence since 1991 after being founded by two entrepreneurs who built the business up from scratch and, ten years later, sold it to a private equity fund based in Luxembourg.

In late September 2006, TSC Foods was the subject of a management buy-out, led by managing director, Brian Dahl, and finance director, Bill Morran, both of whom had joined the company in early 2001.

Dahl explains the situation they found the company in: "At that time it was very much a turnaround situation as the company had struggled to manage significant growth effectively throughout much of the nineties. Our first plan of action was to get the business into shape and turn it around completely in all aspects. This is what we did."

Today, the company is recognised as being a multi award-winning manufacturer of chilled and frozen soups, sauces, entrees, dressings, marinades, risotto and meal solutions, and a market leader in delivering innovative food products to a blue chip customer base.

The company enjoys excellent relationships across the food industry and works in close partnership with its

customer base to create effective solutions across its product range in terms of innovation, high quality and at all times within world class service levels.

"We provide a significant number of chilled and frozen products in a wide range of packaging formats, essentially into three distinct market places - Foodservice, Retail and Business to Business" explains Morran.

"The Foodservice route is currently predominantly supplying all the top UK pub restaurant chains but we also have a growing level of Wholesale and Distributor business.

The Retail route consists of the supply of large volumes of our products in a variety of shelf-ready packaging formats under retailer own label.

The third route is business-to-business, where we add our sauce to another company's protein (typically meat, fish, or vegetables) and it arrives with the end retailer in a ready-meal pack."

Dahl elaborates: "It adds value to the manufacturer's protein without them having to make the sauces themselves. We provide the sauce and then bring the two together.

6 DEAL OF THE YEAR

TSC Foods

“The funding of the MBO was a mix between significant investment of our own money, combined with financial back-up from GE Commercial Finance.”

Brian Dahl



TSC MBO

It was at the end of September 2006 that Brian Dahl and Bill Morran led the management buy-out of the company, a move which was supported by the current financial partner, GE Commercial Finance.

“At the time, TSC Foods was under private equity ownership via the Pan European food fund,” states Dahl. “It was a closed end fund meaning that the current equity provider had to exit at a certain time. The business was in quite good shape for the sale and was approached by a number of players, but an agreement could not be met.

“Suddenly, Bill and I found ourselves in a position to establish a competitive offer. The existing management team was in such good shape and had such a prosperous future that we felt it was worth investing in significantly.

“The funding of the MBO was a mix between significant investment of our own money, combined

with financial back-up from GE Commercial Finance.

“We are now 15 months into the MBO and the benefits to TSC are clear. To begin with, the management feel that they have a much more direct influence in the development and implementation of strategies within the company. The team we have here is very qualified and highly motivated, and definitely one of our biggest assets. Especially following the MBO, the team have a definite involvement and the future appears to be much more tangible, visible and much more direct than it did with the previous owners.”

Morran further states “Post MBO, the company has gone from strength to strength in terms of top line growth, but also in terms of margin, bottom-line and cash flow generation. These results are fully in line with the expectations we held when we made the MBO. We are very satisfied so far.

“The prospects looking into the future are very bright. We

“We do have significant spare capacity in terms of equipment, but one of our aims is to manage the growth very carefully so we do not compromise the world class levels of service which is currently offered to our existing customers.”

Brian Dahl



already have firm indications and commitments that the very significant and well-managed growth, which we have seen in the business so far, will continue into the future.”

Plans for 2008

It is said that the best-laid plans go to seed, but it is rare to find two men that share such a vision as Brian and Bill.

Dahl comments enthusiastically on the future of TSC Foods: “We have specific plans for the future –we want to continue to grow our business in a well-managed framework.

“We do have significant spare capacity in terms of equipment, but one of our aims is to manage the growth very carefully so we do not compromise the world class levels of service which is currently offered to our existing customers. Our service levels this year have been industry leading, and our plans include continuing to grow the company sales levels by double-digit numbers, but within a managed framework, so that we

do not have to compromise the level of service. First and foremost, this is our top priority.”

And one final forward looking statement from the men behind the success that is TSC Foods...

“In terms of our exit plans,” states Dahl “We don’t actually have any! Both Bill and myself feel, and so does the rest of the team, that this company has such a great culture and is operating in such a quality market, with a blue chip customer base that we can continue to expand upon, that the future looks extremely prosperous. We would both like to continue developing the company in the foreseeable future, organically and through acquisition.

“We see significant potential for growing the business organically but we also believe that there is an opportunity for consolidation in the sector, particularly in the food service sector in the UK. So we will also be pursuing, alongside our strategy for organic growth, a strategy for acquisition growth of appropriate companies. We have some in mind.” **ACQ**

DETAILS

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