



Interflora blossoms under 3i management

3i has completed the successful sale of Interflora, the UK's leading provider of floral services. The company has been sold to FTD Group in a deal worth €100m, delivering a 3.1x money multiple and a 135% IRR.

A strong brand but a challenging deal

Although one of the UK's most recognisable brands, at the time of 3i's investment, Interflora was going through a period of financial decline. In 2005 the management team persuaded the organisation's 1,850 members florists that they needed the support of a professional investor to turn the business around. However with so many stakeholders in the organisation, the process to convert a not for profit entity to an incorporated business was not going to be straightforward.

David Colclough, Director, 3i Buyouts, explains: "We were attracted by the opportunity to help revitalise one of the longest standing and most recognised brands in the UK. We were very aware

of the complexities of acquiring a 'not for profit' membership organisation with its own unique culture and history. Several other private equity houses declined to pursue the opportunity due to the obvious complexities and risks."

"We had to understand and empathise with that culture and then come up with a structure and process that was attractive to different stakeholders with different requirements. This included the 1,850 member florists, the board, an independent steering committee, the management team and the court. Our structure gave all the florists the opportunity to mix and match their consideration between Newco equity, loan notes and cash."

Winning over the florists

Another key factor in 3i's success was retail sector knowledge and experience of dealing with brands and retailers. The florists understood that 3i would introduce talented board executives, financial rigour and discipline to the organisation and take an active involvement in the business.



“Since our incorporation and 3i’s investment, our focus has been on developing and growing the business. Performance has been strong and we are committed to working with our members to grow the business further. We would like to take this opportunity to thank 3i for being such supportive investors.”

Steve Richards, CEO, Interflora

The board were impressed by 3i’s willingness to underwrite all of the funding to ensure deliverability. “We gave the board certainty that the funds would be available by not raising any third party debt,” explains Colclough.

3i’s approach paid off – the deal was approved by over 90% of the florists.

Active ownership

During the eighteen months of its ownership, 3i helped to completely turn the business around. Bernard Norman was brought on board as chairman, other key Board members were added and a revitalised website was launched two months after completion, resulting in a 43% increase in online sales. Together with CEO Steve Richards, 3i initiated

a programme of corporate restructuring and strengthened the organisation’s group buying and database marketing. New product ranges were launched, many shops rebranded and individual florist websites established.

As a result of these initiatives, Interflora’s EBITDA increased from €3.8m to €10.3m during the first 12 months of 3i’s investment.

Successful exit for all parties

3i realised its investment following an approach by US based FTD Group, owner of the Interflora brand in America. The deal will allow Interflora to build on the growth already achieved and leverage FTD’s marketing and technical experience to develop new products for member florists and expand into Europe.

From the successful sale, 3i made an IRR of 135% and a money multiple of 3.1 x initial investment.

Steve Richards, CEO, Interflora, commented: “Since our incorporation and 3i’s investment, last year, our focus has been on developing and growing the business. Performance has been strong and we are committed to working with our members to grow the business further. We would like to take this opportunity to thank 3i for being such supportive investors.”

**converted at a rate of £1 = €1.457*

For more information about Interflora, visit: www.interflora.co.uk



www.3i.com