

Morrisons rejects 'significantly undervalued' £5.5bn takeover bid

Morrisons has rejected a takeover bid from a private equity firm, saying the £5.5bn value “significantly undervalued” the supermarket chain.

It came after Sky News [earlier reported](#) the approach from one of the world’s biggest buyout firms, Clayton Dubilier & Rice (CD&R).

In a statement, the supermarket chain said: “The board of [Morrisons](#) evaluated the conditional proposal together with its financial adviser, Rothschild & Co, and unanimously concluded that the conditional proposal significantly undervalued Morrisons and its future prospects.

“Accordingly, the board rejected the conditional proposal on 17 June 2021.”

Morrisons said the conditional cash offer of 230p per share valued it at just over £5.5bn.

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CD&R confirmed it was “considering a possible cash offer” and under UK takeover rules has until 17 July to announce a firm intention to make an offer.

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However, it added there was “no certainty an offer will be made”.

It is said to have begun approaching banks about financing a potential bid for Morrisons in recent days, according to Sky’s City editor Mark Kleinman.

CD&R’s interest in the chain is not the first time that a prospective buyer has examined an offer for Morrisons, Kleinman added.

Amazon has been repeatedly rumoured as a suitor, with Morrisons established as a supplier of food products to the online behemoth’s Prime Now and Pantry customers.

With a workforce of approximately 110,000 people, Morrisons is one of the biggest private sector employers in Britain and has a market share of just over 10%.

It is the UK's fourth-largest supermarket business, behind the 14.4% share of third-placed Asda.

It said last month that sales in the 14 weeks to 9 May had grown 2.7% on a like for like basis, excluding fuel, including a 113% increase in online sales.

Earlier this month, Morrisons was also on the receiving end of [one of the biggest shareholder revolts in UK corporate history](#) when 70% of investors voted against its pandemic pay packages.