

Morrisons takeover battle heats up as fresh £7bn US takeover offer trumps rival

Shares in Morrisons have climbed after the supermarket chain's board backed a £7bn takeover offer from a US private equity firm, trumping a rival bid it had previously accepted.

The new offer by Clayton Dubilier & Rice (CD&R) is the latest twist in the bidding war for Britain's fourth-biggest supermarket by market share.

CD&R, whose senior adviser on the deal is former Tesco boss Sir Terry Leahy, saw a £5.5bn [approach](#) swiftly [rejected](#) by Morrisons in June – after news of its interest was [first reported by Sky News](#).

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Morrisons shares surge after takeover offer

That was followed by [a £6.7bn offer](#) from the consortium led by Fortress Investment Group earlier this month, in response to speculation that CD&R was preparing a fresh bid.

The board of Bradford-based Morrisons had initially backed the offer from Fortress, but on Thursday night it switched its recommendation to its shareholders to instead approve the CD&R bid.

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Fortress said it was considering its options and urged investors to take no action

After the latest offer from CD&R valuing Morrisons at 285p per share, announced late on Thursday evening, shares climbed by more than 4% on Friday to over 291p.

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Nicholas Hyett, equity analyst at Hargreaves Lansdown, said: "This might not be the end of the story.

"Rival bidder Fortress has urged investors to hold fire on accepting the deal and are expected to make a further statement in due course.

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"With the shares currently trading above the new and improved offer price, the market clearly thinks a better offer is a distinct possibility."

The prospect of a takeover has prompted concerns from MPs about the potential for new owners selling off property assets or reducing the rights of workers.

The original Fortress-led deal agreed by the Morrisons board included commitments to the current management team, strategy and its £10 per hour shop floor wage.

In its updated offer document, CD&R said it recognised the "strong heritage" of Morrisons and that it will further build on its long-standing strengths.

The firm indicated that it was not planning big changes in the management of the Morrisons property portfolio.

Morrisons chairman Andrew Higginson said: "The Morrisons board

believes that the offer from CD&R represents good value for shareholders while at the same time protecting the fundamental character of Morrisons for all stakeholders.”

Sir Terry said: “CD&R values Morrisons’ distinctive business model and is committed to supporting it.”