

16 Aug 2023 | Raymond Snoddy

Telegraph sale an opportunity to fill vacancy for a more rational voice on the right



Opinion

A newspaper with a history of Conservative ownership and readership is hardly going to suddenly veer to the left, but a new, more independent owner could revisit the sins of the recent past and put them right.

It has been a very bad year indeed for the surviving Barclay brother, Sir Frederick Barclay, former publisher of *The Daily Telegraph*.

He has recently been told that a judge has a ruling “burning a hole in his desk” over whether to send Sir Frederick to jail for contempt.

The issue at hand involves delays in the former publishing tycoon’s handing over tranches of a £50m settlement of a messy divorce case involving his former wife Hiroko and associated legal costs and maintenance payments.

Any embarrassment about the divorce case, which has been described as a long-running farce and charade, has been compounded by the loss of ownership of *The Telegraph* and other publications such as *The Spectator* magazine, which were put into receivership and put up for sale by Lloyds Bank.

The publications had been used as collateral on loans of close to £1bn which the Barclays had used to buy other businesses. It proved impossible to reach an agreement between Sir Frederick and Lloyds and this week the race to take over *The Daily Telegraph* got under way in earnest when the owners of the *Daily Mail* confirmed they are interested in bidding for the business.

Newspapers are still worth their weight

In an era of declining print sales and with large swathes of newspaper advertising lost to the major players of the internet, will there really be an orderly queue to bid for such an antique property?

The answer is absolutely, and there is already speculation that the price could be pushed up towards £600m.

The strange and unexpected truth is that even in extremis newspapers can be worth a lot of money, partly because of the value that still resides in their brands and because they still generate cash, even if it does not resemble the “rivers of gold” of the past.

The internet has also enabled an impressive digital rebirth.

A small hint of these verities came recently from an interview with Lorna Tilbian, the legendary media analyst, now executive chairman of Dowgate, the venture capital and consultancy group. In 2020 Dowgate was involved in the purchase of Johnson Press, publishers of *The Scotsman*, *The Yorkshire Post* and a host of local newspapers out of administration for £10m.

“It was an amazing deal with no debts and no pension liabilities because they had gone under,” Tilbian noted.

The business bought for £10m was generating £80m of revenues and the company made £10m in 2020 and a further £10m a year later. It was not just saved but is already worth more than £50m in market capitalisation.

The numbers are small compared with *The Daily Telegraph* but they show how much residual value remained in a company crippled by the debts taken on in the past for unwise acquisitions.

Driving up the sale price? Telegraph subscription growth boosts profits



Analysis: Growth in digital subscriptions may lift its sale price as potential bidders would be receiving a publisher with improving profits.

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Dogs in the *Telegraph* race

Telegraph Media Group (TMG) itself is not in debt and the company is decently profitable. It recently announced that in 2022 pre-tax profits rose by a third to £39m and yesterday boasted it had reached 1 million subscribers. *The Spectator* is also enjoying the strongest performance in its long existence.

At the very least, all the Barclays' debt will stay behind in Lloyds, although it too will benefit considerably because the debts have long since been written off.

Ironically, Tilbian is likely to have a dog in the current *Telegraph* race.

For years she has been involved in advising and helping to finance the newspaper ventures of David Montgomery, former chief executive of the *Daily Mirror*, and she is currently advisor to Montgomery's latest venture National World, which last year considered making a bid for Reach, publishers of both the *Daily Express* and the *Daily Mirror*.

In November Montgomery pulled out, but he has now confirmed he is interested in making a bid for the *Daily Telegraph*.

As a serial investor in newspapers the Ulsterman cannot be ruled out, although large and obvious competitors such as DMGT, owners of the *Daily Mail*, and Rupert Murdoch's News UK will inevitably be taking a look.

Although the *Daily Mail* publisher confirmed at the weekend it had been talking to potential investors, it insisted in a statement that nothing formal has happened and no consortium yet existed.

Sir William Lewis, former editor-in-chief of the *Daily Telegraph* is believed to be looking to raise funds for a bid.

Other potential runners include hedge fund tycoon Sir Paul Marshall, who is an investor in GB News, and the Czech billionaire investor Daniel Kretinsky.

Others have pointed out that *Bild* publisher Axel Springer might return to the fray. The German publisher was outbid by the Barclay brothers the last time the paper was on the market.

The Fishbowl: Karen Eccles, The Telegraph



The Telegraph's chief commercial officer shares how she started her career in media and what she is most proud of from the last year.

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Place for a more rational voice on the right

It is already clear that the bidders will include industry players looking for economies of scale in a difficult market and those who have made their fortunes elsewhere and want to own a national newspaper for the cachet and political access it brings.

It was forever thus.

At this stage it is impossible to say who will win the auction to be held by Goldman Sachs, but it is much easier to say where the public interest might lie.

It would rest in a small move to greater diversity that might dilute to some extent the power of the rabid right in the British newspaper industry.

Bids that were controlled by either the *Daily Mail* of Viscount Rothermere or Rupert Murdoch who already owns *The Times* and *The Sun*, would involve too great a concentration of power over both readers and advertisers.

A newspaper with a history of Conservative ownership and readership is hardly going to suddenly veer to the left, but a new, more independent owner could revisit the sins of the recent past — the support for a series of barely adequate Prime Ministers and the cardinal error of Brexit — and put them right in modest ways.

After the next general election, the Conservative Party may have to be rebuilt from the ground up and there would be a place for a more rational voice on the right which could come from a new *Daily Telegraph*.

It could come from Sir William, if he was able to raise the money.

An alternative from the newspaper industry could be the endlessly pragmatic David Montgomery, who cares about industry and would face few of the competition issues that should bar either Rothermere or Murdoch.

At least for those who work for *The Telegraph*, it must be nice to be seen as such an attractive and valuable asset and to be wanted.



Raymond Snoddy is a media consultant, national newspaper columnist and former presenter of NewsWatch on BBC News. He writes for The Media Leader on Wednesdays — [read his column here](#).

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