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The internet's not going away

Obvious now, but less so twenty years ago when Lorna Tilbian was advising media companies who were banking on it doing just that. Tilbian has a long track record of getting it right. Ray Snoddy meets her.

By **Ray Snoddy**



Lorna Tilbian: "The ones who have pivoted have done really well."

The term 'doyenne' could have been invented for Lorna Tilbian.

In a 34-year career in the City, she was voted number one media analyst 25 times, and retired undefeated a decade ago to move on to a more varied financial role involving everything from raising corporate cash and company flotations, to asset management.

She accurately called the top of the market of the shares of Saatchi & Saatchi, the international advertising and marketing group, and the bottom for Sir Martin Sorrell's WPP by putting out a buy note on the company when its value had plunged to a mere £30 million.

Tilbian repeatedly warned traditional media companies who were hoping for the best that the internet really was not going to go away and that they had to adapt and evolve if they were going to survive.

She helped to create Numis Securities, in which she had a significant stake, and most recently, became executive chairman of Dowgate Capital, which had been set up by former Numis colleagues, where once again she is advising and raising capital for Sir Martin and long-time client David Montgomery.

Her knowledge, expertise and feel for the media and how markets move, sometimes in extraordinary circumstances, has brought Tilbian considerable personal wealth and houses in Kensington and Antigua.

Career options

It could all have been rather different. Like many people early in their career there was a fork in the road and the almost accidental choice she made led to where she is now.

“I wanted to be a journalist and write about advertising and marketing,” says Tilbian who was offered a job by Haymarket and was looking forward to working on Campaign or Marketing.

Unfortunately, there were no journalist vacancies at the time and she was offered a job in advertising sales in the meantime.

“I didn’t want to do classified sales. I wanted to write about advertising and marketing,” says Tilbian who would almost certainly have been a very good journalist, although inevitably one who would have been a lot less wealthy than she is now.

Instead, she saw an ad in the marketing pages of the Financial Times for an analyst at stockbrokers Sheppards whose clients included ad agency Geers Gross and market researcher AGB, and was later headhunted by SG Warburg.

Tilbian is descended from Armenian refugees forced to flee the massacres in Turkey and, ironically as it turned out, chose Cyprus where Tilbian was born, because it was British and represented the rule of law.

Her grandfather became the first distributor of Kodak products in Cyprus in 1922 and Tilbian's first job was as marketing director of the company.

Her father became one of the largest landowners in Northern Cyprus and then lost everything when the Turks invaded in 1974.

Her background was certainly rather different to the conventional face of the City at the time, which was largely populated by male, Anglo Saxon, Oxbridge economics graduates.

Apart from her Cypriot-Armenian background, Tilbian studied History and English at Southampton University.

"At the (Warburg) interview, they said we can teach people how to use a calculator. It's all about telling stories," remembers Tilbian who adds that at the time, Warburgs particularly liked history graduates.

What happened then was that she transferred the sensibilities of a potential journalist to the serious business of being an analyst.

She believes she became good at the job because, "I was a talking analyst."

Tilbian had read that the legendary investor Warren Buffett did not get up every morning wanting to read Morgan Stanley's research. He wanted to read the Wall Street Journal.

"I will write this research bit and if the press want to talk about it, I will talk to them because people read their stuff and not mine," says Tilbian who almost without deliberately trying, created her own personal brand before such things were generally thought about.

Those were the days when the media business was rather predictable. If there was a downturn, newspapers put up their cover prices and in came the revenues. In an upturn, you had lots of advertising and you increased your pagination.

"It seemed like a licence to print money," says Tilbian who adds that as for television and radio, all you had to do was "open the window and the money came flying in."

When Warburgs were taken over by a Swiss bank, she took her team of media analysts to Panmure Gordon who were in turn later taken over by a German bank.

It was then, after gardening leave, that in 2001, she helped set up Numis Securities and became involved in a much wider range of financial activities and much more under her own terms.

Online champions

“As we built Numis, we were real believers that the internet was here to stay which is why we backed online champions, not just in the media, such as Rightmove and Auto Trader,” Tilbian recalls.

With very few notable exceptions, the conventional media and information sector just put their head in the sand, she believes, and many thought that the recession that followed the attacks on the Twin Towers in New York meant that online was just something you did at the top of the market.

In fact, despite newspaper efforts online such as Fish for Jobs and Fish for Cars, the great leap forward of Rightmove in the housing market and Auto Trader for cars represented the greatest transfer of value in stock market history.

The “rivers of gold” that came from newspaper classified advertising started to flow towards the new online disrupters, and the market capitalisation of Rightmove rose to well north of £5 billion. She now sits on the Rightmove board as a non-executive director.

The companies who read the digital revolution right included Reuters and Relx, the parent group of information companies Lexis Nexis and Elsevier. It is now the biggest European media company by market capitalisation.

Then there were media groups such as Johnston Press which headed all the way down to administration after making overly expensive acquisitions at the top of the market and not heeding the internet threat quickly enough.

After the excitement of building Numis, she retired from the company after putting succession planning in place because she thought her work was done there.

Not slowing down

Approaching 60 she could have put her feet up and enjoyed her hard-earned freedom.

But that of course was not what happened because she is an enthusiast for business, and media businesses in particular.

“What would I do? My friends are still working so I would be that needy friend who wants to meet you for lunch, hanging on to you as they run to get back to a meeting,” says Tilbian, recoiling with horror.

The traditional route for retirees – golf, gardening and grandparenting – would not have worked either. She does not play golf, has no grandchildren and is only mildly interested in gardening and she didn’t want to end up talking about health, pensions and tax.

So in 2018, she joined Dowgate Capital and reacquainted herself with old clients such as David Montgomery, for the fourth time with National World, and raising funds and acting as broker for Sir Martin Sorrell’s post WPP corporate life with S4 Capital.

Perhaps most extraordinary of all, Tilbian came full circle as Dowgate bought Johnson Press, publishers of The Scotsman and The Yorkshire Post, out of administration.

“We bought £88 million of revenues for £10 million at the end of 2020. It was an amazing deal with no debt and no pension liabilities because they had gone under,” the executive chairman of Dowgate notes.

The company made a profit of £10 million in 2021 and a further £10 million in 2022 and has a market capitalisation of around £50 million.

Another of her “babies”, Future Publishing, was floated by Apax in 1999 and was worth £1.2 billion before falling to very little but is now doing well following a series of acquisitions, many in the US, but also including Dennis and Shortlist in the UK.

“People may use it (Future) differently but they still want the full content,” Tilbian explains.

Dowgate has a very particular model. They co-invest with proven entrepreneurs who “have real skin in the game” but who are now setting up new ventures as with Montgomery and Sorrell and have now made 19 investments. In Dowgate, Tilbian generally avoids “second-hand companies”.

There is also an asset management arm where “you are making 1 per cent in your sleep and at weekends.”

Tilbian is not gloomy about the publishing business despite one-off hits such as having to pay compensation for phone hacking.

“If you have a product that people want and provide it in the way people want it, you have a pivot and the ones who have pivoted have done really well,” says Tilbian.

Existing media businesses may have gone from the exceptional margins in the past that no other businesses could ever match, to being “normal” businesses making around 10-15 per cent in profit but there is nothing wrong with that.

She believes the Covid pandemic helped publishers, particularly local publishers. With people stuck at home, newspapers became really important and people started living more locally.

Looking across her long career, one of the media achievements she most admires was Rupert Murdoch’s creation of Sky.

“What Rupert Murdoch did at Sky was beyond phenomenal,” Tilbian argues although she pointedly declines to be drawn on what she thinks of Murdoch now following the \$787 million (£637 million) settlement by Fox News of the Dominion Voting Systems defamation lawsuit.

Tilbian is not only optimistic about the future of the media but is also positive about Artificial Intelligence (AI) as long as it is properly regulated in the way that the internet never was at the outset.

AI could take out some of the grunge jobs out of media brands and release journalists to be more creative and could also improve profitability going forward.

“This time, I hope governments and regulators will see AI as deadly serious,” Tilbian emphasised.

When she is not making money even while asleep and at weekends, Lorna Tilbian loves designing jewellery and flower arranging.

“One is ephemeral and one is eternal you see,” is how she puts it.

And apart from jewellery, flowers and helping to build enduring media companies, Lorna Tilbian, in a nod to her heritage, is also interested in Cypriot, Greek and Turkish cooking.