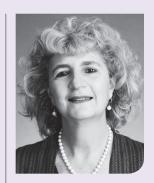
Wake up, London!

Lorna Tilbian looks at examples of value creation via partial sales – Ascential, Informa, GlobalData and Marlowe – that highlight the discrepancy between the sum of the parts and the whole



s is well documented, the London market is moribund, with valuations far below those of other international stock markets, particularly the US. The reasons behind this are numerous and diverse, ranging from Brexit and regulatory red tape on the geopolitical front to Trussonomics and lack of growth stocks on the macroeconomic side.

Whatever the true underlying cause, investors – both domestic and international – have not been buyers, and valuations have drifted to the extent that companies are having to apply 'self-help'; in other words, doing the market's job of price discovery for it, by spinning off subsidiaries to private equity or breaking themselves up, as in the case of Ascential, the specialist information, data and analytics company.

Ascential has sold Flywheel, its digital commerce business, to global agency group Omnicom for \$900m (£741m) and WGSN, its trendforecasting business, to private equity player Apax for £700m. The combined proceeds have realised £1.2bn net, representing 126% of Ascential's market capitalisation before the announcement of the sales.

Together, Flywheel and WGSN represented 63% and 46% of Ascential's revenues and earnings before interest, tax, depreciation and amortisation (Ebitda) respectively, and the company is returning £850m (89% of Ascential's market capitalisation) to shareholders via a special dividend, with the balance used to pay down debt.

After completion, the remaining quoted Ascential Group will consist of its Lions business (comprising Cannes Lions, The Work, Lions Advisory, Warc, Contagious, and Acuity Pricing) and Money20/20, with its regional events and fintech intelligence platform Twentyfold. The group will now be led by Phil Thomas, as previous group chief executive Duncan Painter has joined Omnicom to continue leading Flywheel.

In a similar vein, data analytics and consulting company GlobalData is selling a 40% stake in its healthcare business to private equity player Inflexion for £434m, with an implied total divisional value of £1.1bn. The implied multiple is a punchy 22 times the division's June 2023 Ebitda, crystallising the high valuations that quality data and subscription businesses attract.

Meanwhile, Informa, the international events, digital services, business intelligence and academic publisher, is combining its Informa Tech digital businesses with US-listed TechTarget, with a view to building the number one player in the enterprise tech digital sales and marketing services market.

The combination underscores the value of Informa's 57% stake in the stand-alone \$500m revenue TechTarget business, which trades on 15-times enterprise value/Ebitda

versus Informa on 12 times.
A tale of two listings that
highlights the arbitrage between
London's low ratings and
Nasdaq's higher valuations.

Lastly, Marlowe, the provider of business-critical services and software for safety and regulatory compliance, is selling its Governance, Risk and Compliance business to

Inflexion for £430m. The value of the divestment, which accounts for approximately 20% of revenues and 40% of Ebitda, represents 121% of Marlowe's market capitalisation prior to the announcement. The proceeds will be used to retire its debt in full and return £150m of surplus cash to shareholders. Its continuing operations in compliance services and occupational health will remain quoted, but with a new chief executive to be appointed (at the time of going to print), as Alex Dacre, its co-founder and chief executive, is

print), as Alex Dacre, its co-founder and chief executive, is joining Inflexion.

There is a common theme and thread running through all these deals: if the market does not ascribe a fair value to these quality assets, entrepreneurial leaders will find a way of unlocking and crystallising the value for themselves and their shareholders – but, sometimes, this exercise will include their own departures. The London market is losing talent as well as business.

