

TAKEOVERS

RIGHTS ISSUES

Provident Financial (PFG)

Announced	27/02/18
Ex-rights	22/03/18
Last payment	9/04/18
Total amount raised	£331m
Terms	17:24
Issue price	315p
Market price	1,033p
Nil paid price	tba
Adjustment factor	tba

Troubled doorstep lender Provident has been ordered to pay £169m back to customers of its Vanquis Bank credit card and fined £2m by the Financial Conduct Authority (FCA) for its past mistakes. To deal with this charge, Provident is planning on raising £331m via a rights issue at a 46 per cent discount to the closing price on the day prior to the announcement. That will also boost its common equity tier one (CET1) ratio – which had fallen to 14.5 per cent after accounting for the settlement – back above its regulatory minimum. **Await documents.**

Phoenix (PHNX)

Announced	23/2/18
Ex-rights	tba
Last payment	tba
Total amount raised	£950m
Terms	tba
Issue price	tba
Market price	789p
Nil paid price	tba
Adjustment factor	tba

Phoenix is proposing to fund part of the cash portion of its acquisition of Standard Life Aberdeen's assurance business with £950m raised via a rights issue. The remaining £1bn of the cash part of the deal will be provided by new debt facilities and £250m of the group's own cash. Phoenix expects to publish more detail on the rights issue in mid-April. **Await documents.**

OPEN OFFERS

Chariot Oil & Gas (CHAR)

Announced	27/02/18
Last payment	23/3/18
Total amount raised	£4.4m
Terms	1:8
Issue price	13p
Market price	15p
Adjustment factor	0.98

Chariot Oil & Gas, the Atlantic margins focused oil and gas exploration company, has raised \$15m (£10.7m) via the placing of 82.6m new shares which will be used to deliver a second well in its drilling project in Namibia. Now, management wants to raise a further £4.4m via an open offer to provide additional funding for ongoing work programmes and working capital. The new shares have been offered at a 34 per cent discount to the closing price on the day before rumours of the fundraising first started circulating. **Accept.**

TAKEOVERS

Target	Bidder	Terms	Value	Closing date
MayAir Technology	Poly Glorious Invest. Co. Bidco	120p cash per share	£50.4m	12/03
Poly Glorious' proposed expansion into the clean air industry is being provided by the acquisition of listed group MayAir. The investment vehicle – which was founded for the purpose of the takeover – has offered a 25 per cent premium to the closing price on the day before the bid was made, which MayAir's management think is a fair price. Accept.				
Fidessa Software	Temenos	3,567p cash per share	£1.4bn	tba
Trading software group Fidessa has ticked along amid turbulence in currency markets for the last few years and management has expressed confidence that the group is well placed to benefit from the increased role of technology in finance in the coming years. Directors at Swiss tech group Temenos clearly think so, too, as they have made an all-cash offer for the group that values it at a 37 per cent premium to the closing price on the day before the announcement. Await documents.				
GKN Engineering	Melrose Manufacturing	*	£7.4bn	29/03
*81p cash per share and 1.49 new Melrose shares. Turnaround specialist Melrose turned hostile in January when its cash-and-shares offer was rejected by GKN. Management at the target company think the deal – which values GKN at 418p a share, or a 28 per cent premium to its closing price on the day before the offer was first reported – materially undervalues the business. The group has set out its own recovery plans, known as Project Boost. Reject.				
Hogg Robinson Support services	Global Business Travel	*	£411m	16/03
*120p cash per share or 110p cash per share, depending on the outcome of the proposed disposal. Corporate travel group Hogg Robinson is attempting to sell its payments business, Fraedom, to Visa for £142m. If that disposal (which has been approved by over 60 per cent of shareholders) completes before the takeover offer from GBT – a subsidiary of American Express – Hogg Robinson's shareholders will receive 120p cash per share. If not, their payout will be 10p per share less. Regardless of the outcome, GBT has offered a substantial premium for the struggling UK business. Accept.				
Ladbrokes Coral Gambling	GVC Gambling	*	£3.9bn	6/03
*32.7p in cash, 0.141 new GVC shares and a contingent value right (CVR) entitlement of up to 42.8p. The uncertainty around regulation in the gambling industry has made it difficult to find a safe bet in the bookies, but we think this merger makes GVC a far more attractive option than most of its peers. The enlarged group will benefit from scale and increased exposure to regulated markets. The final value of the deal will depend on the outcome of the proposed cap to fixed odds betting terminals. If the maximum stake allowed at these machines is cut to £2, the CVRs will be worthless. If the stake is cut to £20 then the CVR is worth 30.3p, or 40.4p for a £30 stake and 42.8p for £50. Regardless of the outcome of this regulatory change – which is expected within the next few months – the target's shareholders will own 46.5 per cent of the enlarged business. Accept.				
Lonmin Mining	Sibanye Stillwater Mining	*	£285m	tba
*0.967 new Sibanye Stillwater shares. South African precious metals miner Sibanye Stillwater has made an all-share offer that values the shares of struggling UK group, Lonmin at 100p – a 41 per cent premium to the 30-day average. That said, taken from the closing price of both company's shares on 13 December, the offer values Lonmin's shares at 86p and factor in the fall in Sibanye stock that greeted the news of the acquisition, it comes in closer to 81p. We suggested selling Lonmin in March 2017 and continue to recommend that investors would be best off out of the company. We would therefore urge existing shareholders to close out their positions rather than take on Sibanye's shares.				
Sky Media	21st Century Fox Media	1,075p cash per share	£11.7bn	tba
The latest chapter in the compelling Sky takeover story is a £22bn rival bid from US cable giant Comcast. This sent Sky's shares above 1,300p – higher than the 1,250p offer from Comcast – as investors anticipated a bidding war. Sky and Fox have yet to respond to the news and neither has Disney, which is awaiting regulatory approval for its own offer for Fox. Await documents.				
Stadium Electronics	TT Electronics Electronics	120p cash per share	£45.8m	tba
Having disposed of its transportation and sensing division in 2017, TT Electronics has been assessing opportunities for expansion in niche electronics. Stadium fits the bill and management has offered cash at a 44 per cent premium to the closing price on the day before the bid was made. Stadium's shareholders will also be entitled to a 2.1p special dividend if the deal goes through. Await documents.				
UBM Media	Informa Media	*	£3.9bn	tba
*163p cash per share and 1.083 new Informa shares. Ten years after UBM attempted to engulf Informa to form a publishing and events empire, the former target has become the bidder. This time, UBM's investors are being offered cash and shares at a 30 per cent premium to the closing price on the day before the offer was first leaked in the press, and will own 35 per cent of the proposed enlarged group. It's a generous offer, particularly considering UBM looked expensive compared with peers even before the offer was made, but we are unconvinced of the financial benefits this merger will bring to either company. Await documents.				