TAKEOVERS

RIGHTS ISSUES

Future (FUTR)

Announced	18/07/18
Ex-rights	6/08/18
Last payment	20/08/18
Total amount raised	£105.7m
Terms	3:4
Issue price	303p
Market price	398p
Nil paid price	396p
Adjustment factor	0.9

To continue with its aggressive acquisition strategy, publisher Future needs more cash. Management is hoping to raise that capital by listing 35m new shares available to existing shareholders at a 30 per cent discount to the closing price on the day prior to the announcement. The proceeds will help Future buy US-based publisher Purch for $133m (£100m) – one of its largest acquisitions to date. This should be another earnings-enhancing purchase if Future is able to integrate it as it has its previous acquisitions. **Take up.**

OPEN OFFERS

IDE (IDE)

Announced	31/07/18
Last payment	20/8/18
Total amount raised	£0.5m
Terms	1:10
Issue price	2.5p
Market price	5p
Adjustment factor	0.95

IT service provider IDE is hoping to raise a total of £5.5m via a placing, open offer and the issuance of £1.8m-worth of convertible loan notes. Major shareholder MXC, an investment vehicle belonging to the group's chairman, has agreed to fund the £2.7m placing, while Kestrel and Vanderbilt have agreed to subscribe for the loan notes. None of these shareholders will participate in the open offer. **Accept.**

Countrywide (CWD)

Announced	2/08/18
Last payment	17/08/18
Total amount raised	£28.6m
Terms	tba
Issue price	10p
Market price	15p
Adjustment factor	tba

Although a fund raising from cash-strapped estate agent group Countrywide was expected, the market was surprised at the extent of the discount. Management has offered new shares at 10p – an 80 per cent discount. Shareholders will have the opportunity to vote on 28 August on the £140m placing and open offer. If you've ignored our repeated calls to sell, you're left with little choice but to vote in favour.

TAKEOVERS

Target	Bidder timetable	Terms	Value	Bid
Action Hotels Travel & leisure	Action Real Estate Bidco	24p cash per share	£35.4m	tba

Property specialist Action Group Holdings (AGH) founded Action Hotels in 2005 to fill a gap in the Middle East property market for reasonably priced hotels. Listing that business in 2013 was supposed to give Action Hotels access to UK institutional investors who would help fund the expansion plans. But it turns out Action was not suited to listed life. With the share price declining and the stock becoming increasingly illiquid, management at AGH has decided to repurchase the group at 24p a share – a 50 per cent premium to Action's share price on the day before the deal was first touted. Even though the offer is below the forecast net asset value of Action's portfolio, management has recommended the offer. **Await documents**.

Target	Bidder timetable	Terms	Value	Bid
Harvey Nash Support services	The Power of Talent Bidco	130p cash per share	£98.7m	tba

Harvey Nash's biggest shareholder DBAY thinks the recruiter will be better suited to a "private company environment" and has therefore set up a bidding company to make an all-cash offer for the 73.9 per cent it doesn't already own. The offer is a 17 per cent premium to the closing price on the day before it was first announced and Harvey Nash's shareholders will be entitled to a 1.75p dividend. **Await documents**.

Target	Bidder timetable	Terms	Value	Bid
Artilium Software	Pareteum Software	*	£78m	tba

*0.1016 new Parateum shares and 1.9p cash per share. Shares in UK software service group Artilium have already benefited from the group's partnership with its US peer Parateum. Even prior to the announcement of the takeover, the share price had doubled since the two companies joined forces in October 2017. This cash-and-shares offer is an 18 per cent premium to the closing price on the day before the takeover was first touted and will leave Artilium's shareholders with 25 per cent of the enlarged company. **Await documents**.

Target	Bidder timetable	Terms	Value	Bid
Lonmin Mining	Sibanye Stillwater Mining	*	£285m	tba

*0.967 new Sibanye Stillwater shares. Sibanye's chief executive has warned that its shareholders will only approve this takeover if Lonmin is still in a net cash position by the time they get a vote. A recent third-quarter trading update therefore came as a relief to both sets of shareholders as Lonmin reported its net cash position had risen to $173m thanks to the $14.7m sale of its 50 per cent stake in Zimbabwe-based Petrozim. We recommended selling Lonmin in March 2017 and continue to urge existing shareholders to close out their positions rather than take on Sibanye Stillwater's shares.

Target	Bidder timetable	Terms	Value	Bid
Shire Pharmaceuticals	Takeda Pharmaceuticals	*	£46bn	tba

*$30.33 cash per share and either 0.839 new Takeda shares or 1.678 Takeda ADS. Based on current exchange rates and Takeda's share price, this deal values Shire's shares at roughly £50 – a 12 per cent premium to the current share price. But we don't think the combined group looks particularly attractive – the two groups have very few synergies and will have an uncomfortably high level of debt. What's more, Takeda recently reported disappointing half-year results. That's why we think Shire's shareholders are best off pocketing the profits from Shire's recent share price surge. **Sell**.

Target	Bidder timetable	Terms	Value	Bid
Sky Media	Comcast Media	1,475p cash per share	£25.9bn	tba

Comcast has made the higher bid, but rival 21st Century Fox has been the first to publish its offer documents. The US media group (which is in the process of being bought by Disney) hasn't raised its offer but has given Sky shareholders until 17 September to vote for or against the deal. Fox has also reduced the level of required acceptances to 50 per cent (from 75 per cent) – that seems sensible considering it already owns 39 per cent of the company. We recommend investors await Comcast's response to this latest update.

Target	Bidder timetable	Terms	Value	Bid
Vedanta Resources Mining	Volcan Investments Bidco	825p a share	$3.07bn (£2.34bn)	31/08

Indian metals tycoon Anil Agarwal has had his all-cash offer to buy the 33.5 per cent of shares in Vedanta Resources he doesn't already own accepted by the rest of the board. The deal values the debt-laden miner at a 28 per cent premium to the company's undisturbed share price, or an equity valuation of £2.34bn. If accepted, Vedanta will be folded into Volcan, a family trust owned by Mr Agarwal, which has held a controlling stake in the group since its London IPO in 2003. Shareholders on the register on 20 July will be entitled to receive the 41¢ (31p) a share full-year dividend. **Accept**.

Target	Bidder timetable	Terms	Value	Bid
Virgin Money Banking	CYBG Banking	*	£1.7bn	10/09

*1.2125 new CYBG shares. The sharp increase in CYBG's share price means this offer now values Virgin Money's shares at 478p. While that's a premium to the original offer, the offer still looks a little stingy. But Virgin Money's recent financial results indicate why this deal makes strategic sense. The group will struggle to grow on its own but alongside CYBG, could create a sizeable challenger bank. **Accept**.

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