US raider targets robotics pioneer Blue Prism

Warrington-based company is the latest to face a takeover offer amid feeding frenzy by American private equity firms

By Oliver Gill, CHIEF BUSINESS CORRESPONDENT

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Two private equity firms are racing to snap up a pioneering London-listed robotics company in the latest US raid on a British stock.

TPG Capital and Vista Equity Partners are in talks with Warrington-headquartered Blue Prism over a possible takeover of the business, whose clients include the NHS, Coca-Cola and Npower.

Although no value was disclosed, shares in the Aim-quoted company jumped by a third to value it at almost £1.1bn.

However, major investor Coast Capital Management warned the board not to sell and said the business is still worth far more than its share price suggests.

Blue Prism floated on London's junior market for less than £50m in 2016. Many of its staff were made millionaires in 2018 when its founders handed them shares in the company, a move that means they will now play a crucial role in deciding its fate if a formal takeover offer emerges.

The business has pioneered "robotic process automation", where robots replace workers to perform administrative tasks. It was founded by David Moss and Alastair Bathgate, both of whom remain major shareholders.

It comes amid a raid by American buyers on UK stocks, which have for years lagged behind rival companies listed in New York. A string of takeover approaches on the table include offers for Morrisons, Meggitt and Ultra Electronics.

Jason Kingdon, Blue Prism's chief executive and chairman, is in line to pocket more than £60m if a deal goes ahead.

Coast urged him not to "throw in the towel" and said the business is worth far more than its market value.

Even after the rally on Tuesday, Blue Prism shares are still worth 29pc less than a year ago following investor concern over continued losses and Covid delays to sales. Mr Kingdon warned earlier this year that the market is drastically undervaluing the company and hinted it was considering a shift to Wall Street.

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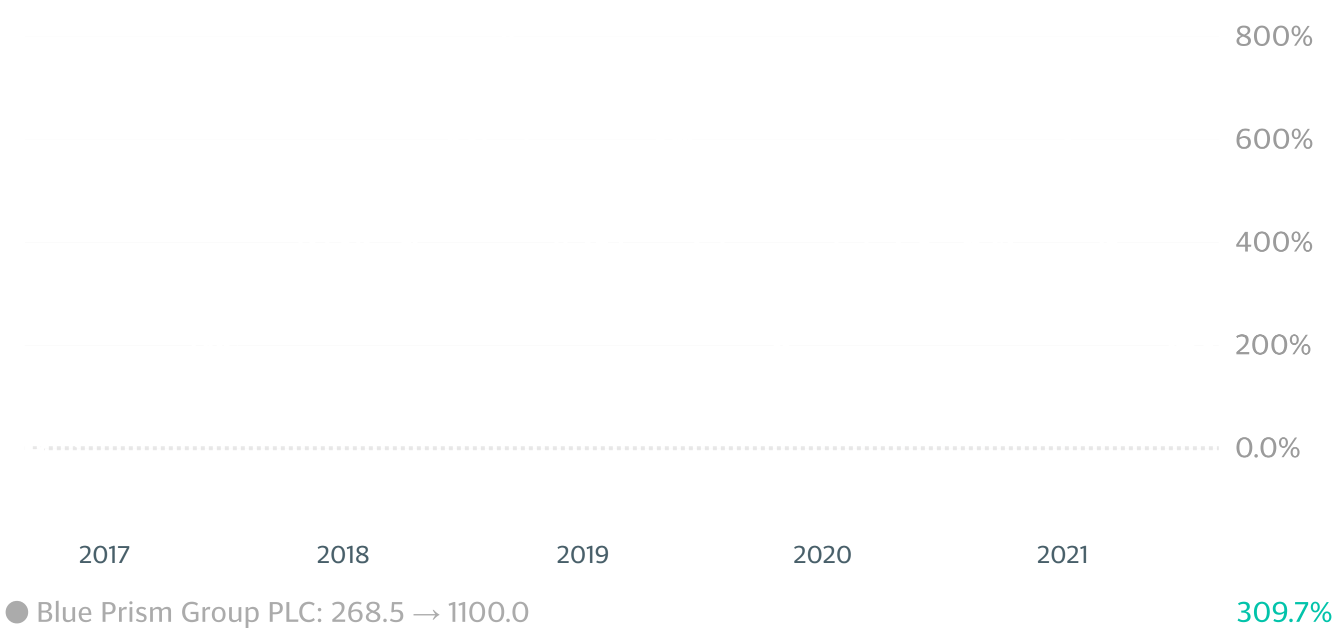

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James Rasteh, chief investment officer at Coast, said: “Were a buyer were to pay a premium of 100pc, the share price would still be materially lower than its intrinsic value, and well below where the shares were trading as recently as January 2021.”

Stockbroker Jefferies agreed. Charles Brennan, an analyst, said: “We would argue this is a trough valuation for a company that is still expected to deliver [around] 20pc growth in a structurally growing market. Consequently, it is no real surprise to see private equity looking to capitalise on this valuation anomaly.”

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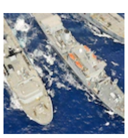
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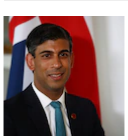
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