

Tangent walks away from St Ives but still eyes acquisitions

– By Malini Guha

Tangent, the marketing company backed by Michael Green, has walked away from St Ives, after the printer's management last month rebuffed an offer valuing it at £282m.

Mr Green, the former chairman of Carlton who owns 45 per cent of Tangent, had hoped Tangent's experience in digital marketing would boost St Ives' direct mail business. St Ives also has a large book and magazine printing business that includes Harry Potter and The Economist.

Tangent said it was "disappointed" as it believed its proposed 272½p a share cash-and-shares offer "represented a compelling proposition for St Ives shareholders".

However, St Ives said last month that the offer undervalued the company and was concerned about the £160m in planned debt for the new group. Tangent, capitalised at £17m, considered the debt levels

low risk due to the £100m of freehold properties held by St Ives.

Tangent yesterday reported that interim pre-tax profits rose from £10,000 last year to £176,000, as operating margins increased from 8 per cent to 13 per cent. Revenue rose to £3.96m from £2.92m the year before. Earnings per share were 0.11p (0.02p).

Nicholas Green, Tangent's joint chief executive, said this was "representative of technology driving the market" and added that Tangent would continue to look at opportunities large and small where it could "add value by leveraging our data and technology assets into their business". Tangent uses customer

data to drive more targeted marketing via e-mail, internet, mobile phone and print.

Paul Jones, analyst at Numis, said Communisis, a specialist printing company focused on direct mail that has a market value of £122m, was a possible target for Tangent.

Communisis could also be a target for St Ives, he said. St Ives said last month that it was considering acquisition opportunities, most likely on the commercial side, as overcapacity in the printing market led to a fall in annual revenues and underlying profit. "St Ives now has to deliver," Mr Jones added.

Shares in St Ives fell 5p to 241p, while those in Tangent rose ½p to 14¾p.