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Small cap movers: Footasylum set for homecoming as elder sibling JD Sports unveils takeover deal

Share Information

MarketTopic Synopsis:

The news roundups, which are broken down by the sector, provide investors with an opportunity to read a summary of the most interesting news of the past five days of trading in just one story as they prepare for another busy week.

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Tracksuit and trainers retailer Footasylum PLC (LON:FOOT) has been struggling since its float on AIM in November 2017, with the shares having lost around 60% of their value after a strategy to corner the 16-24 demographic flopped, resulting in a string of profit warnings.

However, during the week the firm's shares were given a new lease of life (or soul if you will), springing up 75% to 81.5p after rival 'athleisure' retailer and FTSE 250 constituent JD Sports Fashion PLC (LON:JD.) said it had agreed to buy out the group for £90.1mln.

This did not come as a total surprise given that JD bought an 8.3% stake last month and then increased it to more than 18%, although it had previously denied rumours of an acquisition.

The takeover represents a homecoming of sorts for Footasylum, which was set up by one of JD's founders, David Makin. Three years later he was joined by former Manchester City chairman John Wardle, who helped Makin set up JD.

Footasylum is chaired by ex-JD boss Barry Brown and headed up by Makin's daughter, Clare Nesbitt. His son, Tom, is the marketing and e-commerce director.

Along with their sister, Amy, the Makin children own 57% of Footasylum shares, having banked just shy of £25mln from its initial public offering in 2017.

Back then, Nesbitt and her team were predicting furious growth driven by dozens of new store openings, but things obviously haven't gone to plan since then.

Problems highlighted by analysts have included stores being too small and an "odd mis-selection" by its buying teams for some recent product lines.

This has left stores filled with unwanted goods, even over the key Christmas period, forcing bosses to slash prices which in turn crucified margins. JD, by contrast, has enjoyed solid growth during what has been less-than-optimal conditions for UK retailers.

A takeover deal also boosted the financial consultant SimplyBiz Group PLC (LON:SBIZ), which jumped 4.8% to 205p after agreeing to acquire financial advisory platform Defaqto for £74.3mln.

A junior getting pulled out of a slump was fintech firm Maestrano Group PLC (LON:MNO), which rose 24% to 3.5p after its chairman Ian Buddery bought half a million shares, taking his stake in the group to 2.75%. The lift was a small piece of positive news for shareholders who have seen the price drop 69% over the last six months.

In the miners, Cadence Minerals Plc (LON:KDNC) shot up 163% to 0.3p following news its associate company Macarthur Minerals had agreed a binding life-of-mine agreement with Glencore for the sale of iron ore produced at its Lake Giles project in Western Australia.

Meanwhile, plastics and packaging maker Robinson PLC (LON:RBN) jumped 14% to 75p after upping its profit expectations ahead of market expectations thanks to its "Strategy into Action" programme.

The AIM All-Share was up slightly in the week, rising 0.3% to 921 while the FTSE 100 was up 0.7% at 7,278.

Among the fallers, Goldstone Resources Limited (LON:GRL) lost some of its shine after deciding not to appeal a South African court judgement which ordered it to pay US$140,000 to its former director Hendrik Schloemann following a long-running dispute, sending shares down 19.5% to 1.6p.

It wasn't the only one running into legal issues with shares in AssetCo PLC (LON:ASTO), a provider of management and resources to Middle Eastern fire and emergency services, dropping 9.6% to 330p after its performance last year was hit by costs from a negligence claim against its former auditor Grant Thornton.

Wildwood restaurant chain owner Tasty Plc (LON:TAST) was left with a bad taste after it swung to a loss in 2018 and didn't expect things to improve in the current year, with shares sinking 28% to 6.6p in response.

Shares in semiconductor maker IQE plc (LON:IQE) were also left 20% lower at 71.5p as it missed its adjusted earnings forecasts for the year despite downgrading them in January.

Elsewhere, Allergy Therapeutics PLC was under the weather after its shares plunged 43% to 8.2p on the back of disappointing results from a Phase III clinical trial of its new adjuvanted birch allergoid product, designed to treat birch pollen-induced hay fever.