

North East technology firm Sage launches £400m bond issue

North East software giant Sage Group plc has launched a bond issue to raise £400m.

The FTSE 100-listed tech business, which recently moved from Gosforth to Cobalt Business Park in North Tyneside, is aiming to raise the funding to repay debt, as well as use money within the company for general uses.

The company announced in a stock market announcement that it has launched a 12-year bond offer, which will be due in February 2034, with joint bookrunners BofA Securities, HSBC, JP Morgan and NatWest Markets.

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This marks the second time the technology giant has turned to the bonds market as a way to source funding, having launched its debut bond issue to raise £350m at the start of last year.

In the statement announcing the bond issue, Sage said: "The Sage Group plc announces that it has launched and successfully priced a bond offering of £400m 2.875% notes due in February 2034. The offering is expected to settle on February 8 2022 subject to the satisfaction of customary conditions.

"The Notes issue extends the maturity of the Group's debt portfolio. Sage intends to use the proceeds to repay certain existing indebtedness and for general corporate purposes. Sage has been rated BBB+ (stable) by S&P.

"Application will be made for the Notes to be admitted to the official list of the Financial Conduct Authority and to be

admitted to trading on the regulated market of the London Stock Exchange.”

This second bond launch comes a week after the company issued a positive trading update, hailing a strong start to the year underpinned by rising recurring revenues.

The accounting, financial, HR and payroll technology business said group revenues rose by 5% to £458m in the last three months of 2021, with recurring revenue increasing 8% to £429m, driven by a 21% rise in Sage Business Cloud revenue.

The company also started the year by completing the acquisition of Brightpearl, a retail tech firm based in the South West.

It made the deal for the remaining stake of Brightpearl for £225m, a year after taking an initial 17% stake in the business.

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