THG and SoftBank abandon $1.6bn deal over 'global macroeconomic conditions'

A $1.6bn deal that would have seen Japanese investment giant SoftBank take a near 20% stake in a major division of THG has been abandoned.

It was announced in May 2021 that SB Management (SBM), a division of SoftBank, had bought an option to acquire a 19.9% holding in THG Ingenuity that valued it at $6.3bn.

It was also confirmed that SBM would also buy a $730m stake in Manchester-headquartered THG.

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SoftBank currently has a stake of more than 6% in THG.

However, it has now been announced that the agreement "has been terminated by mutual agreement" because of "global macroeconomic conditions".

THG also confirmed that it has "completed the internal separation of its key trading divisions" in a move which it said offers "flexibility to enter into future strategic partnerships to generate value accretion for its stakeholders".

A THG statement issued to the London Stock Exchange said: "THG plc announces that it has completed the internal separation of its key trading divisions which, as previously announced, simplifies THG's corporate divisional structures and provides it with material optionality and flexibility to enter into future strategic partnerships to generate value accretion for its stakeholders.

“Further to the announcement on 10 May 2021 that THG had entered into an option and collaboration agreement (with SB Management Limited, a wholly owned subsidiary of SoftBank Group Corp, THG also announces that in light of global macroeconomic conditions the O&C agreement has been terminated by mutual agreement among the parties with immediate effect.

“The call option granted by THG to SBM will not therefore be, and will cease to be capable of being, exercised.”

The announcement comes after shares in THG slumped to an all time low after two potential buyers walked away.

The fall came after two investment companies behind a potential £2.07bn takeover bid of THG confirmed they will not make a formal offer for the company.

Belerion Capital and King Street Capital Management made the announcement after they first revealed the unsolicited offer of 170p per share last month.

Belerion’s co-founder and chief investment officer Iain McDonald is a non-executive director of THG.

It was later confirmed that Nick Candy, the property tycoon who was recently involved in a bid to buy Chelsea FC, had also pulled out of a move to takeover THG.

Candy Ventures first revealed it was weighing up a £1.4bn move for the Manchester-headquartered online retail and software giant last month.

Shares in THG, as of 10.15am on Tuesday, July 26, were down 1.6% to 68.88p.

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