

Profits crash at CMC Markets, a hit to Tory peer Lord Cruddas

PROFITS have plummeted at CMC Markets as a Covid share trading boom came to a shuddering halt, leaving founder and Tory peer Peter Cruddas keen to break up the business that made his fortune.

Lord Cruddas wants to split the business into a spread betting arm and a more traditional stock broking business, the latter presently attracting higher ratings from City investors.

In the half-year to September revenues near halved to £127 million and profits crashed from £141 million to just £36 million.

That forced a slashing of the dividend to just 3.5p. That's worth £10 million to investors of which the Cruddas family share is £6.2 million, far less than he has pocketed of late.

Cruddas plans two listed entities, the old CMC business that at one point made him the richest man in the City, and a newer broking arm.

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“We want to get on with it, we want to make a decision quickly,” he told the Standard. “Internally, it is a no-brainer.”

CMC has expanded quickly in Australia and intends to “cut and paste” the Australian stock broking model, believing that is where the new clients will come from.

Spread betting customer numbers fell by more than 5000 to around 54,000. The profitability of those remaining clients also tumbled.

CMC shares crashed in the summer after a profit warning marked the coming end of the lockdown share frenzy. Today they fell another 11p to 261p, down from an April peak of 538p.

That’s a couple of hundred million pounds off the Cruddas’ paper fortune.

All big stockbrokers, including Hargreaves Lansdown and AJ Bell, enjoyed an influx of business as new investors put money they had saved in lockdown into shares.

Peel Hunt said in a note: “Investment in the various strategic initiatives continues, and good progress is being made.”

Cruddas is one of the best-known names in the City with a storied past. He resigned as Conservative Party co-treasurer in 2012 after allegations he had offered access to then Prime Minister David Cameron and Chancellor George Osborne in return for cash donations.

He became a life peer last December after a nomination by Boris Johnson