

Consumer credit giant NewDay lines up £1.7bn sale or float

The consumer credit giant behind the Argos and John Lewis store cards is kicking off preparations for a sale or stock market listing that could value it at more than £1.7bn.

Sky News has learnt that NewDay Group, which is owned by the private equity firms Cinven and CVC Capital Partners, is lining up investment bankers at Barclays to advise on a process.

The plans are at a very preliminary stage, with no firm timetable in place yet for any transaction, according to insiders.

NewDay is one of Britain's biggest privately held providers of consumer credit services, with about 4m customers.

It recently struck a £720m deal to acquire the Argos-branded store card portfolio as part of supermarket chain J Sainsbury's exit from its banking operations.

The transaction is expected to boost NewDay's earnings, making it more attractive to potential buyers and stock market investors, an insider said on Thursday.

NewDay is chaired by Sir Mike Rake, the former deputy chairman of Barclays, and run by John Hourican, the former Royal Bank of Scotland and Bank of Cyprus executive.

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Its regulated product portfolio includes direct-to-consumer credit cards, including Bip, the UK's first digital only credit card.



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The company also has a string of merchant partnerships offering digital point-of-sale credit such as Buy Now Pay Later and instalment finance products.

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As part of the Argos deal, NewDay struck an agreement to create a new Argos-branded digital credit proposition, which will replace the existing card credit and store card products.

Mr Hourican said: "This is a great opportunity to forge a partnership with one of the UK's leading retailers as well as accelerate the growth of our credit business, in line with our strategic objectives."

One banker said NewDay's robust financial performance and resilience in an uncertain economic climate were likely to stimulate demand from prospective investors.

In its financial results for last year, announced in March, it reported more than £200m in underlying pre-tax profit.

More recently, it said in August that it had seen new customer

acquisition rise by 36% during the first half of the current financial year, with customer arrears now standing at pre-Covid levels.

If NewDay decides to float, a number of other banks are expected to be hired alongside Barclays, whose appointment is said to be imminent.

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A spokesman for NewDay declined to comment.