

# Melrose founders to list Rosebank in hunt for new industrial deals

The founders of Melrose Industries, one of Britain's most prolific and lucrative investment groups, are preparing to list a new vehicle in London next month as they hunt a new wave of takeover targets.

Sky News has learnt that Simon Peckham is spearheading the launch of Rosebank Industries, with talks under way to raise more than £40m from institutional investors.

Citi and Investec have been appointed to work on the AIM market listing and fundraising.

The timing of Mr Peckham's plans may make his new company the first to make its stock market debut in London after the general election.

Rosebank, whose name offers a nod to the original Melrose vehicle, has been assembled by six executives who spent a combined 108 years at their former company.

According to an investor presentation seen by Sky News, the Rosebank team intends to recreate the 'Buy, Improve, Sell' model which saw Melrose acquire companies including GKN, the former FTSE-100 aerospace and automotive group.

It will seek to buy industrial and manufacturing companies headquartered in the UK, Europe or North America with an enterprise value of up to about \$3bn (£?bn).

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Notably, it will employ the same approach to executive remuneration as the one that saw Melrose’s top team receive windfalls worth hundreds of millions of pounds over two decades.

The most recent payout, confirmed last month, crystallised a £180m share-based bonanza for executives including Peter Dilnot, Melrose’s chief executive.

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According to the investor presentation, Rosebank will set its

annual bonuses “at a level below the normal market practice, with the focus of reward package to be on a shareholder-aligned long-term incentive plan, paid in shares”.

“The long-term incentive plan will be very similar to that used for Melrose, measuring value created over three-year performance periods, with the opportunity to share in 10% of the value creation once investment has satisfied an annual 8% return threshold.”

Rosebank will be incorporated in Jersey, with the initial fundraising proceeds used to fund due diligence and corporate expenses.

Once an acquisition is identified and executed, Rosebank intends to move to the main London market.

Mr Peckham had been deliberating over whether to shun the public markets for what had been dubbed Melrose 2.0, and is said to have held discussions with several large investment firms.

In an interview with The Sunday Times earlier this year, he warned that the London stock market was “in danger of being ordinary”.

Melrose listed in London in 2003, issuing more than £10bn in equity to finance its string of acquisitions.

Among the other industrial names that Melrose acquired were Nortek, Dynacast and Elster.

It was the £8bn takeover of GKN in 2018 which thrust Mr Peckham and his colleagues into the public spotlight as the target fought a bitter, and ultimately unsuccessful, battle for its independence.

GKN was eventually split into two companies, with the automotive division now listed in London under the name Dowlais, and Melrose transformed into a pure-play aerospace

company.

On Saturday, a spokesman for Rosebank declined to comment