

# Marshall of Cambridge



## Divestment of the investment portfolio

04 October 2021

Marshall of Cambridge has disposed of its investment arm, Martlet Capital, representing a further streamlining of its portfolio of businesses. The portfolio's fair value at June 2021 was c. £10m and we understand the disposal will generate a small profit on disposal. The clearer focus of the restructured Group Management team was initially seen when the loss-making Aeropeople business was sold in April.

The traded share price continues to sit at a significant discount to shareholders funds and our sum-of-the-parts fair value.

### Martlet Capital sale

The Group has disposed of Martlet Capital, an early-stage investor in technology start-ups in the Cambridge area. The purchaser is a new venture backed by EMV Capital and Saranac Partners and led by Robert Marshall, previously the Group's Vice Chairman and CEO. The new venture will acquire Marshall's DeepTech investment portfolio of 50-plus minority positions following the necessary approvals required to transfer the shareholding to the new entity.

The fair value of the funds stood at £9.9m at the end of June, which reflected one disposal and further follow-on investment from the 2020 year-end valuation. We anticipate a small profit on disposal, post-associated costs. Four-fifths of the disposal proceeds will be received on completion of the investment transfers, with the remainder deferred, payable in eight quarterly instalments commencing in Q3 2022.

The disposal does not mark an end to Marshall's investment in new technology and the development of innovative products and services, as is demonstrated by the establishment of the Futureworx business accelerator unit. The unit is headed up by Chris Walton, and is working closely with Marshall's Chief Technology Officer, Patrick Wood, responsible for technological innovation across all areas of the Marshall business.

We think the disposal of Martlet Capital highlights a clearer focus by the recently restructured Board. The loss-making Aeropeople, the Group's sole exposure to civil aerospace, was disposed of in April, removing a business that had proven very time-consuming for management. The Group is now focused on four distinct and profitable areas: Aerospace and Defence, Property, Motor Retail and Fleet Solutions.

The cash will be welcome with the consideration receivable reducing indebtedness at the June period end to c.£25m.

### Group valuation

Shareholders funds of 420p/share represent a 67% premium to the recent share price trading levels, which are also materially below our sum-of-the-parts based fair value per NVPO share of 611p.

### Marshall of Cambridge Holdings

Last matched NVPO trade	251p
Implied market cap	£148.5m
ED fair value/NVPO	611p
Net debt (June '21)	£33.7m

### Share Prices, p



Source: James Sharp & Co, ED

### Description

Founded in 1909, Marshall of Cambridge (Holdings) Ltd (MCH) is a private, family-owned company, employing 6,256 staff. The world-class applied engineering services and technology business to the aerospace/defence sectors (Marshall ADG), is the core of the Group. The 64.41% owned motor retail business (MMH) delivers the bulk of the revenues. The property division, MGP, is in the process of unlocking value from its 900-acre estate at Cambridge airport. Finally, the Group owns the UK's largest independent commercial vehicle service organisation (MFS).

The non-voting priority ordinary shares (NVPOs) can be traded freely via a special off-exchange matching facility administered by Stockbroker James Sharp & Co.

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