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Globetrotting Green

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Buy it now: online auction house goes for £750m

James Ashton

ONLINE auctioneer QXL Ricardo, which was briefly worth £2 billion at the height of the dotcom boom, is close to being bought for more than £750m by a South African media combine

An agreed deal, in the region of £17 a share, could come as soon as tomorrow. Sources say the South African company, Naspers, has set itself an informal deadline of this weekend to thrash out terms.

Many thought the US giant eBay or Alibaba.com, the newly floated Chinese internet company, were behind the approach when QXL, which is changing its name to Tradus, admitted to bid talks in November.

Naspers, which owns pay-TV services and newspapers, derives 76% of its income from South Africa. But of all South Africa's media firms, it has been best at diversifying internationally.

The company is keen to expand into fast- growing markets such as Brazil and China, and last week it bought the Polish instant-messaging system Gadu-Gadu.

Poland accounts for three-quarters of revenue for QXL, which went overseas when it became clear that eBay was becoming dominant in Britain.

Its Polish operations were the subject of a bitter legal battle for three years. Since they were resolved the company's shares have rallied, almost tripling this year.

QXL is perhaps the last-remaining survivor of the original dotcom companies that enchanted investors with heady valuations that bore little relation to assets. The travel site Lastminute.com was sold to Sabre Holdings in 2005.

QXL, which is chaired by former NTL boss Simon Duffy, is also present in the Czech Republic, Romania and Hungary, and has made inroads into online classified advertising.

In the last six months its underlying profits rose 28% to £7.7m on sales 56% ahead at £30.6m.

In September, QXL invested in a small Russian auction site, Molotok.ru in which Naspers has a stake.

Founded in 1997 by former Financial Times journalist Tim Jackson, QXL was briefly valued at £2 billion in the dotcom gold rush.

Dutch venture-capital group Florissant and Izaki, an Israeli consortium, still own a 30% stake between them. They sold down their holding after separately trying to buy the company.

Naspers began life in 1915 publishing Die Burger, a newspaper that supported the Afrikaners against British rule.

In 1985 it pooled its assets with domestic rivals to set up in pay-TV. It also operates in private education.

QXL declined to comment.

Ashley stuns City in move to chairman

Jenny Davey

RETAIL TYCOON Mike Ashley will shock the City this week when he makes himself chairman of Sports Direct — the latest twist in the group's short history as a public company.

Since Britain's biggest sportswear retailer floated 10 months ago, it has issued a series of profit warnings, its share price has fallen nearly 70%, and its chairman, David Richardson, walked out after a row with the board.

The company has also angered investors, who have baulked at its apparent disregard for corporate governance. Since Richardson's exit in May, the board has been unable to find a new independent chairman prepared to take on the challenge.

But now Sports Direct's advisers believe they have a solution. They want to make Ashley chairman and recruit a new heavyweight independent deputy chairman.

The maverick tycoon, who banked £929m when the company floated, still controls almost 70% and is now deputy chairman. One source familiar with the proposals said: "Sports Direct have concluded that they bring ridicule to themselves at the moment because everyone knows Ashley effectively runs the business but he is called deputy chairman.

"It is more transparent if he takes on the chairman's role himself and they hire the equivalent of a heavyweight chairman and install that person as the non-executive deputy chairman."

Sports Direct, which owns some of Britain's most popular sport brands such as Dunlop, Slazenger, Lonsdale and Kangol, has now said it wants Alan Jackson to step in as deputy chairman and is holding detailed discussions with him. Jackson is currently the non-executive chairman of Luminar Leisure.

Analysts say Jackson must know what he is letting himself in for. He once worked at Whitbread with Richardson.

Sports Direct is expected to pay Jackson about £500,000 a year for the part-time post. City sources said Jackson had travelled to Sports Direct's Shirebrook headquarters in Derbyshire last week and was in advanced negotiations over his contract, but on Friday the deal had still not been signed. It is thought Jackson has been in talks about the role for several months.

Sports Direct would like to be in a position to announce the changes on Wednesday, when it unveils interim results and holds an extraordinary meeting to allow it to buy back more shares.

The group is expected to paint the boardroom rejig as a way for Ashley to answer his City critics and take executive responsibility for the business he founded. But the moves are unlikely to stop criticism from corporate governance watchdogs who will fear

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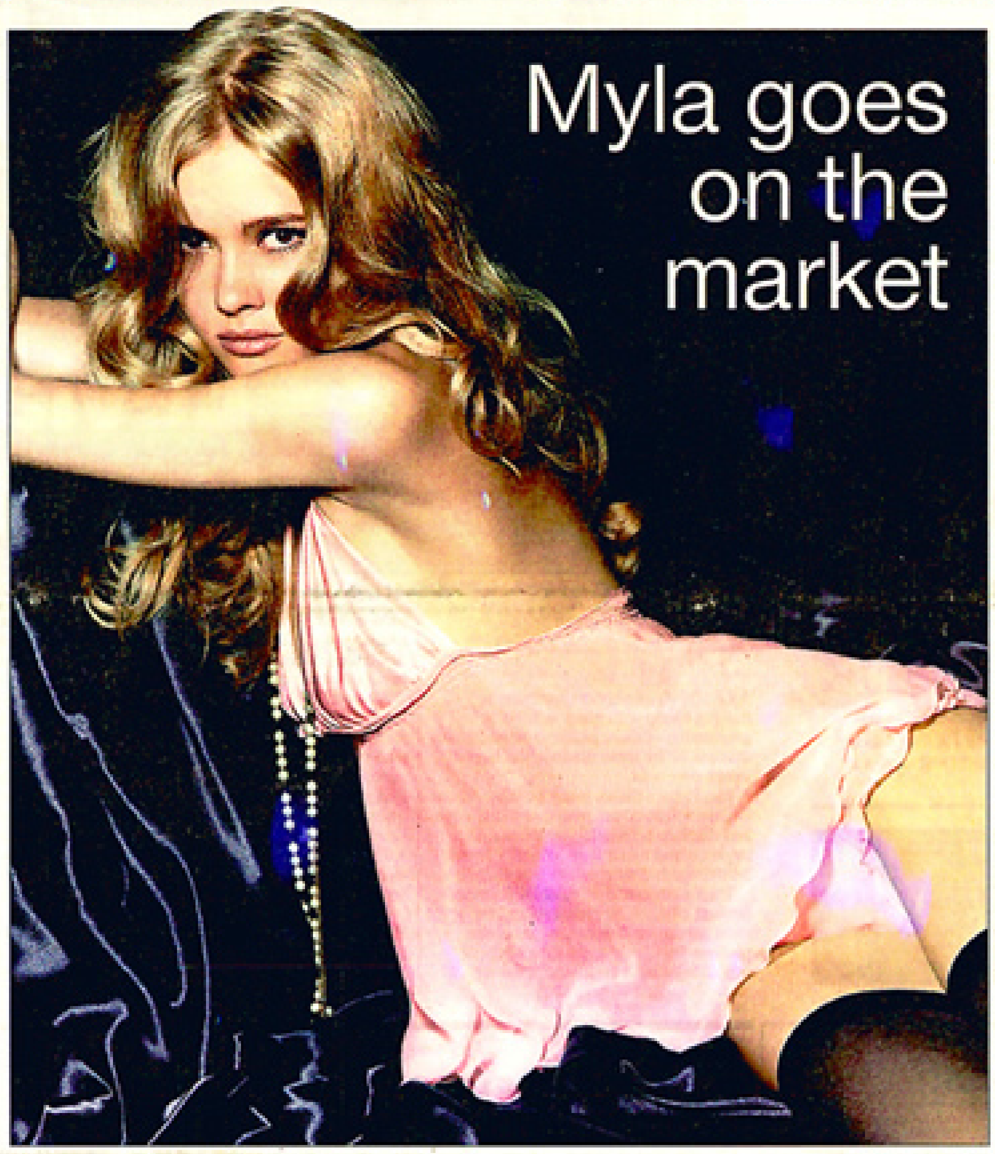
Mike Ashley: maverick



Myla goes on the market

Matthew Goodman

UPMARKET lingerie brand Myla is exploring a possible £25m sale just weeks after rival label Agent Provocateur was sold to private-equity investors.

The business, which has a presence in Harrods and is planning to expand in America, has been owned for the past two years by a group of investors including entrepreneur brothers Daniel and Leo Gestetner, Duet Group, a hedge fund, and Octopus Asset Management, a venture-capital group.

They became involved in October 2005 after the business ran out of cash and needed to find fresh investment. The consortium has put in about £7m to grow Myla since acquiring the business and sales are expected to hit £7m this financial year, up from £2m at the time of the deal.

Since the sale of Agent Provocateur to 3i last month, Myla has received a number of approaches from parties interested in acquiring the business. The shareholders have responded by hiring Cavendish, a corporate-finance firm, to explore the options, which could include a sale.

Analysts estimate Myla is worth £20m to £25m although some think it could fetch a higher price than that.

The company is loss-making, but is profitable before head-office costs are taken into account. The shareholders have expanded the head office and think that, by growing sales, they will be able to meet the increased costs. It should reach profitability in 12 to 18 months.

Myla, founded in 2000, is opening two more stores in America to add to its sole outlet in New York and its 10 shops in the UK and Ireland.

Reed plans back-office revamp to save £100m

James Ashton

PUBLISHER Reed Elsevier is to merge its back offices across its three operating divisions in a bid to achieve annual savings of £100m a year.

The programme, which is referred to internally as "One Company", will be the biggest shake-up in the recent history of the 127-year-old group.

Chief executive Sir Crispin Davis said: "My ultimate vision is that the business units will be purely customer-facing activities — product development, sales and marketing. Everything else will be integrated."

The acceleration of his plan comes after the company completed the sale of education business Harcourt last week. Some $4 billion (£1.9 billion) will be returned to shareholders in mid-January.

Reed, which owns Lexis-Nexis, the legal industry's online search engine, medical bible The Lancet and property-trade title Estates Gazette, has already outsourced 5,000 jobs, many of them to low-cost centres in India, China and the Philippines.

Davis expects most of the new efficiencies will come from smarter working. Reed is centralising procurement under a new global head. Its biggest cost is acquiring computer hardware and software. A new IT chief will merge 140 data centres into fewer than 40.

Other departments, such as human resources and administration, will also be merged. Analysts forecast the programme could yield annual savings of £100m a year.

Reed dusts itself off, page 17

SPECIAL REPORT

Sweden for sale

Leading firms will go in Europe's largest privatisation. **James Ashton** reports

ON Sveavagen, a busy Stockholm street named after Sweden's national mother figure, shoppers swaddled against the cold dodged past a wall of temporary blue boards.

Vasakronan, the property company, is renovating again, this time one of five office towers that cut through the compact city centre like a row of dominoes.

Across the road, white flags flutter over the bland offices of Nordea, Scandinavia's largest bank. Round the corner, opposite a futuristic stalagmite, Telia, the telecoms provider, entreats passers-by to splash out on a new mobile for the princely sum of one Swedish krona (7.6p) — plus a 24-month rental contract.

But there is far more for sale this Christmas than the presents laid out in shop windows.

Vasakronan, Nordea and Telia Sonera, Telia's holding

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Tata to drive off with Jaguar and Land Rover

Dominic O'Connell

FORD is poised to name India's Tata as preferred bidder for Jaguar and Land Rover, two of Britain's most famous car firms.

Sources close to the negotiations say an announcement could come in the next fortnight, bringing to an end a six-month auction. Last week three bidders remained — Tata, fellow Indian car group Mahindra, and American buyout group One Equity.

Ford's choice of Tata will be a significant moment in the history of the car industry, marking the first time a major western car group has been bought by an Indian company.

Tata is expected to pay about £1 billion, although the exact amount is likely to be hammered out during the detailed talks that will follow the preferred-bidder agreement.

Tata, a conglomerate led by Ratan Tata, will have to negotiate a settlement with pension trustees, and a side deal with Ford over the continued supply of engines and other components.

Jaguar and Land Rover together employ 15,000 in Britain. It is understood that Tata plans to retain all three of the UK factories — at Solihull and Castle Bromwich in the Midlands and Halewood on Merseyside.

Ford decided to sell the two famous marques earlier this year as part of a restructuring plan aimed at restoring its financial health. Like its Detroit rivals, it has suffered from fierce foreign competition, and high pension and healthcare costs. It bought Jaguar in 1989, and Land Rover in 2000.

It has for the moment put on hold plans to sell Volvo, the Swedish car company.