FMBusinessDaily

‘In Mitie, OCS getting a Business with Real Sense of Momentum’, Freetrade Comment

4 hours ago

Following the news regarding OCS’s proposed acquisition of Mitie Duncan Ferris, investment writer at Freetrade, an investment platform with over 1.6 million users in the UK, has shared his comments.

Duncan said: “In Mitie, OCS looks to be snapping up a business beginning to generate a real sense of momentum. At up to 221.6p per share, the offer is a significant premium on Mitie’s share price at Monday’s market close, as the business racks up a steady stream of work and above-market growth.

“Mitie’s potential starts with the 33% increase in contract wins, extensions, and renewals, which appears the most eye-catching figure here. The improvement in retention rate too, which could give Mitie a solid foundation of repeating revenue and more forward visibility, is a great signal for a once-struggling business.

“Revenue growth might have hit double figures, but just 4% is organic growth and more time is needed to see whether Marlowe can deliver sustainable growth. Cross-selling looks like a smart way to integrate the business, and the rapid expansion of the pipeline suggests significant interest. But ink on contracts and revenue flowing are the best evidence of success here, and things don’t quite seem to be at that stage yet.

“For shareholders, the question is simple. Do they want to be rewarded now with a generous-looking takeover premium, or remain patient and gamble on Mitie being able to deliver on signs of promise?”