Week in Review **Companies**

Corporate week in review, October 27

European bank results; WPP, Netflix and marijuana ventures also in the news

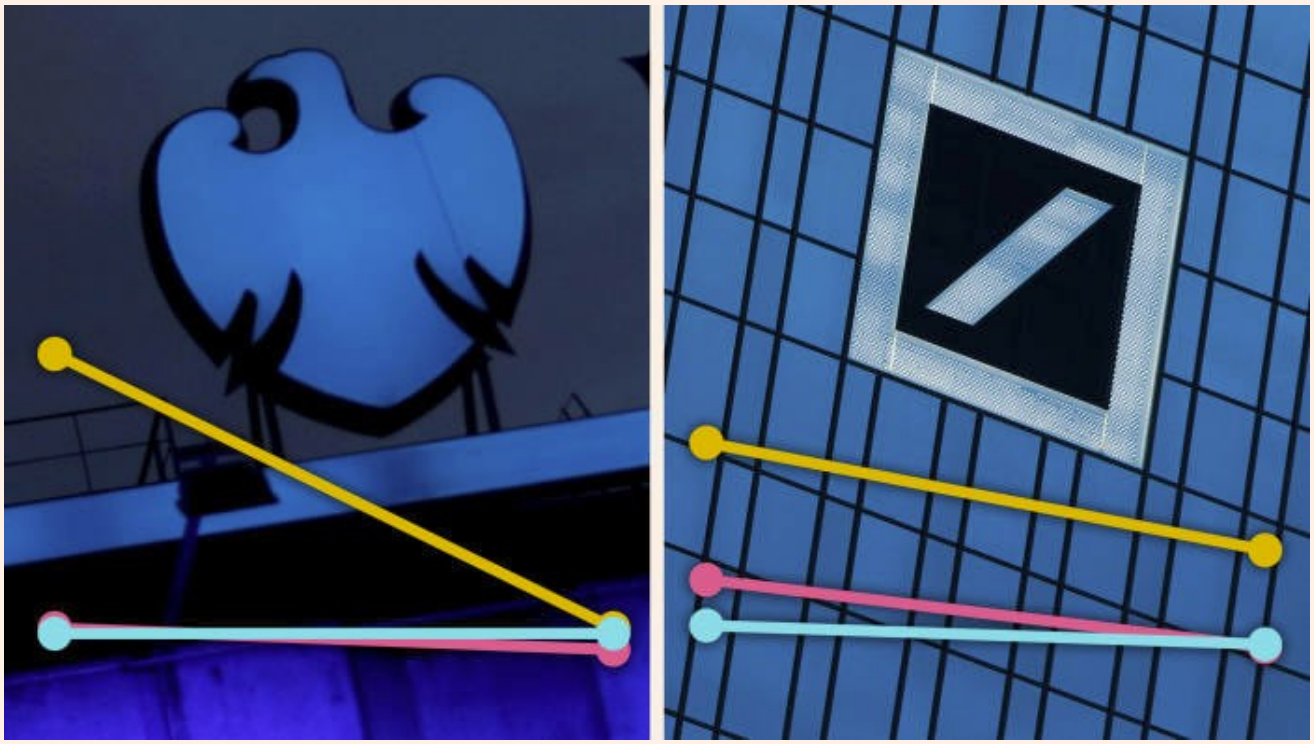


OCTOBER 26, 2018

A round up of some of the week's most significant corporate events and news stories.

Fortunes of Barclays and Deutsche diverge

Feedback



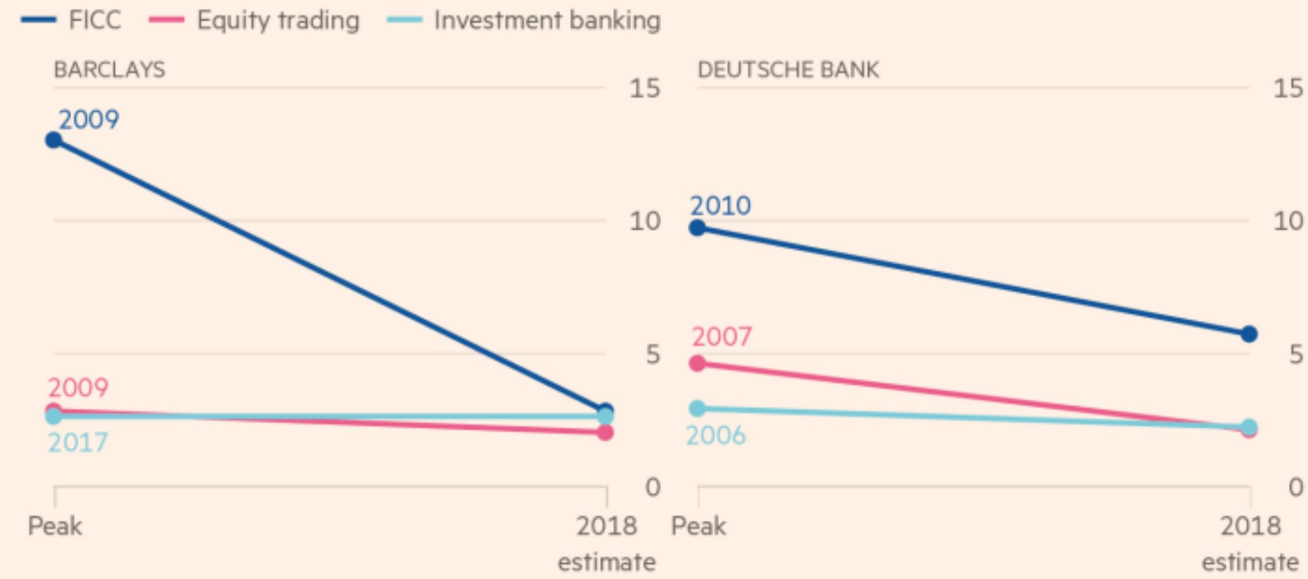
Although Barclays boasted a strong rise in key divisions, both it and Deutsche Bank have taken big falls from their recent peaks © FT montage; Reuters; Bloomberg

A resurgent Barclays posted a fourth consecutive quarter of market share growth at its investment bank driven by a 19 per cent rise in trading revenues on Wednesday. The results bolstered chief executive Jes Staley's position against activist investor Edward Bramson, who is agitating for the unit to be shrunk or sold.

Feedback

Down from pre-crisis and recent highs

Revenues by division (local currency bn)



Note: The historical numbers are not fully comparable to current numbers due to business disposals/exits, restructuring, restatement of the divisions and movement between trading lines over time Source: JPMorgan analysts/research

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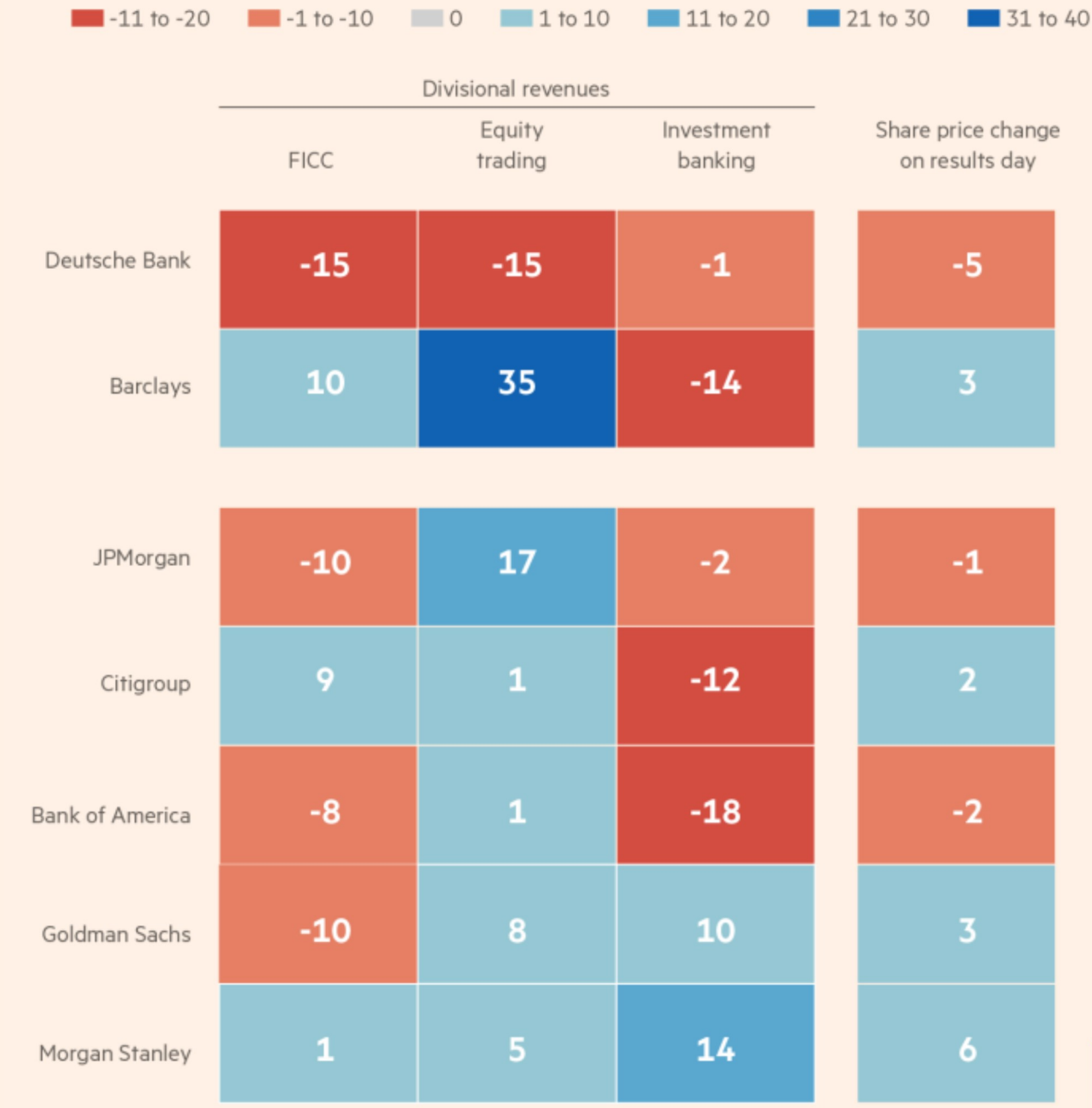
The news from Frankfurt was bleak in equal measure. All of Deutsche Bank's investment banking divisions reported declines in revenue, with the crucial trading business down 15 per cent, pushing the bank to its lowest third-quarter revenue in eight years. Chief executive Christian Sewing pleaded with investors for patience as he tries to staunch the decline and regain the trust of clients.

However, the gulf between the two European investment banks and their rejuvenated US rivals is still as large as ever.

Feedback

Change to key metrics at European and US banks

Q3 results (year-on-year change, %)



All figures are as reported, ie not managed basis

Sources: Autonomous; company reports;

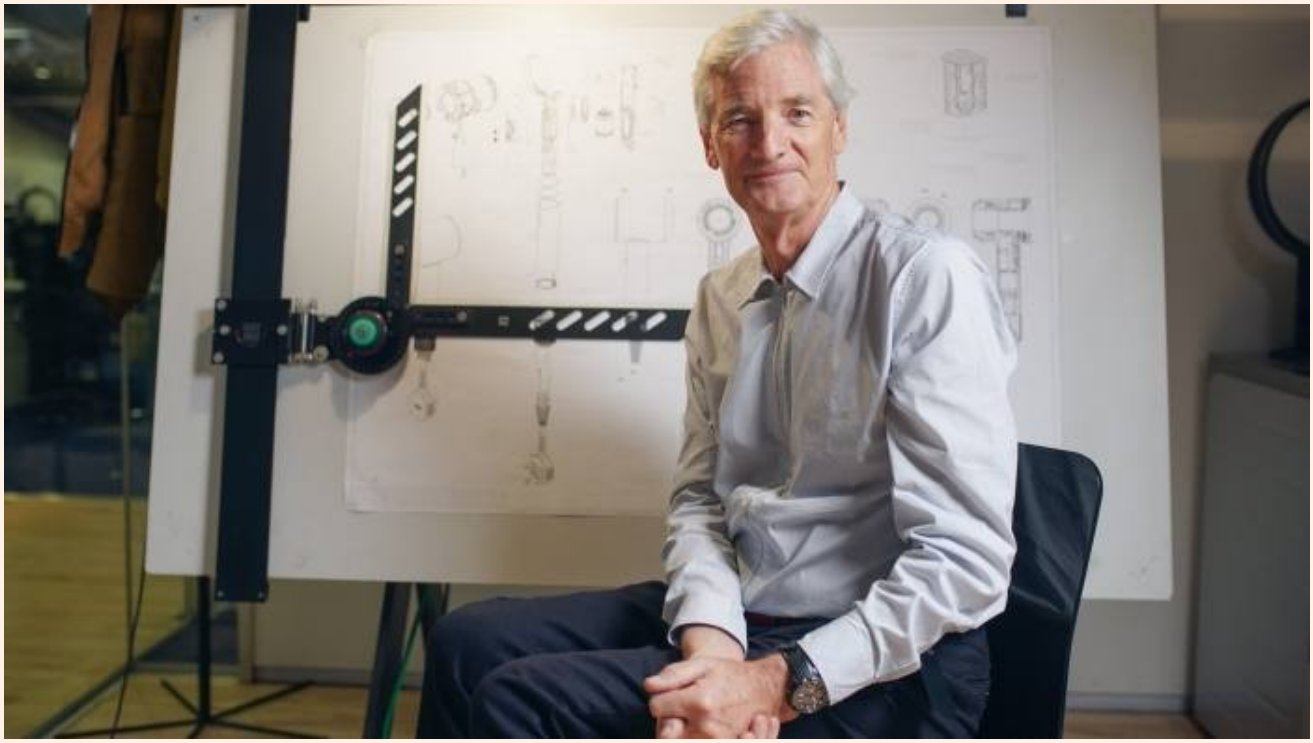
© FT

Although Barclays clawed back some market share and stole a march on its German rival, both European groups remain dwarfed by their Wall Street rivals after a painful decade of restructuring that has left them smaller and less profitable in almost every business line.

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"Mr Staley has clearly reinvigorated the markets business, whereas in Deutsche's case there is no sign of market share stabilisation," said Kian Abouhossein, head of European banking research at JPMorgan.

Dyson chooses Singapore for first electric car plant



Company stresses Brexit, supported by founder Sir James Dyson, was not a factor in its decision to build its first electric cars in Singapore © Gareth Iwan Jones/FT

Dyson is to build the first of its electric cars in Singapore, choosing the country over the UK and China to manufacture the product that the engineering brand hopes will come to define its business.

The vacuum maker had shortlisted one of its British sites where the car is being designed as a possible factory location, but opted for Singapore to be closer to its existing production hubs and its potential customers.

Feedback



The privately owned group is planning to break into the automotive industry with a series of electric vehicles, using its existing knowledge in batteries and electric motors to give it the edge over established manufacturers.

It plans to invest £2bn in the scheme, with £1bn into battery technology and another £1bn into the development and construction of the vehicle itself.

Netflix secures $2bn from bond investors to back expansion

Feedback



© Reuters

Netflix has secured just over $2bn through its latest bond offering, as debt investors continue to foot the bill for the streaming television and movie company's aggressive programming expansion.

Investors chalked up billions of dollars of orders for the deal, although Netflix ultimately paid a slightly higher interest rate than initially expected amid a volatile day for broader financial markets, according to people with knowledge of the deal.

Reed Hastings, chief executive of Netflix, has already turned to the $1.3tn high-yield bond market to pay for original programming, such as Stranger Things, that has helped attract millions of new subscribers. Netflix said it would pour up to $8bn into content this year, although some analysts think the number could hit $13bn.

WPP shares plunge 14% after weak third quarter

Feedback



© Reuters

WPP's new chief executive called for "radical thinking" to reverse a year-long slide in earnings and downgraded the company's prospects in his first quarterly report since taking over from Martin Sorrell at the world's largest advertising group.

The warning from Mark Read, which came as the group said it continued to be buffeted by a slowdown in client spending and "structural change" in the industry, sent WPP's shares plunging 14 per cent on Thursday to their lowest levels in five years.



Mark Read: 'In the past we have been too slow to adapt, become too complicated and have under-invested in core parts of our business' © Tolga

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Like-for-like sales in the quarter fell 1.5 per cent, more than analysts had been expecting, and Mr Read said industry shifts — which include companies moving their ad spend away from agencies and directly to online platforms like Facebook and Google — required "decisive action" at the company.

Tiger Global and Snoop Dogg VC firm back pot start-up



Snoop Dog is one of the founding partners of Casa Verde Capital, which is leading the round jointly with Tiger © Reuters

Tiger Global, the hedge fund and venture capital group led by Chase Coleman, is leading a round of fundraising for Metrc, a cannabis regulatory compliance start-up, becoming one of the biggest-name investors to pile into the marijuana industry.

Tiger is leading the $50m round jointly with Casa Verde Capital, a venture capital firm that invests in businesses related to the cannabis industry and which counts the rapper Snoop Dogg among its four founding partners.

Casa Verde's investment in Metrc, a "track and trace" system provider that follows cannabis plants from the seed to when it reaches the consumer in order to comply with government regulations, is its biggest yet.

The funding comes as interest in cannabis shares on Wall Street has increased in recent months.

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