

# Amigo Holdings PLC

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## Shore Capital less friendly to Amigo as it downgrades following news of CEO exit and share price rally

Amigo Holdings PLC (LON:AMGO) found itself in less friendly company on Wednesday morning after Shore Capital downgraded the firm on the back of a recent rally in the share price and the surprise resignation of its chief executive.

In a note to clients, analysts at the broker downgraded the FTSE 250-guarantor lender to 'hold' from 'buy', saying a 64% rally in the share price since 26 March had largely closed the gap to the their fair value of 270p.

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Another factor in the broker's decision was the surprise resignation of the lender's CEO, Glen Crawford, which came to light in an announcement made after the close on Tuesday.

Amigo said Crawford would step down in the summer to undergo medical treatment for a degenerating spinal condition and would be replaced by Hamish Paton, the former CEO of rent-to-own firm Brighthouse, who had initially planned to join the company as its chief commercial officer in May.

### Spectre of regulation

Shore Capital also said the group was under renewed pressure from regulatory challenges following a report by the Financial Conduct Authority (FCA) in March that had raised concerns over the effectiveness of affordability checks carried out by lenders.

A speech by the FCA's chief executive Andrew Bailey on Tuesday had repeated these concerns, which relate to what the regulator perceives to be a rising number of payments being made by guarantors, which may indicate that affordability is not being appropriately assessed by the industry.

Analysts added that the company had also seen "significant negative commentary from the media in recent months", highlighting a series of articles in the Time that had questioned Amigo's historical business practices.

"Taking this into account and the surprise departure of the group's CEO, we think now is a good time to revisit our stance. As such, we cut our recommendation back to hold (from buy) while we reassess our fair value."

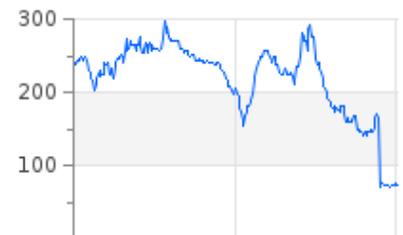
The market, however, seemed to take little notice, with Amigo's shares up 1.4% in late-morning to 260p.

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**Price:** £0.73

**Market Cap:** £346.99 m

### 1 Year Share Price Graph



September 2018 March 2019 September 2019

### Share Information

**Code:** AMGO

**Listing:** LSE

**52 week High Low**  
297.5 66.7898

**Sector:** Financial Services

**Website:** [www.amigo loans.co.uk](http://www.amigo loans.co.uk)

### Company Synopsis:

Amigo Holdings PLC is the leading company in the UK guarantor loan space. Amigo claims an 88% market share in its niche market, with loans issued having risen to £470m per year, and was the first dedicated guarantor lender to obtain FCA authorisation.

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