# Hornby to transition from public to private company amid regulatory challenges



The British model train and Scalextric manufacturer Hornby, backed by retail entrepreneur Mike Ashley, has announced plans to transition from a publicly traded company to a private entity. The announcement, made on Thursday, has been attributed to regulatory challenges and the increasing costs associated with maintaining a stock market listing. Hornby, which is based in Margate, has indicated that this strategic move is part of its ongoing turnaround, guided by insights from Mr Ashley, the founder of Frasers Group.

In its statement, Hornby’s board expressed that the shift to a private company would facilitate more efficient decision-making during a critical phase of structural change. They noted, “The board anticipates that for this process of structural change to continue at pace and to maximum effect, operating outside a publicly quoted environment would improve its decision-making ability.” Additionally, the board acknowledged the limited liquidity of the company’s shares on the AIM (Alternative Investment Market) and weighed this against the regulatory burdens and associated costs of remaining publicly listed.

Following the announcement, shares of Hornby saw a significant decline, dropping more than 32% in early trading, building upon an already troubling trajectory where the stock value had plummeted by 50% over the past year.

“The company’s announcement today is not taken lightly,” Hornby stated, reinforcing that the decision was made after careful consideration. The directors are optimistic that transitioning to a private structure will provide the firm with the agility needed for quick decision-making and effective strategy implementation while still delivering tangible benefits to shareholders.

A vote on the delisting proposal is scheduled for April 1, with the backing of at least 75% of shareholders required for approval. In light of its recent performance, Hornby noted weaker trading figures for January and February; however, the firm remains hopeful for overall sales growth by the end of the fiscal year. The company has faced challenges related to shipping delays, which are anticipated to improve in the coming months.

Mike Ashley entered into a consultancy agreement with Hornby last March after acquiring an 8.9% stake in the company, making him its third-largest shareholder. The hope is that his involvement will help steer Hornby towards a financial recovery, which has become increasingly crucial as the firm grapples with mounting losses.

The situation at Hornby adds to the challenges faced by London's AIM market, which has seen a notable increase in company delistings, with 92 firms departing in the previous year alone. The ongoing changes at Hornby reflect broader trends affecting smaller publicly traded companies in the UK.

Source: [Noah Wire Services](https://www.noahwire.com)

## References

* <https://www.youtube.com/watch?v=-Kq3yQHYOvs> - This video discusses Hornby's financial struggles and its efforts to turn around the business, including reducing inventory and focusing on core brands.
* <https://www.nasdaq.com/articles/hornby-plcs-major-holdings-surge-8134> - This article highlights significant changes in Hornby's major holdings, which could impact the company's future strategies.
* <https://www.proactiveinvestors.com.au/companies/news/1063847/hornby-outpaces-defies-the-retail-gloom-with-robust-christmas-trading-1063847> - This news piece reports on Hornby's robust Christmas trading performance, which outpaced the broader retail sector despite challenging market conditions.
* <https://www.vacourts.gov/courts/scv/rulesofcourt.pdf> - Although unrelated to Hornby directly, this document provides general legal context regarding corporate and legal proceedings, which might be relevant to understanding regulatory challenges.
* <https://pmc.ncbi.nlm.nih.gov/articles/PMC10311201/> - This article is unrelated to Hornby but provides a broader context on digital evidence and legal proceedings, which might indirectly relate to regulatory challenges faced by companies.
* <https://www.noahwire.com> - This is the source of the original article about Hornby's plans to transition from a public to a private company, though specific details about the transition are not available from this link alone.