6 August 2012

FINANCIAL NEWS

Redburn results prove resilient as independents have their day

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Revenues at Redburn Partners, Europe's largest independent equities broker, were almost exactly the same for the 12 months to May 31 as they were the year before. The figures mirror earlier results from peers in independent research and are in sharp contrast to the equities businesses of Europe's largest investment banks.

Redburn Partners LLP reported turnover of £58.4m, or about $90.8m, for the year to May 31, down only slightly from revenues of £58.8m the year before. Operating profit, at £21m, was down from £22.5m. The firm had 95 employees on average over the period, up from 85 the previous year, and the average revenue per head was £614,736. The firm declined to comment.

The firm, led by senior partner Jeremy Evans, the former head of European equities at Flemings, provides research, sales, sales trading and agency execution, as well as corporate access, hosting events ranging from industry conferences to a lunch with senior management.

The results mirror similar performance at Autonomous Research, an independent research provider focused on the financial sector. Earlier this year, Financial News reported that its revenues had risen by a quarter to £17.9m in the year to March 31, equivalent to £541,355 per employee.

In a report this year, JP Morgan analyst Kian Abouhossein said: "There are small boutiques which are focused and are highly profitable like Autonomous and Redburn Partners, with high revenue per head. This business model is highly profitable to a certain size of firm with 100 to 150 people."

In contrast, equities revenues at bulge-bracket banks have fallen sharply, with revenues for a comparable period – the year to June 30 – down about 30% against a year earlier on average, according to Financial News analysis of figures from UBS, Credit Suisse, Deutsche Bank and Barclays.

Glenn Bedwin, a director at the European Association of Independent Research Providers, told Financial News: "There has been a general lowering of trust in the conventional view coming out of the investment banks for a whole variety of reasons. The buyside wants to discuss longer-term investments with people that have the ability to present ideas that are entirely focused on detailed research and in-depth, experienced knowledge of the market.

"Investment banks have seen a reduction in the average tenure of analysts over time, as they move through their hire-and-fire cycle. They've seen a lot of loss of expertise into the independent sector. The buyside can trust independents not to talk their own book or to talk up their corporate relationships."