Boohoo gets major new shareholder as investor takes 10% stake

By Sandra Halliday - August 31, 2021

A US investment giant, T Rowe Price, is now the third-largest shareholder in Boohoo Group having acquired a 10% stake in the fast-fashion giant.

The largest shareholder in the company is founder Mahmud Abdullah Kamani with Jupiter Fund Management its second biggest.

Interestingly, T Rowe Price also holds a big stake in Boohoo’s rival ASOS with an 11% holding (behind only Bestseller, which is ASOS’s biggest stakeholder). The American company clearly sees a bright future for online mass-market fashion in the UK and beyond.

The stake purchase is a vote of confidence in Boohoo that has seen its shares proving very volatile in the past year. After understandably dropping as a result of the pandemic-linked stock market crash in March 2020, they were riding high at more than £4 each by June last year. But the summer saw a series of revelations about poor supply chain practices and the shares have been on a roller-coaster ride ever since. They peaked at close to £4 in October then plunged to a low of £2.54 in November, and they’ve been weak again this summer.

That may not affect the day to day running of the company, but executive bonuses are closely linked to the share price so the top team will clearly want to push the share price higher.

The arrival of T Rowe Price could help the process, but regardless of that, it suggests that the savvy investment firm believes the current share price is way too low given Boohoo’s prospects and that it wanted to buy a stake while it was still cheap.

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