

# When 2 + 2 = 3...

## Companies at a discount to the sum of their holdings in listed subsidiaries

Generally, the parent company's market value should be more than the sum of the market caps of its subsidiary companies. This is because the parent company will generally have its own business operations in addition to the subsidiaries. However, there are some exceptions where the market cap of the parent company is significantly less than or close to the sum of the values of the holdings in its subsidiaries.

The trading of a parent company at a discount to its subsidiaries isn't an anomaly per se. The parent can

trade at some discount due to diversification, non-synergy, unprofitable standalone operations or unprofitable operations of an unlisted subsidiary. What is unusual about the companies mentioned below is that many parent companies trade at a heavy discount.

Since it is the parent company which conducts the business of its subsidiaries, one can't say that the subsidiaries are better managed.

The following parent companies, hence, could mean a bargain subject to further exploration. **WI**



