

Billionaire Peugeot Family Faces Rare Revolt by Shareholders



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The billionaire Peugeot family is under unprecedented shareholder pressure over the performance of its listed investment vehicle following losses related to its holdings in the collapsed European property empire Signa.

Peugeot Invest, controlled by the French clan and headed by eighth-generation scion Robert Peugeot, 74, is likely to face a group of disgruntled minority investors at an annual meeting on Friday who have made public a long list of grievances including its deep trading discount. They also criticize rising operating costs, governance, remuneration policies and investment strategy.

Among their top gripes: The company's assets — which include stakes in carmaker Stellantis NV, investment bank Rothschild & Co. and a vineyard in Bordeaux — are worth almost €6 billion (\$6.5 billion), compared with its stock market capitalization of €2.8 billion. That 54% discount to the value of its assets is one of the largest among European investment holding companies.

One big way to close that gap, dissident investors say, would be to pay out a bigger chunk of cash in dividends. Yet Peugeot Invest rejects the idea, and will prevail at the annual meeting: The family controls almost 80% of the shares and 89% of voting rights.

"The interests of minority and majority shareholders are not aligned," said Colette Neuville, president of the Association for the Defense of Minority Shareholders, which has teamed up with investors Moneta Asset Management and Sycomore Asset Management to push for changes in the way Peugeot Invest operates. "They are acting like there are no minority investors."

The barrage of public criticism is a first for the secretive clan's firm, which began trading in 1989 on a now-defunct bourse in the eastern city of Nancy.

The sprawling family's fortune centers around the eponymous car manufacturer that three years ago merged with Fiat Chrysler.

The clan emerged with a 7% stake in the combined group, Stellantis, one of the world's most profitable automakers with a market value of about €64.6 billion.

The stake is indirectly held by Peugeot Invest, which has been helmed for the past 22 years by Robert Peugeot and used by the family to diversify away from the auto industry. It has built up stakes in dozens of listed and unlisted companies as well as a portfolio of private equity and real estate funds.

While it has extracted significant value from holdings like appliance maker SEB SA and investment firm Tikehau Capital SCA, Peugeot Invest's record has been tarnished by losses related to Orpea, the nursing-home operator that was embroiled in one of France's biggest corporate-governance scandals, and most recently bankrupt property firm Signa.

In March, Peugeot Invest announced the departure of Chief Executive Officer Bertrand Finet. He took the role in 2020 from Robert Peugeot, who stayed on as chairman but is scheduled to depart in 2025. The board includes a number of next-generation heirs.

Now some shareholders want to see further change. They are pushing for the annual dividend to better reflect the value of the company's assets. Peugeot Invest increased the payout for 2023 by 14% compared with a 21% rise in the net asset value over the same period.

“We’re not asking for the moon,” said Gregoire Uettwiller, a fund manager at Moneta Asset Management, which together with Sycomore holds a combined 6.4% in Peugeot Invest. “The best angle to reduce the discount is to extract every year some of the net asset value.”

The company says a big reason for the trading discount is the stock’s relatively low liquidity and it rejects the idea of closer links between the payout and asset value.

“We don’t want to inject the volatility of our net asset value into our dividend,” said deputy CEO Sebastien Coquard, who oversees investments. “We aim to deliver a dividend which is regular and rising.”

While Peugeot Invest’s discount has widened from about 30% several years ago, he said, that’s just proof that a narrower discount is possible. Other holding companies also have seen a widening, he said.

The company’s view on the dividend is backed by Joren Van Aken, an analyst at Degroof Petercam, who published a recent report on trading discounts of investment companies including Peugeot Invest.

“We prefer investment companies to do what is in their name, which is investing and not paying out,” he said. “If you basically pay out all of your NAV to shareholders, you’re implying that you don’t believe that the holding company can create value.”

Yet as an investment, Van Aken prefers Exor NV, the holding company of Italy’s billionaire Agnelli heirs who control a 14% stake in Stellantis and have also moved to diversify. Exor has created more value outside of the auto company, he said.

At Peugeot Invest, he said, “beyond liquidity, I think some of the issue about the discount has to do with communication and transparency and negative sentiment about recent investments going bad like Orpea and Signa.”

Including reinvested dividends, Peugeot Invest’s stock has returned 5.5% annually over the past five years, half the annual return of the CAC All-Tradable Index.

The minority shareholder group’s grievances also include the Orpea and Signa losses, a lack of oversight by independent directors and potential conflicts of interest among some executives with roles at Peugeot Invest and other family firms.

They are also calling for a halt to diversification until the CEO and chairman are replaced and the company demonstrates its ability to create value, “which it hasn’t done since the end of 2017.” In addition, the investors say the company has withheld information about the decision to pay royalties to the Peugeot family for the use of the Peugeot name.

The group is pushing for a series of resolutions at the annual meeting Friday including on the payout policy and tying executive compensation to the share price and trading discount.

The company’s board is opposed to those proposals. Peugeot Invest rejects the criticisms, and says all shareholders benefit from the company’s payments for the use of the family name.

“Being called Peugeot opens doors,” Coquard said, adding that this is particularly the case abroad.

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