

Billionaire Peugeots Bow to Irate Shareholders on Royalties

- Clan's listed vehicle criticized for share price, governance
- Tumult comes amid a shift at the helm to next generation

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(Bloomberg) -- The billionaire Peugeot family will cap the payments it receives from a publicly traded investment company for the use of the family name, bowing to criticism from minority shareholders who are upset at the performance of the business.



Robert Peugeot, the 74-year-old chairman of Peugeot Invest, was hammered at Friday's annual meeting with questions from investors unhappy about the firm's deep trading discount, governance, the royalties paid annually for use of the name and losses related to collapsed European property empire Signa and French care-home operator Orpea.

"The impression is that the family firm is more interested in managing its personal interests than those of all its shareholders," said Gregoire Uettwiller, a fund manager at Moneta Asset Management which together with Sycomore Asset Management have a combined 6.4% stake. They teamed up with the Association for the Defense of Minority Shareholders to present a long list of grievances to management and subject executives to a lengthy grilling.

The tumult is a black mark for eighth-generation scion Robert Peugeot, who has been at the helm for 22 years and is scheduled to step down in 2025, likely in favor of one of the next-generation family members on the board of directors. The public censure is a first for Peugeot Invest and its virulence has taken the secretive clan by surprise.

In response to the gripes, Peugeot Invest published a detailed document on its website about an hour before the start of the meeting, the timing of which also came under fire for being too late for investors

to properly digest. Orpea and Signa were the “only two failures” out of the 26 investments over the past two decades, the company said.

Regarding the royalties for use of the name, Peugeot Invest said the method for calculating the payments will be changed and payments will be capped. The dissident investors contest any justification for the payments, saying they weren’t properly detailed over the past years and only benefit the heirs.

“The clarity of our name and image is a positive factor in the contacts we have all over the world,” Robert Peugeot told the meeting.

“Okay, it opens doors, but why make us pay for it?” Uettwiller responded, noting that many of the investments still held by the company were completed well before Peugeot Invest adopted the name in 2021.

“I am noting that a certain number of shareholders here today find this too expensive,” the chairman said. “This is something we are hearing and will look into.”

Among the dissidents’ top gripes is that the company’s assets 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. They have called for a pause in further diversification away from the auto industry until a new CEO and chairman come on board.

The interests of the family and minority shareholders are aligned, said Frederic Banzet, chairman of Établissements Peugeot Frères SA, which holds nearly 80% of Peugeot Invest and oversees the dynasty’s fortune still centered on the eponymous carmaker, now part of Stellantis NV. He said the clan isn’t planning to pull Peugeot Invest from the stock market because minority shareholders push the company on performance and governance.

“Our goal is to transfer the family company from generation to generation,” he said. “The only solution to do that is substantial value creation.”