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Billionaire Peugeot's in 'Buying Mode' After Shareholder Unrest

Family's Peugeot Invest scouting for new targets like software
Breakup could be one way to solve discount, acting CEO says

By Tara Patel

(Bloomberg) -- The billionaire Peugeot family is scouting for new investments and would even consider the breakup of their listed firm to get past a recent shareholder revolt and portfolio missteps.

"I can confirm we are in buying mode," Sebastien Coquard, deputy chief executive officer of Peugeot Invest, said on a call Tuesday about first-half results of the investment vehicle controlled by the auto dynasty. "We are working on many investments, with no rush."

Industries under consideration include software and health care, he said.



Robert Peugeot

Peugeot Invest, which is listed in Paris and almost 80% owned by the auto clan, has come under criticism from minority shareholders about its performance and deep trading discount. In response, eighth-generation scion and Chairman Robert Peugeot has replaced the chief executive officer and is revising contracts with the family relating to royalties paid for use of the family name.

"By the end of year, we'll be able to amend the current contract to reduce the level of royalties to be paid," said acting CEO Nicolas Huet.

Another source of unhappiness among minority shareholders has been Peugeot Invest's trading discount. In response to a question on Tuesday, Huet said breaking apart Peugeot Invest to unlock value of private assets is a possibility, though a complicated one.

"Splitting the company in two is not an easy game," said Huet, noting that dividends distributed by automaker Stellantis NV have allowed Peugeot Invest to make new investments.

"If one day it could be achieved, it could solve part of the issue of Peugeot Invest valuation," he said. "It's one reason for the discount, but has to be done at the right moment, and at the moment it's not the right moment."

Peugeot Invest is one of the main shareholders in Stellantis through its 54%-owned Peugeot 1810 entity, but it also has minority stakes in a range of companies including Rothschild & Co. bank and Spie SA, along with private equity funds.

Peugeot Invest's net asset value fell to €5.65 billion (\$6.3 billion) on June 30 from almost €6 billion six months earlier, partly due to a decline in Stellantis' share price. That compares with its stock market capitalization of €1.9 billion.

Share buybacks wouldn't be a long-term solution to reducing the discount, Huet said.

"Our goal is to get a better valuation of Peugeot Invest," he said. "Buying back shares doesn't appear to us as the lethal weapon to kill the discount. It's very short-term."