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### **Bluebell lays out Mediobanca thesis**

Bluebell Partners has laid out its thesis at Italian investment and consumer bank Mediobanca, arguing the firm should shake up its three units.

In a presentation on a dedicated website, Bluebell said the bank should restore growth in its investment banking division, "reassess" its position in wealth management and "develop a strategy to maximize the value of the consumer banking division." The activist fund led by Giuseppe Bivona and Marco Taricco also believe the bank should sell its stake in Italian insurer Generali and stop relying on the dividends from the bank.

The European banking sector has been underperforming for years, and proved a tough industry for activists to get returns. Edward Bramson's Sherborne Investors has failed to make much progress on Barclays, despite seeing losses, while Cerberus Capital has seen its stake in Commerzbank lose around 60% of its value since it invested in 2017, according to *Activist Insight Online's* Follower Returns feature.

Taricco believes Mediobanca is different, noting that it is not a "traditional commercial bank," it is well-capitalized and has a strong franchise in Italy. The timing was also good, as the stock suffered from the coronavirus pandemic selloff and Leonardo Del Vecchio, the founder of eyewear empire Luxottica, has similar views and is seeking to increase his stake from 10% to 20%, Taricco noted.

Mediobanca's strongest business is consumer banking, followed by the investment bank and wealth management, according to Taricco, who stopped short of making specific demands as he believes there are many avenues the board should consider. "Our role is to raise issues, stimulate discussion and push the management and the board," Taricco said.

Mediobanca's investment banking unit has fallen behind its main competitor Intesa San Paolo, although that is partly due to Intesa's advantage of having a much bigger balance sheet. If this is the case, Taricco suggested management needs to "find a way to get the balance sheet," including a merger with a peer such as UniCredit or Banca Popolare di Milano.

Bluebell teamed up with value fund Novator Partners, which is headed by Iceland's richest man Thor Björgólfsson, to nominate four directors to the board that it believes are qualified to provide input on how to improve each side of the business. The four directors will run against a list of 15 advanced by the board and another of two put forward by Assogestioni. If the company's list comes first, they will appoint 13 directors, with the rest filled by either Assogestioni or Bluebell.

The company's board already has the support of around 12.7% of shareholders and Vincent Bolloré, who owns 5%, is likely to back the incumbents, according to Taricco. As such, the battle is most likely to take place between Assogestioni and Bluebell for the two available seats