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## PSAM questions governance in battle with Vincent Bolloré's Vivendi

Adam Thomson in Paris



Vincent Bolloré, Vivendi chairman

P. Schoenfeld Asset Management (PSAM) has raised the alarm over corporate governance at Vivendi, arguing that de facto control of the French media group is slipping into the hands of chairman Vincent Bolloré.

The US hedge fund, that last week mounted an open challenge to the company's strategy, released a letter on Monday suggesting that recent share purchases by Bolloré Group had taken place to keep Vivendi shares undervalued

and that the company had provided only vague guidance on acquisition plans.

The fund, which owns 0.8 per cent of Vivendi stock, said: "Such opportunistic purchases by Bolloré Group cede de facto control of Vivendi to Bolloré Group (or Mr Bolloré) without having to pay the silent and disenfranchised majority investors a control premium for their stakes."

Vivendi has rejected the demand, insisting that such action would leave it with insufficient flexibility to make acquisitions as it looks to become a "Bertelsmann à la Française" — a reference to the privately held German media group.

But PSAM insisted on Monday that by "not distributing adequate cash to shareholders and providing vague guidance about Vivendi's acquisition plans, Mr Bolloré and Vivendi management are asking investors to have blind faith in their plan for the company's future".

The fund also expressed concern about the so-called Florange law, which would give long-term shareholders such as Mr Bolloré twice as many votes as new investors. "The Florange law would allow Mr Bolloré to exert even more influence over Vivendi, leveraging his ownership into de facto control," it said.

The letter added that PSAM would support a resolution, brought by PhiTrust, another minority shareholder, to prevent the double-voting rights from taking effect.

Tension has been rising between PSAM and Vivendi since the New York-based fund called for a vote at next month's annual meeting to push the group to pay out €9bn to shareholders.

That demand came after the Paris-based company sold more than €35bn of assets during the past

two years, leaving it sitting on a huge cash pile.

PSAM has also called on Vivendi to spin off Universal Music Group (UMG), the world's largest recorded music company.

Vivendi has vehemently rejected the idea of spinning off UMG. On Friday, it warned PSAM in a letter that joining forces with other shareholders could leave it in breach of French law, which forbids non-EU investors from owning more than 20 per cent of television broadcasters.

On Monday, Vivendi told the Financial Times: "Vivendi remains extremely vigilant with respect to French law and in not dismantling the group."

Last week, the Bolloré Group increased its stake in Vivendi to a little more than 10 per cent as part of an aggressive ramp-up that has seen it double its holding in the past month.

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