Week in Review **Companies**

Corporate week in review, August 18

Atlantia, Canopy Growth, Bayer, Homebase, Uber, La Liga and UK executive pay



AUGUST 17, 2018

A round-up of some of the past week's most significant corporate events and news stories.

Benetton group drawn into Genoa bridge disaster

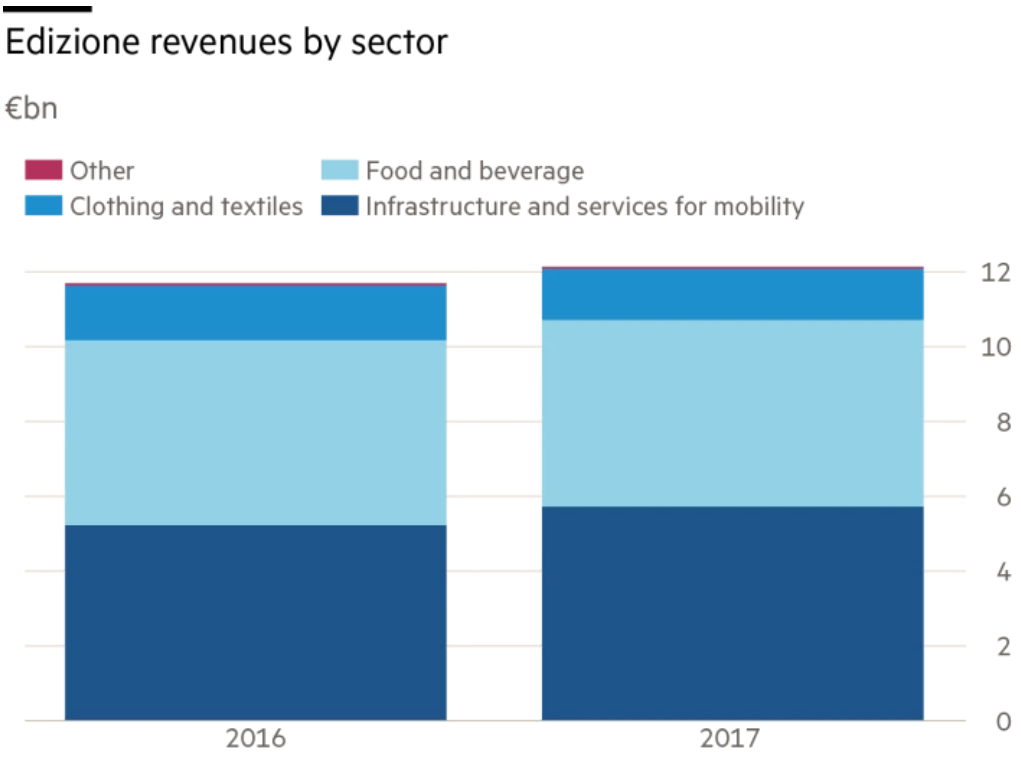
The implications of the deadly collapse of a Genoa motorway bridge spread by the end of this week to Italy's Benetton business empire, making it a political target after the government threatened to strip the concession from a road operator partly owned by the family group.

Rome's determination to act against Autostrade sent shares in Atlantia, its parent company, down 22 per cent and left investors led by the Benetton family facing steep losses. Edizione, a Benetton family holding company, has a 30.25 per cent stake in Atlantia.

The Benetton family controls one of Italy's largest business groups, with interests spanning infrastructure, catering, telecoms and finance as well as the well-known clothing brand. Edizione had revenues of €12bn in 2017.

Authorities have said 38 people died as the result of the collapse of Morandi bridge in heavy rain on Monday. Another 15 were injured.

Feedback



Source: company
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Walmart's strong sales

Walmart unveiled its strongest US sales growth in more than a decade as traffic to its stores climbed and ecommerce accelerated.

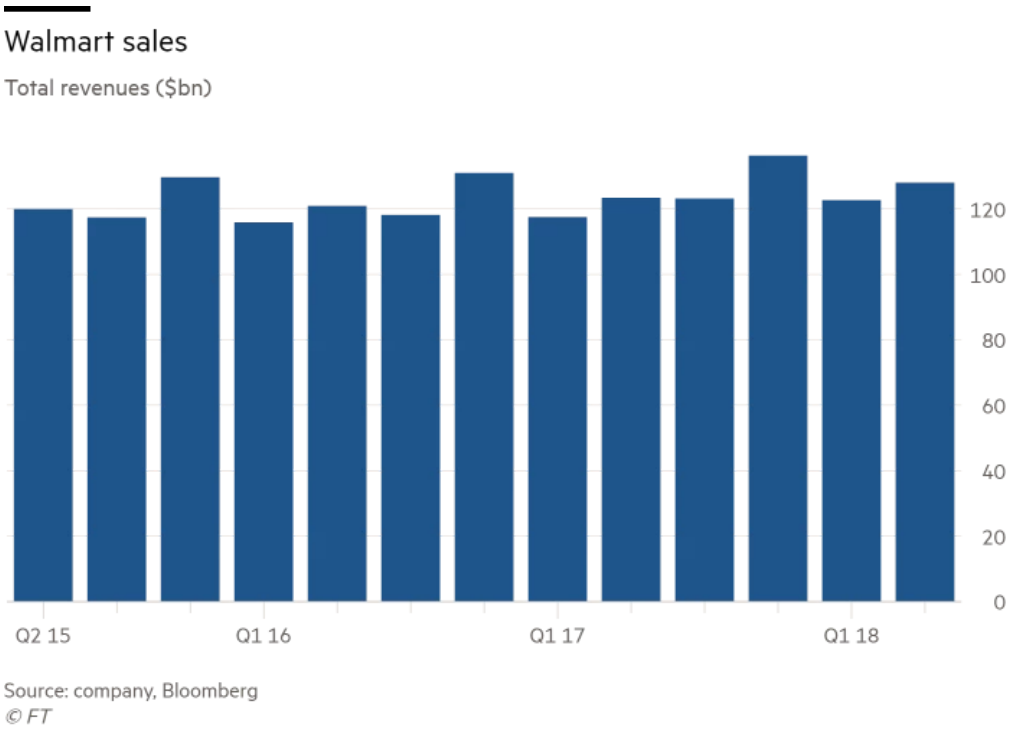
The result, which impressed investors and sent Walmart shares up almost 10 per cent, established the company as one of the winners from a US economy characterised this year by low unemployment and robust consumer spending.

The Arkansas-based chain said comparable store sales in the US rose 4.5 per cent in the quarter that ended in July, driven by groceries, clothing and seasonal items such as air conditioners and paddling pools. Warmer weather helped, the company said, and traffic to its stores was up more than 2 per cent.

Doug McMillon, Walmart's chief executive, said: "Customers tell us that they feel better about the current health of the US economy as well as their personal finances. They're more confident about their employment opportunities."

Mr McMillon's comments echoed those from other retail sector bosses that have posted decent figures in recent days.

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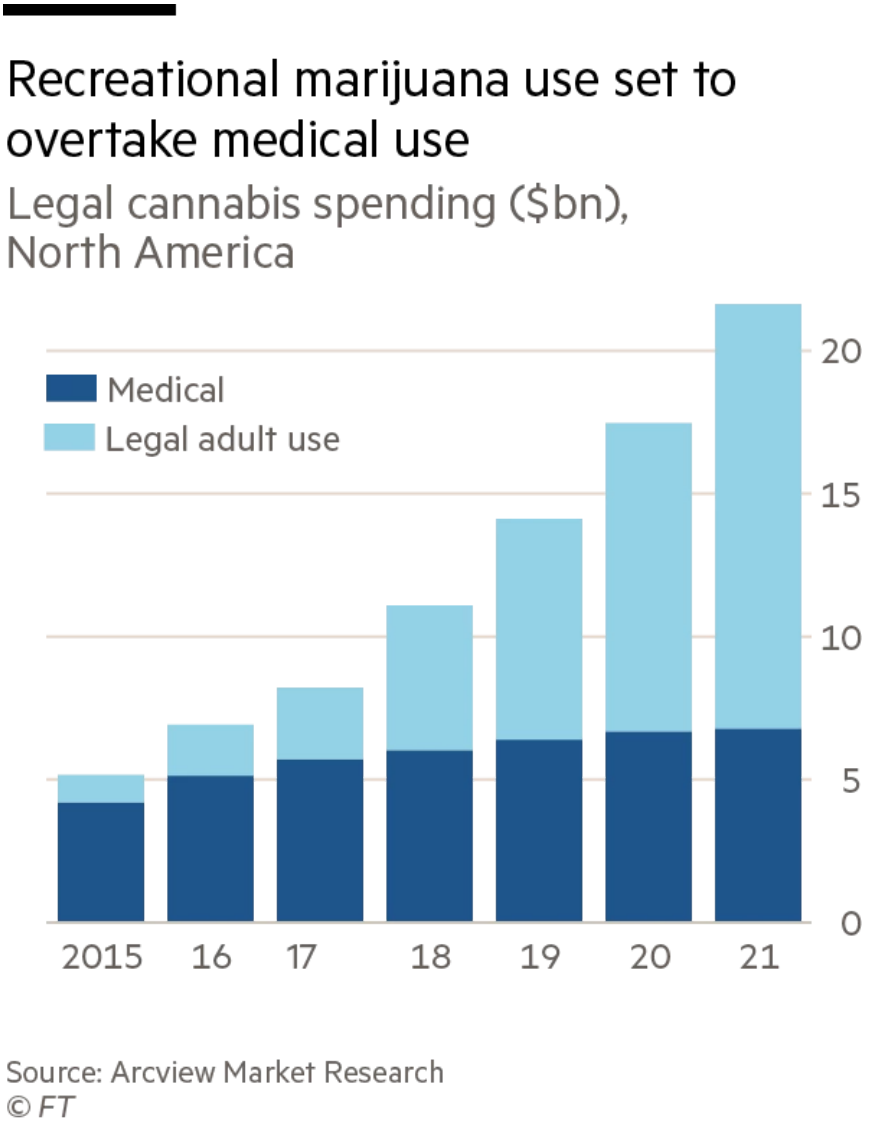
Constellation aims high

Corona beer maker Constellation Brands doubled down on its bet on the budding marijuana industry, pumping just under $4bn into a Canadian group that has sought to capitalise on the spreading legalisation of weed.

The company said it would buy 104.5m shares of Canopy Growth at C$48.60 apiece, lifting its stake to 38 per cent. The investment, which also includes warrants that could lead to it increasing its stake by a further $3.4bn, follows Constellation's acquisition of 10 per cent of Canopy last year.

The transaction between Constellation and Canopy is the latest in a wave of pot deals, as traditional makers of beer and spirits eye what they believe is the next big market where consumers will get their buzz. Smaller marijuana companies have also agreed to a string of tie-ups, each trying to establish a lead in the rapidly expanding business.

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Source: Arcview Market Research
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Bayer's legal woes

Bayer shares fell to their lowest level in five years on Thursday, after the German pharmaceutical and chemicals group was hit by another legal setback in the US linked to Monsanto's widely used weedkiller Roundup.

The California supreme court on Wednesday declined to hear Monsanto's appeal to have the main chemical in the product — which will become part of the Bayer portfolio in the wake of its $62.5bn acquisition of Monsanto — removed from an official list of carcinogenic substances.

The decision came just days after a separate California court ruling that awarded $289m in damages to a school groundskeeper with terminal cancer.

Homebase to shed stores

DIY and garden retailer Homebase will be the latest UK retailer to resort to a controversial insolvency process to rid itself of 42 unprofitable stores, the company confirmed on Tuesday.

It said in a statement that it would launch a company voluntary arrangement that would result in the stores — 39 in the UK and three in the Republic of Ireland — closing in late 2018 and early 2019, with the loss of up to 1,500 jobs. Creditors are to vote on the CVA on August 31. The company had already announced plans to shed up to 330 jobs at its head office in Milton Keynes.

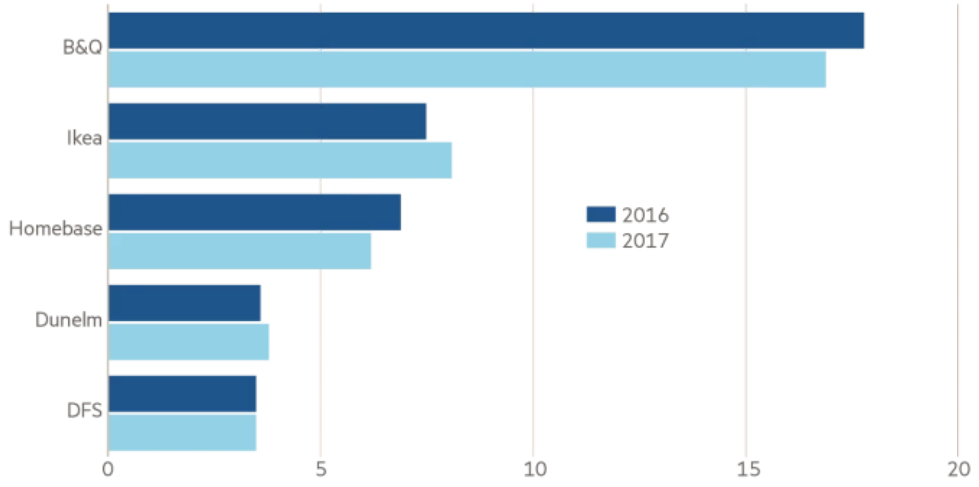
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The company said that rental costs were “unsustainable”, many stores were lossmaking and trading environment had been “extremely challenging”, with weak consumer confidence and lower spending.

The decision to launch a CVA follows similar processes at New Look, Carpetright, Mothercare and casual dining chains such as Prezzo and Jamie’s Italian. House of Fraser had also planned one until it was bought by Sports Direct in a pre-pack administration deal last week.

Top home and garden specialist retailers in the UK

By market share (%)



Source: Euromonitor
© FT

Uber losses driven up by spending

Uber’s losses widened in the second quarter as the car-booking company ramped up spending on food delivery, bike sharing and expansion in competitive international markets.

Adjusted net losses increased to $659m from $577m in the first quarter as rising expenses outpaced revenue growth, according to a financial report shared with the private company’s investors on Wednesday. The figure excludes share-based compensation, impairment charges and legal reserves.

Chief executive Dara Khosrowshahi has been focused on improving Uber’s financial discipline and stemming heavy losses ahead of an initial public offering he hopes to complete next year. But he has said he does not think Uber needs to be profitable before going public and has told investors he will spend to support areas of growth.

La Liga eyes new fields

La Liga, Spain’s top football league, will hold competitive matches in the US as early as this season as part of radical plans to secure greater revenues from international audiences.

The matches are an effort by the league, whose clubs include FC Barcelona and Real Madrid, to challenge the global popularity of rival tournaments, such as the English Premier League, which has gained a strong following in the US.

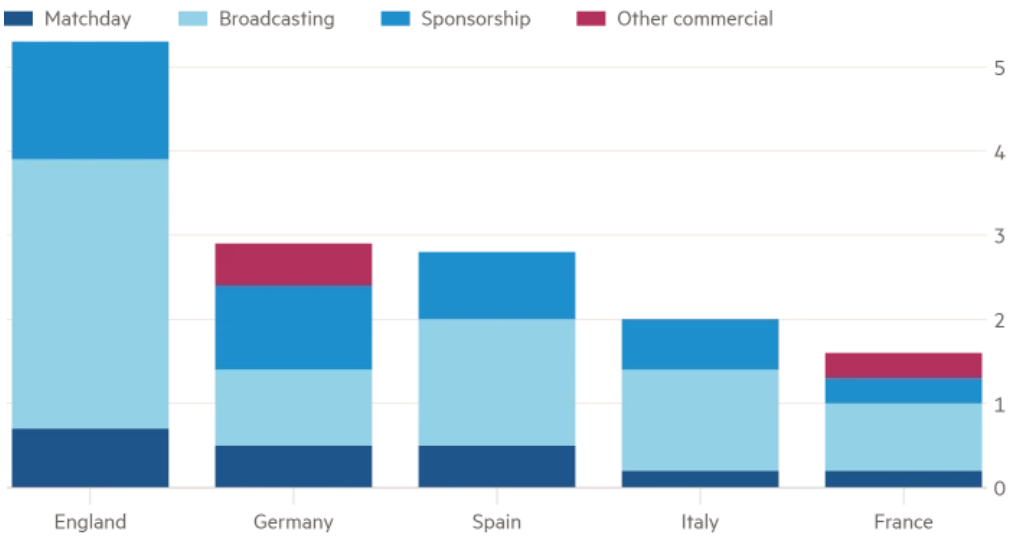
The overseas games form part of a joint venture between La Liga and Relevent Sports, a US promoter backed by Stephen Ross, the billionaire owner of NFL team the Miami Dolphins. The tie-up is designed to increase the Spanish league’s revenues from sponsorship and media rights in North America.

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Spain's La Liga clubs generated a combined €2.86bn in revenues during the 2016-17 season, according to consultancy Deloitte.

English football still way out ahead

Revenues, 2016/17 (€bn)



Source: Deloitte
© FT

UK pay gap widens

The chief executives of the UK's biggest listed companies received an 11 per cent raise last year pushing their median pay up to £3.93m, according to a report that found full-time workers received a 2 per cent rise during the same period.

The figures for FTSE 100 bosses include base salary, bonuses and other incentives and have been revealed at a time of growing shareholder activism over big payouts. Shareholders at companies including BT, Royal Mail and WPP have rebelled against chief executive pay at stormy annual investor meetings this year.

The UK government has announced some action to try to address unequal corporate pay: from 2020, large UK listed companies will be required to publish and justify the pay gap between chief executives and staff, and spell out to investors the impact of future share price rises on executive pay.

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