

Sales at Piazza Affari: virus drives “predator” takeover bids in stock market

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The Japanese raid yesterday on MolMed, the small biotech firm and crowning achievement of Italy's most innovative pharmaceuticals sector, could pave the way for a series of takeover bids at Piazza Affari. The super sale prices reached by many companies in these weeks of collapse due to fears around the coronavirus are throwing open the doors to outside predators. The prospect is mouthwatering: shoppers right now in Italy will be taking home valuable companies, profit-generating market leaders that perhaps also have abundant liquidity on hand. Everything at discounted prices, even up to 40-50%.

The list of targeted names is exceedingly long. “From banks and telephony to energy securities,” explains Enrico Vaccari, Head of Corporate Clients at Consultinvest, “these are companies with great untapped value. Also because the Italian listing was already undervalued even before the crisis.” According to the expert, sooner or later the virus will be over, while the enormous stimuli in recent hours will remain. The assumption is, therefore, that there might be a rapid recovery.

“The easiest prey to catch now are “public” companies, i.e. those without a major shareholder,” is the reasoning of Angelo Meda, Head of Equity at Banor SIM. “This category includes asset management sector gems such as Fineco, but also Nexi, which operates in digital payments, where lately there has been much frenzy. Further additions to the list could also be quality names like Prysmian or Interpump in the industrial sector.”

Then there are the banks. The topic was already on the table even before the crisis caused by the epidemic. In this sector, Intesa Sanpaolo's takeover bid of UBI sparked interest. The recent massive sales are bringing out stock exchange values in this sector that by no means reflect the

fundamentals. One need only think that in the last month, the FTSE MIB Banks sector index dropped by nearly 50%. When the stock exchange closed yesterday, Intesa Sanpaolo capitalised 25 billion euros and Unicredit 16 billion euros, numbers far from those at the start of the year. "These are, nevertheless, entities which fall within the recent history of stress and would suffer greatly in a recession. Also for this reason, it is difficult to see someone come in from abroad, unless entities already present in our country, such as Crédit Agricole and BNP Paribas, decide to expand further," reminds Michele Pedroni, Fund Manager at Decalia AM. "Asset management entities such as Fineco, Azimut and Mediolanum have more appeal. They have no debt and, as a dowry, would bring a vast wealth of managed money and customers."

Even "Made in Italy" fashion could change hands. The large groups, especially those beyond the Alps, are always seeking value brands which make it possible to diversify their assets. "Moncler and Ferragamo are possible candidates for a takeover bid," says Pedroni.

Confident predictions on upcoming raids are difficult to make. What is certain is that, for Italy and Piazza Affari, the takeover by predators from abroad will translate to an impoverishment. Many of the "prey" companies could indeed be delisted. The consolation – albeit little – lies in the price movements. Generally, when the offer to purchase is announced, prices explode upwards. "Also, in this context the reward offered to shareholders must be high, at least 60% of the latest price. Otherwise, the operation risks taking place in vain," clarifies Meda. For MolMed, Japan's AGC opened its coffers and the Berlusconi family's company leapt super high, closing the session with an 81% hike.