



# Activist Insight

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## **Share repurchases a new favourite tactic for activist investors**

*Activists are targeting cash on company balance sheets, not quick sales*

Research by Activist Insight has revealed that the number of share repurchase campaigns waged by activist investors has risen 86% in 2013. Out of over one hundred activist actions tracked by the firm in the first half of 2013, 13 related to share repurchase campaigns. As a proportion of total activist actions, share repurchase campaigns increased from 6% to 13%.

The increase, based on a comparison between the first two halves of 2012 and 2013, illustrates how activists' tactics have evolved over time. Activists may also be buoyed by the success of the tactic in the first half of 2012, when six of seven campaigns were successful, although most of 2013's campaigns are ongoing. Pro-dividend campaigns, which also use spare cash to boost the share price of a company, have more than trebled over the same period from 4 to 13, or as a proportion of total activist campaigns, from 4% to 13%.

Attempts to force the sale of the whole or part of a company have fallen by a third in absolute terms – from 31 in H1 2012 to 20 in H1 2013 – and from 28% of total activist actions, to 20%. However, public campaigns to improve operational efficiency, restructure debt or reduce costs were up 225%.

The most frequent tactic remained efforts to gain board representation, with 45 incidents in the first half of 2012 and 67 in the first half of 2013, an increase of 49% (and pushing the relative frequency up from two-fifths to two-thirds of all activist actions). However, gaining board representation is rarely the endgame for activist investors, who may use the tactic to lobby for further changes behind the boardroom's closed doors.

Josh Black, spokesman for Activist Insight, said, "Share repurchase campaigns suit companies that are cash-rich, such as Apple, Dell and savings banks. One factor behind their current popularity could be low interest rates, which allow companies to borrow cheaply and disincentivize the hoarding of cash."

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Activist Insight was founded in 2012 by Nick Arnott and Kerry Pogue. The company provides the most comprehensive global information source on activist investment. This includes live alerts on activist investments, over 180 detailed activist manager profiles, over 1,800 relevant company profiles, unique stats on activist campaigns and proxy battles, and much more. A free monthly newsletter subscription is available on request.

If you would like more information about this topic, or to schedule an interview with Nick Arnott or Kerry Pogue, please contact Josh Black at +44(0)20 7129 1314 or email [press@activistinsight.com](mailto:press@activistinsight.com).