



MARKETS

UniCredit Shares Rise Sharply on Profit Rise and Historic Mediobanca Stake Sale

UniCredit's exit from the investment could cascade through corporate Italy



UniCredit's decision to sell its stake in Mediobanca comes at the end of a three-year strategic plan which has seen it shedding assets. PHOTO: SALMOIRAGO/FOTOGRAMMA/ROPI/ZUMA PRESS

By *Giovanni Legorano and Pietro Lombardi*

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Italy's largest lender, [UniCredit](#) UNCF 0.25% ▲ SpA, has shed its entire stake in investment bank [Mediobanca](#) MDIBY -0.41% ▼ SpA, a move that ends a 70-year-plus relationship and has the potential to shake up the country's corporate landscape.

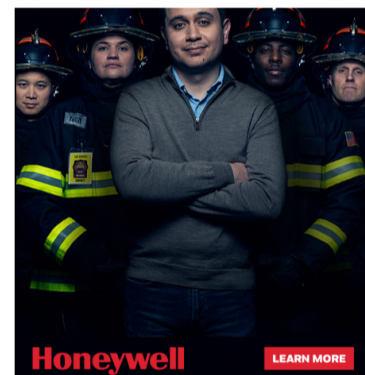
The stake sale was announced late Wednesday. On Thursday, UniCredit reported sharply higher third-quarter net profit, its shares rising 6.2% in early trade. Mediobanca shares were down 0.4%.

UniCredit had been a shareholder since Mediobanca's foundation in postwar Italy. Mediobanca quickly became a cornerstone of Italian capitalism, accumulating a web of cross-holdings in large Italian companies and turning it into the country's de facto corporate puppet master for decades.

UniCredit's Share Price



UniCredit's exit from the investment could affect Mediobanca's strategy and cascade through corporate Italy. Mediobanca has been the architect of many





Source: FactSet

As of Nov. 8, 7:10 a.m. ET

the success of many financial and corporate deals in recent years and holds sway over the strategy of Assicurazioni Generali SpA, Europe's third-largest insurer, in which it retains a 13% stake. Generali, in turn, controls hundreds of billions of dollars in funds and has been an important

investor in Italian bonds and shares, helping Mediobanca deploy its strategy in the country and providing an important engine for the Italian economy.

Mediobanca has used the proceeds from numerous stake sales in other companies over recent years to invest in its corporate and investment banking divisions and retail and wealth-management units. For instance, it bought a 51% stake in London-based credit manager Cairn Capital Group Ltd from Royal Bank of Scotland and other institutional investors and bought Barclays PLC's Italian retail business.

Mediobanca declined to comment.

The sale of UniCredit's stake in Mediobanca leaves Leonardo Del Vecchio, founder of eyewear giant Luxottica, as Mediobanca's largest investor with a 7.5% stake.

Mr. Del Vecchio has recently criticized Mediobanca's management in Italian media, saying the bank's results were too reliant on Generali's stake and on its consumer credit unit Compass, and calling for a stronger focus on its investment banking activities.

Italian media speculated that the entrepreneur, who increased his stake in Generali to just under 5%, plans to buy more shares in Mediobanca. Mr. Del Vecchio's stake could have increased since the sale by UniCredit, according to a person familiar with the matter, but not above 10% as that would require authorization by regulators.

A representative for Mr. Del Vecchio declined to comment.

Jean-Pierre Mustier, UniCredit's chief executive, declined to comment Thursday on whether he had contact with Mr. Del Vecchio regarding the sale of the stake.






The decision to exit Mediobanca was in line with the bank's plan to shed all its nonstrategic assets, Mr. Mustier said.

"If we didn't have it, would it make sense to buy it now? No, it's another bank, a competitor," he said.






Unicredit's decision to sell its stake comes at the end of a three-year strategic plan which saw it shedding assets, including online bank FincoBank, asset manager Pioneer and polish lender Bank Pekao SA. The plan was designed to address an array of problems, including a capital base that had grown too thin and difficulties in bolstering its fee-earning businesses. Low interest rates were also hitting its lending activity and its stock, Europe's largest, of bad loans.

It raised €13 billion (\$14.40 billion) of fresh capital, cut costs and

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disposed of billions of bad loans.

The bank is set to unveil a new plan in December.

Unicredit's improved financial results had been expected, coming against a year-ago quarter that was hit by an impairment related to the lender's stake in Turkish bank Yapi Kredi and provisions. However, net profit grew more than analysts had forecast.

Net profit for the period was €1.10 billion compared with a profit of €29 million a year earlier, the bank said. On an adjusted basis, which excludes one-offs, net profit rose almost 26% on year. Revenue rose 1.7% to €4.70 billion.

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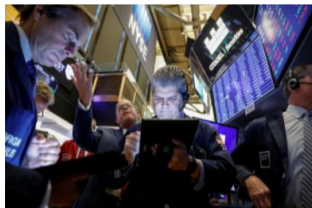
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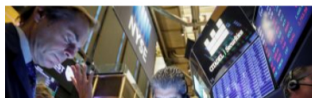
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