

French Listed Companies

by Helen Gibbons

At the end of last year I and a number of other UKSA members attended “Corporate Strategies and Investment Return Credentials”, a presentation given by three French listed companies at the Clothworkers’ Hall in the City of London.

This innovative event was moderated by a British representative of Interactions, a French corporate & financial media consulting firm. The aim was to use a ‘Question Time’ format to engage with the 100-strong audience and encourage individual shareholders to invest.

The companies were as follows:

	Revenues	P/E	1yr price change
Air Liquide	€16.56bn	22	+11%
Schneider Electric	€25.64bn	26	+38%
Total	€116.26bn	32	+29%

Each panellist started with a corporate pitch focusing on the usual performance metrics. Questions from the floor included matters such as potential French government interference, the effects of lower oil prices and prospects for automotive hydrogen as an alternative to battery power.

It was the second part of the event that was more directly relevant to individual shareholders. All panellists were of course keen to highlight their dividend yield and growth. Air Liquide, however, stood out in terms of its distinctive approach to individual shareholders. The company has a long history of encouraging individual shareholding in order to be less reliant on debt and thus maximise independence. Acquisitions are funded by share issues rather than debt, even when interest rates are historically low. 38% of Air Liquide’s shareholders are individuals (compared to 8% in the case of Total). It pays a 10% bonus dividend on registered shares held for longer than two years. 62% of its shareholders have in fact held shares for longer than 10 years, compared to a French market average of 8%.

Air Liquide’s Shareholder Services department has no fewer than 28 employees, reporting directly to the chairman. Shares can be held in three forms: bearer, registered administered (held by bank but registered with Air Liquide) and pure registered (held and managed by Air Liquide itself). In addition to the dividend bonus, registered holdings receive 10% additional shares during capital increases. Shareholders not resident in France would normally face a 30% withholding tax on dividends, but Air Liquide has negotiated a flat-tax arrangement limiting the deduction to 15%. The Shareholder Services department also handles the administration of inheritance and *inter vivos* gifts and the associated taxation. Shareholders can manage holdings through an iPhone app.

Prior to the event UKSA members had raised the matter of the French *Taxe sur les*

transactions financières. All the companies attending this event are among the 109 issuers listed in the *Journal Officiel* as being subject to the TTF. Introduced in 2012, this Tobin-inspired tax was nominally intended to fund development projects, but the aim was also to curb speculative transactions. The fact that it applies only to 'spot' deals and not to forward and derivative transactions suggests that aim may be frustrated. The tax amounts to 0.30% of the value of purchases (up from 0.20% in 2016). When it was introduced, there were concerns that it could impact the liquidity of the companies' stock. Questioned on this point, the panellists were unconcerned about any such impact. To illustrate the effect of the tax I placed a small trade in Air Liquide worth around €400 through a UK broker (pooled nominee account, traded on LSE). The figures came out as follows:

Commission and Charges
Total Consideration 328.76 GBP
French TTF 0.65 GBP
Commission 9.50 GBP

The event was hailed a success by the participating companies, who vowed to repeat it in the UK this year. For prospective shareholders it was certainly a convenient way to gain insight into key French stocks and the wider French market.

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