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Activist Investor Bluebell Raises Pressure on Glaxo CEO Walmsley

- Hedge fund calls for 'robust' process to identify leader
- Glaxo says it's already addressed points raised by Bluebell

By Eric Pfanner

(Bloomberg) -- Activist hedge fund Bluebell Capital Partners disclosed a stake in GlaxoSmithKline Plc, ratcheting up pressure on Chief Executive Officer Emma Walmsley after Elliott Investment Management targeted her leadership of the U.K. drugmaker.

Bluebell called on Glaxo to run a "thorough and robust process to identify the best (internal or external) candidate" to lead Glaxo after a spinoff of its consumer health division next year, according to a letter seen by Bloomberg News. The stake is about 10 million pounds (\$13.7 million), according to a person familiar with the situation.

While the holding is a tiny fraction of the company's 72 billion-pound market value, it adds a vocal critic to the drugmaker's strategy.

"Unfortunately, there's no sense of urgency," Bluebell's Chief Investment Officer Giuseppe Bivona said by phone. "As Morgan Stanley's Zoe Cruz once said, 'You never say you want to pull the trigger, you just pull the trigger.' And this board is not pulling the trigger."

Elliott earlier this year revealed an investment in Glaxo, putting Walmsley's leadership under a spotlight. The company has struggled to develop blockbuster new treatments and has failed to create a Covid-19 shot despite being the world's largest vaccine producer.

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Bluebell took more direct aim at Walmsley, citing her performance during a recent investor presentation where the company set new targets. The letter highlighted what it characterized as her lack of pharma experience. Walmsley worked at cosmetics company L'Oreal SA prior to joining Glaxo.

"The lack of Mrs. Walmsley's industry knowledge was also very evident during the latest investor update, which -- given the criticism raised prior to the event and pent-up expectation for the occasion -- should have been 'the' opportunity for her to show strong leadership and dispel this perception," the letter said.

Glaxo shares fell 0.4% in London.

Before joining GSK's consumer unit in 2010, Walmsley spent most of her career at L'Oreal. She isn't the only big pharma leader without a scientific background. Sanofi CEO Paul Hudson is an economics graduate, while Roche CEO Severin Schwan studied economics and law before joining the company as a trainee.



Emma Walmsley
Photographer: David Paul Morris/Bloomberg

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London-based Bluebell is a much smaller fund than Elliott but recently participated in a campaign that led to an overhaul of yogurt maker Danone SA's management.

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"The board and executive team remain absolutely focused on the need to deliver improved and sustained value for all shareholders," Glaxo said. "The points set out in the letter from Bluebell Capital Partners are not new, and in fact are ones we have already made clear we are addressing."

The Financial Times reported the investment earlier.

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