

Cott Shares Rise on Hedge Fund Push

New York Times Blogs - New York, NY, USA
Published Wednesday May 27, 2008

Struggling Canadian soft-drink maker **Cott** saw its shares rise Monday following a push from a U.S. hedge fund to shake up its leadership.

Cott stock, sagging after years of losses, rose 44 cents, or 13.9 percent, to 3.61 Canadian dollars on the TSX after **Crescendo Partners** of New York disclosed it has purchased an 8.7 percent stake in the company and is seeking changes in its operations and management.

Cott shares, worth over 17 Canadian dollars a year ago, traded as low as 1.74 Canadian dollars in March, after its prized relationship with Wal-Mart appeared to fizzle when the retailer announced in February that it is reducing shelf space and merchandising support for its private label carbonated soft drinks in the U.S., including Sam's Choice, the retailer brand produced by Cott.

At the current price, its stock-market value is about 250 million Canadian dollars.

Crescendo said late Friday it would meet company executives to discuss Cott's performance, as well as "potential changes in the composition of the management team and the board of directors," calling the stock "very undervalued" and "an attractive investment opportunity."

But The Canadian Press noted that some analysts were skeptical that management changes would be a panacea for what ails Cott.

"The issue is not who's running it but how are they going to turn this around — how are they going to increase margins? — because if you can't increase margins on domestic soda pop, you can't increase the value of the company," **Peter Holden**, an analyst with **Veritas Investment Research**, told The Canadian Press.

Crescendo was recently engaged in a bitter proxy battle with **Charming Shoppes Inc.**, seeking three seats on the board of the plus-size women's clothing manufacturer. The two companies eventually [reached a settlement](#), with Crescendo receiving two seats on the board and the company's chief executive being stripped of her chairman title.