

Hedge Fund Oasis Calls on Pasona to Improve Profitability

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By Gearoid Reidy

(Bloomberg) -- Hedge fund Oasis Management says it's starting a campaign to "urge transformational change" at Japanese temp services and recruiting company Pasona.

* Oasis says it manages funds that hold about 4.8% of Pasona, making it one of the largest minority shareholders; says it has sent proposals to the board but received no response

* Pasona didn't immediately respond to request for comment from Bloomberg News

* Calls on Pasona to improve capital allocation, improve cost management and review its corporate governance structure; says it's one of the "least profitable companies in its industry" and that stock price has underperformed peers

** Notes that the stake Pasona holds in Benefit One is valued at more than Pasona itself, implying a negative valuation for Pasona

* Oasis says there is opportunity for Pasona to improve oper.

profit margin to more than 5%; the improvement to profitability should value the stock at 3,754 yen/share, more than double yday's closing price

* Says the board and management should consider a management buyout if they are "not willing to have a constructive dialogue with shareholders"

* Pasona shares rise up to 8.4% today

--With assistance from Takako Taniguchi.

To contact the reporter on this story:

Gearoid Reidy in Tokyo at greidy1@bloomberg.net To contact the editors responsible for this story:

Gearoid Reidy at greidy1@bloomberg.net

Tom Redmond