

Carmaker tie-ups and break-ups

October 30 2019, by Olivier Thibault



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With US-Italian auto giant Fiat Chrysler and France's Groupe PSA in merger talks, here is a look at other major auto tie-up deals—or attempted deals—since the 1990s.

Fiat, Renault tie-up aborted

In May 2019 Fiat Chrysler presented a proposal for a 50/50 merger with French leader Renault that would have created the world's third-largest automaker.

But Fiat abruptly withdrew the offer in June, frustrated with tensions between Renault's executives and the French state, which holds a 15 percent stake in the company and double the voting rights.

Renault's partners in Japan's Nissan were also furious at having been kept in the dark about the plan.

Renault-Nissan, tensions

In 1999 Renault acquired a 36.8 percent stake in Nissan, which was close to bankruptcy, and the Romanian brand Dacia.

Renault boss Carlos Ghosn succeeded in pulling the three together and became head of all of them in 2005.

A cross-shareholding deal put 43 percent of Nissan's shares in Renault's hands, while the Japanese group owns 15 percent of Renault.

In 2016 Nissan threw a lifeline to scandal-hit Mitsubishi Motors, buying a 34 percent stake giving it effective control.

Under Ghosn the Renault-Nissan-Mitsubishi alliance became the top-selling carmaker in 2017 with 10.6 million vehicles worldwide.

The auto chief's arrest in Tokyo in November 2018 on multiple charges of financial misconduct was a major blow to the already tense alliance,

leading to a major leadership overhaul.

PSA buys Opel

In 2017 France's PSA—which owns the Peugeot, Citroen and DS brands—said that it would buy General Motors' European subsidiary, which includes Opel and Vauxhall, to create the second-biggest European automaker behind Volkswagen.

PSA immediately embarked on a major overhaul that helped the business book its first profit in 2018 after years of losses.

Fiat rescues Chrysler

In 2009 Fiat struck a deal to rescue Chrysler by starting to purchase shares in the US group, originally taking a 20-percent stake in the third largest US automaker.

In 2014, when Fiat already owned 58.5 percent of Chrysler, it said it would buy up the remainder for \$4.35-billion. The company became Fiat Chrysler Automobiles (FCA).

While it was struggling itself in 2000, Fiat agreed to hand over 20 percent of its shares to US giant General Motors but GM bailed out of the deal in 2005.

Volvo: Ford, then Geely

In 1999, when Ford was the most profitable US automaker, it bought Sweden's storied Volvo brand for \$6.45 billion.

A few years later, however, a combination of Japanese competition and

rising oil and steel prices convinced Ford that it was time to look for a new buyer.

In 2010 Ford sold Volvo to the Chinese group Geely for \$1.5 billion, almost four times less than what it had paid for the brand 11 years earlier.

DaimlerChrysler, bad marriage

In 1998 German group Daimler-Benz struck a deal to fold troubled US automaker Chrysler into its prestigious Mercedes brand.

It was presented as a merger of equals but Daimler invested \$36 billion in the affair, and ran the show from the start.

But by 2005 the combination had soured and in 2007 Daimler sold most of its shares in Chrysler, ceding 80.1 percent to the US investment firm Cerberus Capital Management for 5.5 billion euros.

DaimlerChrysler changed its name back to Daimler.

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