

Volkswagen buys Scania as Swedish shareholder sells stake

STOCKHOLM, SWEDEN: Volkswagen, Europe's biggest car manufacturer, was set to take full control of Swedish truck manufacturer Scania after a small but crucial shareholder agreed to sell its shares.



Volkswagen now owns 90% of the shares in Swedish truck company Scania. Image: Wikipedia

Swedish pension fund Alecta previously held out for a higher share price but agreed to sell its 2.04% stake in Scania, paving the way for Volkswagen to get full control the company.

On 30 April, Volkswagen said it lacked less than two percent more shares to reach its 90% goal, and thus force the sale of the remaining shares.

"After new discussions with Volkswagen we have concluded that there will be no increase in their offer," Alecta said in a statement, referring to Volkswagen's refusal to pay more than 200 kronor (€22.2) per share.

In February, Volkswagen offered €6.7bn to buy nearly 40% of Scania it did not already own and to strengthen its position against its German competitors Daimler and the Swedish truck company Volvo.

Scania's board of directors recommended to shareholders that they should not part with shares at the price offered. The offer expired on 25 April.

However, confident that shareholders could be won over, Volkswagen extended its offer to 16 May. Volkswagen already owns truck and bus manufacturer MAN and bought into Scania in 2000.

It had previously said that it could make annual savings of €650m through economies of scale by taking full control of the Swedish company.

The takeover is the latest to hit Sweden's beleaguered vehicle manufacturing sector which has seen Chinese takeovers of the once iconic car brands Saab and Volvo.

Volvo Trucks announced more than 4,000 job cuts over the last six months and a voluntary redundancy scheme aimed at cutting costs and increasing profitability.

Source: AFP via I-Net Bridge

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