

China's HNA snaps up US tech firm for \$6.0 bn

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A Chinese firm has splashed out \$6 billion for a US tech firm that distributes products for Apple and Microsoft, the latest eye-popping acquisition by a Chinese company seeking greater profits abroad as the economy slows down at home.

HNA will pay the enormous figure for Ingram Micro, a company statement said Wednesday, making it among the top ten most valuable overseas acquisitions ever made by a Chinese company, according to data from research firm Dealogic.

Growth in the world's second largest economy has waned in recent years, and Beijing has pushed local firms to look beyond the country's borders for deals that can both improve their balance books and strengthen their operations.

Ingram Micro, which also distributes products for IBM and Cisco, has more than 200,000 customers in approximately 160 countries, the company says on its website.

HNA—best known as a parent of Hainan Airlines—said the acquisition would help grow its business overseas and transform its existing logistics unit.

"With the help of Ingram Micro, HNA Group would have access to business opportunities in emerging markets, which have higher growth rates and better profitability," HNA chief executive Adam Tan said in

the statement.

Tianjin Tianhai Investment, a unit of HNA, will pay \$38.90 per share in an all-cash transaction, New York-listed Ingram Micro said Wednesday.

The pay out is a 31 percent premium to its closing price on the day.

HNA also has interests in tourism, hotels, financial services and real estate, according to its website. Subsidiary Tianjin Tianhai, originally a maritime shipping company, is seeking to transform itself into a logistics firm.

The transaction, which has already been approved by the boards of both companies, is expected to be completed in the second half of the year, the HNA statement said.

Ingram Micro will remain headquartered in California and the current management team will stay in place, it said.

Despite an economic slowdown and weakening yuan currency, "China's major companies with abundant cash flows are eyeing more and more overseas targets, which are quite attractive to them price-wise", Phillip Securities analyst Chen Xingyu told AFP.

"Chinese giants are trying to upgrade and expand their business", he said.

State-owned China National Chemical Corp. (ChemChina) this month offered \$43 billion for Swiss pesticide and seed giant Syngenta, the biggest-ever overseas acquisition by a Chinese firm if completed, although political concerns in the US may block the move.

Besides the Syngenta deal, ChemChina in January announced plans to buy German machinery firm KraussMaffei Group, and last year unveiled

a takeover of Italian tyre maker Pirelli.

China's biggest completed overseas acquisition to date was energy giant CNOOC's purchase of Canadian oil firm Nexen for \$15.1 billion in 2013.

"More China-related M&A (merger and acquisition) deals are also on the horizon," US-based law firm Baker & McKenzie said in a statement in January, citing greater use of the yuan currency in cross-border transactions.

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