

China's Midea grabs near-95% stake in German firm Kuka

August 8 2016

Chinese appliance giant Midea said on Monday it had secured almost 95 percent of German robotics firm Kuka, in the face of European fears over losing control over the high-tech company.

The company already held 13.51 percent of Kuka—a world-leading manufacturer of industrial robots—before its June offer of 115 euros per share, which valued the firm at 4.6 billion euros (\$5.1 billion).

Midea said in its Monday statement that 81.04 percent of shares were tendered by the end of an extended acceptance period at midnight on August 3, bringing its total to 94.55 percent.

The offer remains subject to regulatory approval.

Officials in Brussels and Berlin—including German Economy Minister Sigmar Gabriel and European commissioner Guenther Oettinger—have expressed concerns over German high-end intellectual property, technology, and know-how departing for China as Midea's offer progressed.

A growing list of German companies, such as Kion, Putzmeister and KraussMaffei have come under Chinese ownership in recent years.

But there is little ministers can do to stop the deal.

Midea, best known for air conditioners and washing machines, hopes to

extend automation at its factories as it faces rising labour costs in China—which also make Kuka's robots attractive to other manufacturers in the world's second-largest economy.

Kuka has had a factory of its own in China since 2013.

Midea signed a contract that guarantees jobs and plants in Germany until 2023 if the deal goes ahead.

But the powerful IG Metall trade union still pushed for significant stakes in the company to remain in German hands.

When technology firm Voith agreed to take up Midea's offer for its 25.1 percent stake in Kuka in early July, no competing German buyer came forward.

There was little change in Kuka's share price on the Frankfurt stock exchange by 0900 GMT on Monday, as investors had already assumed the takeover bid would succeed.

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