

Renault shares accelerate on Nissan merger talk

March 29 2018



Shares in Renault shot higher after a report that the French carmaker could merge with its alliance partner Nissan

Shares in French automaker Renault shifted up several gears on Thursday, reaching the highest level in a decade, following a report that it was in talks with its alliance partner Nissan about a merger.

Bloomberg news agency said that the French automaker was talking to Nissan about a merger that would create a new group that trades as a single stock.

The companies have been linked for nearly two decades by a cross shareholding and by sharing Carlos Ghosn in key leadership positions, but the question of who will succeed Ghosn in a few year time has put the structure of the alliance on the front burner.

Citing people with knowledge of the matter, Bloomberg said the new entity would be run by Ghosn, who is currently Renault's chief executive and board chairman at Nissan.

The French government's 15 percent holding in Renault could prove a stumbling block, the report said, and that no final decision has been made.

Both Renault and Nissan said they wouldn't comment on market rumours and speculation when contacted by AFP.

The French economy ministry also declined to comment.

"There is nothing new, we still see lots of interest in the alliance, but people are writing more about this topic because (French President Emmanuel) Macron is pushing for the privatisation of several companies," said a source close to Nissan on condition of anonymity.

In midday trading Renault stock was up 4.2 percent at 97.06 euros, topping the risers' board on the CAC 40 benchmark index of leading French companies, which was up 0.7 percent overall.

Trading on the Tokyo stock exchange had closed for the day before the Bloomberg report was published. Nissan shares had shed 0.5 percent to

1,094.50 yen in a market up 0.6 percent overall.

In an interview with AFP earlier this year, Ghosn said the French carmaker is keeping all options open regarding its alliance with Nissan and Mitsubishi, another Japanese carmaker in which Nissan holds a stake.

He said that "all options are on the table. There are no taboos, nothing is off-limits".

Renault currently holds a 43 percent stake in Nissan, which in turn holds a 15 percent stake in the French carmaker.

Nissan took a 34 percent stake in Mitsubishi Motors in 2016, a tie-up which allowed the alliance to claim the title of the world's largest carmaker last year with 10.6 million vehicles sold.

In the February interview Ghosn said: "We need to continue the convergence between the three companies while leaving each one of them quite independent in their markets, and each one in its country and in its culture."

© 2018 AFP

Citation: Renault shares accelerate on Nissan merger talk (2018, March 29) retrieved 25 April 2024 from <https://phys.org/news/2018-03-renault-nissan-merger.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.