

Renault says board will meet Tuesday to respond to Fiat Chrysler bid

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Fiat Chrysler has offered a "merger of equals" with Renault, a prospect that has sent shares in both automakers up sharply

Renault's board of directors will meet Tuesday to formulate its response to a merger proposal by Fiat Chrysler, which is likely to lead to talks aimed at creating the world's third-largest automaker, the company said.

Fiat Chrysler has offered a "merger of equals" with its French rival, a prospect that has been welcomed by investors who have sent shares in

both automakers up sharply since the bid was unveiled on Monday.

Together they would produce 8.7 million vehicles a year, creating an industry powerhouse with an expected [market value](#) of more than 30 billion euros (\$33 billion).

A deal would hold advantages for both carmakers, with the Italian-US Fiat Chrysler a latecomer to the electric vehicle market, where Renault has built up a commanding lead.

The French firm meanwhile doesn't have a presence in North America, where Chrysler is strong in the SUV and pick-up sectors.

Taking into account Renault's alliance with Nissan and Mitsubishi, the enlarged group would be the world's largest automotive group by a wide margin.

But a report in French financial newspaper Les Echos this week suggested that Renault will push for a higher bid from Fiat, potentially leading to frictions that could scupper a deal.

Renault's share price has been battered in recent months following the arrest of its former boss Carlos Ghosn—who was also Nissan chairman—last November in Tokyo.

He awaits trial over charges of under-reporting his salary for years while at Nissan and using company funds for personal expenses.

The French government, which owns a 15 percent stake in Renault, has already signalled its backing for a deal after the companies said no plants would be closed as part of their tie-up.

A combination "is a real opportunity for the French auto industry,"

Finance Minister Bruno Le Maire told AFP on Friday.

But Le Maire said the government would insist that any deal respect four conditions, including the "preservation of jobs and industrial sites."

He also called for the continuation of the Renault-Nissan alliance and a commitment to participate in the future European battery partnership.

France also wants "balanced corporate governance" at the future group, Le Maire said.

Press reports have said Fiat chairman John Elkann, a grandson of Fiat's emblematic former president Gianni Agnelli, would also be chairman after a merger.

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