

Acquisition Times for Family Businesses

A number of family businesses across the globe are acquiring substantial stakes in other firms. The troubled economic times are providing attractive valuations and family businesses are making most of this opportunity to strengthen their hold over firms that offer them a strategic business advantage. Some others are acquiring business assets to gain a competitive edge.

The Italian automobile company Fiat, owned by the Agnelli family, is garnering funds to take the full ownership of US automaker Chrysler. Fiat already owns 58.5% stake in Chrysler. The company is fighting a court battle in US with the healthcare trust VEBA, which owns a 16.4% stake in Chrysler, over stake valuation. Once the dispute is settled and Fiat completes the acquisition, it is reportedly planning to merge Chrysler with itself. The combined company will become the world's seventh largest auto group and will be listed on the US stock exchange in 2014.

The family owned McGraw Hill group has made an offer for an additional 22.23% stake in India based credit ratings and research firm, Crisil, in which it already owns a 52.77% share. The deal, which will take McGraw Hill's holding to 75 percent, is likely to be completed by August and will cost US \$340 million. The move will strengthen McGraw Hill's ratings and research business, which already owns credit-rating agency - Standard & Poor's and index business - S&P indices.

The Arnault family owned luxury major LVMH acquired the famous Milan based café and confectioner Pasticceria Confetteria Cova for an undisclosed amount. Cova has presence in Japan, Singapore, Hong Kong and China. LVMH plans to take the brand to other international markets.

Norway based shipping giant, the BW Group, which is controlled by the Sothmann-Pao family, is in talks with another shipping major, Maersk to acquire five of its very large gas container (VLGC) ships in a deal approximately valued at \$310 - \$320 million. With this deal, the BW Group's position will be strengthened as the world's largest gas shipping company.

Source: Campden FB, Family Business Roundup – dated May 31, June 3, June 7 and June 28, 2013