

Swedish Activist Firm Writes History

Stockholm (HedgeNordic) – Swedish activist investment fund Cevian Capital agreed to sell its ownership stake in Swedish truck, construction equipment and boat engine manufacturer Volvo to Chinese car group Zhejiang Geely. The Chinese company, which already owns Swedish carmaker Volvo Cars, will purchase 88.47 million class A shares and 78.77 million class B shares of Volvo, equivalent to 8.2% of the capital and 15.6% of the votes.

While the exact sale price undisclosed, various sources suggest Geely is set to pay Cevian around €3.25 billion for the entire stake. “We have been owners in Volvo for eleven years, and now we are handing the company over to a good owner that thinks long term, is industrial and competent,” Christer Gardell, a co-founder of Cevian Capital, told Swedish business daily magazine Dagens Industri (Di).

In a press release issued by Geely, Gardell also said: “During Cevian Capital’s ownership, Volvo has been transformed into a more competitive and valuable company, through strengthened governance, improved efficiency and increased focus on its core business. This is reflected in structurally improved profitability and a higher market value. We are proud to have played a role in this positive development.”

According to investment bank Nomura, the €3.25 billion sale would make the deal the largest exit by an activist investor. Should the deal go through, the transaction will likely top a multi-billion-euro sale of American Railcar Leasing completed by U.S. activist firm Icahn Enterprises, Carl Icahn’s primary investment vehicle, last year.

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