

business

Siemens buys Indian electrification company

● **Siemens acquires C&S Electric in \$296 million deal**

Reuters | Zurich

Siemens is buying Indian electrical equipment maker C&S Electric in a 267 million euro (\$296.21 million) deal, the German industrial group said yesterday.

The privately held New Delhi-based company makes low-voltage switchgear parts, metering devices and other products used to transmit and distribute electricity, Siemens said.

The C&S deal comes as Siemens reorganises itself around its smart infrastructure and industrial automation businesses when it spins off its energy business this year.

C&S, which employs 5,000 people, had estimated sales of around 150 million euros in 2019,



The logo of Siemens AG is seen at its headquarters in Munich

with an operating profit margin of 10 percent to 15pc, Siemens said.

Andreas Matthe, chief executive of the low-voltage products business at Siemens's Smart In-

frastructure division, said buying C&S would help Siemens provide products for the Indian

267m
euros were spent by Siemens to acquire the Indian company

low-voltage market, which has been growing at around 6pc per year.

Siemens wants to boost its presence in India's home-building, construction and infrastructure sectors like airports, Matthe said.

"India is one of the fastest growing markets in the world, and there is so much to do in terms of infrastructure and improving the energy supply," Matthe said.

But to tap into the trend, Siemens needed to provide locally produced, cheaper products, he added.

The acquisition will also provide a launchpad to export products to other Asian countries, a strategy identified by Siemens as a growth driver for its Smart Industries unit.

"Safe, intelligent and reliable electrification is the backbone of economic and societal development," said Siemens managing board member Cedrik Neike, who is responsible for Asia and leads the Smart Infrastructure business.

"Joining forces with C&S Electric allows us to bring a more comprehensive portfolio that addresses the needs of a very important market."

Siemens will buy around 99pc of the equity share capital under the agreement, which is subject to regulatory approvals.

The trains to industrial software maker, which is due to report its first-quarter earnings on Feb. 5, said it was also looking to set up a design and manufacturing hub in India following the completion of the acquisition.

Bayer mediator dismisses report of \$8 billion Roundup settlement

Reuters | New York

Bayer AG has not offered to pay billions of dollars to settle claims in the United States related to the Roundup herbicide, mediator Ken Feinberg said, dismissing a report to that effect which drove its shares as much as 11 percent higher.

"Bayer has not proposed paying \$8 billion to settle all the U.S. Roundup cancer claims. Such a statement is pure fiction," Feinberg said in an email yesterday. "Compensation has not even been discussed in the global mediation discussions."

Bayer shares, which had shed some of their gains before Feinberg's statement, retreated further and closed up 1.7pc at 64.63 euros.

Bayer, which acquired Roundup and other glyphosate-based weedkillers as part of its \$63 billion takeover of Monsanto last year, declined comment on the initial Bloomberg news report and on Feinberg's response.

Bayer Chief Executive Werner Baumann last week said the company would consider settling with U.S. plaintiffs only on reasonable terms, and if it "achieves finality of the overall litigation".

He added at the time the group was "constructively engaging" in a court-ordered process with mediator Feinberg on the cases heard in federal court. Most of the pending cases, however, have been filed with U.S.



Logo of Bayer AG is seen outside a plant

“The problem is, how do you get the plaintiffs to climb down from their very high expectations? None of the jury verdicts so far have been favorable for Bayer”

SOURCE

state courts. Feinberg added that any efforts by Bayer toward a comprehensive settlement were tied in with the mediation proceedings overseen by him. "These are all part of the same mediation process."

Bayer shares have lost more than a third of their value, or roughly 30 billion euros (\$34 billion), since last August when a California jury in the first such lawsuit found Monsanto should have warned of the alleged cancer risks from Roundup.

High Expectations

The German drugs and pesticides company has engaged in negotiations with plaintiffs' lawyers, two sources familiar with the matter said.

"The problem is, how do you get the plaintiffs to climb down from their very high expectations? None of the jury verdicts

so far have been favorable for Bayer," one of the sources said, adding that talks were focused on basic questions such as how to handle potential future claims.

Bayer said yesterday that the next U.S. glyphosate lawsuit initially scheduled to be heard in St. Louis, Missouri, this month would be postponed to Jan. 27, 2020, and that a following St. Louis case slated for September had also been postponed.

The German company may benefit from having cases heard in the city where Monsanto was headquartered and where Bayer manages its global seeds business. But Missouri is also known for juries that often hit companies with huge damages.

Bloomberg said the delays had been pursued by Bayer to allow for undisturbed settlement talks.

The initial unfavorable court rulings in the first three glyphosate cases, heard in California, have at times dragged Bayer's market value below what it paid for Monsanto, although the shares are now trading above that level.

Ericsson hit by costs and weaker market

Reuters | Stockholm

Sweden's Ericsson warned it faced higher costs this year as it rolls out new 5G networks and was also hit by a temporary slowdown in its US market, sending its shares 7 percent lower yesterday. After a number of lean years, Ericsson has been boosted by the roll-out of 5G, particularly in the United States, and analysts hope it can benefit from a US campaign to shut out Chinese rival Huawei from supplying 5G equipment.

But while the new technology has helped sales, it has increased costs. Ericsson has also opted to take on major new clients to gain market share, betting a hit on margins in the short term will help to deliver longer-term profitability.

It recently bought the antenna and filter business of Germany's Kathrein to boost its 5G portfolio and said costs and investments related to the deal would weigh on margins in 2020.

Increased investments in digitalization and more spending on compliance - after a \$1 billion payment to resolve probes by US authorities into corruption - are also expected to mean somewhat higher operating costs in 2020.

In October, rival Nokia shocked investors by slashing its profit outlook for 2019 and 2020 and pausing dividend payments to allow for heavier investments in 5G, leading its shares to drop by a fifth.

However, Ericsson CEO Borje Ekholm said the Swedish firm was on track to deliver its 2020 targets of an adjusted operating margin of over 10pc



Ericsson logo is seen at their headquarters in Stockholm

and sales of 230-240 billion Swedish crowns.

The company also hiked its dividend by 50pc to 1.50 crowns per share, which Christer Gardell, managing partner at Ericsson's top shareholder Cevian Capital, said showed its confidence in the future.

"We are convinced that Borje Ekholm will surpass the targets and show the doubters that they are wrong", Gardell said.

Ericsson is fighting Nokia and Huawei to take the lead in the roll out of 5G networks, which are expected to host critical functions from driverless vehicles to smart electric grids and military communications.

That has led the United States to blacklist Huawei and launch a worldwide campaign to try to persuade allies to ban it from their 5G networks, alleging its equipment could be used by Beijing for spying - which Huawei denies.

UK 'to decide on Huawei 5G next week'

AFP | London

Britain is expected to announce next week whether to allow China's Huawei to develop its 5G network, an official said yesterday, setting out reasons for agreeing despite US opposition.

The official said the decision had not yet been taken but it was likely to be next week.

There had been speculation that Britain would allow Huawei into "non-core" elements of the next-generation 5G mobile networks, such as antennae and base stations attached to masts



A Huawei logo is seen in a shop

and roofs.

The United States has banned Huawei from the rollout of its 5G network because of concerns -- strongly denied -- that the firm could be under the control of Beijing.

It has been lobbying Britain to do the same, even threaten-

ing to limit intelligence sharing between the two allies if the UK goes its own way.

British Business Secretary Andrea Leadsom said this week that a decision would be made "soon", adding that many factors were being considered.

These included "the availability of other providers" and "the work that Huawei has already done in the United Kingdom", she said.

The senior official said Britain -- unlike the United States -- had been using Huawei technology in its systems for the past 15 years.