

### Starting up

Name three products manufactured in your country. Are the biggest markets for these products local or global?

### Vocabulary

Read the article quickly. Underline the word in *italics a-j* closest to the meaning of words 1-10. Use a dictionary if necessary.

- |              |  |
|--------------|--|
| 1 acquire    | <i>a. purchase / sell</i>                              |
| 2 decade     | <i>b. five / ten years</i>                             |
| 3 beef up    | <i>c. make weaker / stronger</i>                       |
| 4 overseas   | <i>e. inside / outside of the country</i>              |
| 5 bidders    | <i>f. person who makes an offer / accepts an offer</i> |
| 6 valuation  | <i>g. estimate / receipt of value</i>                  |
| 7 driven up  | <i>h. discounted / increased a price</i>               |
| 8 annual     | <i>i. occurs yearly / monthly</i>                      |
| 9 portfolios | <i>l. can contain a cost / range of items</i>          |
| 10 segments  | <i>m. divided into sections / strategies</i>           |

### Comprehension 1

Now read the article and complete it with words 1-10 from the Vocabulary exercise above.

## Cranemaker Kito aims to grab Stahl and lift its EU presence

Kito Corp, a Japanese crane maker, is hoping to a) \_\_\_\_\_ its European presence by bidding for Germany-based Stahl CraneSystems.

Kito, founded in 1932, established a unit in Germany a b) \_\_\_\_\_ ago but the company has never been able to create a big presence in the EU, the sector's biggest source of sales. With its fastest-growing market, China, slowing in recent years, Kito is seeking to expand its European sales via an acquisition.

"To be successful globally for business, the European market is the ultimate goal," Yoshio Kito, chief executive of the company that his grandfather founded, told the Financial Times.

The opportunity to buy Stahl arose after Finland's Konecranes said in May it would pay \$1.3bn to c) \_\_\_\_\_ a unit of Terex of the US that makes cranes.

The European Commission approved the deal in August as long as Konecranes sells Stahl, which it acquired in 2005. Konecranes and Kito then dissolved a five-year strategic alliance so the Japanese company could be a neutral bidder for Stahl.

Konecranes said it was aiming to finalise the sale of Stahl by the end of the year, adding there was interest from several parties.

Analysts at Danske Bank estimated Stahl's enterprise value at €300m plus. Johan Eliason, analyst at Kepler Cheuvreux, said Stahl's d) \_\_\_\_\_ could be closer to €200m given that it will be a forced divestment, but he added the sale price could be e) \_\_\_\_\_ if multiple f) \_\_\_\_\_ are involved.

Kito is a global company, with almost two-thirds of its €500m of g) \_\_\_\_\_ revenue coming from outside Japan, and about half of its manufacturing is located h) \_\_\_\_\_.

But less than 5 per cent of Kito's revenue is generated in Europe, where competition is intense. "It is quite fragmented, so for foreign players it is difficult," Mr Kito said.

Masatomo Sakairi, Kito's chief strategy officer, said acquiring Stahl would also expand the Japanese company's product offerings.

In the hoist market, he said, there were metal wire or rope products, which Stahl specialises in, and electric chain models, which Kito makes.

"They are used in different i) \_\_\_\_\_ and weight classes," he added. "The idea is to have both, to be complementary to each other."

Mr Sakairi expected "quite a few" private equity firms and industry players to be keen on buying Stahl, but given their product j) \_\_\_\_\_ and complementary geographies he believed Kito was an ideal match for the group.



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## Comprehension 2

Read the article again and decide if the sentences below are true or false.

- 1 Kito is a new company in the Crane market.
- 2 One of Kito's main Asian markets stopped expanding.
- 3 The European market is extremely important for crane sales.
- 4 Only a few companies are interested in buying Stahl.
- 5 Currently all Kito's factories are located in Japan.
- 6 Parts of the crane can be made from different materials.
- 7 Kito and Stahls product ranges are identical.

## Grammar - Verb Patterns

Complete the sentences with the *-ing* form or the infinitive form of the verb in brackets.

- 1 Both companies are hoping \_\_\_\_\_ (come) to an agreement soon.
- 2 The shareholders are keen on \_\_\_\_\_ (expand) into new markets.
- 3 The board were able \_\_\_\_\_ (explain) why the deal is important for growth.
- 4 The directors are planning on \_\_\_\_\_ (call) an emergency meeting.
- 5 Stahl doesn't specialise in \_\_\_\_\_ (manufacture) electronic chain model cranes.
- 6 Competitors may be aiming \_\_\_\_\_ (offer) more than the initial valuation.

## Further discussion

Journalists sometimes use puns in newspaper headlines. Look at the headline for the article. How do some of the words link to the product that the company manufactures?

Can you think of any other examples of newspaper headlines that try to be funny?

## Group work

You are members of Kito's board of directors. Prepare to explain to Kito's shareholders why it is a good idea to make a bid for Stahl CraneSystems. Work together and summarise the key arguments and facts from the article. Make notes in bullet points and present your ideas to another group. When you are listening to the other groups presentation take notes of any facts that are different from those that your group selected.

Have a feedback session after the presentations to discuss how your group chose the information to include in your presentation.

**Key****Vocabulary**

1 purchase 2 ten 3 stronger 4 outside 5 makes 6 estimate 7 increased 8 yearly 9 range 10 sections

**Comprehension 1**

a) beef up b) decade c) acquire d) valuation e) driven up f) bidders g) annual  
h) overseas i) segments j) portfolios

**Comprehension 2**

1F 2T 3T 4F 5F 6T 7F

**Grammar**

1 to come 2 expanding 3 to explain 4 calling 5 manufacturing 6 to offer

**Further discussion**

Grab and lift in the article also describe movements of a crane.

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