

# Anglo agrees to sell Scaw SA

ANGLO American Plc, which controls the world's biggest platinum producer, agreed to sell steelmaker Scaw South Africa (Pty) Ltd for R3.4bn, ending its divestment from Scaw Metals Group.

The Industrial Development Corporation and a group of Anglo's partners in the local steelmaker, will buy Anglo's 74% stake, it said yesterday. The companies include Shanduka Resources, Izingwe Holdings and Southern Palace Group of Companies, London-based Anglo said.

The sale, which follows that of Scaw companies Moly-Cop and AltaSteel last year, brings Anglo's non-core asset sales since 2010 to \$3.7bn. The company has sold paper, zinc and sugar assets as it builds iron-ore, copper and nickel mines, betting demand for the materials will increase in China and other expanding Asian economies.

The sale is a "small positive," for Anglo, Liberum Capital Ltd analysts wrote in an e-mailed note.

The sale will enable "the IDC to play a meaningful role in the strategically important steel industry," Anglo Chief Executive Officer Cynthia Carroll said.

The IDC has been investigating

setting up a mill since at least 2008 to rival ArcelorMittal SA, which produces most of the country's steel. ArcelorMittal was found to have charged "excessive" prices by the country's antitrust tribunal in 2007. At least five investigations are under way by antitrust authorities, ArcelorMittal said in February.

Scaw SA produces steel components for the mining, rail, power, offshore oil and gas, construction, commercial and other industries. The business includes a 50% stake in Consolidated Wire Industries, a tie-up with ArcelorMittal, and 31% of GSI Lucchini, a venture with Lucchini SpA. "The IDC endeavours to promote the establishment of domestic-based manufacturing industries, supporting the infrastructure expansion programmes of Eskom and Transnet," IDC Chief Executive Officer Geoff Qhena said.

Shanduka Group, formed by Cyril Ramaphosa, has interests in coal mines through a venture with Glencore International Plc. Izingwe is led by Siphon Pityana, a board member at AngloGold Ashanti.

Scaw South Africa was valued at R5.3bn in March 2007, according to an Anglo statement at the time. — *Bloomberg.*