

# DIAMONDS & DOGS Jamie Carr

## Diamond Palabora Mining

With Indaba still fresh in our minds, the timing could hardly have been better for Palabora to announce a much improved performance. Rio and Anglo announced their intention to sell their stakes in the copper miner in September, but there has been no update on a potential buyer, and the company may well have been starting to feel a bit more of an Ugly Sister than a Cinderella. With a bit of luck its latest numbers will prod a few handsome princes into action, despite all government's attempts to scare off investors in the mining sector. The key for Palabora's future is the implementation of the programmes it has announced to carry the company through the next 20 years, which will see it expanding its production of magnetite and vermiculite, together with continued improvement in operational efficiencies.

There's plenty of potential for the mine to keep going, and to keep providing employment in a desperately poor area, but any suitors will have to keep a close eye on the macro environment. ■

## Dog ArcelorMittal

At least the local steel bashers can console themselves with the thought that they're not the only part of Lakshmi Mittal's empire to be going through tough times. The parent company's share price, which topped US\$100 in 2008, is hovering just above the \$20 mark. It is laden with debt and is having to close uncompetitive plants across Europe. Poor old Lakshmi must be down to his last \$15bn, so he's not quite resorting to looking down the back of the sofa for loose change, but he must be anxious to see the downward trend reversing. The SA company suffered from the anaemic global economy and its weak demand for steel, as well as hikes in electricity and raw materials prices. Operationally, matters were not helped by four major production interruptions, and management time must be chewed up by the company's involvement in disputes with Sars and the competition authorities, not to mention the ongoing punch-up over Sishen. At least losses were lower in the fourth quarter, and prospects for look healthier. (Read story on p58.) ■

### VITAL NUMBERS ON FEBRUARY 14 2012

	Palabora Mining
Share price (R) .....	153,50
Market cap (Rbn) .....	7,42
P:e ratio .....	5,06
Earnings yield (%) .....	19,78
Dividend yield (%) .....	7,41

	ArcelorMittal
Share price (R) .....	64,25
Market cap (Rbn) .....	28,64
P:e ratio .....	-
Earnings yield (%) .....	-0,20
Dividend yield (%) .....	0,86