

# IDC moves into steel

*Rolling up its sleeves and getting involved in the real economy*

**Sibonelo Radebe**

ANGLO American yesterday announced the sale of its South African steel operation Scaw Metal SA to a consortium led by the Industrial Development Corporation (IDC) for about R3.4bn.

The transaction demonstrates the IDC's commitment to fulfilling its new mandate to champion manufacturing sector development.

According to the announcement the IDC has partnered with Anglo partners in Scaw. These partners are Cyril Ramaphosa's Shanduka Resources, Siphon Pityana's Izingwe Holdings and the Southern Group of Companies.

The sale of Scaw Metal SA is part of Anglo American's drive to shed what it calls non-core assets. "This transaction follows the sale of Scaw's international businesses, Moly-Cop and AltaSteel, to Onesteel in December 2010. In aggregate, the total consideration achieved from the sale of all Scaw's businesses has amounted to \$1.4bn (R11bn) on a debt and cash-free basis.

Anglo American CEO Cynthia Carroll said: "The sale of Scaw brings the total announced proceeds from our divestments of non-core assets to \$3.7bn since 2010, maximising value from these businesses for our shareholders.

"I am particularly pleased at this manner in which we conducted this divestment as it reinforces our ongoing commitment to South Africa. This acquisition will contribute positively to the South African government's industrial development objectives by enabling the IDC to play a meaningful role in the strategically important steel industry."

The IDC has been ordered under the



**MANDATE: The Industrial Development Corporation says the deal demonstrates its commitment to championing manufacturing.**

Picture: GALLO IMAGES

New Economic Growth Path to roll up its sleeves and get involved in the real economy as opposed to overemphasising soft equity stakes on the JSE.

Early last month The New Age revealed that the IDC was bidding to acquire Limpopo-based Palabora Mining Company from existing shareholders Rio Tinto and Anglo American.

The development finance institution has also been billed by observers as a possible champion to the planned development of a state mining company.

The IDC was reported to be part of feasibility studies meant to inform South Africa's ambition of launching

a new steel manufacturing company to compete with ArcelorMittal.

IDC CEO Geoffery Qhena said: "The IDC endeavours to promote the establishment of domestic-based manufacturing industries, supporting the infrastructure expansion programmes of both Eskom and Transnet.

"In this regard, Scaw South Africa is well positioned to take advantage of long-term growth trends in the mining industry, as well as in the railway and power generation sectors, and is aligned to our primary objective of creating balanced, sustainable economic growth in South Africa and across the

African continent."

Izingwe Holdings chairperson Siphon Pityana said: "This transaction provides an excellent platform for the strategic positioning of a BEE player in the manufacturing sector, in line with the new and emboldened approach of government, and affords us an opportunity to gradually increase black participation in the asset.

"We commend Anglo American for demonstrating a readiness to embrace the transformation vision by allowing us, as their partners in Scaw, to buy their interest in the business."

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