

Forex Yard

Glencore profit surges on metals price rebound-UPDATE 2

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ZURICH, Aug 26 (Reuters) - Glencore International, the Swiss mining and commodities trading giant, said a sharp rise in metals prices sent first-half net income soaring 42 percent, while a planned \$1 billion asset sale was on track.

Revenues leapt more than half to \$70 billion thanks to a threefold increase in industrial activities, while trading revenues rose slightly.

The Glencore results round off a solid first half for mining companies, helped by a rebound in the price of industrial metals such as aluminium and copper. Average first-half prices for copper, for instance, rose 76 percent compared with 2009.

Other miners to report strong numbers include Potash Corp suitor BHP Billiton, which on Wednesday posted its best half-year earnings in two years, and Rio Tinto, which reported record profit this month.

Privately held Glencore, which is preparing to become a listed company after issuing a \$2.2 billion convertible bond last year, earned \$1.56 billion excluding exceptional items, compared to \$1.10 billion in the year-earlier period.

As part of a planned \$1 billion asset sale, Glencore said on Thursday it had struck sale agreements on around \$400 million of non-core assets and expected the rest to come from the partial spinoff of Kazakh miner Kazzinc's gold unit in 2011.

In March, Glencore exercised a \$2.25 billion option to repurchase the Prodeco coal operations it had ceded to mining giant Xstrata to fund its participation in a rights issue by that company, in which it is the largest shareholder.

It also completed the purchase of 51.5 percent of Chemoil for \$237 million and paid \$200 million in cash and shares for 60 percent of Vasilkovskoje Gold via Kazzinc, reducing its stake in Kazzinc to 50.7 percent from 69 percent.

Glencore said earnings before interest, tax, depreciation and amortisation (EBITDA) rose to \$2.63 billion from \$1.55 billion in the same 2009 period, when commodities prices were weighed down by the effects of the financial crisis.

EBITDA is a key metric for heavily indebted companies like Glencore as it helps measure their ability to service debt.

The company's net debt rose to \$13.6 billion from \$10.2 billion, while debt coverage was largely unchanged due to increased earnings and operating cash flow, the company said.

It gave no outlook.