

Media Monitoring

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IPO hopeful Glencore worth \$60bn, top analyst says

* Estimated value leaps 22 percent in six months

* At \$60bn, would rank among FTSE's top 15 companies

Glencore, the world's biggest commodities trader, has enjoyed a surge in value and is now worth some \$60 billion as it contemplates an initial public offering (IPO), according to leading team of mining analysts.

That value placed on it by Liberum Capital would place it among the 15 biggest FTSE-listed companies if it were to secure a London listing. Barclays Plc, ranked 15th in the FTSE 100, has a market capitalisation of about 36.3 billion pounds (\$57.4 billion).

Glencore's estimated value has leapt about 22 percent since July, when it was worth \$49 billion, according to Liberum Capital analysts led by Michael Rawlinson. Rawlinson is a former banker at Cazenove and JPMorgan Cazenove who worked on the IPOs of Billiton, Xstrata, Vedanta, Anglo American and Kazakhmys.

The company's worth has been boosted by a surge in the value of its 34 percent stake in Xstrata Plc and other listed holdings. Shares in the London-listed miner have gained more than a third in the last six months, Reuters data show.

The "sum of the parts" valuation suggests over a third of Glencore's value derives from its vaunted trading operation.

The Liberum analysts reckon its trading business is worth some \$23 billion, based on the rising price-to-earnings ratios of smaller public peers such as Singapore-listed Noble Group Ltd.

Its stakes in Xstrata and other listed companies such as Century Aluminum Co, Minara Resources Ltd, UC Rusal Ltd, Chemoil Energy Ltd and Nyrstar SA, are worth another \$29.5 billion.

Glencore's unlisted mining assets -- such as zinc, copper, and gold mines -- are worth another \$14.6 billion, with its coal business the biggest at \$5.1 billion. The unlisted assets' value has fallen slightly, based on lower earnings multiples.

The analysts apply a 10 percent discount to the whole to arrive at a \$60.4 billion equity value, or an enterprise value of \$74 billion including debt.

In November, sources close to the situation said Glencore was considering a first-half listing, and was likely to work with Morgan Stanley, Citigroup and Credit Suisse.

One of the sources said it could raise about 10 billion pounds, while another said the stock could be listed in both London and Hong Kong.

On Monday, banking sources told International Financing Review (IFR), a Thomson Reuters publication, that the company was seeking a \$7-\$8 billion dual listing as early as April, aided by the three banks.

Glencore made earnings before interest, tax, depreciation and amortisation (EBITDA) of \$2.63 billion in the first half of 2010, on revenues of \$70 billion. It has previously reported full-year results in mid-March. (\$1=.6324 Pound)