
Anglo dividend unlikely till 2011 - Deutsche Bank

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Bloomberg quoted Deutsche Bank AG said Anglo American Plc, the mining company that owns stakes in the world biggest diamond and platinum producers, isn't likely to resume dividend payments before 2011 as its borrowings grow.

Deutsche Bank analysts Mr Grant Sporre, Mr Tim Clark and Mr Rob Clifford wrote in a note that debt will increase to USD 12.2 billion at the end of 2010 before project delivery and cash generation rapidly drive debt lower. Deutsche Bank projects net debt will be USD 11.4 billion at December 31st 2009. The bank reinstated its recommendation on London based Anglo, after Xstrata Plc withdrew its proposed bid last week with a buy rating, compared with "hold" previously.

Deutsche Bank said "The anticipation of a resumption of dividends and normalization of balance sheet conditions will be a significant potential catalyst for a rerating of its stock recommendation. It added that Anglo should sell Scaw Metals Group unit in South Africa at a reasonable price. Expenditure on the Amapa iron ore project is under review."

Mr James Wyatt-Tilby Anglo spokesman said "The resumption of dividend payments remains a key priority for the board."

Anglo suspended its dividend in February and said it would cut 19,000 jobs after the global recession cut metal prices. The company still plans to invest USD 17 billion to expand copper, nickel, iron ore and other production on expectations demand will recover.

(Sourced from Bloomberg)

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