
BHP should buy back USD 15 billion of shares - Mr Aitken

Wednesday, 18 Nov, 2009

Bloomberg cited Mr Charlie Aitken ED of Southern Cross Equities Limited as saying that BHP Billiton Limited could boost earnings by 10% by buying back USD 15 billion of its own shares.

Mr Aitken said that “I can’t see any investment BHP can make that stacks up better than buying large wads of their own shares back. We believe it is likely that a buy back is announced at the result in February.”

Bank of America Merrill Lynch said that BHP suspended a buyback program when it launched a hostile takeover for Rio Tinto Group in 2007 that was abandoned the 2010 as the world economy slowed. BHP, spending USD 10.7 billion on developing projects this year and another USD 5.8 billion to create an iron ore JV with Rio, may seek to buy Potash Corporation of Saskatchewan Inc.

Mr Aitken said that “While just about every hedge fund lives in hope of a revived offer for Rio Tinto or Potash of Saskatchewan, we think neither will occur.”

He said that Southern Cross has a buy rating on BHP with a target price of AUD 43.00. BHP could buy back 492 million shares at AUD 39 each, boosting earnings per share by 10%.

(Sourced from Bloomberg)

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