

## THE INTERNATIONAL INVESTOR

## Xstrata shifts its focus

*Miner to concentrate on upcoming projects, not new acquisitions*

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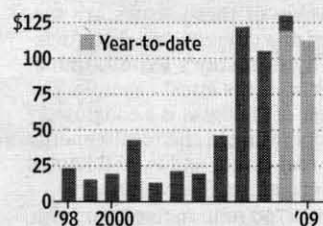
A day after dropping its pursuit of rival Anglo American PLC, mining giant Xstrata PLC will turn its focus toward projects it already has in the pipeline, rather than seek new acquisitions, its chief executive said in an interview.

"Now's the time to do the building so we can start getting the rewards of additional volume," said Mick Davis. Based on its current pipeline of projects alone, he said, Xstrata is looking to increase production from its mines by 50% between now and 2013.

The focus on internal growth is a departure for Mr. Davis. After assuming the helm of Xstrata in 2001, he turned it into a mining powerhouse with a string of high-profile acquisitions, culminating in an approach to Anglo in June with a proposal for a merger of equals. His ambition was to create a diversified mining company able to compete with BHP Billiton and Rio Tinto.

## Rock pile

Global mining industry, M&A volume, in billions



Note: Excludes spinoffs and buybacks  
Source: Dealogic

ulators to make a formal offer or withdraw, Xstrata on Thursday said it was walking away. It was the second big deal in a row Xstrata has had to abandon, following the aborted acquisition of platinum producer Lonmin PLC last year.

Mr. Davis said the environment for mergers and acquisitions is getting tougher. "Clearly, the universe is smaller than it was because we've had such a lot of consolidation," he said. "I don't see companies that are listed in the market that are decidedly cheap waiting for someone to come and pounce." But he stressed there was still scope for "bolt-on transactions for our business," small deals to expand ex-

What's more, should Anglo's performance deteriorate further in the next six months, it could open the door for a renewed takeover bid from Xstrata—a possibility Mr. Davis hasn't ruled out.

Xstrata sought to underscore that even without a combination with Anglo, it has plenty of potential to grow. The company has at least four projects that could be completed in the next few months, including expansions of its Collahuasi copper project in Chile, and the Antamina copper and zinc development and the Tintaya copper mine in Peru.

Meanwhile, two other big projects are due to be fully commissioned in the next few months—a nickel mine in Canada and a coal mine in South Africa. Xstrata also announced Thursday that it was investing \$700 million in a copper mine in Chile and another coal project in South Africa.

Analysts say that with a portfolio dominated by copper, coal, nickel, zinc and chrome assets, Xstrata is one of the best-placed among the mining companies to benefit from a global economic recovery.

Mr. Davis, who long championed the idea of a commodity "supercycle" powered by China's industrial revolution, said he thinks that will continue as supply will be unable to meet rising demand for metals, keep-

## FUND SCORECARD

## Euro Moderate Balanced

These funds have a mandate to balance equity and bond investments for Euro-based investors. The equity component does not exceed 60%. Ranked on % total return (dividends reinvested) in U.S. dollars for one year ending October 16, 2009

## Leading 10 Performers

FUND RATING	FUND NAME	FUND MGMT CO.	CURR. LEGAL BASE	% Return in \$US **	YTD	1-YR	2-YR	5-YR
NS	<b>SILGO Investment</b>	IFM Independent Fund Management AG	EUR Liechtstn	<b>59.24</b>	69.11	NS	NS	NS
1	<b>Globo I T</b>	Schoellerbank Invest AG	EUR Austria	<b>74.16</b>	67.84-12.48	NS		
NS	<b>Ibercaja Alpha FI</b>	Ibercaja Gestión	EUR Spain	<b>55.51</b>	55.77	NS	NS	
5	<b>AEGON Strategic Allocation 65/35 Inc</b>	AEGON Investment Management B.V.	EUR Nethrlds	<b>25.58</b>	54.16	20.08	NS	
4	<b>Warburg Trend Allocation Plus</b>	Warburg Invest	EUR Germany	<b>39.18</b>	51.73	6.41	NS	
3	<b>HMG Rendement A/1</b>	HMG Finance	EUR France	<b>75.18</b>	51.09	-0.17	6.80	
4	<b>Elan Club Acc</b>	Rothschild & Cie Banque	EUR France	<b>44.18</b>	48.31	9.23	11.09	
1	<b>Dresdner VPV Value A</b>	Dresdner VPV NV	EUR Nethrlds	<b>68.84</b>	47.69-14.04	NS		
NS	<b>Amplégest Proactif</b>	Amplégest	EUR France	<b>48.58</b>	47.21	NS	NS	
NS	<b>Pro Invest Plus A</b>	ERSTE-SPARINVEST KAG	EUR Austria	<b>61.19</b>	45.91	0.35	NS	

NOTE: Changes in currency rates will affect performance and rankings.

KEY: \*\* 2YR and 5YR performance is annualized

NA-not available due to incomplete data;

NS-fund not in existence for entire period

Source: Morningstar, Ltd

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Thai index recovers ground as Korea's Kospi slips back