

Miners Face Slow Asset Sales as Buyers Seek Bargains, PwC Says
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By David Stringer

June 5 (Bloomberg) -- Rio Tinto Group., the world's second- largest miner, and its peers face longer negotiations over about \$48 billion of asset sales as buyers seek bargains amid weak commodity prices, PricewaterhouseCoopers LLP said.

There are few takers for mines and resources on offer as companies trim spending because of lower prices and rising costs, said Jock O'Callaghan, the energy, utilities and mining leader for PwC Australia. The size of mining assets for sale is almost double last year's \$23 billion of completed and pending deals, according to data compiled by Bloomberg.

"In these conditions, the deal cycle is much longer," O'Callaghan said yesterday in an interview. "Many have said they are not going to divest unless it's divesting at value."

London-based Rio Tinto is pursuing an initial public offering of its gem unit after failing to find a buyer, a person familiar with the matter said June 3. New chief executives at both Rio and BHP Billiton Ltd., the world's biggest miner, are leading a global asset sale that may involve \$35 billion worth of businesses or stakes in mines, according to Deutsche Bank AG.

Commodity prices as measured by the Standard & Poor's GSCI Industrial Metals Index have fallen 7.4 percent this year amid concern about slowing growth in China, the world's largest consumer of industrial metals. The S&P GSCI Energy Index has declined 2.6 percent.

An annual PwC study of 40 global mining companies in 10 countries to be published today showed costs gained an average 9 percent, profit fell 49 percent and impairment charges were \$45 billion last year, the highest in the survey's 10-year history. Impairment charges were \$16 billion in 2011, according to the 2012 report.

Deals in the coming months will probably involve either a small number of bidders, or a single bidder, reducing the likelihood of quick agreements, O'Callaghan said.

"Once that competitive tension has dropped off, there's not a lot of incentive from the buyer's perspective to hurry things along," he said.

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