

Teck rejects Glencore's proposal for a merger

Glencore - known to provide financing, logistics and other services to producers and consumers of commodities - has had its proposal to merge with Canadian miner, Teck Resources, rebuffed.



Source: Glencore. Gary Nagle, Glencore's chief executive officer.

"If we cannot get this transaction done, I believe we're leaving massive value on the table," Glencore's SA-born chief executive officer, Gary Nagle said.

Teck's board of directors said on Monday, 4 April it had "unanimously rejected an unsolicited and opportunistic acquisition proposal" from Glencore.

The proposal included a subsequent demerger of Glencore and Teck's combined coal businesses - as well as Glencore's ferroalloys business. This would have subsequently created two standalone companies: CoalCo a standalone coal and carbon steel materials business, and MetalsCo a standalone base metals business.

Glencore's \$23bn (R410 bn) proposal comes ahead of 26 April, when Teck shareholders are scheduled to vote on an existing plan to spin off the company's coal assets into a new company – Elk Valley Resources.

"The board is not contemplating a sale of the company at this time," said Sheila Murray, chair of the Teck board.

Teck said Glencore's proposed deal would expose its shareholders to businesses that are contrary to its ESG commitments.

Teck's shareholding structure protects the company from a hostile takeover.

Glencore was founded in the 1970s as a trading company, and has grown to become a major producer and marketer of commodities with around 140,000 employees and contractors and a strong footprint in over 35 countries in both established and emerging regions for natural resources.

A look back at the company's history shows that at one point Ramaphosa was in partnership with Glencore while a director of Shanduka group, a diversified industrial company with significant coal mining interests including a stake in Optimum Coal and its associated mine, Koornfontein.

Today, Glencore is the world's biggest commodities trading company and 16th largest company in the world according to Fortune 500.

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