

**HD      Glencore Xstrata Posts Large Loss -- Update****BY**      By Alex MacDonald**WC**      551 words**PD**      4 March 2014**ET**      21:12**SN**      Dow Jones Institutional News**SC**      DJDN**LA**      English**CY**      Copyright © 2014, Dow Jones & Company, Inc.**LP**

LONDON--Commodities titan Glencore Xstrata PLC swung to a net loss in 2013 thanks to a previously disclosed write down on its **acquisition** of Anglo-Swiss miner Xstrata, drawing fresh scrutiny onto one of the largest deals in **mining** sector history.

The Swiss-based **mining** and trading titan said Tuesday its net loss attributable to shareholders was \$7.4 **billion** last year, compared with a net profit of \$1 **billion** in 2012. The weaker result was largely due to \$11.1 **billion** of one-off charges.

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Those included a \$7.5 **billion** write down on goodwill generated when Glencore bought the 66% of Xstrata it didn't already own last May in an all-share deal worth \$29.5 **billion**. Glencore Xstrata said last August that it had suffered a large impairment on the deal, mainly due to the falling value of Xstrata's **mining** assets and new projects as commodity price expectations cool.

Glencore Xstrata isn't the only major **mining company** to have suffered a big hit on large deals. Rio Tinto has written down more than half of its \$38.5 **billion purchase** of Canadian aluminum smelter Alcan in 2007, while BHP Billiton has incurred **billions** of dollars in impairment charges against its U.S. shale acquisitions.

But the charge is still an embarrassment for Glencore Xstrata Chief Executive Ivan Glasenberg, who owns 8.3% of the **company**. Mr. Glasenberg has been a vocal critic of wasteful investment by the **mining** sector.

Nonetheless, the Glencore boss said Tuesday he still felt "comfortable" about the Xstrata **purchase**. Glencore said it now expects the merger to generate an annual benefit to its earnings of \$2.4 **billion**, thanks to cost savings and increased opportunities for its traders to market the commodities produced by Xstrata's mines. The **company** declared a full-year dividend of \$16.5 cents for 2013, 4.8% higher than 2012, reflecting its confidence about the group's future performance.

The write-down masked a reasonable performance by Glencore Xstrata's underlying business. Its revenue rose 9% to \$233 **billion** last year while its keenly-watched adjusted earnings before interest and taxes, or adjusted EBIT, rose 34% on the year to \$5.97 **billion**, largely due to the eight-month inclusion of Xstrata's profits and a robust performance from its commodities trading business.

Mr. Glasenberg said talks are ongoing with state-controlled **China** Minmetals Corp. consortium over the **sale** of Glencore's \$5.9 **billion** Peruvian Las Bambas **copper** project. Glencore agreed to sell the mine to secure **Chinese** regulatory approval for its tie-up with Xstrata.

Glencore also said that the **company** is in talks with other miners over potential cooperation or joint venture agreements where they have nearby assets. Discussions are being held with Brazilian miner Vale SA regarding its Canadian nickel **operations** and Rio Tinto PLC over its Australian **coal** assets, Mr. Glasenberg said. He declined to comment on whether the talks would result in an agreement.

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