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FINANCIAL REVIEW

SE Market Wrap - Street Talk
HD Rio Tinto considers break-up amid Mount Pleasant interest
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LP Rio Tinto is considering a break-up of its Hunter Valley coal business, sources said, in an effort to match assets with potential buyers.

It's understood an Asian buyer has expressed interest in the stalled Mount Pleasant thermal coal project and may also be circling other parts of the portfolio.

TD Citi analysts estimate capital expenditure required to get Mount Pleasant up and running would be \$US1 billion to \$US1.5 billion, having cut its capex forecasts from \$A1.8 billion only a month ago.

Rio is hoping to fetch as much as \$US4 billion (\$5.4 billion) in a sale of its thermal coal business in NSW, with chief executive Sam Walsh confirming this month that he would be open to a sale at the right price.

Six parties, including China-backed [Shenhua Group](#) , have been in the data room, adding more competitive tension to what was expected to be a two-horse race between Glencore and Mick Davis' X2 Resources.

Coal miner New Hope and a specialist mining private equity firm round out the six parties that have been in and out of the data room.

New Hope, which has a market capitalisation of just \$A1.5 billion, is understood to be interested in only part of the business, with industry players questioning whether they have the balance sheet to buy the full asset package.

Elsewhere, equity capital markets teams are waiting to hear on one of the final big initial public offering tickets for 2015.

Sources said Goldman Sachs , Macquarie Capital and Citigroup were in the final furlong for a role in listing Australia's biggest radiology group I-MED Network Radiology .

As revealed by Street Talk this week, I-MED and adviser Rothschild have been taking face-to-face pitches from leading investment banks over the past two weeks.

I-MED, which is backed by Swedish private equity firm EQT, is seeking to raise up to \$500 million through the IPO, which would value the company's equity at \$1 billion. EQT, run by the high-profile Wallenberg family, is expected to retain a significant holding after the float, with the market for essential health care services booming.

I-MED has 190 clinics and more than 220 doctors, giving the company scale in an industry ripe for consolidation.

The company's board boasts some heavy hitters, led by chairman [Paul McClintock](#) who is a former Medibank Private chairman and also chairs Myer Holdings.

CO shengc : Shenhua Group Corp | rtz : Rio Tinto PLC | rtzcra : Rio Tinto Group | craaus : Rio Tinto Ltd

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