

SE Business
HD **10 MIN WRAP**
WC 684 words
PD 6 March 2014
SN Daily Telegraph
SC DAITEL
ED Telegraph
PG 67
LA English
CY Copyright 2014 News Ltd. All Rights Reserved
LP

MERGER UNLIKELY MYER'S ambitious \$3 **billion** plan to **merge** with David Jones may never get off the ground despite signs the pair are close to talking.

The department stores would struggle to find a price that made the transaction attractive to both, while the mooted \$85 **million** in cost savings could disappear unless sales are maintained, Citi analyst Craig Woolford said.

TD

"We put a low probability on a merger proceeding between Myer and David Jones," he said. "It will likely be too difficult to agree a price that satisfies both parties." Myer, which said CEO Bernie Brookes would be a willing candidate to **lead** a combined group, raised the merger proposal in October.

But DJs quickly rejected the bid — 1.06 Myer shares for each DJs share — because it did not offer a premium for its shareholders.

Following investor criticism and a board shake-up last month, DJs is believed to be preparing to engage in initial talks with Myer about the idea.

But Mr Woolford said Myer could afford to increase its offer by only 3 per cent if it were to equally benefit from mooted synergies.

A higher offer risked making the deal a "worthless transaction" for Myer owners. Mr Woolford said the \$85 **million** in cost savings were also at risk if a merged group led to store closures.

AXE THE TAX: GROUPS FOUR key business groups have called on senators to swiftly repeal the carbon tax.

The Australian Chamber of Commerce and Industry, Australian Industry Group, Business Council of Australia and Minerals Council released a joint statement yesterday, urging the Senate to pass the government's package of bills.

They said the carbon tax was making key industries less competitive every day it remained in place.

"Most businesses have been unable to pass their carbon tax-related costs on to customers," the groups' chief executives said.

"For small business especially, this has been a major burden that has reduced profitability, suppressed employment and added to already difficult conditions." The chief executives, said Labor and the Coalition went to the election last year pledging to terminate the carbon tax. They said delaying its repeal would "not achieve anything for the environment".

They acknowledged the new senators taking their seats in July had pledged to back the repeal, acting immediately would boost business confidence and cut power bills.

GLENCORE COST PUSH SWISS miner GlencoreXstrata is considering a bid for BHP Billiton's Australian nickel assets in a push for cost savings at struggling mines.

Glencore chief Ivan Glasenberg said the **company** was assessing an offer for BHP's Nickel West assets. The site is near a Glencore nickel mine in Western Australia.

Glencore was also considering bidding for Rio Tinto's Australian **coal** assets. Global miners are looking to save money after a decade-long boom in metal prices wanes amid increased supply and slower **Chinese** growth.

A combined Glencore-Rio **coal** business on the east coast would save more than \$500 **million**, investment bank Credit Suisse said.

Power station **coal** is trading near a four-year low.

"There's a lot to be done where we can get substantial synergies," Mr Glasenberg said. "But it's something that clearly makes a lot of economic sense."

SERVICE SECTOR ON THE UP THE services sector is out of the doldrums and expanding at its fastest pace in almost six years, new research shows.

The Australian Industry Group's performance of services index has surged, jumping 5.8 points in February to 55.2.

It is the strongest reading for the monthly index since March 2008. The index is now above 50 points, indicating the sector is expanding, for the first time since January 2012.

Leading the way was growth in sales and employment in the health, community and financial sectors, the Ai Group said. Solid employment and sales growth across the services sector had helped the industry claw its way into expansion, group chief Innes Willox said. "There was a hint of this welcome movement in January with reports of strength in new orders," Mr Willox said.

CO myemp : Myer Holdings Ltd. | djsaus : David Jones Ltd
IN i64 : Retail/Wholesale | i656 : Mixed Retailing | i6560002 : Department Stores | iretail : Retail
NS eserv : Service Sector Performance | e11 : Economic Performance/Indicators | ecat : Economic News
RE austr : Australia | apacz : Asia Pacific | ausnz : Australia/Oceania
PUB News Ltd.
AN Document DAITEL0020140305ea360000e