

## **Transactions expected in the platinum industry By Deborah Spicer**

Venmyn Deloitte will be creating a database of platinum assets, including information on grade, depth and cost of production, and hopes to pair sellers and buyers that are interested in these assets.

This is because the company believes that the South African platinum industry is likely to be the next industry to experience a wave of transactions.

Reports already suggest that some companies may want to divest themselves of platinum assets while others may be interested in becoming diversified mining companies or specialist precious metals companies with platinum assets.

There are also reports that many black economic empowerment (BEE) companies have had to, or will have to, dispose of stakes in platinum companies – and these shareholdings could potentially be available to other BEE entities.

The current turmoil in the platinum industry has largely been created by the costly three-month strike that has hit the industry, causing misery for mining communities, who are losing out on income, and distress for shareholders, as production cuts and shut downs have resulted in poor company performances.

This has been aggravated by lack-lustre commodity price performances.

Rising production costs, with the cost of diesel, steel and electricity all playing a role, have also changed the fundamentals of the industry, and these factors have been aggravated by the increasing depths of mining operations.

The industry's distress has led to a reassessment of strategy, and it is possible that the South African platinum sector will change, with smaller participants potentially coming to the fore, companies holding platinum becoming more diversified or companies refining their portfolios to only hold on to their most strategic assets.

To find out about opportunities in the platinum sector, contact Venmyn Deloitte MD Andy Clay on +27 (0)11 517 4205.

To subscribe to Venmyn Deloitte's newsletter, email Michelle Rieder at [mrieder@deloitte.co.za](mailto:mrieder@deloitte.co.za)

Directors: TP Pillay Chairman AN Clay Managing GJE de Beer N McKenna AS Olivier

National Executive: LL Bam Chief Executive AE Swiegers Chief Operating Officer GM Pinnock Audit DL Kennedy Risk Advisory  
NB Kader Tax TP Pillay Consulting K Black Clients & Industries JK Mazzocco Talent & Transformation CR Beukman Finance M Jordan Strategy  
S Gwala Special Projects TJ Brown Chairman of the Board MJ Comber Deputy Chairman of the Board

A full list of partners and directors is available on request

B-BBEE rating: Level 2 contributor in terms of the Chartered Accountancy Profession Sector Code

Member of Deloitte Touche Tohmatsu Limited