

AngloGold to switch primary listing to US as has 'outgrown' SA

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Gold miner AngloGold Ashanti will move its primary listing to New York from Johannesburg in a bid to access a deeper pool of investors and reduce risks associated with South Africa, it said on Friday, 12 May.



Source: www.unsplash.com

The company has shifted its focus to more lucrative mines in Ghana, Tanzania, the Democratic Republic of Congo as well as Australia and the Americas as mining in South Africa becomes more difficult and costly due to geological challenges posed by mining some of the world's deepest gold deposits.

AngloGold, whose forerunner was founded by industrialist Ernest Oppenheimer a century ago, completed the sale of its South African mines in 2020. The company will also move its corporate base to the United Kingdom, but will maintain the South African office.

"There are strategic reasons why we did this. By far the largest pool of gold capital is in the US and it was clear that a secondary listing incorporating South Africa was restricting access to that pool of capital," CEO Alberto Calderon told Reuters in an interview.

He added that two-thirds of AngloGold stock volumes were already being traded in New York, where the company has listed depository receipts.

Development of greenfield projects

"We have outgrown South Africa," he said, adding that a primary listing in the United States was aligned to its development of four greenfield projects in Nevada, which will take AngloGold's annual output close to 3 million ounces.

Calderon said rating agencies linked AngloGold's credit rating to that of South Africa, which is struggling with severe power cuts that are souring investor sentiment in Africa's most industrialised economy.

Shares in Anglogold, which plans to keep a secondary listing in Johannesburg and another in Ghana, were down 5.8%, with analysts citing disappointment with its first-quarter results reported earlier and outlook for 2024, which shows marginal growth on 2023.

"The fall in share price today, in my opinion, is primarily being driven by the weaker operational data for Q1/23 and 2024 outlook," said BMO analyst Raj Ray, adding the guidance for next year was "lighter on production and higher on costs".



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Shareholders to vote on planned move

The plan to move the primary listing will be put to a shareholders' vote and requires at least 75% support from investors, Calderon said on a conference call.

Responding to Reuters questions, state-owned asset manager Public Investment Corporation (PIC), which is AngloGold's single largest shareholder with a 15.73% stake, said investors "will continue to be able to invest locally". It did not directly answer queries on whether it will vote for the move.

Arnold Van Graan, analyst at Nedbank Group, said the move was unlikely to lead to an immediate re-rating of AngloGold's valuation.

"This move should, however, benefit the company in the longer term if its full asset potential initiative delivers operational improvements and the company continues to meet its operational and cost guidance," Van Graan said in a note to clients.

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