

Holcim-Lafarge deal brings together 5 billionaire fortunes

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The union between cement companies Holcim Ltd and Lafarge SA brings together five billionaire fortunes that have swelled a combined US\$1.6 billion (RM5.2 billion) since talks of the merger were reported on Friday.

Shareholders of the two companies — Switzerland's Thomas Schmidheiny, Belgium's Albert Frere, Russia's Filaret Galchev, Egypt's Nassef Sawiris and Canada's Desmarais family — are worth a combined US\$30 billion, according to the Bloomberg Billionaires Index. Paris-based Lafarge has risen 12 percent since April 4, with Holcim gaining 8.6%.

“Thomas Schmidheiny has always said that if there should be a change that creates added value for all shareholders and stakeholders, he will support it,” Joerg Denzler, the billionaire's spokesman, said in an e-mail. “We will create a real game changer which is perfectly positioned in developed and high-growth markets.”

The combined company will be the world's biggest cement maker with sales of US\$40 billion and led by Lafarge chief executive officer Bruno Lafont. The two companies are preparing to sell assets with 5 billion euros (RM22.4 billion) in revenue to help win regulatory approval, Lafont said during a conference call yesterday.

With a 20% stake, Schmidheiny is the largest shareholder in Jona, Switzerland-based Holcim, the world's largest cement company. Lafarge's biggest stakeholder is Brussels-based Groupe Bruxelles Lambert SA, with 21%, according to the investment group's 2013 annual report.

All-stock merger

GBL is controlled by Frere, Belgium's richest man, and the heirs of Paul G Desmarais Sr through publicly traded Pargesa Holding SA, based in Geneva, and Rotterdam-based Parjointco NV. The group said it would support the merger in an e-mailed statement Monday.

The deal between Lafarge and Holcim, structured as an all- stock merger, will probably close in the first half of 2015, according to the two companies. The asset sales of the new

company, to be called LafargeHolcim, will represent 800 million euros in earnings before interest, taxes, depreciation and amortization, the companies said.

The merger will allow the cement producers to cut costs by combining production operations. Many of the industry's kilns have run at a loss since the global recession eroded demand for building materials. The announcement lifted construction and materials shares in Europe, helping the Stoxx Europe 600 Index rise to a six-year high on Friday.

Billionaire stakes

Schmidheiny, 68, inherited the Swiss company from his father in 1984. He began his career in 1970 at Cementos Apasco SA, a Mexican subsidiary of Holcim and became CEO in 1978. He's Switzerland's fourth-richest person with a fortune of US\$7.1 billion and is the world's 188th wealthiest person, according to the Bloomberg ranking. The billionaire will own about 10 percent of the new company if the merger goes through, Denzler said.

Galchev, 50, is founder and chairman of Moscow-based Eurocement Group, Russia's biggest cement producer. The Georgia-born billionaire has spent US\$2.3 billion acquiring 10 percent of Holcim since 2008 and has a IS\$5.1 billion net worth.

Sawiris owns 16.8% of Lafarge, according to the company's 2013 annual report. He obtained the original stake after selling Orascom Construction's cement division to the company in 2008. The 53-year-old is Egypt's richest man and No. 153 in the world, with a net worth of US\$8.5 billion. Representatives for Galchev and Sawiris didn't reply to requests for comment.

Desmerais died in October 2013, and is survived by his wife, Jacqueline, and four children. Frere, 88, joined Desmarais in 1981 when the pair created Pargesa to manage a stake in Banque de Paris et des Pays-Bas (Suisse), a subsidiary of the French bank now known as BNP Paribas SA.

"We don't like to fight," Frere said of his investment approach in an interview with Bloomberg News in June 2007. "What attracts us to an investment is that we are accepted by management. I don't climb in through the rear window."

Source: <http://www.kinibiz.com/story/world-biz/79937/holcim-lafarge-deal-brings-together-5-billionaire-fortunes.html>