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MARKET REPORT: Split adds shine to copper miner Kazakhmys as buyers pile back into the stock

By Geoff Foster

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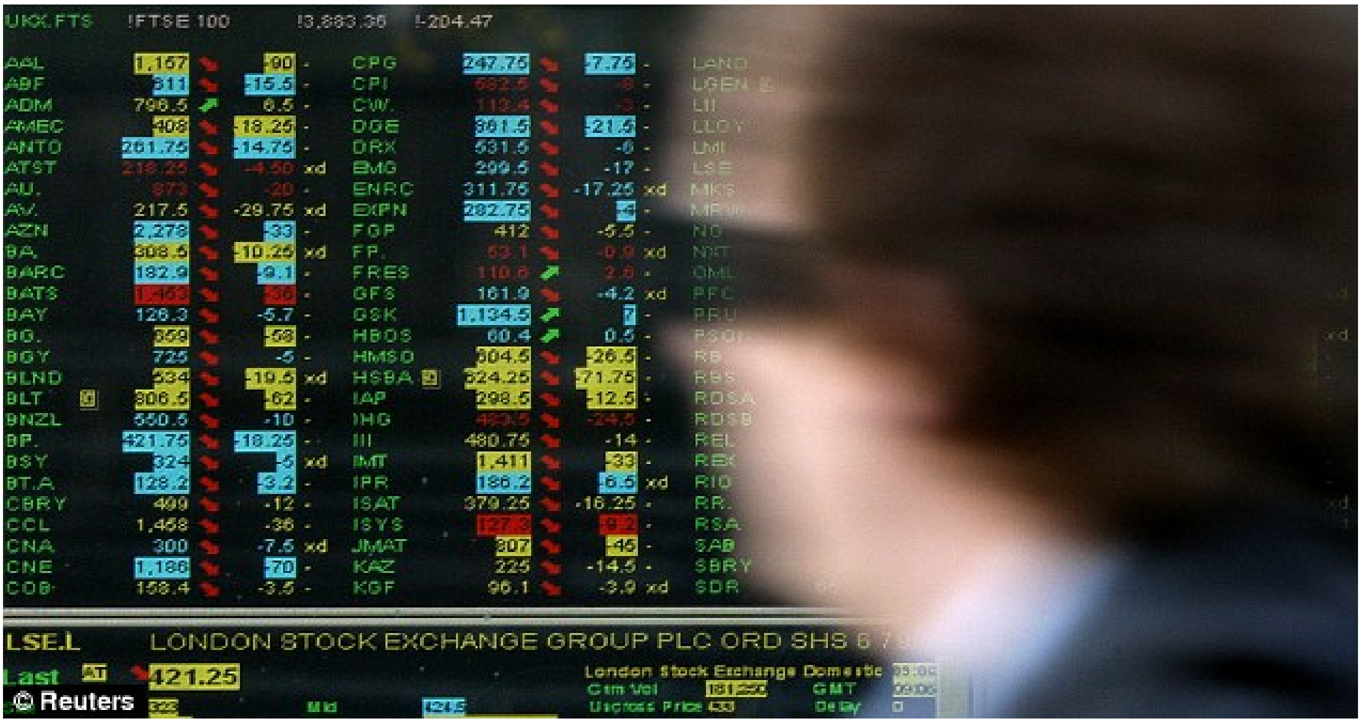
Friendless and trading at a year's low of 170p in late January, controversial copper miner Kazakhmys needed an idea to revive its fortunes. And just a few weeks later its board announced plans to restructure its producing assets which would see Kaz's copper split into two with copper assets being spun out of Kazakhmys. Buyers piled back into the stock, which has since doubled.

The shares shot up 26p yesterday to 344.8p after confirmation it had entered into a definitive agreement to transfer its older mines and facilities in the Zhezkazgan and central regions to Cuprum Holding – a new vehicle owned by Kazakhmys' largest shareholder and former chairman Vladimir Kim and its chief operating officer Eduard Ogay.

London-listed Kazakhmys will be renamed KAZ Minerals after the demerger. It will pay Cuprum about £141million so it can operate the assets it receives. In June the Kazakh government agreed to reduce tax rates on Kazakhmys' older assets that are being spun off, in a move seen as a sign of support for the company's restructuring plan.



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Following the demerger Kazakhmys plans to focus on its assets in the east region of the country and the

Bozymchak mine in Kyrgyzstan, and its Aktogay and Koksay growth projects, to become a smaller but most cost-efficient producer. Chief executive Oleg Novachuk said: 'This transaction will both strengthen the Group's financial position and move the company towards its strategic goal of production dominated by large scale, low cost, open pit mines.'

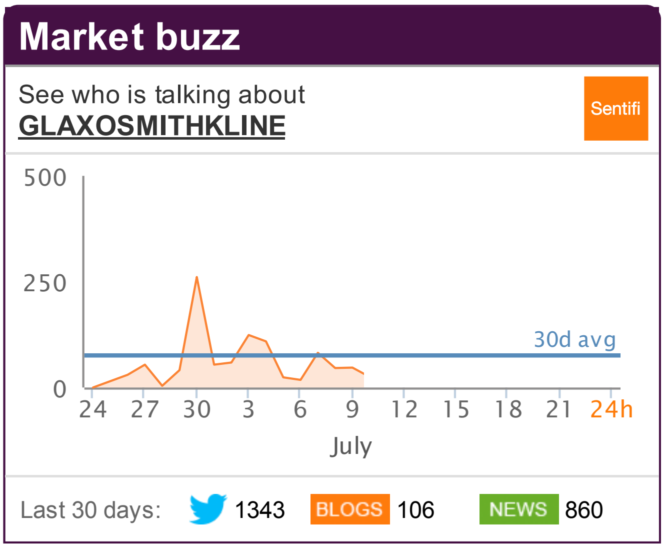
BHP Billiton, the world's largest mining company by revenues, rose 12p to 2066.5p following strong production figures for 2014 with growth forecasts for 2015 giving scope for earnings upgrades. Rio Tinto advanced 54p to 3391p in sympathy.

Dragged lower later in the day by a shock profits warning from drugs giant GlaxoSmithKline, 73.5p down at 1481.5p, the Footsie kept its head above water. It closed 2.81 points better at 6798.15, while the FTSE 250 advanced a further 75.23 points to 15,725.96. Wall Street closed 26.91 points down at 17,086.63.

Sold down to 2979p on initial disappointment with the 11 per cent fall in first-quarter profits caused by adverse currency movements, catalytic converter group Johnson Matthey attracted buying interest at the lower levels and closed 37p off at 3022p. Process technologies sales were down 17 per cent.

Awaiting takeover developments, babywear retailer Mothercare put on 12.5p to 253.75p. US group Destination Maternity has had two bid proposals rejected by the board, the second pitched at £3 a share. DM now has until July 30 to come up with a higher offer.

Buyers switched on to Energy Assets, sending shares of the largest independent provider of industrial and commercial (I&C) gas metering services in the UK 32.5p or 9 per cent higher to 390p. They responded to news the company has won a British Gas contract to install advanced meters across 50 per cent of its I&C portfolio in the UK.



Broker Numis is a buyer, with a target price of 530p. Analyst Steve Woolf says the award 'represents a step-change to its meter installation volumes in the short-term, and secures a long-term recurring revenue stream'.

Strongly supported recently after Liberty Global bought BSkyB's 6.4 per cent stake in the broadcaster for £481million or 185p a share, ITV eased 0.4p to 207p. Investors now await the interim results for the six months to end-June 2014, which are due on July 30. Westhouse Securities views its current valuation as too low and has a target price of 220p.

Staffline, the UK's biggest Blue Collar recruiter and third-largest provider of the Welfare to Work Programme in the UK, jumped 50p to 1010p after excellent interim results and news it has been awarded a four-year Welfare to Work contract in Northern Ireland.

Credit provider Provident Financial gained 17p at 2090p after announcing a 23 per cent leap in first-half pre-tax profits to £94.1million and a 10 per cent hike in the dividend to 34.1p. Its Vanquis Bank subsidiary saw profits rise by 37 per cent to £63.7million, while profit growth was driven by the UK, while the Polish business is now showing 'encouraging momentum'.

AIM-listed technology company Seeing Machines firmed 0.38p to 4.62p after signing a DSS sales and marketing agreement with Finning International, the world's largest Caterpillar dealer. The exclusive agreement provides DSS sales and support in Canada, Chile, Argentina, Bolivia and Uruguay.

Audioboom added 0.25p to 6p after the social media audio platform announced the appointment of talkSPORT as its exclusive UK sales partner to sell digital audio and display advertising through Audioboom's unique network of sports websites, mobile apps and content.

- A licensed distributor and promoter of lottery products to the Chinese market arrives on the AIM market today. Sponsored by nomad Canaccord and lead manager NSBO, DJI Holdings should trade above the placing price of £1. It wants to capitalise on China's burgeoning online lottery market. Sports betting on mobile phones is growing rapidly and £30million raised from the float will help fund further growth via acquisitions.

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