

Mediaportal Report

24/03/2010

▶ **Tough gig for bankers in Hongkers**

Summaries - Australian Financial Review, 24/03/10, Market Wrap, Page 44
By: Andrew White

Clip Ref: **00066766582**

129 words
Type: News Item
Photo: No

Following on from Citigroup's recent conference staged in London, the focus of chief executive officer's will turn to Hong Kong this week for Credit Suisse's Asian Investment conference. A major talking point among the attendees will be the trial of Rio Tinto's Stern Hu currently taking place in China. The meeting will be attended by representatives from the Big Four banks, Myer, Macquarie Group, Newcrest Mining and the Bank of China. Former British prime minister John Major and author of 'Freakonomics' Stephen Dubner will also be present. Also in Hong Kong, the first Hong Kong Mining Forum conducted by Helmsec will take place this week. Australian miners taking part includes Galaxy Resources and Orocobre while West African gold players Azumah, Adamus and Gryphon Minerals will also be in attendance.

▶ **Powering to a greener future**

Australian, 24/03/10, Wealth, Page 4
By: Tim Blue

Clip Ref: **00066755501**

936 words
Type: News Item
Photo: No

The US is embracing electric car technology in a big way, creating opportunities for canny investors THIS month, German car company Daimler AG did a deal with BYD, the Chinese carmaker backed by American billionaire Warren Buffett, to jointly develop an electric vehicle to be sold in China, the world's largest vehicle market.

PRESS CUTTING

PUBLICATION AUSTRALIAN FINANCIAL REVIEW
PAGE 44
DATE 24 MARCH 2010

Tough gig for bankers in Hongkers

The annual roadshow season is in full swing.

Fresh from Citigroup's annual investment conference for Australian and New Zealand companies in London and Goldies' New York event, CEOs will descend on Hong Kong this week for Credit Suisse's Asian investment conference.

Luckily for those able to extend the trip a day or so for more informal meetings, the event coincides with the Rugby Sevens.

China is sure to be the hot topic given developments in the Stern Hu trial and Rio Tinto's undimmed enthusiasm for dealing with China's state-owned companies.

The Big Four banks will be well represented, with **Cameron Clyne, Gail Kelly** and **Ralph Norris** scheduled to make presentations tomorrow.

Myer's **Bernie Brookes**, Newcrest Mining CEO **Ian Smith** and Macquarie Group's deputy chief **Richard Sheppard** are also speaking.

They will be rubbing shoulders with former British prime minister **John Major** and the deputy governor of the People's Bank of China, **Zhu Min**, as well as "Freakonomics" author **Stephen Dubner**.

And it's not just the big boys parading in front of the Asian money managers.

Helmsec is also hosting its inaugural Hong Kong Mining Forum on Thursday.

It's not your usual mining conference because it is structured as a series of one-on-one meetings between about 40 Asian fund managers and 14 Australian listed mining hopefuls, including **Iggy Tan** and **Richard Seville** from lithium companies Galaxy Resources and Orocobre respectively, and a trio of West African gold plays in Azumah, Adamus and Gryphon Minerals.

The speed-dating concept is obviously popular – there is even a reserve bench of six more companies hoping to fill in should any drop out. It will be a tough gig waiting around those Hong Kong hotels for the call-up, but someone has to do it.



Powering to a greener future

The US is embracing electric car technology in a big way, creating opportunities for canny investors

TIM BLUE



THIS month, German car company Daimler AG did a deal with BYD, the Chinese carmaker backed by American billionaire Warren Buffett, to jointly develop an electric vehicle to be sold in China, the world's largest vehicle market.

Daimler, the world's second largest maker of luxury cars, and BYD will share technology to develop electric vehicles for China and no doubt roll them out worldwide in time. Buffett, who has 10 per cent of BYD, already has tripled his money.

It's not hard to see why this deal has excited the financial smarties and sent them scrambling for their calculators: it rings bells everywhere. Electric cars have less than 2 per cent of the world's car market but, as LimeStreet Capital managing director Steve Bartrop says, "investors may be underestimating the growth potential".

Should that be the case, investors may have opportunities to leverage off any growth in demand and profits among copper and lithium producers, shown in the table at right.

Most electric cars so far have a plug-in electric motor and a back-up petrol or diesel engine. In Australia, we have the Toyota Prius, while Mitsubishi expects to sell its MiEV electric vehicles in limited numbers from September. There is talk of a Honda Civic Hybrid and Lexus 400h, while Nissan has plans to introduce its Leaf model from 2012 with a price tag of \$60,000.

It's a different story in the US and Europe, where serious efforts are under way to ramp up the use of such vehicles.

Mitsubishi Motors has struck an agreement with Peugeot on electric car development and supply where Peugeot would sell electric vehicles under the Peugeot and Citroen brands.

For investors, opportunities seem to be opening in two key areas, copper and lithium.

Electric cars will draw from coal-powered generating stations, not hydrocarbon liquid fuels. A fall in oil consumption could be on the cards.

That could mean a healthier trade balance in the US, less pressure on global oil prices and potentially less global warming. The Copenhagen climate conference last December was a dud, but US President Barack Obama appears keen to reduce carbon dioxide emissions. More hybrid and electric vehicles could be one way to address this issue.

A study in the US estimated hybrid and electric vehicles could cut US oil consumption by up to four million barrels a day by 2050. It also found that switching to plug-ins for electric vehicles could cut greenhouse gas emissions by more than 450 million metric tonnes annually in 2050, equivalent to taking more than 82 million passenger cars off the road. In San Francisco, new structures must be wired for car chargers and across from City Hall, some drivers are already plugging converted hybrids into charging stations.

LimeStreet's Bartrop says: "In our research we were surprised at how advanced a number of western US cities are in promoting hybrid and particularly electric vehicles."

The first mass-market electric cars in the US are expected to hit the market in December when Nissan introduces the Leaf, a five-passenger electric car that will have a range of 150km on a fully charged battery and be priced for middle-class families.

About the same time, General Motors will introduce the Chevrolet Volt, a vehicle with a capacity to go 65km on electricity before its small gasoline engine kicks in.

The California Public Utilities Commission has brought together utilities, carmakers and charging station companies involved in the rapid development of the infrastructure required. San Francisco hopes to have 60 charging stations installed in public garages by end of this year, with 1000 more available across the Bay Area next year.

In Oregon an advisory group is working on charging stations and related issues. Part of an Obama \$US200 million (\$216m) stimulus package is permitting the installation of 13,000 charging stations across cities in Oregon, Washington, California, Arizona and Tennessee during the next few years. Bartrop suggests the real driver for electric cars will be the running costs, estimated at 1.5c/km, compared with 12.5c/km for petrol.

"Many North Americans are used to plugging in cars in parking places in the northern cooler areas where the electricity is used to run heaters [that] prevent the radiator coolant from freezing and cracking the engine," says Bartrop. "With the right cost structure and the ready availability of charging stations

**Australian
24-Mar-2010**

Page: 4

Wealth

Region: Australia

Circulation: 131246

Type: Australian National

Size: 447.83 sq.cms

MTWTF

 back



in business areas, why wouldn't families use an electric 'run around' car?"

A second car could be a conventional petrol engine for long trips.

For investors, electric cars hold the promise of higher copper consumption. Most cars have 22kg to 28kg of copper and copper alloys, while electric and hybrid vehicles use about twice as much. Carmakers worldwide use about 50 million kg to 55 million kg of copper a year, and LimeStreet projects that to increase to about 70 million in 2020.

How big could the market grow? "The vehicle industry is projecting around a 10 per cent penetration by 2020 although we expect it may in fact be somewhat higher," says Bartrop. "A 20 per cent penetration is equivalent to an extra 400,000 tonnes a year of copper consumption [until recycling kicks in]. The current copper market is around 24 million tonnes a year so it may not have the impact that some will suggest; at a 20 per cent penetration it is only consuming 1 [per cent] to 2 per cent of the current copper market."

PLUGGED IN

Stocks that could benefit from growth in the electric car market

Via lithium demand:

Reed Resources (RDR)

Galaxy Resources (GXY)

Orocobre (ORE)

Via copper demand:

BHP Billiton (BHP)

Rio Tinto (RIO)

CuDeco (CDU)

Equinox Minerals (EQN)

PanAust (PNA)

Oz Minerals (OZL)



Federal Energy Minister John Robertson at the wheel of a Nissan Leaf