

To Our Clients

No Takeover Bids Wanted

The English do say it well:

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English China chairman warns off any would-be predators

A STRONG warning is given to would-be predators by English China Clay's chairman Lord Aberconway in his annual statement.

In referring to the rumours last November of an imminent "dawn raid" on the group, he says that while, as directors, they would be bound to consider any takeover approach on its merits: "We think it most unlikely that we would judge any such proposition to be of benefit to the business as a whole, and, in all probability, we would strongly oppose it.

"We cannot conceive that any other organisation would materially add to our technology in the fields of research into clay minerals, nor to our expertise in mining and processing these minerals, nor to our commercial experience in marketing them.

"Moreover we are, and we expect at any time to be, in a position to acquire, if our cash flows have not already provided them, the financial resources needed to support the development of our businesses."

Lord Aberconway goes on to say: "While a predator may seek to tempt shareholders to sell their shares by offering an attractive premium, their short term gain will, in the opinion of the directors, be invalidated by the

increasing worth of our shares over the years to come.

"We can see in such an operation no advantage, and much disadvantage to not only our shareholders but to our employees, our customers and the national interest."

As reported December 18, contrary to the company's own expectations profit before tax for the year to the end of September 1981 showed an increase—up from £40.51m to £41.69m. Sales were higher at £345m (£332m) and net total dividend is stepped up to 7.2p (6p).

Despite reduction in volumes, all operating divisions achieved growth in the scope of its activity, in its efficiency, in the application of new processes, and in the experience gained, the chairman says.

He points out that an increase in group profit in the face of reduced activity must augur well for the future. With their more modern installations, each division is now in a position generally to accommodate substantial increases in volume without appreciable increase in employees or in most elements of standing costs.

As at year-end, capital spending commitments stood higher at £36.32m, compared with £24.36m of which projects worth £13.86m

(£15.09m) were in train.

Expansion in the U.S. includes construction in Georgia of a further calcining plant underway. Plans are well advanced for extension to exploit developments from the group's laboratories. Also a third share interest has been taken in Katalistiks International which owns and operates a catalyst-manufacturing plant in Holland and intends soon to complete a similar plant in the U.S.

Elsewhere overseas a plant to produce china clay for the paper industry in South America will shortly be completed near Sao Paulo, in Brazil.

In Portugal work has started on the construction of a coating clay plant in a joint venture with a local company. A similar venture is planned in Spain.

Cash and short-term deposits at September 30 were up from amounted to £43.56m (£44.87m) £7.24m to £15.56m. Loan capital and shareholders' funds at £256m (£241m).

Overall net liquidity had risen by £4.76m (£1m).

A £10,000 ex-gratia payment was made to a former director and £97,830 was provided for retirement benefits of a director formerly a group executive.

Meeting: Hyde Park Hotel, SW, on February 25 at 12.30 pm.

M. Lipton