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MITSUBISHI CORPORATION GROUP SELLS A MINORITY INTEREST IN CAP

Chilean investor eyes controlling stake in CAP after Mitsubishi sale

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Claro & Cía has helped Chilean asset management company Invercap acquire a minority interest in local iron ore producer CAP from Japanese conglomerate Mitsubishi for US$108 million.

Mitsubishi enlisted Carey to help reduce its minority stake in the mining group. The deal closed on 19 February.

Through the transaction, Invercap acquired 10,124,928 shares in CAP from Mitsubishi's Chilean mining subsidiary MC Inversiones. The shares gave the buyer an additional 6.8% stake in CAP, increasing its stake to 42%.

Mitsubishi retains a 12.5% interest in the company following the divestment, while a further 5.5% is split between several asset management funds. The remaining 40% of the shares are floating on Santiago's stock exchange.

The transaction gives Invercap a greater influence over CAP's operations and will allow the holding company to add a fourth representative to CAP's board of directors, where three Invercap professionals already sit. Invercap aims to consolidate its position as the lead controlling stakeholder of CAP and has the long-term goal of elevating its stake to over 50%. Invercap says that it plans to become more influential in CAP's business operations so that it can provide clearer leadership and greater stability to the mining company overall.

Mitsubishi's MC Inversiones keeps its two directors on CAP's board following the sale.

Invercap increased its share in CAP last year too. Between March and June, Invercap bought shares from various investors, expanding its stake from 31.3% to 34.2%.

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CAP is among the largest iron producers in Chile. It has several operations along the country's Pacific coastline, including in the northern regions of Atacama and Bío Bío, as well as the central region of Santiago. CAP exports iron to China, Japan and South Korea, among other key Asian markets. In April last year, the mining group provided a US$43 million capital increase to its steel-making subsidiary Compañía Siderúrgica Huachipato, just months after it bought a majority stake in local construction group Promet through its iron manufacturing subsidiary Cintac.

Besides mining, Japanese conglomerate Mitsubishi also operates in the telecoms, automotive and oil and gas industries, among several others. It has a vast presence worldwide, including assets in Brazil, Chile and Peru, among other Latin American countries. Earlier this year, Mitsubishi's minerals subsidiary acquired a 30% stake in Chilean miner Mantos Copper as part of an US$847 million investment to upgrade the Mantoverde copper mine in the country's northern region of Atacama.

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