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UPDATE 1-Cabot to sell supermetals business for \$400 mln

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Thu Aug 25, 2011 9:04am EDT

* To sell to Australia's Global Advanced Metals

* To get \$275 mln initially, rest within 2 years

* Sees deal closing by December (Follows alerts)

Aug 25 (Reuters) - Cabot Corp said it will sell its supermetals business to Australia's Global Advanced Metals ("GAM") for a minimum of \$400 million in cash, as the maker of specialty chemicals, rubber and specialty carbon black looks to focus on its core business.

The deal, which is expected to close by December, includes an initial cash payment of \$175 million. The remaining amount will be paid within a two-year period, Cabot said

For 2010, the supermetal business had \$177 million in revenue.

Global Advanced Metals supplies tantalum used in iPods and BlackBerry smart phones.

Cabot, whose products are used in a variety of sectors -- from electronics to energy -- said it will use the proceeds to pursue potential acquisitions.

Cabot focuses on the rubber black business that contributes to about 72 percent of the company's turnover.

"We believe that the specialty metals nature of this business does not fit the long-term direction for Cabot," chief executive Patrick Prevost said in a statement.

Goldman, Sachs & Co. is the lead adviser for the transaction, Cabot said.

Cabot shares closed at \$31.44 on Wednesday on the New York Stock Exchange. (Reporting by Vaishnavi Bala in Bangalore; Editing by Gopakumar Warriar)

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