

Interview : Evans has left the building

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GORDON PITTS

Dick Evans is the \$38-billion (U.S.) man.

The CEO of Montreal-based Alcan secured that eye-popping price when he sold the aluminum giant to Anglo-Australian mining titan Rio Tinto in 2007, near the height of the commodities boom. That made Alcan shareholders very happy, and Evans very rich. Now the 61-year-old Oregon native is leaving Rio Tinto after an 18-month transition. Next stop: forestry intensive-care patient AbitibiBowater, where he joins the board as non-executive chairman.

So are you going to stay in Canada permanently?

We're going to keep our house in Montreal. It's an old stone house we remodelled-right downtown, and we like that. My wife and I have applied for permanent Canadian residency, so we can move toward dual citizenship. And we're going to buy a house in San Francisco. I lived in the Bay area for 18 years over my 40-year career. I have two married daughters there and one grandson expected in May.

What will you do with your expanded free time?

Over the years, I've been active in sports and I kind of lost that over the last five years. One of my favourite pastimes is fly-fishing. I've done it around the world. For about 10 years, I held the world record for one species of trout that I caught in Alaska-the Dolly Varden. The fish weighed 18 pounds, nine ounces.

Why hook up with a sad sack like AbitibiBowater?

I'm also interested in challenging situations, and AbitibiBowater is very challenging.

The forestry industry did very well in the 1990s, and there was all this consolidation. Both Abitibi and Bowater [which later merged] took on a great deal of debt, so they didn't benefit from the commodities boom. The combined company is still burdened with far more debt than it can carry.

Do you bring relevant experience?

I've been in cyclical industries for 40 years. I know a bit about hydro, energy and commodities. If you forget the balance sheet, [AbitibiBowater has] the best assets in the business, and a good management team.

It's a matter of financial engineering, really.

What happened to the \$50 million (U.S.) of cash and stock you got from the Rio Tinto deal?

Not to dwell on it, but for transparency, I have to say it was more than that. I'd owned Alcan stock on my own account.

Was it more in the area of \$70 million (U.S.)?

In that range or above, but that's before taxes. I got about 55% of that, and the rest went to help fund the Quebec and Canadian governments. But I kept about 95% of my proceeds in cash, and I only began to reinvest selectively last November. I'm continuing to gradually invest in equities, and I'm still 80% to 85% in cash.

Was selling Alcan for such an amazing price your crowning achievement?

I have to clarify: It was the crowning single event. There are other things I'm proud of, which include people development. I've had five or six people who worked directly for me become CEOs. I've had a number of women who've worked for me become CEOs of public companies or major divisions.

Having sold a large Canadian company, can you advise on how to keep head offices in Canada?

I got myself in trouble three years ago when I said Canada lacked global sophistication. I was quoted accurately, and it caused my communications people great heartburn.

But the feedback I got from Canadians was about 4-to-1 in favour. I believed it then, and I believe it now. I think we need to be more outward-facing in Canada.

How do you see the current economic downturn working out?

As bad as it is, it's not as bad as the 1980s. It may become that bad, but the 1980s, particularly in the U.S., were more severe in terms of unemployment, and interest rates were 15% to 20%. There was also wide despair that there would never be another recovery. Everybody now believes this is a cycle and it will recover.

So, given your investment success, did you see this crisis coming?

I wouldn't say I was that smart, but I was smart enough to know not to plow it all in when we were near the top of the cycle.

I think we'll bottom out in the middle of this year.