

SE Finance
HD **BHP to close down smelter in S Africa**
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WC 411 words
PD 20 January 2014
SN The Australian
SC AUSTLN
ED 1 - All-round Country
PG 16
LA English
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BHP Billiton appears set to close its smallest aluminium smelter -- Bayside in South Africa -- as new division boss Daniel Malchuk takes long-awaited action to shut down unprofitable assets.

The **company** said that after more than a year of reviewing the Richards Bay smelter which had been under "significant and ongoing financial pressure", formal consultation with employees over closing it had started.

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"We are focused on mitigating the impact of potential job losses while ensuring the existence of a sustainable aluminium business in Richards Bay," a BHP spokesman said.

About 450 jobs are at **stake**.

At Richards Bay, BHP also operates the Hillside smelter, the largest smelter in the southern hemisphere and more than six times the size of the 97,000 tonnes-per-year Bayside smelter.

Bayside imports **alumina** from BHP's Worsley refinery in WA, meaning the closure of the smelter would allow more **alumina** exports to **China**, whose huge growth in aluminium smelter capacity is the main cause of the depressed prices that have plagued the sector.

BHP's aluminium and nickel units, which lost a combined \$US300 **million** (\$340m) before interest and tax in 2012-13, are businesses the **mining** giant would like to exit. But a poor market in both makes a **sale** at a decent price unlikely and the job of Mr Malchuk, who was made head of manganese, nickel and aluminium in May, a difficult one.

A **sale** of the aluminium assets, which analysts value at anywhere from \$US3 **billion** to \$US8bn, could be more likely if BHP closes down loss-making assets in the portfolio.

While BHP has been saying for two years that it has no place in its portfolio for loss-making assets for nearly, it is yet to shut down any nickel or aluminium **operations** for that reason.

Last month, Perth-based Mr Malchuk closed down the Perseverance nickel mine in WA because ground movements made it unsafe.

Chief executive Andrew Mackenzie has said he is in no rush to exit aluminium and nickel, despite BHP declaring two years ago it would spend no more money growing those business.

Mr Mackenzie recently said the **company** would be reluctant to spend money even to clear a production bottleneck in the division.

But the two businesses have played a part in the **company**-wide focus on productivity and cost-cutting by coming up with some innovative solutions to save cash.

CO bklp : BHP Billiton Ltd | bltpc : BHP Billiton PLC

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AN Document AUSTLN0020140119ea1k000a8