

FINANCIAL REVIEW

SE Companies and Markets
HD **No regrets on takeover bid: Smedley**
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WC 746 words
PD 19 August 2014
SN The Australian Financial Review
SC AFNR
ED First
PG 21
LA English
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Outgoing Arrium chairman Peter Smedley said he has "no doubt" he was right to reject the \$1.2 **billion** takeover from a Posco-led consortium in 2012 as the **mining** and steel group announced Jerry Maycock as its new chair.

Pressured by balance sheet concerns and the 34 per cent slide in **iron ore** prices over the past year, Arrium shares are fetching around 76¢, below the 88¢-a-share offer Steelmakers Australia put on the table two years ago.

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Mr Smedley said the 88¢ offer from Steelmakers Australia, which was led by Korean steel giant Posco and commodities trader Noble Group, represented a full 44 per cent takeover premium to Arrium's depressed share price at the time, while today's market price means the offer has no control premium.

"I have no doubt it [rejecting the offer] was the right decision," he said.

Mr Smedley has chaired Arrium since 2000 and will pass the reins on to Mr Maycock after the **iron ore**, steel and **mining** consumables group's general meeting on November 17.

Mr Maycock, a former managing director of building products group CSR, is chairman of AGL **Energy**, chairman of Port of Brisbane, and a non-executive director of Nuplex Limited.

"Arrium has challenges and I'm really excited about the opportunity. I have experience in capital intensive industrial corporations, especially relating to construction materials, resources and **energy**, so I can draw on that," Mr Maycock said.

During Mr Maycock's time at CSR the **company** made its disastrous and expensive foray into glass, which has led to around \$1 **billion** in write-downs.

Mr Maycock said he thinks the move into glass made sense strategically but he has learned from the experience.

"Hindsight is a wonderful thing and there is no doubt that we paid a high price for the glass assets. Pre-GFC [global financial crisis] and with a low Australian dollar it looked like a very different business proposition," he said. One sweet deal

But Mr Maycock points to the 2010 **sale** of CSR's \$1.8 **billion** Sucrogen sugar business to Wilmar as an example of his deal-making savvy, and said he has not been scared off big decisions.

"The sugar trade **sale** was beyond the market's wildest dreams and realised a lot of value. I don't think Arrium has shown a willingness to duck hard decisions or investment opportunities.

"The platform that has been created does offer some interesting growth prospects," Mr Maycock said.

Arrium began life as OneSteel when BHP Billiton spun out its steel long products division in 2000.

During Mr Smedley's time as chairman the **company** has been reinvented to become the nation's fourth-biggest **iron ore** exporter, and has diversified into **mining** consumables.

The **company** converted its Whyalla steelworks in 2005 to feed magnetite **ore**, freeing up its hematite **ore** for export. Arrium is on track to export 13 **million** tonnes of **iron ore** a year in 2015. Acquisitions

On Mr Smedley's watch the **company** acquired rival Smorgon Steel and snapped up grinding media business Moly Cop for \$US932 **million** (\$999 **million**). OneSteel was renamed Arrium to reflect the changed **company**.

"I'm very pleased with the progress the **company** has made converting itself from a national steel maker to an international **mining** and materials **company**," Mr Smedley said.

"It has broader income streams and broader client revenues . . . I'm pleased with the progress successive management teams have made to deliver a strong base for the future board and management."

The **acquisition** spree has, however, piled the debt pressure on Arrium. There is concern that a sustained plunge in **iron ore** prices below \$US80 a tonne would force an **equity** raising.

Iron ore is fetching \$US93.40 a tonne. Arrium has a market value of about \$1.05 **billion** and has \$2 **billion** of debt.

Mr Smedley said the board and management are both focused on reducing debt but said he could not comment further, given that Arrium reports its full-year results on Tuesday.

Analysts' consensus forecasts are for earnings before interest and tax of \$503.7 **million** and net profit of \$293.1 **million**, according to S&P Capital IQ.

In its quarterly trading update last month Arrium reported record quarterly **iron ore** sales but significantly lower sales prices as **iron ore** is battered by excess inventory and stricter credit standards in **China**.

CO	onestl : Arrium Limited
IN	i211 : Metal Ore Mining i2111 : Iron Ore Mining i22 : Primary Metals i221 : Iron/Steel/Ferroalloys imet : Mining/Quarrying ibasicm : Basic Materials/Resources i222 : Steel Products
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