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KordaMentha
Restructuring

Media Release

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Arrium handover is a landmark for Whyalla and Australia

Completion of the sale of Arrium, and the formal handover of the Arrium businesses to the GFG Alliance is a great day for the employees, customers, suppliers and stakeholders of Arrium, both in Whyalla and around Australia. The Arrium turnaround is a case study of what the Australian community can achieve with leadership, co-operation and goodwill, KordaMentha Restructuring partner Mark Mentha said today.

Mr Mentha said Whyalla and Arrium had come back from the brink several times during the 16-month administration. Failure would have had a catastrophic economic and social impact on Whyalla where the steel and mining businesses are the livelihood for most of the population.

“Arrium now has enthusiastic and experienced new owners who are prepared to make substantial investments to make sure Arrium survives and thrives,” Mr Mentha said.

“The survival of Whyalla and Arrium is a tribute to the teamwork and sacrifices of employees, managers, suppliers, unions and the communities within which Arrium operates.

“Employees, management and suppliers all played their part in reducing their costs, terms and conditions. The banks were empathetic and helpful to local businesses who carried debts from supplying Arrium. The State and Federal Governments provided ministerial support throughout the sale process. The unions, local council and local media played an important role in helping keep the local community informed and together.

“The key to the success of the administration was gaining the trust and support of everyone involved.”

Mr Mentha said the Arrium administration was one of the largest and most complex in Australian history, involving $4 billion of debt, 6,000 employees, thousands of contractors, thousands of suppliers, 30,000 customers, and nearly 100 banks and bondholders. The challenges throughout the administration were vast; volatile electricity, gas, coking coal and iron ore prices, an extended blackout that almost shut down the furnaces and operations, and a fire on a transhipping barge critical to the export business.

Mr Mentha said: “The survival of the Whyalla and all Arrium operations is critical to the sovereign steel making capability of our nation. It has been given a second chance in a globally competitive industry. And now the Australian businesses will benefit greatly and be more competitive as part of the GFG Alliance global supply chain. We wish the Gupta family, employees and all stakeholders a prosperous future.”

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About KordaMentha

KordaMentha is an advisory and investment firm that helps clients to grow, protect and recover value.

KordaMentha works with companies in financial distress – to restructure and to stabilise the business or to recover value on behalf of stakeholders. They have over 400 professional staff with diverse backgrounds and deep experience from accounting and agriculture to mining and real estate.