

BHP Billiton to cut costs, control growth

SYDNEY, AUSTRALIA: The incoming chief executive of BHP Billiton, Andrew MacKenzie, said on Sunday (24 February) he will maintain focus on costs and productivity when he takes the helm at the world's biggest miner in May.



The Anglo-Australian giant announced last week that Marius Kloppers will step down on 10 May, after almost six years in the job, as it posted a plunge in first-half net profit of 58 percent to US\$4.2bn.

MacKenzie, currently chief executive of non-ferrous business at BHP, said the company was in "great shape" and already had systems in place to drive the productivity agenda but he wanted to continue the momentum. "I am committed to driving an agenda of productivity," he said.

"We got started early. We recognised that there was an opportunity to really start working the productivity agenda hard," he told the *Australian Broadcasting Corporation's Inside Business* programme.

"The first fruits are coming though in this half-year's results," he said.

BHP said its results, in which it posted underlying earnings of US\$9.8bn for six months to December ahead of a consensus forecast of US\$9.5 billion, were solid.

But miners were hit hard last year by steep falls in commodity prices including iron ore and Kloppers said miners must cut costs since growth in China's mineral demand was slowing.

"I think over the next five years, we in Australia and as BHP Billiton are going to see very strong demand from China but we are going to move from growth rates in minerals demand of 15% to 20% a year to two to four percent a year," he told the ABC in the interview with MacKenzie.

"That means that the suppliers will be able to respond and meet demand and therefore you have to be low-cost and you have to take into account that price is not going to help you here," he said.

Kloppers said he was not forced to resign, adding that succession planning had been going on since he first took the job.

Scotland-born Mackenzie, 56, who has spent 30 years working in oil, gas, petrochemicals and minerals, joined BHP Billiton

in November 2008 after he was recruited by Kloppers.

He said one of the broader themes over coming years would be the debate about the sustainable supply of the resources that the world needs.

"Clearly as the largest mining company, the operator of some of the biggest ore bodies in the world, we have a critical role to play," he said.

"I want to continue Marius' success in the way where we apply the most modern management techniques and technology to ensure we develop them sustainably, safely and in a way the world gets the supply it wants," MacKenzie added.

Source: *AFP* via I-Net Bridge

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