

ArcelorMittal's quarterly loss of share 75c

Steel manufacturer ArcelorMittal SA reported a loss per share of 75c for the quarter ended December, returning to the red after posting headline earnings per share of 50c in the previous quarter.



Nonkululeko Nyembezi-Heita says ArcelorMittal struggled with low demand for steel in SA's markets. Image: ArcelorMittal SA.

However, the loss is narrower than the loss of 114c it reported in the December 2012.

For the full year, the group reported a narrowing in its headline loss per share from 129 cents a year earlier to 56c.

Revenue for the year was marginally higher at R32.42bn from R32.29bn a year earlier, but it reported a profit from operations of R47m for the year after a loss of R477m in 2012. The group reported a 58% increase in earnings before interest, tax, depreciation and amortisation (ebitda) to R1.8bn for the year to December.

The headline loss narrowed from R518m to R224m despite production losses following a fire at the Vanderbijlpark facility in February last year, which were limited to 361,000 tons of liquid steel, largely as a result of the repair programme being successfully completed ahead of schedule.

The group said the environment was one where trading conditions continued to be challenging for steel producers.

Domestic growth slow

Domestic economic growth was below expectations amid weak fixed-investment expenditure and subdued global demand for locally produced goods.

"A combination of factors including the slow implementation of planned infrastructure development projects, the low level of fixed investment in the mining industry and weakness in the manufacturing sector continued to hamper demand.

"Furthermore, a higher-than-usual level of imports added to increased stocks in the market, which gradually normalised towards the end of the year," ArcelorMittal said.

Liquid steel production was unchanged at 5m tons. Capacity utilisation increased from 66% to 76%, reflecting the progress made on optimisation of production and improved stability.

Total steel sales for the year were 8% lower at 392,000 tons.

"We are pleased with the turnaround in operating performance, helped by a more reliable operational environment," said chief executive Nonkululeko Nyembezi-Heita.

She said the group's safety performance continued to improve. "We are particularly pleased that we have not recorded a fatality since August 2011."

Capital expenditure increased by 80% year-on-year, with the bulk of it going to maintenance, including R158m spent on the steel plant repairs.

"We expect to spend 48% more in 2014," she said.



Steel volumes were low last year as demand waned and infrastructure projects failed to materialise. Image ArcelorMittal SA.

Looking ahead, Nyembezi-Heita said that in the first quarter of this year the group expected higher sales volumes following the seasonal slowdown in the fourth quarter.

"International prices are expected to improve modestly, resulting in positive first quarter headline earnings," she said.

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