

ArcelorMittal targets \$3bn costs reduction

ArcelorMittal has set a target of shaving \$3 billion (R27.6bn) off costs by the end of 2015 as it seeks to emerge from a slump in demand and revive earnings. The steel maker announced the "management gains improvement target" in a statement on Friday. The steps will include improving the reliability and productivity of its blast furnaces and cutting fuel costs. The company said last month that it expected an earnings recovery this year after posting the lowest quarterly profit in three years. Earnings in the industry have slumped as Europe's economic crisis saps demand and slower Chinese growth weighs on commodity prices. European steel manufacturers are grappling with excess capacity that is pushing down prices as operating costs climb. "These focal points, combined with our leading market position in developed and emerging markets, our diverse mix of products, as well as our world class customer service will enable us to be successful in this new operating environment," chief executive Lakshmi Mittal said as ArcelorMittal hosted a capital markets day in London and New York. ArcelorMittal South Africa fell 3.4 per cent to R29.02 on the JSE on Friday. – Bloomberg