

ArcelorMittal SA chief quits – amid signs of recovery

Dineo Faku

THE CHIEF executive of ArcelorMittal South Africa, Nonkululeko Nyembezi-Heita, has resigned with effect from February 18 next year, after six years at the helm of Africa's biggest steel producer.

The surprise resignation was announced yesterday and comes as the image of the local subsidiary of Luxembourg-based steel producer ArcelorMittal is gradually recovering. Last month it signed a new iron ore pricing deal with Kumba Iron Ore, settling all existing disputes between the two firms.

Analysts noted Nyembezi-Heita was leaving as the JSE-listed company had addressed some of the environmental issues at its operations and reported a year-on-year boost in its financial performance in the quarter to September.

"Nyembezi-Heita has seen the company through tough times and is resigning when things seem to be getting better, so in that sense the news is a little unexpected," Stephen Meintjes, an analyst with Imara SP Reid, said yesterday.

According to Nyembezi-Heita, ArcelorMittal SA had made significant advances in a number of areas over the past six years despite several challenges. "Our safety performance is now world class and we have also taken huge strides towards meeting our environmental obligations," she said yesterday.

There had been steady progress in the operational improvement programmes, with pleasing results in places, Nyembezi-Heita added.

"As the market turns, we can expect a marked improvement in our financial performance, aided in no small measure by the recent settlement with Kumba," she said.

ArcelorMittal SA gave no reasons for Nyembezi-Heita's resignation.

Chairman Mpho Makwana said the company would begin its search for Nyembezi-Heita's successor. An announcement on the "transitional period" would be made in due course.

Makwana thanked Nyembezi-Heita for her "tremendous contribution" to the company during an exceptionally challenging period not only for the company but for the steel industry in general.

The share price lost 1.13 percent to close at R41.19 on the JSE yesterday.

ArcelorMittal SA's new pricing deal with Kumba Iron Ore will come into effect on January 1 and will regulate the sale of 6.25 million tons of iron ore a year at cost plus 20 percent.

The agreement provides for the possible extension of the life of the Thabazimbi mine and will secure 1 300 jobs.

The previous price agreement was at cost plus 3 percent, and had been in place since Iscor was unbundled in 2001 into separate steel and iron ore producers.

"She has managed to project a positive image compared to what could easily have been seen as an uncaring, polluting entity taking advantage of a semi-monopolistic situation," Meintjes said.

Ahead of her resignation, Nyembezi-Heita was talking



Nonkululeko Nyembezi-Heita, the chief executive of ArcelorMittal SA, has resigned with effect from February next year.

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ArcelorMittal SA

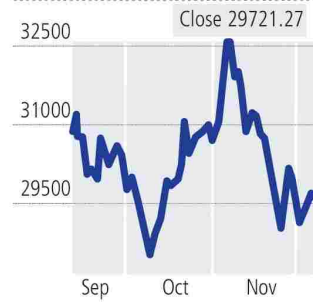
Share price, rand Sep 2-Dec 9



Source: Bloomberg

JSE mining index

Points Sep 9-Dec 9



Source: Bloomberg

about environmental challenges with stakeholders, notably John Capel, a director of the Bench Marks Foundation, which aims to keep corporates on their toes.

"We had a discussion with her last week," Capel said.

"She agreed with us to convene all the polluting companies together to see how the environmental degradation could be sorted out. She was very open."

In addition, the company showed an R8 billion increase in revenue in the quarter to

September as the average steel price strengthened.

ArcelorMittal SA's steel was essential to the construction of the 2010 World Cup stadiums. However, it and its parent have been hit by weak prices and subdued demand for global and domestic steel following the financial crisis of 2008.

Nyembezi-Heita was in charge of mergers and acquisitions at Vodacom before becoming chief executive of Alliance Capital Management and chairwoman of Alliance Capital Namibia.