

ArcelorMittal drops to 8-year low

JACO VISSER AND PAUL BURKHARDT

ARCELORMITTAL South Africa, the continent's largest steelmaker, fell to the lowest in more than eight years after reporting a third-quarter loss and estimating that will widen in the next three months.

The company's shares slipped as much as 3.9% to the lowest intraday level since February 12, 2004, and traded 3.4% weaker at R33.40 towards the close of the JSE.

The loss narrowed to R148m in the three months through September from R462m a year earlier, the company based in Vanderbijlpark said in a statement.

"The earnings loss for the fourth quarter is expected to be substantially more than quarter three due to the seasonal slowdown in domestic demand during December," ArcelorMittal South



TOUGH TIMES: Nonkululeko Nyembezi-Heita, CEO of lossmaking ArcelorMittal, deep in thought. PICTURE: GALLO IMAGES

Africa said. "A steady deterioration in global economic growth led to weak steel demand across all regions. Domestic trading conditions have been very challenging for steel producers."

Global benchmark prices for

hot-rolled coil have fallen 14% in the last 12 months, according to a price tracker compiled by London-based market researcher Steel Business Briefing. Africa's largest economy, which exports cars and machinery using steel, will

grow by 2.5% this year, Lungisa Fuzile, director-general of South Africa's national Treasury, said on October 25.

ArcelorMittal reduced output at the Saldanha steel works as Kumba Iron Ore declared a force majeure, though the company did supply ore from stockpiles, CEO Nonkululeko Nyembezi-Heita said on an earnings call with investors.

The company closed some electric furnaces and plans to finalise further closures this quarter, she said.

ArcelorMittal South Africa expects to spend R380m to R400m on capital expenditures during the quarter, chief financial officer Rudolph Torlage said on the call.

The steelmaker said the average prices it realised increased by 1% while long-steel prices dropped by 3%. Cash costs of hot-rolled coil decreased by 6%. – Bloomberg