

ArcelorMittal soars on institutional interest

EDWARD WEST

Financial Services Editor

STEEL maker ArcelorMittal SA's share price leapt as much as 15.4% yesterday, the likely result of an investment analyst presentation that was held by the group in Cape Town on Friday, industry sources said yesterday.

ArcelorMittal closed 9.97% higher at R32.11 yesterday, a strong rally, but its price was nevertheless more than 40% lower over a 52-week period.

An indication of increased institutional investment interest could also be gleaned from yesterday's regulatory announcement that Investec Asset Management Holdings, on behalf of its clients, had raised its stake in the company to 5.4066% of the total number of securities in issue.

ArcelorMittal SA's prospects were dampened earlier this year after a fire broke out at its Vanderbijlpark steel plant in February. An estimated 361,000 tons of production was lost through the incident. In addition, the group

reported a R275m net loss in the quarter to March 31, well down from the R279m profit at the end of the same quarter last year. The group reported a R508m loss at the last year-end.

ArcelorMittal SA spokesman Themba Hlengani said yesterday the Vanderbijlpark plant had been fully operational since April and production was almost at the level it was before the fire.

At the end of the first quarter to March 31, ArcelorMittal directors said they expected a turnaround in the first quarter, to positive earnings in the second quarter underpinned by stable market demand, recovery of production and higher sales volumes.

They expected international steel prices to remain subdued and that the movement in the rand versus dollar exchange rate would have an important bearing on earnings.

Analysts have said that ArcelorMittal SA was one of the most likely on the JSE to benefit from the rand's weakness.

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