

ArcelorMittal posts loss

RESULTS:

Knocked by bleak construction scene

ARCELORMITTAL SA, the continent's biggest steelmaker, declined for a third day in Johannesburg trading after posting a worse than expected loss.

The shares dropped as much as 2,4% to R66, extending Monday's 2,6% decline. The steelmaker's share price closed at R66,30, 1,92% down.

The steelmaker reported a R52 million headline loss for the year ended December 31, 2011 in its results released yesterday. The full-year loss excluding one-time items was 13 cents a share, from a profit R3,43 a year earlier. That missed the mean estimate of 10 analysts surveyed by Bloomberg for a profit of 64 cents.

"It was a terrible fourth quarter, worse than expected," Mohamed Kharva, an analyst at Nedgroup Securities, said. "There are no shining stars on the horizon for this company in the next six to nine months."

Kharva has a "sell" recommendation on the stock.

While there are signs domestic sales are improving, the country's construction outlook was still "bleak", CEO Nonkululeko Nyembezi-Heita said in a presentation to investors.

Construction and building accounts for about 61% of domestic steel consumption, the company said. Capital expenditure may drop to about R1 billion (\$131,6 million)



BLEAK OUTLOOK. ArcelorMittal SA CEO Nonkululeko Nyembezi-Heita addresses an investors' presentation yesterday. The steelmaker reported a R52 million headline loss for the year ended December 31, 2011. Nyembezi-Heita said the construction outlook remained bleak – construction and building accounts for about 61% of domestic steel consumption. *Picture: Desiree Swart.*

from R1,2 billion last year, Nyembezi-Heita said.

The company posted a loss excluding one-time items of R260 million in the final three months of last year, compared with a loss of R497 million a year earlier.

"Operating costs were severely affected by significant price escalations for raw materials and electricity," the company said.

"In addition, a major structural failure of the blast furnace dust

catcher at Newcastle negatively impacted production."

ArcelorMittal is the largest shareholder of the SA company. The parent company yesterday posted fourth-quarter profit in line with analyst estimates and forecast an improvement in the first half.

Earnings before interest, tax, depreciation and amortization fell to \$1,71 billion from \$1,85 billion a year earlier, compared with the \$1,68 billion median estimate of 16

analysts surveyed by Bloomberg. First-half Ebitda is likely to exceed results in the prior six months, while still being lower than a year earlier, the company said today.

"Looking ahead to 2012, the situation in Europe remains a live concern," CEO Lakshmi Mittal said. "Despite the continued uncertainty in this market, however, we are seeing an improvement in sentiment compared with the fourth quarter." – *Bloomberg.*