

ArcelorMittal's plant in Newcastle online

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ARCELORMITTAL SA says its Newcastle plant is now in full production, after the main furnace failed in August for the second time in 12 months.

SA's primary steel maker says it is working to eliminate the sales backlog after its operational performance suffered a setback when the dust catcher for the blast furnace failed.

"The Newcastle plant resumed full production on December 9," Themba Hlengani, ArcelorMittal SA's manager of corporate communications, said on Friday.

He said the insurance claim was still estimated to be in line with the R1,1bn reported earlier. The company got an interim payment of R490m last month.

Following the failure, the group reported a R460m headline loss for the third quarter ended in September, made worse by a sharp rise in input costs.

This compared with headline earnings of R473m for the previous quarter, and R68m for the same period last year. It saw a headline loss per share of 115c in the quarter, compared with headline earnings per share of 17c in the same quarter last year.

Results for the quarter were also hit by a strike in the steel industry and a shutdown at the company's Saldanha Works operations. "Operating conditions in the steel industry deteriorated markedly during the third quarter," ArcelorMittal SA said at the time. "The local economy weakened measurably, with major steel-consuming sectors suffering the most reversals in fortunes."

The Newcastle plant produces 1,6-million tons of steel a year, mainly for the mining, engineering, automotive, construction and agricultural industries.

Subsequent to the furnace failure, the company secured 240 000 tons of steel in SA and globally, including from ArcelorMittal Group mills.

But while this was dispatched from the middle of October, it still left the market short, hitting SA's building and construction sector.

Late last year, most of ArcelorMittal SA's key drivers exhibited stable to negative trends, with raw material prices rising further, and electricity costs soaring 25%.

However, the company said it experienced strong growth in Kenya and Zambia, with increased activity in the construction and mining sectors.

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