

Difficult year for ArcelorMittal

ARCELORMITTAL said it expects an earnings recovery in 2013 after posting the lowest quarterly profit in three years as the European debt crisis eroded demand for the metal.

ArcelorMittal SA reported results yesterday, forecasting it would “break even” in the first quarter as steel prices and domestic demand increase. The company posted a R462m loss in the fourth quarter. The company dropped by 5.1% in Joburg trading.

The company said liquid steel production was down 7% while annual capacity dropped from 8.0 million tons to 6.5 million tons after deciding last year it was cheaper to shut three electric arc furnaces rather than complete a project to capture emissions. The company is betting on projects to build renewable power plants, transport infrastructure and water systems to boost its earnings.

Internationally, earnings before interest, taxes, depreciation and amortisation fell to \$1.32bn in the fourth quarter from \$1.71bn a year earlier, they said. The 2013 Ebitda will exceed last year’s \$7.1bn as it ships more steel.



NOT-SO-HOT. The world’s biggest steelmaker ArcelorMittal yesterday reported a full-year net loss of \$3.7 billion. Sales slipped 10% to \$84.2 billion. ArcelorMittal South Africa said that it would ‘break even’ in the first quarter as steel prices and domestic demand increase. The company posted a R462 million loss in the fourth quarter. *Picture: Bloomberg.*

“Although we expect the challenges to continue in 2013, largely due to the fragility of the European economy, we have recently seen some more positive indicators,” CEO of the Luxembourg-based company, Lakshmi Mittal said. These will “support an improvement in the profitability of our steel business this year”.

ArcelorMittal will report 2013 Ebitda of \$8bn, ac-

ording to the mean estimate of 30 analysts. Aditya Mittal, chief financial officer, would not comment on those projections.

Steel-industry earnings have slumped as Europe’s economic crisis saps demand and slower Chinese growth weighs on commodity prices.

ArcelorMittal produced 88.2 million tons of steel in 2012. Output will increase by 2% to 3% this year,

while global steel use will climb by 3%, the company said. Marketable iron ore shipments are expected to increase by about 20%, the company said. The producer reported a full-year net loss of \$3.7bn after taking a \$4.3bn non-cash impairment from European businesses as the region’s weakening economy eroded demand. Sales slipped 10% to \$84.2bn. — *Bloomberg & Reuters.*