

# Kumba to miss export sales target on Sishen problems

ALLAN SECCOMBE

KUMBA Iron Ore, an Anglo American subsidiary, will miss its full-year export sales target because of continuing difficulties at its flagship Sishen mine.

Kumba, the largest iron-ore producer in SA, warned on Friday that its export sales volumes for this year were likely to miss the target of 40-million metric tonnes, sending its shares lower.

In the first three-quarters of this year, Kumba reported export sales of 29.545-million tonnes, leaving it to reach 10.455-million tonnes in the final quarter.

Export volumes fell 7% in the September quarter to 9.4-million tonnes compared with the three months ended June. This was “mainly due to the reduction in Sishen mine’s production as well as the annual maintenance shut-down of the rail line and port by Transnet”, Kumba said.

Kumba has used its stockpiles to bolster export sales. The miner has 2.2-million tonnes of stockpiles compared with 5-million tonnes a year earlier. While they have added an estimated 1.1-million tonnes to export sales, they are now at low levels, and according to Kumba cannot be decreased further.

“We believe this will decrease the flexibility in the short term,” SBG Securities said.

Sishen turned in a poor quarter, with production down 25% to 6.43-million tonnes. Compared with a year earlier, output was down a third.

Kumba said there had been a week-long safety stoppage at Sishen, followed by a slow return to normal operating levels. There were also constraints in the pit itself — where Kumba is being forced to remove increasing amounts of waste as the mine becomes deeper.

The weak performance at Sishen was offset to some degree by another strong quarter at the new Kolomela mine. Output grew 9% quarter on quarter to 2.8-million tonnes.

Domestic sales to Arcelor-Mittal SA rose from 882,000 tonnes in the first quarter to 1.3-million tonnes in the September quarter.

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