

Mittal CEO moves on unexpectedly

THE abrupt resignation of ArcelorMittal SA CEO Nonkululeko Nyembezi-Heita has taken the market by surprise. The Steel and Engineering Industries Federation of SA (Seifsa) says it has “taken note of developments at ArcelorMittal SA” and wishes Ms Nyembezi-Heita well.

“ArcelorMittal SA is an important member of Seifsa and we thank Ms Nyembezi-Heita for her support to the federation. We look forward to working with her successor once s/he has been appointed,” executive director Kaizer Nyatumba says.

The company says the CEO is not giving interviews in relation to the stock exchange announcement. She has guided it through years of tough operating conditions, characterised by weak global steel prices, over-capacity and subdued domestic demand. Economic growth in SA is poor, and the trade balance remains unfavourable despite a weaker rand. Some commentators say Ms Nyembezi-Heita has done a sterling job running SA’s primary steel maker considering the circumstances. Despite “fairly weak” trading conditions it saw a rise in headline earnings to 50c per share in the September quarter, giving it a positive cash position, despite net cash falling following the normalisation of working capital after a devastating fire temporarily shut its main Vanderbijlpark plant earlier this year. But operations there were restored ahead of schedule, with force majeure being lifted. At the time, Henk Langenhoven, the chief economist at Seifsa, said the group’s effort was commendable.

“They did a world-class job to restore the plant in such a short space of time.”



ROCKWELL Diamonds has set in place a new empowerment partner after a rather unhappy experience with an earlier

ARCELORMITTAL SA

Share price, daily close (cents)



Graphic: SHAUN UTHUM Source: I-NET BRIDGE

shareholder. African Vanguard Resources never quite shaped up to the partner Rockwell needed.

It’s taken time to find a new partner, but Rockwell’s latest results detailed its success without actually naming the party.

Rockwell will tell the market who it is once all conditions precedent have been met and the transfer of shares has been finalised.

The new partner, which Rockwell says was formed in the early 1990s and has a “successful investment track record in both listed and unlisted entities” will hold 30% of Rockwell’s Middle Orange River assets.

This is well above the 26% stipulated in the Mining Charter.

The total purchase price for the stake is R72.6m, of which R17.3m will be paid up front. A vendor loan will pay for the balance.

The cash injection will give Rockwell a boost on its balance sheet.

In Rockwell, the first empowerment deal was a dud, costing management time and effort to rectify. One hopes the lessons learnt have been applied to this second stab at empowerment and will generate shareholder value rather than destroy it.

■ *Nick Wilson edits Company Comment (wilsonn@bdfm.co.za)*