

**SOUTH AFRICA**

**MITTAL REPORTS FY LOSS, SEES BETTER Q1 –** ArcelorMittal South Africa, a unit of the world's top steelmaker, reports a full-year headline loss, hit by higher raw material costs and weaker sales, but says it expects a better first quarter. The steelmaker's production last year was hit by structural problems, including a furnace failure at its Newcastle plant, a strike in the steel sector and a shutdown at its

Saldanha Works operation. The Newcastle plant has since resumed full output. "We had to contend with unrelenting pressure on operating margins as production costs climbed 19%, while steel prices only rose 12% on average," CE **Nonkululeko Nyembezi-Heita** says. Globally, steel producers are expected to report a weak fourth quarter on destocking and squeezed margins, underlining the need for consolidation of the industry. Africa's largest steelmaker reports a diluted full-year headline loss per share of 13c, compared with diluted headline earnings per share (EPS) of 343c the previous year. Headline EPS are the main profit gauge in South Africa and strip out certain one-time items. The company, which sells 90% of its steel in Africa, says that sales fell 7% to 4.7-million tons during the year, while revenue is up 4% to R31.5-billion. "Earnings for the first quarter are expected to improve significantly owing to production stability and higher sales volumes partially offset by lower international steel prices," the company adds. The company declared no dividend. Analysts say the main issue facing the steelmaker is the outcome of an ongoing dispute over iron-ore prices with Kumba Iron Ore, a unit of Anglo American.