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BUSINESS DAY (Late Final)  
10 Dec 2013, p.1

## Steel maker CEO to resign after six-year rollercoaster

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AFTER a six-year rollercoaster ride at the helm of ArcelorMittal SA, CEO Nonkululeko Nyembezi-Heita yesterday said she was quitting SA's primary steel manufacturer.

The resignation will take effect on February 18 next year.

Ms Nyembezi-Heita was appointed as CEO and a member of the board in March 2008, seven months before global stock markets crashed. Since then, the South African unit of the Luxembourg-based and world's largest steel group has struggled, along with its parent company, in weak and highly volatile global and domestic steel markets.

Its share price has gyrated from about R65 in March 2009 to about R120 in August that year, subsequently declining to around R23 in May this year, and then climbing to about R41 yesterday. The company's price:earnings ratio is now at around 260.

No reasons were given for the decision. But an announcement on Ms Nyembezi-Heita's successor would be made in due course, the company said. The group said yesterday that she would not conduct interviews about the announcement.

She has guided the company through an acutely difficult period for SA's construction sector, which fell into a rapid and deep slump after the 2010 Soccer World Cup ended. Construction accounts for the biggest part of steel consumption in SA.

The group saw a rise in headline earnings to 50c per share in the third

Continued on page 2  
Company comment: page 10

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BUSINESS DAY (Late Final)  
10 Dec 2013, p.2

## CEO quits after years of steering top steel producer

Continued from page 1

quarter ended September and was in a positive cash position, despite "fairly weak" trading conditions.

The company also raised the ire of some in government by resisting calls for a "developmental steel price", along with failed black economic empowerment (BEE) deals involving individuals believed to be close to President Jacob Zuma and the influential Gupta family.

This led to a long-running battle with Anglo-American subsidiary Kumba Iron Ore over mineral rights and cheap iron-ore supply. But this was resolved last month when Kumba CEO Norman Mbazima and Ms Nyembezi-Heita signed a new pricing agreement.

In terms of the agreement, ArcelorMittal SA will get iron ore for up to \$20 less per tonne than it had been paying.

"Ms Nyembezi-Heita has certainly presided over a period

during which it seemed that most things which could go wrong did so," said Stephen Meintjes, head of research at broker Imara SP Reid. "She did so with remarkable equanimity and confidence.

"Personal reasons aside, however, the onlooker might be forgiven for asking why she has resigned now if a turnaround is imminent? Not all of the problems were due to external events, such as the ... Sishen mining rights, but many of them

were, including the vexed issues of lack of competition (and) ... the government's desire for developmental steel prices, the complexities of BEE, and the state of the steel market to mention a few."

ArcelorMittal SA chairman Mpho Makwana yesterday thanked Ms Nyembezi-Heita for her "tremendous contribution" during an "exceptionally challenging period".

Ms Nyembezi-Heita was quoted in the company state-

ment as saying her management team had achieved a lot during her tenure. "Our safety performance is now world-class and we have also taken huge strides towards meeting our environmental obligations."

She added that the company had shown "steady progress" with its operational improvement programmes. It could expect a "marked improvement" in financial performance when steel markets recovered.

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