

Top steel maker's books poor fourth quarter

ARCELORMITTAL, the world's biggest steel maker, posted fourth-quarter profit that was in line with analyst estimates and forecast a modest improvement in the first half of the current year.

Earnings before interest, tax, depreciation and amortisation (Ebitda) fell to \$1.71 billion (R12.94bn) from \$1.85bn a year earlier, compared with the \$1.68bn median estimate of 16 analysts surveyed. It posted a full-year net profit of \$2.26bn, down from \$2.92bn.

First-half Ebitda was likely to exceed results in the prior six months, while still being lower than a year earlier, the company said.

"Looking to 2012, the situation in Europe remains a live concern," chief executive Lakshmi Mittal said. "Despite the continued uncertainty in this market, however, we are seeing an improvement in sentiment compared with the fourth quarter."

ArcelorMittal's guidance implies first-half Ebitda of \$4.1bn to \$6bn. The share price rose as much as 2.5 percent to €16.56 (R164.16) in Amsterdam, and was at €16.45 as of 9.18am, extending its gain this year to 16 percent.

The company posted its lowest quarterly profit in two years as cooling economies in China and Europe sapped

demand for steel, sending prices lower. Nippon Steel, Japan's largest producer, reported its first loss in three quarters last month and forecast declining use of the alloy.

Prices for hot-rolled steel coil fell for three consecutive quarters and hit the lowest in 13 months in December, according to Steel Business Briefing's global price index.

ArcelorMittal has "temporarily suspended" an increase in steel capital spending to focus its projected \$4bn to \$4.5bn of investment in mining growth. The company has put two steel-plant expansions in Brazil on hold because of a "strong" Brazilian cur-

rency and weaker growth than forecast, chief financial officer Aditya Mittal said. It also delayed expansion in Canada.

Global steel consumption will rise 4.5 percent this year, less than the 5.4 percent forecast in October by the World Steel Association, according to analysts. Growth may be as low as 1.2 percent, Bloomberg Industries analysis shows.

ArcelorMittal said steel demand growth might slow to as little as 4.5 percent in 2012 from 6.3 percent in 2011. Chinese consumption was likely to rise 5.2 percent, while European demand was forecast to decline by 1.3 percent this year. - Bloomberg