AK Steel Posts 2Q Loss On Sales Drop, Hefty Charge

The Associated Press

WEST CHESTER, Ohio (AP) — AK Steel Holding Corp. posted a second-quarter loss on Tuesday as sales fell 14 percent and the steel maker recorded a hefty charge related to taxes.

AK blamed lower sales, shipments and prices on sluggish economic growth in the U.S. and other countries, and said conditions remain volatile. The company suspended its dividend to save about $22 million a year.

The West Chester, Ohio, manufacturer reported a loss of $724.2 million, or $6.55 per share, from April through June. That compared with net income of $33.1 million, or 30 cents a share, in the year-ago quarter.

The company had a non-cash charge of $736 million, or $6.65 per share related to deferred tax assets. Without that special item, AK's adjusted income was $11.4 million, or 10 cents per share.

Sales fell to $1.54 billion from $1.79 billion a year ago, as steel product shipments dropped by about 11 percent. Prices slid to $1,152 per ton from $1,185 per ton.

Analysts surveyed by FactSet predicted, on average, earnings of 6 cents per share and sales of $1.55 billion. Those estimates usually exclude one-time items.

AK's results reflect the struggles facing the steel industry as it deals with declining demand in the slow global economy, higher raw material costs in some cases and plentiful supplies.

AK Steel expects a third-quarter loss and said it will provide more specific guidance later.

Shares of AK Steel fell 14 cents to $4.86 per share in midday trading. The stock has ranged from $4.59 to $14.80 in the past 52 weeks.

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