

## U.S. Steel Shrinks 4Q Loss To \$50M

Published on Industrial Maintenance & Plant Operation (<http://www.impomag.com>)

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US Steel reported a smaller fourth-quarter loss as carmakers and other manufacturers used more steel, and it said shipments should rise in the current quarter.

The steel industry has been buffeted by an inconsistent global economy. On Monday, the U.S. Commerce Department reported that overall orders for durable goods rose 4.6 percent in December. But a key gauge of business investment plans rose just 0.2 percent.

"We continue to be challenged by uncertain global economic and steel market conditions," Chairman and CEO John P. Surma said.

The Pittsburgh-based steelmaker lost \$50 million, or 35 cents per share for the most recent quarter. A year ago it lost \$211 million, or \$1.46 per share.

The most recent loss would have been 41 cents per share if not for a favorable settlement of a contract dispute. The result was much better than the loss of 70 cents per share expected by analysts surveyed by FactSet.

Revenue fell 6.9 percent to \$4.49 billion. Analysts had been expecting revenue of \$4.33 billion.

The biggest turnaround happened in flat-rolled steel, which is used for cars and heavy equipment. After an operating loss of \$72 million a year ago, that segment turned in an \$11 million profit in the most recent quarter. Shipments rose 3.7 percent to 3.9 million tons. The larger shipments helped offset a price decline of \$20 per ton, to \$721.

That helped offset a decline in profits from tubular steel, which is used more by the energy industry. Shipments declined 15.6 percent to 407,000 tons. Pricing fell 5 percent to \$1,624 per ton. End users reduced drilling and delayed purchases, and tough competition from steel importers drove down prices, the company said.

For the first quarter, the company said it expects a slight improvement in its European and tubular segments. Tubular volume should pick up, but pricing will be lower.

Its flat-rolled segment will be near breakeven. Steel buyers in North America are still cautious. Spot orders are picking up slightly and spot pricing should rise, but those benefits may be offset by lower prices under long-term contracts, the company said.

For all of 2012, the company lost \$124 million, or 86 cents per share. In 2011 it lost

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\$53 million, or 37 cents per share. Revenue fell 2.8 percent to \$19.33 billion.

Shares of Pittsburgh-based United States Steel Corp. fell 28 cents to \$23.44 in early trading.

**Source URL (retrieved on 04/26/2015 - 7:35am):**

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