

# ArcelorMittal Affirms 2013 Targets Despite Q1 Loss

Toby Sterling, Associated Press

AMSTERDAM (AP) — ArcelorMittal SA, the world's largest steelmaker, slumped to a first-quarter loss, even as the company's chief executive said restructuring efforts are starting to pay off and the steel market is stabilizing after a big reverse in the middle of last year.

The Luxembourg-based company's business was hit by Europe's ongoing economic problems and slowing growth in China. In the same quarter last year, it benefited from a tax windfall.

Overall, it said Friday, it made a net loss of \$345 million (265 million euros) in the first quarter of the year, compared with a profit of \$92 million in the equivalent period in 2012.

Sales fell 13 percent to \$19.8 billion, and operating profit fell 50 percent to \$404 million.

"Economic conditions remain challenging but our performance in the quarter reflects the results of the management action we have taken to confront the effects of the financial crisis," the company's Indian-born chief executive Lakshmi Mittal said in a statement.

"We have significantly reduced our net debt and the steps we have taken to focus production on our more competitive assets are beginning to yield results."

He cited a focus on high-strength steels used by car manufacturers.

In spite of tough market conditions, the company reiterated its forecast that it will make at least \$7.1 billion in core profits for the full year, as measured by EBITDA, or earnings before costs from interest, taxes, depreciation and amortization of goodwill. EBITDA, which is commonly used by financial analysts, was \$1.57 billion in the first quarter.

The company said that EBITDA would improve in the second quarter.

Analyst Carsten Riek of UBS said the company's sales were slightly worse than expected, but EBITDA was better than expected and investors would be cheered by company estimates it will ship 20 percent more iron ore in 2013 than in 2012.

He repeated a "buy" recommendation on shares.

Arcelor's share price rose by 4.8 percent to 10.32 euros in European trading.

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ArcelorMittal sells twice as much steel by volume as its closest rival Hebei Iron and Steel Group Company Ltd., according to data from the World Steel Association industry group. ArcelorMittal forecasts that global steel consumption will grow by at least 3 percent this year, and that its own shipments will rise 2 percent.

The company had no impairments or restructuring costs in the quarter, a stark contrast with the fourth quarter of 2012, when it reported a \$3.8 billion loss, mostly due to costs related to closing plants or reducing production in France, Belgium and Spain.

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