



KloECKner optimistic after strong Q1

German steel and metal distributor **KloECKner & Co** says it expects another year of rising sales after a good start in Q1. Net profit in Q1 was up 27% year-on-year to €51m, operating profit up 18% to €109m and sales up 7% to €1.66bn. Volumes rose 6% to 1.72mt.

Chairman Thomas Ludwig said: "The good first quarter and the unchanged bright prospects for the second quarter form a solid foundation for further earnings growth in the current financial year." "We anticipate that the sound demand and price development will continue throughout the rest of the year and expect net profit for 2008 that is substantially higher than the previous year's level," he said.

KloECKner also announced that it has sold its Canadian unit, **Namasco**, to **Samuel Son & Co**, a local company. Ludwig said that by selling the automotive supplier Namasco and buying the US plate specialist **Temtco Steel** earlier this year, the group had moved into a faster-growing business. It is also examining the disposal of one of a Swiss subsidiary, **Koenig Verbindungstechnik**.

Yamato Kogyo reports record profit

Japan's **Yamato Kogyo** reported a 31% increase in its net profit to a record Yen 32.9bn (\$312m) in fiscal 2007 compared with the year-ago figure, thanks to an outstanding performance from its overseas subsidiaries. Operating income saw a 30% fall due to soaring ferrous scrap prices, which hit the company's domestic operation. However, strong performances from its overseas operations **Siam Yamato Steel**, **YK Steel** and **Nucor-Yamato Steel** helped lift the figure to Yen 13.9bn, up by 31.8%, year-on-year. Sales revenue also hit a record high at Yen 167bn, an increase of 50.4%. For fiscal 2008, Yamato Kogyo expects its sales revenue to rise by 36.9% to Yen 228bn, and operating income by 32.6% to Yen 18bn. However, net profit will drop by 2.8% to Yen 32bn due to rising costs and a stronger Japanese currency.

BlueScope remains confident of higher profits in fiscal H2

BlueScope Steel's chief says the Australian company remains on target for a rise in net profits in H2 of its

financial year, thanks to strong demand for its products. At a presentation to analysts, managing director and CEO Paul O'Malley said unaudited, underlying net profit after tax for fiscal Q3, ending 31 March, is projected to come in at A\$169m (US\$159m), and at A\$305m in Q4. The A\$475m total compares with A\$259m in H2 fiscal 2007.

O'Malley added: "Looking further out, assuming global steel prices hold, we expect a good start to fiscal year 2009 notwithstanding the substantial increases in iron ore, coal and scrap prices, effective from 1 July 2008. In the second half of fiscal year 2009, the company will embark on the major blast furnace No 5 reline and sinter plant upgrade. These two major engineering projects will impact earnings in the second half, but thereafter should deliver additional longer term cost and volume benefits."

People

ArcelorMittal names new executive on management committee

ArcelorMittal has announced new appointments to its group management committee, following changes to its group management board last month and as long-serving executives stand down. **Robrecht Himpe** is joining the committee as CEO for flat Europe. **Arnaud Poupart Lafarge** becomes CEO for Africa and CIS, in place of **Narendra Chaudhary**, who is retiring.

Andre van den Bossche, who was in charge of global trade policy, steel contact groups, mandates and associations, is also retiring although he will remain a consultant to the group's chairman and CEO **Lakshmi Mittal**. **Vijay Bhatnagar** will remain a member of the management committee, as he takes up the position of CEO for India. The appointments follow changes to ArcelorMittal's management board last month after **Malay Mukherjee** stepped down (*CRU Steel News 21 & 7 April 2008*).

- North China's **Tangshan Steel** has appointed **Yu Yong** as general manager of the group, after **Wang Zilin's** resignation. Yu was previously the company's administrative deputy general manager.

- **Flavio Azevedo**, from **V&M do Brasil**, will replace **Rinaldo Soares** as president of Brazil's steel



institute, IBS. His two-year term will start on 3 June, during the IBS steel conference in Rio de Janeiro.

Insight

Baosteel some way off from taking big step abroad

Over the past couple of years more than half a dozen investment banks have discussed the possibility of floating **Baosteel** shares abroad. Their hearts must have missed a beat recently when the group's chairman Xu Lejiang was quoted in a Bloomberg TV interview as saying that the group might seek an overseas listing to part-finance a planned \$8.58bn steel project.

Full analysis at crusteelnews.com

Vale still has sights on being a global leader

In the first quarter of this year the shares of the Brazilian mining group **Vale** were the most heavily traded of any foreign company on the New York Stock Exchange. Vale is a popular stock as are many mining companies, which investors see as a sure bet while commodity prices only move in one direction.

Full analysis at crusteelnews.com

MARKETS

EUROPEAN LONGS

Mills seek €800/t for rebar in southern Europe

Prices for long products in Western Europe have risen to fresh highs in recent weeks, propelled by scrap prices as high as €500/t and other rising input costs.

"We haven't seen a situation like this in 30 years," said a trader in **Italy**, where prices on finished products have risen by €100-120/t in the past month.

Italian rebar is being traded at around €750/t delivered on spot last week, the source said. But one producer told *CRU Steel News* prices are closer to €800/t delivered, double the level five months ago.

Italian mills have not made any fresh offers this week, however, as they watch developments in the scrap market. There are rumours that scrap prices could move as high as €520-530/t delivered in the coming weeks.

Wire rod is currently at €740-760/t delivered, having risen by as much as €120/t in the past month, Italian sources said.

Although domestic demand is reported to be healthy, buyers are said to be wary of a correction in prices and are keeping stock levels low.

"When prices go down, it won't be by €5/t," one source warned. Building starts in the private sector are declining, while some public projects are being cut back as developers stick to previously calculated budgets.

Besides the rising input costs, the high demand for material in the Middle East continues to play a role in Italian prices, sources said. One source echoed concerns within the trade that rebar within the GCC area could achieve \$1500/t.

The rising trend in prices is also being felt in **Spain**, despite a sharp slowdown in the country's construction activity.

One mill official said he too is waiting for a signal on scrap prices but said he is certain the company will have to raise its prices to as much as €800/t delivered.

Spanish rebar prices last week were €720-730/t delivered last week, with immediate delivery. The prices reflect a €70-80/t increase from the previous month, sources said.

Another mill official said his company is still in the market, offering rebar at €780/t delivered, up by €100/t on the previous month, with a one-week lead time. Shipments into France are already around €800/t delivered, he added.

No June offers are currently available for Spanish wire rod, which is sold on a monthly basis, the first producer said, adding prices could potentially rise by to €750/t delivered, versus €700/t for May. However, a second producer said prices are already around €800/t delivered.

Longs markets in northern Europe have not experienced price increases as sharp as in the south.

German rebar prices have gone up by €50-60/t in the last month to about €820-830/t delivered, and are expected to continue rising, domestic sources said. Wire rod is about €790-830/t delivered.

"I don't see an end to this at this moment, as people are expecting [longs] prices to increase in June on rising scrap prices," one source said.