
CAPEX cuts - VSMPO Avisma postpones titanium expansion

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Reuters reported that Russia's VSMPO Avisma has postponed a major increase in production until 2014, 2 years later than planned due to the financial crisis.

Mr Vyacheslav Tetyukhin Board member VSMPO said that VSMPO Avisma a supplier to plane makers Boeing and Airbus, would need to invest USD 1 billion to raise output of titanium to between 44,000 tonne per year and 46,000 tonnes per year. Production this year was expected to fall to between 19,000 tonnes and 20,000 tonnes from 26,600 tonnes in 2008.

He said that "We had planned to invest USD 1 billion to raise production capacity to 44,000 tonnes to 46,000 tonnes to occupy 33% of the market by 2012. Now, we see this program shifted to 2014."

Mr Tetyukhin said that the economic crisis had interrupted the state controlled company's development plans as aircraft manufacturers the world over had scaled back production.

He said that the company's previous investment program had envisaged global titanium demand of 150,000 tonnes to 160,000 tonnes by 2013. VSMPO Avisma now believes this level is achievable only by 2015.

He added that the company's revenues could decline by 30% this year but he declined to give a profit forecast. Everything is fine with our profit.

(Sourced from Reuters)

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