
Ameron International Q2 net profit down by 42pct YoY

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Ameron International Corporation said that its fiscal second quarter profit plunged by 42% YoY due to sharply lower earnings at its steel mini mill and a decline in public works spending in the western states.

Net income of USD 9.4 million was down from USD 16.3 million for the same quarter last year. Revenue of USD 132.9 million for the quarter ended May 31st 2009 was down by 17% YoY from USD 159.8 million in the year ago period.

The drop in earnings was due principally to what it said was a significant decline in earnings at TAMCO, its 50% owned steel mini mill, as a result of the collapse of infrastructure spending in Arizona, California and Nevada.

Ameron said that sales at TAMCO declined 83% in the second quarter due to falling public works spending and reduced selling prices for steel rebar, or stainless steel reinforcing bars used in construction. Ameron's share of TAMCO's net loss totaled USD 1.6 million, after taxes, in the second quarter of 2009 as compared with net income of USD 6.7 million in 2008.

Ameron said that due to dropping demand for steel rebar, TAMCO idled production from December 2008 through April, Ameron said. Production resumed in May and will operate intermittently to support rebar demand, which is not expected to recover in the short-term in TAMCO's key markets

Mr James S Marlen CEO of Ameron said that it had expected steel markets to improve in the first half of 2009 with TAMCO breaking even for 2009. However, the market for steel rebar remains depressed and TAMCO is expected to remain unprofitable in the second half of 2009, though the losses are not expected to be as high as in the first half.

(Sourced from Associated Press)

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