
OneSteel CEO Mr Plummer sees challenging future

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OneSteel said that it can see more glimmers of better times ahead, but recovery will be slow and fitful.

In a presentation to an investment conference, Mr Geoff Plummer CEO of OneSteel said that the company can see a modest increase in underlying demand, but conditions to remain challenging.

He said that “We are encouraged by a gradual and broad based improvement in demand over recent months. We are well placed to manage through remainder of downturn with leading market and strong niche positions and manufacturing flexibility, our back to basics initiatives position our manufacturing, distribution and recycling businesses to benefit from improved activity levels.”

He said that the mining sector was still seeing strong spending on consumables, residential some recovery in activity levels, non residential and engineering positive impact from government stimulus. But the weakness in non residential private investment is expected to continue, the softness in manufacturing will continue and demand from the rural sector will remain patchy.

Mr Plummer said that OneSteel is looking for improvement from the government's stimulus packages in 2010, especially the Building Education Revolution from end 2009 and the larger infrastructure projects from mid next year.

He added that “Steel prices appear to have passed the bottom. Internationally stimulus spending is biased towards long steel products. International steel is expected to have overcapacity in the near term and this will impact prices for steel and steel making inputs.”

Mr Plummer said that “The company is resetting the cost base of the business through cost cutting, was looking for the positive impact of increased production levels on unit costs in the coming year, lower raw material costs especially coal, increased electric arc furnace utilization, lowering unit costs, increased iron ore sales and improved domestic steel sales volumes with the prospect of further improvements as economy strengthens.”

(Sourced from www.aireview.com.au)

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