International Coal Group announces Q3 results

Friday, 30 Oct, 2009

International Coal Group Inc reported its results for the Q3 of 2009. Highlights for the Q3

1. Adjusted EBITDA or earnings before deducting interest, income taxes, depreciation, depletion, amortization and minority interest was USD 64.7 million for the third quarter of 2009 as compared to USD 45.0 million for the third quarter of 2008. Third quarter 2009 results include the previously disclosed USD 27.0 million payment received for the early termination of two related coal supply agreements and lost margin on pre-termination shipments.

2. Net income was USD 18.7 million for the Q3 of 2009 as compared with net income of USD 9.3 million for the same quarter last year.

3. Revenues were USD 296.6 million for the Q3 of 2009 as compared to USD 309.2 million for the third quarter of 2008.

4. Margin per tonne sold increased 7% to USD 9.36 in the third quarter of 2009 as compared to USD 8.77 for the same period last year.

Mr Ben Hatfield president & CEO of ICG said that "We are pleased to announce improved profit margins on our coal sales, compared to the third quarter of 2008, particularly given the extremely challenging market conditions now existing for coal producers. Weak natural gas prices, mild weather and low industrial demand for electricity limited coalfired generation and coal shipments during the quarter. Customer-initiated shipment delays and contract suspensions reduced our anticipated third quarter shipments by approximately 350,000 tons and decreased adjusted EBITDA by an estimated $9.0 million. Nevertheless, our focus on controlling costs and managing production levels yielded reasonable performance despite the adverse environment."

Mr Hatfield continued that "During the quarter, we continued to balance production with committed sales, selectively idling 400,000 annual tons of higher-cost production at our ICG East Kentucky complex and reducing work schedules at several other locations. In early October, we also reduced annual production at ICG Eastern by an additional 500,000 tonnes."

He concluded that "We have seen signs of recovery amid the market weakness as thermal coal prices have recently improved, and spot market interest for metallurgical coal from the international market has picked up. The outlook for domestic metallurgical demand has also improved as blast furnace utilization rates are climbing. We believe that 2010 could be a balancing year for coal demand that sets the stage for a much stronger market in 2011."