
Market pleased as ENRC earnings beat expectations - DB

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According to Deutsche Bank, results from Kazakhstan focused miner Eurasian Natural Resources pleased the market with the profit figure coming in well over expectations.

Deutsche Bank had been expecting underlying EBITDA of EUR 449 million for the first half of 2009 and was pleasantly surprised when the company announced EBITDA of EUR 628 million, helped by lower inflation in Kazakhstan and significant foreign exchange gains. The upbeat outlook accompanied better than expected interim results from the Kazakh focused miner and a sharp rise in second quarter production of ferrochrome and iron ore, key ingredients in steelmaking, from the first three months of 2009.

Mr Johannes Sittard CEO of ENRC said that "Our first half financial and operational performance, in the face of considerable market pressures, reflected a satisfactory outcome adding into the second half we believe that the recovery will be sustained and the company would pursue opportunities for capital investment and acquisitions. As well as demand from China, the world's top consumer of many industrial metals."

DB said that ENRC is very positive about the second half production outlook with Russian demand picking up key surprise and is now running at a run rate very close to full capacity much earlier than market expectations in our view.

Morgan Stanley also liked the results and said the EBITDA came in 6% higher than it had been expecting. With stainless steel restocking underway and steel production in Russia ramping up, the near term volume and pricing outlook in ferrochrome and iron ore continues to be strong, the broker notes.

ENRC said that first half earnings per share slumped 59% from a year earlier to 43 cents, but comfortably beat a consensus forecast of 34.43 cents compiled by the company from 13 analysts. The results were boosted by a EUR 210 million foreign exchange gain due to the devaluation of the Kazakh Tenge. In a sign of recovery, second quarter ferrochrome production jumped 35.8% from the first three months of the year and iron ore pellet output surged 63.5% QoQ.

(Sourced from www.neurope.eu)

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