
Angang posts profit but Benxi in red in Q3

Saturday, 14 Nov, 2009

Securities Daily reported that Angang Steel Co Ltd and Benxi Steel Plate Co Ltd both released their financial reports of the Q3 with profits differentiating widely net profit of the former posted at CNY 1.893 billion versus a loss of CNY 523 million of the latter.

Net profit of Angang fell 16.73% YoY from a year ago in the Q3 and its total net profit in the first three quarters posted at CNY 330 million off 96% on year. While net profit of Benxi Steel Plate slumped 230.55% from a year ago with aggregate profit in the first three quarters posting at negative CNY 1.433 billion off 201.19%.

Most listed steel mills have made a profit in the Q3. And taking Ma'anshan Steel for example who also released earnings report net profit in the Q3 posted at CNY 802 million up by 1.99% on year. And Benxi Steel Plate explained in earlier financial forecasts that the third quarter loss was due mainly to the sluggish domestic flat products market. Flat products price dived again after a short lived rally. Meanwhile, price declines for raw materials were slow.

According to market analysts, Q3 profit would be this year record. Baosteel has cut November prices earlier and followed by Angang and Wuhan Steel. And analysts speculate that steel price would stay low in short term, with steel mills' performances in the Q4 inferior to the third one. Therefore, it will be difficult for Benxi Steel Plate to make up deficit and get surplus for whole 2009.

Angang Steel Co Ltd also made a forecast in the Q3 financial report for whole 2009 and expected to earn a total net of CNY 0 billion to CNY 1.495 billion off 50% to 100%. And the forecasts meant a possible loss in the last quarter.

The further steel price corrections and massive overcapacity have again exerted great pressure on steel industry to cut output. And Mr Shen Wenrong president of Shagang has earlier said that overall output cutback would occur by late October. However, according to Mr Fu Jihui board secretary of Angang, they have no plan to cut output at present.

Product mix also troubled some leading state run steel mills except for capacity. And low end products like rebar benefited the most from this round of economic stimulus. As a result, news spreading earlier that some large steel mills like Angang were resuming some low value added products lines.

Mr Fu without unveiling the detailed output of these low end products resumed that "We are adjusting our product mix every month in line with market demand."

(Sourced from Securities Daily)

For more news visit at www.steelguru.com