
ENRC returns to pre crisis production levels in Q3

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It is reported that Kazakhstan based mining group Eurasian Natural Resources Corporation Plc has announced that in the Q3 of the current year its ferrochrome and iron ore production has almost returned to pre crisis levels, reflecting better sales than it expected at the beginning of the year especially as demand from China has been recovering.

Accordingly, in Q3 2009, ENRC total ferroalloy production registered a decrease of 7% YoY to 413,000 tonnes, its ferrochrome output declined slightly by 2.1% to 332,000 tonnes, its iron ore extraction increased by 1.9% to 10.98 million tonnes and its primary iron ore concentrate production went up by 0.9% YoY to 4.556 million tonnes.

The company's statement said "In Q3 2009 production volumes in the ferroalloys division moved closer to the levels of the comparable period of 2008, reflecting a steady recovery from the production cutbacks initiated in Q4 2008 in response to significantly reduced customer demand and in efforts to avoid an inventory buildup."

Through the first nine months of 2009 ENRC progressively increased its production, reaching by Q3 a capacity utilization level of 86 percent at its ferroalloys division up from 70% in Q2 2009 and a primary concentrate production capacity utilization of 100% up from 80% in Q2 this year.

As regards the future, ENRC said that it expects its revenue in H2 2009 to reflect higher sales volumes and increased prices compared to H1 2009, partially offset by a rise in costs from greater production volumes and some cost increases, as the Chinese economy gains stability and as the economies of the United States, Europe and Russia have shown some initial recovery. However, ENRC industry outlook into 2010 remains uncertain, with the risk of further volatility in volumes and prices.

Mr Felix Vulis CEO of ENRC said "We are pleased with the recovery in our businesses, reflecting both an improvement in market conditions and management's efforts to focus on the control of costs. An economic recovery is now looking more convincing, but we see some uncertainties for the industry into 2010. Management will look to leverage our low cost advantage to sustain production. In addition, we continue to look to develop the group through capital expenditure and selected acquisitions."

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