
Mechel update ferroalloy segment results of H1 2009

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Mechel has announced its ferroalloy segment result for H1 2009

?	H1'09	H1'08	Change
Revenues	130988	278275	-0.529
Inter segment sales	19419	92501	-0.79
Operating income	-30341	84925	-1.357
Net income	-202609	38968	-6.199
EBITDA	-154044	98426	-2.565

(In USD thousand)

Ferroalloy segment revenue from external customers for the second quarter of 2009 amounted to USD 77.1 million, or 6.0% of consolidated net revenue an increase of 43.2% compared with segment revenue from external customers of USD 53.9 million, or 5% of consolidated net revenue, in the first quarter of 2009.

Operating loss in the ferroalloy segment in the Q2 of 2009 was USD 5.5 million versus operating loss of USD 24.8 million in the previous quarter. EBITDA in the ferroalloy segment for the second quarter of 2009 was USD 153.2 million, compared to segment EBITDA of USD 307.2 million in the Q1 of 2009. The EBITDA margin of the ferroalloy segment increased amounted to 171.2% in the second quarter of 2009. For ferroalloy segment depreciation, depletion and amortization in the Q2 of 2009 was USD 15.5 million, an increase of 142.2% over USD 6.4 million in the first quarter of 2009.

Mr Vladimir Polin senior VP of Mechel said “In the second quarter of 2009 an environment on Mechel ferroalloy segment key distribution markets has improved materially. Given that we concurrently managed to significantly decrease costs and to put our ferroalloy plants to 100% capacity utilization quite promptly, the segment demonstrated an expansive growth of all financial indicators. Currently we go forward with realization of package of measures focused on Mechel's ferroalloy assets efficiency improvement. We already managed to achieve projected output rate at Tikhvin Ferroalloy Plant, that produces ferrochrome and to significantly increase production of chromite ore concentrate at Voskhod mining and processing plant that in turn will result in further growth of segment results.”

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