
Western Coal Q2 profit down by 95pct

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Metallurgical coal producer Western Coal reported 95% slump in its Q2 profit hurt by weak coal prices.

For the Q2 ended September 30th 2009, the company posted net income of CAD 2.2 million or CAD 1 cent per share down from CAD 44.7 million or CAD 24 cents per share in 2008.

According to Thomson Reuters, analysts on average expected breakeven per share, before items, on revenue of CAD 102.2 million.

Western Coal said in a statement that the decrease in sales price is a result of lower coal contract prices for fiscal 2010, which are USD 126 per tonne for hard coking coal and USD 90 per tonne for ultra low volatile Pulverized Coal Injection, compared with USD 300 per tonne and USD 248 per tonne respectively for fiscal 2009.

The company said that total production was 97,000 tonnes lower than in the comparable period in the prior year due to a reduction in the production rates at the Canadian operations in response to the economic downturn. The company expects to ship 1.3 million tonnes to 1.4 million tonnes from its Canadian operations at sales price of USD 115 per tonne to USD 118 per tonne with cash costs of CAD 95 per tonne to CAD 100 per tonne for the H2 of fiscal 2010.

Also, it expects its US operations to ship 650,000 short tonnes of coal at an average price of USD 80 per short tonne to USD 85 per short tonne with average cash costs of USD 70 per short tonne to USD 75 per short tonne for the H2.

(Sourced from Reuters)

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