
ThyssenKrupp confirms steep full year loss

Saturday, 28 Nov, 2009

German steel maker ThyssenKrupp AG confirmed that it had a steep net loss in its 2008-09 fiscal year. ThyssenKrupp said that it lost EUR 1.87 billion for its full fiscal year compared with a net profit of EUR 2.3 billion the previous year.

The drop was due to a number of restructuring charges and the impact of the global economic downturn on the industry. At the same time, the company faced construction costs for building up businesses in Alabama and Brazil. Revenue for the period fell by 24% to EUR 40.5 billion from EUR 53.4 billion in the previous fiscal year.

Mr Ekkehard Schulz CEO of ThyssenKrupp said that the company expected to cut about 5,000 jobs and that the rest of the payroll reductions would be made through divestment of units, though he didn't specify what the company planned on selling off.

Last week, the company said it was selling its industrial services unit North American Safway Group to Odyssey Investment Partners LLC, a private equity company based in New York.

Thyssen said it expected a slow recovery for this fiscal year. It added that "Now that the world economy seems to have passed the worst of the recession, the new fiscal year 2009-10 will be characterized by at best slow economic recovery. As a result, there will be only moderate growth in order intake and sales. The group's new organizational structure will make us leaner and more efficient. Together with the optimization programs we have introduced, this will have a positive effect on earnings."

Thyssen said it expected sales to stabilize in the 2009-2010 fiscal year, and that earnings are expected to improve. The company said pretax earnings should be in the high three digit million euro range, measured by earnings before interest and taxes. The company said earnings before tax would be significantly impacted by project costs and startup losses in the Steel Americas business area.

(Sourced from Associated Press)

For more news visit at www.steelguru.com