
Alchevsk to invest 2007 income for modernization

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It is reported that shareholders of Alchevsk Steelworks decided at their AGM held on July 4th to redirect USD 60 million net income for 2007f or its modernization program.

Mr Taras Shevchenko GD of ALMK said that the company will start to pay dividends no sooner than when the major reconstruction is done.

It is building a PCI unit, blast furnace #2 and a new converter as the main projects for 2008's planned USD 0.8 billion in CAPEX.

Management also announced that the plant generated USD 174.2 million in H1 2008 which was achieved thanks to robust steel output growth up by 37.7% YoY and an increase in the share of high value added products which compensated for the rise in prices for iron ore, coke and gas. As for the whole year, the management targets output growth of 47.5% and pre tax income of at least USD 288.7 million.

Millennium Capital analyst said that "The observed financial and operational performance of ALMK is sound and we believe it will manage to reach its 2008 income targets. At an effective income tax rate of 32%, USD 288.7 million in pre tax income yields USD 193 million in net income."

(Sourced Millennium Capital)

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