
Eramet Societe Le Nickel lowers nickel output targets

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Thomson Financial reported that Eramet subsidiary Societe Le Nickel has just lowered its short and mid term production targets and is barely profitable. Heavy rain in the first half and renovation of a furnace at the Doniambo factory has prompted output expectations to be reduced to 54,000 tonnes for 2008, down from 59,800 tonnes last year and 62,383 in 2006.

Mr Pierre Alla manager of Societe Le Nickel said that for 2010, Societe Le Nickel has lowered its nickel production guidance to 72,000 tonnes from 75,000. He added that "We will have trouble topping 72,000 tonnes, a target which will not be reached for four years. This target is not guaranteed and a few years after 2012 output will start to fall again."

Mr Alla said that the price of nickel to stabilize around USD 7 or USD 8 a pound in the medium term. He added that "We are not very far from the red. We will make profits but the years of fatted cows are finished. Operating results will be positive but not very high. With the fall of the dollar and that of nickel prices, coming years will be more difficult than previous ones."

Eramet owns 56% of SLN, with another 34% held by STCPI, representing the three provinces of New Caledonia, where the company is based. Nisshin of Japan owns the remaining 10%.

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