
CAPEX cuts - Usiminas may slow down investments

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Usinas Siderurgicas de Minas Gerais said that it may slow the pace of its USD 14.1 billion investment plan to boost metal and iron ore output because of a global credit freeze.

Mr Paulo Penido Pinto Marques CFO of Usiminas said that as per report, Usiminas can continue spending at its planned rate until the beginning of 2010, although it won't do so until it has a better view of the market. Half of the investment will come from cash flow and about USD 2 billion of the balance has already been borrowed. He added that "We can accelerate it; we can postpone a little bit. We can manage the speed of investment according to the availability of financing."

Usiminas had planned to complete the expansion by 2012 to meet demand from Brazil's automakers, manufacturers and energy producers. ArcelorMittal said on October 23rd 2008 that it would review its spending plan, and Chilean producer Cap SA said that it postponed a USD 1 billion investment to expand output of iron ore, the main steelmaking ingredient.

Mr Penido reiterated Usiminas's sales target of 7.8 million tonnes of steel this year, which represents about 90% of operating capacity. He added that its best view is that sales will be maintained at that level next year.

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