
Orica confidence in growth gains as miners keep buying

Thursday, 21 May, 2009

Bloomberg reported that Orica Limited reaffirmed its forecast for an 8 straight year of profit growth even as global commodity producers BHP Billiton Limited and Rio Tinto Group reduce spending.

Mr Graeme Liebelt CEO of Orica Limited said that “We don’t find ourselves in the discretionary part of the mining cycle. Mining companies can defer equipment purchases, drilling and exploration, though if they are going to produce they have to use our product.”

Mr Liebelt said that the forecast is supported by growth in demand from thermal coal, copper and gold producers, which together account for more than 50% of Orica’s business; price increases for ammonium nitrate and as the company cuts costs and improves margins. Sales of explosives by volume may be steady or marginally down from the first half.

He said that “Our volumes are pretty steady in face of those big announcements and big headlines, of cutbacks by mining companies. We’ve always said if a downturn comes we ought to be fairly resilient.”

(Sourced from Bloomberg)

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