
Ezz steel Q1 net profit down 85%

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Reuters quoted Ezz Steel Egypt's largest steel producer as saying that its Q1 net profit fell 85% on the back of declining steel prices and a challenging export market.

The company said that it made a net profit of EGP 66 million in the period as net sales dropped 33% to EGP 3.4 billion.

Mr Paul Chekaiban MD of Ezz Steel said that "Although the financial performance has been heavily impacted by the fall in steel prices and the weakness of the export markets we continued to enjoy sustained demand on our steel products in the domestic market."

The company said that long steel products accounted for 81% of sales as flat steel markets slowed.

Flat steel volumes plunged to 209,000 tonnes in the quarter from 503,000 tonnes a year ago as the Ezz Flat Steel production facility shut down. The facility is expected to remain shut for the Q2 of 2009.

Ezz Steel said that it remained optimistic about demand for long steel products in the Egyptian market. The company said that "Long product demand is expected to remain on track for the rest of 2009 owing to the resilience of the private housing market and real estate projects and the impetus from the infrastructure schemes."

It said that it expected demand for rebars in the H2 of 2009 to be 3.3 million tonnes down from 3.9 million tonnes in the H1 of the year.

The company also forecast its total production for the year would remain steady at 5.3 million tonnes.

(Sourced from Reuters)

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