

Arcelor makes Q2 net income of \$1.7 billion

July 28 2010, By ROBERT WIELAARD , Associated Press Writer

(AP) -- ArcelorMittal SA, the world's biggest steelmaker, said Wednesday a jump in sales and prices helped it generate net income of \$1.7 billion in the second quarter, up from a loss of \$792 million a year earlier.

It also said it plans to sell its stainless steel unit.

The result was the fourth consecutive quarterly profit for the company based in Luxembourg, as demand recovers in the U.S., Europe and other economies that are emerging from a [recession](#) triggered by the [financial crisis](#) in 2008.

In the second quarter of 2009, Arcelor made a net loss of \$0.8 billion while in the first quarter of 2010 it made a profit of \$0.7 billion.

Sales swelled to \$21.7 billion, up 43 percent compared to the second quarter of 2009 and 16 percent from the previous quarter, due to higher volumes and prices. Steel shipments rose to 22.8 million metric tonnes, from 21.5 million metric tonnes in the first quarter.

Chief Executive Lakshmi Mittal said although the third quarter will see a summer break in Europe and the United States as well as slower economic growth in China, "underlying demand continues to show improvement."

Mittal said the "improved performance in the second quarter is in line with our expectations and reflects the continued slow and progressive

recovery."

But in the second half of 2010, the steel giant plans to raise prices by 10 percent to keep up profit. "The challenge for the second half of the year will be to pass on the full extent of cost increases to our customers," he said.

ArcelorMittal also said it wants to sell off its stainless steel unit which has not done very well during the recession.

"We cannot provide a specific market value for the unit," Aditya Mittal, the chief financial officer, said in a conference call.

He said the sell-off would not have an impact on ArcelorMittal's net debt, which fell to \$20.3 billion in the second quarter, largely due to shifting foreign exchange rates.

Arcelor said its second-quarter earnings before interest, taxes and other costs reached \$3.0 billion, up 59 percent compared to the year's first quarter.

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