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news release

A subsidiary company of Mittal Steel Ostrava will generate historically the highest profits this year

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Válcovny plechu - a subsidiary company of the largest Czech steel making company Mittal Steel Ostrava - will generate this year historically the highest profits mainly thanks to the production of transformer sheets. The demand for these special sheets has been around for quite some time already and Válcovny plechu seeks to increase production of these sheets through investments as well as through technical and technological measures.

For this year Válcovny plechu planned a gross profit of approx. 302 million crowns, but finally the pre-tax profit will reach almost 400 million crowns. Last year the company generated a pre-tax profit of 104.5 million crowns. Value added which is indicating the performance of the company will increase between the years by 300 million crowns to an estimated level of 750 million crowns. "This improvement is a result of high profitability of transformer sheets. We need to use this currently positive situation in Válcovny first of all also for the ongoing restructuring and for increasing the efficiency of the company," said Marcela Blachová-Mikšová, CFO and Vice-Chairman of the Board.

Also thanks to the good results the employees of the company got extra bonuses before Christmas holidays. In line with the collective agreement each employee of the company received 4000 crowns for meeting and over fulfilling the results planned for this year. In total the employees of this steel making company received almost three million crowns. Válcovny plechu estimates that this year's production will end at 137 thousand tons of all sheets, while the volume of transformer sheets produced by the company this year will amount to 15 thousand tons. Transformer sheets are produced only by several European steel makers. Besides Válcovny, these sheets are produced also by Polish Bochnia, Thyssen Krupp ES or Orb ES.

„Our goal is a gradual increase of production of electrical sheets in which we see the future of our company. At the same time through gradual orientation on high-quality products of deep drawn sheets we want to further increase the profitability of production of other product groups also," said Tomáš Mischinger, CEO and Chairman of the Board of Válcovny plechu.

The management of Válcovny and its owner Mittal Steel Ostrava have already agreed that all investments in the coming years will be directed to equipment for increasing the volume of production and quality of electrical sheets. In 2006 Válcovny plechu spent on investments more than 70 million crowns. Thanks to these investments the company was not only able to strengthen its position with its regular customers but also acquire new markets. This year for the first time in its history the company started supplying electrical sheets to Turkey and South Korea.

Another big investment - new line for thermal insulation coating worth more than 170 million crowns is just at the end of the tender and it should be commissioned at the end of 2007.

The largest investment projects in the recent years included modernization of a line for straightening annealing of transformer sheets which Válcovny plechu commissioned this spring. The total reconstruction of the line for the final thermal operation during the production of these plates cost more than 23 million crowns while the production capacity increased by one third.

Back in 2001 Válcovny had to give up for several months production of electrical sheets because the company did not have enough input material from foreign suppliers. Currently, Válcovny plechu is able to buy all input material for production of transformer and dynamo sheets from the parent company Mittal Steel Ostrava, whose mini-mill is able to achieve the necessary quality parameters required for production of sophisticated special sheets on a standard basis.

Válcovny plechu, a.s. Frýdek-Místek is one of the largest European producers of electrical sheets. The company currently employs 691 people. Last year the company generated profit after tax of 211.6 million crowns with revenues of 3.17 billion crowns. Since March this year, one hundred percent share of Válcovny plechu is owned by Mittal Steel Ostrava.