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ArcelorMittal

news release

NH-Válcovna za studena reports a record breaking profit of CZK 26 million

August 1, Frýdek-Místek – Nová huť – Válcovna za studena, a subsidiary of ArcelorMittal Frýdek Místek (former Válcovny plechu), made a gross profit of CZK 26 million during the first six months of the year. „We have succeeded thanks to the restructuring, which was started up last July with the aim of making the best of the similar manufacturing processes,” evaluates the year’s work Marcela Blachová Mikšová, the executive head of the company.

In the middle of 2007, the Management of ArcelorMittal Ostrava took a decision to make changes in the Management of one of its then subsidiaries, Nová huť – Válcovna za studena. ArcelorMittal Frýdek-Místek’s Chief Executive Officer, Tomáš Mischinger, and the Chief Financial Officer, Marcela Blachová Mikšová, were entrusted with the management and the implementation of the restructuring. Towards the end of 2007, ArcelorMittal Frýdek-Místek became a one hundred per cent owner of Nová huť – Válcovna za studena. Owing to the restructuring, the company made a gross profit of CZK 26 million in the first half of 2008, which exceeded the company’s annual profits in the previous years (e.g. in 2007 the annual loss after taxation was CZK 4.7 million, the year before it was CZK 8.9 million). „By now we have met the targets that we set immediately after taking charge of the management. The productivity has increased by 86 per cent year on year, to the current 240 tonnes per employee.” says Marcela Blachová Mikšová with satisfaction.

The new Management headed by Director Emerich Místecký have succeeded in reducing the fixed costs substantially, notably by demanning and cutting other overhead expenses, increasing the production and reducing the working capital. „The proportion of blue collar workers to white collar workers has increased from 1:3.2 to 1: 7.1. Further effects have been achieved as a result of the management and service provision by ArcelorMittal Frýdek-Místek. At the same time, we have succeeded in cutting significantly the costs related to services, energy and other consumables. Following the example of our parent company we have introduced the system of order efficiency evaluation, which has led to the increase in the volume of sale and to a higher profit,” claims Blachová Mikšová.

The restructuring of Nová huť – Válcovna za studena has now reached its final stage and will culminate in a merger with the parent company ArcelorMittal Frýdek-Místek. Ever since the summer of 2007 Nová huť – Válcovna za studena has reduced its staff by 80 employees; some of them had been employed for a determinate period, which has expired, while others have been transferred to other units within the Group. At present, Nová huť – Válcovna za studena has 154 employees.

ArcelorMittal Frýdek-Místek is a part of the largest steel company in the Czech Republic - ArcelorMittal Ostrava. In 2007 ArcelorMittal Frýdek-Místek made a profit of CZK 530.5 million (before taxation), which meant a year-on-year increase of 28 per cent. The profit after taxation was CZK 416 million. Compared to the previous year, the revenue from sale of products and services increased from CZK 3 billion to CZK 3.5 billion. The added value, which shows the company’s efficiency, grew by CZK 131 million year on year, to CZK 866 million. In 2007 the company produced and sold a total of 143,000 tonnes of sheet, while the year before it sold 138,000 tonnes.

ArcelorMittal Ostrava a.s. is the largest steel company in the Czech Republic and a part of the world's largest steel group ArcelorMittal. The company produces more than 3 million tonnes of steel annually and exports approximately 60 per cent of its production to more than 80 countries all over the world. The company has 7,450 employees; the total number of employees including the subsidiaries is 10,300. Its major shareholders are MITTAL STEEL HOLDINGS A. G. (71.579 %), Havrton Investment Ltd. (13.881 %) and the Ministry of Finance (10.969 %). In the accounting year of 2007 (which ended on February 28, 2008), the company generated a consolidated profit (after taxation) of CZK 9.2 billion. Total revenues were CZK 57,7 billion. ArcelorMittal Ostrava is one of the biggest tax payers in the Czech Republic.