

Novolipetsk Revenue Falls With Prices

By [The Moscow Times](#)

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Novolipetsk, Russia's second-largest steelmaker, said second-quarter net profit fell 53 percent. Above, a Novolipetsk steel factory.

Novolipetsk, Russia's second-largest steelmaker, said third-quarter revenue should fall because it was seeing weak export demand in volatile markets, as it posted lower quarterly earnings that beat forecasts.

"We expect our third-quarter revenue to decrease 5 to 10 percent, while the sales volume will remain stable for the entire group," chief financial officer Galina Aglyamova said Thursday. "The effect of decreasing steel prices will be partially offset by the decrease in raw material prices."

Novolipetsk, controlled by Vladimir Lisin, said second-quarter net profit fell 53 percent to \$278 million.

Aglyamova said revenue was "driven by a better product mix and hence a slight strengthening of prices." Revenue, up 4 percent to \$3.26 billion, was forecast at \$3.22 billion.

EBITDA fell 29 percent to \$596 million, against a forecast for \$584 million.

The negative outlook had been largely expected by the market, said Boris Krasnojenov from Renaissance Capital.

"Everyone has been expecting that guidance, as [steel] prices were low in the current quarter and it looks like the market has accepted this trend," he said. "Overall, we expect steel prices to bounce back, as almost all European and Chinese steelmakers are currently operating below cost level."

China was considering a tax rebate to aid its steel exporters, local media reported last month.

ArcelorMittal, the world's biggest steel producer, said recently it was considering cutting more capacity in Europe to tackle oversupply and shrinking demand.

"These strong second-quarter figures, combined with the company's third quarter outlook (which we view as solid in the current steel environment), look positive for the stock," Robert Mantse from Otkritie said in a research note.

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