

# Hulamin earnings expected to be up to 24% lower

Aluminium product manufacturer Hulamin on Tuesday announced it was expecting its headline earnings for the six months ended June 2012 to be between R54m and R59m.

This is a drop of almost 24% from the R71m it recorded in the corresponding period in 2011. However, its earnings is expected to be between R70m and R75m, for the same period ended which ended in April this year, which is in line with the R73m it recorded in the same period in 2011.

Hulamin said in a statement that its operational performance was disrupted by the failure of a motor on the Camps Drift hot line in April this year, which took 46 days to repair and recommission.

"The motor has been repaired and the line has been operating normally since mid-June. The resulting insurance claim has not yet been concluded and is not expected to impact the results to June 2012," Hulamin said.

Hulamin said at the time that production of thicker gauge plate and production from the mill's twin roll casters continued during the outage, with production losses limited to about 25,000 tons.

"All our products were affected - for example, can end stock, foil, automotive brazing sheet, thinner gauge plate and sheet and coil - except the thick gauge plate and certain alloy standard sheet and coil products," CEO Richard Jacob said in April.

He said, to varying degrees, almost all customers were affected. "Our first priority is to complete the safe, predictable and risk-free normalisation of the mill," he said.

"We are prioritising those customers for whom we are a sole supplier, and all customers where there are specific priorities," Jacob said.

Hulamin also said on Tuesday that the process of converting its pension fund to defined contribution resulted in an allocation to the company which has increased earnings by R67m in the first half of the year.

In an interview with Summit TV earlier this year, CEO Richard Jacob, said poor refinery maintenance had cost the company at least R13m in 2011.

"Unfortunately, 2011 seemed to be a very disruptive year in the entire gas industry - not just at Sapref, but with a major breakdown at Engen and problems at Sasol," he said.

Jacob also said Hualamin was disappointed by the government's announcement that tariffs on imported aluminium would remain low at 0%-5% on certain products.

"There is a 12-month period the ruling lasts for - we applied for 10% duties at the beginning of 2011, so we will only be able to reapply in mid-2012," he said.

He added that the company did not believe another imminent obstacle, the possible closure of BHP Billiton 's Bayside aluminium smelter in Richards Bay, was of immediate concern.

"Aluminium is core to any successful economy. It's in every part of the economy, so South Africa can't survive without aluminium," Jacob said

For more, visit: <https://www.bizcommunity.com>