



## POSCO sees Q1 operating profit up 82 pct



South Korean steelmaker POSCO said it estimated its first-quarter operating profit likely to jump more than four-fifths, topping analysts' expectations, underpinned by solid steel demand in China amid rising prices.

For 2019, the world's fourth-biggest steelmaker said it expects to nearly double its annual operating profit to 5 trillion won compared with last year, fuelled by higher-margin premium products and improvements in non-steel businesses.

Disclosing preliminary earnings guidance for the first time, the world's fourth-largest steelmaker said operating profit for January-March was about 1.2 trillion won (USD1.07 billion), climbing 82 percent from 659.8 billion won a year ago and beating a consensus forecast of 816 billion won from 16 analysts' views.

Steel prices in China, the world's biggest consumer, have risen 16 percent so far in 2017, extending last year's sharp recovery from a six-year decline as Beijing implements efforts to spur infrastructure spending and cut excess manufacturing capacity.

POSCO, which estimated revenue climbed 17 percent to 14.6 trillion won in the period while net profit more than doubled to 800 billion won, expects to report final first-quarter numbers next month.

Company's Chairman Kwon Oh-joon, who has restructured affiliates and cut debts at the steel giant to help cope with intense competition from China and once-sagging product prices, was appointed for another three-year term early this month.

## Beijing holds meeting with steel executives to discuss overcapacity

Top Chinese government officials and steel executives met in Beijing to discuss the challenges in cutting overcapacity in the steel sector, according to a statement posted on the website of China's state planner.

The government will continue to implement measures to cut overcapacity, including tackling zombie firms and prohibiting low-grade steel production, it said.

Government agencies present at the meeting included the National Development and Reform Commission (NDRC), the State-owned Assets Supervision and Administration Commission (SASAC) and the banking and securities regulators.



## Liaoning pledges 10 ml tons low grade steel closures by June

Northeastern Chinese province of Liaoning has promised to close more than 10 million tonnes of low grade steel capacity by the end of June this year as part of its efforts to clean up the sector, the official Liaoning Daily reported.

Heavy industrial Liaoning, home to struggling state steel mills like the Anshan Group and the Benxi Iron and Steel Group, is a key part of China's strategy to tackle price-sapping overcapacity in the coal and steel sectors.

However, the province has struggled to find alternative sources of growth. Its economy shrank 2.5% last year, the only Chinese province to see a contraction.

The low grade steel closures are also part of a nationwide pledge to eliminate a type of dangerous and polluting production capacity that accounts for about 4% of total output.

The report said that Liaoning also aims



to shut all coal mines with annual production capacity of less than 90,000 tonnes by the end of the year, a move that will cut coal provincial production capacity by 9.59 million tonnes.

Liaoning has been ordered to close 30.4 million tonnes of coal capacity over the 2016-2020 period, Liaoning Daily reported. It shut 44 mines last year and cut production capacity by 13.6 million tonnes.

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