

Steelmaker Severstal Sees Higher Prices in Second Quarter

By [The Moscow Times](#)

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Alexei Mordashov, chief executive of Severstal, Russia's second-biggest steel producer.

Severstal, Russia's second-biggest steel producer, has reported a first-quarter net loss of \$100 million, due to a foreign exchange loss and forecast higher steel prices in the second quarter.

Steelmakers have been battling low steel prices and weaker demand in the past three years, but confidence in the sector, a major industrial indicator, has improved slightly, even while large overcapacity persists.

"Whilst market conditions in the second quarter will remain challenging, we anticipate higher steel prices across our key markets," chief executive Alexei Mordashov said Wednesday in a statement.

Excluding the \$321 million foreign exchange loss, Severstal would have posted net profit

of \$221 million in the first quarter, 45 percent higher than an average forecast from a Reuters poll of analysts who had not accounted for the loss.

The firm, controlled by billionaire Mordashov, said earnings before interest, taxation, depreciation and amortization, or EBITDA, were up 24 percent year-on-year at \$534 million, while revenue fell 9.5 percent to \$3.0 billion.

Severstal earlier on Wednesday said it recommended a dividend of 2.43 rubles (\$0.07) per share for the first quarter. The company's shares were up 0.4 percent in Moscow, outperforming the broader market.

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