

RNS Number : 3538N
Steppe Cement Limited
16 February 2009

Steppe Cement Limited

Preliminary results for the year ended 31 December 2008

The Group recorded turnover for the year ended 31 December 2008 of 11,012 million Tenge from cement sales totalling 807,300 tonnes. This compares with 12,150 million Tenge and cement sales of 820,287 tonnes for the year ended 31 December 2007.

The recent devaluation from 120 Tenge/US\$ to 150Tenge/US\$ will have an adverse impact on the financial obligations of the Group with US\$61 million of medium term and long term debt being serviced by operational cash flow almost exclusively denominated in Tenge. One positive consequence of the devaluation will be to make the domestic market less attractive to cement importers.

The global financial credit squeeze has affected the ability of Kazakh banks to provide customary lines of credit to the commercial, industrial and residential development sectors and the effects of this on the Kazakh economy have impacted upon the Group's trading during the second half of 2008. To counter this negative influence on the local economy the Kazakh Government has recently announced a series of significant investments in infrastructure, particularly in the centre and north of Kazakhstan. It is expected that the Group will benefit from these initiatives as these are implemented in the latter half of 2009 and subsequent years.

With the commissioning of line 6, Steppe Cement has a total annual capacity of 1.6 million tonnes per annum which the Board consider sufficient to meet likely demand in 2009.

In the circumstances, the Board has decided to defer the finalisation of the refurbishment of line 5 until it has more visibility on the size of the market. All the main equipment required for the refurbishment has already been imported and is on site with approximately US\$25 million required to complete the project.

The Board does not expect to propose that the Company does pay a dividend during 2009, with positive operational cash flows being intended to be applied to further improvements to line 6 and debt reduction in 2010 and subsequent years.

The full results and audited accounts denominated in US\$ will be published in April 2009.

The Company's Nominated Adviser is RFC Corporate Finance Ltd.

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This information is provided by RNS
The company news service from the London Stock Exchange