

Press Release

14/12/98

Union Minière: Review of the 1998 results

The UM Board of December 10, 1998, has reviewed the forecasted result for the current year.

The non-ferrous industry is suffering from a very depressed business environment. 1998 is a difficult year for UM, due to the delay in the start-up of the new Hoboken plant, the deteriorating smelting and refining charges, the declining sales prices and historically low metal prices and the impact of the Asian crisis. Since September, UM's Board has come to a clearer view on the negative influence of those factors on the company.

The Industrial Plan has contributed in maintaining a positive current result. However, under these circumstances, the Board has decided to take additional measures to support the successful completion of the Industrial Plan.

The organisation has been adapted to better focus on the core activities structured in four Operational Business Groups : Copper & Precious Metals, Zinc, Advanced Materials and Diamonds.

Considering there is no expected improvement of the market conditions in 1999, the value of the existing assets and liabilities and the operational risks have been reassessed and covered by additional provisions.

At today's prevailing dollar exchange rate and metal prices, the reduction in value of inventories will amount to BEF 1.2 billion. With the impact of the asset write-offs and other exceptional items referred to above, UM now expects a net loss in the order of BEF 2 Billion for 1998.

The Board is confident that UM will reach the objectives as set out in the 1996-1998 Industrial Plan. The improvements realised so far by the implementation of the Industrial Plan, the corrective actions at the Hoboken plant and the measures described above support this view.

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