



Edgar Filing: ISPAT INTERNATIONAL NV - Form 6-K

---

---

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82- N/A

---

INDEX

-----

Press Release of Ispat International N.V., dated May 6, 2004, regarding financial results of Ispat International N.V. for the first quarter of 2004.

[GRAPHIC OMITTED]  
Member of the LNM GROUP

For Immediate Release: Rotterdam, May 6, 2004

Ispat International N.V. Reports  
FIRST QUARTER 2004 results

## Edgar Filing: ISPAT INTERNATIONAL NV - Form 6-K

Ispat International N.V., (NYSE: IST US; AEX: IST NA), today reported a net income of \$102 million or 85 cents per share for the first quarter of 2004 as compared to net income of \$51 million or 41 cents per share for the first quarter of 2003. The current quarter's results include the benefit of an after tax gain of \$23 million at Ispat Inland resulting from a reassessment of property taxes for the years 2002 and 2003. Excluding this benefit, the first quarter net income would have been \$79 million or 65 cents per share.

Consolidated sales and operating income for the first quarter were \$1.8 billion and \$158 million, respectively, as compared to \$1.3 billion and \$75 million, respectively, for the first quarter of 2003. Total steel shipments increased by 10% to 4.2 million tons.

Debt at the end of the first quarter was \$2.3 billion. Capital expenditure for the first quarter of 2004 was \$21 million. At March 31, 2004 the Company's consolidated cash, cash equivalents and short term investments totaled \$104 million. The Company also had approximately \$383 million available to it under various un-drawn lines of credit and bank credit arrangements(1).

Ispat International N.V. is one of the largest and most global steel producers, with major steelmaking operations in the United States, Canada, Mexico, Trinidad, Germany and France. The Company produces a broad range of flat and long products sold mainly in the North American Free Trade Agreement (NAFTA) participating countries and the European Union (EU) countries. Ispat International N.V. is a member of the LNM Group.

This news release contains forward-looking statements that involve a number of risks and uncertainties. These statements are based on current expectations whereas actual results may differ. Among the factors that could cause actual results to differ are the risk factors listed in the Company's most recent SEC filings.

For further information, visit our web site: <http://www.ispat.com>, or call:

Ispat International Limited  
T.N. Ramaswamy  
Director, Finance  
+ 44 20 7543 1174

Citigate Financial Intelligence  
John McInerney / Jessica Wolpert  
Investor Relations  
+1 201 499 3535 / +1 201 499 3533

(1) Corresponding exercisable/available limits are lower, which are based on the level of inventory/receivable.

### CONSOLIDATED BALANCE SHEETS UNDER U.S. GAAP

-----  
In millions of U.S. Dollars

	As at	
	March 31, 2004 (Unaudited)	December 31, 2003 (Audited)

Edgar Filing: ISPAT INTERNATIONAL NV - Form 6-K

ASSETS

Current Assets

Cash and cash equivalents, including short term investments	104	80
Trade accounts receivable - net	617	507
Inventories	852	828
Prepaid expenses and other	145	105
Deferred tax assets	30	30

Total Current Assets	1,748	1,550
----------------------	-------	-------

Property, plant and equipment - net	3,047	3,091
Investments in affiliates and Joint Ventures	256	252
Deferred tax assets	512	535
Intangible pension assets	115	117
Other assets	110	90

Total Assets	5,788	5,635
--------------	-------	-------

LIABILITIES AND SHAREHOLDERS' EQUITY

Current Liabilities

Payable to banks and current portion of long-term debt	225	363
Trade accounts payable	636	577
Accrued expenses and other current liabilities	464	492
Deferred tax liabilities	29	28

Total Current Liabilities	1,354	1,460
---------------------------	-------	-------

Long term debt including affiliates	2,101	1,914
Deferred tax liabilities	87	74
Deferred employee benefits	1,894	1,906
Other long term obligations	130	132

Total Liabilities	5,566	5,486
-------------------	-------	-------

Shareholders' equity

Common shares	7	7
Additional paid-up capital	446	476
Retained earnings	309	207
Cumulative other comprehensive income	(540)	(541)

Total Shareholders' equity	222	149
----------------------------	-----	-----

Total Liabilities and Shareholders' Equity	5,788	5,635
--	-------	-------

# Edgar Filing: ISPAT INTERNATIONAL NV - Form 6-K

& OTHER INFORMATION AS PER U.S. GAAP

---

In millions of U.S. Dollars, except share, per share and other data

## STATEMENT OF INCOME DATA

Sales

Costs and expenses:

Cost of sales (exclusive of depreciation shown separately)

Depreciation

Selling, general and administrative expenses

Operating income (loss)

Operating margin

Other income (expense) - net

Financing costs:

Interest (expense)

Interest income

Net gain (loss) from foreign exchange

Income (loss) before taxes

Income tax expense (benefit):

Current

Deferred

Net income before change in accounting principle

Cumulative effect of change in accounting principle

Net income (loss)

Basic and diluted earnings per common share

Weighted average common shares outstanding (in millions)

## OTHER DATA

Total shipments of steel products including inter-company shipments  
(thousands of tons)

---

(1) Certain regroupings have been made to the prior period's financial statements in order to c

CONSOLIDATED STATEMENTS OF CASH FLOWS AS PER U.S. GAAP

---

In millions of U.S. Dollars

Operating activities:

Net income

Adjustments required to reconcile net income to net cash provided from operations:

Depreciation

Deferred employee benefit costs

Net foreign exchange loss (gain)

Deferred income tax

Undistributed earnings from joint ventures

Other operating expenses

Changes in operating assets and liabilities, net of effects from purchases of subsidiaries:

Trade accounts receivable

Inventories

Prepaid expenses and other assets

Trade accounts payable

Accrued expenses and other liabilities

---

Net cash provided (used) by operating activities

---

Investing activities:

Purchase of property, plant and equipment

Proceeds from sale of assets and investments including affiliates and joint ventures

Investments in affiliates and joint ventures

---

Net cash provided (used) by investing activities

---

Financing activities:

Proceeds from payable to banks

Proceeds from long-term debt including from affiliates

Payments of payable to banks

Payments of long-term debt including affiliates

Purchase of treasury stock

Capital contribution

Sale of treasury stock

---

Net cash provided (used) by financing activities

---

Net increase (decrease) in cash and cash equivalents

Effect of exchange rate changes on cash

Cash and cash equivalent:

At the beginning of the period

At the end of the period

---

## Edgar Filing: ISPAT INTERNATIONAL NV - Form 6-K

### Analysis of Results of Operations and Financial Condition

This is not Operating and Financial Review and Prospects ("OFRP"). The OFRP, as an annual document is filed as part of the Company's annual report (Form 20-F) under Item 5 - Operating and Financial Review and Prospects.

The summary consolidated financial and other information, including accounts of Ispat International N.V. ("Ispat International" or "the Company") and its consolidating subsidiaries are prepared in accordance with U.S. GAAP. All material inter-company balances and transactions have been eliminated. Quantitative information on total shipments of steel products includes inter-company shipments.

All references to 'Net Sales' exclude freight and handling costs and fees. Management uses 'Net Sales' to manage the business, which is based on net realizations from sales transactions. Management believes that 'Net Sales' reflects a true underlying commercial reality of the sales performance. All analysis presented in this earnings release is prepared using "Net Sales".

The term 'ton' as discussed herein refers to short ton and the term 'tonne' used herein refers to metric tonne. All references to iron ore pellets, direct reduced iron ('DRI') and scrap are in tonnes, and all references to steel products are in tons. The term 'steel products' as used herein refers to semi-finished and finished steel products and excludes DRI.

All references to 'Ispat International' are to 'Ispat International N.V.'; to 'Ispat Inland' are to Ispat Inland Inc.; to 'Imexsa' or 'Ispat Mexicana' are to Ispat Mexicana, S.A. de C.V.; to 'Ispat Sidbec' are to Ispat Sidbec Inc.; to 'Caribbean Ispat' are to Caribbean Ispat Limited; to 'Ispat Europe Group' are collectively to Ispat Hamburger Stahlwerke GmbH ('IHSW'), Ispat Stahlwerke Ruhrort GmbH ('ISRG'), Ispat Walzdraht Hochfeld GmbH ('IWHG'), Ispat Unimetal S.A., Trefileurope S.A. and SMR SNC.

The Company has made, and may continue to make, various forward-looking statements with respect to its financial position, business strategy, projected costs, projected savings, and plans and objectives of management. Such forward-looking statements are identified by the use of the forward-looking words or phrases such as 'anticipates', 'intends', 'expects', 'plans', 'believes', 'estimates', or words or phrases of similar import. These forward-looking statements are subject to numerous assumptions, risks and uncertainties, and the statements looking forward beyond the second quarter of 2004 are subject to greater uncertainty because of the increased likelihood of changes in underlying factors and assumptions. Actual results could differ materially from those anticipated in the forward-looking statements.

# Edgar Filing: ISPAT INTERNATIONAL NV - Form 6-K

First Quarter 2004 Compared with First Quarter 2003

## Results of Operations

### Revenue

Sales increased by 32% to \$1,755 million in the first quarter of 2004 from \$1,328 million. The increase in shipments by 10% combined with a 16% increase in average selling prices including appreciation of the Euro and the Canadian \$ resulted in a 32% increase in net sales to \$1,678 million.

The following table summarizes the stand-alone numbers of net sales for our principal operating subsidiaries.

Subsidiary	Net Sales(2)		Changes in		
	Q1 2004	Q1 2003	Net Sales	Shipments	Average Selling Price
	\$ Million	\$ Million	%	%	Price %
Ispat Inland	647	536	21	13	7
Ispat Mexicana	270	194	39	12	24
Ispat Sidbec	178	137	30	3	12*
Caribbean Ispat	103	93	10	(6)	17
Ispat Europe Group	464	334	39	12	1*

\* For Ispat Sidbec and Ispat Europe Group change in Net Selling Price is based on C\$ and Euro prices respectively.

Net sales at Ispat Inland increased by 21% due to an increase in average price per ton by 7% across most product lines, base price increases, favorable mix due to higher sales of cold rolled and coated products and implementation of surcharges to cover increase in input costs on certain shipments. Overall shipments increased by 13% due to stronger demand across most markets and the realization of increased production resulting from the successful reline of Blast Furnace No.7.

Ispat Mexicana's net sales were higher by 39% due to increase in average selling prices by 24% and a 12% increase in shipments. The demand for slabs remained strong in all major markets.

Ispat Sidbec's net sales increased by 30% primarily due to a 28% increase in average selling prices in US\$ (12% in Canadian \$) and 3% increase in shipments due to the improving demand in all market segments.

Net sales at Caribbean Ispat increased 10% due to increase in demand for its products in all of its principal markets, as well as improved prices. Steel sales increased by 9% due to a 21% increase in selling prices and 9% decline in shipments. DRI sales increased by 12% due to an increase in average selling prices by 17%, offset by a reduction of shipment by 4%. These sales were largely



## Edgar Filing: ISPAT INTERNATIONAL NV - Form 6-K

to affiliates.

Net sales at Ispat Europe increased by 39% in US\$ dollars (19% in Euros) due to improving demand for long products in Europe. Shipments increased by 12%; however, transaction prices remained flat due to earlier commitments.

### Cost of sales

Cost of sales increased by 29% to \$1,502 million. This increase is due to an increase in input costs as well as appreciation of the Euro and Canadian \$, which translates into higher US\$ costs. Overall, cost per ton in US\$ increased by 12% primarily due to higher prices of most of the inputs, including scrap, iron ore, natural gas, alloys and higher transportation costs. These increases in input costs are driven by the continued strong global demand.

---

(2) Net Sales numbers are standalone numbers for certain operating subsidiaries and include inter-company shipments.

8

Ispat Inland's cost per ton increased by 8%, excluding a one-time reversal of provision for property taxes. The increase in costs was due to a steep increase in scrap and coke costs. Costs of other inputs such as alloys, natural gas also increased. Higher operating and sales volumes partially mitigated the cost increase on a per ton basis. Due to the reline of Blast Furnace No.7, fewer slabs were purchased thereby reducing costs.

Ispat Mexicana's cost per ton increased by 21%. Substantial increases in prices of natural gas and pellet feed costs (price and freight) were the main reasons for the increase in cost per ton.

Ispat Sidbec's cost per ton increased by 25% in US\$ (11% in Canadian \$) due to steep increase in scrap prices.

Cost per ton at Caribbean Ispat increased by 19%. The increase was mainly due to an increase in the cost of iron ore (price and freight).

Ispat Europe's cost per ton increased by 21% in US\$ (4% in Euros) primarily due to increase in prices of scrap.

### Gross profit

Gross profit is Net Sales less Cost of Sales (excluding depreciation). Management believes that gross profit and gross profit margin provide useful management information.

Gross profit increased to \$253 million, an increase of 57% over the first quarter of 2003. Gross margin for the first quarter was 14% compared to 12% in the same period in 2003. The increase is due to higher levels of activities (both production and shipment). In addition, the current quarter gross profit benefited from a pre-tax gain of \$35 million from a release of property taxes provision for earlier years.

## Edgar Filing: ISPAT INTERNATIONAL NV - Form 6-K

Comparative numbers of gross margin at the principal operating subsidiaries were:

Subsidiary	Gross Margin (%)	
	Q1 2004	Q1 2003
Ispat Inland	17.4	14.1
Ispat Mexicana	15.5	13.0
Ispat Sidbec	13.1	11.0
Caribbean Ispat	22.3	19.9
Ispat Europe Group	6.8	10.0

### Operating income

The Company had an operating income of \$158 million compared to \$75 million in the same quarter last year. The increase came from higher gross profit.

Depreciation increased by 13% primarily due to capitalization in 2003 at some facilities as well as appreciation of the Canadian \$ and the Euro.

Selling general and administrative expenses increased by 7%. The increase was mainly due to the appreciation of the Euro and the Canadian \$. In local currency terms, selling, general and administrative expenses remained at prior year levels.

9

Comparative numbers of Operating Income and Operating Margin at the principal operating subsidiaries were:

Subsidiary	Operating Income / (Loss) \$ Million		Operating Margin (%)	
	Q1 2004	Q1 2003	Q1 2004	Q1 2003
Ispat Inland	81	44	12.5	8.3
Ispat Mexicana	30	16	11.1	8.1
Ispat Sidbec	14	6	7.7	4.7
Caribbean Ispat	17	12	16.1	13.2
Ispat Europe Group	5	11	1.1	3.3

## Edgar Filing: ISPAT INTERNATIONAL NV - Form 6-K

### Other income / (expense)

During the quarter, other income included a gain of \$9 million realized by Ispat Mexicana from the sale of a ship and a gain of \$7 million realized by Ispat Inland from the sale of environmental credits.

### Financing costs

Net interest expense has reduced by \$1 million mainly due to a reduction in interest rates and reduction in debt.

### Income tax

The Company's deferred tax expenses increased due to higher profits.

### Net income

There was a net income of \$102 million in the first quarter of 2004 compared to a net income of \$51 million in the first quarter of 2003 due to the reasons discussed above. In first quarter 2003, the company took a charge of \$2 million due to change of accounting principle.

10

### Liquidity and Capital Resources

During the first quarter working capital increased by \$158 million primarily due to higher levels of trade receivables and inventories to support the higher levels of operations and sales. Capital expenditure during the first quarter was \$21 million.

During the quarter, Ispat Inland made a contribution of \$32 million to its pension fund in accordance with its agreement with the Pension Benefit Guaranty Corporation.

As at March 31, 2004 the Company's cash and cash equivalents were \$104 million, (December 31, 2003: \$80 million). In addition, the Company's operating subsidiaries had available borrowing capacity under their various credit lines, including receivable factoring facilities, of \$383 million (December 31, 2003: \$337 million).

The following table summarizes working capital facilities at the main operating units:

Subsidiary (\$ Millions)	Limit		Utilization		Availability	
	Mar 2004	Dec 2003	Mar 2004	Dec 2003	Mar 2004	Dec

Edgar Filing: ISPAT INTERNATIONAL NV - Form 6-K

Ispat Inland	391	381	199	281	192	1
Ispat Sidbec	112	123	34	30	78	
Caribbean Ispat	62	65	45	61	17	
Ispat Europe	75	75	50	50	25	

In addition to the credit facilities listed above, certain European subsidiaries had the following receivable factoring facilities:

Subsidiary (\$ Millions)	Limit		Utilization		Availability	
	Mar 2004	Dec 2003	Mar 2004	Dec 2003	Mar 2004	Dec 2003
Ispat Europe - Receivables factoring	257	261	185	159	72	

The increased utilization of receivable factoring is due to higher levels of activity and increase in sales.

(3) Corresponding exercisable limits are lower, which are based on the level of inventory/receivable.

The Company's total debt including affiliates, both long and short term, was \$2,326 million. The corresponding amount as at December 31, 2003 was \$2,277 million. Total debt for each of the principal operating subsidiaries is summarized below.

Subsidiary (\$ Millions)	Long Term Debt (LTD)		Payable to Bank		Current Portion of LTD		Total Mar 2004
	Mar 2004	Dec 2003	Mar 2004	Dec 2003	Mar 2004	Dec 2003	

## Edgar Filing: ISPAT INTERNATIONAL NV - Form 6-K

Ispat Inland	1,166	1,100	31	21	1	7	1,19
Ispat Mexicana	357	387	-	-	42	31	39
Ispat Sidbec	232	118	7	30	16	119	25
Caribbean Ispat	79	80	45	61	26	26	15
Ispat Europe	134	139	50	50	1	1	18

---

Ispat Inland issued senior secured notes of \$800 million in a private offering comprising \$150 million principal amount of floating-rate notes maturing in 2010 and \$650 million principal amount of 93/4% fixed-rate notes maturing in 2014. The proceeds from this issue were used to prepay in full the outstanding amount of \$662 million of the Term Loans, as well as to pay down the borrowings under its revolving credit facilities.

Ispat Sidbec concluded agreements with its lenders whereby maturities of repayments were extended up to January 2006.

During the quarter the company purchased 3.3 million of its own shares at an average price of \$9.20 per share from the market under the previously announced share buy back program.

### Outlook for second quarter 2004

Demand in our principal markets is expected to be strong. We expect improved selling prices across all product segments and overall shipments at first quarter levels. On the other hand, we see increase in cost per ton due to continued pricing pressure on all major inputs.

Working capital is expected to increase due to increases in input prices and higher accounts receivable. Capital expenditure in the second quarter will be higher at approximately \$40 million due to work on restart of the DRI module at Ispat Sidbec and installation of Ruhrstahl Heraeus Top Lance at Ispat Mexicana. Debt reduction will continue to be one of our key priorities and we expect to reduce our debt in this quarter. Interest costs are expected to increase due to the higher interest rates arising from the refinancing of Ispat Inland's debt.

Overall, we expect to benefit from the strong market conditions for our products. We look forward with confidence to a better quarter.

### SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereto duly authorized.

Date: May 6, 2004

Edgar Filing: ISPAT INTERNATIONAL NV - Form 6-K

ISPAT INTERNATIONAL N.V.

By: /s/ Bhikam C. Agarwal

-----  
Bhikam C. Agarwal  
Chief Financial Officer