

PITTSBURGH, Oct. 28, 2013 /PRNewswire/ -- United States Steel Corporation (NYSE: X) reported a third quarter 2013 net loss of \$1,791 million, or \$12.38 per diluted share, compared to a second quarter 2013 net loss of \$78 million, or \$0.54 per diluted share, and third quarter 2012 net income of \$44 million, or \$0.28 per diluted share. Adjusted net loss for the third quarter of 2013 was \$20 million, or \$0.14 per diluted share, excluding an after-tax non-cash goodwill impairment charge of \$1.8 billion, or \$12.24 per diluted share. Adjusted net income for the third quarter of 2012 was

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\$66 million

, or

\$0.41

per diluted share, excluding an after-tax charge of

\$22 million

, or

\$0.13

per diluted share, for employee lump sum payments as provided in the 2012 labor agreement.

Earnings Highlights

(Dollars in millions, except per share amounts)

3Q 2013

2Q 2013

3Q 2012

Net Sales

\$

4,131

\$

4,429

\$

4,652

Segment income (loss) from operations

Flat-rolled

\$

82

\$

(51)

\$

29

U. S. Steel Europe

(32)

10

27

Tubular

49

45

102

Other Businesses

14

43

13

**Total reportable segment and Other Businesses income from
operations**

\$

113

\$

47

\$

171

Postretirement benefit expense

(55)

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(54)

(74)

Other items not allocated to segments

(1,760)

—

(35)

Income (loss) from operations

\$

(1,702)

\$

(7)

\$

62

Net interest and other financial costs

85

68

45

Income tax provision (benefit)

4

3

(27)

Less: Net loss attributable to the noncontrolling interests

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—

—

—

Net (loss) income attributable to United States Steel Corporation

\$

(1,791)

\$

(78)

\$

44

-Per basic share

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\$

(12.38)

\$

(0.54)

\$

0.30

-Per diluted share

\$

(12.38)

\$

(0.54)

\$

0.28

Commenting on results, U. S. Steel CEO Mario Longhi said, "Total reportable segment and Other Businesses operating results of \$113 million reflect a meaningful improvement in our Flat-rolled segment operating results partially offset by an outage in our European segment."

The \$113 million, or \$24 per ton, of reportable segment and Other Businesses income from operations for the third quarter of 2013 compares to income from operations of \$47 million, or \$9 per ton, in the second quarter of 2013 and income from operations of \$171 million, or \$32 per ton, in the third quarter of 2012.

Other items not allocated to segments in the third quarter of 2013 consisted primarily of a \$1.8 billion pre-tax non-cash goodwill impairment charge, which was announced in a press release and Form 8-K filed earlier this month and will be detailed further in our Form 10-Q.

Net interest and other financial costs in the third quarter of 2013 includes a \$22 million pre-tax charge related to a guarantee of an unconsolidated equity method investment for which payment by U. S. Steel is probable.

For the third quarter 2013, we recorded a tax provision of \$4 million on our pre-tax loss of \$1,787 million. The tax provision does not reflect any tax benefit for pre-tax losses in Canada, which is a jurisdiction where we have recorded a full valuation allowance on deferred tax assets. In addition, essentially no tax benefit was recorded on the \$1.8 billion

goodwill impairment charge.

As of September 30, 2013, U. S. Steel had \$697 million of cash and \$2.4 billion of total liquidity.

Reportable Segments and Other Businesses

Our Flat-rolled segment results from operations improved versus the second quarter due to an increase in average realized prices and lower repairs and maintenance costs partially offset by reduced shipments. Average realized prices increased compared to the second quarter due to higher spot market prices. Shipments decreased significantly due to a planned blast furnace outage at our Great Lakes Works and the Lake Erie Works labor dispute. A successor agreement was reached in August with blast furnace production at Lake Erie Works resuming in October.

Third quarter results for our European segment decreased compared to the second quarter. A scheduled blast furnace outage resulted in significantly lower shipments and increased facility repairs and maintenance costs. Average realized euro-based prices were comparable to the second quarter as decreases in spot and contract market prices were offset by the positive effect of a higher percentage of value-added shipments.

Third quarter results for our Tubular segment were comparable to the second quarter. Shipments and average realized prices increased slightly primarily due to a higher percentage of alloy and seamless shipments. Operating costs increased due to higher repairs and maintenance costs.

Third quarter results for Other Businesses decreased primarily due to a gain of approximately \$ 30 million from a real estate sale that occurred in the second quarter.

Outlook

Commenting on U. S. Steel's outlook for the fourth quarter, Longhi said, "We expect total reportable segment and Other Businesses income from operations to decrease compared to the third quarter due primarily to planned maintenance outages in our Flat-rolled segment. Results for our European segment are projected to improve compared to the third quarter and Tubular results are expected to be comparable to the third quarter."

Fourth quarter results for our Flat-rolled segment are expected to be near breakeven. Overall, repairs and maintenance costs are expected to increase by approximately \$60 million as compared to the third quarter due primarily to a reline of a blast furnace at Gary Works and a planned blast furnace maintenance project at Fairfield Works. Despite higher average spot and market-based contract prices in the fourth quarter, we expect average realized prices to be comparable to the third quarter due to a higher percentage of hot rolled shipments in the fourth quarter. Shipments are expected to increase slightly quarter over quarter.

We expect results for our European segment to improve in the fourth quarter and return to profitability due to higher shipments and lower facility repairs and maintenance costs as a blast furnace outage was completed in the third quarter. We expect average realized prices for the majority of our products to increase compared to the third quarter; however, overall average realized prices in the fourth quarter are expected to decline compared to the third quarter due to a return to a more normal level of hot rolled shipments.

Fourth quarter results for our Tubular segment are expected to be comparable to the third quarter as the benefits of reduced operating costs are offset by slightly lower average realized prices and shipments as end users are expected to decrease drilling activity in order to operate within their 2013 capital budgets. Inventory management by our customers may also be a factor as we approach year-end.

We expect a minimal tax provision/benefit in the fourth quarter primarily due to the full valuation allowance on deferred tax assets in Canada.

This release contains forward-looking statements with respect to market conditions, operating costs, shipments and prices. Factors that could affect market conditions, costs, shipments and prices for both North American and European operations include: (a) foreign currency fluctuations and related activities; (b) global product demand, prices and mix; (c) global and company steel production levels; (d) plant operating performance; (e) natural gas, electricity, raw materials and transportation prices, usage and availability; (f) international trade developments, including court decisions, legislation and agency decisions on petitions and sunset reviews; (g) the impact of fixed prices in energy and raw materials contracts (many of which have terms of one year or longer) as compared to short-term contract and spot prices of steel products; (h) changes in environmental, tax, pension and other laws; (i) the terms of collective bargaining agreements; (j) employee strikes or other labor issues; and (k) U.S. and global economic performance and political developments. Domestic steel shipments and prices could be affected by import levels and actions taken by the U.S. Government and its agencies, including those related to CO₂ emissions, climate change and shale gas development. Economic conditions and political factors in Europe and Canada that may affect U. S. Steel Europe's and U. S. Steel Canada's results include, but are not limited to: (l) taxation; (m) nationalization; (n) inflation; (o) fiscal instability; (p) political issues; (q) regulatory actions; and (r) quotas, tariffs, and other protectionist measures. We present adjusted net income and adjusted net income per diluted share, which are non-GAAP measures, to better enable investors and others to assess our results and compare them with our competitors. In accordance with "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, cautionary statements identifying important factors, but not necessarily all factors, that could cause actual results to differ materially from those set forth in the forward-looking statements have been included in U. S. Steel's Annual Report on Form 10-K for the year ended December 31, 2012, and in subsequent filings for U. S. Steel.

A Consolidated Statement of Operations (Unaudited), Consolidated Cash Flow Statement (Unaudited), Condensed Consolidated Balance Sheet (Unaudited) and Preliminary Supplemental Statistics (Unaudited) for U. S. Steel are attached.

The company will conduct a conference call on third quarter earnings on Tuesday, October 29, at 3:00 p.m.

Eastern. To listen to the webcast of the conference call, visit the U. S. Steel website,

www.ussteel.com

, and click on "Current Information" under the "Investors" section.

For more information on U. S. Steel, visit our website at www.ussteel.com.

UNITED STATES STEEL CORPORATION

STATEMENT OF OPERATIONS (Unaudited)

Quarter Ended

Nine Months Ended

Sept. 30

June 30

Sept. 30

September 30,

(Dollars in millions, except per share amounts)

2013

2013

2012

2013

2012

NET SALES

\$

4,131

\$

4,429

\$

4,652

\$

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13,155

\$

14,841

OPERATING EXPENSES (INCOME):

Cost of sales (excludes items shown below)

3,749

4,114

4,318

12,105

13,436

Selling, general and administrative expenses

153

151

159

449

490

Depreciation, depletion and amortization

173

170

163

514

490

(Income) loss from investees

(26)

3

(48)

(31)

(116)

Impairment of goodwill

1,783

—

—

1,783

—

Net (gain) loss on disposal of assets

—

(1)

(1)

—

308

Other expense (income), net

1

(1)

(1)

6

(9)

Total operating expenses

5,833

4,436

4,590

14,826

14,599

(LOSS) INCOME FROM OPERATIONS

(1,702)

(7)

62

(1,671)

242

Net interest and other financial costs

85

68

45

257

177

(LOSS) INCOME BEFORE INCOME TAXES

AND NONCONTROLLING INTERESTS

(1,787)

(75)

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17

(1,928)

65

Income tax provision (benefit)

4

3

(27)

14

139

Net (loss) income

(1,791)

(78)

44

(1,942)

(74)

Less: Net loss attributable to the

noncontrolling interests

—

—

—

—

—

NET (LOSS) INCOME ATTRIBUTABLE TO

UNITED STATES STEEL CORPORATION

\$

(1,791)

\$

(78)

\$

44

\$

(1,942)

\$

(74)

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COMMON STOCK DATA:

Net (loss) income per share attributable to

United States Steel Corporation shareholders:

-Basic

\$

(12.38)

\$

(0.54)

\$

0.30

\$

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(13.44)

\$

(0.51)

-Diluted

\$

(12.38)

\$

(0.54)

\$

0.28

\$

(13.44)

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\$

(0.51)

Weighted average shares, in thousands

-Basic

144,727

144,485

144,350

144,523

144,199

-Diluted

144,727

144,485

171,673

144,523

144,199

Dividends paid per common share

\$

0.05

\$

0.05

\$

0.05

\$

0.15

\$

0.15

UNITED STATES STEEL CORPORATION

CASH FLOW STATEMENT (Unaudited)

Nine Months Ended

September 30,

(Dollars in millions)

2013

2012

Cash (used in) provided by operating activities:

Net loss

\$

(1,942)

\$

(74)

Depreciation, depletion and amortization

514

490

Impairment of goodwill

1,783

—

Pensions and other postretirement benefits

(143)

(112)

Deferred income taxes

3

86

Net loss on disposal of assets

—

308

Working capital changes

158

215

Income taxes receivable/payable

1

27

Currency remeasurement loss (gain)

8

(13)

Other operating activities

39

31

Total

421

958

Cash (used in) provided by investing activities:

Capital expenditures

(328)

(536)

Acquisition of intangible assets

(12)

—

Disposal of assets

—

141

Other investing activities

31

(71)

Total

(309)

(466)

Cash provided by (used in) financing activities:

Revolving credit facilities

- borrowings

—

523

- repayments

—

(653)

Receivables Purchase Agreement payments

—

(380)

Issuance of long-term debt, net of financing costs

575

485

Repayment of long-term debt

(542)

(319)

Dividends paid

(22)

(22)

Total

11

(366)

Effect of exchange rate changes on cash

4

2

Net increase in cash and cash equivalents

127

128

Cash and cash equivalents at beginning of the year

570

408

Cash and cash equivalents at end of the period

\$

697

\$

536

UNITED STATES STEEL CORPORATION

CONDENSED BALANCE SHEET (Unaudited)

Sept. 30

Dec. 31

(Dollars in millions)

2013

2012

Cash and cash equivalents

\$

697

\$

570

Receivables, net

1,957

2,090

Inventories

2,480

2,503

Other current assets

220

211

Total current assets

5,354

5,374

Property, plant and equipment, net

6,167

6,408

Investments and long-term receivables, net

607

609

Goodwill and intangible assets, net

280

2,075

Other assets

598

751

Total assets

\$

13,006

\$

15,217

Accounts payable

\$

1,723

\$

1,800

Payroll and benefits payable

965

977

Short-term debt and current maturities of long-term debt

322

2

Other current liabilities

276

211

Total current liabilities

3,286

2,990

Long-term debt, less unamortized discount

3,618

3,936

Employee benefits

3,919

4,416

Other long-term liabilities

408

397

United States Steel Corporation stockholders' equity

1,774

3,477

Noncontrolling interests

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1

1

Total liabilities and stockholders' equity

\$

13,006

\$

15,217

UNITED STATES STEEL CORPORATION

PRELIMINARY SUPPLEMENTAL STATISTICS (Unaudited)

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Quarter Ended

Nine Months Ended

Sept. 30

June 30

Sept. 30

September 30,

(Dollars in millions)

2013

2013

2012

2013

2012

INCOME (LOSS) FROM OPERATIONS

Flat-rolled

\$

82

\$

(51)

\$

29

\$

18

\$

389

U. S. Steel Europe

(32)

10

27

16

27

(a)

Tubular

49

45

102

158

334

Other Businesses

14

43

13

62

46

Reportable Segment and Other Businesses Income

from Operations

113

47

171

254

796

Postretirement benefit expense

(55)

(54)

(74)

(165)

(228)

Other items not allocated to segments:

Impairment of goodwill

(1,783)

—

—

(1,783)

—

Supplier contract dispute settlement

23

—

—

23

—

Loss on sale of U. S. Steel Serbia

—

—

—

—

(399)

Gain on sale of transportation assets

—

—

—

—

89

Property tax settlements

—

—

—

—

19

Labor agreement lump sum payments

—

—

(35)

—

(35)

Total (Loss) Income from Operations

\$

(1,702)

\$

(7)

\$

62

\$

(1,671)

\$

242

CAPITAL EXPENDITURES

Flat-rolled

\$

72

\$

80

\$

117

\$

248

\$

484

U. S. Steel Europe

14

8

12

32

21

Tubular

19

15

7

42

25

Other Businesses

2

2

3

6

6

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Total

\$

107

\$

105

\$

139

\$

328

\$

536

(a)

Nine months ended September 30, 2012, includes income from operations for U

UNITED STATES STEEL CORPORATION

PRELIMINARY SUPPLEMENTAL STATISTICS (Unaudited)

Quarter Ended

Nine Months Ended

Sept. 30

June 30

Sept. 30

September 30,

2013

2013

2012

2013

2012

OPERATING STATISTICS

Average realized price: (\$/net ton)

Flat-rolled

752

725

741

731

759

U. S. Steel Europe

714

702

731

711

749

USSK

714

702

731

711

751

Tubular

1,543

1,510

1,676

1,536

1,704

Steel Shipments: (a) (b)

Flat-rolled

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3,428

3,728

3,972

11,174

12,050

U. S. Steel Europe

861

1,062

911

2,971

2,911

Tubular

459

456

457

1,343

1,479

Total Steel Shipments

4,748

5,246

5,340

15,488

16,440

USSK Steel Shipments

861

1,062

911

2,971

2,838

Intersegment Shipments^(b)

Flat-rolled to Tubular

450

445

456

1,336

1,415

U. S. Steel Europe to Flat-rolled

—

—

128

—

249

Raw Steel Production: (b)

Flat-rolled

4,261

4,212

4,699

13,393

14,430

U. S. Steel Europe

1,032

1,158

1,140

3,393

3,553

USSK

1,032

1,158

1,140

3,393

3,465

Raw Steel Capability Utilization:

Flat-rolled

70%

70%

77%

74%

79%

Flat-rolled U.S. Facilities

87%

87%

83%

88%

86%

U. S. Steel Europe

82%

93%

90%

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91%

90%

USSK

82%

93%

90%

91%

92%

(a) Excludes intersegment shipments.

(b) Thousands of net tons.

(c) Based on annual raw steel production capability of 24.3 million net tons for Flat-

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(d)

AISI capability utilization rates include our U.S. facilities (Gary Works, Great Lakes)

SOURCE United States Steel Corporation

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