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## MEDIA RELEASE

Interim report on the 1<sup>st</sup> quarter of 2010

## **Interseroh: Successful start in the new fiscal year**

**Earnings before taxes in the first quarter of 2010 are already above the EBT of the entire fiscal year 2009 – Long-term profitable growth in view**

*Cologne, May 10, 2010* INTERSEROH SE has concluded its first quarter of the current fiscal year on a clearly positive note: The publicly quoted environmental service provider and raw materials trader has achieved earnings before taxes (EBT) of EUR 7.0 million during the first quarter of 2010 as compared to EUR -9.8 million in the same quarter of the previous year. Growing demand for secondary resources accompanied by a continuous rise in prices has positively impacted business development. The EBT of the first quarter of 2010 is thus considerably above the EBT of the entire fiscal year 2009. The brightening economy, as well as increased substitution of secondary resources for primary resources, has led to higher demand for recovered paper, scrap and high-quality waste plastic.

The Interseroh Group has been in a position to profit directly from the trend reversal in the raw materials markets: Consolidated Group sales rose from EUR 258.7 million to EUR 438.6 million in the first quarter of 2010 as compared to the same period in the previous year. During the same period EBIT climbed from EUR -3.7 million to EUR 11.3 million. In the beginning of fiscal 2010 the definition of the Group's EBIT was modified (primarily by excluding investment income). The previous year's figures were adjusted accordingly.

“At present we note that secondary resources are once again becoming scarce. Demand significantly exceeds supply across the board for raw materials. As a result the situation in the raw materials market has been completely reversed compared to the extreme months of the economic crisis,” explains Dr. Axel Schweitzer, Chairman of the INTERSEROH SE Board of Directors.

Higher sales quantities and increased purchase prices in the steel scrap markets resulted in a rise in working capital in the first quarter compared to the balance sheet date, December 31, 2009. As a result the Interseroh Group's total assets grew, while net debt remained at the same level.

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## **Developments in the segments**

Favourably affected by the healthy economic situation sales quantities of the Interseroh Group, and consequently in sales revenues, were up in all three segments:

In the *Steel and Metals Recycling* segment, demand for both steel scrap and non-ferrous metals rose continuously. Demand from Asia for non-ferrous metals, in particular, was strong. Furthermore, higher prices of iron ore necessary in the production of primary steel led to more frequent substitution of steel scrap for iron ore, which accelerated price increases. Sales in the Steel and Metals Recycling segment practically doubled from EUR 158.7 million in the first quarter of 2009 to EUR 308.3 million in the first quarter of 2010.

In the *Services* segment sales grew from EUR 70.5 million to EUR 100.7 million, due largely to higher transaction volumes in the area of sales packaging. Higher raw materials prices also resulted in sales increases in all areas of business. On the other hand quantity increases in the total market of licensed packaging were disappointing. Licensed packaging volumes in Germany continue to be well below total quantities of disposed packaging. The systems operators are anticipating stronger controls over reported quantities by enforcement authorities, so as to effectively implement the 5th amendment of the Packaging Ordinance.

Collected quantities of recovered paper and waste plastic fell short of demand during the first quarter. Prices were clearly above the level of the same period in the previous year. In March availability of waste plastics grew, while prices remained high. Due to low volumes, sales in the *Raw Materials Trading* segment rose only slightly vis-à-vis the previous year, from EUR 33.6 million to EUR 35.1 million. Sales in the timber segment were up due to higher trading prices. Volumes of used timber were below the levels of the first quarter of 2009.

## **Bright prospects for the industry**

The Board of Directors continues to expect high market demand for the current fiscal year. Interseroh is anticipating positive, although volatile, market developments for all secondary resources, especially from Asian countries, due to the stabilising economy and the forecast increase in demand. The Company is aiming at long-term, profitable growth, in other words, earnings that rise faster than sales.

The degree to which earnings are likely to improve, however, depends to a great extent on developments in overall economic conditions.

“Last year, in restructuring the Interseroh Group, we created the basis for profiting from forecast growth in the recycling industry. Raw materials requirements will grow over the next few years. Secondary resources will continue to become more important at the same time. A study by

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strategy consultants Roland Berger recently estimated the market volume of Green Business, which includes the recycling sector, at EUR 470 billion by 2020. Interseroh has set the course in the Group to participate in this development", Schweitzer asserts.

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