

Press release

Wednesday, May 13, 2015

Interim report on the 1st quarter of 2015

ALBA SE: Pleasing start to the 2015 financial year

+++ Group generates earnings before taxes (EBT) of EUR 8.7 million in 1st quarter 2015 compared to EUR 2.1 million in the year before +++

+++ Both segments in the black +++

+++ Market opening in Austria results in sales growth for Interseroh Austria +++

Cologne. The listed environmental services and raw material provider ALBA SE generated earnings before taxes (EBT) of EUR 8.7 million in the first quarter of 2015 and thus clearly improved its EBT over last year. For comparison: Earnings before taxes stood at EUR 2.1 million in the previous year's first quarter which is EUR 6.6 million less than this year. Earnings before interest, taxes, depreciation and amortisation and shares in profits of associated companies (EBITDA) also improved in the first quarter of 2015 to EUR 13.0 million compared to EUR 7.8 million in the year before. Sales revenue grew only slightly by 2.6 percent to EUR 382.4 million (previous year: EUR 372.8 million).

For the steel and metals recycling segment, this significant increase of EBITDA and EBT is attributable to effects from the combination of this segment with the waste management and recycling division of ALBA group and one-time effects from the realisation of portfolio optimisation. In the services segment this increase was caused mainly by the clearly higher volume of licensed light-weight packaging collected in Yellow Bins / Yellow Sacks for which proper recycling fees were paid. Another positive aspect was the liberalisation of the Austrian market for recycling of sales packaging.

"The start to the new financial year confirms the strategic path we embarked upon. It makes us confident that the upward trend will continue as planned over the year and will also be reflected in positive figures," says **Dr Axel Schweitzer, Chairman of the Administrative Board of ALBA SE**, when he presented the first quarter figures for 2015. "For years, we have been preparing for an opening of the market in Austria and therefore feel excellently positioned for facing the new competition."

Segment development in detail

Despite the persistently adverse economic climate, the steel and metals recycling segment reported significant increases in EBITDA and EBT compared to the same period in the year before. This is the result of leaner structures realised by an intermeshing of this segment with the waste management and recycling division of ALBA group and one-time effects from the implementation of the portfolio optimisation. In the first quarter of 2015, ALBA SE sold the Aschaffenburg location which belonged to ALBA Metall Süd Rhein-Main GmbH, the Hanover site of ALBA Metall Nord GmbH and ALBA Metall Süd's Freiburg location. Sales rose by one percent from EUR 298.0 million to EUR 301.2 million, despite the portfolio optimisation efforts.

The crude steel production, however, experienced a slight decline in the first three months of 2015, compared to the previous year's period both in Germany, where it fell by - 2.0 percent and on a European level, where it was down by -0.6 percent. Prices for steel scrap dropped again in comparison to the first quarter of 2014. The average direct sales price for scrap type 2 fell, for example, from EUR 283.90 per tonne in the first three months of 2014 by little more than 15 percent to EUR 243.93 per tonne in the first quarter of 2015. One of the reasons are lower prices for the primary raw material of iron ore which is used in steel production and another reason is a change in demand behaviour of the steelworks which often ordered small quantities. Furthermore, steel is often procured from China which was able to further expand its steel exports. As a consequence, competition increased on the world markets.

Non-ferrous metal prices were also down compared to the same period in the year before, but could at least be stabilised, in part, by exchange rate effects.

Sales in the services segment rose from EUR 75.4 million in the first quarter of 2014 to EUR 81.7 million in the first three months of 2015. While sales in the transport packaging recycling unit declined based on the fierce competition and lower proceeds from marketing secondary raw materials, sales in the field of sales packaging were slightly above the figures of previous year's reference period. New contracts resulted in sales increases in the Recycling Solutions Interseroh service (waste management for branches, warehouses and production sites and marketing of gained raw materials). Interseroh Austria reported a clear increase in sales thanks to the liberalisation of the Austrian market for sales packaging recycling.

In the services segment, EBITDA and EBT clearly exceed the values of the reference period in the previous year. This is mainly due to a clear rise in the German market volume for lightweight packaging compared to the same period of last year and the opening of the Austrian market for recycling of sales packaging.

ALBA – Balance Sheet Total

ALBA SE's balance sheet total saw only a negligible change compared to December 31, 2014. ALBA SE group is still included in ALBA group's financing. That ensures that ALBA SE will always have sufficient liquid funds available.

Outlook

The management believes that conditions for the steel and metals recycling segment remain challenging. Despite the ongoing portfolio optimisation, it expects only negligible declines in volume for iron scrap and only slight drops in volumes for non-ferrous metals. Sales should be at the previous year's level. Extraordinary increases are forecast for EBITDA and EBT. This is attributable, in particular, to the continuing positive effects from restructuring measures which started in the 2013 financial year and continued in 2014.

A still stable market environment in the field of sales packaging will be decisive for the services segment. This segment expects a clear sales increase for 2015 while EBITDA and EBT will decline at the same time. The still fierce competition will have its effects on this development as will business model-related effects from the operating system business relating to other periods which, contrary to 2014, will no longer arise.

For the 2015 financial year, ALBA SE expects in total a moderate increase in sales revenue, a slight rise in EBITDA and a strong increase of EBT compared to 2014.

About ALBA SE:

ALBA SE is a subsidiary of the recycling services provider and raw material supplier ALBA Group. With its two brands – ALBA and Interseroh – ALBA Group operates within Germany, Europe, the U.S. and Asia. With an annual turnover of 2.45 billion Euros (2014) and about 8,000 employees ALBA Group is one of the leading recycling and environmental services companies as well as raw material providers worldwide. In 2013 alone ALBA Group saved more than 7 million tonnes of greenhouse gases compared to primary production and at the same time about 51 million tonnes of primary raw materials through its recycling activities.

Further information on ALBA SE can be found at www.alba-se.com. Information on ALBA Group can be found at www.albagroup.de. All press releases of the ALBA Group may be subscribed to via RSS feed at www.albagroup.de/presse.

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