

Press release

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Interim report on the first quarter of 2014

ALBA SE: Restructuring and portfolio optimisation demonstrate first successes

- + Earnings in the steel and metals recycling segment increased noticeable despite the fall in sales revenues
- + Sustained loss provisions in the dual system has a negative impact on earnings in the services segment

Cologne. In the first quarter of 2014, the publicly listed environmental services provider and raw materials trader ALBA SE achieved consolidated sales revenues of EUR 372.8 million (previous year: EUR 446.5 million). The decline in the sales revenues is largely due to the lower prices of scrap and the lower tonnages in comparison with the same period last year and the portfolio optimisation that took place in 2013. As at March 31, the earnings before interest, tax, depreciations and amortisations (EBITDA) totalled EUR 7.8 million (previous year: EUR 14.4 million), and the earnings before taxes (EBT) totalled EUR 2.1 million as at the balance sheet date, after EUR 7.8 million in the first quarter of 2013.

"Despite an intense level of price competition in steel scrap trading, in the first three months of the current financial year, we have succeeded in achieving a noticeable increase in our EBITDA and EBT in the steel and metals recycling segment. After a negative EBT in the first quarter of 2013 in this area of business, we were able to achieve a small plus in the first three months of 2014. The optimisation of our portfolio which we initiated in 2013, and the inter-linking of ALBA SE's business field steel and metals recycling with ALBA Group's waste management and recycling business are therefore showing their first successes," explained **Dr. Axel Schweitzer, Chairman of the Administrative Board of ALBA SE** upon presentation of the figures from the first quarter of 2014. The falls in EBITDA and EBT that the ALBA SE Group recorded were caused by the services segment. The uncertainties in the dual system and the associated sustained loss provisions meant that there were fewer special effects due to business in the first quarter of 2014 than there were during the same period in the previous year.

In comparison with 31 December 2013, the balance sheet total showed little change. The ALBA SE Group remains incorporated in the financing of the ALBA Group. This guarantees that liquidity will be available to the ALBA SE Group in the amount required.

Development of the segments in detail

Both in Germany and at the European level, stainless steel production recorded an increase in the first three months of 2014 compared with the same period last year. Scrap metal prices were, however, lower than they were in the first quarter of 2013. The average stock selling price of leading scrap type 2 fell from EUR 310.77 per tonne in the first three months of 2013 to EUR 283.90 per tonne in the first quarter of 2014. This was due to a high availability of scrap. This led to an intense level of competition, putting a considerable degree of pressure on the prices and margins. Steel production in China continued to see growth. Due to the high freight costs, this did not have any impact on the German scrap industry, however.

The prices of non-ferrous metals were less volatile in comparison with the same period last year. At the end of the first quarter of 2014, however, copper recorded a huge price fall. The prices remained at a low level overall.

Before this backdrop, the steel and metals recycling segment developed on a positive basis. The EBITDA and EBT saw clear increases compared with the same period last year. In the first quarter of 2014, sales revenues fell from EUR 368.2 million to EUR 298.0 million.

In the first three months of 2014 the services segment achieved sales revenues in total of EUR 75.4 million (comparison value from the previous year: EUR 80.7 million).

Outlook

For the steel and metals recycling segment, the management team is expecting to see a further improvement in the situation over the course of the year: in the second half of 2014, a gentle upswing in growth is expected, with positive results for the steel industry. The management team expects to achieve the goals that have been set for 2014.

The management team is also expecting to achieve the planned sales revenues and earnings figures for the current financial year in the services segment. This development depends, however, to a great extent on the future configuration of the dual systems. The focus of the segment will continue to be on the further development of new areas of business and new markets, strengthened cross-selling and the continued internationalisation.

"We expect the markets to be challenging in the current financial year. That is why we are decisively pushing ahead with the closer inter-linking of ALBA SE's business area steel and metals recycling with ALBA Group's waste management and recycling business, as well as the further development of our range of products and services in 2014," highlights Schweitzer.

About ALBA SE:

ALBA SE is a subsidiary of the recycling services provider and raw material supplier ALBA Group. ALBA Group has with its two brands – ALBA and Interseroh – more than 200 subsidiaries and equity holdings within Germany, Europe, the U.S. and Asia. With an annual turnover of approx. 2.6 billion Euros (2013) and more than 8,000 employees* ALBA Group is one of the leading recycling and environmental services companies as well as raw material providers worldwide.

** headcount / minority shareholdings included*

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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