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Media Information, November 9, 2009

## **INTERSEROH SE returns to the profit zone**

**The Cologne environmental services provider and raw materials trader is back in the black / Positive development continues in the third quarter / Reduced working hours down by 45.5 percent**

The publicly quoted environmental services provider and raw materials trader INTERSEROH SE with registered headquarters in Cologne has managed once again to leap into the profit zone in the third quarter of 2009. EBT equalled EUR 3.2 million (previous year: EUR 56.6 million) at the end of the first nine months and EBIT totalled EUR 12.4 million (previous year: EUR 64.5 million). After the first six months the Group was still reporting EBT of EUR -4.2 million, while in the first quarter this figure was EUR -9.81 million. Consolidated Group sales amounted to EUR 928.6 million after the first three quarters (comparable period in the previous year: EUR 1,771.8 million). "The effectiveness of the rapid and consistent implementation of our measures under the earnings assurance programme has been demonstrated. This is shown by the Group's positive development in the second and now also the third quarter," states the Chairman of the Management Board of INTERSEROH SE, Dr. Axel Schweitzer.

Sales revenues in the steel and metals recycling segment were posted at EUR 612.1 million (previous year: EUR 1,368.0 million). The services segment contributed EUR 224.8 million (previous year: EUR 245.6 million), the raw materials segment EUR 109.7 million (previous year: EUR 186.1 million). Sales revenues for all segments totalled EUR 18.0 million (previous year: EUR 27.9 million).

Consolidated Group sales for the months July to September amounted to EUR 350.8 million (previous year: EUR 591.1 million). EBT totalled EUR 7.4 million (3<sup>rd</sup> quarter of 2008: EUR 6.4 million), while EBIT was EUR 10.5 million (previous year: EUR 10.0 million).

### *Steel and Metals Recycling*

Following slumping steel scrap prices from January until March, prices rose again in April and May and declined in June prior to increasing again in July through September. They continued to hover significantly below the levels of the same period in the previous year, however. The slight increase in demand in the second quarter continued moderately in the third quarter due to a modest global recovery in steel production.

Prices for non-ferrous metals also rose in the third quarter of the current fiscal year, but continue to fall short of prices in the comparable period of the previous year. Tonnage sold in the third quarter rose slightly. Demand from Asia was the driving force in growth in sales quantities of non-ferrous metals in both the second and third quarter.



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In total, however, tonnage of steel scrap and non-ferrous metals marketed was below the 2008 level in both stock and direct sales business viewed over the nine-month period.

Interseroh was nevertheless able to significantly lower reduced working hours in the steel and metals recycling segments due to the brighter economy. In October 45.5 percent fewer employees were working reduced working hours than in January 2009.

Interseroh has implemented additional structural reforms to assure consistent coordination and a rapid response to changing markets: INTERSEROH NRW GmbH, with registered headquarters in Dortmund, started operations on September 1, 2009. It combines the activities of the former INTERSEROH ERC GmbH, as well as of INTERSEROH SRH GmbH, now merged into INTERSEROH NRW GmbH.

INTERSEROH Erwin Meyer GmbH, Bremen, became a branch of INTERSEROH Jade-Stahl GmbH as at October 1, 2009, as part of the merger.

## *Services*

Sales revenues in the services segment also grew gratifyingly in the third quarter. The main reasons for this growth are higher levels of services and paper marketing revenues in transport packaging recycling, as well as higher quantities recorded in the deposit business due to the consumption-related rise in the summer months.

The rise in volume in the total market of licensed light packaging anticipated due to the fifth amendment of the Packaging Ordinance was less significantly than calculated by operators of dual systems. Interseroh has been successful in increasing its market share in the area of sales packaging and continues to take second place in the ranking of dual systems. Deficiencies in the enforcement of the fifth amendment of the Packaging Ordinance continue to present a challenge. Interseroh, therefore, welcomes the intentions of the enforcement authority to check the tonnages reported more closely. Together with other operators Interseroh has taken measures to increase total volumes. This includes supporting the distributors of packaging in industry and trade in implementing the Packaging Ordinance specifically and in accordance with the law in their daily operations by setting up an appropriate web site ([www.verpackv-konkret.de](http://www.verpackv-konkret.de)).

Interseroh has expanded the non-regulatory business field by developing an innovative circulation system for multi-way transport boxes for fruit and vegetables. The boxes are used in the transport of fruit and vegetables along the entire supply chain - from the producer to the store - and are also utilised in presenting the goods at the retail level. A contract was entered into with a major discounter effective the beginning of fiscal 2010. Interseroh manages all the logistical processes, as well as the cleaning of the boxes.

TÜV Rheinland has rated INTERSEROH Dienstleistungen GmbH "very good" as a service provider of environmental services. The quality of consulting services, performance and consulting competencies of employees was reviewed, as was the business concept. TÜV Rheinland granted its overall seal of approval to the individual certificates for the five areas



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reviewed - for all three certification aspects of 'service', 'service provision' and 'price-benefit support'. This seal encompasses the various individual certifications, thereby offering the Company's clients qualified evidence of high standards in the system services Interseroh provides.

## *Raw Materials Trading*

Marketed Interseroh tonnage rose from April to June, but declined from the second to the third quarter. The reason for this was the lower volume of recovered paper in the months from July to September. Prices for recovered paper rose continuously in the three quarters of the current fiscal year. Average prices, however, for the first nine months remained significantly below the levels of the same period in the previous year.

Prices for plastics were up from the first to the second quarter and stayed at this level from July to September; they remain below the level of the comparable period of the previous year, however. Interseroh was able to drive up tonnage slightly in the third quarter, particularly in view of Asian demand.

Demand for recovered wood for material recycling was subdued in the first nine months of 2009 due to the economy, while demand for recovered wood for thermal recycling continued at a stable level. Selling prices of wood for material recycling rose moderately, while selling prices of wood for thermal recycling remained stable.

## *Impact on net debt, working capital and total assets*

Higher prices for steel and metal scrap, as well as for recovered paper, resulted in a slight increase in working capital during the year. Since prices are below the levels of the same period in the previous year, however, working capital has also declined compared to the first nine months of 2008. Net debt and total assets decreased correspondingly.

## *Employees*

The average number of employees in the Interseroh Group was 1,759 in the first three quarters of 2009 (previous year: 1,797). Of these numbers 1,089 employees were working in the steel and metals recycling segment (previous year: 1,066), 356 employees in the services segment (previous year: 384) and 314 in raw materials trading (previous year: 347). The fact that the decline in average number of employees compared to the same period of the previous year is small is the result of the first-time inclusion of employee figures of INTERSEROH Berlin GmbH (formerly ALBAMetall GmbH) in the fourth quarter of 2008.



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## *Outlook*

The Management Board is expecting continued volatility in the raw materials markets. Moderate business development is anticipated in all three segments until the end of the year due to a traditionally weak fourth quarter due to seasonal effects.

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