



# interseroh

## **MEDIA RELEASE**

Interim report on the first quarter of 2012

## **INTERSEROH SE: sales growth despite pressure on margins**

**Earnings before tax increased slightly / Tonnages in Steel and Metals Recycling segment increased in Germany despite reduced raw steel production / Private consumption allows licensing volumes in the transport packaging market to grow**

*Cologne, May 16, 2012* INTERSEROH SE, the market-listed environmental service provider and raw materials trader, improved its earnings before tax (EBT) in the first three months of the current financial year at Group level from a solid EUR 6.9 million in the first quarter of 2011 to EUR 7.3 million in the months January to March 2012.

Earnings before interest and taxes and shares in earnings of associated companies (EBIT) amounted to EUR 9.7 million (previous year's figure: EUR 10.1 million).

Consolidated Group sales fell in the first quarter of 2012 on the previous year's figures from EUR 561.5 million to EUR 553.3 million.

"The Interseroh group has held its own in the first quarter of 2012," said Dr. Axel Schweitzer, Chairman of the Board of Directors. "For example, we succeeded in increasing the volumes traded in the iron metals business, although raw steel production in Germany was five per cent below the previous year's figure. The tonnage of non-iron metals also grew. The adjustment of the contractual portfolio for low-return customers in sales packaging recycling has led to sales growth in the Services segment."

In comparison to the balance-sheet date of December 31, 2011, working capital increased in the first quarter of 2012. The cause of this is essentially higher purchase prices and sales prices in the markets for steel and non-iron metals scrap. As a result, the balance sheet total also increased. The net cash and cash equivalents – defined as the balance of loans and advances and current liabilities from cash pooling with the ALBA Group, short and long-term liabilities to banks as well as liquid funds – stayed at around this level as at December 31, 2011.

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## Development of the segments

Sales in the Steel and Metals Recycling segment climbed from EUR 444.8 million in the first quarter of 2011 to EUR 474.1 million in the first three months of the current financial year.

Raw steel production in the German steel industry was almost 5 per cent below the previous year's value in the quarter just ended. Interseroh still managed to increase the processed tonnage of steel scrap. The cause of this is optimizing the distribution channels.

Steel scrap prices increased on the last few months of the previous year, but were still below the level of the first quarter of 2011. Thus, the average warehouse sale price of leading scrap type 2 decreased from EUR 335.00 per ton in the first three months of 2011 to EUR 327.40 per ton in the first quarter of 2012.

Whilst the prices for steel scrap remained relatively stable after an increase in January 2012, the prices for non-iron metals were distinguished by high volatility during the entire period under review. In the first quarter, declining growth data in China led to a difficult sales and procurement situation in the non-iron metals market. However, even here, Interseroh succeeded in increasing the amounts of non-iron metals sold.

Margins in the Steel and Metals Recycling segment were under pressure due to intensive competition.

On March 1, 2012, INTERSEROH Stainless Steel GmbH, Dortmund, acquired the current assets of the "alloyed scrap" business division of INTERSEROH NRW GmbH, Dortmund and began operations with alloyed scrap.

The Services segment generated sales of EUR 81.6 million in the first quarter of 2012 (previous year's figure: EUR 119.2 million). Adjusting the contractual portfolio for low-return customer contracts in the fourth quarter of the 2011 financial year led to a clear reduction in the market share and turnover in the Sales Packaging business. In contrast to this, earnings increased.

Interseroh's success in transport packaging recycling marked an increased licensing volume in comparison to the previous year's figure and thus higher sales and earnings contributions. The reason for this was essentially higher private consumption. Acquiring new customers also contributed to the positive development.

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The return of disposable packaging subject to a deposit generated sales and earnings losses, as expected. The cause of this was essentially insourcing clearing services, logistics, marketing and "counting" with several customers.

## **Further prospects for the industry**

Management does not expect any improvement at the moment in the non-iron metals business. "We are cautiously optimistic about trading with iron scrap," said Dr. Axel Schweitzer, Chairman of the Board of Directors. "Although the steel industry is likely to be less volatile in the current financial year than in 2011, looking ahead involves uncertainties because of the fragile economic environment."

Along with the continued expansion of existing services, the European market is most interesting to the Services segment. Interseroh also wants to gain a foothold with take-back systems in other European countries – Italy, for example. The know-how in the Sales Packaging Recycling business is an excellent basis for growth in other EU countries.

"Even if we bank on intensive competition and pressure on margins in both segments, we are still convinced that we are very well positioned in the market with Interseroh. We will help form future trends such as sustainably closing loops and continue to expand our function as a raw materials partner in the industry," Schweitzer said in summary.

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