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Interseroh AG: Increase in turnover and profit in the first quarter

Turnover and profit

The service and raw materials trading group Interseroh, based in Cologne, has once again increased its turnover and profit in the first quarter of 2008 compared to the same period last year. The consolidated group turnover rose in the first three months by 20.59 per cent to 527 million Euros (previous year: 437 million Euros).

The turnover in the steel and metals recycling segment climbed from 305.9 million Euros to 405.1 million Euros. The services segment contributed 69.4 million Euros to the turnover (previous year: 93.1 million Euros). The turnover in the business segment for raw materials trading increased from 46.4 million Euros to 61 million Euros. An amount of 8.5 million Euros was consolidated between the segments (previous year: 8.5 million Euros).

The EBT increased from 16.6 million Euros in the first quarter of 2007 to 17.3 million Euros this year, while the EBIT grew from 17.8 million Euros to 19.5 million Euros.

Steel and metals recycling

On the one hand, higher prices for steel and metal scrap compared to the same period last year contributed to the strong boost in turnover in the steel and metals recycling segment. On the other hand, the group was able to increase sales quantities due to the purchases of new locations completed in the business year 2007.

Services

The services segment developed positively. However, the margins were still under pressure. With regard to the recycling of sales packaging, the group deliberately refrained from sales due to the aggressive and in part non cost-covering price competition.

Raw materials trading

An increase in the traded tonnage due to the further acquisition of free trade quantities and increasing prices for recovered paper also contributed to turnover growth in this segment in the first three months of the current business year. The market for plastics was characterised by slightly lower tonnages due to small volumes in the services segment in a situation of slight price increases. The traded tonnages of waste wood decreased compared to the same period of last year. The reason for this is the sale of the Lünen location at the end of the business year 2007. Ongoing technical problems and the resulting expected losses had led to the dissociation from these activities. The branch offices for wood in Saarland, Mu-

nich and Leipzig are not yet included in the turnover and profit. The purchasing and trading prices were under pressure due to the high demand for waste wood.

In March of the current business year Interseroh Rohstoffe GmbH, subject to the approval of the anti-trust agency, took over a majority of the internationally operating used plastics trader and processor RDB GmbH, Aukrug.

Impact on net debt, working capital and total assets

Due to higher prices in the first quarter of 2008 for steel and metal scrap and for recovered paper and plastics, the working capital and net debt increased accordingly as compared to the effective date of 31 December 2007. However, there was sufficient room for the planned further growth. The total assets rose as a result of increasing working capital as well as investments in long-term assets.

Employees

The number of employees in the Interseroh Group increased from 1,670 in the first quarter of 2007 to 1,820 on the effective date of 31 March 2008. Of these employees, 1,157 worked in the steel and metals recycling segment (previous year: 1,011), 391 in the services segment (previous year: 371) and 272 in the raw materials trading segment (previous year: 285).

Outlook

Interseroh continues to expect high prices in the steel and metals recycling segment. The segment shall also be further developed in 2008 due to external growth.

Interseroh will not partake in the non cost-covering price competition of several competitors in the sales packaging recycling segment. Instead, the Board of Directors will continue to focus on a high quality and profitable strategy in the future. It is assumed that the market will stabilise with the fifth amendment of the packaging ordinance on 1 January 2009.

Decreasing paper prices and stable plastic prices are expected in the raw materials trading segment. Interseroh wishes to increase quantities by means of additional acquisitions of free trading quantities.

Due to increasing prices for raw materials in the second quarter of 2008, the Board of Directors expects a positive development with regard to earnings if the market conditions otherwise remain the same.

Further information:

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