

## Press release

*London, August 5th 2008: Stemcor announces record half year results for 2008*

### Financial highlights

- Record financial results
- Turnover from continuing operations up from £2,097m to £2,807m (+34%)
- Operating profit from continuing operations up from £41m to £75m (+83%)
- Pre-tax profit up from £26m to £48m (+85%)
- Steel tonnage invoiced relatively flat at 4.7m tonnes (-3%)
- Raw materials tonnage invoiced from continuing operations up to 3.6m tonnes (+21%).

### Operational highlights

- Robust performance from all businesses within the Group, particularly stockholding
- Acquired Barclay & Mathieson in the UK, a general steel stockholder with 12 depots
  - Stemcor's global stockholding operations now include; Steel Plate & Sections and Barclay & Mathieson in the UK; WSK, OKS, S+B Flachstahl and S & W RohrTech in Germany; and Kenilworth Steel in the USA.
- Acquired Ferrosorce in the USA, a business engaged in pig iron distribution and ferrous scrap brokerage
- Strong position for H2, with \$700m revolving credit facility and solid forward order book.

### Chairman's Statement

Trading conditions were favourable in the first half of this year, although our invoiced tonnage fell by 3% for steel to 4.7 million tonnes and by 11% for raw materials to 3.6 million tonnes. Adjusting for the absence of a contribution from Savage River, the Tasmanian iron ore mine and pellet producer which we sold in August last year, our raw materials tonnage increased by 21%. Turnover grew by 32% as a result of the increase in prices, despite the fall in tonnes invoiced, and profits benefited from an increase in margin. These were record results for Stemcor.

In March of this year we completed the acquisition of Barclay & Mathieson, a steel stockholding group with 12 depots in the UK and we are currently assessing a number of further acquisition possibilities in stockholding in other parts of the world. Our stockholding businesses made a strong contribution to the Group's overall results, aided of course by stock appreciation, but all our businesses performed well.

We had predicted a fall in prices in the second half of this year, and this has now started. It is difficult to forecast how much further this correction will go, but with the decline in expenditure on consumer durables and the fall in construction that is now expected in the industrialised world, it is likely that we will face a less favourable environment in the second half of this year.

I am pleased to say that we are as well placed as possible to face a possible downturn. In May we completed a \$700 million revolving credit facility and our liquidity situation is comfortable. We have reduced our unsold tonnage, though some exposure is inevitable in any distribution or stockholding business. We had a record forward order book to deliver as at the end of June and this promises us a very strong third quarter. We therefore anticipate an excellent year overall, despite a deteriorating market. We also expect a continued high return on shareholders funds for the year, despite having increased our equity through retained profits.

Though it will be a challenge to maintain such good performance in 2009, we are confident in the continued strength of our business.

**Ralph Oppenheimer**

5 August 2008

**Consolidated profit and loss account**

**For the six months to 30 June 2008**

	Six months to 30/06/08 Unaudited £'000	Six months to 30/06/07 Unaudited £'000	Year to 31/12/07 Audited £'000
<b>Turnover</b>			
Existing operations	2,793,862	2,096,703	4,208,810
Acquisitions	12,790	-	-
Continuing operations	2,806,652	2,096,703	4,208,810
Discontinued operations	-	35,300	44,793
<b>Total Turnover</b>	<b>2,806,652</b>	<b>2,132,003</b>	<b>4,253,603</b>
Cost of sales	(2,669,696)	(2,045,089)	(4,074,864)
<b>Gross Profit</b>	<b>136,956</b>	<b>86,914</b>	<b>178,739</b>
Distribution costs and administrative expenses	(62,183)	(38,711)	(86,816)
<b>Operating profit</b>			
Existing operations	73,993	40,670	87,089
Acquisitions	780	-	-
Continuing operations	74,773	40,670	87,089
Discontinued operations	-	7,533	4,834
<b>Total Operating profit</b>	<b>74,773</b>	<b>48,203</b>	<b>91,923</b>
Exceptional items: sale of fixed asset investment	-	-	4,849
Exceptional items: sale of discontinued operations	-	-	11,189
Net interest payable	(26,738)	(22,178)	(42,518)
<b>Profit on ordinary activities before tax</b>	<b>48,035</b>	<b>26,025</b>	<b>65,443</b>
Taxation	(13,500)	(9,080)	(20,049)
<b>Profit on ordinary activities after tax</b>	<b>34,535</b>	<b>16,945</b>	<b>45,394</b>
Minority Interests	132	(1,932)	(1,116)
<b>Profit attributable to shareholders</b>	<b>34,667</b>	<b>15,013</b>	<b>44,278</b>

**Consolidated balance sheet**  
**30 June 2008**

	30/06/08 Unaudited £'000	30/06/07 Unaudited £'000	31/12/07 Audited £'000
<b>Fixed assets</b>	<b>63,506</b>	<b>42,848</b>	<b>39,772</b>
<b>Current assets</b>			
Stocks	605,140	363,524	416,600
Debtors	1,447,004	912,405	989,938
Less: non-returnable proceeds	(202,174)	(235,514)	(168,702)
	1,244,830	676,891	821,236
Investments	8,017	-	-
Cash at bank and in hand	119,645	84,527	168,623
	1,977,632	1,124,942	1,406,459
<b>Creditors: amounts falling due within one year</b>			
Bank loans and overdrafts	(1,017,836)	(702,602)	(848,064)
Creditors and accruals (net)	(727,308)	(289,901)	(397,221)
	(1,745,144)	(992,503)	(1,245,285)
<b>Net current assets</b>	<b>232,488</b>	<b>132,439</b>	<b>161,174</b>
<b>Total assets less current liabilities</b>	<b>295,994</b>	<b>175,287</b>	<b>200,946</b>
<b>Creditors: amounts falling due after more than one year</b>			
Bank loans	(107,618)	(12,746)	(49,770)
Creditors	(846)	(38,710)	(820)
	(108,464)	(51,456)	(50,590)
<b>Net assets</b>	<b>187,530</b>	<b>123,831</b>	<b>150,356</b>
Shareholders' funds	187,001	119,133	149,990
Minority interests	529	4,699	366
<b>Total equity</b>	<b>187,530</b>	<b>123,831</b>	<b>150,356</b>

<b>Million tonnes invoiced</b>	<b>H1 2007</b>	<b>H2 2007</b>	<b>Full Year 2007</b>	<b>H1 2008</b>
Steel	4,806,143	4,784,093	9,590,236	4,657,300
Raw Materials	2,987,438	3,608,371	6,595,809	3,611,674
Raw Materials discontinued	1,064,823	252,928	1,317,751	
<b>Total</b>	<b>8,858,404</b>	<b>8,645,392</b>	<b>17,503,796</b>	<b>8,268,974</b>
<b>Commission</b>				
Steel	73,482	86,727	160,209	167,998
Raw Materials	988,301	1,589,380	2,577,681	711,279
<b>Total</b>	<b>1,061,783</b>	<b>1,676,107</b>	<b>2,737,890</b>	<b>879,277</b>
<b>Total</b>	<b>9,920,187</b>	<b>10,321,499</b>	<b>20,241,686</b>	<b>9,148,251</b>

## **Editor's notes**

Stemcor is the world's largest independent steel trader.

Stemcor plays a pivotal role in the steel industry, acting as a trading intermediary between producers and purchasers and providing a range of associated services. Steel goods traded include a wide range of long, flat, tube and semi-finished products. Raw materials for the production of steel include iron ore, pig iron, coal, coke, ferroalloys and scrap.

Stemcor employs 1,200 people in its network of 70 offices in 40 countries across the globe. For the financial year ending 31 December 2007, Stemcor handled 20.2 million tonnes of steel and steel-making raw materials, with turnover of £4.2 billion (\$8.5 billion).

Stemcor's services span every step in the steel supply chain, from the provision of steel-making raw materials to producers through to the delivery of processed steel to end-users. The company's core competencies - steel trading, raw materials trading, distribution, stockholding and finance - are interlinked and apply to all its business units across the world. Stemcor's breadth of expertise affords a unique perspective, enabling it to offer integrated solutions that improve its partners' business performance.

Stemcor does not own any steel producer, nor is any steel producer a shareholder in the company. This independence ensures that it is objective in matching exact customer needs in terms of quality, specifications, financial terms and delivery.

Stemcor was formed in London in 1951 and is a privately owned company. The majority of shares are held by the Oppenheimer family, represented by Ralph Oppenheimer (Executive Chairman) and Philip Edmonds (Deputy Chairman), with the balance of shares held by directors and employees. The company prides itself on the quality of its people, its risk management and its track record.

**Trading names:** Barclay & Mathieson, Eurosteel, Ferrosource, Kenilworth, L.W. Lambourn, OKS Otto Knauf, Samac, Schmolz + Bickenbach Flachstahl, SPS, Stemcor, S & W RohrTech, Uldry Trading, WSK.

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