

Press release

Thursday, 13 November 2014

Intermediate report on the 3rd quarter of 2014

ALBA SE: Figures from Q3 confirm upwards operational trend – both segments achieve a plus

+++ Both segments complete the first three quarters again with positive earnings +++

+++ Cost-cutting and portfolio optimisation measures are showing a positive effect +++

Cologne. In the first three quarters of 2014, the listed environmental services and raw materials supplier ALBA SE increased its earnings before taxes (EBT) – from 9.5 million Euros to 14.0 million Euros with a lower turnover than in the same period last year. Earnings before interest, tax, depreciation, amortisation and shares in profits of associated companies (EBITDA) totalled 32.4 million Euros, after 31.3 million Euros for the comparative period in the last year. Turnover totalled 1,176.0 million Euros (last year: EUR 1,301.4 million Euros).

Dr Axel Schweitzer, Chairman of the Administrative Board of ALBA SE, made the following comments concerning the presentation of the figures for the third quarter of 2014: "The figures show that despite the wider economic conditions being difficult, in operational terms things are improving. We have held our position well in the markets in which ALBA SE and its subsidiary companies operate. The interfacing of the steel and metals recycling segment with the waste management and recycling divisions of the ALBA Group and the associated leaner structures are showing effect, as well as the optimisation of our portfolio."

In the first nine months of 2014, the ALBA SE group has continued to operate in a challenging market environment. While the services segment was characterised by extremely intense competition, the scrap sector was unable to benefit from the slightly positive growth in the steel industry. The low iron ore prices saw production focusing more strongly on classic steel production with iron ore. However, the tonnages traded by the ALBA SE group in both scrap steel and non-ferrous metals were slightly above the volumes when adjusted for sales of companies in the comparison period last year.

In the third quarter of 2014, at 10.9 million Euros, EBITDA exceeded the comparative value from last year (3rd quarter of 2013: 10.0 million Euros). The EBT totalled 4.9 million Euros – after 3.8 million Euros in the third quarter of 2013. At 427.3 million Euros, the turnover contribution in the months July to September was at the same as last year's (comparative value: 424.8 million Euros).

In comparison with 31 December 2013, the balance sheet total hardly changed. The ALBA SE group continues to be integrated in the financing of the ALBA Group. This guarantees that sufficient liquid assets remain available to the ALBA SE group.

Development of the segments in detail

Electrical steel production, which in contrast to the blast furnace process predominantly uses scrap steel, was unable to benefit from the slightly positive trend in steel production and actually fell in comparison with the same period last year. The low iron ore prices saw the stronger use of iron ore in the production of steel. The prices of scrap steel were therefore lower than those in the comparison period last year. For example, the average stock retail price of leading scrap type 2 fell from 297.00 Euros per tonne in the first nine months of 2013 to 275.97 Euros per tonne in the first three quarters of 2014.

While the average recorded price of aluminium was 4.2 per cent lower than price in the comparison period last year, and that of copper 8.0 per cent lower, the average price of nickel was 9.3 per cent higher than the comparative level in 2013.

Despite the appreciable pressure on the margins for scrap iron and non-ferrous metals, the EBITDA was increased in comparison with the same period last year. This was caused by the leaner structures resulting from the interfacing of the segment with the ALBA Group waste management and recycling divisions and the effects of the portfolio optimisation. Due to the price and because of the portfolio optimisation, the turnover fell from 1,063.0 million Euros in the first three quarters of 2013 to 938.8 million Euros in the first nine months of 2014.

In the services segment turnover totalled 238.7 million Euros in the first three quarters of 2014 after 244.9 million Euros in the first nine months of 2013. While turnover in the area of transport package recycling and in sales packaging remained at last year's levels, the falls in turnover were among other factors attributable to competition-related price pressure on the services of Recycling Solutions Interseroh and INTERSEROH Product Cycle. In the first nine months, the EBITDA was below the EBITDA in the comparison period last year. In addition to the intense competition, this is primarily attributable to effects from Dual System Interseroh relating to other periods, as based on the business model, which were lower in the first three quarters of 2014 than during the comparative period in 2013.

After several months of intense negotiations in the dual systems joint office, on 8 August, the system operators signed the clearing houses contract for 2014. With the provision of one-off support of the trading it was possible to close the existing coverage gaps in the Dual System. As a result of this and the new regulations from the amendment of the Packaging Ordinance, the waste management of packaging as organised by the private sector is being stabilised.

Outlook

Due to the leaner structures from the interfacing of the steel and metals recycling segment with the waste management and recycling divisions of the ALBA Group and the optimisation of the portfolio a positive EBITDA is expected in the segment at the end of the financial year.

In the services segment the management team is expecting lower EBITDA than in 2013. This is due to the sustained levels of intense competition with further increases in pressure on the margins. The realignment of the services business in the ReUse, ReDuce, ReCycle and ReThink business centres is set to bring about new opportunities for growth in new areas of business in the future.

All in all, for the 2014 financial year ALBA SE is expecting a fall in turnover and an increase in EBITDA.

About ALBA SE:

ALBA SE is a subsidiary of the recycling services provider and raw material supplier ALBA Group. With its two brands – ALBA and Interseroh – ALBA Group operates 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. In 2013 alone ALBA Group saved more than 7 million tonnes of greenhouse gases compared to primary production and at the same time about 51 million tonnes of primary raw materials through its recycling activities.

** 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.

Please also look at our online portal containing information on the topic of raw materials and recycling: www.recyclingnews.info.

Media contact:

Verena Köttker
Head of Investor Relations
Tel.: +49 30 35182-5050 or +49 151 12287572
Verena.Koettker@albagroup.de

Susanne Jagenburg
Press Spokeswoman
Tel.: +49 30 35182-5080 or +49 170 7977003
Susanne.Jagenburg@albagroup.de

ALBA SE
Stollwerckstraße 9a
51149 Cologne, Germany
alba-se@albagroup.de