

Press release

17 June 2009

Commentary on the Annual Shareholders' Ordinary General Meeting of SIDMA SA

On Tuesday, 16 June 2009, the Annual Ordinary General Meeting of Shareholders of SIDMA S.A. was held during which all items on the agenda were considered and decisions were made thereupon. 20 shareholders were attending who represent 76.345% of the share capital and voting rights.

The activity report of the Board of Directors and Auditors and the Annual Financial Statements of the fiscal year 2008 were unanimously approved.

During presentation of the company's results to the General Meeting, the Management stressed the main events that marked 2008 and the period of 2009 to date.

2009 started with the best prospects for the company and in general the sector. During the first half of the year, the prices of raw materials reached record highs, consumption was particularly increased and the company registered considerable profits. However, subsequently and especially during the last four months, the sudden drop of international prices entailed a considerable shrinkage of profit margins. The main reason that caused such change was not only the ordinary cyclicity of steel prices but also the international financial recession that led to suspension of investments, following the drastic decrease of corporate funding by the Banks which was followed by an increase of borrowing cost.

During 2008, the company, nevertheless, brought to an end scheduled investments totalling € 13.3 million, which mainly concerned acquisitions of foreign businesses and the investment at Inofyta. More specifically, as regards its presence abroad, during 2008 the company acquired 100% of its holding in the subsidiaries in Bulgaria and Romania and gradually strengthened its presence in these countries. As a result of these actions, 20% of the Group's turnover for 2008 derived from foreign operations.

The investment of the company at Inofyta was also competed with the construction of new Management offices and their relocation from the facilities at Petrou Ralli Avenue, thus attaining an annual rental fee saving equal to around € 400,000. In the long-run, the company plans to make its facilities at Inofyta the unique distribution point in South Greece, thus attaining economies of scale.

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The company will also take advantage of the goodwill generated from the facilities owned in the area of Aspropyrgos in the event of their future sale.

As regards 2009, it was reported that the global financial crisis entailed a further drop in both demand and the prices of steel products during the current year, with the result of many steelworks all over the world reducing their production up to 50%. More specifically, the international recession gave rise to a fall in the demand for most steel products up to 40% while the drop in prices from the maximum levels went beyond 50% during the first quarter of 2009. This drastic change in prices led to impairment of the Group's inventories at the end of the previous year and continued at the same rate during the first quarter of this year.

The above events combined together led to a negative deviation of the company's fundamentals during the first quarter of 2009 in comparison with the respective last-year figures, which were among the best of the last few years.

As regards the second quarter of the year, consumption gives signs of slight recovery but still remains considerably lower than last year, with prices giving signs of resistance against further drop.

As regards the rest of the year, the company will focus on its liquidity and prudent management of its funds. The lack of liquidity in the market seems to get worse and the company deals with this fact by maintaining the insurance share of its customers' balance at around 90%. Its primary goal is to reduce its borrowing. This is assisted by the drop in prices and careful management of its inventories.

In addition, a rationalization plan of the company's operating expenses is successfully carried out, thus attaining their decrease by more than 20% in relation to last year.

Moreover, as regards the implementation of investment plans, these were limited to what was absolutely necessary for the smooth operation of its production units and for maintaining its services at the levels customers expect.

Already, the company's borrowing has been considerably reduced in relation to the end of the previous year.

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As for 2009, the company will seek to maintain its leading position in Greece and strengthen its presence in Bulgaria and Romania via its subsidiaries.

In the context of the Annual Ordinary General Meeting of Shareholders, the following items were approved among others:

- Discharge of members of the Board of Directors and the Chartered Auditor for 2008;
- Election of chartered auditors and approval of their fees for 2009;
- Approval of the fees paid to BoD members associated with dependent labour relation for 2008 and preliminary approval of their fees for 2009;
- Election of a new Board of Directors; and
- Election of the members of the audit committee in line with article 37 of Law 3693/2008.