SIDMA S.A.
STEEL PRODUCTS

Press release

17 June 2011

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

The Annual Shareholders' Ordinary General Meeting of SIDMA SA took place on Thursday, 16 June 2011, at the ATHENS IMPERIAL Hotel, Karaiskaki Square, during which decisions were made on all items on the agenda. 19 shareholders who represent 76.395% of the share capital and voting rights were attending.

The activity report of the Board of Directors and Auditors and the Annual Financial Statements of the fiscal year 2010 were unanimously approved.

During presentation of Company results to the General Meeting, the Management stressed the main events that marked 2010 and the period of 2011 to date.

It was reported that 2010 was a trying year for the steel sector in Greece since it was affected, as expected, by the shrinkage of Greek economy. Slackening of building activity, lack of investments and uncertainty about the future led to limited demand. On the contrary, in 2010 the apparent consumption in the Euro zone rose by 24% compared to 2009 and an additional 5% increase is expected for 2011. The industrial production in Europe gradually recovered, save Greece, after the extensive drop in the period from the fourth quarter 2008 to April 2009.

Company Management also referred to the fluctuations of the international prices of its raw materials which affect to a large extent the financial results of the sector's companies. The maximum prices registered in summer 2008 were followed by a sharp drop which, in turn, was followed by a gradually upward performance as of the second quarter 2009. Nevertheless, in the first quarter 2011 prices lag behind the 2008 maximum prices by approximately 25%.
It was also reported that the stocks of raw materials of the sector's companies, on European scale, are currently lower by 45% than those at the end of 2008. Accordingly, the sales of these companies lag behind those of 2007 only by 10%, the latter being considered a good year for steel worldwide. On the contrary, in Greece, consumption is lower by over 50% than that recorded in 2007.

Amid this challenging business environment, with the market faced with strong liquidity problems, SIDMA Group maintained its turnover and reduced significantly the negative results of 2009. The Balkan subsidiaries helped the Group improve its standing, since they registered an increased market share and justify the five-year strategy of the company to expand abroad.

In the context of prudent management and estimating that the problems in the Greek market will persist in the near future too, the Company implemented a series of strategies and practices aiming to tackle the crisis. The company thus reduced its operating expenses by 20% in 2009 compared to 2008 and by 10% more in 2010 compared to 2009, thus ensuring total savings equal to € 8 million during this two-year period. In 2010, it also reduced the credit days granted to its clientele by 10% and increased the debit days to suppliers by 15%, thus enhancing its liquidity. The Group's cash rose by 116% to € 27.5 million at the end of 2010. 2010 saw also the continuing insurance of its receivables portfolio by more than 80%.

All the above efforts led to improved company results in 2010 compared to 2009, while Group results were marginally negative in the first quarter of 2011 (loss of € 395,000 before taxes).

Company Management also referred to the additional economies of scale that arose from the concentration of its operations in a single facility in South Greece as of this year, after leaving the warehouses in Aspropyrgos, and from the best possible utilization of such property. It also referred to the installation of photovoltaic systems in its premises in the near future.

Finally, it was highlighted once more that the Company lays great emphasis on the strengthening of its presence in the Balkans. Management believes that these countries will recover at a faster rate than the domestic market and this is why they can fill the gap generated from the shrunk Greek economy.

In the context of the Annual Shareholder's Ordinary General Meeting, the following items were also approved:

- Discharge of members of the Board of Directors and the Chartered Auditor for 2010;
- Election of chartered auditors and approval of their fees for 2011;
- Approval of the fees paid to BoD members associated with dependent labour relation for 2010 and preliminary approval of their fees for 2011;
- Election of a new Board of Directors;
- Election of the members of the audit committee in line with article 37 of Law 3693/2008;

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- Approval of the issue of an ordinary bond loan amounting to € 60,000,000 at the maximum;
- Approval, according to article 23a of Codified Law 2190/1920, of the amendment of the terms of the Managing Director’s employment contract.