SIDMA S.A.
STEEL PRODUCTS

Press Release

Saturday, 31 March 2012

The crisis-struck Greek economy and the effect of the measures imposed throughout 2011 led, for one more year, to decreased demand for steel products, this leading to a 13% drop approximately in the company's sales in relation to 2010, and to the squeeze of operating profit margins. The continuous cuts in the public investment plan and the Greek State's failure to make payments have blocked infrastructure projects. As a result of the protracted recession, the steel products market returned to consumption figures applying in the 90s.

Amid this challenging business environment, SIDMA has set as top priority to preserve its liquidity and limit its needs for working capital, thus keeping its borrowing at 2010 levels.

The drop in the turnover in the Greek market was partly counterbalanced by the sales of the Balkan subsidiaries and the company's exports which amounted to 1/3 approximately of the Group's total sales.

In detail, at Group level, the turnover stood at € 112 million, i.e. reduced by 6% in relation to 2010. Taking into account the Company's sales on behalf of third parties (agency), the turnover stood at € 143 million in 2011 from € 157 million in 2010, registering a 9% decrease. Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to loss of € 0.6 million compared to profit of € 0.7 million in the previous year. Pre-tax results stood at loss of € 11.3 million in relation to loss of € 8.5 million in the respective last-year period.

At company level, the turnover of SIDMA stood at € 62 million from € 71 million in 2010. Taking into account the company's sales on behalf of third parties (agency), total sales stood at € 92 million from € 108 million in 2010, registering a 14.6% decrease. Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to loss of € 0.3 million compared to profit of € 0.2 million in the previous year while pre-tax results were equal to loss of € 6.8 million compared to loss of € 5.3 million in the previous year.

The subsidiaries in the Balkans registered an increase in their turnover: Bulgaria by 4.2% and Romania by 9.5%. Specifically, the turnover of SIDMA Bulgaria amounted to € 14.2 million compared to € 13.7 million in 2010 while the turnover of SIDMA Romania stood at € 25.6 million compared to € 23.4 million in 2010. Their contribution to the Group's total turnover rose from 23% in 2010 to 28% in 2011, i.e. 18% increase.

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In an attempt to curtail expenses, the Group's administrative and selling expenses reduced by 4,6% in 2011 compared to the previous year and amounted to € 14 million. Industrial overheads were improved to a larger extent since they fell by 7% and 15% at Group and Company level and amounted to € 5.2 million and € 2.6 million respectively.

However, financial expenses rose by 26% compared to 2010, reaching € 7.8 million, such increase being mainly due to the rise in interest rates and spreads. In 2011, the Group refinanced existing bond and syndicated loans totalling € 70 million and expiring within the year. Of these, a syndicated loan equal to € 49 million was renewed until September 2016 while bond loans amounting to € 10 million were renewed until late 2016 and early 2017. Finally, another bond loan of € 10.5 million was extended till the end of 2013. At the end of 2011, the Group's net short-term borrowing amounted to 30% of all its loans.

As regards the safeguarding of liquidity, a decrease in working capital equal to 8% or € 5 million enabled the Group to maintain its borrowing at 2010 levels in 2011 as well. At the end of 2011, the Group's cash stood at € 21 million.

In early 2012, the company's new warehouse started operating in Timisoara, Romania in order to increase sales in the region which is marked by considerable commercial and industrial activity. The company still pursues to enhance its presence abroad given that the protracted crisis in the Greek market combined with the Banks' lack of liquidity deteriorates consumption and leaves little room for optimism for the near future.

The construction of a 900-KW photovoltaic plant started in March 2012 in the company's facilities in Oreokastro, Thessalonica, which is expected to be completed during the first half. The income from the plant's operation in the second half of 2012 is estimated at approximately € 250,000. The Company has obtained additional approved 2.5 MW licenses expected to generate € 1.3 million per annum and considers taking advantage of them in the forthcoming period.