
Sims Metal Management Limited full year 2009 earnings update

Saturday, 22 Aug, 2009

On May 7th 2009, Sims Metal Management issued an earnings update for the 9th months ended March 31st 2009 which disclosed net income of USD 79 million before non cash goodwill impairment charges of USD 173 million.

While results for the financial year ended June 30th 2009 are subject to audit and board approval, indications are that the Company will report full year revenues of approximately USD 8.6 billion and net income before non cash goodwill impairment charges of approximately USD 41 million. This results in a net loss in the Company's fourth fiscal quarter of approximately USD 38 million before non cash goodwill impairment charges.

Non cash goodwill impairment charges are estimated at USD 191 million for the full year and approximately USD 18 million for the fourth fiscal quarter. The Company expects atypical items other than non cash goodwill impairment for the fourth fiscal quarter to approximate USD 30 million on a pre tax basis as follows:

1. Asset impairment charges including yard closure costs of USD 11 million
2. Redundancy accruals of USD 2 million
3. Write off acquisition and other costs incurred in connection with an acquisition of USD 3 million
4. Loss on the sale of a non core operation of USD 3 million
5. Sarbanes Oxley compliance implementation costs of USD 5 million
6. Accounts receivable provisions recorded due to changing reimbursement regulations in California affecting Sims Recycling Solutions of USD 6 million
7. The underlying net loss for the Q4 after adding back non cash goodwill impairment charges and other atypical items net of tax would be approximately USD 20 million.

The results for the fourth fiscal quarter reflected the continuation during that quarter of weak scrap flows and weak consumer demand for scrap metals attributable to the global financial crisis. Since then, the Company believes business conditions have improved, as evidenced by marked increases in ferrous prices and improved consumer demand and scrap flows. As such, the Company believes that the currently improved ferrous market conditions should have a favorable impact on results in the Q1 of Fiscal 2010.

The Company will release its 2009 audited results on August 28th 2009 in Australia.

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