
Sims Metal posts loss for 2008-09

Friday, 28 Aug, 2009

SIMS Metal Management has reported an annual net loss of AUD 150 million due to impairments but forecast improved results in the current year.

The net loss for the year to June 30 compares to a AUD 440 million net profit in the prior year. Included in the result is a non-cash goodwill impairment charge of AUD 191.1 million plus abnormal costs and adjustments of AUD 131 million after tax.

Underlying net profit for the 2008/09 financial year was AUD 172 million, down from AUD 412 million in the previous year.

Sims posted underlying EBITDA of AUD 258.9 million in 2008/09, down by 67% YoY.

Despite year-over-year selling price declines, sales revenue increased by 13% to AUD 8.6 billion, due largely to the merger with Metal Management Inc.

Total scrap intake and shipments fell by 28% and 25% respectively, due to the global financial crisis.

Sims declared a final fully franked dividend of 10 cents, down from 75 cents last year.

Mr Daniel Dienst CEO of Sims said the company was unable to deliver specific outlook for the current financial year due to the lack of clarity regarding future economic conditions that could affect scrap metal flows.

He said "We are encouraged by recent trends in the marketplace. Though we expect and are prepared for continued price volatility and near to intermediate-term challenges as it relates to scrap inflows, we remain cautiously optimistic that conditions will continue to improve and that Sims Metal Management will deliver improved financial results in fiscal 2010."

He said that "The challenges we faced due to the global financial crisis during fiscal 2009, the worst on record for perhaps 80 years, included the near halt of the credit markets, the failure or inability of certain ferrous and non ferrous consumers to honor contractual commitments, the severe constriction of scrap flows around the world and substantially reduced demand for recycled raw materials.

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