
Schnitzer Steel announces Q4 results

Wednesday, 28 Oct, 2009

Schnitzer Steel Industries Inc has reported revenues of USD 556 million and net income of USD 10 million for the fiscal fourth quarter ended August 31st 2009. During the quarter the company generated USD 46 million in cash from operations, bringing the total cash from operations for the fiscal year to USD 288 million.

Item	Q4 '09	Q4 '08	Q3 '09
Revenues	556	1,314	412
Operating Income	16	200	-6
Net Income	10	126	-2

In USD millions

Auto Parts Business

The Auto Parts Business recorded its third consecutive sequential increase in operating income due to higher flows of scrapped vehicles and improved commodity prices.

Item	Q4 '09	Q4 '08	Q3 '09
Revenues	75	103	66
Operating Income	8	16	3
Locations	57	56	57

In million USD

Steel Manufacturing Business

The Steel Manufacturing Business also recorded its third consecutive sequential improvement in its financial results as sales volumes increased due to inventory restocking by customers.

Item	Q4 '09	Q4 '08	Q3 '09
Revenues	66	182	47
Avg Net Sales Prices (USD/T)	509	958	524
Sales Volume	115	182	85
Operating Income	1	22	-5

In million USD

Ms Tamara Lundgren president & CEO of Schnitzer Steel said that "We are pleased to report that all three operating businesses reported positive operating income and showed their third consecutive sequential improvement in quarterly results, resulting in a profitable fourth quarter. The performance by our Metals Recycling Business was driven by broad based demand from the export markets, indicative of the economic recovery and continuing infrastructure-related growth in our primary export markets in Asia. Sales volumes were strong, just off the record volumes in the fourth quarter of last year. We were able to increase these sales volumes and improve profitability despite on going domestic challenges in the cost of raw materials and a weak US domestic economy. Our Auto Parts Business benefited from an improvement in the flow of scrapped vehicles and higher commodity prices, and our Steel Manufacturing Business took advantage of customer inventory

restocking to increase production and sales volumes and achieve positive operating income."

She added that "As we look back on fiscal 2009, we see significant accomplishments. For the year as a whole, the Company utilized its strong cash flow generation to invest USD 182 million in capital expenditures and acquisitions and to repurchase 600,000 shares of its common stock, all while further lowering its leverage ratio by reducing outstanding debt by USD 73 million. Our quick actions to reduce costs and to cut production output and purchase prices in order to maintain positive metals spreads allowed us to generate these strong cash flows and to strengthen our balance sheet, all in the face of a severe economic downturn. We continued to invest in technology to improve operating efficiencies and also completed five acquisitions, which expanded our access to supply and added additional deep water export capability."

Ms Lundgren said that "Looking ahead to fiscal 2010, we continue to be encouraged by the level of economic activity in the primary overseas markets served by our Metals Recycling Business. We expect our October 2nd 2009 acquisition in the Auto Parts Business to enhance our self service used auto parts platform while increasing the benefits from vertical integration with our Metals Recycling Business. To be sure, challenges remain, as the weak US domestic economy continues to negatively impact both the demand for finished steel products as well as the flow of recycled metals. However, we believe our export platform and strong balance sheet have positioned us well to take advantage of growth opportunities during 2010 and beyond."

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