
Lakeside Steel announces Q2 financial results

Friday, 13 Nov, 2009

Lakeside Steel Inc has reported results for the second quarter ended September 30th 2009. For the 3 months ended September 30th 2009, its revenue was USD 17,812,672, down by USD 40,732,295 or by 69.6% YoY as compared to revenue of USD 58,544,967 for the 3 months ended September 30th 2008. Net loss was USD 3,021,570, down by USD 5,774,498 from net income of USD 2,752,928.

EBITDA was USD 4,519,240 for the three months ended September 30th 2009, a down by USD 9,503,538 from EBITDA of USD 4,984,298 for the three months ended September 30th 2008. Despite these losses, the company has been able to maintain positive cash flows of USD 5,040,180 in the three months ended September 30th 2009 and USD 4,254,936 for the 6 months ended September 30th 2009.

Demand in the oil and gas sector for the Oil Country Tubular Goods manufactured by Lakeside Steel Corporation, Lakeside Steel's wholly owned subsidiary, has experienced a substantial reduction, as reflected in the performance above. Management believes that this trend will continue into the third quarter of fiscal 2010, but is seeing an increase in orders from Western Canada in OCTG products, and as a result is planning to add an additional shift in its production facilities starting January 2010.

Lakeside has completed the installation of its upsetting, threading, and coupling equipment along with the installation of its three slip rail yard. Upon completion of its API certification, Lakeside will be in a position to end finish its own products and then ship the finished product directly to its customers via rail. Currently, this work is being outsourced to a processor Texas. This will reduce the lead time to customers and working capital requirements going forward.

Meanwhile, management is pleased to announce the addition of Mr Mark McMurray as GM of sales & procurement, Mr Dan Jovanovic as sales representative and 3 sales analysts to increase Lakeside's exposure in the marketplace and provide its customers with enhanced customer service.

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