Tuesday 25th September 2024

Press release

FINANCIAL RESULTS FOR THE FIRST SEMESTER OF 2024

- ✓ ***Maintenance of sales volume***
- ✓ ***Improvement in operating profitability***

The performance of SIDMA SA in the first half of this year was largely influenced by strong domestic demand for steel products and a continuous decline in international steel prices.

Specifically, domestic demand for steel—largely fueled by construction activities—kept the Group's sales volume at levels similar to those of the previous year. However, while profit margins improved compared to 2023, they remained relatively low due to weak global economic growth and the ongoing slowdown in the Chinese economy, which has heightened global steel oversupply and continued to exert pressure on metal prices. Moreover, the rising financial costs, due to high interest rates, resulted in negative results for the Company.

Explicitly, the consolidated turnover of the Company in the first half of the year reached €92.4 million, while combined with agency sales, it amounted to €112.1 million, representing a decrease of 10.5% in both cases comparing to the same period in 2023, primarily due to a corresponding decline in product prices. Despite the decrease in sales, gross profit improved by 11.3%, reaching €7.106 million compared to €6.382 million in the first half of 2023, due to an increase in the gross margin by 24.4% (from 6.2% to 7.7%). Correspondingly, earnings before interest, taxes, depreciation, and amortization (EBITDA) amounted to €2.998 million, comparing to €2.833 million last year, resulting in an operating profitability ratio of 3.2%, an 18.2% increase compared to the same period last year. Pre-tax results were negative at €1.700 million, at levels comparable to the same period in 2023, excluding exceptional earnings of €1.329 million, which mainly arose last year from the sale of a financial interest rate hedging derivative. It is noted that the financial expenses for the period amounted to €2.828 million, recording an increase of €121 thousand compared to the respective expenses of 2023 due to higher interest rates. Finally, it should be mentioned that the pre-tax results have been burdened, as every year, by the accounting treatment of the refinancing of the Company's debt obligations in 2021 with interest amortizations of €760 thousand.

Regarding **SIDMA SA**, turnover in the first half of the year amounted to €70.5 million, down from €79.5 million in the corresponding period of 2023, representing an 11.3% decrease. When combined with agency sales, it amounted to €90.2 million, down from €101.4 million, a decrease of 11.1%. Similar to the Group, the drop in turnover is linked to the decline in selling prices. Gross profit improved by 9.2%, reaching €6.204 million compared to €5.680 million in the first half of 2023, due to an increase in the gross margin by 23.1% (from 7.1% to 8.8%). EBITDA amounted to €2.654 million, comparing to €2.428 million in the same period last year, while the operating profitability ratio rose to 3.8%, i.e. 23% increase compared to last year. Pre-tax results improved against the comparable figures from last year (excluding the aforementioned exceptional earnings from 2023) by 4.7%, with losses reduced to €1.790 million from €1.877 million. As already mentioned, this result is burdened by interest amortizations of €760 thousand and increased financial expenses of €132 thousand due to higher interest rates, despite the Company's borrowing being 4% or €2.5 million lower this year.

Regarding the subsidiaries, **SIDMA Bulgaria** reported a turnover decrease of €2.099 million or 8.6% comparing to the first half of 2023, due to reduced selling prices. Its turnover reached €22.273 million, down from €24.373 million last year. Conversely, sales volume increased by 6.2%, compared to the same period last year. In terms of EBITDA, the subsidiary reported profits of €344 thousand, while its pre-tax results showed profits of €90 thousand.

Regarding **SIDMA Romania**, the sale of the company to AGIR HADDECILIK A.S is anticipated to be finalized soon, following the recent approval of the transaction by Romania's competition authority. It is highlighted that this sale is expected to have a positive impact on the Group's financial performance, both in terms of results and the balance sheet.

Finally, regarding the capital structure of the Company and the Group, it is noted that the Company's equity amounted to €24.6 million, and the Group's liquidity was €8.0 million, while its debt obligations amounted to €70.9 million, representing 32% of annual turnover.

The broader economic environment and conditions in the steel market, both domestically and internationally, are not expected to change in the coming months in a way that could substantially alter the Company's financial figures until the end of the current fiscal year.
Nevertheless, it should be noted that the estimates regarding the evolution of external factors affecting the performance of SIDMA METALWORKS overwhelmingly carry a positive outlook.

The global economy seems to have successfully faced the significant challenge of soaring prices, and monetary policies are entering a normalization phase, creating expectations for stabilization in growth rates.

The Greek economy is expected to continue growing at satisfactory rates, driven not only by private consumption but also by investments, supported from the Recovery and Resilience Facility and the National Strategic Reference Framework (NSRF).

If these estimates are confirmed, the Company can anticipate an increase in sales, enhanced profit margins, and a decrease in financial expenses in the near future. At the same time, the Company is taking steps to enhance internal development and profitability parameters: increasing productivity, improving product quality, penetrating new markets with selective investments, controlling operating costs, systematically managing risks, and emphasizing corporate governance and sustainability policies.

In light of the above, while the Company recognizes the potential risks — primarily geopolitical and political — and understands that uncertainty is a key feature of today's landscape, it feels justified in being optimistic about its short-term and medium-term prospects.