Derichebourg records lower annual revenues

(F) – The scrap recycling and environmental services activities of French group Derichebourg generated 9 per cent lower turnover in the 2011/12 financial year than in the previous year. According to unaudited figures, division revenue for the year ended 30 September amounted to €2.306bn compared to €2.530bn a year ago. Average price levels in the year were high, reflecting the strong demand for secondary raw materials in the ferrous as well as non-ferrous metals sector, Derichebourg said last week when the group's annual turnover was published.

Revenue from the scrap recycling division in the final quarter of the financial year stood at €544m, 10 per cent lower than the previous year's fourth-quarter figure of €606m and 8 per cent lower than the previous quarter's revenue of €590m.

The company's two other smaller divisions increased their revenue but not sufficiently to offset the drop in recycling activities. Consolidated annual revenue of the group amounted to €3.521bn, nearly 5 per cent below the previous year's figure of €3.7bn. Derichebourg's airport services grew by 2 per cent in 2011/12 to contribute €687m to the total while revenue from corporate services was higher by nearly 7 per cent at €526m. Derichebourg will publish the results of the past financial year in early December. □

XK

Umicore posts higher sales in recycling business

(B) – The Belgian metals company Umicore posted a year-on-year increase of 2 per cent in turnover in the third quarter of 2012. The group's recycling division booked the largest increase in revenues, which were up by 8 per cent, the company announced in a trading update at the end of October. Specific sales and earnings figures are only provided in the company's half-year and annual reports.

In the third quarter, the recycling division benefited mainly from increased activity in the precious metals refining unit. The processed volumes were in line with those of the previous third quarter but had risen compared to the first half of the year, Umicore said. "The availability of residues from the non-ferrous mining and refining industry remained high", it added.

Despite increasing competition in the e-scrap supply market, Umicore claimed it had "maintained its strong position in the high end of the market". The supply of spent industrial catalysts was also described as strong. By contrast, the supply of spent automotive catalytic converters remained "subdued" despite increasing platinum prices. Umicore added that average received metal prices for precious and base metals remained largely stable in the third quarter, but demand and prices for a number of specialty metals were down.

Third-quarter revenues in the jewellery and industrial metals unit were down year-on-year, according to Umicore. Although the demand for gold, silver and platinum recycling matched the

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Falling prices push US ferrous scrap metals group Schnitzer Steel to fourth-quarter loss

Company working to implement annual cost savings of $25m

USA) – Tumbling scrap prices and a $5m reorganisation charge resulted in a fourth quarter loss of $847,000 for the American scrap metals and steel products group Schnitzer Steel. Since August, Schnitzer has been implementing a reorganisation plan that will see it lay off 300 workers in a bid to cut spending by $25m a year through further integration of its metals recycling and auto parts businesses. The $5m charge for the three months ended 31 August 2012 is the first increment of the total reorganisation costs of $12m, the remainder of which are to be taken during the current financial year.

Quarterly revenues of $762m were 30 per cent lower than during the comparison period, and the net loss marked a significant turnaround from the $39m in profits booked in the final quarter of last year. Among the other contributors to the quarterly loss were narrower margins in the metals recycling and auto parts business brought on by the rapid decline in selling prices and the limited flow of obsolete scrap into the market, said the company announcing its results at the end of October.

For the full year, Schnitzer Steel's revenues were off only 3 per cent at $3.341bn, in contrast to annual earnings which plummeted from $124m to just under $29m. Operating income had declined almost as precipitously, plunging from $186m to $54m.

In Schnitzer's metals recycling business, most performance indicators were down in annual comparison. Total revenues slid 4 per cent on the year to $.2949bn, with revenues from ferrous metals down 5 per cent to $2.425bn Volume dropped by 4 per cent to 5.115 million tonnes.

The most important destination countries for Schnitzer's ferrous scrap in the past financial year were Turkey, China and South Korea. A slightly greater share of shipped volumes were destined for North America and Europe & the Middle East, as the share of scrap shipped to Asia slipped from 61 per cent in the 2010/2011 year to 55 per cent.

In the non-ferrous scrap metals operations, an 11 per cent rise in sales volumes to 629 million pounds (285,300 tonnes) allowed revenues to reach nearly the same level as last year at $614m, despite a drop in average prices. Like many other actors on the US scrap metals market, Schnitzer has been stepping up its implementation of non-ferrous metal recovery technology. The average net non-ferrous sales price retreated from $1.06 per lb to $0.94 per lb, the company reported. The group's non-ferrous scrap was sold primarily to China, the US and South Korea. All in all, the ferrous and non-ferrous recycling division's operating income had slumped 61 per cent to $64m, according to the report.

In its auto parts business, revenues edged 1 per cent lower to $317m. However, at $33m, the segment's operating income was little more than half what it had been when it stood at $64m a year before. ELV inflow weakened by 4 per cent to 339,000 vehicles as a result of the economic environment.

The company would be expanding its auto parts business during the fiscal 2013 year, said CEO Tamara Lundgren. She noted that while the company had not made many acquisitions in fiscal year 2012, the weak economic environment was likely to drive consolidation.

For its metals recycling business, Schnitzer is currently building a shredder in Western Canada. The segment had also witnessed some early signs of price strengthening in November, but Schnitzer warned that it was expecting significantly reduced volumes. □

Weak Irish waste market and scrap recycling margins spell bad news for One51

Irish Greenstar subsidiary entered receivership in late August

(IRE) – The Irish investment company One51, the parent firm of ClearCircle Environmental, reports progress in cutting costs and carrying out divestitures. The portfolio rationalisation included the sale of underperforming specialty plastics operations. According to its annual report released in August, the parent company had also brought in new management teams to direct its materials recycling and hazardous waste management businesses in the UK.

The investment company's environmental services and recycling activities, which comprise ClearCircle Environmental and a 17.7 per cent stake in British hazardous waste management firm Augean plc, had been buoyed by ClearCircle's strong performance in Ireland. ClearCircle has materials recycling and hazardous waste management operations, but generates the majority of its revenues (€190m in 2011) through metals recycling. According to One51, ClearCircle's Irish outbound metals tonnage increased by 5 per cent to 265,000 tonnes compared to 2010. Nevertheless, deteriorating Ebit margins had resulted in a goodwill impairment of €62m for the Irish metals recycling activities.

In 2011, One51 sold off its Galway-based organic waste management business, and recorded a profit on sale of €1.6m following an impairment taken in 2010. The investment firm also divested its plastic extrusion business Foamalite Ltd. in the first half of 2012 and announced the sale of Enplast in late October. However, it withdrew its moulding businesses from sale in July 2012 after being unable to arrange satisfactory sales conditions, chief executive Alan Walsh said at the company's annual general meeting at the end of September.

As part of its renewable energy division, One51 holds a 24 per cent interest in Irish group NTR plc, whose operations include waste management activities in the United States and Ireland through the subsidiary Greenstar. Greenstar Ireland had been materially affected by the economic downturn, and the indebted company consisting of Greenstar Holdings Limited and Greenstar Limited went into receivership in late August. According to Irish media reports, this was triggered when a consortium of banks called in the company's loans totalling over €83m. David Carson of Deloitte has been appointed receiver.

In its annual report for the financial year ended 31 March 2012, NTR had already announced plans to shut down all of Greenstar Ireland's remaining operating landfills over the course of the next three years. NTR chief executive Michael said the decision was due to "below-cost selling in the market" which had held down gate fees.

As a whole, Mr McNicholas said, the Irish waste management market was suffering from an "overhang of unresolved policy issues", touching on the future of household collection services, the planned incinerator in Poolbeg, Dublin, and insufficient guidelines to control the quality and quantity of waste being exported to other markets. "This is all at a cost to the future development of sustainable waste recovery infrastructure within the country", he said. Mr McNicholas noted that the company had been preparing during its 2011/12 financial year to respond to the shifting market dynamics by "establishing export capabilities across three of its facilities and by growing production of its solid residual fuel product", which is used as a substitute fuel in cement kilns.

The US waste management activities operating under the Greenstar Recycling name are organisationally independent of Greenstar Ireland and unaffected by the receivership filing. Greenstar Recycling had seen overall performance weaken in the 2011/12 year after commodity prices fell by more than 30 per cent in November 2011, according to Mr McNicholas. Nevertheless, US activities had witnessed an 8 per cent increase in revenues year-over-year to \$244m (ca. €186m). Greenstar Recycling also opened a new \$7m single-stream recycling plant in Akron, Ohio, to sort up to 15,000 short tons of recyclables a year under a contract with the city. Mr Roche said that NTR was positive about the potential for growth in the US market. Greenstar Recycling, which the parent group describes as "the largest independent recycling platform in the US", is active primarily in Texas, the Midwest and Northeast and handles 2 million short tons of material and 1.5 million short tons of recyclables per year.

According to NTR's annual report, revenues from its waste segment increased by 2 per cent to €302m, while segmental earnings before interest, tax, depreciation and amortisation (Ebitda) plunged 58 per cent to €13m. The parent company also recorded an impairment charge of nearly €35m relating to Greenstar Ireland, including a €19.7m charge against the carrying value of the company's landfill assets. The remaining charge reflects the persisting downturn in the Irish economy and Greenstar Ireland's refinancing. The additional costs tied to plans to shut down Greenstar's landfills by 2015 were reported as an accelerated aftercare provision of €8.9m. An impairment charge of €1.0m was assessed on Greenstar North America's goodwill and certain of its minor assets. □

Novelis opens beverage can recycling plant in South Korea

(ROK) – The aluminium group Novelis officially opened an aluminium recycling and casting centre at its Yeongju site in South Korea at the end of October. The group described the new facility as "the largest aluminium beverage can recycling centre in Asia", and expects to be "a major buyer of aluminium scrap throughout Asia due to this investment". The recycling and casting plant is to remelt used beverage cans (UBC) and other aluminium scrap to produce up to 265,000 tonnes of sheet ingot a year, which will be rolled at the company's Yeongju and Ulsan mills.

This project represents the first major step in the company's plan to increase its recycling capacity to 2.1 million tonnes by 2015, Novelis reported. The new centre in Yeongju will raise the group's recycled aluminium consumption to more than 1.4 million tonnes a year.

Other projects to expand recycling capacity are underway at present in Brazil and Germany, where Novelis plans to build a recycling plant with a capacity of 400,000 tonnes a year in Nachterstedt (EUWID 20/2012). According to the Ministry of Science and Economic Affairs of the German state of Saxony-Anhalt, the project with an investment volume of €200m will turn Nachterstedt into Novelis' largest European site and create 200 jobs.

Novelis has set itself the objective of raising the recycled aluminium content of its rolled products to 80 per cent by 2020. Its sustainability report published in August put the recycled content in the financial year 2011/12 at 39 per cent.

The Yeongju recycling centre is part of a multi-year expansion of Novelis' operations in Korea with a total volume of \$400 million. The company reported that Asia is the world's fastest growing market for rolled aluminum used to produce beverage cans, cars and consumer electronics. □

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level of the first half of 2012, it was lower than the "very strong" levels seen in 2011.

In addition to the expansion of Umicore's silver refining capacity in Bangkok, Thailand, the group has also decided to expand the silver refining activities at its business in Pforzheim, Germany. The investments at the subsidiary Allgemeine Gold- und Silberscheideanstalt AG are due to be completed by 2014. The recycling activities in Foshan, China, were suspended earlier in 2012, the company added.

For the fourth quarter, Umicore expects supply conditions and profitability in the recycling division to remain strong. Although many of the group's businesses are facing "a more testing economic environment", Umicore still expects to achieve full-year recurring earnings before interest and taxes (Ebit) of €370-390m. □