International Metal Service

PRESS RELEASE

Results to 30th June 2009

- Operating loss of €60.7 million for the 1st half of 2009
- Inventories reduced by €90 million
- Net debt reduced to €220.1 million at 30th June 2009

Nanterre, 31st August 2009 – IMS, European leader in the distribution of special steels, today published its results to 30th June 2009. With turnover down 55.4% on the second quarter of 2008 and the writing down of a number of provisions, there was a quarterly operating loss of €45.8 million for Q2, vs. €14.9 million the previous quarter.

(in millions of euros)	**2nd quarter '08**	**2nd quarter '09**	**1st half '08**	**1st half '09**
Volumes distributed (tonnes)	188,666	101,999	376,826	204,828
Turnover	397.0	177.1	790.9	389.0
Operating profit	24.4	(45.8)	46.7	(60.7)
Net profit	17.3	(38.1)	30.4	(52.2)
Net debt (1)			216.1	220.1

(1) *After the reintegration of deconsolidated factoring*

First-half accounts were impacted to the tune of €38.4 million by the following factors:

- The gross margin includes a negative windfall of €22.6 million essentially resulting from the fall in stainless steel prices. Furthermore, the reduction in purchases slowed the replenishing of inventories, which therefore failed to benefit from the fall in prices over the 2nd quarter, whence the substantial pressure on gross margin levels;
- €12.2 million were written down for asset depreciation (inventories, goodwill and clients), including €5.6 million in Italy;
- A restructuring provision of €3.5 million was also written down, including €3.2 million in Italy.

The operating costs and debt-cutting programme is bearing fruit:

- First-half operating costs were down by €15 million, including €6 million from cuts in fixed costs;
- The reduction in inventories, which were cut to 181,400 tonnes at 30th June 2009 from 226,000 tonnes at 1st January 2009, contributed, as forecast, €90.5 million to the fall in working capital requirements over the first half;
- Tangible and intangible investments (net from the proceeds from the sale of a property asset for €4.6 million) totalled just €0.6 million at 30th June 2009.

IMS is pursuing its cost-cutting efforts, with an annual target of reducing the breakeven point by €20 million. Furthermore, IMS is reaffirming its priority to reduce its debt, which will result from a reduction in inventories on the one hand, with a target of 150,000 tonnes at 31st December 2009 and a contribution to generated cash flow of €110 million, and from the upturn in purchases on the other. The other measures that have been undertaken concern the limiting of operating investments to €6 million in 2009 (compared to €16.3 million in 2008).

Activity has stopped falling in volume terms, and has no doubt levelled out. Over the second half of 2009, IMS expects a slight improvement in sales with, despite a lower number of workdays, 215,000 tonnes distributed versus 205,000 tonnes over the first half, and better gross margins because of the end of windfall losses for stainless steel and the replenishing of inventories of wear-resistant and engineering steels at lower purchase prices.

IMS LISTED NYSE EURONEXT

IMS is a European leader in the distribution of wear resistant steel, stainless steel and engineering steel. With a workforce of close to 2,200 staff in 17 European countries, IMS recorded 2008 turnover of 1.4 billion euros.

Listed on Euronext Paris - compartment B of the NYSE Euronext, member of the SBF 120 and Small 90 indices.
ISIN: FR0000033904 - Reuters: ITMT.PA - Bloomberg: IMS FP

www.ims-group.com

4th September 2009: Financial analysts' meeting (accounts to 30th June 2009)

Download the half-year financial report from www.ims-group.com/
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