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Financial and economic situation

Subordinated loan capital established

As previously reported, Sanistål has been working for some time now on a number of ways of strengthening the company's capital base. Taking into consideration developments and the current situation on the financial markets, it has been decided, until further notice, not to expand the company's share capital, but instead to establish subordinated loan capital in the amount of DKK 300 million. Agreements on this have recently been concluded.

The subordinated loan capital will be established through the holders of class A shares investing DKK 50 million and the company's banking partners converting DKK 250 million of their unsecured loans. The subordinated loans are bullet loans with a maturity of approx. three years and a fixed interest rate of 2.99% p.a. Under certain conditions, agreed in greater detail, there may be redemption at a premium of between 5% and 40% of the principal sum on repayment of the loan, depending on developments in the company's position and on the stock market in general. No dividends will be paid for the period in which the subordinated loans are held.

At the same time, agreements have been entered into to cover the company's financing requirements by extending the company's other credit facilities at the banks.

Sanistål will continue to work towards strengthening its equity and equity ratio through the sale of non-strategic assets, as previously announced.

Provisional outlook for 2008

Following the last few months of 2008, in which the price and sales of steel fell significantly and in which both the financial crisis and general business conditions, exchange rates, etc. have worsened, it is already appropriate to provide the following provisional information concerning anticipated results in 2008, along with the above announcement on the company's financial base.

In Announcement no. 26 of 3 November 2008, it was reported that after "the value adjustments for the shares in Brødrene A & O Johansen A/S and goodwill relating to Carl F International A/S, the Group expects to record a pre-tax loss in 2008 of between DKK 355 and 395 million, of which operating loss and provisions will amount to DKK 100-120

million, impairment of shares and goodwill DKK 315 million and property gains DKK 40-60 million.”

It was subsequently reported in Announcement no. 27 of 27 November 2008 that revised expectations of the annual results at Brødrene A & O Johansen A/S would have a negative impact of DKK 4.4 million on Sanistål's annual results, as a result of which the extent of operating losses was revised to DKK 105-125 million and the extent of overall losses was revised to DKK 360-400 million.

The following additional information can now be provided on the elements referred to above:

Group operations

As in the first three quarters of 2008, revenue and gross profit also grew at a satisfactory rate in Q4, with the exception of gross profits in the steel sector. At year-end, market shares had been increased in almost all sectors. Until the last part of November 2008, the Group's realised operating results (excluding the sale of property) were in line with expectations. The subsequent period, on the other hand, has been characterised by weaker than expected business conditions.

We have therefore seen a significant reduction in profit for steel, as a result both of reduced prices and lower sales levels. As a result, the Group's operations are expected to return a loss in 2008 in the region of DKK 150 million, compared with the previously anticipated loss of DKK 105-125 million.

The major decrease in the price of steel in December and so far in January also means that, for the first time in several years, stocks will have to be written down at the turn of the year, as sale prices in Q1 of 2009 for the majority of steel products are expected to be below the cost prices at acquisition in 2008. Based on the anticipated steel price level in Q1 of 2009, the write-down of stocks at 31 December 2008 is expected to be in the region of DKK 50 million. Actual write-downs may deviate from this, depending on the trends on the market for steel in the coming period.

Against this background, the overall loss from operations and write-downs is currently expected to be in the region of DKK 200 million.

Property

It has previously been stressed that there was uncertainty in relation to the timing and pricing of the sale of property. Despite a relatively weak property market, there has been interest in some of the property offered for sale in 2008. Five properties have been sold for a total of DKK 86 million with gains totalling approx. DKK 35 million. The gains realised on three of these properties, totalling DKK 14 million, will be included in the pre-tax results for 2008, instead of the previously anticipated DKK 40-60 million. The remaining two properties, which have been sold with financing conditions, cannot be included until 2009. Work on the sale of property will continue in 2009 and 2010.

Overall profit expectations

Together with the previously implemented value adjustments for shares and goodwill, the conditions described above are expected to result in a pre-tax loss of approx. DKK 500 million in 2008.

Conditions in 2009

As a result of developments in the global economy and that of Denmark in recent months, it is more difficult than ever to predict what will happen in 2009. Therefore, no expected figures for results in 2009 will be given at this point.

Sanistål expects revenue and gross earnings to decrease compared with 2008 as a result of the general decrease on the markets and that earnings from steel in particular will be lower. In order to counteract the slowdown on the markets, the company has implemented major savings and restructuring, as previously reported. Overall Group costs are expected to be at least DKK 200 million lower in 2009 than in 2008, as indicated.

The two key central warehouses in Denmark have been fully operational since the end of 2008 and they are working satisfactorily. Logistical expenses will therefore be significantly lower in 2009 than in 2008. 2010 will see a further fall in logistical expenses, once the central warehouses have been fully implemented.

Inventories have recently been reduced considerably, as planned, and this will continue throughout 2009, so that operations will generate a significant cash flow to further secure the Group's financing, in addition to the extended credit facilities and the new subordinated loan capital. The sale of assets over the course of the year is also expected to result in a further reduction in interest-bearing debt as well as in gains that will strengthen the equity and the results for the year.

Aalborg, Denmark, 19 January 2009