



BARRETT
STEEL LIMITED



CHAIRMAN'S STATEMENT AND STRATEGIC REPORT

YEAR ENDED 30 SEPTEMBER 2023

BARRETTSTEEL.COM



Head Office automated processing line - Bradford

Business review and results

In the financial year ended 30 September 2023 prices have gradually declined across most steel products. This has been a result of lower demand, especially within the construction sector.

Group turnover for the year decreased by 11% to £549.2m with gross margin decreasing from 31% to 26%.

Operating profit before restructuring costs and foreign currency movements, decreased from £62.5m to £18.5m.

Profit before tax decreased from £60.2m to £10.6m after net interest costs of £2.7m (2022: £1.4m), foreign currency losses of £0.4m (2022: £0.3m gains) and restructuring costs of £4.9m (2022: £1.2m). Restructuring costs primarily relate to set up costs of new trading depots and redundancies.

Stocks decreased from £117.1m to £100.0m due to reduced input prices.

The Group continues to insure against certain trade debtors and makes appropriate trade debtor provisions where required.

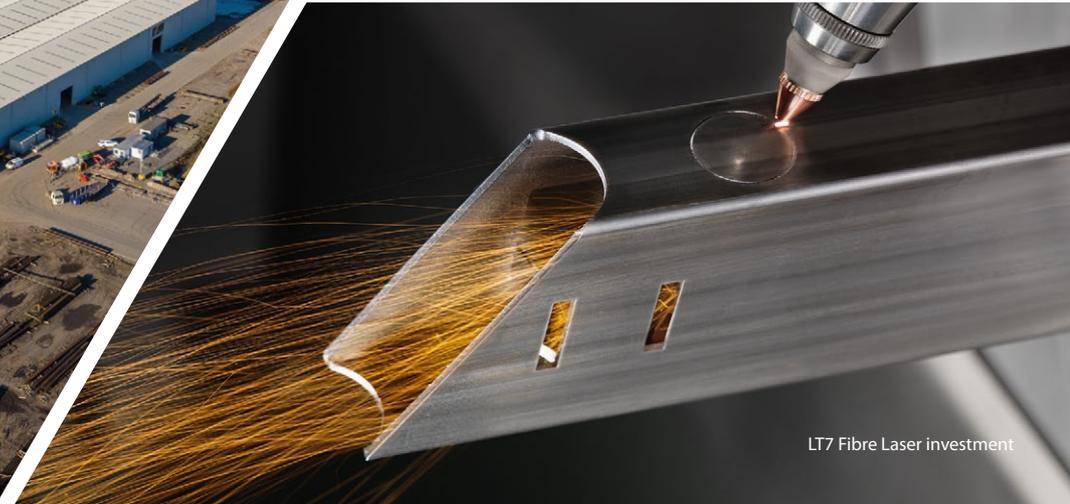
Net cash at year end was £9.6m (2022: £1.3m net cash) which was achieved through strong operating cash flow and robust cash collection. Overall gearing as a result is minus 8% (2022: minus 1%).

The Group continues to operate within its fully committed UK bank facilities which expire in January 2025.



Barrett Central Distribution - Groveport

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LT7 Fibre Laser investment



Newly acquired Barrett Engineering Willenhall site

Development of the Group

In March 2023 the Group acquired freehold properties, fixed assets and stock of certain distribution depots out of the administration of Aartee Bright Bar Limited and Aartee Bright Bar Property Limited. This acquisition complements the Group's Engineering Steels Division and has enabled the Group to expand its operations and range of Black Bar and Bright Bar products.

In October 2022, the Group acquired a 9-acre freehold site adjacent to its existing BCD Tubes operation in Scunthorpe.

Other group capital expenditure in the financial year totalled £12.1m. This includes a further LT7 laser at the Group's tube processing centre at Dudley, as well as various cranes, saws, material handling equipment and vehicles across the Group. The investment in vehicles helps the Group to achieve the targets set out in the Net Zero Roadmap.

The Group has also continued its investment in the development phase of a new ERP system.

Principal risks and uncertainties

Trading in the current financial year has been broadly in line with expectations.

There continues to be high levels of uncertainty in the UK economy as it continues to battle inflation, higher borrowing costs and the cost of living crisis.

Future steel prices and demand levels are inherently difficult to forecast. External construction forecasts for the next financial year are largely flat with subdued demand and delayed projects.

Steel mill production costs remain relatively high, despite generally reduced worldwide demand. Domestic producers also need significant investment to transition to less carbon intensive production methods. The impact of this and the speed of transition are clearly uncertain, however, the Group has strong and flexible supply chains both domestically and overseas.

There has been increased customer demand for lower embodied carbon steel and we expect this to continue with increasing momentum. As a result, the Group has launched Barrett Green Solutions and developed

Embodied Carbon Reporting capabilities providing the knowledge and supporting data to solve customer carbon requirements.

The Group's strategy in the above circumstances remains unchanged as it continues to focus on its core markets, purchasing strategy, stock levels and maintaining a robust balance sheet. The Group is confident of withstanding a downturn and will look to take acquisition opportunities as they arise.



Extracts from the Statutory Accounts

Consolidated profit and loss account

for the year ended 30 September 2023

	2023	2022
	£000	£000
Turnover	549,240	617,312
Gross profit	142,349	192,214
Operating profit before restructuring costs and foreign currency (losses) / gains	18,540	62,475
Restructuring costs	(4,869)	(1,199)
Foreign currency gains / (losses)	(369)	331
Operating profit	13,302	61,607
Interest payable and similar charges	(2,741)	(1,378)
Profit before taxation	10,561	60,229
Tax on profit	(2,684)	(11,585)
Profit for the financial year	7,877	48,644



Consolidated balance sheet

as at 30 September 2023

	2022	2021
	£000	£000
Fixed assets		
Intangible assets	4,495	3,496
Negative goodwill	(3,383)	(1,170)
Tangible assets	74,253	62,982
Investment property	4,673	1,663
	80,038	66,971
Current assets		
Stocks	100,004	117,148
Debtors	108,495	144,172
Cash at bank and in hand	35,901	22,232
	244,400	283,552
Creditors: amounts falling due within one year	(177,771)	(210,057)
Net current assets	66,629	73,495
Total assets less current liabilities	146,667	140,466
Creditors: amounts falling due after more than one year	(20,701)	(18,108)
Provisions for liabilities and charges	(6,183)	(4,087)
Net assets	119,783	118,271

A full set of statutory accounts which incorporates an unqualified auditors report has been filed with the registrar of companies



Employees, training and accreditation

Heavy investment in Electric Materials Handling Fleet

The Group has continued with its management and leadership development courses during the year. Several Group staff have also completed a sales development programme.

The Group has had several external audits during the year and as a result has maintained existing certifications of ISO 9001:2015 Quality Management Systems, ISO 14001 Environmental Management and National Highways Sector Scheme 3B (NHSS3B). BES6001 (Responsible Sourcing of Construction Products) (Recertification Nov 2021) and Fleet Operator Recognition Scheme accreditation is in place at certain group depots. The Group also has Factory Production Control requirements under "1090" for UKCA & UKNI respectively.

I would like to thank all employees for their commitment to the Group over the past financial year.

The Board of Directors express their deep condolences at the untimely and sad demise of Mr James Stephenson Barrett in January 2023. Apart from his family his greatest passion in life was the Group, which he dedicated his whole working life to. Whilst James's leadership and standing in the steel industry is a huge loss, the Group has a bright future and his legacy will live on.

By order of the board.

R B Barrett, Chairman - 8 December 2023



Forged Bar stocks

Laser processing centre of excellence - Dudley



BARRETT STEEL LIMITED



BARRETT
GENERAL STEELS



BARRETT
TUBES DIVISION



BARRETT
ENGINEERING STEEL

Barrett Steel Limited is the UK's largest steel stockholder. With over 40 depots operating from 30 locations across the UK, Barrett Steel prides itself on always being your local steel stockholder, consistently offering an industry leading but personally tailored service. For over 150 years Barrett Steel has put customer service as well as investment at its forefront.



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