BARRETT
STEEL LIMITED

CHAIRMAN'S STATEMENT AND STRATEGIC REPORT

YEAR ENDED 30 SEPTEMBER 2024

BARRETTSTEEL.COM

Business review and results

Our Willenhall site now holds over 6000 tonnes of stock

The Group experienced a decline in prices across most steel products in the financial year ended 30 September 2024. This has largely been driven by reduced demand in the construction sector. However, the Group has maintained similar overall volumes year on year.

Group turnover for the year decreased by 16% to £460.2m as a result of steel price movements. Gross margin increased from 26% to 28%.

Operating profit before restructuring costs and foreign currency movements, decreased from £18.5m to £8.3m.

Profit before tax decreased from £10.6m to £2.5m after net interest costs of £2.8m (2023: £2.7m), foreign currency losses of £0.2m (2023: £0.4m) and restructuring costs of £2.8m (2023: £4.9m). Restructuring costs primarily relate to set up costs of new trading depots, strategic depot closures, and redundancies.

Stocks decreased from £100.0m to £87.2m due to reduced input prices.

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

Net debt at year end was £4.5m (2023: £9.6m net cash). Overall gearing as a result is 4% (2023: minus 8%).

The Group continues to operate within its fully committed UK bank facilities which were renewed for a 5 year period in March 2024.

Our Elect 152 Tube Bender

There has continued to be an increase in customer demand for lower embodied carbon steel and we expect this to continue with increasing momentum.

Continuous investment in our modern transport fleet

Barrett Steel Scotland operate out of our Newbridge facility

Development of the Group

The Group has continued to integrate the freehold properties and trading depots located in Willenhall and Bolton, that were acquired from the administration of Aartee Bright Bar Limited and Aartee Bright Bar Property Limited in March 2023. The Group has invested £3.4m of capital expenditure in these locations in the period, consisting of processing equipment, vehicles, and infrastructure spend. The Group has also taken the opportunity to consolidate neighbouring depots. These developments have enabled the Group to expand its operations and range of Black Bar and Bright Bar products.

Following significant investment, the Group merged the operations of the Montrose depot into Newbridge during the period.

In March 2024, the Group acquired a two-acre freehold site adjacent to its existing BCD Tubes operation in Scunthorpe, giving the opportunity to expand.

Other group capital expenditure in the financial year totalled £4.6m. This included a new Coping Line at the Group's main processing hub in Scunthorpe, as well as various cranes, saws, material handling equipment and vehicles across the Group.

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 uncertainty in the UK economy despite inflationary pressures easing. Borrowing costs remain high, and the recently announced Budget will increase operating costs.

Future steel prices and demand levels are inherently difficult to forecast. External UK construction forecasts for the next financial year suggest modest growth.

Steel mill production costs remain relatively high compared to the level of demand and outsell prices. Domestic producers also need significant investment to transition to less carbon intensive production methods. Whilst there has been some progress in the year, there is still no certainty on the feasibility of these projects or their timeline. To mitigate this, the Group maintains strong and flexible supply chains, both domestically and overseas, as well as strategic UK port space.

There has continued to be an increase in customer demand for lower embodied carbon steel and we expect this to continue with increasing momentum. Barrett Green Solutions successfully supplies Embodied Carbon Reporting at both quote and completion stages, and provides solutions and data to meet 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 2024

	2024	2023
	£000	£000
Turnover	**460,217**	549,240
Gross profit	**130,280**	142,349
Operating profit before restructuring costs and foreign currency (losses)	**8,311**	18,540
Restructuring costs	**(2,800)**	(4,869)
Foreign currency (losses)	**(205)**	(369)
Operating profit	**5,306**	13,302
Interest payable and similar charges	**(2,781)**	(2,741)
Profit before taxation	**2,525**	10,561
Tax on profit	**(935)**	(2,684)
Profit for the financial year	**1,590**	7,877

Consolidated balance sheet

as at 30 September 2024

	2024	2023
	£000	**£000**
Fixed assets		
Intangible assets	**5,336**	4,495
Negative goodwill	**(1,144)**	(3,383)
Tangible assets	**74,262**	74,253
Investment property	**4,691**	4,673
	83,145	80,038
Current assets		
Stocks	**87,161**	100,004
Debtors	**98,495**	108,495
Cash at bank and in hand	**26,012**	35,901
	211,668	244,400
Creditors: amounts falling due within one year	**(140,752)**	(177,771)
Net current assets	**70,916**	66,629
Total assets less current liabilities	**154,061**	146,667
Creditors: amounts falling due after more than one year	**(26,449)**	(20,701)
Provisions for liabilities and charges	**(6,886)**	(6,183)
Net assets	**120,726**	119,783

BARRETT STEEL LIMITED

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

Employees, training and accreditation

Our new HGG Robotic Coping Line

The Group invested in a platform in the year providing all employees with access to counselling and physiotherapy services. The Group has a Mental Health Committee who meet quarterly, and has trained a group of Mental Health First Aiders at every depot. Several staff have also completed a leadership and sales development programmes.

The Group 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) and Fleet Operator Recognition Scheme accreditation is in place at certain group depots. The Group maintains Factory Production Control requirements under "1090" for UKCA & UKNI respectively. The Group has also maintained its Cyber Essentials Plus certification in the period.

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

By order of the board

R B Barrett - Chairman
5 December 2024

Plasma Coping Line robotic cutting head in action

Investment in operational infrastructure

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.

BCSA

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Scottish Engineering

IRISH STEEL IRELAND'S ASSOCIATION OF METAL FABRICATORS & MANUFACTURERS

Member of RIDBA Rural & Industrial Design & Building Association

Registered Office: Barrett House, Cutler Heights Lane, Dudley Hill, Bradford, BD4 9HU
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OVER 150 YEARS OF INNOVATION. ONE FAMILY

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