



Outlook

It remains unclear as to how Brexit will be achieved, and it is uncertain how this will impact on demand, prices and exchange rates in 2019.

EU safeguarding measures are also in place on certain steel imports and this will inevitably create steel price fluctuations during 2019.

Underlying commodity prices suggest that steel prices will be underpinned in early 2019.

In response to the above, we continue to focus on maintaining appropriate stock levels and a robust balance sheet.

The Oil and Gas sector saw a significant recovery in oil prices during the financial year which correlates with the improvement in performance in our Houston based business.



Employees, training and accreditation

We maintained our existing certifications of ISO 9001 Quality Management Systems and ISO 14001 Environmental Management and during the year achieved National Highways Sector Scheme 3B (NHSS3B) certification.

We continue to roll out a variety of operational and sales training across the Group. During the year we also initiated an executive coaching scheme for all members of the Group Management Board.

The Group has maintained strong relationships with its key suppliers, and against the current uncertain market conditions, is confident that this support will continue.

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

J S Barrett, Chairman
30 November 2018

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Chairman's Statement and Results 2018

**YEAR ENDED
30 SEPTEMBER 2018**

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Result

The year ended 30 September 2018 saw further significant steel price increases from suppliers who experienced higher raw material costs.

Group turnover for the year increased by 9% to £317.7m. Non-UK turnover increased to £31.6m from £30.6m. Gross margin decreased from 30% to 28% due to price competition.

Operating profit before restructuring costs and foreign currency movements increased from £8.4m to £9.1m. Profit before tax reduced from £5.9m to £5.4m after net interest costs of £1.5m (2017: £1.3m), foreign currency gains of £0.1m (2017: losses of £0.4m) and restructuring costs of £2.4m (2017: £0.8m). Restructuring costs relate to the wind down of our Nickel Alloy business, the write off of the bespoke software developed for the Nickel Alloy business and redundancy costs.

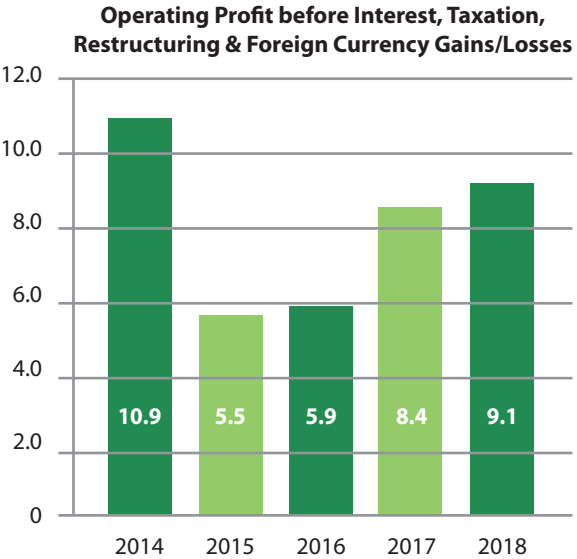
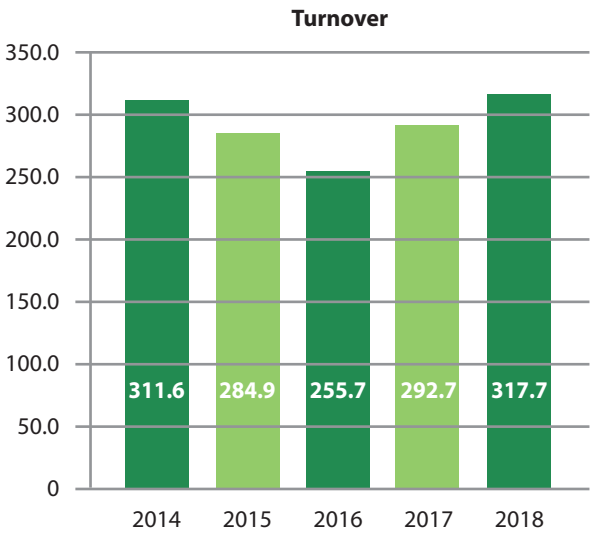
Stocks increased from £63.2m to £67.5m as a result of price increases, growth areas of activity, and opportunistic stock purchasing. The Group continues to follow the strategy of managing risk by insuring against the debtor ledger.

Net Debt at year end was £39.4m (2017: £39.5m) reflecting increased working capital requirements, partially offset by the wind down of the Nickel Alloy business. Overall gearing is 73% (2017: 77%).

The Group continues to operate within its fully committed UK bank facilities which expire in August 2021.



Turnover and operating profit



Development of the Group

The Group has invested £4.5m of capital expenditure in its core businesses during the year largely to drive productivity and operational improvements. Throughout the Group we have invested in fleet renewal, racking and crane upgrades.

We have made substantial progress in moving our fleet to be Euro VI compliant as we await implementation of Low Emission Zones across major cities. We have also invested in our IT infrastructure to ensure continuity and security of our systems. Post year end we took receipt of a new Adige LT7 Laser in our Tubes division which will complement the level of processing kit on site at Dudley.

"GROUP TURNOVER FOR THE YEAR INCREASED BY 9% TO £317.7M."

Extracts from the statutory accounts

Consolidated profit and loss account and other comprehensive income for the year ended 30 September 2018

	2018 £000	2017 £000
Turnover	317,655	292,686
Operating profit before restructuring costs and foreign currency gains / (losses)	9,100	8,443
Restructuring costs	(2,363)	(831)
Foreign currency gains / (losses)	115	(384)
Operating profit	6,852	7,228
Interest receivable and similar income	-	245
Interest payable and similar charges	(1,451)	(1,569)
Profit before taxation	5,401	5,904
Tax on profit	(1,443)	(1,858)
Profit for the financial year	3,958	4,046

Consolidated balance sheet as at 30 September 2018

	2018 £000	2017 £000
Fixed assets	41,979	43,326
Current assets		
Stocks	67,450	63,244
Debtors	75,441	69,817
Cash at bank and in hand	9,662	12,087
	152,553	145,148
Creditors: amounts falling due within one year	(124,013)	(120,867)
Net current assets	28,540	24,281
Total assets less current liabilities	70,519	67,607
Creditors: amounts falling due after more than one year	(16,139)	(16,241)
Provisions for liabilities and charges	(61)	(88)
Net assets	54,319	51,278

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

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