



Essar Steel Algoma Inc.  
105 West Street  
Sault Ste. Marie, Ontario  
Canada P6A 7B4

T +1 - 705 - 945 2351  
F +1 - 705 - 945 2203  
[www.algoma.com](http://www.algoma.com)

## NEWS RELEASE

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### **Economic Downturn Reflected in Essar Steel Algoma Third Quarter Results – Fiscal 2009**

SAULT STE. MARIE, ONTARIO – Despite a demonstrated focus on cash management and cost reduction in the quarter, Essar Steel Algoma reported a net loss of \$14.2 million for the three month period ending December 31, 2008. EBITDA, a meaningful indicator of the Company's profitability, recorded a loss of \$90 million as compared to a \$362 million gain for the entire nine month period due to stronger steel markets earlier on in the year and significant productivity improvements. The third quarter loss is primarily attributable to lower selling prices, lower production volumes, and \$96.6 million in inventory write downs due to the rapid decline in the economy.

Shipments were 508,346 tons, representing a 33% decrease over the same period in 2007. Sales for the quarter were \$533.6 million, up marginally over the corresponding period in 2007, reflecting higher average selling prices and higher value-added product mix.

Armando Plastino, Chief Operating Officer, commented on the quarter, "We have responded judiciously to the current market conditions with targeted cost-saving initiatives. We remain focused on continued cost improvement and are confident we will be favourably positioned to take advantage of increased demand when markets recover."

A member of the Essar Group, Essar Steel Algoma Inc. is based in Sault Ste. Marie, Ontario. As a fully integrated steel producer, the Company derives its revenues primarily from the manufacture and sale of hot and cold rolled steel products including sheet and plate.

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Company Contact:  
Brenda Stenta  
Manager, Corporate Communications  
Phone: +1.705.945.2209  
E-mail: [bstenta@essar.com](mailto:bstenta@essar.com)