

October 28, 2008

**For Immediate Release**



## **SAMUEL MANU-TECH REPORTS THIRD QUARTER RESULTS**

Toronto, ON – Samuel Manu-Tech Inc. (Samuel) (TSX – SMT), a leading North American industrial products and technology company, today reported third quarter results for the three months ended September 30, 2008.

### **Sales**

Sales for the third quarter ended September 30, 2008 were \$265.6 million, which represents an increase of \$39.0 million or 17% over the \$226.7 million achieved in the comparable period of last year. The increase results from the contribution of recent acquisitions and start-up operations as well as increased selling prices. These positive factors more than offset continued weaker end user demand in certain key sectors resulting from the economic slowdown in North America.

### **Earnings**

Net earnings from continuing operations for the third quarter were \$22.4 million or \$0.70 per share compared to \$4.1 million or \$0.12 per share in the comparable quarter of last year. On August 29, 2008, the Company sold its Nanticoke, Ontario steel pickling operations to U.S. Steel Canada for \$37.5 million, subject to normal closing adjustments, resulting in an estimated after tax gain of \$10.4 million or \$0.32 per share. The results for the third quarter this year also included a pre-tax restructuring charge of \$2.7 million, or the equivalent \$1.9 million after tax or \$0.06 per share, related to the closure of the Scarborough, Ontario strapping manufacturing facility.

“We are pleased with our results this quarter as they indicate that both our acquisition strategy and our recent new business expansions are positive for the Company,” said Mark C. Samuel, Chairman and CEO. “While difficult economic conditions will negatively impact our business in the fourth quarter, we believe that opportunities for growth will continue to exist,” he added.

### **Outlook**

Carbon steel pricing levels began to decrease late in the third quarter of 2008 after substantial increases earlier in the year. The increases were driven by reduced imports and higher raw material input costs. The weak North American and global economies and the strengthening of the U.S. dollar have all been factors in the more recent overall decline in demand. The outlook for the fourth quarter is for demand to weaken further. Carbon prices are weakening due to the significant decline in base metal prices and the weak economy. This will likely be offset with production cuts by several of the North American steel mills, which may help to mitigate further price decreases.

Stainless steel surcharges decreased in the third quarter along with some reduction in base prices, driven by weak demand, particularly in the automotive and housing markets. Surcharges will decrease significantly in the fourth quarter due in part to continuing lower demand and the reduction in the price of nickel, iron and other base metals used in the production of stainless steel.

In addition, the Canadian dollar started to weaken relative to the U.S. dollar in the latter part of the third quarter having a net positive impact on the Company's results. Continued decline in the Canadian dollar relative to the U.S. dollar would also be anticipated to have a positive impact on the Company's results.

In summary, more challenging market conditions are anticipated for the balance of the year, including the current global liquidity crisis, which will have a significant negative impact on the fourth quarter results. While faced with the prospect of an extended economic slowdown, the Company is confident that it is well positioned and capitalized to weather this difficult period.

### **About Samuel Manu-Tech Inc.**

Samuel Manu-Tech Inc. (SMT-TSX) is a leading North American industrial products and technology company producing and distributing a wide range of steel, plastic and related industrial products and services from locations in Canada, United States and Mexico.

### **Forward looking information**

*Some of the statements contained in this release are forward-looking statements, such as estimates and statements that describe the Company's future plans, objectives or goals, including words to the effect that the Company or management expects a stated condition or result to occur. Since forward-looking statements address future events and conditions, by their very nature, they involve inherent risks and uncertainties. Actual results in each case could differ materially from those currently anticipated in such statements. We do not intend to update this information and disclaim any legal obligation to the contrary.*

For further information on Samuel Manu-Tech Inc., readers should refer to the Company's Third Quarter Report to Shareholders 2008, which will be filed on SEDAR, and made available on the Company's website at [www.samuelmanutech.com](http://www.samuelmanutech.com).

**CONSOLIDATED STATEMENTS OF EARNINGS**

Nine Months ended September 30, 2008 and 2007 (unaudited)  
(in thousands of dollars except per share amounts)

	3RD QUARTER		NINE MONTHS	
	2008	2007	2008	2007
NET SALES	\$ 265,639	\$ 226,663	\$ 753,174	\$ 690,506
COSTS AND EXPENSES (INCOME):				
Cost of sales, selling & administration	235,283	211,680	683,001	634,295
Depreciation and amortization	7,405	5,483	21,565	16,672
Foreign exchange loss (gain)	161	661	(219)	1,491
Interest on long-term debt	1,954	1,844	6,069	5,235
Interest on short-term debt	43	351	137	896
Interest income	(75)	(23)	(107)	(56)
	<b>244,771</b>	<b>219,996</b>	<b>710,446</b>	<b>658,533</b>
EARNINGS FROM CONTINUING OPERATIONS BEFORE GAIN ON SALE OF STEEL PICKLING OPERATIONS, RESTRUCTURING CHARGE AND INCOME TAXES	<b>20,868</b>	6,667	<b>42,728</b>	31,973
GAIN ON SALE OF STEEL PICKLING OPERATIONS	(15,203)	-	(15,203)	-
RESTRUCTURING CHARGE	2,691	997	2,703	5,989
EARNINGS FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	<b>33,380</b>	5,670	<b>55,228</b>	25,984
INCOME TAXES (RECOVERY):				
Current	12,028	1,810	19,333	8,367
Future	(1,078)	(244)	(1,683)	(453)
	<b>10,950</b>	1,566	<b>17,650</b>	7,914
NET EARNINGS FROM CONTINUING OPERATIONS	<b>22,430</b>	4,104	<b>37,578</b>	18,070
NET EARNINGS FROM DISCONTINUED OPERATIONS	-	3,696	-	5,951
NET EARNINGS	\$ <b>22,430</b>	\$ 7,800	\$ <b>37,578</b>	\$ 24,021
BASIC EARNINGS PER SHARE				
From continuing operations	\$ <b>0.70</b>	\$ 0.12	\$ <b>1.17</b>	\$ 0.56
From discontinued operations	<b>0.00</b>	0.12	<b>0.00</b>	0.19
	\$ <b>0.70</b>	\$ 0.24	\$ <b>1.17</b>	\$ 0.75
DILUTED EARNINGS PER SHARE				
From continuing operations	\$ <b>0.70</b>	\$ 0.12	\$ <b>1.17</b>	\$ 0.55
From discontinued operations	<b>0.00</b>	0.12	<b>0.00</b>	0.19
	\$ <b>0.70</b>	\$ 0.24	\$ <b>1.17</b>	\$ 0.74

**CONSOLIDATED STATEMENTS OF RETAINED EARNINGS**

Nine Months ended September 30, 2008 and 2007 (unaudited)  
(in thousands of dollars)

	3RD QUARTER	
	2008	2007
RETAINED EARNINGS, BEGINNING OF PERIOD	\$ 341,925	\$ 327,472
NET EARNINGS	37,578	24,021
DIVIDENDS PAID ON COMMON SHARES	(9,639)	(9,633)
RETAINED EARNINGS, END OF PERIOD	\$ <b>369,864</b>	\$ 341,860

## CONSOLIDATED BALANCE SHEETS

September 30, 2008 (*unaudited*) and December 31, 2007 (*audited*)  
(in thousands of dollars)

	Sept. 30, 2008	Dec. 31, 2007
<b>ASSETS</b>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 3,544	\$ 1,876
Accounts receivable	165,178	123,801
Inventories	231,356	180,555
Prepaid expenses and sundry	5,956	3,260
Income taxes receivable	-	6,475
Future income taxes	5,942	5,500
Assets held for sale	-	345
	<b>411,976</b>	<b>321,812</b>
CAPITAL ASSETS	<b>166,899</b>	<b>173,150</b>
ACCRUED PENSION ASSET	<b>7,073</b>	<b>9,335</b>
FUTURE INCOME TAXES	<b>364</b>	<b>1,260</b>
GOODWILL	<b>84,080</b>	<b>50,008</b>
INTANGIBLE ASSETS	<b>19,535</b>	<b>11,396</b>
OTHER ASSETS	<b>2,523</b>	<b>1,294</b>
	<b>\$ 692,450</b>	<b>\$ 568,255</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
CURRENT LIABILITIES:		
Bank indebtedness	\$ 8,359	\$ 3,915
Accounts payable and accrued liabilities	96,127	68,462
Deferred revenue	6,348	5,880
Dividends payable	3,253	3,245
Income taxes payable	8,437	-
	<b>122,524</b>	<b>81,502</b>
LONG-TERM DEBT	<b>177,704</b>	<b>131,414</b>
POST-RETIREMENT BENEFITS OTHER THAN PENSIONS	<b>2,518</b>	<b>2,326</b>
FUTURE INCOME TAXES	<b>13,476</b>	<b>15,285</b>
OTHER LONG-TERM LIABILITIES	<b>938</b>	<b>366</b>
	<b>317,160</b>	<b>230,893</b>
SHAREHOLDERS' EQUITY:		
Capital stock	<b>30,126</b>	<b>29,891</b>
Contributed surplus	<b>141</b>	<b>216</b>
Retained earnings	<b>369,864</b>	<b>341,925</b>
Accumulated other comprehensive loss	<b>(24,841)</b>	<b>(34,670)</b>
	<b>375,290</b>	<b>337,362</b>
	<b>\$ 692,450</b>	<b>\$ 568,255</b>

## CONSOLIDATED STATEMENTS OF CASH FLOWS

Nine Months ended September 30, 2008 and 2007 (unaudited)

(in thousands of dollars)

	3RD QUARTER		NINE MONTHS	
	2008	2007	2008	2007
<b>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:</b>				
Net earnings from continuing operations	\$ 22,430	\$ 4,104	\$ 37,578	\$ 18,070
Items not involving cash:				
Depreciation and amortization	7,405	5,483	21,565	16,672
Loss (gain) on disposal of capital assets	(16,763)	(2)	(16,824)	54
Future income taxes	(1,078)	(244)	(1,683)	(453)
Decrease (increase) in accrued pension asset	2,853	(756)	2,295	(3,057)
Decrease in post-retirement benefits other than pensions	25	8	59	296
	<b>14,872</b>	<b>8,593</b>	<b>42,990</b>	<b>31,582</b>
Change in non-cash operating working capital:				
Decrease (increase) in accounts receivable	(4,681)	(7,693)	(30,651)	(22,503)
Decrease (increase) in inventories	(19,184)	11,665	(39,320)	(8,409)
Decrease (increase) in prepaid expenses and sundry	(1,917)	405	(2,521)	949
Decrease (increase) in income taxes receivable	1,687	-	6,611	-
Increase (decrease) in accounts payable and accrued liabilities	4,025	(2,419)	22,166	(1,129)
Increase (decrease) in deferred revenue	1,816	(1,732)	84	(1,832)
Increase (decrease) in income taxes payable	8,053	1,410	8,053	214
	<b>4,671</b>	<b>10,229</b>	<b>7,412</b>	<b>(1,128)</b>
<b>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES:</b>				
Proceeds on sale of capital assets	37,320	29	38,409	120
Purchase of capital assets	(6,557)	(8,110)	(14,987)	(27,211)
Business acquisitions	-	(41,664)	(60,130)	(41,664)
	<b>30,763</b>	<b>(49,745)</b>	<b>(36,708)</b>	<b>(68,755)</b>
<b>CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:</b>				
Increase in other assets	(519)	(108)	(1,085)	(462)
Issuance of common shares	160	62	160	421
Increase in long-term debt	-	5,776	43,827	28,135
Repayment of long-term debt	(37,102)	-	(6,500)	-
Dividends paid on common shares	(3,214)	(3,212)	(9,639)	(9,633)
	<b>(40,675)</b>	<b>2,518</b>	<b>26,763</b>	<b>18,461</b>
<b>CASH FLOWS FROM (USED IN) DISCONTINUED OPERATIONS</b>				
Operating activities	-	1,640	-	(917)
Investing activities	-	26,210	-	26,164
	-	27,850	-	25,247
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH POSITION</b>	<b>(267)</b>	<b>186</b>	<b>(243)</b>	<b>222</b>
<b>INCREASE (DECREASE) IN CASH POSITION</b>	<b>(5,508)</b>	<b>(8,962)</b>	<b>(2,776)</b>	<b>(25,953)</b>
<b>CASH POSITION, BEGINNING OF PERIOD</b>	<b>693</b>	<b>(21,258)</b>	<b>(2,039)</b>	<b>(4,267)</b>
<b>CASH POSITION, END OF PERIOD</b>	<b>\$ (4,815)</b>	<b>\$ (30,220)</b>	<b>\$ (4,815)</b>	<b>\$ (30,220)</b>

Cash position is comprised of cash and cash equivalents, with maturities at the date of purchase of three months or less, less bank indebtedness.

**SEGMENTED INFORMATION**

Nine Months ended September 30, 2008 and 2007 (unaudited)  
(in thousands of dollars)

NET SALES	3RD QUARTER		NINE MONTHS	
	2008	2007	2008	2007
Packaging	\$ 125,530	\$ 113,813	\$ 356,236	\$ 352,977
Metal Processing	140,109	112,850	396,938	337,529
Consolidated	\$ 265,639	\$ 226,663	\$ 753,174	\$ 690,506

  

EARNINGS FROM CONTINUING OPERATIONS BEFORE GAIN ON SALE OF STEEL PICKLING OPERATIONS, RESTRUCTURING CHARGE, INTEREST AND INCOME TAXES	3RD QUARTER		NINE MONTHS	
	2008	2007	2008	2007
Packaging	\$ 10,513	\$ 2,913	\$ 20,394	\$ 14,106
Metal Processing	14,791	8,812	35,529	32,054
Corporate	(2,514)	(2,886)	(7,096)	(8,112)
Earnings from continuing operations before gain on sale of steel pickling operations, restructuring charge, interest and income taxes	22,790	8,839	48,827	38,048
Gain on sale of steel pickling operations	(15,203)	-	(15,203)	-
Restructuring charge	2,691	997	2,703	5,989
Interest on long-term debt	1,954	1,844	6,069	5,235
Interest on short-term debt	43	351	137	896
Interest income	(75)	(23)	(107)	(56)
Earnings from continuing operations before income taxes	\$ 33,380	\$ 5,670	\$ 55,228	\$ 25,984

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**

Nine Months ended September 30, 2008 and 2007 (unaudited)  
(in thousands of dollars)

NET EARNINGS	3RD QUARTER		NINE MONTHS	
	2008	2007	2008	2007
NET EARNINGS	\$ 22,430	\$ 7,800	\$ 37,578	\$ 24,021
OTHER COMPREHENSIVE INCOME (LOSS):				
Unrealized gain (loss) on translation of net foreign operations	3,982	(8,965)	10,092	(20,225)
Change in unrealized gain (loss) on derivatives designated as cash flow hedges	(330)	778	(575)	892
Income taxes on change in unrealized gains (losses)	100	(267)	174	(306)
Reclassification of realized loss on cash flow hedges	49	(53)	210	590
Income taxes on reclassification of unrealized loss	(16)	18	(72)	(202)
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)	3,785	(8,489)	9,829	(19,251)
COMPREHENSIVE INCOME (LOSS)	\$ 26,215	\$ (689)	\$ 47,407	\$ 4,770

-30-

For further information contact:

John D. Amodeo  
Vice President and Chief Financial Officer  
Samuel Manu-Tech Inc.  
185 The West Mall, Suite 1500  
Toronto, ON, M9C 5L5  
Telephone: (416) 626 – 2190

Website: [www.samuelmanutech.com](http://www.samuelmanutech.com)  
Email address: [smt@samuelmanutech.com](mailto:smt@samuelmanutech.com)