

**Lakeside Steel Inc. Is The Only Canadian-Owned, Publicly Traded, Tube And Pipe Manufacturer And Has Celebrated Their 100<sup>th</sup> Year Of Being In Business They Continue To Focus On Growth, Through Mergers, Acquisitions And Organic Growth**



**Manufacturing  
 Steel Pipe and Tubing  
 (LS-TSXV)**

**Ken Hunter  
 Vice President and CFO  
 Lakeside Steel Inc.  
 Vice President and CFO  
 Lakeside Steel Corporation**

**BIO:**

Mr. Hunter, Vice President and Chief Financial Officer of Lakeside Steel Corporation and Lakeside Steel Inc., was most recently Director of Finance and Information Technology at Eurocopter Canada Limited, a wholly owned subsidiary of Eurocopter SAS, one of the world's largest manufacturers of civilian helicopters. Mr. Hunter is a Certified Management Accountant. Mr. Hunter has worked with Canadian subsidiaries of very large multinational companies including Ferranti Packard Transformers Ltd, a Rolls-Royce Company and Cincom Systems of Canada Ltd., a division of Cincom Systems, an international software firm.

**Company Profile:**

About Lakeside Steel Inc.  
 Lakeside Steel Inc. is a 2010 TSX Venture Exchange 50 company and the parent company of Lakeside Steel Corp. Lakeside, located in Welland, Ontario, is a diversified steel pipe and tubing manufacturer. Lakeside's list of customers includes large oil and gas companies. Lakeside primarily manufactures tubing and

casing for the oil and gas industry. Lakeside serves customers in Canada and the United States.

**Interview conducted by:  
 Lynn Fosse, Senior Editor  
 CEOCFOinterviews.com**

**CEOCFO:** Mr. Hunter, what is the focus at Lakeside today?

**Mr. Hunter:** The focus at Lakeside started to change last fall when we looked at the direction the business was heading. We were not happy with the direction of the organization, so we reviewed, then refocused and restructured the business. We added additional sales staff and decided not to accept anything less than a full load at our facilities. By the time we put these changes in place and received raw materials Lakeside started seeing the benefits in January 2010.

**CEOCFO:** Was it a reflection of the economy or the company in general?

**Mr. Hunter:** It was both, but of course, the economy has played a big factor in the reduction in sales. We had a small sales force that that was unable to attack the market and find the orders that were there.

**CEOCFO:** What constituency do you serve, and what are you providing?

**Mr. Hunter:** We are providing steel tube and pipe into various sectors, primarily into the oil and gas sector.

**CEOCFO:** Are these standard items or custom items?

**Mr. Hunter:** They are standard items.

**CEOCFO:** What is the competitive landscape and why are people using Lakeside?

**Mr. Hunter:** The environment is very competitive. Now that the tariffs have been imposed, on Chinese imports, it is more of a level playing field and Lakeside can compete with fairly traded product. However, as we were competing against the Chinese import last year, they were selling their finished product for what we could buy raw material for, so we couldn't compete in that market. Now that it is a fairly traded market, we can compete. In addition, we are penetrating new markets. We have also added end finishing and a 3slip rail yard at our facility, a \$6 million dollar investment. We can upset and thread casing and ship it directly to our customers via rail. Most of the product we produce requires end finishing, which means the product is upset and thread or thread and coupled.

**CEOCFO:** Where are your facilities located?

**Mr. Hunter:** This facility is located in Welland, Ontario and we have ninety acres of property, approximately 1 million square feet of building space.

**CEOCFO:** You have plenty of room!

**Mr. Hunter:** We have lots of room. We had our hundred-year celebration last September; we are a longstanding organization with a lot of history here. Many generations of employees have worked their way through this facility.

**CEOCFO:** Is Lakeside's longevity a factor for your customers?

**Mr. Hunter:** I believe so. We had our customers here to celebrate our hundredth anniversary and they were very happy to see that the business has been here so long. In addition, they want to support us for hopefully another 100 years.

**CEOCFO:** Is there a customer satisfaction component to Lakeside's success?

**Mr. Hunter:** Customer satisfaction and quality are very important to the business. We work with our customers to receive feedback on a regular basis to see how well we are doing on quality, delivery, and on price. Our customers all ranked us at or near the top against our competitors on all three aspects; price, quality, and customer service. The comments and feedback we get from our end finishers is very positive, they like the quality of the product that we produce. In their opinion, it is superior to most of the product they process.

**CEOCFO:** Do customers tend to buy project by project or by longer-term contract?

**Mr. Hunter:** It is a bit of both. Sometimes there are projects in the oil field where there are specific drilling projects and we satisfy that project. We sell directly to the distributor and the distributors sell to the end users; the end user would be the larger oil and gas companies.

**CEOCFO:** Would you elaborate on growth plans?

**Mr. Hunter:** Lakeside is continually looking to grow the business organically and through merger and acquisition activity.

**CEOCFO:** What is the financial picture like for Lakeside Steel today?

**Mr. Hunter:** The financial picture for the 9 months ended December 31, 2009 was challenging, as we had large losses in that period. For the 9 months ended December 31, 2009, we had sales of \$60.8 million Canadian dollars, and net losses of \$9.7 million and EBITDA loss of \$14.2 million. As we reported in a recent press release, we shipped \$43 million worth of product in the last quarter and you can see in the first three quarters we only shipped \$60.8 million worth of product. A significant increase in business, this is due to the change of focus for the business.

**CEOCFO:** So things are working!

**Mr. Hunter:** Things are working and we are cautiously optimistic for the second

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half of the year. We feel good about the first half of our year as far as load, customer orders and demand in the market. Our customers and distributors are optimistic about the first half of the year, but they are being cautious about not getting caught in the same trap of over supply and inventory as they did at the end of 2008 Calendar year.

**CEOCFO:** Other than the economy, what do you need to look out for as you continue with your plan?

**Mr. Hunter:** You have to continue to monitor cost and everything we are doing and how you are doing it. You always need to see if there is a better or a newer way to produce the product at a lower cost and get it to market more efficiently and more effectively to satisfy the demands of the customers.

**CEOCFO:** Why should potential investors pay attention to Lakeside Steel?

**Mr. Hunter:** We are a company that wants to grow. We want to expand our footprint, and we have been very public about that. We are always looking for mergers and acquisitions. We participated in a few opportunities this year that did not pan out, one of which was the Barzel transaction where we tried to acquire the assets of Barzel. That would have been a game-changer for Lakeside, so we are always looking for opportunities. We believe that becoming a bigger player in the market and expanding our footprint provides job security for all employees.

**CEOCFO:** In closing, what should people remember most when they read about Lakeside?

**Mr. Hunter:** Lakeside Steel is a company that has been here for a long time. There is a lot of history here and we are going to create more history by growing and expanding the business. We are the only Canadian-owned, publicly traded, tube and pipe manufacturer.



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