



# Financial Results

## Half year ended 31 December 2019

18 February 2020



# Disclaimer

The material contained in this document is a presentation of information about the Group's activities current at the date of the presentation, 18 February 2020. It is provided in summary form and does not purport to be complete. It should be read in conjunction with the Group's periodic reporting and other announcements lodged with the Australian Securities Exchange (ASX).

To the extent that this document may contain forward-looking statements, such statements are not guarantees or predictions of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of the Group, and which may cause actual results to differ materially from those expressed in the statements contained in this release.

This document is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor.



# Agenda

## Results Overview

Alistair Field, Group CEO

## Financial Results

Stephen Mikkelsen, Group CFO

## Summary & Outlook

Alistair Field, Group CEO



Static Sheer recently installed in Melbourne, Australia (ANZ Metals)



# 1H FY20 Themes

## *Scrap price crash and historically low zorba prices produced 1H FY20 loss*

### **First half challenges but prices subsequently improved**

- The rapid collapse in ferrous scrap prices in September 2019 combined with historically low zorba prices severely compressed margins
- Very low ferrous scrap pricing ~US\$220 to US\$250 per tonne limited the attractiveness of material collection and sale across various supplier segments, which reduced volumes and margins
- Some recovery evident in the market since December

### **All financial measures negatively impacted**

- Underlying EBIT<sup>1</sup> loss of \$23.2 million, down \$132.8 million over prior corresponding period
- Underlying NPAT<sup>1</sup> loss of \$34.7 million, down \$111.4 million over prior corresponding period
- 1H FY20 interim dividend of 6.0 cents per share, fully franked
- Net cash of \$151.2 million, down 56.5% on 30 June 2019

### **Progressing strategic growth plan**

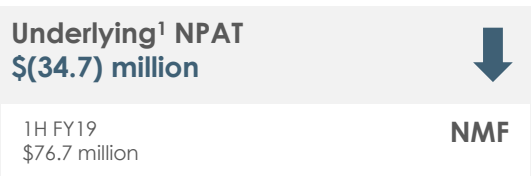
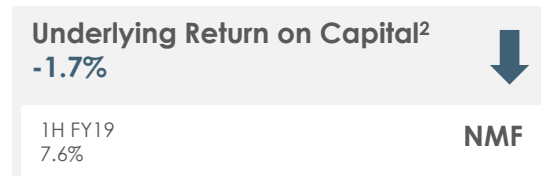
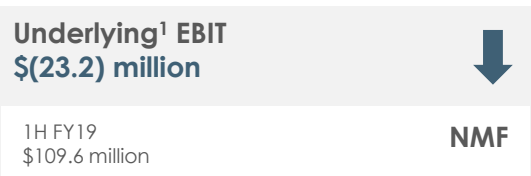
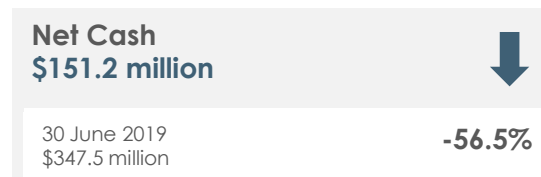
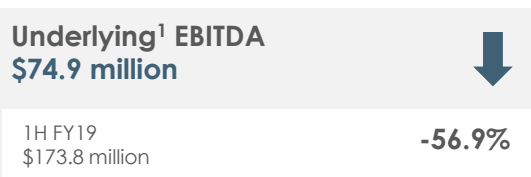
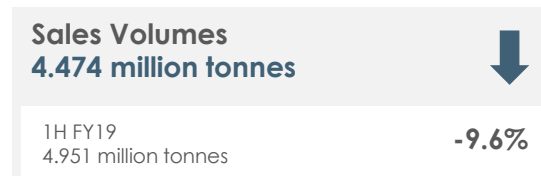
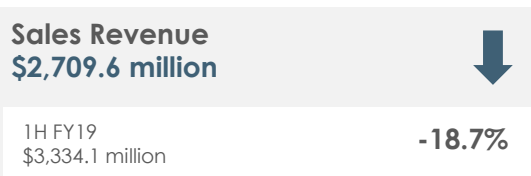
- Sims Resource Renewal tested Sims Auto Shred Residue (ASR) with two technologies which supported previous IRRs and demonstrated environmental outcomes better than regulatory requirements
- Recycling the cloud volumes of 9k tonnes in 1H FY20, on track to reach FY20 target of 20k tonnes
- Won additional municipal recycling contract in Florida with contract terms mitigating commodity risk
- New regulation in China classifying high quality non-ferrous scrap as a “renewable metal” rather than “waste” from 1 July 2020 validates the strategic push into increasing retail non-ferrous volumes

1) Underlying earnings excludes significant non-recurring items and the impact of non-qualifying hedges.



# Summary of Financial Outcomes

*Fully franked interim dividend sustained*



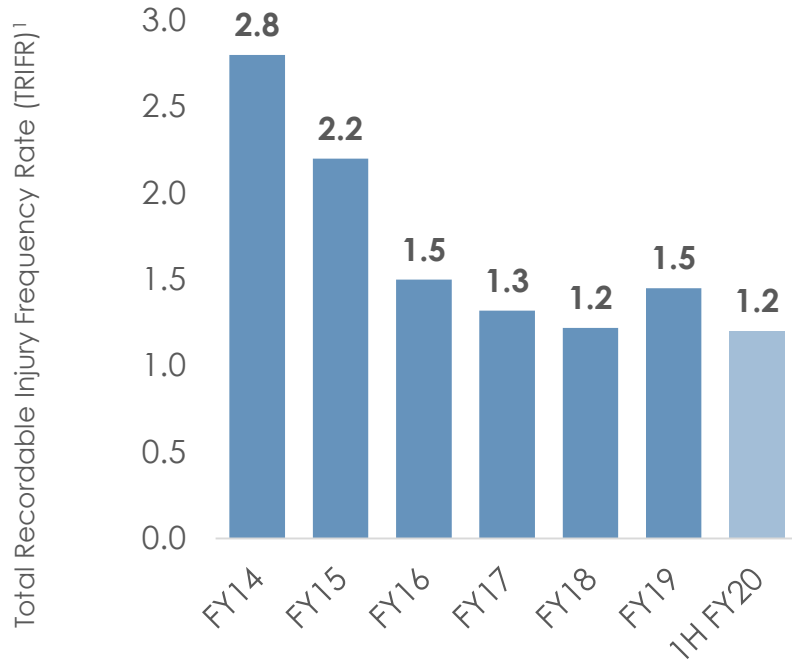
1) Underlying earnings excludes significant non-recurring items and the impact of non-qualifying hedges.

2) Return on capital = (annualised underlying EBIT net of tax at tax rate of 27.5%) / (net assets - net cash).



# Employee Health & Safety

*Global commitment for zero harm today*



- Safety remains the most important priority for both our employees and the community
- Focus and progress on Critical Risk awareness and management
  - Critical Risk Management training launched in December 2019 and assigned to employees and contractors
  - Critical Control Verification Inspections undertaken monthly from January 2020 with a new Inspections standard
- Global Perception Safety Survey and employee 1:1s completed, resulting in over 2,500 employee recommendations for improvement. 2020 initiatives incorporate key themes from these recommendations
- Increased safety-related communications, including, a monthly CEO Safety Thought, quarterly EHS Newsletter and updated Global Safety Alerts

1) Defined as total recordable injuries x 200,000 divided by number of hours worked.



# Sustainability

*Sims Sustainability Strategy aligned with overall purpose and growth strategy*

- Sustainability Strategy aligned to our purpose “*Create a world without waste to preserve our planet*” and growth strategy
- Long term sustainability goals under development and will be released in 2020
- Sims will host an ESG Briefing on 19 March 2020
- To support the community during these devastating bush fires, we have offered the use of our equipment, paid leave for volunteers and an employee donation matching program

## Sims Sustainability Strategy

**Close the loop:**  
The foundation of our business



We close resource loops by enabling society to restore, repair, refurbish, remanufacture and recycle materials. Across our business divisions, we collect, sort and pre-process valuable resources to keep them in the loop at their highest value.

**Optimise:**  
Raising the bar



We are investing in innovative technologies that allow us to extract more value from inputs, re-think waste and enable the circular economy. Optimising our processes can increase metal yields and differentiate our products. We're expanding into new business adjacencies, such as recovering energy from waste, and new markets, such as recycling the cloud and converting landfill gas to energy.

**Value:**  
Amplifying our impact



The shift to a circular economy will require innovative business models that either replace or improve existing ones, or spark new opportunities. We collaborate with our customers to challenge conventional models of product design, manufacturing, distribution and, ultimately, reuse and recycling. We see great potential to create shared value by partnering for change across the value chain.



# Group Financial Performance

A\$m	1H FY19	1H FY20	% Chg
Sales revenue	3,334.1	2,709.6	-18.7%
Statutory EBITDA	173.1	30.5	-82.4%
Underlying EBITDA <sup>1</sup>	173.8	74.9	-56.9%
Statutory EBIT	108.9	(95.2)	NMF
<b>Underlying EBIT<sup>1</sup></b>	<b>109.6</b>	<b>(23.2)</b>	<b>NMF</b>
Statutory NPAT	76.5	(91.1)	NMF
Significant items	0.2	56.4	NMF
<b>Underlying NPAT<sup>1</sup></b>	<b>76.7</b>	<b>(34.7)</b>	<b>NMF</b>
Statutory EPS (diluted)	37.1	(44.9)	NMF
<b>Underlying EPS (diluted)<sup>1</sup></b>	<b>37.2</b>	<b>(17.1)</b>	<b>NMF</b>
Dividend per share (cents)	23.0	6.0	-73.9%
Total Invested Capital <sup>2</sup>	2,103.5	2,015.5	-4.2%
<b>Underlying ROC<sup>3</sup></b>	<b>7.6%</b>	<b>(1.7)%</b>	<b>NMF</b>

- Lower ferrous prices resulted in lower collection rates
- Non ferrous volumes remained resilient
- Weak or negative margins throughout 1H FY20 due to:
  - Intense competition for lower ferrous scrap inflow
  - Low zorba prices
  - Unsold inventory leading into September which was sold at a loss
- Remain focused on lifting ROC above 10%

1) Underlying earnings excludes significant non-recurring items and the impact of non-qualifying hedges.

2) Total Invested Capital = Net Assets – Net Cash.

3) Return on capital = (annualised underlying EBIT net of tax at tax rate of 27.5%) / (net assets - net cash).





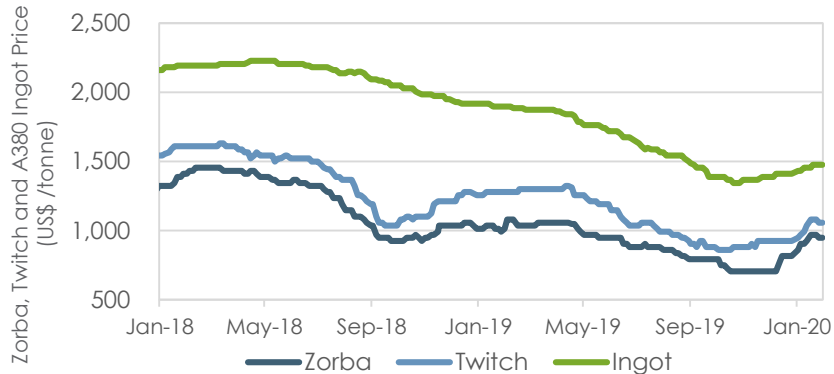
# Markets

## Volatile market conditions with improved pricing in December and January 2020

### Ferrous – Improved pricing since scrap market crash



### Non-ferrous - Zorba recovery since Oct 2019 lows



Source: Platts (top and bottom chart)

### China Non-ferrous Reclassification

- China has reclassified high grade non-ferrous metals as a “renewable metal” rather than “waste”, enabling import of these materials from 1 July 2020 without quotas
- The regulation will enable ~90% of Sims’ grades of scrap to be imported
- 30-40% of non-ferrous volume is typically exported to China
- Chinese non-ferrous quotas remain in place until 31 December 2020

Category 6 ('000 tonnes)	Total Quotas from 1 July 2019 (at 6 February 2020)
Copper	831
Aluminium	725

Source: Reuters





# Financial Results

Stephen Mikkelsen, Group CFO



# Statutory EBIT Reconciliation

*Business restructuring to reduce costs and rationalise sites*

A\$m	1H FY20
<b>Statutory EBIT</b>	<b>(95.2)</b>
Legacy Brand Write Off	14.6
Other Intangible Impairments	13.0
Environmental Provisions	11.0
Restructuring and Redundancy Provisions	33.6
Loss on Sale of European compliance scheme operations	3.2
Impact of Fires, Net of Insurance Recoveries	(5.3)
Non-qualified Hedges	1.9
<b>Underlying EBIT<sup>1</sup></b>	<b>(23.2)</b>

- Restructuring in North America Metals and UK Metals includes:
  - Closing 11 sites in the UK
  - Consolidating the volumes from the closed sites to four multi functional sites
  - 185 redundant positions
- Annualised savings and cost efficiencies are estimated at A\$30 million per year

1) Underlying earnings excludes significant non-recurring items and the impact of non-qualifying hedges.



# Business Segment Financial Performance

*EBIT margins more adversely impacted than sales volumes*

Underlying EBIT <sup>1</sup> (A\$m)	1H FY19	1H FY20	Chg %
North America Metals	55.3	0.1	-99.8%
ANZ Metals	51.8	22.3	-56.9%
UK Metals	6.8	(28.4)	NMF
Sims Lifecycle Services	10.0	14.8	48.0%
SA Recycling	16.8	-	NMF
Global Trading	(7.3)	(7.0)	4.1%
Corporate & Other	(23.8)	(25.0)	-5.0%
<b>Underlying EBIT</b>	<b>109.6</b>	<b>(23.2)</b>	<b>NMF</b>

Sales volumes ('000 tonnes)	1H FY19	1H FY20	Chg %
North America Metals <sup>2</sup>	2,517	2,275	-9.6%
ANZ Metals <sup>2</sup>	875	806	-7.9%
UK Metals <sup>2</sup>	792	662	-16.4%
Global Trading	671	635	-5.4%
Other Brokerage	96	96	-
<b>Total sales volumes</b>	<b>4,951</b>	<b>4,474</b>	<b>-9.6%</b>
Intake volumes ('000 tonnes)	1H FY19	1H FY20	Chg %
North America Metals <sup>2</sup>	2,430	2,239	-7.9%
ANZ Metals <sup>2</sup>	958	809	-15.6%
UK Metals <sup>2</sup>	827	661	-20.1%
Global Trading	671	635	-5.4%
Other Brokerage	96	96	-
<b>Intake volumes</b>	<b>4,982</b>	<b>4,440</b>	<b>-10.9%</b>

1) Underlying earnings excludes significant non-recurring items, the impact of non-qualifying hedges and internal recharges.

2) Proprietary volumes exclude ferrous and non-ferrous brokerage volumes.



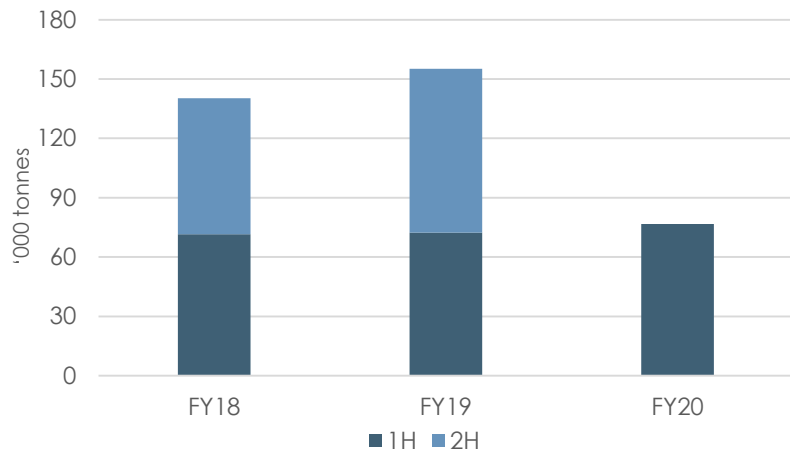
# North America Metals

**Break-even result despite challenging market due to higher material recovery and cost reductions**

A\$m	1H FY19	1H FY20	% Chg
<b>Underlying EBIT<sup>1</sup></b>	<b>55.3</b>	<b>0.1</b>	<b>-99.8%</b>
Proprietary Sales Volumes ('000 tonnes)	2,517	2,275	-9.6%
Underlying EBIT / tonne	22.0	-	NMF
Underlying EBIT (constant currency)	55.3	(0.6)	NMF

- Sales volumes were down 9.6% over prior corresponding period
- Break-even underlying EBIT despite challenging market conditions
- Earnings decline driven by:
  - Intense competition for lower ferrous scrap inflow following fall in ferrous prices
  - Weak zorba prices
  - Heavy flooding in some Southern states impacted movement of scrap during the period
  - Partially off-set by higher material recovery rates and disciplined cost management
- Disciplined approach to capital management with feeder yards on track in the medium term

## Non-ferrous Retail volumes stable despite market



1) Underlying earnings excludes significant non-recurring items, the impact of non-qualifying hedges and internal recharges.



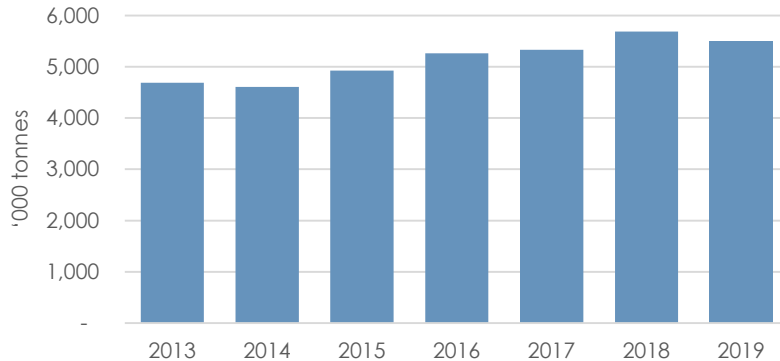
# Australia & New Zealand Metals

*Positive earnings supported by internal initiatives and cost reductions*

A\$m	1H FY19	1H FY20	% Chg
<b>Underlying EBIT<sup>1</sup></b>	<b>51.8</b>	<b>22.3</b>	<b>-56.9%</b>
Proprietary Sales Volumes ('000 tonnes)	875	806	-7.9%
Underlying EBIT / tonne	59.2	27.7	-53.2%

- Underlying EBIT was \$22.3 million, down 56.9% over prior corresponding period
- Decline in profitability driven by challenging market conditions, lower ferrous prices and sales volumes
- Positive EBIT margins supported by internal initiatives and swift cost reduction response
- Sales volume declined 7.9% over prior corresponding period:
  - Lower ferrous prices limited the attractiveness of material collection and sale across various supplier segments
  - Non-ferrous volumes less impacted than ferrous
  - Continued healthy demand for ferrous scrap metal from Australian steel mills

## Crude Steel Production Australia



Source: World Steel Association

1) Underlying earnings excludes significant non-recurring items, the impact of non-qualifying hedges and internal recharges.

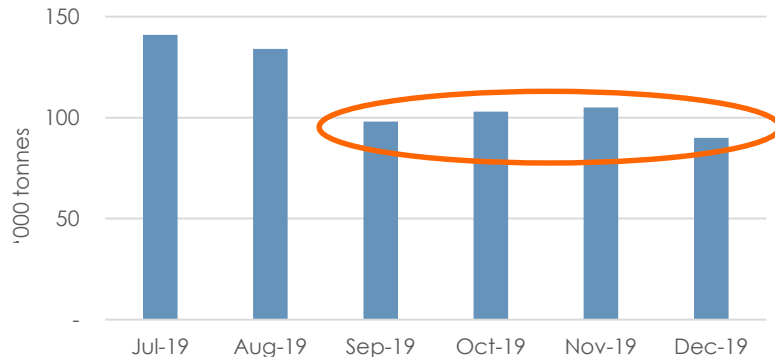


# UK Metals

## Strategic restructure provides a lower operating cost base from 2H FY20

A\$m	1H FY19	1H FY20	% Chg
<b>Underlying EBIT<sup>1</sup></b>	<b>6.8</b>	<b>(28.4)</b>	<b>NMF</b>
Proprietary Sales Volumes ('000 tonnes)	792	662	-16.4%
Underlying EBIT / tonne	8.6	(42.9)	NMF
Underlying EBIT (constant currency)	6.8	(27.7)	NMF

### Fall in Ferrous Intake Volumes



- Underlying EBIT loss of \$28.4 million, down compared to prior corresponding period
- Sales volume decline of 16.4% mainly due to low pricing environment in 1H FY20 reducing ferrous scrap inflow
- Negative earnings driven by:
  - Unsold inventory leading into September which was sold at a loss
  - Low ferrous and zorba pricing
  - Intense competition for reduced volumes
- Strategic restructure creates four larger sites that maintain FY19 volumes and closes 11 sites, providing a lower operating cost base from 2H FY20

1) Underlying earnings excludes significant non-recurring items, the impact of non-qualifying hedges and internal recharges.



# Sims Lifecycle Services

On track to achieve FY20 volume targets

A\$m	1H FY19	1H FY20	% Chg
<b>Underlying EBIT<sup>1</sup></b>	<b>10.0</b>	<b>14.8</b>	<b>48.0%</b>
<i>Underlying EBIT (constant currency)</i>	10.0	14.5	45.0%

## Sims Lifecycle Services Remaining Businesses<sup>2</sup>

A\$m	FY19	1H FY19	1H FY20
<b>Underlying EBIT<sup>1</sup></b>	<b>3.7</b>	<b>0.1</b>	<b>0.8</b>
Total Volumes (tonnes)	74,700	33,600	34,100
Cloud Volumes (tonnes)	15,200	7,000	8,900

- Sale of European Compliance Scheme Operations during 1H FY20 (subject to European Commission approval)
- Strong 1H FY20 result driven by:
  - Improved volumes from recycling the cloud
  - More selective purchasing and higher gold price
  - Maximising profit opportunities prior to the sale of European Compliance Scheme Operations
- Continued strength and growth in cloud volumes

1) Underlying earnings excludes significant non-recurring items, the impact of non-qualifying hedges and internal recharges.

2) Excludes the sale of European Compliance Scheme Operations.





# SA Recycling

**EBIT reduction primarily driven by falling zorba prices and ferrous scrap market crash**

A\$m	1H FY19	1H FY20	% Chg
<b>Underlying EBIT (50% share)</b>	<b>16.8</b>	<b>-</b>	<b>NMF</b>
Sales Volumes ('000 tonnes) (50% of SA tonnes)	840	800	-4.8%
Underlying EBIT / tonne	20.0	-	NMF
Underlying EBIT (constant currency)	16.8	-	NMF

- Underlying EBIT of nil due to:
  - Low pricing for zorba
  - Volume and margin squeeze associated with ferrous scrap market crash and low ferrous pricing
- Volume declined 4.8% on prior corresponding period due to low pricing environment in 1H FY20 reducing ferrous scrap inflow
- Zorba separation technology operational in Anaheim California, and zorba cleaning technology performing well across all four locations

## SAR Operational Zorba Separation Technology



# Global Trading

*Lower costs reflect lower employee benefits expense and operation of one non-ferrous trading office*

A\$m	1H FY19	1H FY20	% Chg
Brokerage Gross Margin	6.8	5.9	-13.2%
Operating Costs	(14.1)	(12.9)	8.5%
<b>Underlying EBIT<sup>1</sup></b>	<b>(7.3)</b>	<b>(7.0)</b>	<b>4.1%</b>
Brokerage Volumes (*000 tonnes)	671	635	-5.4%
Underlying EBIT (constant currency)	(7.3)	(6.0)	17.8%

- Underlying EBIT represents external and SA Recycling brokerage less the costs of running the global trading operations
- Brokerage export volumes decreased due to reduced volumes from SA Recycling
- Operating costs decreased due to lower employee benefits expense and a higher 1H FY19 cost from running two offices while moving non-ferrous trading from Hong Kong to Singapore in 1H FY19

1) Underlying earnings excludes significant non-recurring items, the impact of non-qualifying hedges and internal recharges.



# Corporate & Other

## Transparency of costs for growth businesses

Corporate (A\$m)	1H FY19	1H FY20	% Chg
<b>Underlying EBIT<sup>1</sup></b>	<b>(29.1)</b>	<b>(31.3)</b>	<b>-7.6%</b>
<i>Underlying EBIT (constant currency)</i>	<i>(29.1)</i>	<i>(30.3)</i>	<i>-4.1%</i>
Sims Municipal Recycling (A\$m)	1H FY19	1H FY20	% Chg
<b>Underlying EBIT<sup>1</sup></b>	<b>(0.1)</b>	<b>1.0</b>	<b>NMF</b>
<i>Underlying EBIT (constant currency)</i>	<i>(0.1)</i>	<i>0.9</i>	<i>NMF</i>
LMS Energy (A\$m)	1H FY19	1H FY20	% Chg
<b>Underlying EBIT (50% share)</b>	<b>5.4</b>	<b>6.4</b>	<b>18.5%</b>
Sims Energy (A\$m)	1H FY19	1H FY20	% Chg
<b>Underlying EBIT</b>	<b>-</b>	<b>(0.5)</b>	<b>NMF</b>
Sims Resource Renewal (A\$m)	1H FY19	1H FY20	% Chg
<b>Underlying EBIT</b>	<b>-</b>	<b>(0.6)</b>	<b>NMF</b>

### Corporate

- Underlying EBIT of \$(31.3) million, increased 4.1% over prior corresponding period at constant currency due to an increase in professional services

### Sims Municipal Recycling

- Underlying EBIT of \$1.0 million due to pro-rata of paper price contract amendment partially off-set by increasing residue rates and disposal costs as well as lower paper and plastic pricing

### Sims Resource Renewal

- Implementing technology to convert 1 million tonnes of ASR into high quality reusable products

1) Underlying earnings excludes significant non-recurring items, the impact of non-qualifying hedges and internal recharges.



# Product Segment Sales Volumes

*Stable non-ferrous volumes despite challenging market conditions*

Sales volumes ('000 tonnes)	1H FY19	1H FY20	Chg %
North America Metals	2,517	2,275	-9.6%
ANZ Metals	875	806	-7.9%
UK Metals	792	662	-16.4%
<i>Total Proprietary Volumes</i>	<i>4,184</i>	<i>3,743</i>	<i>-10.5%</i>
Global Trading & Other Brokerage	767	731	-4.7%
<b>Sales volumes</b>	<b>4,951</b>	<b>4,474</b>	<b>-9.6%</b>

Sales volumes ('000 tonnes)	1H FY19	1H FY20	Chg %
Ferrous Trading	3,963	3,521	-11.2%
Non-Ferrous Trading	221	222	0.5%
Brokerage	767	731	-4.7%
<b>Sales volumes</b>	<b>4,951</b>	<b>4,474</b>	<b>-9.6%</b>

## Sales Volumes by Region

- Total proprietary sales volumes decreased by 10.5% in 1H FY20
- Volume decline due to low pricing environment in 1H FY20 limited the attractiveness of collection and sale of scrap

## Sales Volumes by Product

- Ferrous trading volumes down 11.2% in 1H FY20
- Non-ferrous volumes were flat compared to 1H FY19



# Net Cash Position

Returning value to shareholders through dividends and share buy back

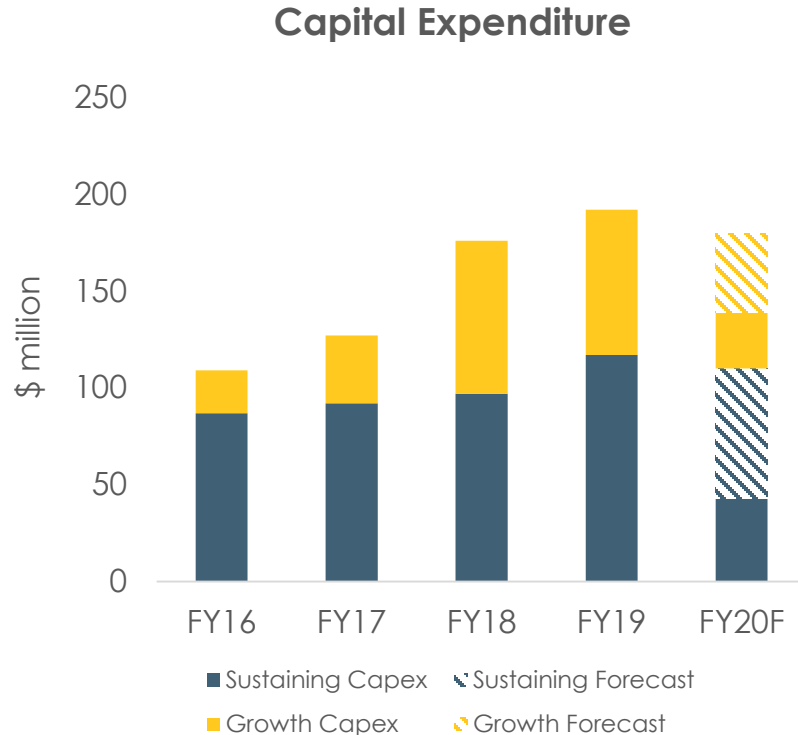
A\$m	1H FY20	
<b>Net Cash at 1 July 2019</b>		<b>347.5</b>
Net profit	(91.1)	
Depreciation & amortisation	98.1	
Non-cash impairments	41.7	
Change in working capital	(63.6)	
Net interest and tax paid	(22.0)	
Other non-cash items	(3.5)	
<b>Operating cash flow, net of operating recoveries</b>		<b>(40.4)</b>
Capital expenditure, net of recoveries	(70.7)	
Other cash flow from investing	0.3	
<b>Free cash flow</b>		<b>(110.8)</b>
Dividends paid	(38.6)	
Share buy-back	(22.4)	
Lease payments	(31.1)	
Proceeds from issue of ordinary shares	1.7	
Other net cash flow from financing and FX	4.9	
<b>Change in net cash</b>		<b>(196.3)</b>
<b>Net Cash at 31 December 2019</b>		<b>151.2</b>

- Working capital decline of \$63.6 million
  - \$50 million seasonality similar to 1H FY19
- Net Cash capex of \$70.7 million
  - Key projects include Avonmouth shredder upgrade, 2<sup>nd</sup> zorba separation line at Claremont, and copper granulation upgrades in North America and UK
- \$38.6 million dividend
- \$22.4 million from share buy-back and payments for employee share purchase plans
- Cash from sale of European Compliance Scheme Operations expected in 2H FY20 and not included in 31 December 2019 net cash



# Capital Expenditure

*Continued discipline in the capital expenditure program*



- Capital expenditure reduction initiatives have reduced capex by \$25 million compared to original FY20 forecast
- Net cash balance of \$151.2 million as at 31 December continues to support strategic growth initiatives
- Forecast total capex of \$180 million in FY20 excluding potential bolt-on acquisitions
- Resulting depreciation from existing assets and new capital expenditure expected to be approximately \$220 million for FY20, including \$80 million of right of use (leased) assets





# Strategic Progress & Outlook

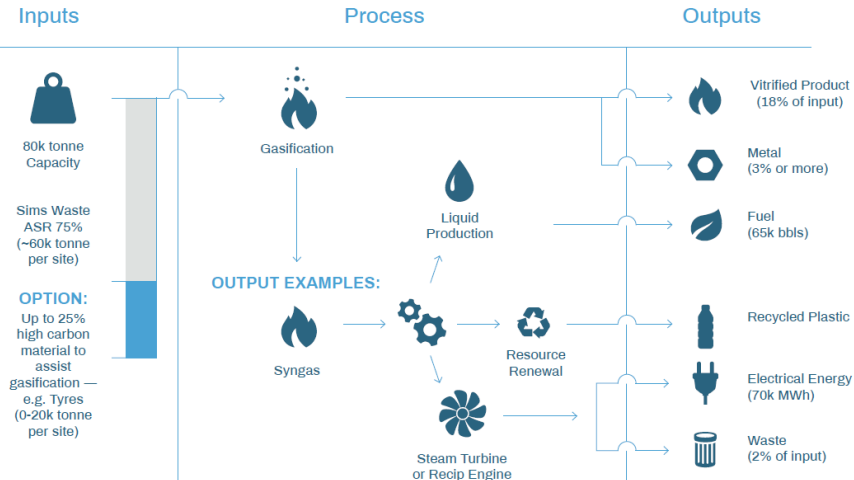
Alistair Field, Group CEO



# Strategic Growth

*Sims Resource Renewal: To convert 1 million tonnes of ASR to quality products*

- ASR will be converted to vitrified product and a high quality syngas that can produce different products, including electricity, bio-fuels to full resource renewal (recycled plastic)
- Manage risk of rising waste disposal costs and position Sims at the centre of the circular economy



## Progress - Energy Recovery Plant

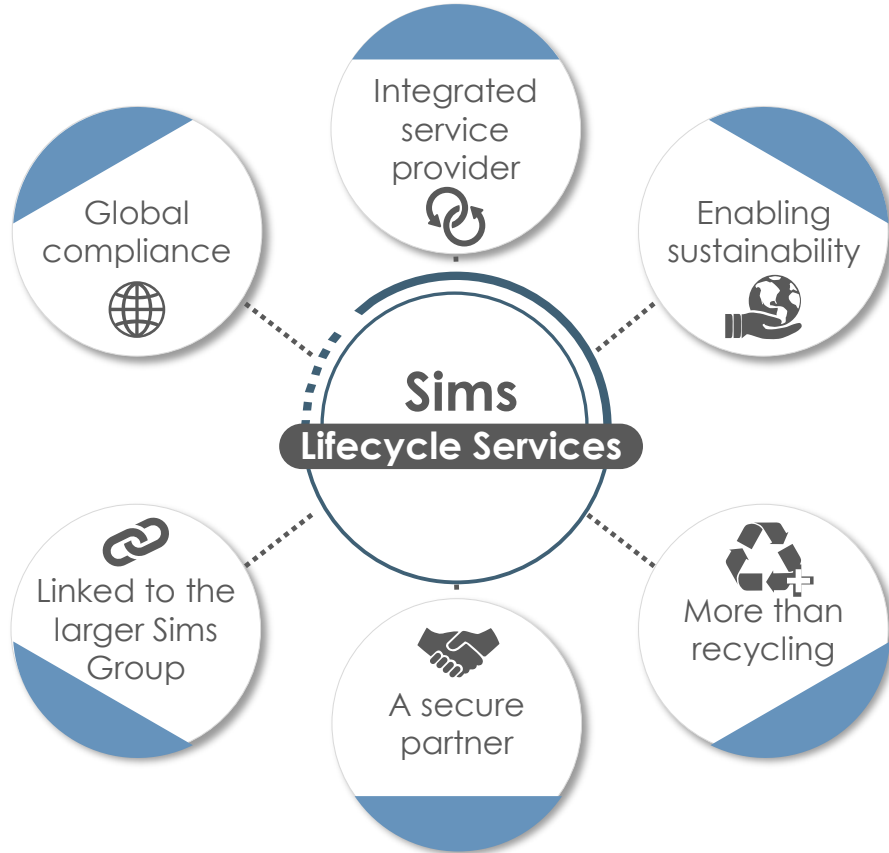
- Detailed investigation of four short listed technologies
- Laboratory testing of Sims ASR for chemical composition
- Sims ASR tested with two technologies which supported previous IRRs and demonstrated environmental outcomes better than regulatory requirements
- Preliminary engagement with Government and Regulators
- Construction expected to commence in late 2021 (subject to regulatory approval)
- Expect first plant to be operational in 2022





# Strategic Growth

*Sims Lifecycle Services: Setting the foundations to scale and grow the business profitably*



- Active engagement with all major global cloud providers across multiple products and regions
- Strong base to grow from:
  - Proven secure partner
  - Integrated circular services
  - Global compliance and strong sustainable brand
- Setting the foundations to scale business through systems, processes and leverage of Sims material routing and infrastructure
- On track to achieve target of 20,000 tonnes in FY20 and 200,000 tonnes by FY25



# Conclusion & Outlook

*Resilience shown despite challenging markets and an attractive long-term growth outlook remains*

## 1H FY20

- The September scrap price crash, combined with historically low zorba prices and aggressive competitor buying behaviour, severely impacted first half margins and ultimately resulted in an underlying EBIT loss of \$23.2 million
- Management has responded to the challenging first half conditions with an extensive restructuring and cost reduction programme that will achieve a full run rate of A\$30 million in FY21
- Good progress on implementation of strategic growth plan with recycling the cloud volumes on track for FY20 target, recent municipal recycling contract win and positive testing of Sims ASR

## Outlook

- 2H FY20 underlying EBIT is still expected to be within the previously guided range of \$40 million to \$60 million<sup>1</sup>. Risks to this outcome include the:
  - Impact of the Coronavirus on both ferrous and non-ferrous demand and prices;
  - Continued aggressive competitor buy side pricing (that has recently indicated some softening); and
  - Change to initial signs of positive sentiment in gradual recovery of the Turkish economy
- New regulation in China classifying high quality non-ferrous scrap as a “renewable metal” rather than “waste” from 1 July 2020 validates the strategic push into increasing non-ferrous volumes

1. Adjusted for the sale of E-Recycling's European Compliance Scheme Operations.





# Questions & Answers





# Appendix



# Group Profit & Loss

A\$m	FY15	FY16	FY17	FY18	FY19		1H FY19	1H FY20	Chg %
Sales revenue	6,310.9	4,651.7	5,079.4	6,448.0	6,640.0		3,334.1	2,709.6	-18.7%
Statutory EBITDA	265.6	83.0	313.5	395.8	358.1		173.1	30.5	-82.4%
Underlying EBITDA	260.0	190.4	292.4	392.3	363.4		173.8	74.9	-56.9%
Statutory EBIT	144.8	(215.5)	201.2	278.6	225.0		108.9	(95.2)	NMF
Underlying EBIT	139.2	64.0	180.1	275.1	230.3		109.6	(23.2)	NMF
Net Interest (expense)/income	7.8	(9.7)	(10.2)	(8.9)	(6.7)		(2.9)	(7.5)	-158.6%
Statutory tax (expense)/benefit	(27.2)	8.7	12.6	(66.2)	(65.7)		(29.5)	11.6	NMF
Underlying tax (expense)/benefit	(32.8)	(9.2)	(52.6)	(78.2)	(61.7)		(30.0)	(4.0)	-86.7%
Statutory NPAT	109.8	(216.5)	203.6	203.5	152.6		76.5	(91.1)	NMF
Significant items	(10.4)	259.4	(85.3)	(14.9)	9.3		0.2	56.4	NMF
Underlying NPAT	99.4	42.9	118.3	188.6	161.9		76.7	(34.7)	NMF
Statutory EPS (diluted)	53.3	(106.8)	101.6	98.7	74.2		37.1	(44.9)	NMF
Underlying EPS (diluted)	48.2	21.2	59.0	91.5	78.8		37.2	(17.1)	NMF
Dividend per share (cents)	29.0	22.0	50.0 <sup>1</sup>	53.0	42.0		23.0	6.0	-73.9%

1) Includes 10.0 cents per share 2017 Special Dividend.



# North America Metals

A\$m	FY15	FY16	FY17	FY18	FY19		1H FY19	1H FY20	Chg %
<b>Sales Revenue</b>	2,916.4	1,942.5	1,984.0	2,607.1	2,725.6		1,401.0	1,133.0	-19.1%
<b>Statutory EBITDA</b>	66.2	35.2	106.0	121.0	124.8		60.9	12.4	-79.6%
<b>Underlying EBITDA</b>	88.4	84.8	124.4	159.5	162.6		84.4	43.4	-48.6%
<b>Depreciation</b>	47.4	51.9	45.0	46.9	53.2		25.1	41.4	-64.9%
<b>Amortisation</b>	13.0	11.7	8.9	7.9	9.7		4.0	1.9	52.5%
<b>Statutory EBIT</b>	5.8	(35.1)	52.1	66.2	61.9		31.8	(45.5)	NMF
<b>Underlying EBIT</b>	28.0	21.2	70.5	104.7	99.7		55.3	0.1	-99.8%
<b>Assets</b>	970.6	910.7	904.4	1,070.4	1,065.4		1,112.4	1,135.3	2.1%
<b>Intake Volumes (000's)</b>	5,664	4,625	4,312	5,044	4,827		2,451	2,300	-6.2%
<b>Proprietary Sales Volumes (000's)</b>	5,499	4,517	4,344	4,865	4,887		2,517	2,275	-9.6%
<b>Brokerage Sales Volumes (000's)</b>	312	118	87	47	56		21	61	190.5%
<b>Total Sales Volumes (000's)</b>	5,811	4,635	4,431	4,912	4,943		2,538	2,336	-8.0%
<b>Employees<sup>1</sup></b>	1,905	1,656	1,490	1,578	1,577		1,587	1,475	-7.1%

1) FY18 employee count has been amended to exclude 156 contingent workers as these workers are non-permanent workers and are excluded from the FY19 employee count.



# Investment in SA Recycling

A\$m	FY15	FY16	FY17	FY18	FY19		1H FY19	1H FY20	Chg %
Statutory EBIT	0.5	(120.6)	26.3	67.8	41.0		21.9	-	NMF
Underlying EBIT	0.5	(1.5)	26.3	68.5	35.9		16.8	-	NMF
<b>Assets</b>	243.1	126.8	131.9	180.7	211.1		197.3	207.4	5.1%
Intake Volumes (000's) <sup>1</sup>	2,156	2,005	2,557	3,477	3,473		1,697	1,640	-3.4%
Sales Volumes (000's) <sup>1</sup>	2,135	2,049	2,548	3,342	3,531		1,679	1,600	-4.7%

1) Volumes represent total volumes recorded for SA Recycling, LLC and includes the portion sold through Sims Group Global Trade Corporation.



# Australia & New Zealand Metals

A\$m	FY15	FY16	FY17	FY18	FY19		1H FY19	1H FY20	Chg %
Sales Revenue	1,053.3	743.6	981.4	1,071.0	1,203.7		617.0	503.5	-18.4%
Statutory EBITDA	85.0	58.0	90.9	121.6	125.6		53.4	42.3	-20.8%
Underlying EBITDA	98.5	75.6	102.4	126.2	137.9		67.4	47.8	-29.1%
Depreciation	26.6	26.0	28.2	29.1	31.2		15.6	25.4	-62.8%
Amortisation	1.1	0.9	0.4	0.2	0.2		0.0	0.1	NMF
Statutory EBIT	57.3	31.1	62.3	92.3	94.2		37.8	16.8	-55.6%
Underlying EBIT	70.8	48.7	73.8	96.9	106.5		51.8	22.3	-56.9%
<b>Assets</b>	463.3	481.7	542.5	625.2	614.1		595.4	654.0	9.8%
Intake Volumes (000's)	1,848	1,485	1,616	1,669	1,836		1,031	843	-18.2%
Proprietary Sales Volumes (000's)	1,782	1,377	1,530	1,585	1,763		875	806	-7.9%
Brokerage Sales Volumes (000's)	92	41	126	111	119		73	34	-53.4%
Total Sales Volumes (000's)	1,874	1,418	1,656	1,696	1,882		948	840	-11.4%
Employees <sup>1</sup>	813	712	709	715	921		904	932	3.1%

1) FY18 employee count excludes Sims Pacific Metals employees.





# UK Metals

A\$m	FY15	FY16	FY17	FY18	FY19		1H FY19	1H FY20	Chg %
Sales Revenue	1,036.6	759.1	924.3	1,203.0	1,186.9		586.2	487.6	-16.8%
Statutory EBITDA	38.0	(15.7)	50.5	42.0	19.7		10.7	(46.6)	NMF
Underlying EBITDA	44.3	43.8	54.2	50.5	39.5		16.5	(13.5)	NMF
Depreciation	12.5	13.8	12.0	14.9	18.3		9.1	14.5	-59.3%
Amortisation	-	-	-	0.3	0.9		0.6	0.4	33.3%
Statutory EBIT	25.5	(29.7)	38.5	26.8	0.5		1.0	(61.5)	NMF
Underlying EBIT	31.8	30.0	42.2	35.3	20.3		6.8	(28.4)	NMF
<b>Assets</b>	258.3	245.2	329.2	431.4	389.9		402.5	459.6	14.2%
Intake Volumes (000's)	1,598	1,420	1,570	1,696	1,635		829	662	-20.1%
Proprietary Sales Volumes (000's)	1,583	1,350	1,589	1,691	1,602		792	662	-16.4%
Brokerage Sales Volumes (000's)	6	11	1	3	2		2	1	-50.0%
Total Sales Volumes (000's)	1,589	1,361	1,590	1,694	1,604		794	663	-16.5%
Employees <sup>1</sup>	704	612	660	690	761		785	704	-10.3%

1) FY18 employee count excludes Morley and Barnsley employees.



# Global Trading

A\$m	FY15	FY16	FY17	FY18	FY19		1H FY19	1H FY20	Chg %
Sales Revenue	455.2	352.6	386.6	733.5	690.9		342.4	293.2	-14.4%
Statutory EBITDA	14.1	3.2	3.1	19.0	23.3		10.6	3.0	-71.7%
Underlying EBITDA	(8.2)	(10.5)	(15.3)	(12.3)	(14.9)		(7.2)	(6.4)	11.1%
Depreciation	0.1	0.1	0.1	0.1	0.2		0.1	0.6	-500.0%
Amortisation	-	-	-	-	-		-	-	NMF
Statutory EBIT	14.1	3.1	3.0	18.8	23.1		10.5	2.4	-77.1%
Underlying EBIT	(8.3)	(10.6)	(15.4)	(12.4)	(15.1)		(7.3)	(7.0)	4.1%
<b>Assets</b>	90.4	77.6	108.0	95.6	67.2		73.7	36.5	-50.5%
Intake Volumes (000's)	1,221	1,135	1,028	1,558	1,384		671	635	-5.4%
Sales Volumes (000's)	1,207	1,137	1,023	1,554	1,374		671	635	-5.4%
Employees	45	45	46	69	75		78	74	-5.1%



# Sims Lifecycle Services

A\$m	FY15	FY16	FY17	FY18	FY19		1H FY19	1H FY20	Chg %
Sales Revenue	795.0	792.7	726.9	758.4	746.5		349.6	247.9	-29.1%
Statutory EBITDA	53.0	(2.6)	30.6	34.5	26.4		11.6	13.8	19.0%
Underlying EBITDA	57.1	23.3	36.3	39.7	34.5		14.3	21.1	47.6%
Depreciation	10.6	11.2	8.2	8.4	8.5		4.3	6.3	-46.5%
Amortisation	0.6	0.4	-	-	-		-	-	NMF
Statutory EBIT	41.8	(60.2)	22.4	26.1	17.9		7.3	(5.5)	NMF
Underlying EBIT	45.9	11.7	28.1	31.3	26.0		10.0	14.8	48.0%
<b>Assets</b>	473.3	447.9	382.1	397.3	340.6		400.7	274.7	-31.4%
<b>Employees<sup>1</sup></b>	1,703	1,471	1,417	1,420	1,350		1,445	971	-32.8%

1) 1H FY20 employee count excludes European compliance scheme operation employees.



# Corporate & Other

A\$m	FY15	FY16	FY17	FY18	FY19		1H FY19	1H FY20	Chg %
Sales Revenue	54.4	61.2	76.2	75.0	86.4		37.9	44.4	17.2%
Statutory EBITDA	8.8	6.4	6.1	(10.1)	(2.7)		4.0	5.6	40.0%
Underlying EBITDA	(20.6)	(25.1)	(35.9)	(39.8)	(32.1)		(18.4)	(17.5)	4.9%
Depreciation	8.9	10.4	9.5	9.4	10.9		5.4	7.5	-38.9%
Amortisation	-	-	-	-	-		-	-	NMF
Statutory EBIT	(0.2)	(4.1)	(3.4)	(19.4)	(13.6)		(1.4)	(1.9)	35.7%
Underlying EBIT	(29.5)	(35.5)	(45.4)	(49.2)	(43.0)		(23.8)	(25.0)	-5.0%
<b>Assets</b>	382.8	281.0	344.9	401.2	497.1		346.8	574.6	65.7%
<b>Employees</b>	259	260	239	280	311		301	363	20.6%



# Financial Summary – Group

A\$m	FY15	FY16	FY17	FY18	FY19	1H FY19	1H FY20
<b>Group Results</b>							
Sales Revenue	6,310.9	4,651.7	5,079.4	6,448.0	6,640.0	3,334.1	2,709.6
Underlying EBITDA	260.0	190.4	292.4	392.3	363.4	173.8	74.9
Underlying EBIT	139.2	64.0	180.1	275.1	230.3	109.6	(23.2)
<b>Underlying NPAT</b>	<b>99.4</b>	<b>42.9</b>	<b>118.3</b>	<b>188.6</b>	<b>161.9</b>	<b>76.7</b>	<b>(34.7)</b>
Underlying EPS (cents per share)	48.2	21.2	59.0	91.5	78.8	37.2	(17.1)
Dividend (cents per share)	29.0	22.0	50.0 <sup>3</sup>	53.0	42.0	23.0	6.0
<b>Balance Sheet</b>							
Total Assets	2,881.8	2,570.9	2,743.0	3,201.8	3,185.4	3,128.8	3,342.1
Total Liabilities	769.0	738.4	775.4	1,013.1	886.7	871.7	1,175.4
Total Equity	2,112.8	1,832.5	1,967.6	2,188.7	2,298.7	2,257.1	2,166.7
<b>Net Cash</b>	<b>313.9</b>	<b>242.1</b>	<b>373.0</b>	<b>298.1</b>	<b>347.5</b>	<b>153.6</b>	<b>151.2</b>
<b>Cash Flows</b>							
Operating Cash Flow	298.1	131.3	266.4	252.1	360.1	20.0	(34.1)
Capital Expenditure	(95.3)	(108.9)	(126.5)	(176.1)	(197.1)	(84.5)	(80.0)
<b>Free Cash Flow<sup>1</sup></b>	<b>202.8</b>	<b>22.4</b>	<b>139.9</b>	<b>76.0</b>	<b>163.0</b>	<b>(64.5)</b>	<b>(114.1)</b>
NOPAT	100.9	46.4	130.6	199.4	167.0	79.5	(16.8)
Total Capital	1,798.9	1,590.4	1,594.6	1,890.6	1,951.2	2,103.5	2,015.5
<b>ROC<sup>2</sup> (%)</b>	<b>5.6%</b>	<b>2.9%</b>	<b>8.2%</b>	<b>10.5%</b>	<b>8.6%</b>	<b>7.6%</b>	<b>-1.7%</b>

1) Free cash flow = operating cash flow - capex

2) Return on Capital = (annualised underlying EBIT net of tax at effective tax rate of 27.5%) / (net assets - net cash)

3) Includes 10.0 cents per share 2017 Special Dividend



# Financial Summary – Segment

A\$m	FY15	FY16	FY17	FY18	FY19	1H FY19	1H FY20
<b>Sales Revenue</b>							
North America Metals	2,916.4	1,942.5	1,984.0	2,607.1	2,725.6	1,401.0	1,133.0
ANZ Metals	1,053.3	743.6	981.4	1,071.0	1,203.7	617.0	503.5
UK Metals	1,036.6	759.1	924.3	1,203.0	1,186.9	586.2	487.6
Sims Lifecycle Services	795.0	792.7	726.9	758.4	746.5	349.6	247.9
Global Trading	455.2	352.6	386.6	733.5	690.9	342.4	293.2
Corporate & Other	54.4	61.2	76.2	75.0	86.4	37.9	44.4
<b>Total</b>	<b>6,310.9</b>	<b>4,651.7</b>	<b>5,079.4</b>	<b>6,448.0</b>	<b>6,640.0</b>	<b>3,334.1</b>	<b>2,709.6</b>
<b>Underlying EBIT</b>							
North America Metals	28.0	21.2	70.5	104.7	99.7	55.3	0.1
ANZ Metals	70.8	48.7	73.8	96.9	106.5	51.8	22.3
UK Metals	31.8	30.0	42.2	35.3	20.3	6.8	(28.4)
Sims Lifecycle Services	45.9	11.7	28.1	31.3	26.0	10.0	14.8
Investment in SA Recycling	0.5	(1.5)	26.3	68.5	35.9	16.8	-
Global Trading	(8.3)	(10.6)	(15.4)	(12.4)	(15.1)	(7.3)	(7.0)
Corporate & Other	(29.5)	(35.5)	(45.4)	(49.2)	(43.0)	(23.8)	(25.0)
<b>Total</b>	<b>139.2</b>	<b>64.0</b>	<b>180.1</b>	<b>275.1</b>	<b>230.3</b>	<b>109.6</b>	<b>(23.2)</b>
<b>Underlying EBIT Margin (%)</b>							
North America Metals	1.0%	1.1%	3.6%	4.0%	3.7%	3.9%	0.0%
ANZ Metals	6.7%	6.5%	7.5%	9.0%	8.8%	8.4%	4.4%
UK Metals	3.1%	4.0%	4.6%	2.9%	1.7%	1.2%	-5.8%
Sims Lifecycle Services	5.8%	1.5%	3.9%	4.1%	3.5%	2.9%	6.0%
<b>Total</b>	<b>2.2%</b>	<b>1.4%</b>	<b>3.5%</b>	<b>4.3%</b>	<b>3.5%</b>	<b>3.3%</b>	<b>-0.9%</b>

1) Underlying earnings excludes significant non-recurring items, the impact of non-qualifying hedges and internal recharges.



# Financial Summary – Segment (cont.)

A\$m	FY15	FY16	FY17	FY18	FY19	1H FY19	1H FY20
<b>Proprietary sales tonnes ('000)<sup>1</sup></b>							
North America Metals	5,499	4,517	4,344	4,865	4,887	2,517	2,275
ANZ Metals	1,782	1,377	1,530	1,585	1,763	875	806
UK Metals	1,583	1,350	1,589	1,691	1,602	792	662
<b>Total</b>	<b>8,864</b>	<b>7,244</b>	<b>7,463</b>	<b>8,141</b>	<b>8,252</b>	<b>4,184</b>	<b>3,743</b>
<b>Underlying EBIT<sup>2</sup></b>							
North America Metals	28.0	21.2	70.5	104.7	99.7	55.3	0.1
ANZ Metals	70.8	48.7	73.8	96.9	106.5	51.8	22.3
UK Metals	31.8	30.0	42.2	35.3	20.3	6.8	(28.4)
<b>Total</b>	<b>130.6</b>	<b>99.9</b>	<b>186.5</b>	<b>236.9</b>	<b>226.5</b>	<b>113.9</b>	<b>(6.0)</b>
<b>EBIT / tonne (A\$/t)</b>							
North America Metals	5.09	4.69	16.23	21.52	20.40	21.97	0.04
ANZ Metals	39.73	35.37	48.24	61.14	60.41	59.20	27.67
UK Metals	20.09	22.22	26.56	20.88	12.67	8.59	(42.90)
<b>Total</b>	<b>14.73</b>	<b>13.79</b>	<b>24.99</b>	<b>29.10</b>	<b>27.45</b>	<b>27.22</b>	<b>(1.60)</b>

1) Proprietary sales volumes exclude ferrous and non-ferrous brokerage sales volumes.

2) Underlying earnings excludes significant non-recurring items, the impact of non-qualifying hedges and internal recharges.



# Financial Summary – Product

A\$m	FY15	FY16	FY17	FY18	FY19	1H FY19	1H FY20
<b>Sales tonnes ('000)</b>							
Ferrous Trading	8,325	6,768	7,009	7,709	7,817	3,963	3,521
Non Ferrous	539	476	454	432	435	221	222
Brokerage	1,617	1,307	1,237	1,715	1,551	767	731
<b>Total</b>	<b>10,481</b>	<b>8,551</b>	<b>8,700</b>	<b>9,856</b>	<b>9,803</b>	<b>4,951</b>	<b>4,474</b>
<b>Sales Revenue</b>							
Ferrous Metals	4,067.7	2,703.0	3,136.1	4,381.6	4,505.4	2,307.1	1,783.6
Non Ferrous Metals	1,341.7	1,055.3	1,123.7	1,215.6	1,271.4	628.8	624.0
Sims Lifecycle Services	795.0	792.7	726.9	758.4	746.5	349.6	247.9
Secondary processing & other	106.5	100.7	92.7	92.4	116.7	48.6	54.1
<b>Total</b>	<b>6,310.9</b>	<b>4,651.7</b>	<b>5,079.4</b>	<b>6,448.0</b>	<b>6,640.0</b>	<b>3,334.1</b>	<b>2,709.6</b>





# Income Tax Expense – 1H FY20

A\$m	Loss Before Tax	Income Tax Benefit /(Expense)	Effective Tax %
<b>Statutory Result</b>	(102.7)	11.6	-11.3
Significant Items	72.0	(15.6)	21.7
<b>Normalised Results</b>	(30.7)	(4.0)	13.0



# Lease Standard Impact – 1H FY20

A\$m	EBIT	EBITDA
<b>Underlying Result</b>	<b>(23.2)</b>	<b>74.9</b>
Lease Depreciation	N/A	31.2
Lease Interest Expense	2.3	2.3
<b>Underlying Result Excluding Lease Standard Impact</b>	<b>(25.5)</b>	<b>41.4</b>



# Significant items

A\$m	1H FY19 Pre-Tax Total	1H FY19 After-Tax Total	1H FY20 Pre-Tax Total	1H FY20 After-Tax Total
Legacy brand write offs	-	-	14.6	11.0
Other intangible asset impairments	-	-	13.0	9.4
Restructuring and redundancies	0.1	0.1	33.6	26.9
Loss on sale of European compliance scheme operations, net of associated professional fees	-	-	3.2	2.9
Environmental provisions	-	-	11.0	8.2
Non-qualified hedges	(0.5)	(0.4)	1.9	1.9
Impact of fires, net of insurance recoveries to date	6.2	4.3	(5.3)	(3.9)
Non-recurring gain on asset disposition by joint venture	(5.1)	(3.8)	-	-
<b>Significant Items for HY</b>	0.7	0.2	72.0	56.4

A\$m	1H FY20
Statutory EBIT	(95.2)
Significant Items	70.1
Non qualifying hedges	1.9
<b>Underlying EBIT</b>	<b>(23.2)</b>

A\$m	1H FY20
Statutory NPAT	(91.1)
Significant Items	54.5
Non qualifying hedges	1.9
<b>Underlying NPAT</b>	<b>(34.7)</b>

