



ASX & MEDIA RELEASE

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**SIMS METAL MANAGEMENT ANNOUNCES
FISCAL 2015 HALF YEAR RESULTS**

Results at a glance

STATUTORY (A\$m)	HY15	HY14	Change %
Sales revenue	3,387.2	3,593.3	(5.7)
EBITDA ¹	153.5	113.0	35.8
EBIT	95.1	52.1	82.5
NPAT	74.5	9.3	701.1
EPS (cents) – diluted	36.3	4.5	706.7
UNDERLYING (A\$m)	HY15	HY14	Change %
EBITDA ¹	149.3	128.5	16.2
EBIT	90.9	67.6	34.5
NPAT	64.4	42.1	53.0
EPS (cents) – diluted	31.4	20.3	54.7

¹ EBITDA is an unaudited measurement of non-conforming financial information.

Key Points

- Statutory net profit after tax (NPAT) of \$75 million, and statutory diluted earnings per share (EPS) of 36.3 cents.
- Underlying earnings before interest and tax (EBIT) of \$91 million, up 35%, driven by higher gross margins, lower operating costs and reduced SG&A. EBIT margins increased by 42% over the previous half year.
- Underlying diluted EPS of 31.4 cents, up 55% over previous half year driven by higher profit in North America Metals, Europe Metals and Global E-Recycling, partially offset by lower profit in ANZ Metals.
- Interim fully franked dividend of 16.0 cents per share determined for HY15.
- Net cash position of \$49 million as at 31 December 2014, \$7 million higher than the position as at 30 June 2014.
- Five year strategic plan on track and delivering tangible results in the form of higher EBIT margins per tonne and a meaningful earnings turnaround in the North America Metals and Global E-Recycling businesses.

Group Results

Sims Metal Management Limited (the “Company”) today announced statutory NPAT of \$75 million, representing diluted EPS of 36.3 cents for the half year ended 31 December 2014. Underlying NPAT was \$64 million, representing diluted EPS of 31.4 cents.

Sales revenue of \$3,387 million in HY15 was down 5.7% compared to HY14, primarily due to lower sales volumes of ferrous metals. Sales volumes decreased by 10.2% to 5.5 million tonnes in HY15 versus 6.1 million tonnes in HY14, due to lower secondary metal collection levels in North America, Europe and Australia.

Underlying EBIT was \$91 million in HY15, an increase of 35% over HY14. Higher earnings were driven by North America Metals, Europe Metals, and Global E-Recycling, partially offset by lower profit in ANZ Metals.

In announcing the result, Group CEO Galdino Claro said, “The earnings improvement achieved in HY15 is encouraging evidence of the traction being made through our Streamlining, Optimising, and Growth initiatives. While external conditions in the entire metals recycling industry remained challenging in HY15, we more than offset these headwinds through disciplined attention to our internal processes and earnings drivers.”

Regional Performance

Commenting on regional performance, Group CFO Fred Knechtel said, “Our stronger result was driven by significantly higher earnings from our North America Metals business where underlying EBIT more than tripled over the prior corresponding period. Europe Metals and Global E-Recycling also delivered meaningfully higher earnings driven by gains from restructuring actions, lower operating costs and reduced SG&A. These gains were partially offset by lower earnings in ANZ Metals.”

North America Metals showed a significant earnings turnaround during HY15. Underlying EBIT of \$33 million was the strongest across the Group, up from \$10 million in HY14. Underlying EBIT margins increased to \$9 per tonne, benefiting from lower regional overhead costs and improved operating processes.

Underlying EBIT for Europe Metals of \$15 million was a material increase from \$8 million in HY14. Underlying EBIT margins of \$20 per tonne doubled from \$10 per tonne in HY14. Europe Metals benefited from past restructuring actions and the adoption of the best practices being shared across the Group’s global operating footprint.

ANZ Metals delivered underlying EBIT of \$30 million during HY15, down from \$39 million in HY14. Underlying EBIT margins of \$32 per tonne declined from \$40 per tonne in HY14. Reduced earnings were primarily due to 3% lower sales volumes and challenging market dynamics.

Global E-Recycling underlying EBIT improved from breakeven in HY14, to \$12 million in HY15, the highest in two years. Stronger earnings were due to elevated performance from Continental Europe and reduced losses incurred from recently exited operations. Performance of this segment is expected to continue to improve as the benefits of the optimisation program flows through into the results.

Interim Dividend

The Company has determined to pay an interim dividend for HY15 of 16.0 cents per share, which will be fully franked, on 27 March 2015 to shareholders on the Company's register at the record date of 13 March 2015.

Strategic Plan Update

Referring to progress of the strategic plan, Mr Claro stated, "We continue to advance the pace of implementation of our five year strategic plan across our global operations. As our new enhanced operating principles and practices become more firmly embedded within the Company, our confidence grows that our ambitious target to improve underlying EBIT by more than 350% over FY13 will be achieved."

Market Conditions and Outlook

Commenting on market conditions and the outlook, Mr Claro said, "As pleased as we are with our first half results, market and industry conditions remain difficult. The steep drop in iron ore prices has challenged the competitiveness of our EAF steel mill customers. As a consequence, ferrous scrap demand and prices have fallen sharply since the start of January."

"In the near-term, we expect the decline in ferrous scrap prices will have a negative impact on supply, leading to elevated levels of competition for intake volumes. As the price relationship between ferrous scrap and iron ore rebalances, we expect that demand from customers and availability of supply will improve."

"While we believe the benefits from our strategic initiatives in 2H FY15 should assist in mitigating near-term commodity market headwinds, we remain prudently conservative in our outlook."

About Sims Metal Management

Sims Metal Management is the world's largest listed metal recycler with over 250 facilities and 5,700 employees globally. Sims' core businesses are metal recycling and electronics recycling. Sims Metal Management generates approximately 60% of its revenue from operations in North America. The Company's shares are listed on the Australian Securities Exchange (ASX: SGM).

Please visit our website (www.simsmm.com) for more information on the Company and recent developments.

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