



# Financial Results

## Full year ended 30 June 2020

18 August 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 August 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).

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**Authorised for Release by:** the Company Secretary

**ABN** 69 114 838 630

**Head Office:** level 9, 189 O'Riordan Street, Mascot, NSW, Australia 2020



# Agenda

## Results Overview

Alistair Field, Group CEO

## Financial Results

Stephen Mikkelsen, Group CFO

## Summary & Outlook

Alistair Field, Group CEO



Port Hedland, Australia



# FY20 Themes

*Tough market conditions prevailed throughout FY20*

## **First half scrap market crash followed by COVID-19 global collapse**

- Rapid fall in September 2019 ferrous scrap prices, combined with low zorba prices, compressed margins in the first half
- Historic world-wide response to slow the spread of COVID-19 materially reduced intake volumes and prices in the second half

## **Response to COVID-19**

- Invoked the business continuity plan to limit the disruption of services and safeguard employees, customers, and the community
- Lowered “fixed” operating cost base through business restructuring with \$70 million benefits to be realised in FY21 vs FY19
- Reduced FY20 capital expenditure by 35% compared to August 2019 forecast

## **All financial measures negatively impacted during FY20, but positive start to FY21**

- Statutory EBIT loss of \$239.1 million
- Underlying EBIT<sup>1</sup> loss of \$57.9 million
- Net cash balance of \$110.4 million
- The Sims Group, including all metal divisions, returned to positive EBIT for the month of July 2020

## **Progressing strategic growth plan**

- Commenced community consultation for the first resource renewal facility planned in Campbellfield, Victoria, using InEnTec technology which has been in operation since 1997
- Secured a further three significant “recycling the cloud” customers for FY21
- China announced new regulations classifying high quality non-ferrous scrap as a “renewable metal”

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



# Summary of Financial Outcomes

*Financial outcomes reflect the rapid global downturn*

**Sales Revenue**  
**\$4,908.5 million**



FY19  
\$6,640.0 million

**-26.1%**

**Sales Volumes**  
**8.154 million tonnes**



FY19  
9.803 million tonnes

**-16.8%**

**Underlying<sup>1</sup> EBITDA**  
**\$144.9 million**



FY19  
\$363.4 million

**-60.1%**

**Net Cash Balance**  
**\$110.4 million**



31 December 2019  
\$151.2 million

**-27.0%**

**Underlying<sup>1</sup> EBIT**  
**\$(57.9) million**



FY19  
\$230.3 million

**-125.1%**

**Return on Productive Assets<sup>2</sup>**  
**-3.0%**



FY19  
12.2%

**-124.6%**

**Underlying<sup>1</sup> NPAT**  
**\$(58.1) million**



FY19  
\$161.9 million

**-135.9%**

**FY20 Dividend**  
**Interim 6.0 cents per share (100% franked)**  
**Final 0.0 cents per share**



Interim 23.0 cents per share (100% franked)  
Final 19.0 cents per share (100% franked)

**-85.7%**

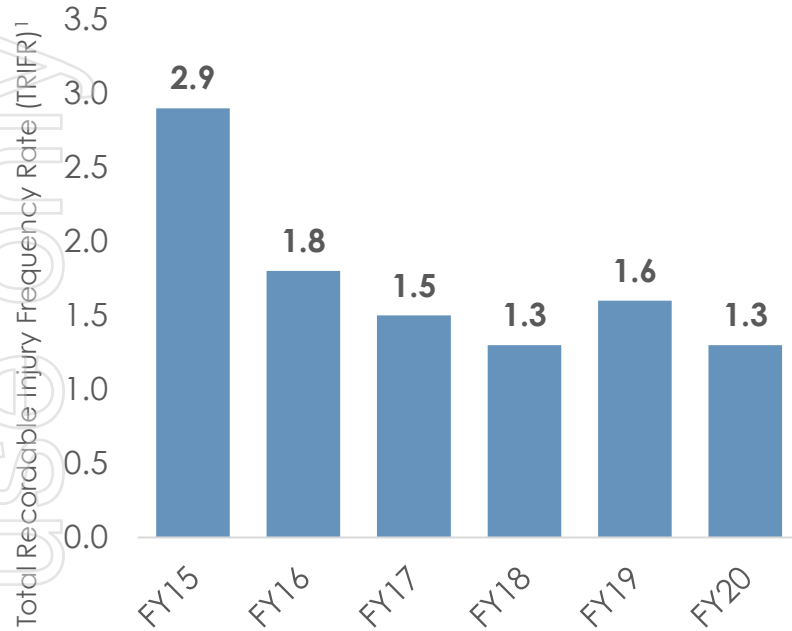
1) Underlying earnings excludes significant non-recurring items and the impact of non-qualifying hedges.

2) Underlying EBIT / average of opening non-current assets and ending non-current assets excluding assets relating to adoption of AASB 16 Leases.



# Employee Health & Safety

*Equal lowest TRIFR ever recorded*



- Safety remains the most important priority for all stakeholders. TRIFR now includes temporary staff
- Focus and progress on Critical Risk awareness and management
  - Critical Risk Management training launched in December 2019 has been completed by all employees and contractors
  - Critical Control Verification Inspections follow the new inspections standard and have been undertaken monthly since January 2020
- Focus on Employee Health
  - Additional leave days related to COVID-19 symptoms and isolation
  - Reemphasised the Employee Assistance Program and significant investment in Personal Protective Equipment
  - Fully paid medical insurance in the US while on furlough
  - Redesigned processes to ensure social distancing, eliminated paper transfers and implemented safe return to work procedures

1) Defined as total recordable injuries x 200,000 divided by number of hours worked for employees and temporary staff.



# Sustainability

*Rapid response to protect employees and the community while providing essential service*

## Sims' Sustainability Pillars



**Operate Responsibly:** Foundation of a sustainable company

We commit to operating as a best in class business continuously improving our safety performance, employee engagement, operating performance and upholding responsible and ethical business practices



**Close the Loop:** Raising the bar on sustainability

We commit to investing in innovative technologies to extract more value from materials, re-think waste and enable the circular economy to not only close our own materials loop but support others do the same



**Partner for Change:** Amplifying our impact

We commit to working with our partners to create new business models that ensure a safe, healthy and productive value chain to create shared value and keep resources in use at their highest value as long as possible

## COVID-19 response

- Invoked business continuity plan
- Redesigned health and safety procedures
- Improved employee health benefits
- Providing essential services in a safe manner
- Prudent reduction in capital expenditure
- Increased computer refurbishment to support virtual education
- Donation of laptops to assist distance learning of children in orphanages



# Group Financial Performance

A\$m	FY19	FY20	% Chg
Sales revenue	6,640.0	4,908.5	-26.1%
Statutory EBITDA	358.1	35.7	-90.0%
Underlying EBITDA <sup>1</sup>	363.4	144.9	-60.1%
Statutory EBIT	225.0	(239.1)	-206.3%
<b>Underlying EBIT<sup>1</sup></b>	<b>230.3</b>	<b>(57.9)</b>	<b>-125.1%</b>
Statutory NPAT	152.6	(265.3)	-273.9%
Significant items	9.3	207.2	NMF
<b>Underlying NPAT<sup>1</sup></b>	<b>161.9</b>	<b>(58.1)</b>	<b>-135.9%</b>
Statutory EPS (diluted)	74.2	(131.2)	-276.8%
<b>Underlying EPS (diluted)<sup>1</sup></b>	<b>78.8</b>	<b>(28.7)</b>	<b>-136.4%</b>
Dividend per share (cents)	42.0	6.0	-85.7%
Average non-current assets	1,884.3	1,917.7	1.8%
<b>Return on productive assets<sup>2</sup></b>	<b>12.2%</b>	<b>-3.0%</b>	<b>-124.6%</b>

- Historic world-wide response to slow the spread of COVID-19 materially reduced intake volumes and sales prices
- Weak or negative margins throughout FY20 due to:
  - Reduced intake and sales volumes
  - Intense competition for lower ferrous scrap inflow
  - Low ferrous sales prices ~US\$265 vs US\$315 in FY19
  - Low zorba prices ~US\$800 vs US\$1,000 in FY19

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

2) Underlying EBIT / average of opening non-current assets and ending non-current assets excluding assets relating to adoption of AASB 16 Leases.



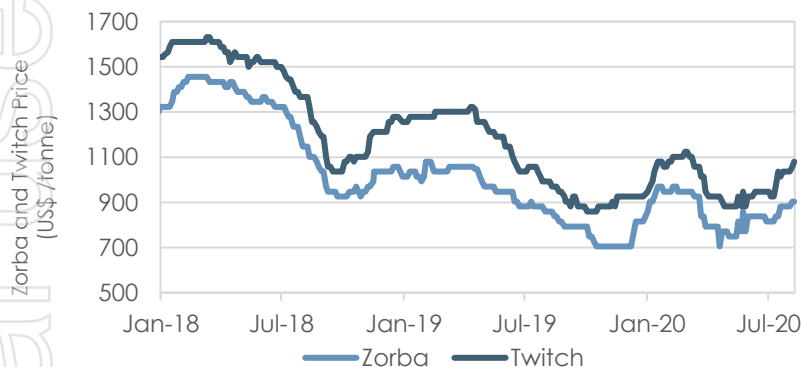
# Markets

*Volatile market conditions but improved volumes and pricing since April 2020 lows*

## Ferrous – Improved pricing since April 2020 lows

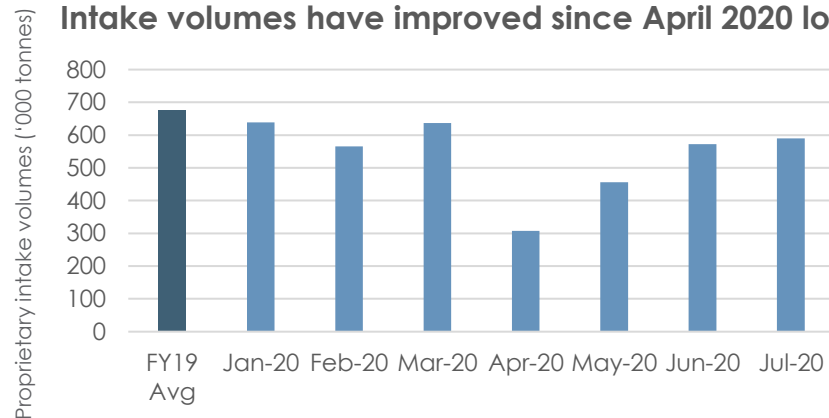


## Non-ferrous – Improved pricing since April 2020 lows



Source: Platts (top and bottom chart)

## Intake volumes have improved since April 2020 lows



## China Ferrous and Non-ferrous Reclassification

- China reclassified high grade non-ferrous metals as a “renewable metal” rather than “waste” and is expected to import under this category without quotas in 2020
- ~90% of Sims' non-ferrous material meets this standard (noting that only 20-30% of Sims' non-ferrous volumes are typically sent to China)
- China is looking to introduce a high grade ferrous import category in 2021 that enables the import of these materials without quotas





# Financial Results

Stephen Mikkelsen, Group CFO



# Statutory EBIT Reconciliation

*Business restructuring to reduce costs and rationalise sites*

A\$m	FY20
<b>Statutory EBIT</b>	<b>(239.1)</b>
Legacy Brand Write Off	27.3
Other Intangible Impairments	44.7
Asset Write Offs	50.2
Gain on Property Sale	(20.4)
Loss on asset disposals	9.9
Environmental Provisions	25.0
Restructuring and Redundancy Provisions	35.2
Impact of Fires, Net of Insurance Recoveries	(5.0)
Non-qualified Hedges	8.0
Other	6.3
<b>Underlying EBIT<sup>1</sup></b>	<b>(57.9)</b>

- Annualised savings and cost efficiencies are estimated at \$70 million in FY21 vs FY19
- Facilities reduced in FY20 compared to FY19
  - Reduced UK Metals from 47 to 29
  - Reduced NAM from 54 to 50
  - Maintained ANZ Metal sites at 50 through the period
- Headcount significantly reduced

Employees	FY19	FY20	FY21 <sup>2</sup>	FY21 vs FY19 %
NAM	1,577	1,124	1,150	-27.1%
UK Metals	761	676	572	-24.8%
SLS <sup>3</sup>	990	919	919	-7.2%
Corporate <sup>4</sup> & Global Trade	144	127	127	-11.8%

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

2) UK FY21 employee numbers are proposed.

3) SLS FY19 employee numbers were adjusted to exclude the 360 employees transferred in the sale of the European compliance scheme operations.

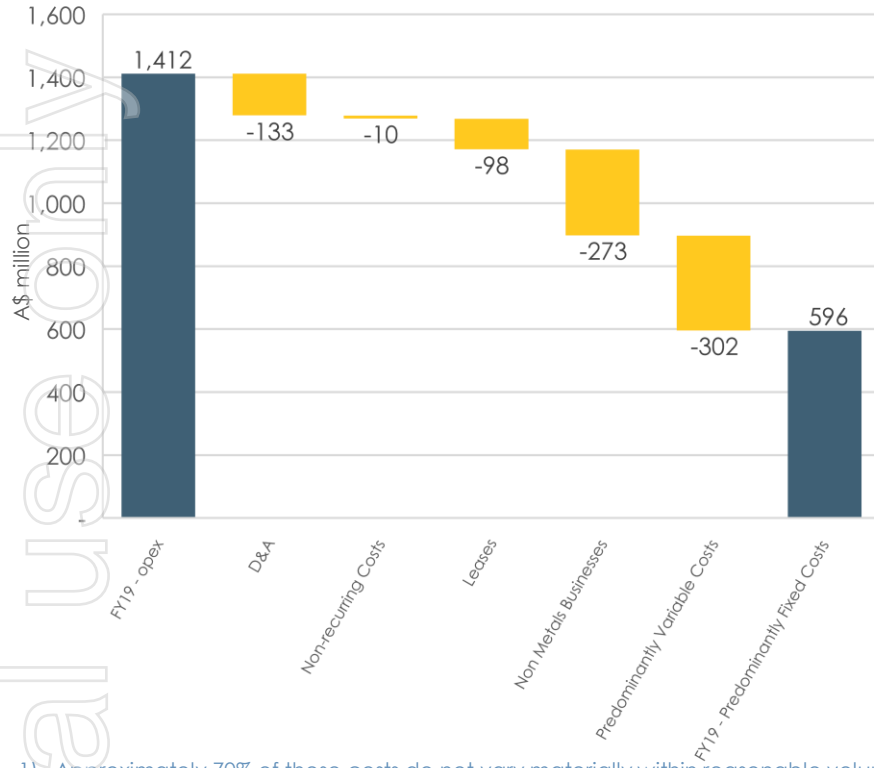
4) Corporate excludes employees from Sims Municipal Recycling, Sims Resource Renewal and Sims Energy.



# Operating Costs

*Thorough review of Metals and Corporate operating costs*

FY19 Operating Costs



- A clear focus on cash costs which have a high fixed component<sup>1</sup> and therefore:
  - Burden the company when volumes are lower
  - Open up EBIT margins when volumes are higher
- In FY19, these predominately fixed costs totaled around \$600 million
- There is also focus to ensure that variable costs do fall when volumes fall

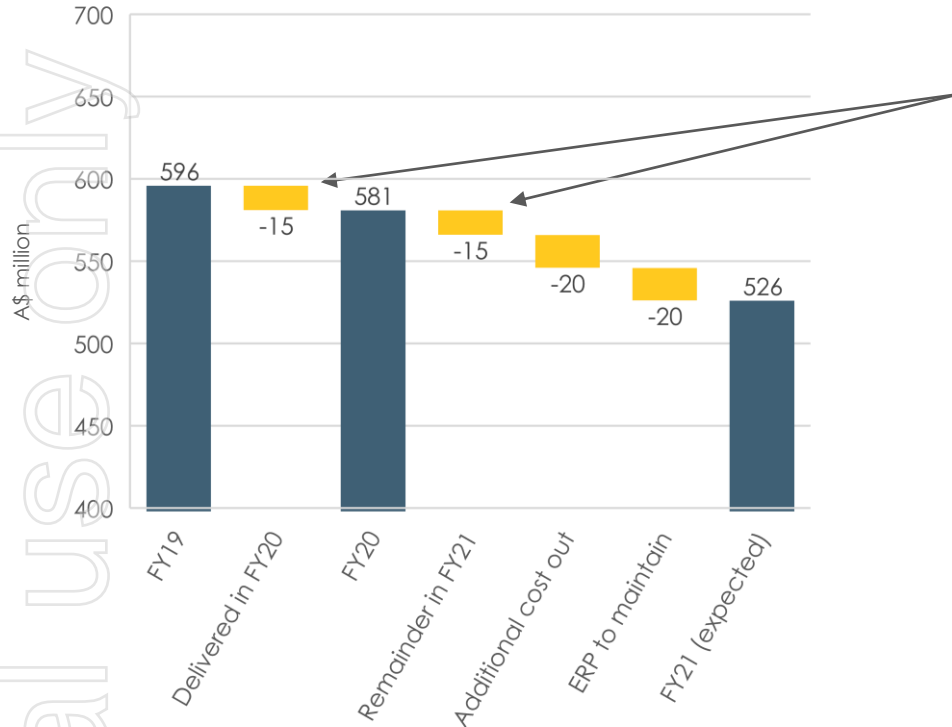
1) Approximately 70% of these costs do not vary materially within reasonable volume changes.



# Operating Costs

Business restructuring to reduce “fixed” costs by \$70 million in FY21 vs FY19

Fixed Cost Savings<sup>1</sup>



- Annualised savings and cost efficiencies are estimated at \$70 million in FY21 vs FY19
- 50% of the \$30 million annualised savings identified at the end of 1H FY20 were delivered in 2H FY20. The remainder will be delivered in FY21
- Further cost reductions were identified and implemented. For example:
  - Lower headcount due to reduced management layers and increased span of control
  - Consolidated facilities across the UK
- \$20 million of these further cost reductions require implementation of the ERP system in order for them to be maintained

1) Excludes Sims Lifecycle Services, Sims Municipal Recycling, Sims Resource Renewal and Sims Energy.



# Business Segment Financial Performance

*All business areas and regions impacted by the tough market conditions*

Underlying EBIT <sup>1</sup> (A\$m)	FY19	FY20	Chg %
North America Metals	99.7	(39.0)	-139.1%
ANZ Metals	106.5	50.7	-52.4%
UK Metals	20.3	(31.9)	-257.1%
Sims Lifecycle Services	26.0	16.9	-35.0%
SA Recycling	35.9	12.1	-66.3%
Global Trading	(15.1)	(15.2)	0.7%
Corporate & Other	(43.0)	(51.5)	-19.8%
<b>Underlying EBIT</b>	<b>230.3</b>	<b>(57.9)</b>	<b>-125.1%</b>

Sales volumes ('000 tonnes)	FY19	FY20	Chg %
North America Metals <sup>2</sup>	4,887	4,042	-17.3%
ANZ Metals <sup>2</sup>	1,763	1,428	-19.0%
UK Metals <sup>2</sup>	1,602	1,221	-23.8%
Global Trading	1,374	1,301	-5.3%
Other Brokerage	177	162	-8.5%
<b>Total sales volumes</b>	<b>9,803</b>	<b>8,154</b>	<b>-16.8%</b>
Intake volumes ('000 tonnes)	FY19	FY20	Chg %
North America Metals <sup>2</sup>	4,770	4,180	-12.4%
ANZ Metals <sup>2</sup>	1,717	1,513	-11.9%
UK Metals <sup>2</sup>	1,633	1,192	-27.0%
Global Trading	1,384	1,287	-7.0%
Other Brokerage	178	162	-9.0%
<b>Intake volumes</b>	<b>9,682</b>	<b>8,334</b>	<b>-13.9%</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.



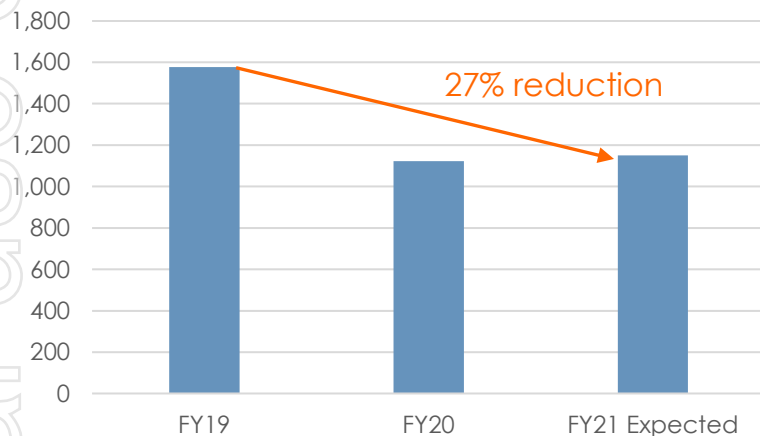
# North America Metals

*Strategic restructure provides a lower operating cost base from FY21*

A\$m	FY19	FY20	% Chg
<b>Underlying EBIT<sup>1</sup></b>	<b>99.7</b>	<b>(39.0)</b>	<b>-139.1%</b>
Proprietary Sales Volumes ( <sup>1</sup> 000 tonnes)	4,887	4,042	-17.3%
Underlying EBIT / tonne	20.4	(9.6)	-147.1%
Underlying EBIT (constant currency)	99.7	(38.7)	-138.8%

- Sales volumes were down 17.3% over prior corresponding period driven by slower economic activity largely due to COVID-19 lockdowns
- Second half sales volumes were 22.3% lower than first half due to severe lockdowns across New York and New Jersey
- Negative earnings driven by:
  - Lower volumes across both ferrous and non-ferrous
  - Intense competition for lower ferrous scrap inflow following fall in ferrous prices
  - Weak zorba prices
- Cost reduction initiatives will deliver improved outcomes and achieve their full run rate in FY21

## North American Employees



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



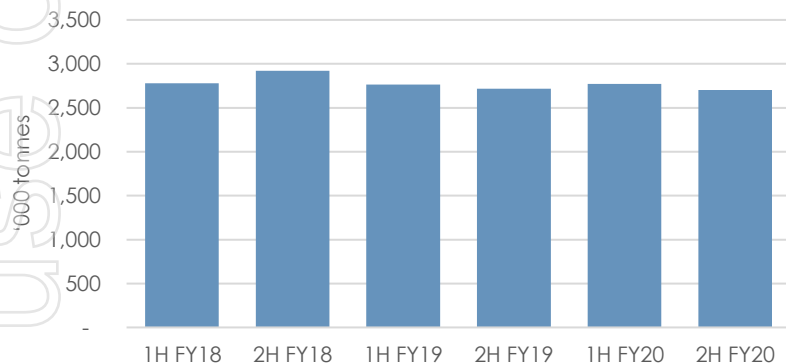
# Australia & New Zealand Metals

*Positive earnings supported by internal initiatives and cost reductions*

A\$m	FY19	FY20	% Chg
<b>Underlying EBIT<sup>1</sup></b>	<b>106.5</b>	<b>50.7</b>	<b>-52.4%</b>
Proprietary Sales Volumes ('000 tonnes)	1,763	1,428	-19.0%
Underlying EBIT / tonne	60.4	35.5	-41.2%

- Underlying EBIT was \$50.7 million, down 52.4% over prior corresponding period
- Lower full year profit driven by lower volumes
- Improved 2H FY20 EBIT and margins over 1H FY20, supported by internal initiatives and swift cost reduction response
- Sales volume declined 19.0% over prior corresponding period due to:
  - Lower prices across all commodities
  - Impact of COVID-19 lockdowns across ANZ reducing economic activity in 2H FY20
  - Offset by relatively stable 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.

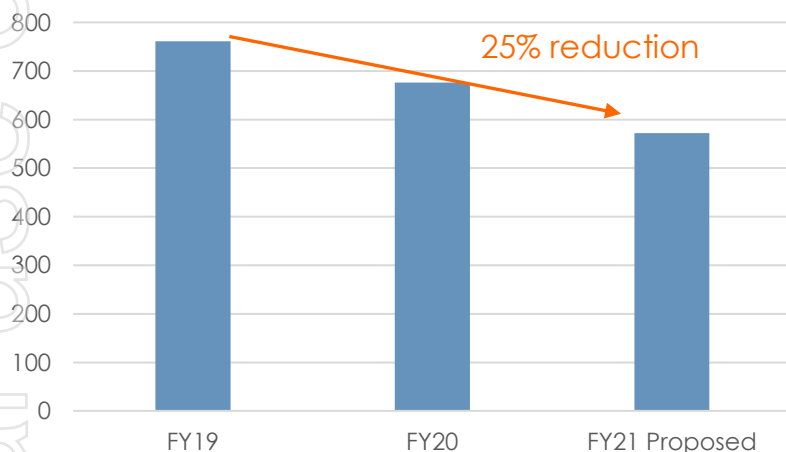


# UK Metals

*Lower operating cost base helped deliver a significant improvement to the 2H FY20 result*

A\$m	FY19	FY20	% Chg
<b>Underlying EBIT<sup>1</sup></b>	<b>20.3</b>	<b>(31.9)</b>	<b>-257.1%</b>
Proprietary Sales Volumes ( <sup>1</sup> 000 tonnes)	1,602	1,221	-23.8%
Underlying EBIT / tonne	12.7	(26.1)	-305.5%
Underlying EBIT (constant currency)	20.3	(30.7)	-251.2%

## UK Metals Employees



- Significant improvement in second half Underlying EBIT delivering a loss of \$3.5 million, compared to a \$28.4 million loss in first half
- Sales volume declined 23.8% compared to prior corresponding period
- Challenging environment driven by:
  - Business shutdown in response to COVID-19
  - Intense competition in UK market
- Business response:
  - Restructure in first half closed 11 sites and reduced headcount by 85
  - Proposed closure of a further 7 sites and headcount reduction of 150 in FY21
  - FY19 processing capacity maintained

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



# Sims Lifecycle Services

*Secured a further three significant “recycling the cloud” customers for FY21*

A\$m	FY19	FY20	% Chg
<b>Underlying EBIT<sup>1</sup></b>	<b>26.0</b>	<b>16.9</b>	<b>-35.0%</b>
Underlying EBIT (constant currency)	26.0	16.2	-37.7%

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

A\$m	FY19	FY20	% Chg
<b>Underlying EBIT<sup>1</sup></b>	<b>0.8<sup>3</sup></b>	<b>2.9</b>	<b>262.5%</b>
Total Volumes (tonnes)	74,700	79,600	6.6%
US Cloud Volumes	15,200	16,000	5.3%
RoW Cloud Volumes	6,400	8,600	34.4%
<b>Total Cloud Volumes (tonnes)</b>	<b>21,600</b>	<b>24,600</b>	<b>13.9%</b>

- Sale of European compliance scheme operations completed resulting in ~\$121 million net cash inflow
- Logistics disruptions and customer personnel availability, due to COVID-19, limited the ability to increase cloud material volumes in 2H FY20
- Targeting a 34% increase in FY21 cloud material to 33,000 tonnes. This assumes improvements to logistics and customer personnel availability

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.

3) FY19 Underlying EBIT differs from the \$3.7 million disclosed at 1H FY20 due to final reconciliation of remaining business EBIT allocation.



# SA Recycling

*Significant improvement in second half earnings from improved volumes and ferrous margins*

A\$m	FY19	FY20	% Chg
<b>Underlying EBIT (50% share)</b>	<b>35.9</b>	<b>12.1</b>	<b>-66.3%</b>
Sales Volumes ('000 tonnes) (50% of SA tonnes)	1,766	1,624	-8.0%
Underlying EBIT / tonne	20.3	7.5	-63.1%
Underlying EBIT (constant currency)	35.9	11.4	-68.2%

- Significantly improved 2H FY20 Underlying EBIT due to higher volumes (locations not as significantly impacted by COVID-19 lockdowns) and improved ferrous margins
- Sales volume declined 8.0% over prior corresponding period due to slower economic activity and low pricing environment
- Underlying EBIT was \$12.1 million, down 66.3% over prior corresponding period driven by:
  - Margin squeeze associated with ferrous scrap market crash and low ferrous pricing
  - Lower zorba pricing
  - Reduced volumes



# Global Trading

*Lower costs reflect lower employee expenses and operation of only one non-ferrous trading office*

A\$m	FY19	FY20	% Chg
Brokerage Gross Margin	12.0	9.6	-20.0%
Operating Costs	(27.1)	(24.8)	8.5%
<b>Underlying EBIT<sup>1</sup></b>	<b>(15.1)</b>	<b>(15.2)</b>	<b>-0.7%</b>
Brokerage Volumes (‘000 tonnes)	1,374	1,301	-5.3%
Underlying EBIT (constant currency)	(15.1)	(13.5)	10.6%

- 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 expenses 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 and lower Corporate costs on constant currency*

Corporate (A\$m)	FY19	FY20	% Chg
<b>Underlying EBIT<sup>1</sup></b>	<b>(59.4)</b>	<b>(57.6)</b>	<b>3.0%</b>
<i>Underlying EBIT (constant currency)</i>	<i>(59.4)</i>	<i>(54.3)</i>	<i>8.6%</i>
Sims Municipal Recycling (A\$m)	FY19	FY20	% Chg
<b>Underlying EBIT<sup>1</sup></b>	<b>7.4</b>	<b>1.5</b>	<b>-79.7%</b>
<i>Underlying EBIT (constant currency)</i>	<i>7.4</i>	<i>1.4</i>	<i>-81.1%</i>
LMS Energy (A\$m)	FY19	FY20	% Chg
<b>Underlying EBIT (50% share)</b>	<b>9.6</b>	<b>7.2</b>	<b>-25.0%</b>
Sims Energy (A\$m)	FY19	FY20	% Chg
<b>Underlying EBIT</b>	<b>(0.6)</b>	<b>(0.8)</b>	<b>-33.3%</b>
Sims Resource Renewal (A\$m)	FY19	FY20	% Chg
<b>Underlying EBIT</b>	<b>-</b>	<b>(1.8)</b>	<b>NMF</b>

## Corporate

- Corporate costs declined 8.6% over prior corresponding period at constant currency due to reduced employee expenses

## Sims Municipal Recycling

- Underlying EBIT of \$1.5 million due to increased residue rates and disposal costs, and lower paper/plastic/metal pricing partially offset by recently commenced Florida contract

## LMS Energy

- Underlying EBIT down 25.0% due to lower wholesale electricity and renewable prices

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



# Net Cash Position

*Net positive cash balance despite COVID-19 downturn*

A\$m	1H FY20	2H FY20	FY20
<b>Opening Net Cash</b>	<b>347.5</b>	<b>151.2</b>	<b>347.5</b>
Net profit	(91.1)	(174.2)	(265.3)
Depreciation & amortisation	98.1	104.7	202.8
Non-cash impairments	41.7	80.5	122.2
Change in working capital	(63.6)	(46.4)	(110.0)
Net interest and tax paid	(22.0)	(18.3)	(40.3)
Other non-cash items	(3.5)	20.7	17.2
<b>Operating cash flow, net of operating recoveries</b>	<b>(40.4)</b>	<b>(33.0)</b>	<b>(73.4)</b>
Capital expenditure, net of recoveries	(70.7)	(61.7)	(132.4)
Net proceeds from sale of European Compliance Scheme Operations	-	121.2	121.2
Proceeds from sale of PPE	1.2	47.1	48.3
Loan to Adams Steel of Nevada	-	(61.4)	(61.4)
Other cash flow from investing	(0.9)	4.7	3.8
<b>Free cash flow</b>	<b>(110.8)</b>	<b>17.0</b>	<b>(93.8)</b>
Dividends paid	(38.6)	(12.0)	(50.6)
Share buy-back	(22.4)	(11.6)	(34.0)
Lease payments	(31.1)	(37.1)	(68.2)
Proceeds from issue of ordinary shares	1.7	-	1.7
Other net cash flow from financing & FX	4.9	2.9	7.8
<b>Change in net cash</b>	<b>(196.3)</b>	<b>(40.8)</b>	<b>(237.1)</b>
<b>Closing Net Cash</b>	<b>151.2</b>	<b>110.4</b>	<b>110.4</b>

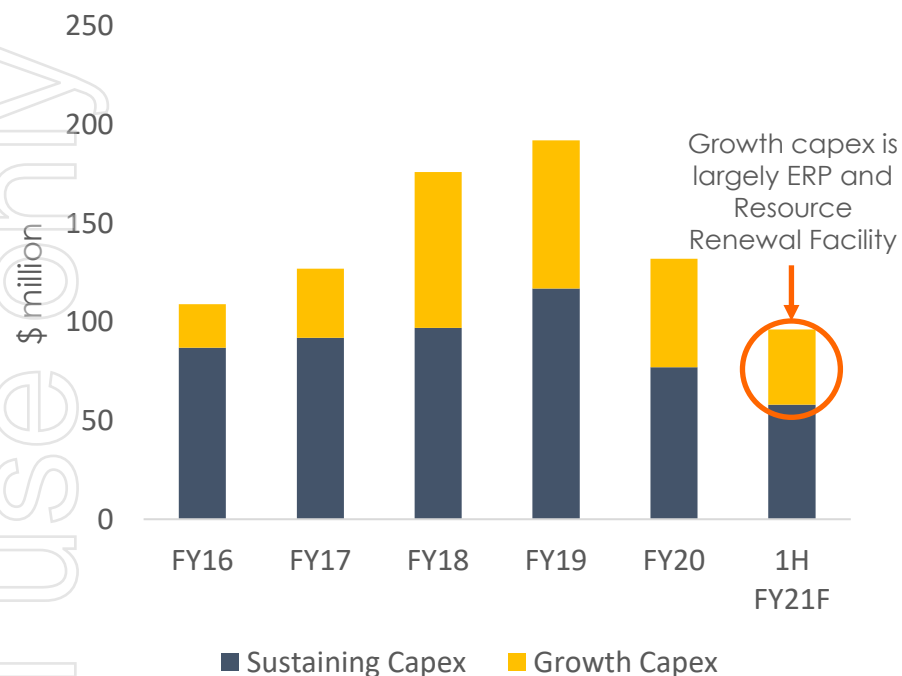
- Solid balance strength with net cash of \$110.4 million despite severe COVID-19 downturn
- Higher receivables resulted in negative working capital
- July 2020 cash flow higher than prior two years' July cash flows



# Capital Expenditure

*Reduced FY20 capital expenditure 35% compared to original forecast*

## Capital Expenditure



- FY20 capital expenditure reduced 35% compared to August 2019 forecast
- Forecast capex of \$95 million in 1H FY21. 2H FY21 capex will be determined on market conditions
- Growth capex is focused on the ERP and first Resource Renewal Facility
- Reduced operating cost base and net cash balance of \$110.4 million as at 30 June support strategic growth initiatives
- Depreciation from existing assets and new capital expenditure expected to be approximately \$195 million for FY21, including \$60 million of right of use (leased) assets





# Strategic Progress & Outlook

Alistair Field, Group CEO



# Business Transformation

*Lowering risk and increasing opportunities through a global structure*

- Sims Metals operating model will be aligned functionally across the globe
- Global responsibility for operations will enable best practices to standardise across the regions
- Structurally combining buy and sell functions will improve gross margin per tonne and overall risk management
- Financial reporting for the metals business will continue by geographic location

## Alistair Field

Group CEO & Managing Director

## John Glyde

Chief Operating Officer

Responsible for Sims Metal processing facilities globally, transportation and logistics and engineering service.

## Michael Movsas

Chief Commercial Officer

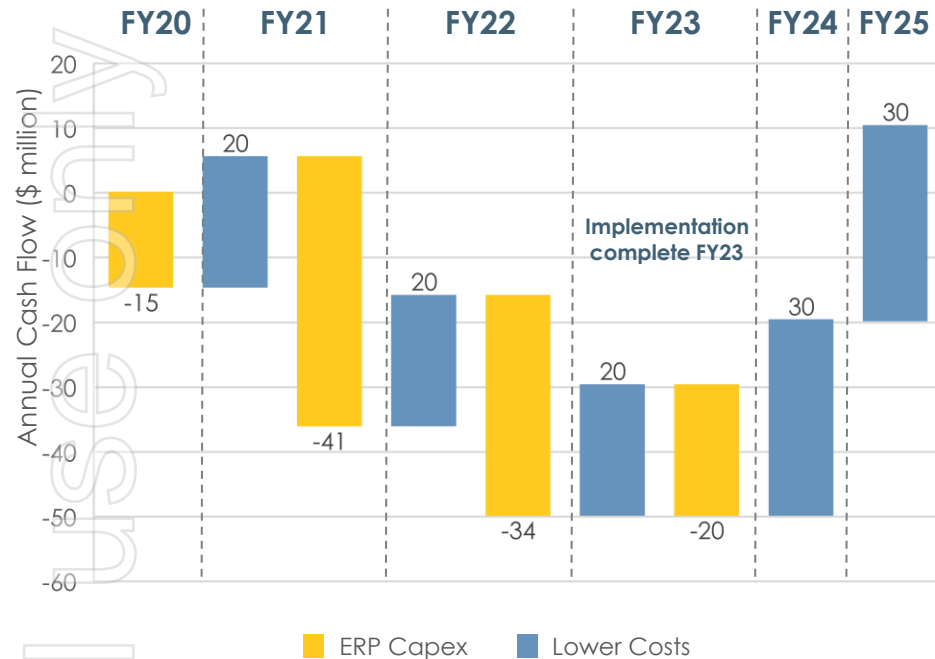
Responsible for all ferrous and non-ferrous sales and purchases, and shipping for metals globally.



# Global ERP Implementation

*Digitise to take advantage of the true benefits of a global company*

## Net positive ERP cash flow in early FY25



## Strategic initiative

- Implementation of SAP s/4HANA, ISB, BSM and HCM as an integrated global instance in the cloud
- The program will enable Sims to:
  - Have globally integrated business processes
  - Real-time management of key business information enabling better trading and risk management
  - Improve customer and supplier experiences

## Financial Benefits

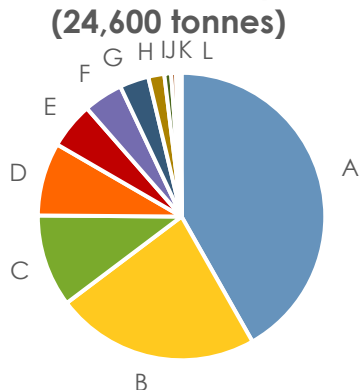
- \$30 million per annum EBIT benefit once complete:
  - Retain \$20 million pa cost reduction from FY21 run rate
  - Additional \$10 million pa cost reduction on completion in FY23 via shared services and Centres of Excellence
- \$40 million avoided IT upgrade costs over four years
- Gross margin benefits not quantified in the financial analysis



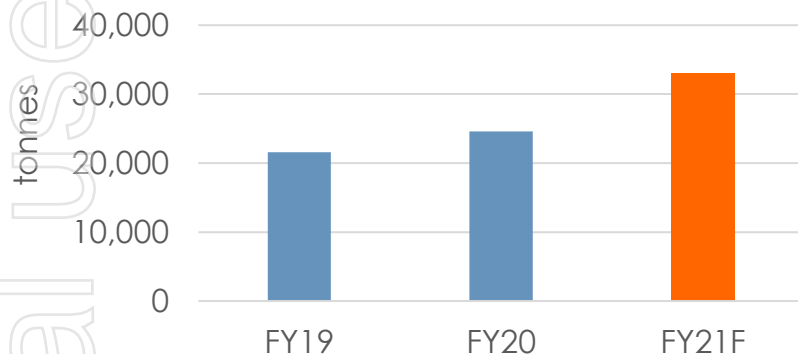
# Sims Lifecycle Services

*Growth in customer numbers creating strong foundation*

## FY20 Cloud Material by Customer



## Cloud volumes target 34% growth in FY21

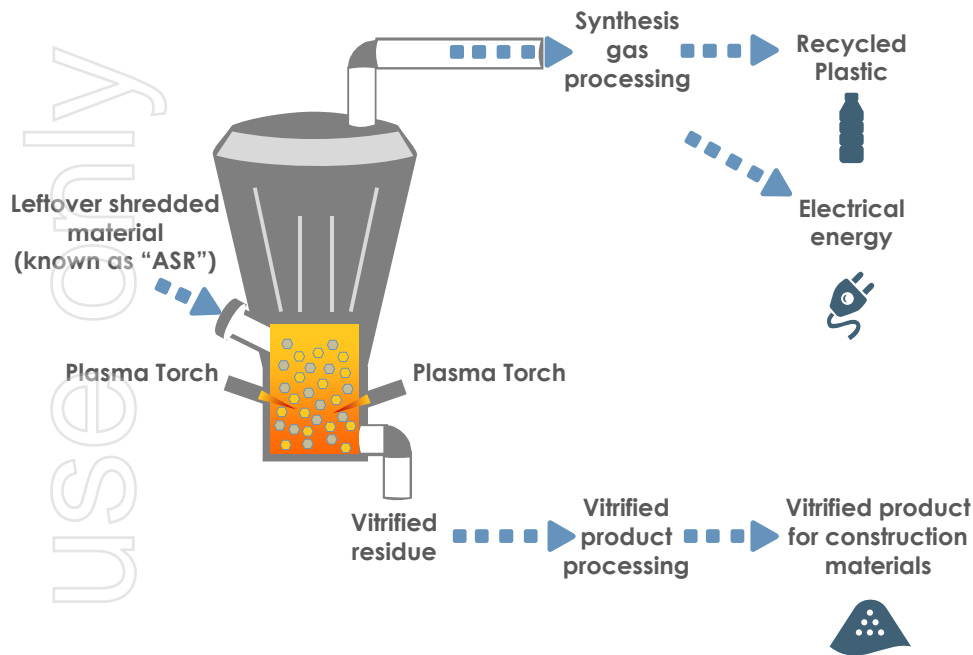


- Cloud customers increased to 12 from eight in FY19
  - A further three significant customer contracts secured for FY21
  - Global volumes starting to expand
- Rigorous due diligence process required for selection with strong focus on security
- COVID-19 limited second half volumes due to logistics constraints and customer personnel availability
- Targeting a 34% increase in FY21 cloud material to 33,000 tonnes. This assumes improvements to logistics and customer personnel availability



# Sims Resource Renewal

*Convert 1 million tonnes of ASR to quality products each year by 2030*



## Resource Renewal Facility

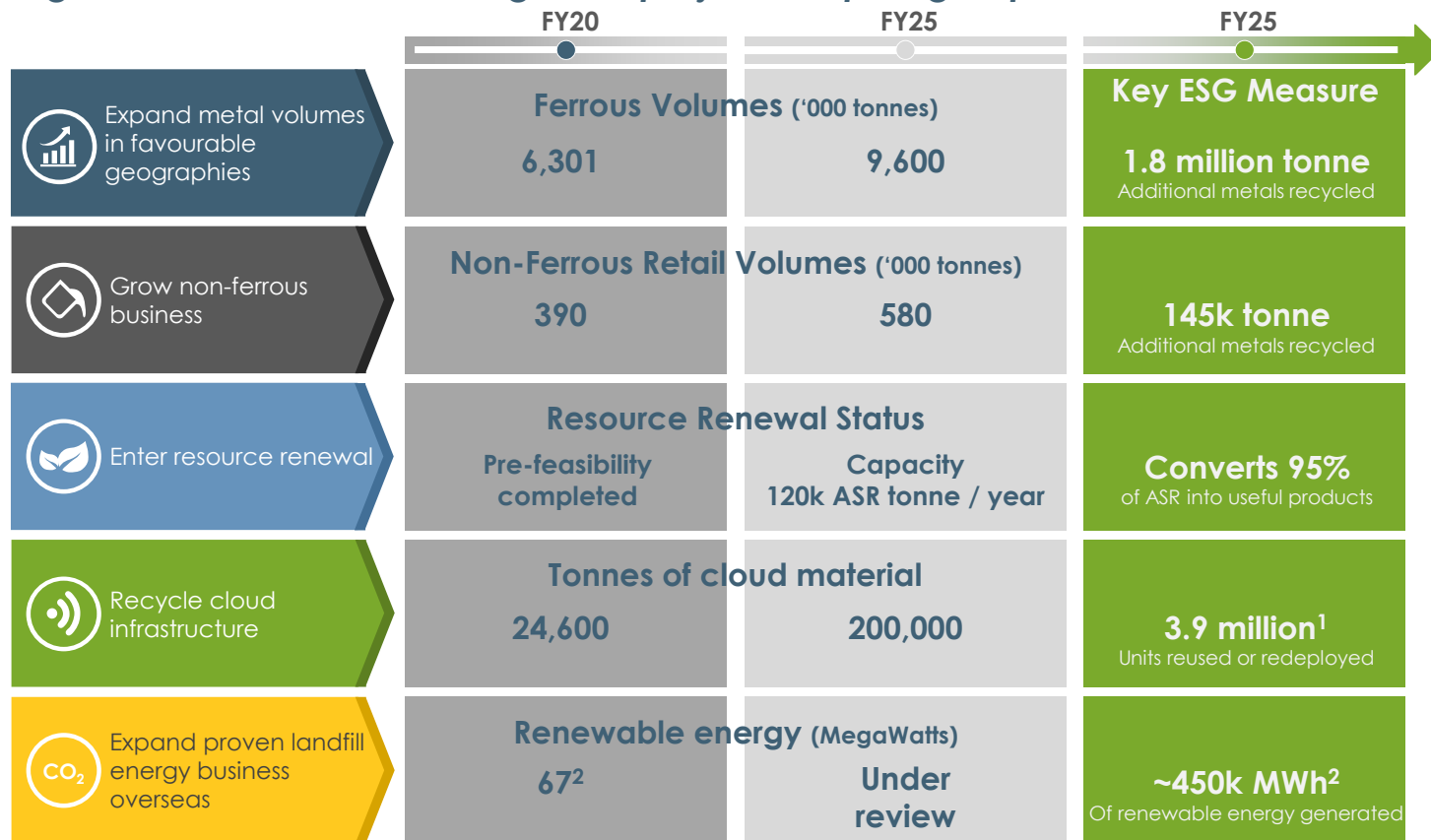
- Plasma gasification converts 95% of ASR into useful products including aggregates for construction materials, high quality synthesis gas and the building blocks of recycled plastic
- The first facility is planned in Campbellfield, Victoria, using InEnTec technology which has been in operation since 1997 with a number of facilities across the USA and Asia
- Suitability of Sims ASR with InEnTec technology confirmed during feasibility study early 2020

Date	Key Milestones
Aug 2020	Commenced community consultation
Sept 2020	Commercial demonstration of technology
Late 2021	Begin construction (subject to regulatory approval)
Late 2022	First plant operational (subject to regulatory approval)



# Strategic Targets

Targeting minimum 15% return on growth projects requiring capital and material ESG benefits



1. Estimated based on outcomes from 2019.  
 2. Represents renewable energy generated by LMS Energy.



# Conclusion & Outlook

*Positioning Sims for sustained long term growth following a year of historic market disruption*

## FY20

- Low and volatile market conditions, combined with a significant COVID-19 induced volume reduction, produced an FY20 underlying EBIT loss of \$57.9 million
- Management responded to the tough market conditions with an extensive restructuring and cost reduction programme that will achieve a full run rate of \$70 million in FY21 vs FY19
- Good progress on implementation of strategic growth plans
- Commenced implementation of transformative global ERP program

## Outlook

- More robustly structured to handle global market volatility:
  - Cost reductions
  - Structurally combining buy and sell functions
  - Implementation of ERP to provide real time global trading and inventory positions and retain cost reductions
- Well positioned to take advantage of anticipated government infrastructure stimulus
- The Sims Group, including all metal divisions, returned to profit for the month of July 2020





## Questions & Answers





# Appendix



# Product Segment Sales Volumes

Sales volumes ('000 tonnes)	FY19	FY20	Chg %
North America Metals	4,887	4,042	-17.3%
ANZ Metals	1,763	1,428	-19.0%
UK Metals	1,602	1,221	-23.8%
<i>Total Proprietary Volumes</i>	<i>8,252</i>	<i>6,691</i>	<i>-18.9%</i>
Global Trading & Other Brokerage	1,551	1,463	-5.7%
<b>Sales volumes</b>	<b>9,803</b>	<b>8,154</b>	<b>-16.8%</b>

Sales volumes ('000 tonnes)	FY19	FY20	Chg %
Ferrous Trading	7,817	6,301	-19.4%
Non-Ferrous Trading	435	390	-10.3%
Brokerage	1,551	1,463	-5.7%
<b>Sales volumes</b>	<b>9,803</b>	<b>8,154</b>	<b>-16.8%</b>



# Group Profit & Loss

A\$m	FY16	FY17	FY18	FY19	FY20	Chg %
Sales revenue	4,651.7	5,079.4	6,448.0	6,640.0	4,908.5	-26.1%
Statutory EBITDA	83.0	313.5	395.8	358.1	35.7	-90.0%
Underlying EBITDA	190.4	292.4	392.3	363.4	144.9	-60.1%
Statutory EBIT	(215.5)	201.2	278.6	225.0	(239.1)	-206.3%
Underlying EBIT	64.0	180.1	275.1	230.3	(57.9)	-125.1%
Net interest (expense)/income	(9.7)	(10.2)	(8.9)	(6.7)	(13.8)	-106.0%
Statutory tax (expense)/benefit	8.7	12.6	(66.2)	(65.7)	(12.4)	81.1%
Underlying tax (expense)/benefit	(9.2)	(52.6)	(78.2)	(61.7)	13.6	122.0%
Statutory NPAT	(216.5)	203.6	203.5	152.6	(265.3)	-273.9%
Significant items	259.4	(85.3)	(14.9)	9.3	207.2	NMF
Underlying NPAT	42.9	118.3	188.6	161.9	(58.1)	-135.9%
Statutory EPS (diluted)	(106.8)	101.6	98.7	74.2	(131.2)	-276.8%
Underlying EPS (diluted)	21.2	59.0	91.5	78.8	(28.7)	-136.4%
Dividend per share (cents)	22.0	50.0 <sup>1</sup>	53.0	42.0	6.0	-85.7%

1) Includes 10.0 cents per share 2017 Special Dividend.



# North America Metals

A\$m	FY16	FY17	FY18	FY19	FY20	Chg %
<b>Sales Revenue</b>	1,942.5	1,984.0	2,607.1	2,725.6	2,061.7	-24.4%
<b>Statutory EBITDA</b>	35.2	106.0	121.0	124.8	(16.2)	-113.0%
<b>Underlying EBITDA</b>	84.8	124.4	159.5	162.6	55.0	-66.2%
<b>Depreciation</b>	51.9	45.0	46.9	53.2	90.2	-69.5%
<b>Amortisation</b>	11.7	8.9	7.9	9.7	3.8	60.8%
<b>Statutory EBIT</b>	(35.1)	52.1	66.2	61.9	(145.8)	-335.5%
<b>Underlying EBIT</b>	21.2	70.5	104.7	99.7	(39.0)	-139.1%
<b>Assets</b>	910.7	904.4	1,070.4	1,065.4	1,116.7	4.8%
<b>Intake Volumes (000's)</b>	4,625	4,312	5,044	4,827	4,268	-11.6%
<b>Proprietary Sales Volumes (000's)</b>	4,517	4,344	4,865	4,887	4,042	-17.3%
<b>Brokerage Sales Volumes (000's)</b>	118	87	47	56	88	57.1%
<b>Total Sales Volumes (000's)</b>	4,635	4,431	4,912	4,943	4,130	-16.4%
<b>Employees<sup>1</sup></b>	1,656	1,490	1,578	1,577	1,124	-28.7%

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	FY16	FY17	FY18	FY19	FY20	Chg %
Statutory EBIT	(120.6)	26.3	67.8	41.0	12.1	-70.5%
Underlying EBIT	(1.5)	26.3	68.5	35.9	12.1	-66.3%
Assets	126.8	131.9	180.7	211.1	277.5	31.5%
Intake Volumes (000's) <sup>1</sup>	2,005	2,557	3,477	3,473	3,250	-6.4%
Sales Volumes (000's) <sup>1</sup>	2,049	2,548	3,342	3,531	3,247	-8.0%

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	FY16	FY17	FY18	FY19	FY20	Chg %
Sales Revenue	743.6	981.4	1,071.0	1,203.7	924.8	-23.2%
Statutory EBITDA	58.0	90.9	121.6	125.6	92.3	-26.5%
Underlying EBITDA	75.6	102.4	126.2	137.9	103.7	-24.8%
Depreciation	26.0	28.2	29.1	31.2	52.8	-69.2%
Amortisation	0.9	0.4	0.2	0.2	0.2	0.0%
Statutory EBIT	31.1	62.3	92.3	94.2	39.3	-58.3%
Underlying EBIT	48.7	73.8	96.9	106.5	50.7	-52.4%
Assets	481.7	542.5	625.2	614.1	694.9	13.2%
Intake Volumes (000's)	1,485	1,616	1,669	1,836	1,584	-13.7%
Proprietary Sales Volumes (000's)	1,377	1,530	1,585	1,763	1,428	-19.0%
Brokerage Sales Volumes (000's)	41	126	111	119	71	-40.3%
Total Sales Volumes (000's)	1,418	1,656	1,696	1,882	1,499	-20.4%
Employees <sup>1</sup>	712	709	715	921	924	0.3%

1) FY18 employee count excludes Sims Pacific Metals employees.



# UK Metals

A\$m	FY16	FY17	FY18	FY19	FY20	Chg %
<b>Sales Revenue</b>	759.1	924.3	1,203.0	1,186.9	869.8	-26.7%
<b>Statutory EBITDA</b>	(15.7)	50.5	42.0	19.7	(59.4)	-401.5%
<b>Underlying EBITDA</b>	43.8	54.2	50.5	39.5	(4.3)	-110.9%
<b>Depreciation</b>	13.8	12.0	14.9	18.3	26.8	-46.4%
<b>Amortisation</b>	-	-	0.3	0.9	0.8	11.1%
<b>Statutory EBIT</b>	(29.7)	38.5	26.8	0.5	(110.0)	NMF
<b>Underlying EBIT</b>	30.0	42.2	35.3	20.3	(31.9)	-257.1%
<b>Assets</b>	245.2	329.2	431.4	389.9	322.5	-17.3%
<b>Intake Volumes (000's)</b>	1,420	1,570	1,696	1,635	1,195	-26.9%
<b>Proprietary Sales Volumes (000's)</b>	1,350	1,589	1,691	1,602	1,221	-23.8%
<b>Brokerage Sales Volumes (000's)</b>	11	1	3	2	3	50.0%
<b>Total Sales Volumes (000's)</b>	1,361	1,590	1,694	1,604	1,224	-23.7%
<b>Employees<sup>1</sup></b>	612	660	690	761	676	-11.2%

1) FY18 employee count excludes Morley and Barnsley employees.



# Global Trading

A\$m	FY16	FY17	FY18	FY19	FY20	Chg %
Sales Revenue	352.6	386.6	733.5	690.9	550.8	-20.3%
Statutory EBITDA	3.2	3.1	19.0	23.3	8.2	-64.8%
Underlying EBITDA	(10.5)	(15.3)	(12.3)	(14.9)	(13.9)	-6.7%
Depreciation	0.1	0.1	0.1	0.2	1.3	NMF
Amortisation	-	-	-	-	-	-
Statutory EBIT	3.1	3.0	18.8	23.1	6.9	-70.1%
Underlying EBIT	(10.6)	(15.4)	(12.4)	(15.1)	(15.2)	-0.7%
Assets	77.6	108.0	95.6	67.2	54.1	-19.5%
Intake Volumes (000's)	1,135	1,028	1,558	1,384	1,287	-7.0%
Sales Volumes (000's)	1,137	1,023	1,554	1,374	1,301	-5.3%
Employees	45	46	69	75	66	-12.0%



# Sims Lifecycle Services

A\$m	FY16	FY17	FY18	FY19	FY20	Chg %
Sales Revenue	792.7	726.9	758.4	746.5	408.0	-45.3%
Statutory EBITDA	(2.6)	30.6	34.5	26.4	9.9	-62.5%
Underlying EBITDA	23.3	36.3	39.7	34.5	28.2	-18.3%
Depreciation	11.2	8.2	8.4	8.5	11.3	-32.9%
Amortisation	0.4	-	-	-	-	-
Statutory EBIT	(60.2)	22.4	26.1	17.9	(14.8)	-182.7%
Underlying EBIT	11.7	28.1	31.3	26.0	16.9	-35.0%
Assets	447.9	382.1	397.3	340.6	139.4	-59.1%
Employees <sup>1</sup>	1,471	1,417	1,420	1,350	919	-31.9%

1) FY20 employee count excludes sold European compliance scheme operations employees.



# Corporate & Other

A\$m	FY16	FY17	FY18	FY19	FY20	Chg %
Sales Revenue	61.2	76.2	75.0	86.4	93.4	8.1%
Statutory EBITDA	6.4	6.1	(10.1)	(2.7)	(11.2)	-314.8%
Underlying EBITDA	(25.1)	(35.9)	(39.8)	(32.1)	(35.9)	-11.8%
Depreciation	10.4	9.5	9.4	10.9	15.6	-43.1%
Amortisation	-	-	-	-	-	-
Statutory EBIT	(4.1)	(3.4)	(19.4)	(13.6)	(26.8)	-97.1%
Underlying EBIT	(35.5)	(45.4)	(49.2)	(43.0)	(51.5)	-19.8%
Assets	281.0	344.9	401.2	497.1	601.0	20.9%
Employees <sup>1</sup>	260	239	280	311	366	17.7%

1) FY20 employee count includes employees from the new Sims Municipal Recycling contract in Florida.



# Financial Summary – Group

A\$m	FY16	FY17	FY18	FY19	FY20
<b>Group Results</b>					
Sales Revenue	4,651.7	5,079.4	6,448.0	6,640.0	4,908.5
Underlying EBITDA	190.4	292.4	392.3	363.4	144.9
Underlying EBIT	64.0	180.1	275.1	230.3	(57.9)
<b>Underlying NPAT</b>	<b>42.9</b>	<b>118.3</b>	<b>188.6</b>	<b>161.9</b>	<b>(58.1)</b>
Underlying EPS (cents per share)	21.2	59.0	91.5	78.8	(28.7)
Dividend (cents per share)	22.0	50.0 <sup>3</sup>	53.0	42.0	6.0
<b>Balance Sheet</b>					
Total Assets	2,570.9	2,743.0	3,201.8	3,185.4	3,206.1
Total Liabilities	738.4	775.4	1,013.1	886.7	1,223.8
Total Equity	1,832.5	1,967.6	2,188.7	2,298.7	1,982.3
<b>Net Cash</b>	<b>242.1</b>	<b>373.0</b>	<b>298.1</b>	<b>347.5</b>	<b>110.4</b>
<b>Cash Flows</b>					
Operating Cash Flow	131.3	266.4	252.1	360.1	(65.3)
Capital Expenditure	(108.9)	(126.5)	(176.1)	(197.1)	(140.5)
<b>Free Cash Flow<sup>1</sup></b>	<b>22.4</b>	<b>139.9</b>	<b>76.0</b>	<b>163.0</b>	<b>(205.8)</b>
Average non-current assets	1,583.0	1,502.8	1,664.2	1,884.3	1,917.7
<b>ROPA<sup>2</sup> (%)</b>	<b>4.0%</b>	<b>12.0%</b>	<b>16.5%</b>	<b>12.2%</b>	<b>-3.0%</b>

1) Free cash flow = operating cash flow – capex.

2) Return on Productive Assets = Underlying EBIT / average of opening non-current assets and ending non-current assets excluding assets relating to adoption of AASB 16 Leases.

3) Includes 10.0 cents per share 2017 Special Dividend.



# Financial Summary – Segment

A\$ <sup>m</sup>	FY16	FY17	FY18	FY19	FY20
<b>Sales Revenue</b>					
North America Metals	1,942.5	1,984.0	2,607.1	2,725.6	2,061.7
ANZ Metals	743.6	981.4	1,071.0	1,203.7	924.8
UK Metals	759.1	924.3	1,203.0	1,186.9	869.8
Sims Lifecycle Services	792.7	726.9	758.4	746.5	408.0
Global Trading	352.6	386.6	733.5	690.9	550.8
Corporate & Other	61.2	76.2	75.0	86.4	93.4
<b>Total</b>	<b>4,651.7</b>	<b>5,079.4</b>	<b>6,448.0</b>	<b>6,640.0</b>	<b>4,908.5</b>
<b>Underlying EBIT</b>					
North America Metals	21.2	70.5	104.7	99.7	(39.0)
ANZ Metals	48.7	73.8	96.9	106.5	50.7
UK Metals	30.0	42.2	35.3	20.3	(31.9)
Sims Lifecycle Services	11.7	28.1	31.3	26.0	16.9
Investment in SA Recycling	(1.5)	26.3	68.5	35.9	12.1
Global Trading	(10.6)	(15.4)	(12.4)	(15.1)	(15.2)
Corporate & Other	(35.5)	(45.4)	(49.2)	(43.0)	(51.5)
<b>Total</b>	<b>64.0</b>	<b>180.1</b>	<b>275.1</b>	<b>230.3</b>	<b>(57.9)</b>
<b>Underlying EBIT Margin (%)</b>					
North America Metals	1.1%	3.6%	4.0%	3.7%	-1.9%
ANZ Metals	6.5%	7.5%	9.0%	8.8%	5.5%
UK Metals	4.0%	4.6%	2.9%	1.7%	-3.7%
Sims Lifecycle Services	1.5%	3.9%	4.1%	3.5%	4.1%
<b>Total</b>	<b>1.4%</b>	<b>3.5%</b>	<b>4.3%</b>	<b>3.5%</b>	<b>-55.1%</b>



# Financial Summary – Segment (cont.)

A\$m	FY16	FY17	FY18	FY19	FY20
<b>Proprietary sales tonnes ('000)<sup>1</sup></b>					
North America Metals	4,517	4,344	4,865	4,887	4,042
ANZ Metals	1,377	1,530	1,585	1,763	1,428
UK Metals	1,350	1,589	1,691	1,602	1,221
<b>Total</b>	<b>7,244</b>	<b>7,463</b>	<b>8,141</b>	<b>8,252</b>	<b>6,691</b>
<b>Underlying EBIT<sup>2</sup></b>					
North America Metals	21.2	70.5	104.7	99.7	(39.0)
ANZ Metals	48.7	73.8	96.9	106.5	50.7
UK Metals	30.0	42.2	35.3	20.3	(31.9)
<b>Total</b>	<b>99.9</b>	<b>186.5</b>	<b>236.9</b>	<b>226.5</b>	<b>(20.2)</b>
<b>EBIT / tonne (\$/t)</b>					
North America Metals	4.69	16.23	21.52	20.40	(9.65)
ANZ Metals	35.37	48.24	61.14	60.41	35.50
UK Metals	22.22	26.56	20.88	12.67	(26.13)
<b>Total</b>	<b>13.79</b>	<b>24.99</b>	<b>29.10</b>	<b>27.45</b>	<b>(3.02)</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	FY16	FY17	FY18	FY19	FY20
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## Sales tonnes ('000)

Ferrous Trading	6,768	7,009	7,709	7,817	6,301
Non Ferrous	476	454	432	435	390
Brokerage	1,307	1,237	1,715	1,551	1,463
<b>Total</b>	<b>8,551</b>	<b>8,700</b>	<b>9,856</b>	<b>9,803</b>	<b>8,154</b>

## Sales Revenue

Ferrous Metals	2,703.0	3,136.1	4,381.6	4,505.4	3,286.2
Non Ferrous Metals	1,055.3	1,123.7	1,215.6	1,271.4	1,095.5
Sims Lifecycle Services	792.7	726.9	758.4	746.5	408.0
Secondary processing & other	100.7	92.7	92.4	116.7	118.8
<b>Total</b>	<b>4,651.7</b>	<b>5,079.4</b>	<b>6,448.0</b>	<b>6,640.0</b>	<b>4,908.5</b>



# Income Tax Expense – FY20

A\$m	Loss Before Tax	Income Tax Benefit /(Expense)	Effective Tax %
<b>Statutory Result</b>	<b>(252.9)</b>	<b>(12.4)</b>	<b>4.9</b>
Significant Items	207.2	26.0	
<b>Normalised Results</b>	<b>(45.7)</b>	<b>13.6</b>	<b>-29.8</b>



# Lease Standard Impact – FY20

A\$m	EBIT	EBITDA
<b>Underlying Result</b>	<b>(57.9)</b>	<b>144.9</b>
Lease Depreciation	N/A	67.1
Lease Interest Expense	6.8	6.8
<b>Underlying Result Excluding Lease Standard Impact</b>	<b>(64.7)</b>	<b>71.0</b>



# Significant items

A\$m	FY19 Pre-Tax Total	FY19 After-Tax Total	FY20 Pre-Tax Total	FY20 After-Tax Total
Legacy brand write offs	-	-	27.3	20.6
Other intangible asset impairments	-	-	44.7	34.7
Asset write offs	-	-	50.2	38.8
Restructuring and redundancies	11.5	8.9	35.2	27.8
Loss on asset disposals, net of associated professional fees	-	-	9.9	8.3
Environmental provisions	-	-	25.0	18.8
Gain on sale of property	(4.2)	(3.0)	(20.4)	(15.4)
Non-qualified hedges	2.2	1.9	8.0	6.2
Impact of fires, net of insurance recoveries	(1.8)	(1.2)	(5.0)	(3.7)
Non-recurring gain on asset disposition by joint venture	(5.1)	(3.8)	-	-
Other	2.7	2.0	6.3	5.0
Impact of tax remeasurements	-	4.5	-	66.1
<b>Significant Items for FY</b>	<b>5.3</b>	<b>9.3</b>	<b>181.2</b>	<b>207.2</b>

A\$m	FY20
Statutory EBIT	(239.1)
Significant Items	173.2
Non qualifying hedges	8.0
<b>Underlying EBIT</b>	<b>(57.9)</b>

A\$m	FY20
Statutory NPAT	(265.3)
Significant Items	201.0
Non qualifying hedges	6.2
<b>Underlying NPAT</b>	<b>(58.1)</b>

