



ASX & MEDIA RELEASE

(ASX: SGM, USOTC: SMSMY)

19 April 2021

### Trading update and forecast earnings

Sims Limited ("Sims or the Company") today announced that it is expecting Underlying EBIT for full year FY21 to be between \$260 million and \$310 million.

The Company's business divisions are performing strongly, and the key drivers of the forecasted earnings are:

- Proprietary intake volumes for Q3 FY21 have increased to around 95% of FY19 average monthly volumes, compared to 85% in 1H FY21;
- A general improvement in gross margin per tonne due to higher scrap prices, and good margin management;
- Continued achievement of annualised predominantly fixed cost savings in excess of \$70 million in FY21 compared to FY19; and
- A significant contribution from SA Recycling driven by high scrap prices, particularly for zorba linked products, good intake volumes, and good margin management.

Commenting on the forecast earnings, Alistair Field, CEO and Managing Director, said "It is pleasing to see the strong improvement in profitability driven by improved volumes, margin management, and achievement of targeted cost savings."

"While the short term outlook still has risks that could result in earnings volatility, in the medium term Sims is well positioned to benefit from global infrastructure spending, the need for countries and companies to reduce their carbon footprint from steel production to meet CO<sub>2</sub> commitments, and the potential for China to import meaningful volumes of recycled ferrous products."

Risks to the forecasted FY21 result include:

- Disruption from COVID-19 to Sims' facilities, and/or its suppliers' facilities, and/or its customers' facilities;
- Illiquid demand creating volatility in ferrous and non-ferrous prices;
- Supply chain disruptions; and
- Macroeconomic and geopolitical risk.

The Company received \$6.5 million from JobKeeper relating to FY20 and \$7.5 million relating to FY21. Due to the rapid and significant financial improvement to date in FY21, Sims will be voluntarily returning \$7.5 million to the Australian Government.

**Authorised for lodgement by:** The Board of Sims Limited.

### **About Sims Limited**

Founded in 1917, Sims Limited is a global leader in metal recycling and electronics recovery, and an emerging leader in the municipal recycling and the renewable energy industries. Our nearly 4,000 employees operate from over 200 facilities across 15 countries. The Company's ordinary shares are listed on the Australian Securities Exchange (ASX: SGM) and its American Depositary Shares are quoted on the Over-the-Counter market in the United States (USOTC: SMSMY). Our purpose, create a world without waste to preserve our planet, is what drives us to constantly innovate and offer new solutions in the circular economy for consumers, businesses, governments and communities around the world. For more information, visit [www.simsltd.com](http://www.simsltd.com).

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