



# Financial Results

## Full year ended 30 June 2021

17 August 2021



# Disclaimer

The material contained in this document is a presentation of information about the Group's activities current at the date of the presentation, 17 August 2021. 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.

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**Authorised for Release by:** the Company Secretary, Gretchen Johanns

**ABN** 69 114 838 630

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# Agenda

## Results Overview

Alistair Field, Group CEO

## Financial Results

Stephen Mikkelsen, Group CFO

## Strategic Progress & Outlook

Alistair Field, Group CEO



# FY21 Themes

*Strong and sustained second half recovery has delivered significant margin growth*

## Price recovery driven by increased demand in many industrial sectors

- Material improvement in market prices, particularly in the second half
- Proprietary sales volumes increased by 8.0% and proprietary intake volumes by 7.1% in FY21 compared to the prior corresponding period

## All financial return measures showed major improvements during FY21

- Statutory EBIT of \$314.0 million, up \$553.1 million over prior corresponding period
- Underlying EBIT<sup>1</sup> of \$386.6 million, up \$444.5 million over prior corresponding period
- FY21 final dividend of 30.0 cents per share ("cps"), 50% franked
- Return on Productive Assets of 20.4%, up from negative 3.0% in the prior corresponding period

## Good progress in strategic growth plan

- Sims Resource Renewal
  - Received planning development approval for the pilot Resource Renewal facility at Rocklea in Queensland, Australia
  - Announced the production of hydrogen at the proposed Campbellfield facility in Victoria, Australia
- Acquired Alumisource, a leading aluminium processor forecast to grow NAM non-ferrous retail volumes by 24%<sup>2</sup>; strong cultural fit for the Sims North America Metal business
- Acquired existing purpose-built recycling facility in Sydney's rapidly growing Southwest market

<sup>1</sup> Underlying earnings excludes significant non-recurring items, the impact of non-qualifying hedges, and internal recharges

<sup>2</sup> Percentage calculation is based on FY20 NAM volumes



# Summary of Financial Outcomes

All profitability metrics showed major improvement

<b>Sales Revenue</b> <b>\$5,916.3 million</b> ↑	<b>Sales Volumes</b> <b>8.593 million tonnes</b> ↑
FY20 \$4,908.5 million <b>20.5%</b>	FY20 8.154 million tonnes <b>5.4%</b>
<b>Underlying<sup>1</sup> EBITDA</b> <b>\$579.9 million</b> ↑	<b>Net Cash Balance</b> <b>\$8.3 million</b> ↓
FY20 \$144.9 million <b>300.2%</b>	30 June 2020 \$110.4 million <b>-92.5%</b>
<b>Underlying<sup>1</sup> EBIT</b> <b>\$386.6 million</b> ↑	<b>Return on Productive Assets<sup>2</sup></b> <b>20.4%</b> ↑
FY20 \$(57.9) million <b>767.7%</b>	FY20 -3.0% <b>780.0%</b>
<b>Underlying<sup>1</sup> NPAT</b> <b>\$284.1 million</b> ↑	<b>Final Dividend</b> <b>30 cps (50% franked)</b> ↑
FY20 \$(58.1) million <b>589.0%</b>	FY20 No final dividend <b>30 cps</b>

<sup>1</sup> Underlying earnings excludes significant non-recurring items, the impact of non-qualifying hedges, and internal recharges

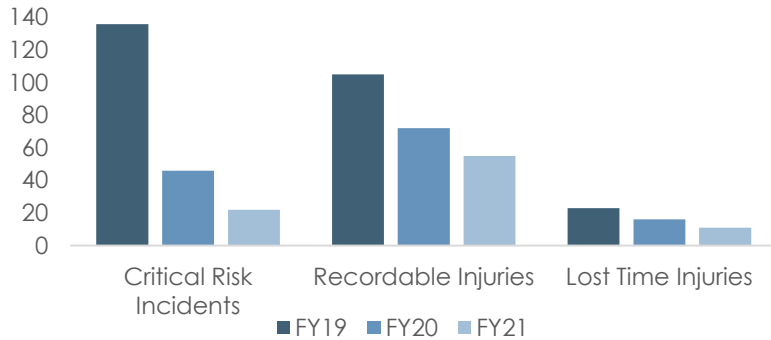
<sup>2</sup> Underlying EBIT / average of opening non-current assets and ending non-current assets excluding assets relating to adoption of AASB 16 Leases



# Employee Health & Safety

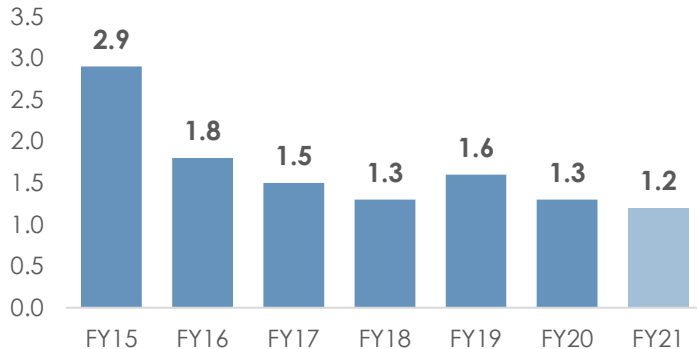
*Lowest ever recorded number of injuries, despite adverse changing conditions in FY21*

## Actual incidents significantly reduced year over year



- Proactive lead indicator programs drove significant safety improvement, including
  - Lowest number of critical risk incidents
  - Lowest number of recordable injuries
  - Lowest number of lost time cases
- 11,977 corrective actions were identified and closed. This represents 96% of total identified actions
- Equal lowest TRIFR driven by lowest ever recorded number of injuries despite a 20% loss of hours year over year, driven by COVID-19 related reductions in staff, temporary site shut-down, and the sale of SLS sites in Europe

## Total Recordable Injury Frequency Rate (TRIFR)<sup>1</sup>



**-24%**  
Recordable Injuries  
in FY21 vs FY20

**-20%**  
Work Hours  
in FY21 vs FY20

<sup>1</sup> Defined as total recordable injuries x 200,000 divided by number of hours worked for employees and contractors.



# Sustainability

*We are pleased with our progress across each of the pillars, despite COVID-19 disruption*

## 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

## FY21 Update

- Executed the Safety Risk Incident Programme
- Implemented control measures to prevent or minimise exposure of employees to COVID-19 risks during rendering of essential services
- Developed the FY25 and beyond sustainability targets
- Increased usage of renewable energy across the Sims operations
- Developed pipeline of projects for carbon mitigation, reduction and elimination
- Increased the number of partnerships to enable circularity and maintain resources in use as long as possible
- Worked with the World Business Council of Sustainability Development to create circularity metrics, solutions and partnerships for circular electronics and plastics and packaging



# Group Financial Performance

A\$m	FY20	FY21	% Chg
Sales revenue	4,908.5	5,916.3	20.5%
Statutory EBITDA	35.7	507.3	1,321.0%
Underlying EBITDA <sup>1</sup>	144.9	579.9	300.2%
Statutory EBIT	(239.1)	314.0	231.3%
<b>Underlying EBIT<sup>1</sup></b>	<b>(57.9)</b>	<b>386.6</b>	<b>767.7%</b>
Statutory NPAT	(265.3)	229.4	186.5%
Significant items	207.2	54.7	-73.6%
<b>Underlying NPAT<sup>1</sup></b>	<b>(58.1)</b>	<b>284.1</b>	<b>589.0%</b>
Statutory EPS - diluted (cents)	(131.2)	112.8	186.0%
<b>Underlying EPS - diluted (cents)<sup>1</sup></b>	<b>(28.7)</b>	<b>139.6</b>	<b>586.4%</b>
Dividend per share (cents)	6.0	42.0	600.0%
Average non-current assets <sup>2</sup>	1,917.7	1,891.6	-1.4%
<b>Return on productive assets<sup>2</sup></b>	<b>-3.0%</b>	<b>20.4%</b>	<b>780.0%</b>

- Strong earnings growth due to:
  - Higher sales revenue and volumes
  - Lower operating costs with cost savings of \$75 million in FY21 compared to FY19; and
  - Margin improvement driven by active margin management and higher pricing

<sup>1</sup>Underlying earnings excludes significant non-recurring items, the impact of non-qualifying hedges, and internal recharges

<sup>2</sup>Annualised underlying EBIT / average of opening non-current assets and ending non-current assets excluding assets relating to adoption of AASB 16 Leases

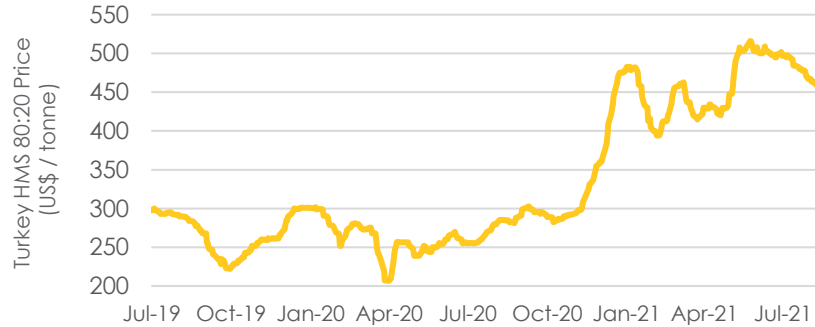




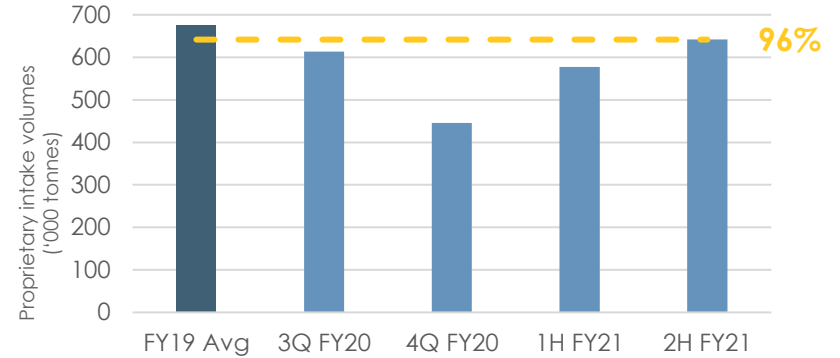
# Markets

Large price increases in FY21 vs FY20 and unprecedented size of global stimulus package

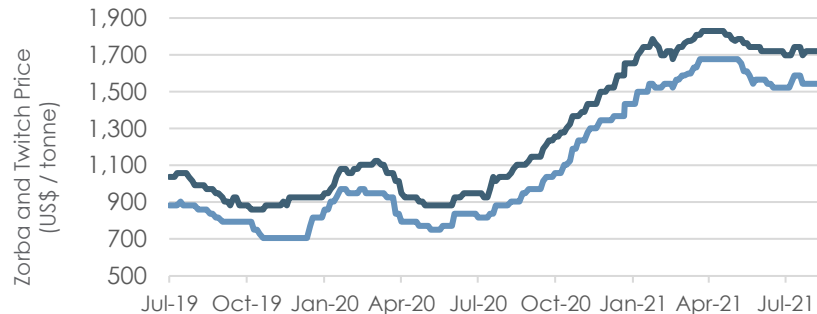
## Ferrous<sup>1</sup> – Improved pricing since April 2020 lows



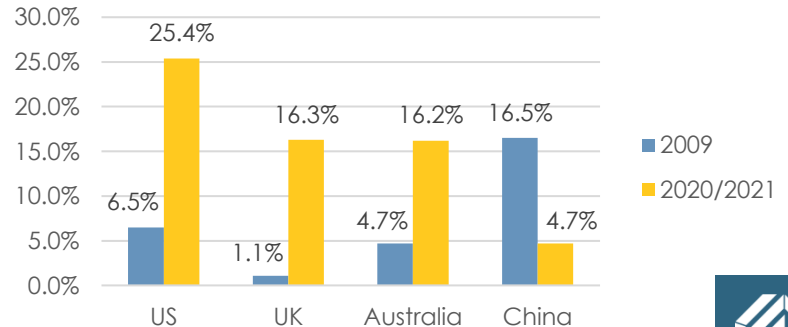
## 2H FY21 intake volumes at ~96% of the FY19 average



## Non-ferrous<sup>1</sup> – Improved pricing since April 2020 lows



## Government fiscal spending COVID-19 vs GFC<sup>2</sup> (in % of GDP)<sup>3</sup>



<sup>1</sup> Source: Platts (top and bottom chart)

<sup>2</sup> GFC – Global Financial Crisis

<sup>3</sup> Sources: Atlantic Council based on IMF, EC & ILLS, World Bank. Fiscal measures include stimulus packages announced or implemented through Mar 10, 2021





# Financial Results

Stephen Mikkelsen, Group CFO



# Business Segment Financial Performance

*Strong earnings growth and volume recovery across all business segments*

Underlying EBIT <sup>1</sup> (A\$m)	FY20	FY21	Chg %
North America Metal	(39.0)	137.0	451.3%
ANZ Metal	50.7	103.6	104.3%
UK Metal	(31.9)	45.7	243.3%
Sims Lifecycle Services	16.9	21.8	29.0% <sup>3</sup>
SA Recycling	12.1	157.8	1,204.1%
Global Trading	(15.2)	(17.4)	-14.5%
Corporate & Other	(51.5)	(61.9)	-20.2%
<b>Underlying EBIT</b>	<b>(57.9)</b>	<b>386.6</b>	<b>767.7%</b>

Sales volumes ('000 tonnes)	FY20	FY21	Chg %
North America Metal <sup>2</sup>	4,042	4,318	6.8%
ANZ Metal <sup>2</sup>	1,428	1,537	7.6%
UK Metal <sup>2</sup>	1,221	1,370	12.2%
Global Trading	1,301	1,259	-3.2%
Other Brokerage	162	109	-32.7%
<b>Total sales volumes</b>	<b>8,154</b>	<b>8,593</b>	<b>5.4%</b>
Intake volumes ('000 tonnes)	FY20	FY21	Chg %
North America Metal <sup>2</sup>	4,180	4,432	6.0%
ANZ Metal <sup>2</sup>	1,513	1,527	0.9%
UK Metal <sup>2</sup>	1,192	1,412	18.5%
Global Trading	1,287	1,261	-2.0%
Other Brokerage	162	110	-32.1%
<b>Intake volumes</b>	<b>8,334</b>	<b>8,742</b>	<b>4.9%</b>

<sup>1</sup> Underlying earnings excludes significant non-recurring items, the impact of non-qualifying hedges, and internal recharges

<sup>2</sup> Proprietary volumes exclude ferrous and non-ferrous brokerage volumes

<sup>3</sup> Sims Lifecycle Services grew 651.7% on a remaining business basis



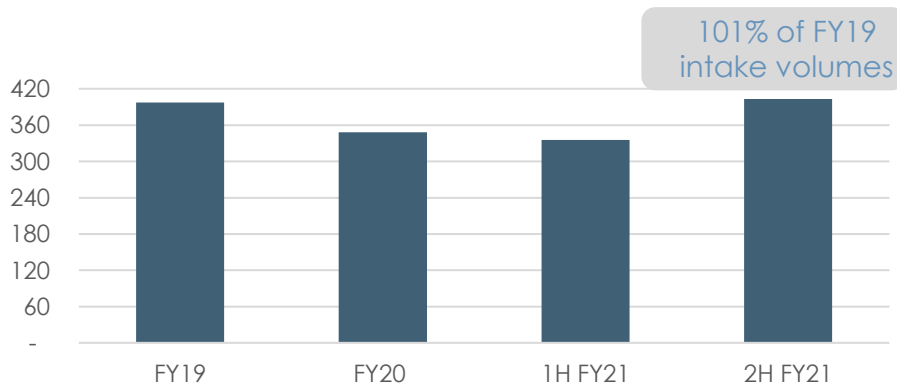
# North America Metal

*Significantly improved earnings due to lower operating costs and improved margins*

A\$m	FY20	FY21	% Chg
<b>Underlying EBIT<sup>1</sup></b>	<b>(39.0)</b>	<b>137.0</b>	<b>451.3%</b>
<i>Underlying EBIT (constant currency)</i>	(39.0)	152.2	490.3%
Proprietary Sales Volumes (*000 tonnes)	4,042	4,318	6.8%
Underlying EBIT / tonne	(9.6)	31.7	430.2%

- Underlying EBIT of \$137.0 million, up \$191.2 million over prior corresponding period on constant currency basis driven by:
  - Improved gross margins across both ferrous and non-ferrous; and
  - Cost reduction initiatives
- Proprietary sales volumes were up 6.8% over prior corresponding period driven by strong recovery in economic activity commencing in Q2 FY21 as global demand improved
- Alumisource delivered earnings ahead of expectations

## North America – average monthly intake volumes<sup>2</sup>



<sup>1</sup> Underlying earnings excludes significant non-recurring items, the impact of non-qualifying hedges, and internal recharges

<sup>2</sup> Proprietary intake volumes



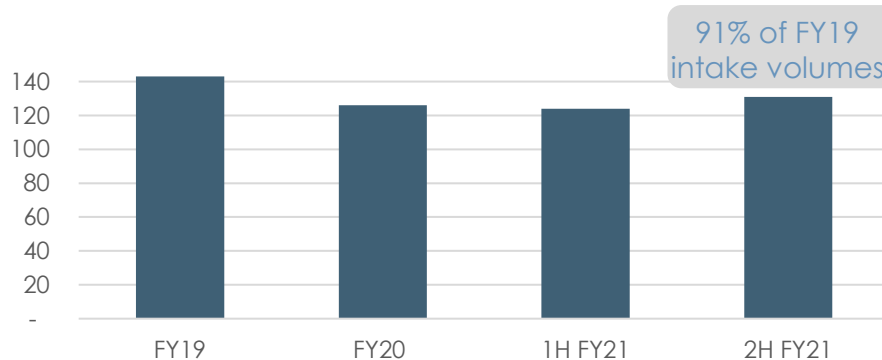
# Australia & New Zealand Metal

*Improved earnings supported by higher ferrous and non-ferrous margins and cost reductions*

A\$m	FY20	FY21	% Chg
<b>Underlying EBIT<sup>1</sup></b>	<b>50.7</b>	<b>103.6</b>	<b>104.3%</b>
Proprietary Sales Volumes (*000 tonnes)	1,428	1,537	7.6%
Underlying EBIT / tonne	35.5	67.4	89.9%

- Underlying EBIT was \$103.6 million, up 104.3% over prior corresponding period driven by:
  - Higher gross margins per tonne in ferrous and non-ferrous
  - Higher sales volumes in ferrous metals with a small decline in non-ferrous
  - Operational cost reductions in both fixed and variable terms
- Proprietary sales and intake volumes increased by 7.6% and 0.9% respectively over the prior corresponding period
- Market conditions remain competitive, albeit with a supportive backdrop of healthy commodity prices and recovering business activity

## ANZ Metal – average monthly intake volumes<sup>2</sup>



<sup>1</sup> Underlying earnings excludes significant non-recurring items, the impact of non-qualifying hedges, and internal recharges

<sup>2</sup> Proprietary intake volumes



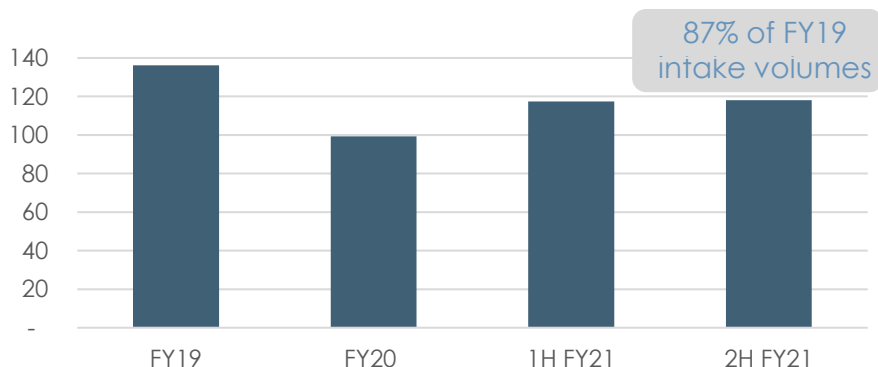
# UK Metal

**Lower operating costs and higher volumes and margins delivered significant earnings improvement**

A\$m	FY20	FY21	% Chg
<b>Underlying EBIT<sup>1</sup></b>	<b>(31.9)</b>	<b>45.7</b>	<b>243.3%</b>
<i>Underlying EBIT (constant currency)</i>	(31.9)	46.5	245.8%
Proprietary Sales Volumes ( <sup>000 tonnes</sup> )	1,221	1,370	12.2%
Underlying EBIT / tonne	(26.1)	33.4	228.0%

- Underlying EBIT of \$45.7 million, up \$78.4 million over prior corresponding period on constant currency basis
- Significant earnings improvement due to:
  - Lower operating cost, following business restructure
  - Higher ferrous sales volumes
  - Gross margin improvement driven by higher commodity prices, active margin management and favourable competitive market conditions
  - Sales volumes increased by 12.2% compared to prior corresponding period, despite continued challenges from COVID-19

## UK Metal – average monthly intake volumes<sup>2</sup>



<sup>1</sup> Underlying earnings excludes significant non-recurring items, the impact of non-qualifying hedges, and internal recharges

<sup>2</sup> Proprietary intake volumes



# Sims Lifecycle Services

*Strong interest in SLS expertise and growing market share*

A\$m	FY20	FY21	% Chg
<b>Underlying EBIT<sup>1</sup></b>	<b>16.9</b>	<b>21.8</b>	<b>29.0%</b>
Underlying EBIT from remaining businesses	2.9	21.8	651.7%
<i>Underlying EBIT from remaining businesses<sup>2</sup> (constant currency)</i>	2.9	24.2	734.5%

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

A\$m	FY20	FY21	% Chg
<b>Underlying EBIT<sup>1</sup></b>	<b>2.9</b>	<b>21.8</b>	<b>651.7%</b>
Repurposed Units <sup>3</sup> (million)	1.6	2.1	31.3%

- Underlying EBIT for remaining businesses was \$21.8 million, an increase of \$21.3 million on constant currency basis over the prior corresponding period
- Operating profits from the sold European compliance scheme operations were included in the \$16.9 million FY20 result
- Increased repurposed units<sup>3</sup> in 2H FY21 vs 2H FY20 driven by reduced COVID-19 restrictions and market share gains
- Continued strong interest in Sims Lifecycle Services specialised expertise and complete service offering is delivering significant growth

<sup>1</sup> Underlying earnings excludes significant non-recurring items, the impact of non-qualifying hedges, and internal recharges

<sup>2</sup> Excludes the sale of European compliance scheme operations

<sup>3</sup> A repurposed unit is any unit that re-enters the market by being resold or redeployed. It excludes units that are recycled or shredded



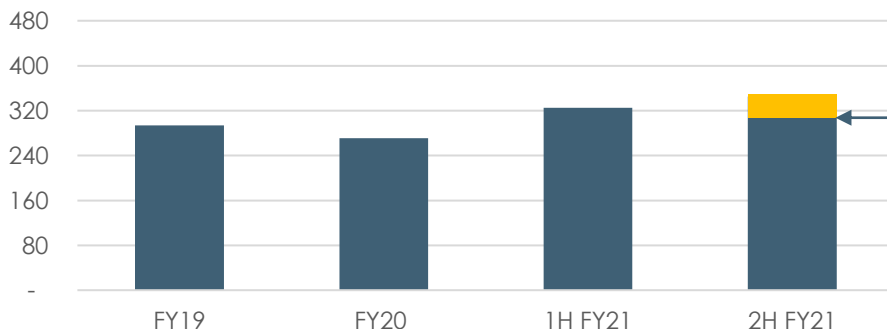
# SA Recycling

Significant improvement due to increased volumes and higher margins

A\$m	FY20	FY21	% Chg
<b>Underlying EBIT (50% share)<sup>1</sup></b>	<b>12.1</b>	<b>157.8</b>	<b>1204.1%</b>
<i>Underlying EBIT (constant currency)</i>	12.1	175.6	1351.2%
Proprietary Sales Volumes (*000 tonnes) (50% of SA tonnes)	1,624	1,853	14.1%
Underlying EBIT / tonne	7.5	85.2	1,035.5%

- Underlying EBIT was \$157.8 million, up \$163.5 million over prior corresponding period on constant currency basis
- Significantly improved earnings driven by higher gross margins and sales volumes
- Ferrous
  - Increase of 43% in sales prices and 14% in sales volumes
  - Increase of 57% in zorba prices
- Non-Ferrous
  - Increase of 20% in sales volumes driven by higher copper and aluminium prices

## SAR – average monthly intake volumes (100% of volumes)



112% of FY19 intake volumes

2H FY21 Intake volumes from acquisitions completed after 2019

<sup>1</sup> Underlying EBIT represents Sims Limited's 50% share of SA Recycling profit before tax





# Global Trading

A\$m	FY20	FY21	% Chg
Brokerage Gross Margin	9.6	11.3	17.7%
Operating Costs	(24.8)	(28.7)	-15.7%
<b>Underlying EBIT<sup>1</sup></b>	<b>(15.2)</b>	<b>(17.4)</b>	<b>-14.5%</b>
<i>Underlying EBIT (constant currency)</i>	(15.2)	(18.3)	-20.4%
Brokerage Volumes ('000 tonnes)	1,301	1,259	-3.2%

- Underlying EBIT represents external and SA Recycling brokerage less the costs of running the global trading operations
- FY21 brokerage export volumes decreased compared to FY20 due to reduced export volumes from SA Recycling during the period. However, 2H 21 brokerage sales volumes improved 22.0% over 1H 21
- Variable costs increased due to higher variable employee benefits expense

<sup>1</sup> Underlying earnings excludes significant non-recurring items, the impact of non-qualifying hedges, and internal recharges



# Corporate & Other

*Sims Municipal Recycling showing early signs of some recovery*

Corporate (A\$m)	FY20	FY21	% Chg
<b>Underlying EBIT<sup>1</sup></b>	<b>(57.6)</b>	<b>(66.8)</b>	<b>-16.0%</b>
<i>Underlying EBIT (constant currency)</i>	<i>(57.6)</i>	<i>(71.0)</i>	<i>-25.0%</i>

Sims Municipal Recycling (A\$m)	FY20	FY21	% Chg
<b>Underlying EBIT<sup>1</sup></b>	<b>1.5</b>	<b>3.1</b>	<b>106.7%</b>
<i>Underlying EBIT (constant currency)</i>	<i>1.5</i>	<i>3.5</i>	<i>150.0%</i>

LMS Energy (A\$m)	FY20	FY21	% Chg
<b>Underlying EBIT (50% share)</b>	<b>7.2</b>	<b>6.0</b>	<b>-16.7%</b>

Sims Energy (A\$m)	FY20	FY21	% Chg
<b>Underlying EBIT</b>	<b>(0.8)</b>	<b>(1.2)</b>	<b>-50.0%</b>

Sims Resource Renewal (A\$m)	FY20	FY21	% Chg
<b>Underlying EBIT</b>	<b>(1.8)</b>	<b>(3.0)</b>	<b>-66.7%</b>

## Corporate

- Operating costs increased largely due to higher variable employee benefits expense

## Sims Municipal Recycling

- Underlying EBIT gain of \$3.1 million driven by market price increases across all commodities, particularly in plastics
- Reported higher costs driven by COVID-19 impacts and related high residential recycling volumes

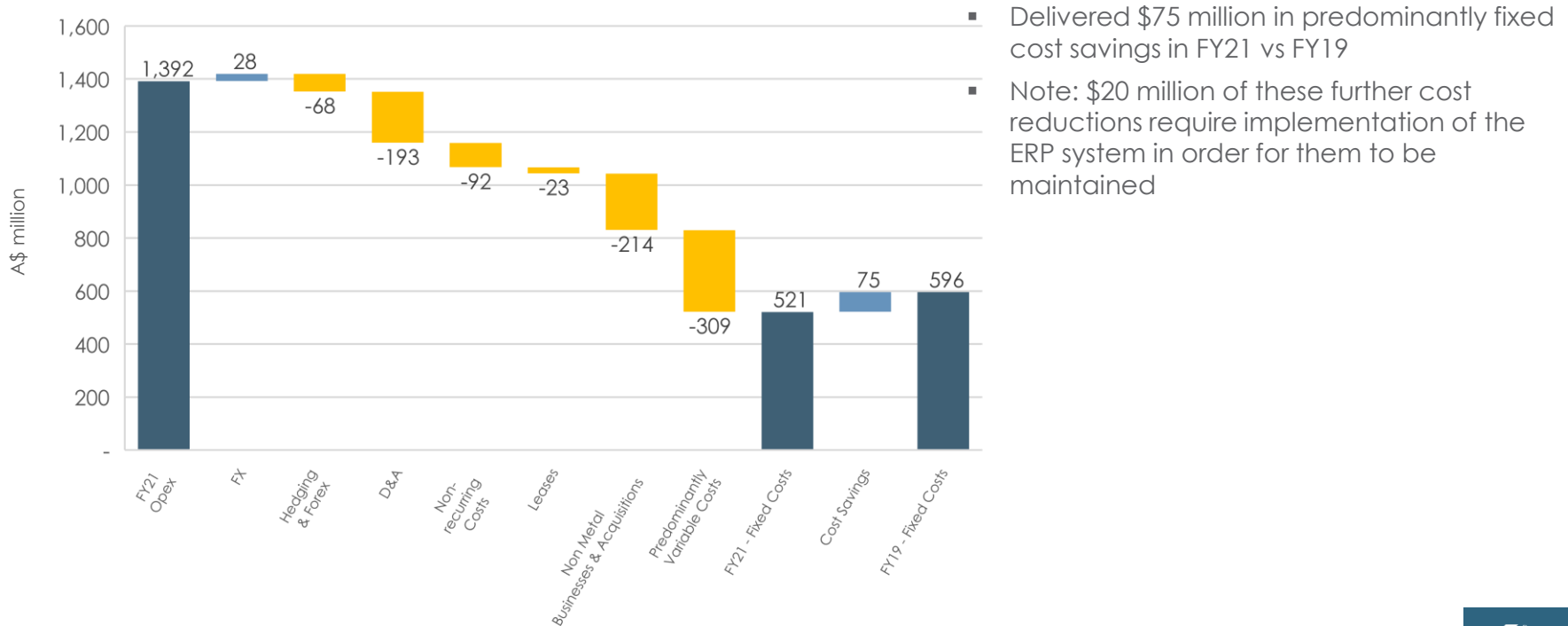
<sup>1</sup> Underlying earnings excludes significant non-recurring items, the impact of non-qualifying hedges, and internal recharges



# Operating Costs

Achieved \$75 million of predominantly fixed cost savings in FY21 compared to FY19

FY21 Predominantly Fixed Costs<sup>1,2</sup>



<sup>1</sup> Approximately 70% of these costs do not vary materially within reasonable volume changes

<sup>2</sup> Excludes Sims Lifecycle Services, Sims Municipal Recycling, Sims Resource Renewal and Sims Energy



# Net Cash Position

*Increased working capital from higher prices and strong inventory position*

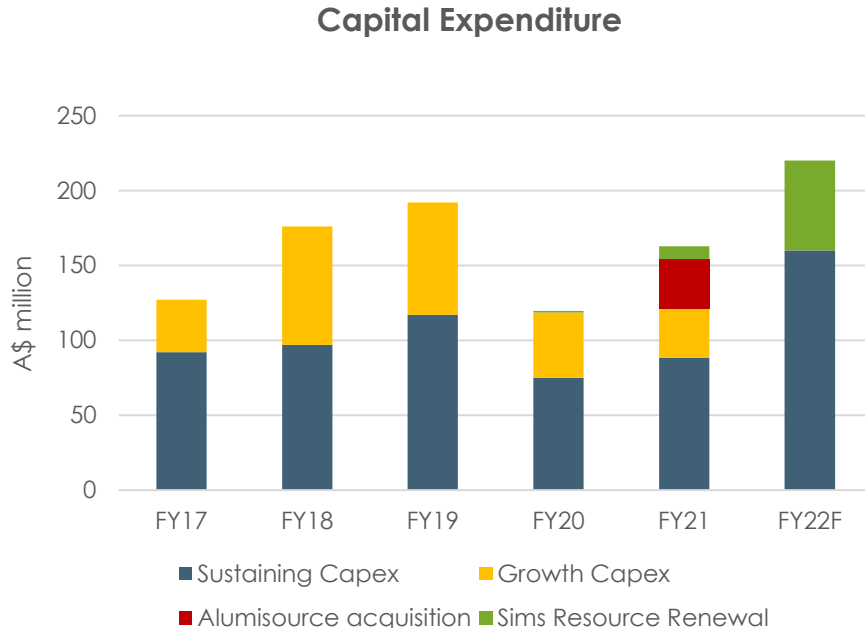
A\$m	FY21
<b>Opening Net Cash</b>	<b>110.4</b>
Underlying net profit	284.1
Depreciation & amortisation	193.3
Joint venture non-cash income, net of dividends	(110.8)
Change in working capital	(169.8)
Net interest and tax received	(29.2)
ERP current year spend	(50.9)
Other non-cash items	12.7
<b>Operating cash flow</b>	<b>129.4</b>
Capital expenditure	(128.6)
Proceeds from sale of PPE	10.7
Partial repayment of Adams Steel of Nevada loan	13.4
Alumisource acquisition net cash considerations	(32.8)
Proceeds from third party loan to Alumisource	9.7
Other cash flow from investing	0.6
<b>Free cash flow</b>	<b>2.4</b>
Dividends paid	(24.2)
Trust share buy-back	(16.5)
Lease payments	(74.1)
Other net cash flow from financing & FX	10.3
<b>Change in net cash</b>	<b>(102.1)</b>
<b>Closing Net Cash</b>	<b>8.3</b>

- Significantly increased prices and a very strong year end inventory position increased working capital
- Year end inventory was largely sold and awaiting shipment, with cash flow to occur in 1Q 22
- High prices result in a variable cash balance at a single point in time
- There is a quarter lag in SA Recycling's dividend payment to Sims
- \$151.8 million in capex and acquisitions net of asset sales



# Capital Expenditure

*Disciplined increase in capital expenditure following FY20 “freeze”*



- Capex of \$161.4 million in FY21 of which \$33 million relates to the Alumisource acquisition
- Growth capex is focused on ferrous and non-ferrous volumes and the first Resource Renewal Facility
- Depreciation from existing assets and new capital expenditure of approximately \$193 million for FY21, including \$73 million of right of use (leased) assets
- In FY22, target spend of \$160 million on sustaining capex and \$60 million on the development of the Campbellfield and Rocklea Resource Renewal facilities
- Any FY22 growth capex will be approved at the time and subject to meeting minimum IRR hurdle requirements



# SaaS - Accounting Policy Changes

*A recent accounting interpretation edict resulted in a \$60.8 million software asset write off*

- On 27 April 2021, the International Financial Reporting Standards ("IFRS") Interpretations Committee ("IFRIC") departed from long standing global practices and determined that configuration and customisation costs in a software as a service ("SaaS") arrangement cannot be capitalised. They must be recorded in profit or loss as an operating expense
- Sims ERP asset has been impacted by this edict
- \$60.8 million was written-off in FY21 relating to previously capitalised software expenditure:
  - \$2.2 million relating to FY19
  - \$10.8 million relating to FY20
  - \$47.8 million relating to FY21





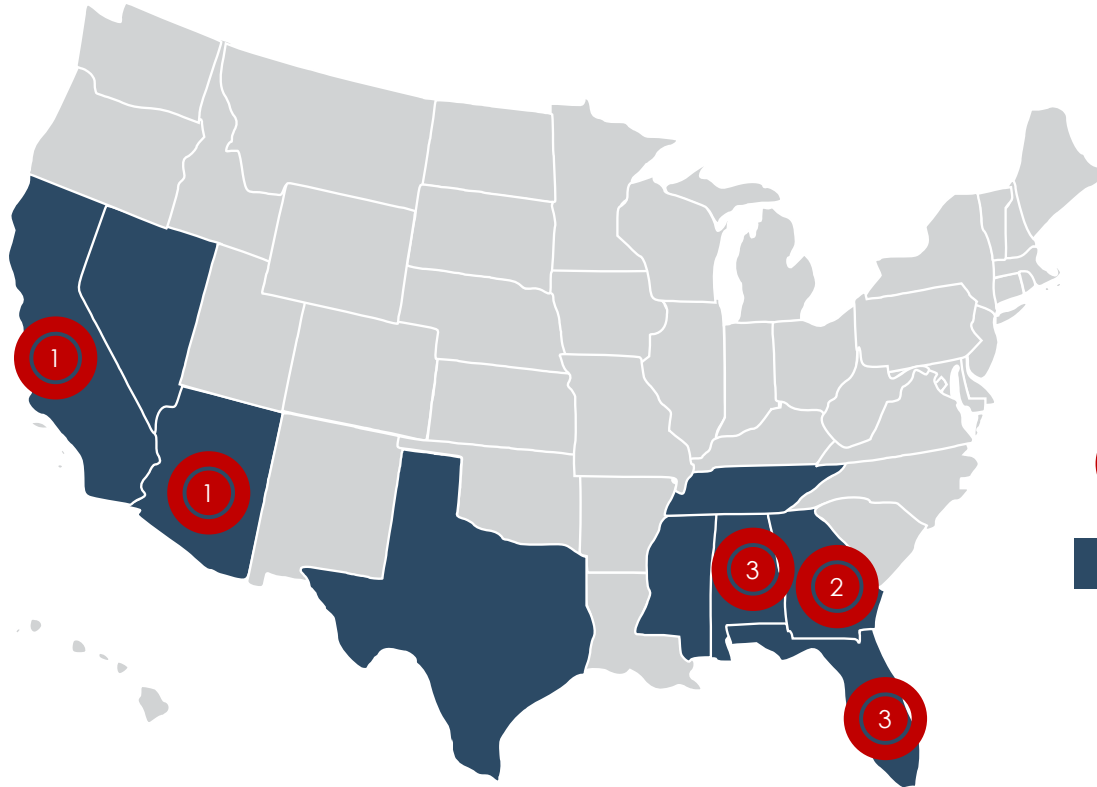
# Strategic Progress & Outlook

Alistair Field, Group CEO



# SA Recycling

*Delivered a strong performance, benefiting from the contribution of acquisition sales volumes...*



**FY17-FY21 acquisitions accounted for ~ 600,000 tonnes of FY21 sales, representing 15.4% of SA Recycling total volumes**



10 acquisitions / 20 new operating sites since 2017



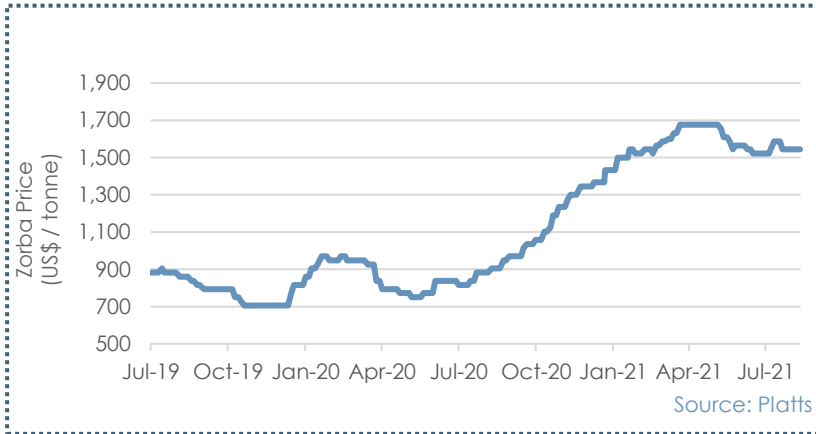
SA Recycling operating sites as of 2021



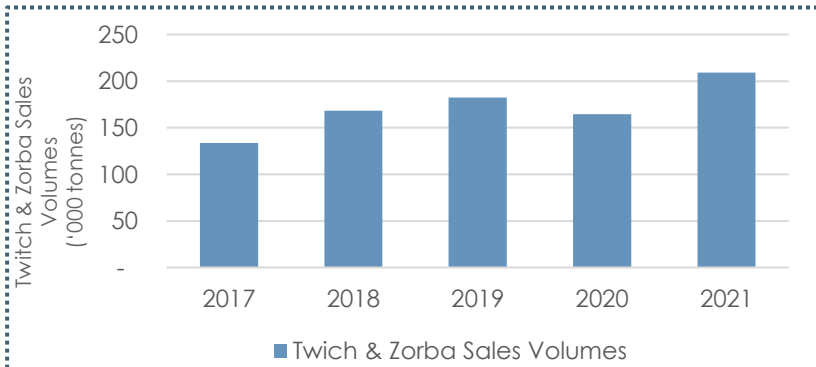


# SA Recycling

...and zorba sales benefitting from increase increased prices



- The business is significantly influenced by movements in zorba prices due its position in the competitive landscape
- Average market zorba prices<sup>1</sup> in FY21 was \$1,292 vs \$797 in the prior corresponding period, representing a 62.1% increase, driving higher margins
- High “at source” intake volumes for both ferrous and non-ferrous drive higher margins, particularly at higher prices



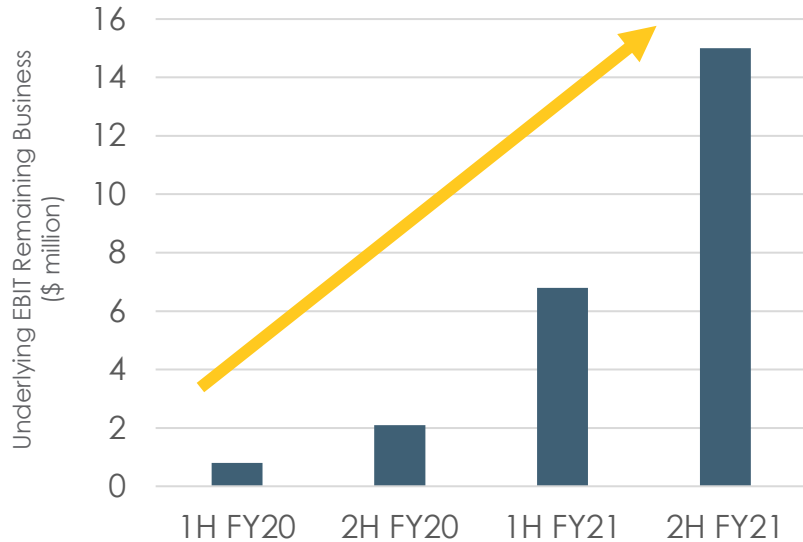
<sup>1</sup>Source: Platts



# Sims Lifecycle Services

*Demonstrated growth with large addressable market potential*

## Demonstrated growth each half year



- A repurposed unit is any unit that re-enters the market by being:
  - Resold;
  - Redeployed; but
  - Excludes units that are shredded.
- Repurposed Units are a key driver of growth
  - Increased from 1.6 million to 2.1 million in FY21 vs FY20 or up 26.2% ; and
  - It is expected to increase to 2.6 million in FY22 vs FY21 or up 28%
- There are estimated to currently be 85 million units suitable for repurposing in the cloud <sup>1</sup>
- Enterprise data storage is expected to grow 250% over the next 5 years<sup>1</sup>

<sup>1</sup>Source: International Data Corporation (IDC), Sims estimates. Calculation is based on SLS regions and excludes recycled units



# Sims Resource Renewal

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



## Rocklea Pilot Facility

- Received statutory planning approval
- Anticipate operations to commence first half calendar 2022

## Campbellfield Resource Renewal Facility

- Confirmed hydrogen as the most suitable output from syngas based on commercial demonstration results and financial analysis
- Carbon dioxide will be produced as a result of hydrogen production
  - It will be captured from day one and on-sold for the food and beverages industry
  - High purity carbon dioxide from renewable sources
  - Produced and sold in Australia, reducing carbon footprint from transportation
  - Displaces imported product and it is not anticipated to disrupt the market



# Conclusion & Outlook

*A very strong FY21 financial performance has continued into FY22, outlook positive*

## **FY21**

- Significantly improved financial performance, including \$75 million cost savings compared to FY19
- 2H FY21 proprietary intake volumes showing strong recovery
- Substantial progress on strategic growth

## **Short Term Outlook**

- FY22 has started very well, continuing the trend of consecutive strong quarters in the second half of FY21
- Any material negative impacts from COVID-19 on the global recovery remains a significant downside risk

## **Medium Term Drivers**

- Ongoing or announced stimulus spending, particularly in the USA and China, will increase demand for steel intensive infrastructure spending and drive retail consumption. Post consumption scrap will also increase. All positive for metal recycling (both ferrous and non-ferrous)
- Further stimulus spending to come in the Asian region and Europe
- Cloud repurposing continues to grow at a rapid pace

## **Long Term Drivers**

- Global decarbonisation of the steel and energy industries will drive demand for recycled metal

There are risks to the materialisation of these positive drivers, particularly as it relates to global uncertainty from geopolitical risks, macro-economic factors, and the unpredictability of how COVID-19 may evolve





# Questions & Answers





# Appendix



# Product Segment Volumes

Sales volumes ('000 tonnes)	FY20	FY21	Chg %
North America Metal	4,042	4,318	6.8%
ANZ Metal	1,428	1,537	7.6%
UK Metal	1,221	1,370	12.2%
<i>Total Proprietary Volumes</i>	<i>6,691</i>	<i>7,225</i>	<i>8.0%</i>
Global Trading & Other Brokerage	1,463	1,368	-6.5%
<b>Sales volumes</b>	<b>8,154</b>	<b>8,593</b>	<b>5.4%</b>

Sales volumes ('000 tonnes)	FY20	FY21	Chg %
Ferrous Trading	6,301	6,870	9.0%
Non-Ferrous Trading	390	355	-9.0%
Brokerage	1,463	1,368	-6.5%
<b>Sales volumes</b>	<b>8,154</b>	<b>8,593</b>	<b>5.4%</b>

Intake volumes ('000 tonnes)	FY20	FY21	Chg %
North America Metal	4,180	4,432	6.0%
ANZ Metal	1,513	1,527	0.9%
UK Metal	1,192	1,412	18.5%
<i>Total Proprietary Volumes</i>	<i>6,885</i>	<i>7,371</i>	<i>7.1%</i>
Global Trading & Other Brokerage	1,449	1,371	-5.4%
<b>Intake volumes</b>	<b>8,334</b>	<b>8,742</b>	<b>4.9%</b>

Intake volumes ('000 tonnes)	FY20	FY21	Chg %
Ferrous Trading	6,515	6,994	7.4%
Non-Ferrous Trading	370	377	1.9%
Brokerage	1,449	1,371	-5.4%
<b>Intake volumes</b>	<b>8,334</b>	<b>8,742</b>	<b>4.9%</b>



# Group Profit & Loss

A\$m	FY17	FY18	FY19	FY20	FY21	Chg %
Sales revenue	5,079.4	6,448.0	6,640.0	4,908.5	5,916.3	20.5%
Statutory EBITDA	313.5	395.8	358.1	35.7	507.3	1,321.0%
Underlying EBITDA	292.4	392.3	363.4	144.9	579.9	300.2%
Statutory EBIT	201.2	278.6	225.0	(239.1)	314.0	231.3%
Underlying EBIT	180.1	275.1	230.3	(57.9)	386.6	767.7%
Net Interest expense	10.2	8.9	6.7	13.8	11.5	16.7%
Statutory tax (expense)/benefit	12.6	(66.2)	(65.7)	(12.4)	(73.1)	-489.5%
Underlying tax (expense)/benefit	(52.6)	(78.2)	(61.7)	13.6	(91.0)	-769.1%
Statutory NPAT	203.6	203.5	152.6	(265.3)	229.4	186.5%
Significant items	(85.3)	(14.9)	9.3	207.2	54.7	-73.6%
Underlying NPAT	118.3	188.6	161.9	(58.1)	284.1	589.0%
Statutory EPS – diluted (cents)	101.6	98.7	74.2	(131.2)	112.8	186.0%
Underlying EPS – diluted (cents)	59.0	91.5	78.8	(28.7)	139.6	586.4%
Dividend per share (cents)	50.0 <sup>1</sup>	53.0	42.0	6.0	42.0	600.0%

1) Includes 10.0 cents per share 2017 Special Dividend.





# North America Metal

A\$m	FY17	FY18	FY19	FY20	FY21	Chg %
<b>Sales Revenue</b>	1,984.0	2,607.1	2,725.6	2,061.7	2,669.9	29.5%
<b>Statutory EBITDA</b>	106.0	121.0	124.8	(16.2)	194.2	1,298.8%
<b>Underlying EBITDA</b>	124.4	159.5	162.6	55.0	226.4	311.6%
<b>Depreciation</b>	45.0	46.9	53.2	90.2	89.1	1.2%
<b>Amortisation</b>	8.9	7.9	9.7	3.8	0.3	92.1%
<b>Statutory EBIT</b>	52.1	66.2	61.9	(145.8)	104.8	171.9%
<b>Underlying EBIT</b>	70.5	104.7	99.7	(39.0)	137.0	451.3%
<b>Assets</b>	904.4	1,070.4	1,065.4	1,116.7	1,446.0	29.5%
<b>Intake Volumes (000's)</b>	4,312	5,044	4,827	4,268	4,483	5.0%
<b>Proprietary Sales Volumes (000's)</b>	4,344	4,865	4,887	4,042	4,318	6.8%
<b>Brokerage Sales Volumes (000's)</b>	87	47	56	88	50	-43.2%
<b>Total Sales Volumes (000's)</b>	4,431	4,912	4,943	4,130	4,368	5.8%
<b>Employees<sup>1</sup></b>	1,490	1,578	1,577	1,124	1,172	4.3%

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	FY17	FY18	FY19	FY20	FY21	Chg %
Statutory EBIT <sup>1</sup>	26.3	67.8	41.0	12.1	157.8	1,204.1%
Underlying EBIT <sup>1</sup>	26.3	68.5	35.9	12.1	157.8	1,204.1%
<b>Assets</b>	131.9	180.7	211.1	277.5	345.8	24.6%
<b>Intake Volumes (000's)<sup>2</sup></b>	2,557	3,477	3,473	3,250	3,809	17.2%
<b>Sales Volumes (000's)<sup>2</sup></b>	2,548	3,342	3,531	3,247	3,706	14.1%

1) Underlying EBIT represents Sims Limited's 50% share of SA Recycling profit before tax.

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



# Australia & New Zealand Metal

A\$m	FY17	FY18	FY19	FY20	FY21	Chg %
Sales Revenue	981.4	1,071.0	1,203.7	924.8	1,098.9	18.8%
Statutory EBITDA	90.9	121.6	125.6	92.3	147.6	59.9%
Underlying EBITDA	102.4	126.2	137.9	103.7	156.6	51.0%
Depreciation	28.2	29.1	31.2	52.8	52.9	-0.2%
Amortisation	0.4	0.2	0.2	0.2	0.1	50.0%
Statutory EBIT	62.3	92.3	94.2	39.3	94.6	140.7%
Underlying EBIT	73.8	96.9	106.5	50.7	103.6	104.3%
<b>Assets</b>	542.5	625.2	614.1	694.9	772.2	11.1%
Intake Volumes (000's)	1,616	1,669	1,836	1,584	1,584	0.0%
Proprietary Sales Volumes (000's)	1,530	1,585	1,763	1,428	1,537	7.6%
Brokerage Sales Volumes (000's)	126	111	119	71	57	-19.7%
Total Sales Volumes (000's)	1,656	1,696	1,882	1,499	1,594	6.3%
Employees <sup>1</sup>	709	715	921	924	894	-3.2%

1) FY18 employee count excludes Sims Pacific Metals employees.



# UK Metal

A\$m	FY17	FY18	FY19	FY20	FY21	Chg %
Sales Revenue	924.3	1,203.0	1,186.9	869.8	993.3	14.2%
Statutory EBITDA	50.5	42.0	19.7	(59.4)	54.2	191.2%
Underlying EBITDA	54.2	50.5	39.5	(4.3)	71.3	1,758.1%
Depreciation	12.0	14.9	18.3	26.8	25.6	4.5%
Amortisation	-	0.3	0.9	0.8	-	-100.0%
Statutory EBIT	38.5	26.8	0.5	(110.0)	28.6	126.0%
Underlying EBIT	42.2	35.3	20.3	(31.9)	45.7	243.3%
<b>Assets</b>	329.2	431.4	389.9	322.5	425.6	32.0%
Intake Volumes (000's)	1,570	1,696	1,635	1,195	1,414	18.3%
Proprietary Sales Volumes (000's)	1,589	1,691	1,602	1,221	1,370	12.2%
Brokerage Sales Volumes (000's)	1	3	2	3	2	-33.3%
Total Sales Volumes (000's)	1,590	1,694	1,604	1,224	1,372	12.1%
Employees <sup>1</sup>	660	690	761	676	562	-16.9%

1) FY18 employee count excludes Morley and Barnsley employees.



# Global Trading

A\$m	FY17	FY18	FY19	FY20	FY21	Chg %
Sales Revenue	386.6	733.5	690.9	550.8	745.8	35.4%
Statutory EBITDA	3.1	19.0	23.3	8.2	21.9	167.1%
Underlying EBITDA	(15.3)	(12.3)	(14.9)	(13.9)	(16.4)	-18.0%
Depreciation	0.1	0.1	0.2	1.3	1.0	23.1%
Amortisation	-	-	-	-	-	-
Statutory EBIT	3.0	18.8	23.1	6.9	20.9	202.9%
Underlying EBIT	(15.4)	(12.4)	(15.1)	(15.2)	(17.4)	-14.5%
<b>Assets</b>	108.0	95.6	67.2	54.1	70.8	30.9%
Intake Volumes (000's)	1,028	1,558	1,384	1,287	1,261	-2.0%
Sales Volumes (000's)	1,023	1,554	1,374	1,301	1,259	-3.2%
Employees	46	69	75	66	66	0.0%



# Sims Lifecycle Services

A\$m	FY17	FY18	FY19	FY20	FY21	Chg %
<b>Sales Revenue</b>	726.9	758.4	746.5	408.0	318.9	-21.8%
<b>Statutory EBITDA</b>	30.6	34.5	26.4	9.9	21.2	114.1%
<b>Underlying EBITDA</b>	36.3	39.7	34.5	28.2	31.1	10.3%
<b>Depreciation</b>	8.2	8.4	8.5	11.3	9.3	17.7%
<b>Amortisation</b>	-	-	-	-	-	-
<b>Statutory EBIT</b>	22.4	26.1	17.9	(14.8)	11.9	180.4%
<b>Underlying EBIT</b>	28.1	31.3	26.0	16.9	21.8	29.0%
<b>Assets</b>	382.1	397.3	340.6	139.4	145.8	4.6%
<b>Employees<sup>1</sup></b>	1,417	1,420	1,350	919	819	-10.9%

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



# Corporate & Other

A\$m	FY17	FY18	FY19	FY20	FY21	Chg %
Sales Revenue	76.2	75.0	86.4	93.4	89.5	-4.2%
Statutory EBITDA	6.1	(10.1)	(2.7)	(11.2)	(89.6)	-700.0%
Underlying EBITDA	(35.9)	(39.8)	(32.1)	(35.9)	(46.9)	-30.6%
Depreciation	9.5	9.4	10.9	15.6	15.0	3.8%
Amortisation	-	-	-	-	-	-
Statutory EBIT	(3.4)	(19.4)	(13.6)	(26.8)	(104.6)	-290.3%
Underlying EBIT	(45.4)	(49.2)	(43.0)	(51.5)	(61.9)	-20.2%
<b>Assets</b>	344.9	401.2	497.1	601.0	541.6	-9.9%
<b>Employees</b>	239	280	311	366	368	0.5%

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



# Financial Summary – Group

A\$m	FY17	FY18	FY19	FY20	FY21
<b>Group Results</b>					
Sales Revenue	5,079.4	6,448.0	6,640.0	4,908.5	5,916.3
Underlying EBITDA	292.4	392.3	363.4	144.9	579.9
Underlying EBIT	180.1	275.1	230.3	(57.9)	386.6
<b>Underlying NPAT</b>	<b>118.3</b>	<b>188.6</b>	<b>161.9</b>	<b>(58.1)</b>	<b>284.1</b>
Underlying EPS (cents per share)	59.0	91.5	78.8	(28.7)	139.6
Dividend (cents per share)	50.0 <sup>3</sup>	53.0	42.0	6.0	42.0
<b>Balance Sheet</b>					
Total Assets	2,743.0	3,201.8	3,185.4	3,206.1	3,747.8
Total Liabilities	775.4	1,013.1	886.7	1,223.8	1,628.7
Total Equity	1,967.6	2,188.7	2,298.7	1,982.3	2,119.1
<b>Net Cash</b>	<b>373.0</b>	<b>298.1</b>	<b>347.5</b>	<b>110.4</b>	<b>8.3</b>
<b>Cash Flows</b>					
Operating Cash Flow	266.4	252.1	360.1	(65.3)	129.4
Capital Expenditure	(126.5)	(176.1)	(197.1)	(140.5)	(128.6)
<b>Free Cash Flow<sup>1</sup></b>	<b>139.9</b>	<b>76.0</b>	<b>163.0</b>	<b>(205.8)</b>	<b>0.8</b>
Average non-current assets <sup>2</sup>	1,502.8	1,664.2	1,884.3	1,917.7	1,891.6
<b>ROPA<sup>2</sup> (%)</b>	<b>12.0%</b>	<b>16.5%</b>	<b>12.2%</b>	<b>-3.0%</b>	<b>20.4%</b>

1) Free cash flow = operating cash flow – capex for property, plant and equipment and intangibles.

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\$m	FY17	FY18	FY19	FY20	FY21
<b>Sales Revenue</b>					
North America Metal	1,984.0	2,607.1	2,725.6	2,061.7	2,669.9
ANZ Metal	981.4	1,071.0	1,203.7	924.8	1,098.9
UK Metal	924.3	1,203.0	1,186.9	869.8	993.3
Sims Lifecycle Services	726.9	758.4	746.5	408.0	318.9
Global Trading	386.6	733.5	690.9	550.8	745.8
Corporate & Other	76.2	75.0	86.4	93.4	89.5
<b>Total</b>	<b>5,079.4</b>	<b>6,448.0</b>	<b>6,640.0</b>	<b>4,908.5</b>	<b>5,916.3</b>
<b>Underlying EBIT</b>					
North America Metal	70.5	104.7	99.7	(39.0)	137.0
ANZ Metal	73.8	96.9	106.5	50.7	103.6
UK Metal	42.2	35.3	20.3	(31.9)	45.7
Sims Lifecycle Services	28.1	31.3	26.0	16.9	21.8
Investment in SA Recycling	26.3	68.5	35.9	12.1	157.8
Global Trading	(15.4)	(12.4)	(15.1)	(15.2)	(17.4)
Corporate & Other	(45.4)	(49.2)	(43.0)	(51.5)	(61.9)
<b>Total</b>	<b>180.1</b>	<b>275.1</b>	<b>230.3</b>	<b>(57.9)</b>	<b>386.6</b>
<b>Underlying EBIT Margin (%)</b>					
North America Metal	3.6%	4.0%	3.7%	-1.9%	5.1%
ANZ Metal	7.5%	9.0%	8.8%	5.5%	9.4%
UK Metal	4.6%	2.9%	1.7%	-3.7%	4.6%
Sims Lifecycle Services	3.9%	4.1%	3.5%	4.1%	6.8%
<b>Total</b>	<b>3.5%</b>	<b>4.3%</b>	<b>3.5%</b>	<b>-1.2%</b>	<b>6.5%</b>

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



# Financial Summary – Segment (cont.)

A\$m	FY17	FY18	FY19	FY20	FY21
<b>Proprietary sales tonnes ('000)<sup>1</sup></b>					
North America Metal	4,344	4,865	4,887	4,042	4,318
ANZ Metal	1,530	1,585	1,763	1,428	1,537
UK Metal	1,589	1,691	1,602	1,221	1,370
<b>Total</b>	<b>7,463</b>	<b>8,141</b>	<b>8,252</b>	<b>6,691</b>	<b>7,225</b>
<b>Underlying EBIT<sup>2</sup></b>					
North America Metal	70.5	104.7	99.7	(39.0)	137.0
ANZ Metal	73.8	96.9	106.5	50.7	103.6
UK Metal	42.2	35.3	20.3	(31.9)	45.7
<b>Total</b>	<b>186.5</b>	<b>236.9</b>	<b>226.5</b>	<b>(20.2)</b>	<b>286.3</b>
<b>EBIT / tonne (\$/t)</b>					
North America Metal	16.23	21.52	20.40	(9.65)	31.73
ANZ Metal	48.24	61.14	60.41	35.50	67.40
UK Metal	26.56	20.88	12.67	(26.13)	33.36
<b>Total</b>	<b>24.99</b>	<b>29.10</b>	<b>27.45</b>	<b>(3.02)</b>	<b>39.63</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	FY17	FY18	FY19	FY20	FY21
<b>Sales tonnes ('000)</b>					
Ferrous Trading	7,009	7,709	7,817	6,301	6,870
Non Ferrous	454	432	435	390	355
Brokerage	1,237	1,715	1,551	1,463	1,368
<b>Total</b>	<b>8,700</b>	<b>9,856</b>	<b>9,803</b>	<b>8,154</b>	<b>8,593</b>
<b>Sales Revenue</b>					
Ferrous Metal	3,136.1	4,381.6	4,505.4	3,286.2	4,288.9
Non Ferrous Metal	1,123.7	1,215.6	1,271.4	1,095.5	1,199.5
Sims Lifecycle Services	726.9	758.4	746.5	408.0	319.0
Secondary processing & other	92.7	92.4	116.7	118.8	108.9
<b>Total</b>	<b>5,079.4</b>	<b>6,448.0</b>	<b>6,640.0</b>	<b>4,908.5</b>	<b>5,916.3</b>



# Income Tax Expense – FY21

A\$m	Profit Before Tax	Income Tax Expense	Effective Tax %
<b>Statutory Result</b>	<b>302.5</b>	<b>73.1</b>	<b>24.2%</b>
Significant Items	72.6	17.9	24.7%
<b>Normalised Results</b>	<b>374.3</b>	<b>91.0</b>	<b>24.3%</b>



# Lease Standard Impact – FY21

A\$m	EBIT	EBITDA
<b>Underlying Result</b>	<b>386.6</b>	<b>579.9</b>
Lease Depreciation	N/A	73.5
Lease Interest Expense	7.4	7.4
<b>Underlying Result Excluding Lease Standard Impact</b>	<b>379.2</b>	<b>499.0</b>



# Significant items

A\$m	FY20 Pre-Tax Total	FY20 After-Tax Total	FY21 Pre-Tax Total	FY21 After-Tax Total
Legacy brand write offs	27.3	20.6	-	-
Other intangible asset impairments	44.7	34.7	-	-
ERP software implementation costs	-	-	<b>60.8</b>	<b>45.8</b>
JobKeeper grant income, net of amount voluntarily returned	-	-	<b>(4.4)</b>	<b>(3.1)</b>
Non-recurring gain on property sale	(20.4)	(15.4)	<b>(6.6)</b>	<b>(4.7)</b>
Environmental and legal provisions	25.0	18.8	<b>10.4</b>	<b>8.0</b>
Restructuring and redundancies	35.2	27.8	<b>4.8</b>	<b>3.7</b>
Loss on sale of businesses, net of related transactional expenses	9.9	8.3	<b>0.5</b>	<b>0.5</b>
Impact of fires, net of insurance recoveries	(5.0)	(3.7)	<b>(1.1)</b>	<b>(0.9)</b>
Asset write offs	50.2	38.8	<b>6.4</b>	<b>4.9</b>
Non-qualified hedges	8.0	6.2	<b>(4.3)</b>	<b>(4.3)</b>
Other non-recurring items	6.3	5.0	<b>6.1</b>	<b>4.8</b>
Impact of tax remeasurements	-	66.1	-	-
<b>Total significant items</b>	<b>181.2</b>	<b>202.6</b>	<b>72.6</b>	<b>54.7</b>

A\$m	FY21
Statutory EBIT	314.0
Significant Items	76.9
Non qualifying hedges	(4.3)
<b>Underlying EBIT</b>	<b>386.6</b>

A\$m	FY21
Statutory NPAT	229.4
Significant Items	59.0
Non qualifying hedges	(4.3)
<b>Underlying NPAT</b>	<b>284.1</b>

