



# Creating Value by Providing a Pathway to Decarbonisation for our Customers

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Japan Investor Roadshow  
30 August 2022



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**Strong Corporate  
Governance,**  
adds to Sims  
competitive  
advantage



# Governance

**Sims is a long-established organisation, having been in operation for 104 years**

**The company has grown primarily through M&A in the last 30 years:**

- 1988 - acquired LMC in California
- 1992 - formed JV with Pacific Steel Industries creating Sims Pacific Metals Limited in NZ
- 1998 - completed acquisition of Sims Bird Limited in the UK
- 2005 - merged with Hugo Neu, one of the largest exporters of scrap metal in the US
- 2007 - formed a JV with Adams Steel creating SA Recycling in the US
- 2008 - acquired Metal Management, one of the largest recyclers in the US
- 2021 - announced acquisition of Atlantic Recycling Group and Recyclers Australia

**Sims is the largest publicly listed provider of recycled metal by volume in the world. It has operations across 15 countries**

**Transition from a regional to a functional organisation enables consistency in operations, processes and products – a key requirement for sustainable long-term growth**



# Governance

*Sims Board is responsible for establishing sound and transparent corporate governance culture*

## Sims Board

- ✓ Is fundamental to fostering investor confidence and driving higher value for shareholders through prudent risk management and a culture that encourages ethical conduct, accountability and sound business practices
- ✓ Provides strategic guidance, sets objectives, monitors performance and validates that Sims' internal control, risk management and reporting procedures are effective

## Committees

**Risk** - Enterprise Risk Management, including climate risk

**Nomination/Governance** - Ensures the Board comprises individuals who are best able to discharge the responsibilities of directors and represent the interests of the Company and its shareholders

**Safety, Health, Environment, Community and Sustainability (SHECS)** - fulfilling and discharging SHECS obligations

**People & Culture** - implementation and maintenance of coherent, fair and responsible work environment that enables it to attract, reward and retain the very best employees

**Audit** - accounting and financial reporting, internal control structure, internal and external audit functions, and compliance with relevant legal and regulatory requirements

✓ *Say on Climate voting at FY22 AGM*

✓ *Actively managing board renewal*

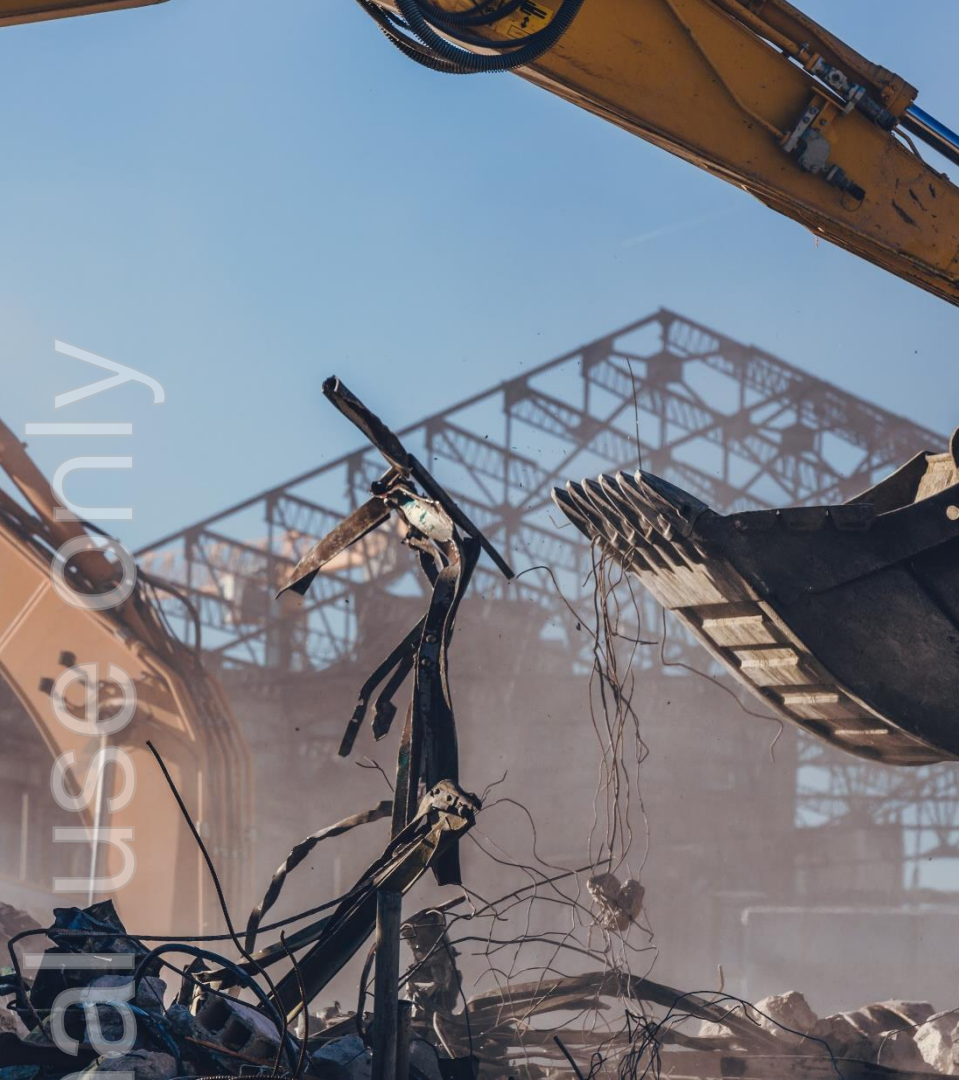
✓ *Recorded the lowest ever Total Recordable Injury Frequency Rate in FY22. 1.1 in FY22 compared to average of the last 7 years of 1.7*

✓ *Enhanced FY22 remuneration disclosures and FY23 remuneration structure*

✓ *Reset of climate targets*







# Overview of Sims Limited



# Sims Limited

## The group at glance

- Publicly listed Australian Company (ASX: SGM; OTC: SMSMY)
- Market capitalisation approximately A\$3.03 billion on 25 August 2022
- FY22 Total sales volumes of 8,106 million tonnes
- FY22 Revenue A\$9,264.4million
- FY22 Underlying EBIT A\$756.1 million
- FY22 Underlying NPAT A\$578.9 million
- FY22 Cash Flow Distribution<sup>1</sup> \$244.7 million



<sup>1</sup>Comprising FY22 interim and final dividends and shares repurchased from 15 February 2022 to 18 July 2022





## Our Purpose

Create a world without waste  
to preserve our planet

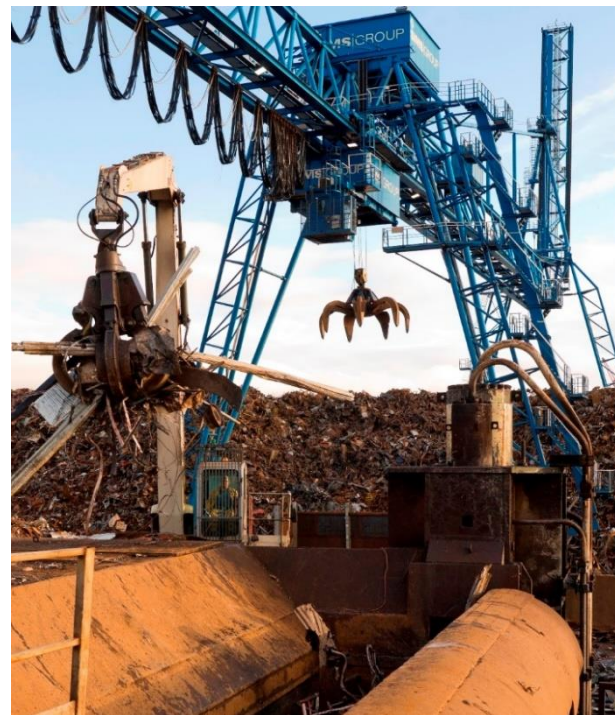


SIMS  
LIMITED



# FY22 Segment Overview

FY22	% of Group EBIT <sup>1</sup>
Metal Businesses	73
Sims Lifecycle Services	2
SA Recycling	40
Global Trading	(3)
Corporate & Other	(12)
<b>Total</b>	<b>100%</b>



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



# Integrated Business Model

*We provide solutions that solve multi-decade challenges related to decarbonisation and circular economy*

## Metal Recycling

Buys, processes and sells ferrous and non-ferrous recycled metals



## Sims Lifecycle Services

Provides solutions to extend the life of data centre and corporate IT equipment by recognising value in end-of-life electronic assets, components and materials in a data-secure and environmentally sustainable way



## Municipal Recycling

Leads urban recycling in New York City and manages a portion of the curbside recycling program for Chicago – two of the largest urban areas in the United States



## Resource Renewal

Plans in place to transform the residue material following metals recycling – auto shredder residue (ASR), which currently is landfilled – into useful products for society



## Renewable Energy

Sims owns 50% of LMS Energy, Australia's market leader in landfill biogas-to-energy and solar renewable energy



# Global Footprint

*Extensive network of facilities enables global sourcing of infeed and diversity of sales outlets*



Facilities



Shredders

## North America Metal



57



12

## SA Recycling



123



23

## UK Metal



28



4

## Australia , New Zealand & PNG Metal



51



8

Footprint as of 29 March 2022

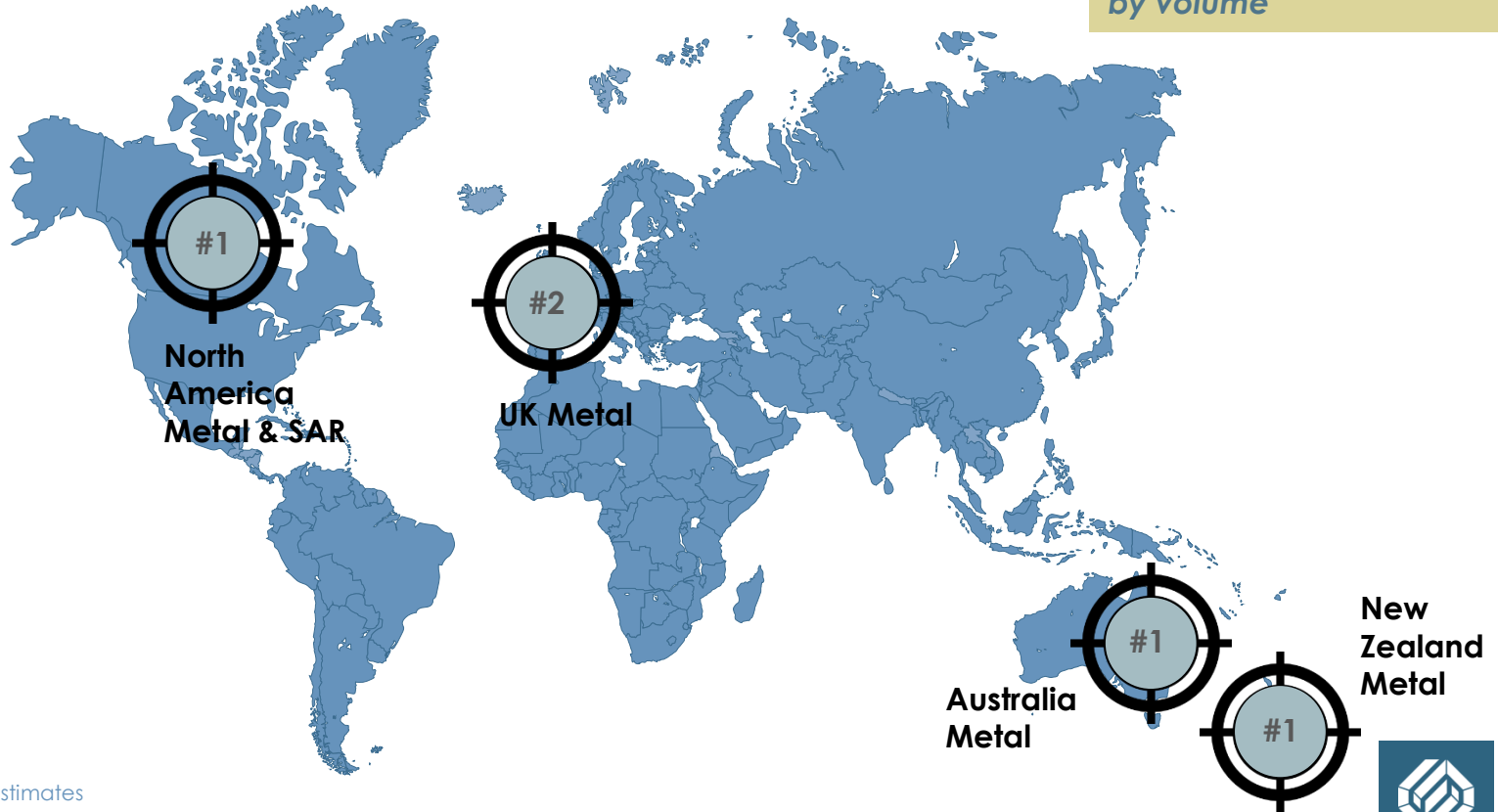




# Market Leadership Position

We are #1 and #2 in the markets we operate

We are the world's largest  
public recycler of metals  
by volume



Source: Sims' estimates



# Structural Market Tailwinds

Create strategic opportunities for Sims



Increased environmental concerns for our customers



More stringent environmental controls lift standards required to operate in the metal recycling industry



Growing demand for recycled copper and aluminum



Higher landfill costs driving an increased focus on waste management



Electrification and energy transition to drive copper and aluminium prices higher



Global push for high quality metals



Increased demand for recycled metal



Increased demand for cloud services



# Well Positioned to Capitalise on Trends

*Our capabilities and business strategy continue to match the accelerated tailwinds*

## Competitive Advantages

### Technology & People

- Dedicated in-house engineering team
- Best-in-class shredding and non-ferrous metal separation technology
- Material Recovery Technology

### Market Position

- International trading offices and agents in 15 different countries
- ~7% market share<sup>1</sup> of global seaborne ferrous scrap sales

### Financial Strength

- Public company with strong balance sheet

### Sustainability

- Track record of compliance with environmental regulations
- ESG credentials enhances appeal to similar minded suppliers and customers (metals & cloud)

## Growth Strategy

**Grow core business and leverage synergies to expand into adjacent markets**

- Expand metal volumes in favourable regions
- Grow non-ferrous business
- Enter resource renewal
- Repurpose cloud infrastructure
- Expand proven landfill energy business overseas

## Sustainability Strategy

- Operate Responsibly
- Close the Loop
- Partner for change

**Create a world without waste to preserve our planet**

<sup>1</sup>World Steel Organisation; Internal Estimates





# Sustainability as a Strategy for Growth

*Drives the FY25 social, environmental and economic strategic targets<sup>1</sup>*

## Operate Responsibly

### Diversity

**25%** women in senior management

**0%** gender pay gap

Women on the board  $\geq 40\%$

### Safety

Total recordable injury frequency rate  $\leq 1$

### Diversify earnings

Generate **10%** of our EBIT from new business models that enable the circular economy

## Partner for Change

## Metals

**9.6 m tonnes** of ferrous volumes in favourable geographies

**300,000 tonnes** of non-ferrous volumes in the US

### SLS

Repurpose **8.5 million** units

### SMR

Expand coverage by **50%**

## Close the Loop

### SRR

Process **120,000 tonnes** of ASR per year

### Climate

**100%** renewable electricity

**23%** reduction in scope 1 & 2 emissions

### Sims Energy

Acquire or build **50 MW**

## Communities

Invest annually **0.5%** of three-year rolling pre-tax profits in environmental stewardship and economic empowerment projects

To create a world without waste to preserve our planet

<sup>1</sup>Table shows summary of targets. For full list, please see slide in the appendix



# Decarbonisation of the Metal Industry

*Using recycled metal is paramount to reduce carbon emissions*

**7%** of global greenhouse emissions are produced by the global steel industry<sup>1</sup>

Steel produced from EAF emits **83%** less CO<sub>2</sub>/tonne compared to BF-BOF<sup>2</sup>

An electric arc furnace can be charged with **100%** steel scrap. A basic oxygen furnace can be charged with as much as **30%** scrap<sup>3</sup>

Recycling aluminium saves **97%** of green house gas emissions produced in the primary production process<sup>4</sup>

Recycling copper requires **80% to 90%** less energy than primary production<sup>5</sup>



Source:

<sup>1</sup> World Steel Association

<sup>2</sup> Responsiblesteel.org

<sup>3</sup> World Steel Association

<sup>4</sup> Alupro

<sup>5</sup> International Copper Association



# Metal Business

*We seek to deliver on the metal targets through a very targeted and disciplined growth strategy*

*Grow non-ferrous retail business in the US and expand metal volumes in favourable regions*

## **Ferrous**

### **Strategic lens to identify organic and M&A growth opportunities**

- Coastal operations with export optionality
- Avoid hypercompetitive markets
- Markets supported by large metro populations
- Control of 'at source' material

### **Focus areas**

- #1 US and ANZ
- #2 UK

## **Non-Ferrous**

- Leveraging Alumisource acquisition to boost US volumes and scale up the business globally

## **NFSR**

- Improve metal yields







**Full year ended 30  
June 2022**

Delivered a very  
strong result



# Summary of Financial Outcomes

*High-quality result - materially increased sales volume, revenue, and profit. Significantly higher cash flow distribution while maintaining a strong balance sheet.*

**Sales Revenue**  
**\$ 9,264.4 million**



FY21  
\$5,916.3 million

**56.6%**

**Underlying<sup>1</sup> EBITDA**  
**\$958.9 million**



FY21  
\$579.9 million

**65.4%**

**Underlying<sup>1</sup> EBIT**  
**\$756.1 million**



FY21  
\$386.6 million

**95.6%**

**Underlying<sup>1</sup> NPAT**  
**\$578.9 million**



FY21  
\$284.1 million

**103.8%**

**Sales Volumes**  
**8,106 million tonnes**



FY21  
7,225 million tonnes

**12.2%**

**Operating Cash Flow**  
**\$547.8 million**



FY21  
\$129.4 million

**323.3%**

**Return on Productive Assets<sup>3</sup>**  
**39.0%**



FY21  
23.0%

**+16.0 pts**

**Cash Flow Distribution<sup>4</sup>**  
**\$244.7 million**



FY21  
\$140.3 million

**74.5%**

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

<sup>3</sup> Underlying EBIT / average of opening non-current assets and ending non-current assets excluding assets relating to adoption of AASB 16 Leases and deferred tax assets

<sup>4</sup> Comprising FY22 interim and final dividends and shares repurchased from 15 February 2022 to 18 July 2022.



# Business Segment Financial Performance

*Near doubling of year-on-year EBIT. Improved volumes driven by NAM and SA Recycling*

Trading Margin	FY21	FY22	Change
Trading Margin – Metals (A\$m)	1,071.5	1,539.1	43.6%
Trading Margin – Metals (%)	22.5%	19.9%	(2.6)ppts

Underlying EBIT <sup>1</sup> (A\$m)	FY21	FY22	Change
Metal Business <sup>2</sup>	286.3	550.1	92.1%
Sims Lifecycle Services	21.8	16.3	(25.2)%
SA Recycling	157.8	298.5	89.2%
Global Trading	(17.4)	(20.3)	16.7%
Corporate & Other	(61.9)	(88.5)	43.0%
<b>Underlying EBIT<sup>1</sup></b>	<b>386.6</b>	<b>756.1</b>	<b>95.6%</b>

Sales volumes ('000 tonnes)	FY21	FY22	Change
Metal Business <sup>2</sup>	7,225	8,106	12.2%
Global Trading	1,259	1,474	17.1%
Other Brokerage	109	127	16.5%
<b>Total sales volumes</b>	<b>8,593</b>	<b>9,707</b>	<b>13.0%</b>

SAR sales volumes 100%	3,706	4,941	33.3%
Intake volumes ('000 tonnes)	FY21	FY22	Change
Metal Business <sup>2</sup>	7,371	8,271	12.2%
Global Trading	1,261	1,474	16.9%
Other Brokerage	110	129	17.3%
<b>Intake volumes</b>	<b>8,742</b>	<b>9,874</b>	<b>12.9%</b>

<b>SAR intake volumes 100%</b>	<b>3,809</b>	<b>4,892</b>	<b>28.4%</b>
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<sup>1</sup> Underlying earnings excludes significant non-recurring items, the impact of non-qualifying hedges, and internal recharges

<sup>2</sup> Metal Business EBIT comprises North America Metal, ANZ Metal and UK Metal



# Sustainability

Strengthened ESG credentials

Corporate  
Knights

Ranked 11<sup>th</sup> in the Global 100 list of most sustainable companies, ranked for the 8<sup>th</sup> time

MSCI  
ESG RATINGS



CCC B BB BBB A AA AAA

Received maximum AAA rating



Ranked #6 in Sustainability Magazine Top 100 companies in sustainability<sup>1</sup>



Included in Financial Times/Nikkei Asia inaugural APAC Climate Leaders List



Terra Carta Seal for creation of sustainable markets<sup>1</sup>



Included in Newsweek's list of America's Most Responsible Companies for the second year in a row

## Who we work with



Bureau of  
International  
Recycling



Global Compact  
Network Australia



<sup>1</sup>Announced in 2H FY22







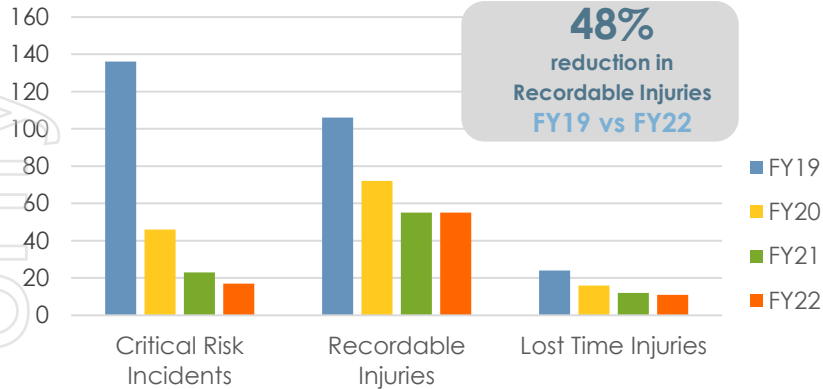
# Appendix





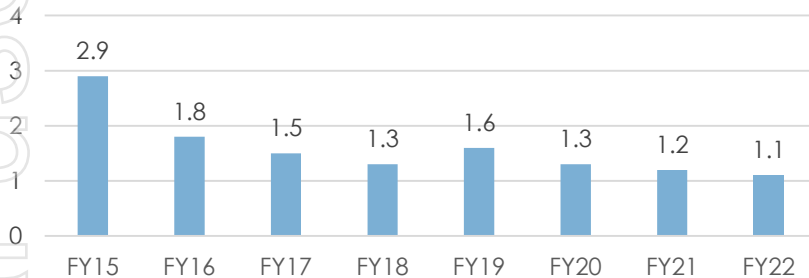
# Employee Health & Safety

*Strong safety performance with the lowest ever Total Recordable Injury Frequency Rate*



- Implementation of the Critical Risk Management strategy delivered sequential improvements since FY19
- Proactive lead indicator programmes focused on control measure improvements resulted in:
  - Lowest number of critical risk incidents ever reported
  - Lowest number of lost time injuries ever reported
  - Lowest Total Recordable Injury Frequency Rate ever reported
- 12,000+ Improvement actions generated – targeted risk focus on traffic management and ergonomics

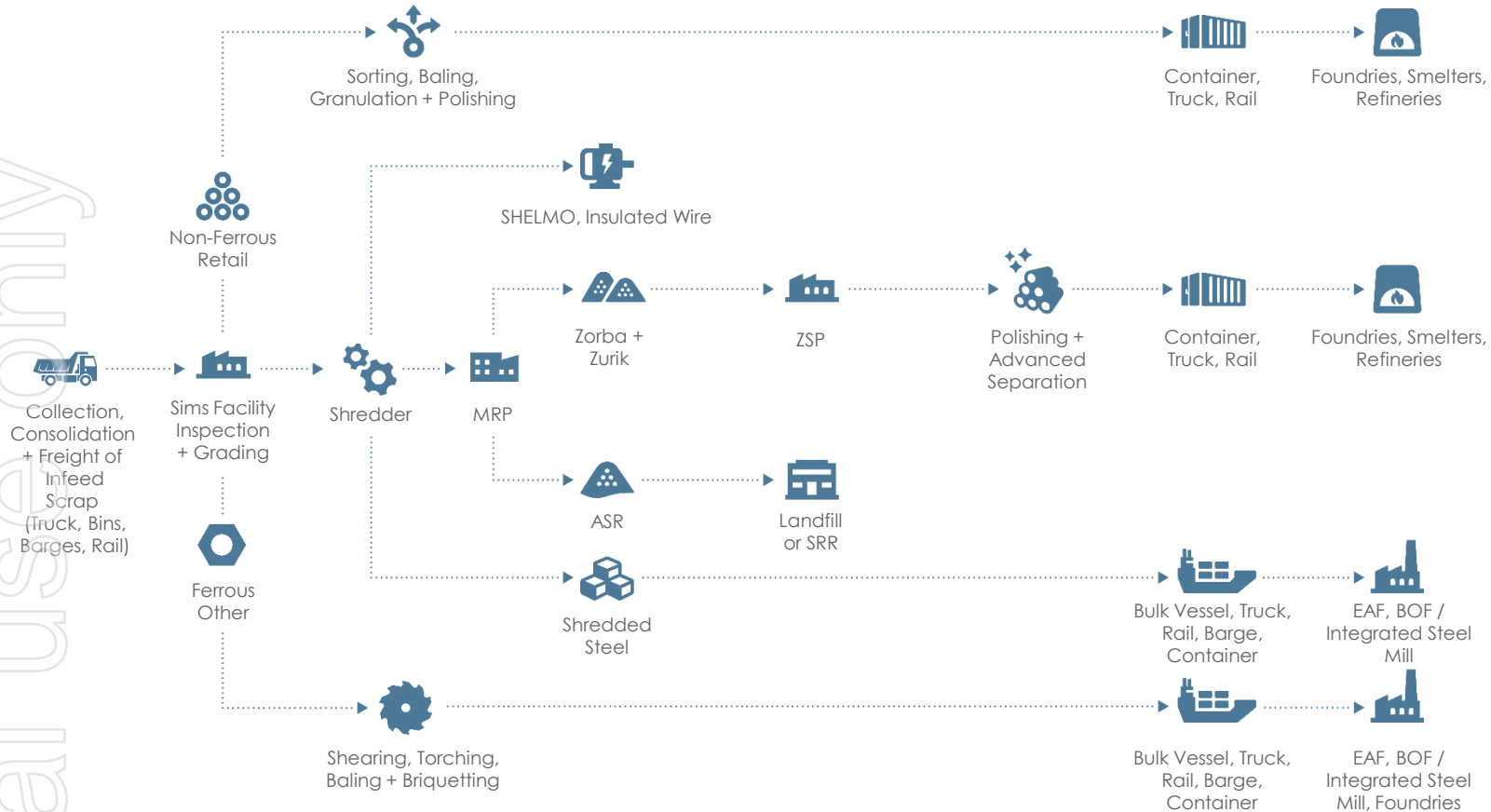
## Total Recordable Injury Frequency Rate (TRIFR)<sup>1</sup>



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



# Metal Operations



# Driving Accountability and Transparency

2025 and beyond goals defined to measure success

## OPERATE RESPONSIBLY



1	Foster a safe work environment	
1.1	Total Recordable Injury Frequency Rate (TRIFR) $\leq 1$	●
1.2	Lost Time Injury Frequency Rate (LTIR) $\leq 0.10$	●
1.3	Achieve and maintain a safety culture index in the survey top quartile	-
1.4	Eliminate critical safety risks, Critical Risk Incident Frequency Rate (CRIFR) $\leq 0.50$	●
2	Close gender gap	
2.1	25% women in manager positions and above (Managers that sit at CEO-1 and CEO-2 in reporting structure)	●
2.2	Reach 0% gender pay gap across Sims Limited	●
2.3	Achieve representation of women on the board $\geq 40\%$	●
3	Develop a skilled and engage workforce	
3.1	Maintain an engaged and satisfied workforce as demonstrated by employee engagement survey results in the top quartile	●
3.2	Invest in education by increasing the number of available career development training programmes by 50% and promoting them	●
3.3	Improve annual employee performance review process to align with Sims Limited's purpose; incorporate role competencies and skills development plan	●
3.4	Ensure management incentive plan is consistent with sustainability goals	●
4	Ensure transparency on how our business is conducted in an ethical manner	
4.1	Train all employees and agents on our Code of Conduct, anti-corruption and anti-bribery policies	●
4.2	Provide all employees with training on human rights, modern slavery and labour rights to raise awareness and help fight human rights violations	●
4.3	Develop a supplier Code of Conduct and implement supply chain due diligence to identify and address high risk of human rights violations and unethical practices	●

## CLOSE THE LOOP



5	Become carbon neutral by 2030 and achieve net zero by 2050	
5.1	Reduce Scope 1 and 2 emissions by 23% by FY25	●
5.2	100% renewable electricity by 2025	●
5.3	SLS carbon neutral (scope 1 & 2)	●
6	Achieve no waste to landfill	
6.1	Build resource renewal capacity to transform 120k tonnes of ASR per year into new products	●
7	Close materials loops further by expanding capacity and services	
7.1	Close loops by expanding secondary metal volumes to 9,600k tonnes of Fe and 300,000 tonnes of NonFe	●
7.2	Repurpose 8.5 million units	●
7.3	Expand municipal recycling coverage by 50%	●
7.4	Capture methane from landfills outside Australia and New Zealand (50 Megawatt)	●

## PARTNER FOR CHANGE



8	Build trusted relationships with our communities	
8.1	Establish at key sites a community index survey; track progress for continuous improvement	-
8.2	Annually, invest 0.5% of three-year rolling pre-tax profits in programmes that support environmental stewardship and economic empowerment	●
8.3	Dedicate paid employee time for community engagement/volunteerism activities	●
9	Create new business models that further the circular economy	
9.1	Generate 10% of our EBIT from new business models and opportunities that enable the circular economy	●



In-progress



Achieved

