

**SIMS LIMITED ANNOUNCES  
FISCAL 2024 FULL YEAR RESULTS**

**Results at a glance**

<b>STATUTORY</b>	<b>FY24</b>	<b>FY23</b>	<b>Change</b>
Sales revenue	8,562.7	8,061.1	6.2 %
Trading margin	1,742.1	1,614.1	7.9 %
EBITDA	334.5	515.7	(35.1)%
EBIT	72.6	293.0	(75.2)%
NPAT	(57.8)	181.1	(131.9)%
EPS (cents) – diluted	(29.9)	91.7	(132.6)%
<b>UNDERLYING<sup>1</sup></b>	<b>FY24</b>	<b>FY23</b>	<b>Change</b>
Sales revenue	8,562.7	8,061.1	6.2 %
EBITDA	304.8	474.9	(35.8)%
EBIT	42.9	252.2	(83.0)%
NPAT	(45.4)	156.9	(128.9)%
EPS (cents) – diluted	(23.5)	79.4	(129.6)%
DPS (cents) – total	10.0	35.0	(71.4)%
Return on productive assets <sup>2</sup>	1.8 %	11.4 %	(9.6)ppts

**Key Points**

- Sales revenue of \$8,562.7 million, up 6.2% from the prior corresponding period
- Statutory EBIT of \$72.6 million, down 75.2% from the prior corresponding period
- Underlying EBIT of \$42.9 million, down 83.0% from the prior corresponding period
- Fully franked final dividend of 10.0 cents per share, down 52.4% from the prior corresponding period
- Operating Cash Flow of \$202.5 million, down 54.9% from the prior corresponding period
- Return on Productive Assets<sup>2</sup> of 1.8%, down from 11.4% in the prior corresponding period

<sup>1</sup> 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 right of use assets arising from AASB16 Leases and deferred tax assets

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## Commentary

Commenting on the FY24 results, Group CEO & Managing Director, Stephen Mikkelsen, said, “The past year proved challenging as our metal business, like all players in the industry, faced difficult market conditions. Despite the obstacles, our revised strategy and disciplined approach has enabled us to deliver a solid full year performance, with the second half of the year showing good progress, particularly in North America Metal (“NAM”), which returned to profit in the fourth quarter. Sims Lifecycle Services (“SLS”) delivered a strong performance, continuing to scale up and demonstrating its pathway to sustainable growth.

“Pleasingly, this result has confirmed the robustness of our strategy. The key milestones achieved allowed us to further progress our business model and deliver value for shareholders. This progress puts us in a better position to take advantage of market opportunities and support our customers in achieving decarbonisation and energy transition.

“In the first eight months of my tenure, I continue to be strongly impressed by the team’s energy and preparedness. The achievement of a record safety performance has once again demonstrated our commitment to creating a safe and supportive workplace, and highlighted the team’s dedication and hard work.”

## Group Results

Sims Limited (the **Company** or the **Group**) today announced FY24 sales revenue of \$8,562.7 million, up 6.2% compared to FY23 sales revenue of \$8,061.1 million. At constant currency, sales revenue was up 3.2%. The increase in revenue was principally attributed to an 8.7% (5.7% at constant currency) increase in Metal average sales prices, partially offset by a 2.4% reduction in overall Metal sales volumes. Sims Lifecycle Services revenue was 7.5% higher in FY24 compared to FY23.

Metal trading margin for FY24 was up by 2.4% or down by 0.2% in constant currency, compared to FY23. The increase was supported by an improvement in NAM's performance in the second half and, included margin contributions from Baltimore Scrap and Northeast Metal Traders (“NEMT”). Competitive pressure in Australia and New Zealand Metal (“ANZ”) partially offset the result.

The Group generated underlying EBITDA of \$304.8 million, a decrease of 35.8% compared to FY23 EBITDA of \$474.9 million. Higher absolute fixed costs, including the addition of Baltimore Scrap and NEMT, offset freight reductions, and combined with a 37.5% decrease in earnings contribution from the Company’s 50% interest in SA Recycling (“SAR”), impacted the result. Sims’ equity accounted underlying EBITDA was \$102.2 million in FY24 compared to \$163.5 million in FY23.

FY24 underlying EBIT was \$42.9 million compared to \$252.2 million in FY23, a decrease of 83.0%. At constant currency, underlying EBIT decreased by 81.3%.



Statutory EBIT was \$29.7 million higher than underlying EBIT, after including a gain on the disposal of Sims' interest in the LMS business, offset by impairment charges following a review of certain asset carrying values. Statutory EBIT for FY24 was \$72.6 million, a decrease of 75.2% compared to FY23 statutory EBIT of \$293.0 million. At constant currency, statutory EBIT decreased by 73.8%.

In FY24, Statutory NPAT decreased by 131.9% to \$(57.8) million. Underlying NPAT was \$(45.4) million in FY24 compared to \$156.9 million in the prior year, representing a decrease of 128.9%. Statutory diluted EPS was (29.9) cents in FY24 compared to 91.7 cents in FY23. Underlying diluted EPS was (23.5) cents in FY24 compared to 79.4 cents in FY23.

### **Segment Performance**

NAM's FY24 underlying EBIT fell by 122.7% to \$(12.6) million or 116.2% million on constant currency. FY24 sales revenue was \$4,479.8 million, reflecting a 14.1% increase compared to FY23. At constant currency, sales revenue was up 11.2% to \$4,362.5 million with an improvement in average sales price. This was partially offset by a 1.2% decrease in proprietary sales volumes, despite the addition of Baltimore Scrap, as infed supply contracted in line with market conditions.

Trading margin was 4.7% higher (2.0% at constant currency) in FY24 compared to FY23 despite constrained supply continuing to impact buy prices. The trading margin was 17.2% higher in 2H FY24 compared to 1H FY24, with a higher proportion of unprocessed intake tonnes and the optimisation of selling destinations (in line with market conditions) as the business refocused its efforts on value over tonnage. This improvement was achieved despite continued challenging trading conditions throughout the year.

Operating costs, increased by 11.1% to \$632.5 million or 7.6% on constant currency in FY24 compared to FY23, primarily driven by acquisitions. Underlying costs excluding acquisitions actually improved with cost saving measures offsetting inflationary pressures.

The SAR joint venture contributed \$102.2 million to the Group's underlying EBIT compared to \$163.5 million in FY23. At constant currency, the contribution from SAR was \$99.5 million.

Proprietary sales volumes for SAR increased by 1.1% during FY24. The business continued to acquire small tuck-in acquisitions adding 11 new sites in the year, however also increased operating costs by 11.7% or 8.8% at constant currency.

ANZ achieved underlying EBIT of \$95.5 million in FY24, representing a 32.7% decrease on the prior year. Sales revenue of \$1,595.1 million in FY24 was 2.0% higher compared to FY23, with solid cable and new industrial extrusion volumes.



FY24 trading margin reduced by 2.4% compared to FY23 due to deteriorating market conditions from increased Chinese exports into Asia and a slowdown in the domestic market. Improved non-ferrous pricing provided some relief, particularly towards the latter part of the year, contributing to a better than expected second half EBIT. Operating costs increased by 18.2% compared to FY23, driven by higher wage costs, waste levy increases and inflationary pressures.

Underlying EBIT for the UK Metal ("UK") was \$(15.7) million in FY24 compared to \$7.3 million in FY23. FY24 sales revenue of \$1,367.3 million was 3.9% lower compared to FY23. At constant currency, sales revenue was down (10.6)% to \$1,272.8 million compared to FY23. Trading margin grew by 3.7% or declined by (3.4)% at constant currency. Operating costs were \$203.0 million in FY24, up from \$173.3 million in FY23.

SLS Underlying EBIT was \$17.7 million in FY24 compared to \$8.2 million in FY23. The improvement was driven by higher resale prices, stronger repurposed unit growth, and effective cost control measures as the business continues to maximise opportunities within the ITAD industry. FY24 sales revenue was \$349.7 million, representing an increase of 7.5% compared to FY23. SLS's volume of processed repurposed units processed grew by 60.5% compared to the prior year. Market conditions reflected major hyperscaler activity related to data center developments, expanding SLS's customer base.

### **Sustainability**

The ongoing commitment to continuous improvement has driven outstanding safety outcomes, with a TRIFR of 0.99 and the early achievement of the original FY25 safety target. For the first time, the business followed leading indicators to enhance performance.

### **Strategy Developments**

The Company's core strategic initiatives have already begun to yield improvements, evident in the second half.

Initiated eight months ago, the Company shifted its focus to simplifying its operations, reducing operational complexity, and improving agility. A critical initial initiative in the process was streamlining reporting lines to enhance efficiency and decision-making, resulting in the consolidation of 206 roles and aimed at better driving margins and reinforcing resilience in all market environments.

NAM has undergone a significant transformation focused on margin optimisation and cultural alignment. Despite market challenges, early signs of improvement have emerged, including margin gains in the second half and a return to profitability in the fourth quarter.



The Company also achieved a substantial portion of its \$70 million to \$90 million cost reduction target but has more work to do in this area.

On 12 August 2024 the Company announced that it had entered into a binding agreement to sell the UK business and had also signed a letter of intent to sell its remaining interest in CLP Circular Services Holdings LLC. These divestment will unlock significant value for shareholders, generating cash proceeds of approximately \$435 million. These initiatives will enable a strategic refocus on high-potential markets in the United States, and Australia and New Zealand, where our business position and demand for scrap are stronger.

### **Capital Expenditure**

Capital expenditure in FY24 was \$214.2 million, including \$17.7 million spent on growth investments. Sustaining projects focused on essential maintenance, safety and compliance comprised \$196.5 million of the total spend.

Sustaining expenditure, including environmental capital for FY25 is expected to be \$185.0 million.

### **Outlook**

A more agile sales and data-driven performance is expected to support NAM's continued recovery, despite intense competition for scrap supply.

We are optimistic about the sustained strength in zorba prices driven by the energy transition and decarbonisation.

The Hyperscaler data centre market is expected to sustain its momentum, providing positive opportunities for SLS.

A stronger balance sheet, supported by transaction proceeds and our recycling capital strategy, position us well for future opportunities.

Global steel demand is expected to remain muted, with broader economic indicators showing little improvement and Chinese steel exports continuing to affect the market.

Inflationary pressures are likely to continue, requiring further cost reduction strategies to mitigate.

### **Macro Trends**

Increased demand for metal intensive infrastructure spending and the production of post consumption scrap continues to be positive for metal recycling (both ferrous and non-ferrous).

The global decarbonisation of steelmaking, growth of EAFs and the energy transition will drive demand for recycled metal in a more regionalised market environment.



The fundamental drivers of cloud infrastructure recycling remain positive over the medium term.

However, there are risks to the materialisation of these positive drivers, particularly as it relates to global uncertainty from geopolitical risks and macro-economic factors.

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

**About Sims Limited** Founded in Australia in 1917, Sims Limited is a global leader in metal recycling and the provision of circular solutions for technology. Employing over 4,600 employees globally, the company operates more than 160 facilities across 13 countries. Sims Limited plays a vital role in helping increase circularity and decarbonisation by supplying recycled materials and re-purposed products. 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). The Company's purpose, create a world without waste to preserve our planet, is what drives its constant innovation and leadership in the circular economy. For more information, visit [www.simsltd.com](http://www.simsltd.com).

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

**Contacts:**

**Investors**

Ana Metelo  
Director, Investor Relations  
[ana.metelo@simsmm.com](mailto:ana.metelo@simsmm.com)

**Media**

Stephanie Glue  
Global Head of Corporate and  
Government Affairs  
[stephanie.glue@simsmm.com](mailto:stephanie.glue@simsmm.com)