



ASX & MEDIA RELEASE

(ASX: SGM, USOTC: SMSMY)

8 November 2022

Trading Update

Today, Sims Limited (“Sims” or “the Company”) provided a trading update ahead of its Annual General Meeting, being held today at 9.00 am.

The Company provided insight into the current trading environment indicating that soft market conditions, announced at the FY22 Financial Results, have persisted throughout the first quarter of FY23. This trend was consistent with other industry reports and was driven by lower volumes, tighter margins, and resiliently high inflation.

Lower scrap volumes resulting from significantly reduced economic activity, coupled with increased competition for available infeed, has tightened trading margins in both percentage and dollar per tonne terms.

Inflation remains at multi decade highs across all our markets, including in the US, where inflation surged to a 40 year high.

Against this backdrop, the Company continues to be cautious in the short-term outlook. Underlying EBIT for 1H FY23 is forecast to be in the range of \$65 million to \$75 million. It is worth noting that there are shipments scheduled to occur close to the half-year end and, in accordance with revenue recognition policies, this has the potential to impact whether EBIT is attributed to 1H FY23 or 2H FY23.

Cost mitigation initiatives implemented in 1Q FY23 have only partially offset inflationary pressures and, as a result, the Company expects costs to remain elevated in 1H FY23. Further cost reduction measures are targeted for 2H FY23.

Forecast FY23 sustaining capex of \$170 million is \$50 million lower than the previous forecast of \$220 million.

Commenting on the trading update, Alistair Field, CEO and Managing Director of Sims, said: “We believe these are short-term headwinds driven by macro-economic factors which do not alter our belief in, and our focus on, the medium-term outlook for the business.”

Mr Field added that while the business will have to manage these pressures in the short term, the company remains well positioned for when the market recovers. Having delivered strong earnings in the previous three financial halves, successfully transitioned from a regional to a functional organisation, added new and innovative acquisitions, and built significant growth in SA Recycling’s footprint, provides a solid platform to work towards the 2025 business goals.”

“I have every confidence that the fundamentals for metal recycling remain positive for the medium-term, with the decarbonisation of steel making, growth of EAFs, and the energy transition expected to continue driving demand” he said.

Authorised for release by: The Board of Sims Limited

About Sims Limited

Founded in 1917, Sims Limited is a global leader in metal recycling and providing circular solutions for technology, and an emerging leader in the municipal recycling and the renewable energy industries. Our approximately 4,000 employees operate from more than 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.simsmm.com.

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

Contacts:

Investors

Ana Metelo
Group Director, Investor Relations
ana.metelo@simsmm.com

Media

Réal Hamilton-Romeo
Global Head of Corporate Communications and Marketing
real.hamiltonromeo@simsmm.com