SIMS METAL MANAGEMENT

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The Manager
Announcements
Company Announcements Office
Australian Securities Exchange
20 Bridge Street
Sydney NSW 2000

Dear Sirs,

Sims Metal Management Limited (Company)
Chairman's and CEO's Address to Shareholders

Attached is a copy of the Chairman's and CEO's Address to Shareholders which will be presented at the Company's 2018 Annual General Meeting to be held today.

Yours sincerely

F. Moratti

Frank Moratti
Group Company Secretary

ASX & MEDIA RELEASE **(ASX: SGM, USOTC: SMSMY)** **8 November 2018**

Annual General Meeting 2018
Chairman's Address

Ladies and gentlemen,

Introduction

It is with great pleasure that I welcome you to the 2018 Annual General Meeting.

The 2018 financial year saw the Company achieve consecutive years of improved underlying Group results, and ordinary dividends of 53 cents per share were the highest since 2008.

Underlying Earnings Before Interest and Tax (EBIT) of $279 million was up 53% over the prior year. Statutory Net Profit after Tax was $204 million, in line with the prior year, while Underlying Net Profit after Tax at $192 million was up 60%.

The backdrop for these results is disruption in almost every area we operate, and is evident in economic, social, political and environmental arenas.

Short term shifts in government policy have always been a challenge for business, but rarely have we seen the extent of disruption to global trade than has been the case in the last 18 months. In particular, the imposition of tariffs and China's import restrictions on material for recycling have changed the traditional trade flows, and have been particularly disruptive for Sims. While some areas of our business have been more affected than others, we have nevertheless been able to adapt through the application of new technology and development of new markets.

The Future

Having celebrated our 100th anniversary last year, we have spent considerable time this year shaping the strategy that will create a Company that will be ready to thrive in this rapidly changing world.

Social expectations of corporations are changing, and communities expect that companies will place as much weight on their interests as they do on shareholders' interests. Governments and regulators are putting the force of law behind these expectations. In a world where corporations are increasingly being held to account for what happens to their products at the end of their life, Sims can play an important role in the circular economy. By combining our skill in dealing with end-of-life products with our global footprint and strong governance, our Company is uniquely placed to work with global companies that choose, or are required, to account for their products at the end of their life.

In Australia, we are seeing a move from carbon based energy to renewable energy, but nowhere at the pace that it is happening in other parts of the world. Less than 20% of Australia's power comes from renewable sources. The California Energy Commission estimates that, in that State, one-third of retail energy sales are powered by renewable sources, and Germany crossed a symbolic milestone in its energy transition by briefly covering 100% of electricity use with renewables for the first time ever on 1 January this year. Generally, about 35% of Germany's energy needs are met from renewables.

While we continue to debate the science of climate change in Australia, for the most part, the rest of the world is moving to a low carbon environment. On the basis of aggregate tonnes emitted, Australia is responsible for about 1.24% of the world's CO_2 emissions annually, and if you include shipping and aviation as distinct categories, ranks about 17th on the emissions league table. The issue for companies, like Sims, is not whether we should look at Australia's carbon emissions on an aggregate tonnes or a per capita basis, where we are positioned with the richest OPEC nations, but rather what are the implications for our business and the economies in which we operate of what is a rapid technological evolution.

Recognising that we need to adapt to this rapidly evolving business environment, earlier this year we joined the World Business Council for Sustainable Development, a global, CEO-led, science-based organization of over 200 leading businesses, working together to identify and take advantage of technology that will be the foundation of the transition to a sustainable world.

Governance

The past year saw continued improvement in the Company's safety performance. While Alistair will say more about that later, I want to once again record that the Board is absolutely committed to Sims being a zero harm environment, and will continue to invest to support this objective.

We continue to refine our sustainability goals and continued to improve our metrics to ensure the wellbeing of our people, our community and the environment in which we operate. We will continue to asses our business against the United Nations 17 Sustainable Development Goals, and our employees are encouraged to take initiatives in the business towards this end.

Looking into the future, we are confident our Company's role will become even more prominent as both governments and businesses around the world continue to discuss sustainable solutions to mitigate risks resulting from climate change, the pressures on energy and resource supply, and increasing population demands.

This year we completed our board evaluation with the aid of an independent governance professional. A number of key issues were highlighted, two of which I believe are noteworthy. The first was the definition of the skills we believe we need on the board as we pursue our succession plans, and the second was the restructure of our board committees to align with current regulatory, community and investor expectations. We expect to announce the changes to our board committees, along with revised charters, before the end of the year, and board succession plans during the course of calendar 2019.

Financial Performance During FY18
Underlying EBIT of $279 million in FY18 was 53% higher than FY17. The increase in underlying EBIT was primarily due to higher operating income in the North America Metals, Australia & New Zealand Metals and Global E-Recycling segments, and higher income from the Company's investments in SA Recycling and LMS Energy. This was partially offset by lower underlying EBIT from Europe.

Commitment to Deliver Sustainable Returns to our Shareholders
The Company's balance sheet continues to reflect strong levels of cash generation. Cash flow from operating activities of $252 million in FY18 decreased by $14 million compared to FY17, due principally to higher cash taxes paid in FY18. This was partially offset by an increase in dividends received from joint ventures of $29 million in FY18 compared to $19 million in FY17.

Underlying diluted earnings per share was 93.2 cents in FY18, compared to underlying diluted earnings per share of 59.9 cents in FY17. The directors declared a final dividend of 30 cents per share, 100% franked, for the year ended 30 June 2018, which you will have now received. Combined with our interim dividend of 23 cents per share, the Company paid out 56% of its underlying earnings. This is the highest cash dividend we have paid in 10 years.

The board continues to be mindful that some shareholders prefer to receive their returns as dividends, while others would prefer to see retained earnings invested into the business to drive capital growth. We continue to be confident that we can appropriately fund our ambitious growth objectives while paying dividends within our policy framework.

People and Management
During the year, we relocated our head office from Manhattan to Westchester county in New York, providing a more contemporary work space that is easily accessible to key transport links and saving considerable rental expense.

Also during the year, Stephen Mikkelsen (Group Chief Financial Officer) and Brad Baker (Group Chief Human Resources Officer) joined our leadership team. Both executives have extensive experience, which complements our strong industry-oriented leadership team.

I am sad to report that Tom Sato will be retiring at the conclusion of the AGM. Tom joined the board in 2013 after a long and distinguished career with Mitsui, including many years in Australia, as well as the United States where he had considerable involvement in the recycling industry. He has been a great supporter of the Company. I know my fellow directors agree that his wise counsel will be missed around our table and I want to place on the record our sincere appreciation of his hard work over the past five years.

Replacing Tom as Mitsui's representative will be Mr Hiroyuki Kato. Mr Kato is with us today and will later be formally appointed by the directors. Mr Kato joined Mitsui in 1979. He started his business career in the iron ore division, where he gained considerable experience relating to the mining industry, which became the backbone of his long career at Mitsui. After completing two assignments in New York, and attending MIT Sloan School of Management, Mr Kato held various positions in Mitsui's oil and gas divisions. Since June 2018, he has been a Counsellor to Mitsui. We look forward to what I am certain will be a significant contribution by Mr Kato to the board.

It would be remiss of me not to mention that a long time shareholder and regular attendee at the Sims AGM is not with us today. Jack Tilburn passed away on September 27 at the age of 91. While many of us found Jack to be irritating from time to time, most especially the Chairman, he was, as the Australian Financial Review put it, a trail blazing shareholder activist. He worked hard during AGM season to shine a light on poor governance, but was always prepared to give credit where it was due, particularly when dividends were increased and the font size in the annual report was legible!

Thank You

On behalf of my fellow directors, I would like to recognise the significant contributions and hard work of our management and employees over the past year. We are well positioned to deliver on our growth plans and I look forward to reporting on our further progress in the year ahead.

Now, I would like to welcome to the lectern our Company’s Chief Executive Officer, Alistair Field, to present a more detailed account of last year’s performance and the outlook for the industry.

Annual General Meeting 2018
Group Chief Executive Officer's Address

Thank you, Mr. Chairman,

Ladies and gentlemen,

Introduction

Sims Metal Management's financial results for fiscal year 2018 showed a solid increase in key metrics, and we exceeded our target of a 10% return on capital that was set five years ago. This positive performance was due in large part to the diversity of our business model, the capital investments we made into our Company, and the hard work and dedication of each employee.

I would like to personally thank our employees for their commitment this past year, and I look forward to working alongside them for even greater success in the coming years.

FY18 Financial Highlights

For the second consecutive year, Sims' financial results highlighted significant year-over-year improvement. Our underlying EBIT of $279 million was a 53% improvement over the prior fiscal year. The improved result was driven by underlying strong demand for ferrous and non-ferrous metals, improving margins, enhanced material yields and meaningful contributions from our joint ventures. Additionally, the implementation of our internal initiatives delivered slightly more than $40 million in direct benefits to EBIT in FY18. We are continuing to improve returns to shareholders through a significant increase in earnings and a 53 cents per share, 100% fully franked, dividend while also lifting our underlying return on capital from 8.0% in FY17 to 10.3% in FY18.

These results were delivered against an evolving macroeconomic backdrop. Market conditions improved across both ferrous and non-ferrous products for the majority of FY18. Increased global steel consumption and greater demand for high-grade steelmaking raw materials, particularly in China, contributed to higher prices for ferrous scrap metal, driving East Coast US export ferrous HMS prices up more than 30% during FY18 over FY17. Global demand for non-ferrous secondary metals meaningfully improved during FY18 as evidenced by greater than 20% price improvements for copper and aluminium over the same period in the prior year.

Steady demand for steel in China, in combination with a coordinated plan to close inefficient steel mill capacity, led to steel export volumes from China, previously a significant headwind for ferrous scrap demand and prices, declining a further 24%.

In 2017, China announced its “National Sword” policy, which focused on illegal waste imports, the prohibition of certain scrap materials and strict standards on contaminant thresholds on all scrap, including metal.

The Company has mitigated some of the macroeconomic uncertainty through capital investment, our global geographic footprint and trading expertise. The Company continued to strengthen its existing platform, including through external growth opportunities, and we embarked on investments in emerging technology. Capital expenditure increased nearly 40% to $176 million as the Company constructed two metal recovery plants within the US and next generation downstream technology in response to China’s National Sword initiative. These investments in advanced metal separation fit well into our core competencies of large volume processing, early technology adoption, and leveraging economies of scale. In the long-term, we believe Sims is very well placed to benefit from the trends we are now seeing in the market.

Additionally, the Group expended $56 million for acquisitions, most notably Morley in the UK, and an additional $38 million for the acquisition of the remaining 50 per cent interest of the Sims Pacific Metals joint operation. We believe these investments complement our core competencies and will enhance returns without elevating the Group’s operating risk profile.

Strategic Initiatives
While I am satisfied with our FY18 achievements, I am even more committed to improving Sims’ performance and effectiveness for FY19 and beyond. Investing in new technology facilitated greater yields from our material recovery plants in FY18. We implemented separation technology, which was important for Sims in the context of growth and in managing changing customer requirements.

With our new management team, a purpose-driven corporate strategy and a focus on streamlining our systems and processes, I am confident that we will continue to outperform expectations and create greater shareholder value.

Our management team, which is comprised of leaders from various backgrounds, are very capable of leading the Company and setting us up for success. The diversity of their experience has already allowed us to be creative in addressing challenges and even more efficient in how we run the business. These efficiencies will allow us to reshape Sims’ corporate strategy with a focus on aligning our purpose with today’s social needs so that we can outpace the competition.

In FY18, we initiated a review of our corporate strategy to determine how we can build long-term value for Sims. Together, we identified a clearly defined statement of purpose and a narrative that conveys what the Company stands for in historical, ethical and practical terms. This journey will begin in earnest in FY19 as we drive continuous improvement in our core business and evaluate new opportunities aligned with our long term strategy.

Commitment to Safety and Sustainability
One of the biggest risks to our business is the health and safety of our employees, and I am happy to share that FY18 was our safest year on record. Sims is on a journey to become world-class in health and safety, and we have made several cultural improvements throughout the Company to continue to enhance our safety practices. We still have room for improvement, and we will continue to share and adopt best practices across the regions to ensure that we can meet our goal of a zero-harm workplace.

Investors around the world are looking for companies that lead in areas of environmental and societal interests, and Sims' shareholders are no different. Our investors have asked about the Company's performance in the areas of environmental, social and corporate governance. Not only is sustainability a component of our social responsibility value, but it is also at the heart of our corporate strategy. As such, we have joined the World Business Council on Sustainable Development (WBCSD), where CEOs from more than 200 leading businesses across the world are collaborating to accelerate the transition to a sustainable world.

Outlook
There have been numerous sweeping macroeconomic events during calendar year 2018. These include the introduction of China's "National Sword" and "Blue Sky" initiatives, the imposition of tariffs between the USA and many of its trading counterparties, and the financial crisis in Turkey.

In the long- term, we support China's insistence that the products it imports from recycling industries are of a high quality with minimal waste. We anticipated this in our metals business and upgraded our facilities to produce higher quality and more refined products, such as twitch, sabot and granulated copper. The quality of our products also provides for sales opportunities outside China. In addition, the geographically diverse nature of our operations has provided some mitigation to the risks caused by tariffs.

Turkish steel mills continue production albeit with a shift in sales from domestic to their historical international markets. Despite the turmoil, we continue to sell scrap to Turkey under acceptable terms. Turkish mills have responded to microeconomic local conditions by finding new homes for their steel products as domestic demand wanes.

Our business has shown resilience in the face of challenging market conditions. Underlying EBIT for the first quarter was at the upper end of our recent Trading Update of between $58 million and $63 million.

While we are seeing regional differences, overall, we expect our ferrous volumes for the full year FY19 to exceed FY18. Non-ferrous volumes are likely to show a small increase over the prior fiscal year.

Ferrous pricing has shown resilience for the year to date and our expectation is for the ferrous price for the balance of the year to be relatively stable.

Non-ferrous pricing for our primary copper and aluminium products has shown some volatility and we expect this to continue.

Zorba prices declined in the last six months, in large part due to tariffs and China's national sword policy. We have successfully mitigated a meaningful portion of this impact through our pro-active and market leading investments in zorba separation and copper granulation.

As the industry continues to change, I am confident that the efficiency improvements we are making will enable the Company to have a profitable and sustainable future.

About Sims Metal Management
Sims Metal Management is one of the world's largest metal and electronics recyclers with over 250 facilities, including joint venture operations, in 18 countries, and more than 5,000 employees globally. 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).

Please visit our website (www.simsmm.com) for more information on the Company and recent developments.

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