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8 April 2019

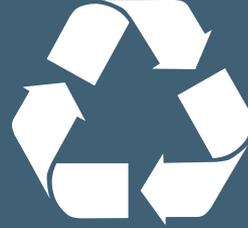




Purpose



Grow



Preserve



Invest

Sims Investor Strategy Day

Create a world without waste to preserve our planet.

8 April 2019



Disclaimer

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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.

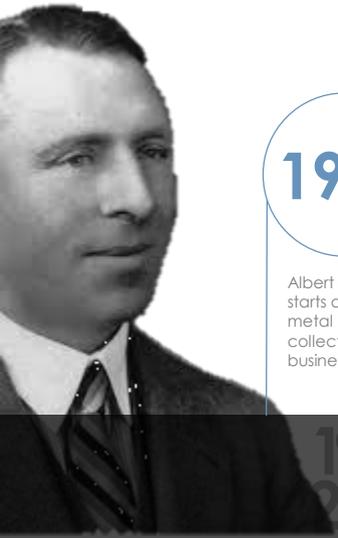
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We Have Been Here for Over 100 Years

and will be here for another 100 years

100 YEARS



1917

Albert G Sims starts a scrap metal collection business

1948
Albert G Sims Ltd listed on Australian Stock Exchange

1956

First export sales of steel scrap metal to Japan

1988

Entered the US metals recycling market with acquisition of LMC in California

2005

Merged with Hugo Neu, one of the largest exporters of scrap metal in the US

2007

Formed a joint venture with Adams Steel creating SA Recycling

2008

Acquired Metal Management, one of the largest recyclers in the US

2017

Celebrated 100 years



1927

1937

1947

1957

1967

1977

1987

1997

2007

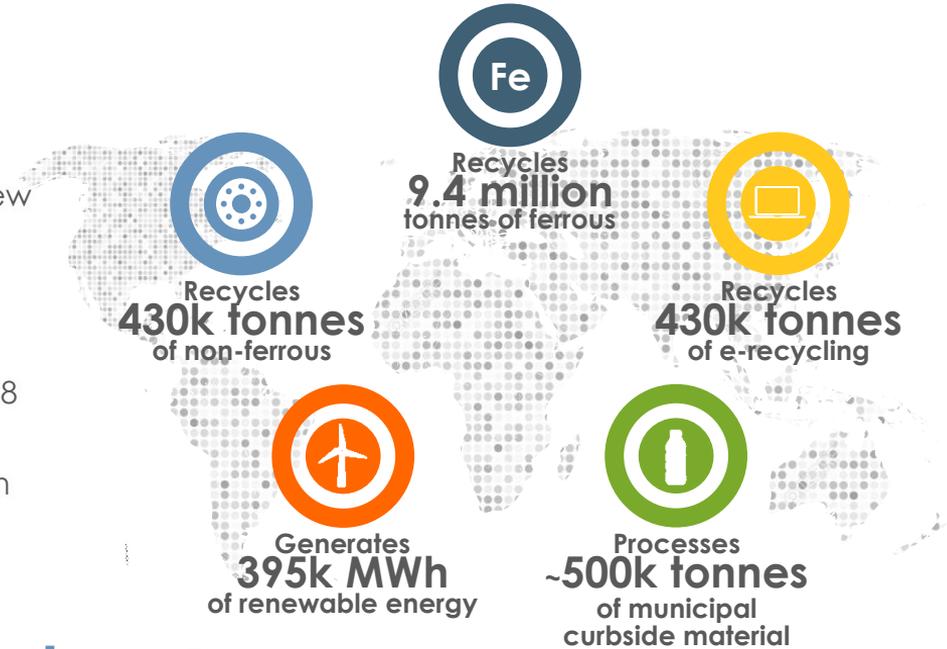
2017

Where We Are Today

A great base to continue to grow

Sims:

- Largest listed dedicated metals recycling company globally
- Largest dedicated metals recycler in the US
- Largest dedicated metals recycler in Australia and New Zealand
- Second largest dedicated metals recycler in the UK
- Largest electronics recycler
- Operates municipal recycling for the largest US city (>8 million people) since 2003
- Owns the largest landfill energy operator in Australia in partnership from 2001
- Member of the [World Business Council on Sustainable Development](#)



250+

FACILITIES

Operating in 18 countries

5,000+

EMPLOYEES

Across 18 countries

>\$6.4 B

AUD

In revenue

1.3

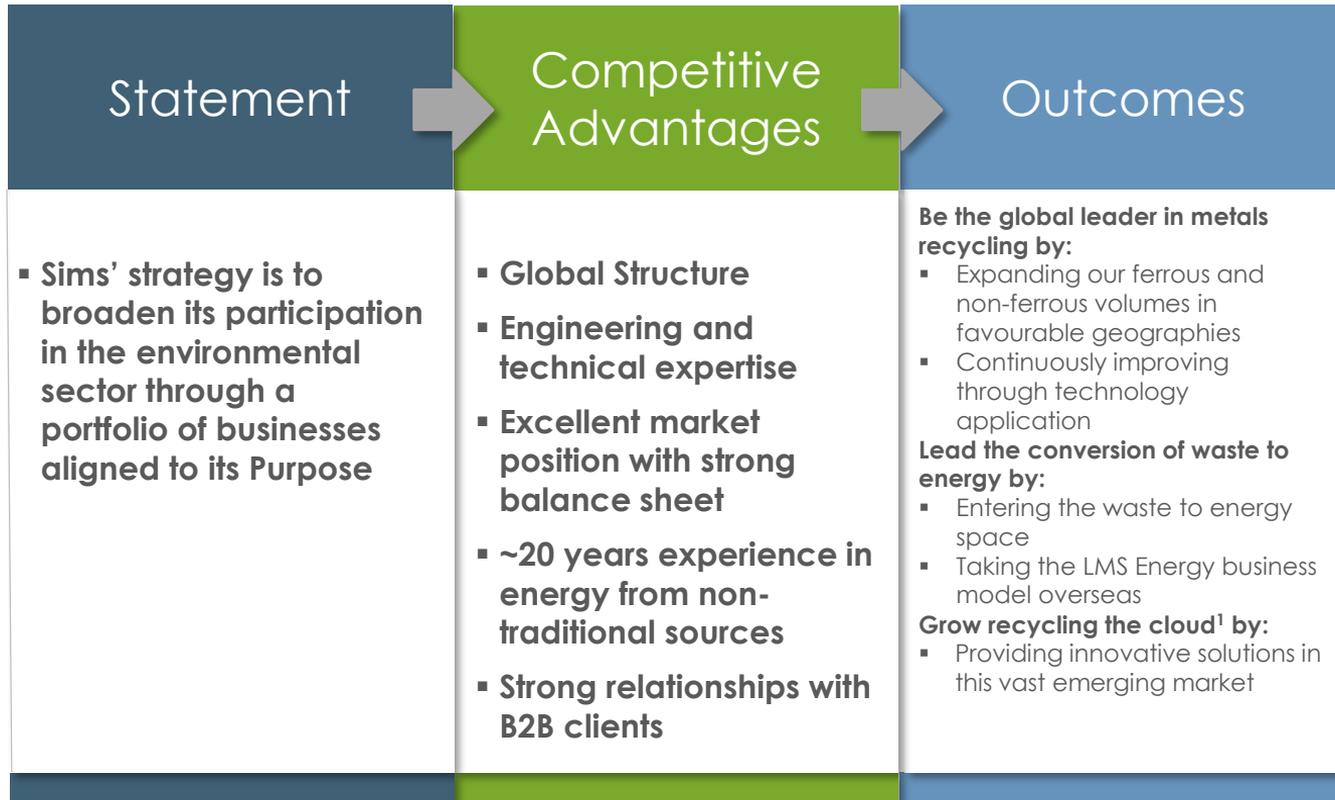
TRIFR

Total recordable injury frequency rate¹

1. Defined as total recordable injuries x 200,000 divided by number of hours worked.



Sims Strategy

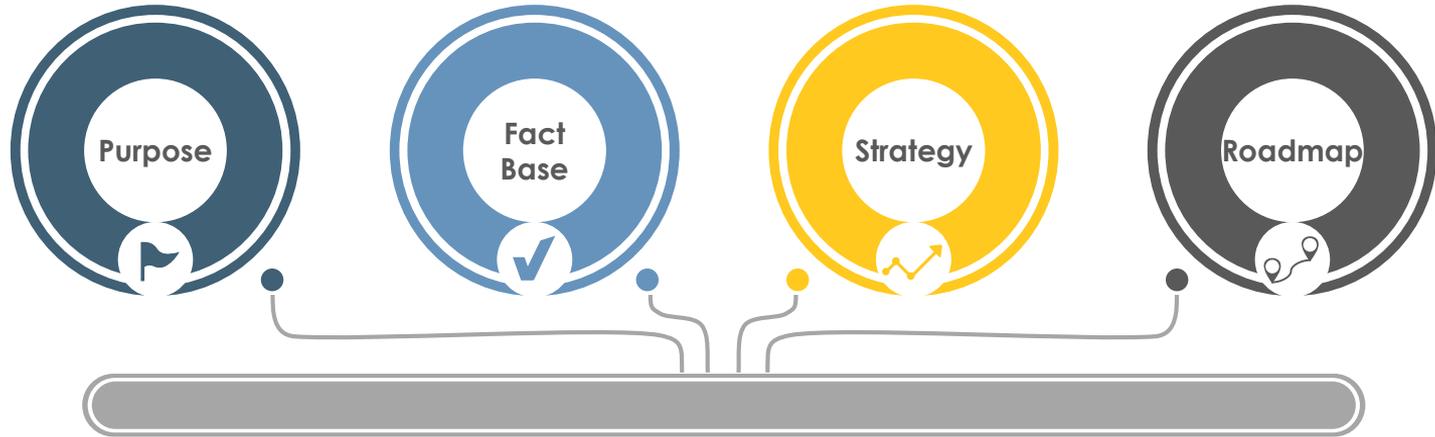


1. Recycling the cloud refers to the re-purpose and recycling of the server rooms that provide cloud computing and services.



Strategic Process

Strong board and employee engagement



Sims Purpose

Create a world without waste to preserve our planet



We will build enterprises that:

- Create long-term value by providing secure and sustainable management of resources within the circular economy



When we embrace our purpose, we will:

- Become a leading innovator in the circular economy
- Be recognised around the world as a responsible community partner
- Become an employer of choice in the environmental sector
- Be the #1 or #2 player in the sectors in which we compete



Our strategy combined with our Purpose will:

- Provide safer working sites
- Reduce earnings volatility
- Reduce operational risk
- Counter threats to our core business



30 year megatrends

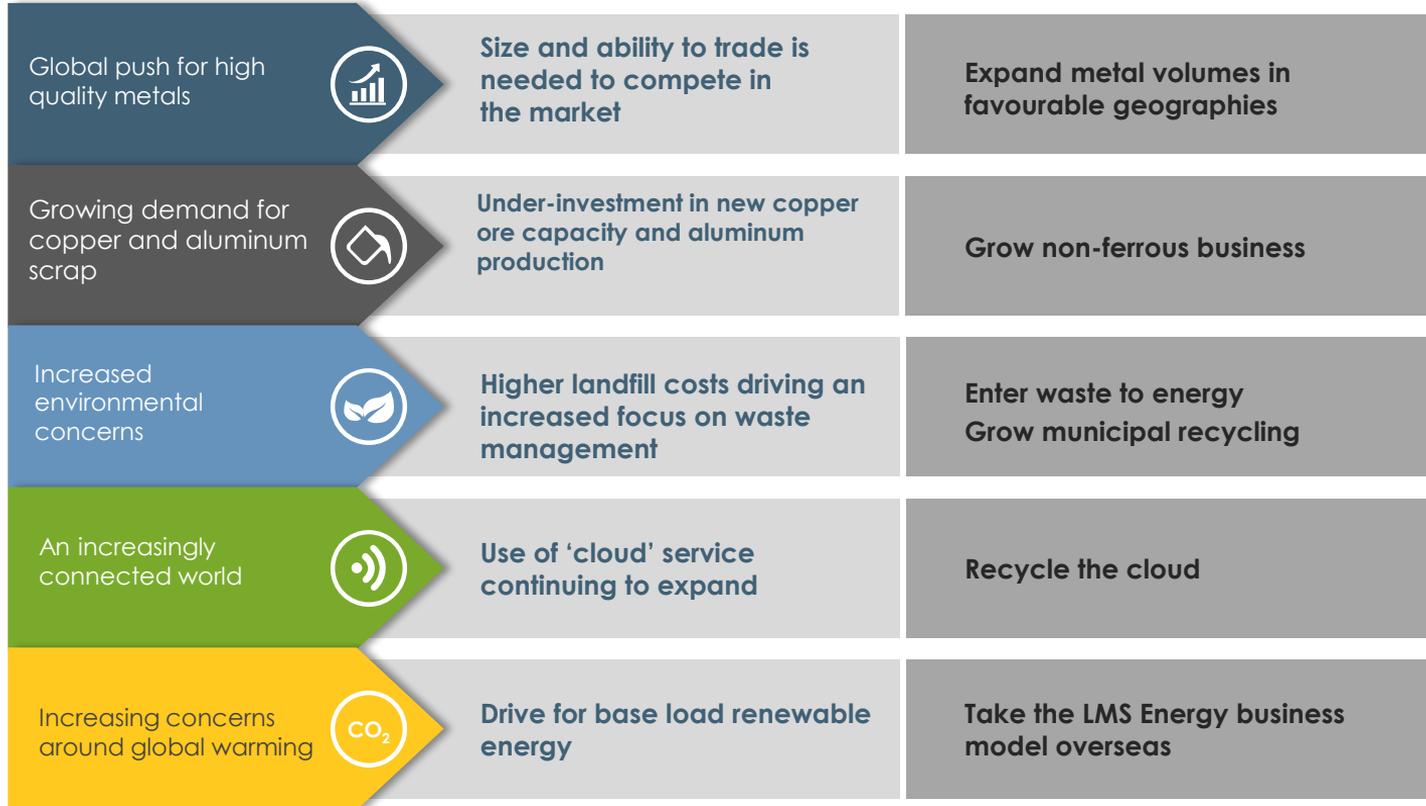
An example of the analysis undertaken

Area	Category	Megatrends	Impact to Sims
	Climate Change	Natural disasters more frequent and violent driven by rising CO ₂ emissions	Increased push towards recycled materials to reduce carbon emissions
 Social	Waste	Global waste will increase	Higher landfill costs and need for solutions
		Advanced materials will change the nature and composition of goods	Increasing value of materials in waste streams and higher importance on separation
Nuclear reactor decommissioning will generate radioactive waste to be handled		Need for development of economic solutions	
Trade in waste will decline with emphasis placed on management, recycling and reuse		Material separation will occur in the domestic market of material origin	
There will be less plastic pollution with the advent of bio plastics		Declining volume of plastic materials for processing (Municipal)	
 Environmental	Water	Increased demand and declining availability of freshwater in megacities	Need for development of economic solutions
 Economic / Business		Increased pollution of global oceans	Need for development of economic solutions
	Energy	Renewables will make up to 50% of the energy capacity growth by 2040	Increased supply of renewables risk cuts to government support from carbon permit sales
		Energy storage & peer-to-peer (P2P) energy trading will revolutionise traditional utilities	Potential for easier sale of and purchase of energy at lower prices
 Technological	Resource Sustainability	Declining availability of low cost & high grade mines across all commodities and minerals	Higher prices across all commodities and improved economics for material recovery
 Political		Landfills mined for resources & energy	Increased opportunities for material recovery



Implications over next five to ten years

Sims is well positioned to benefit from global trends



Sims Integrated Strategy

Grow core business and leverage synergies to expand into adjacent markets

Sims Group



Sims Metals

Fortify and grow sustainable profits



Sims Waste to Energy

Utilise waste to create new revenue stream and reduce costs



Sims e-Recycling

Grow product stewardship and services for recycling the cloud



Sims Energy

Expand proven business model and technology globally



Sims Municipal Recycling

Develop recycling solutions for major cities

Globally grow ferrous and non-ferrous business. Including:

Doubling the US non-ferrous business by FY25

Growing the US ferrous business ~40% by FY25

Zero waste disposal & energy costs over the long term

Install and operate seven plants within 10 years

Recycle 10% of the cloud by FY25

Be the OEM supplier of choice for recycled plastic

Acquire or build 50 MW by FY25

Secure additional large city contracts by FY25



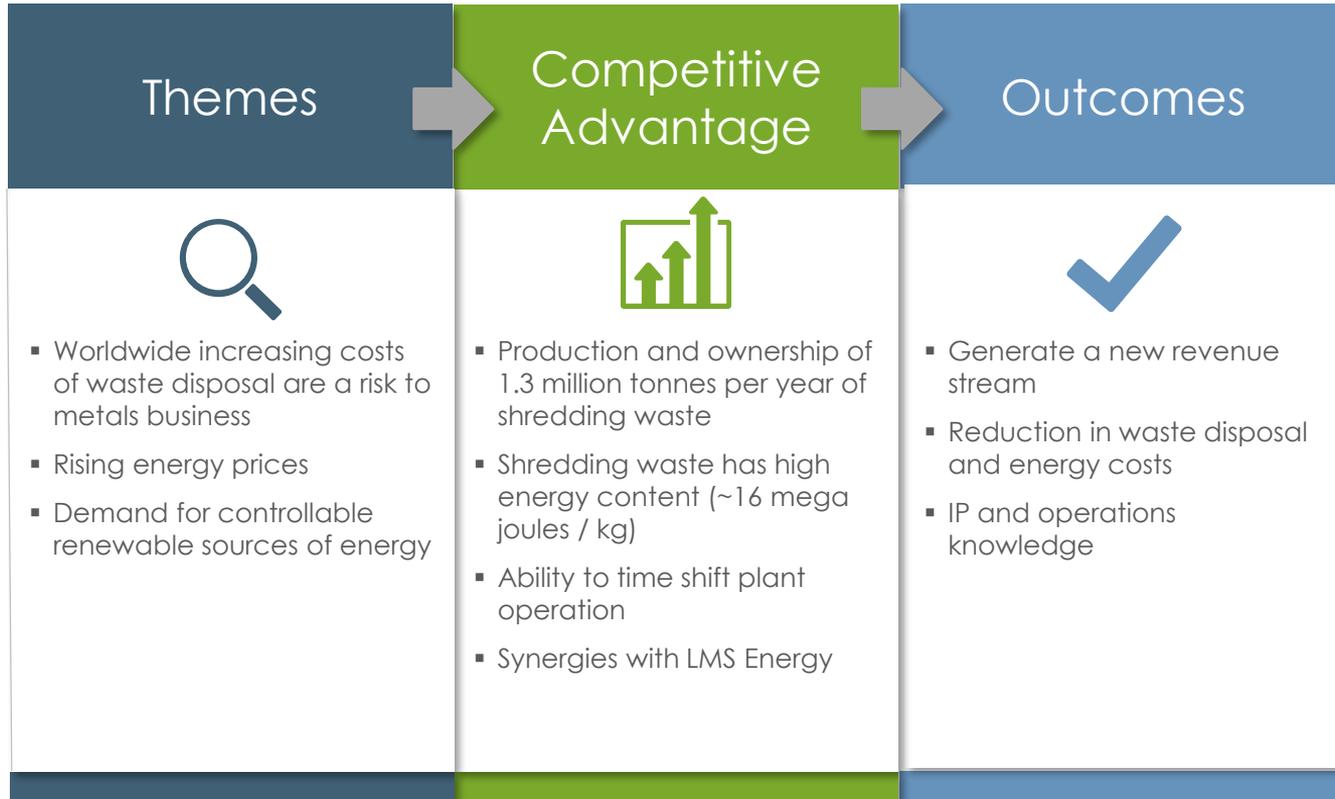
Sims Metals

Fortify and grow sustainable profits



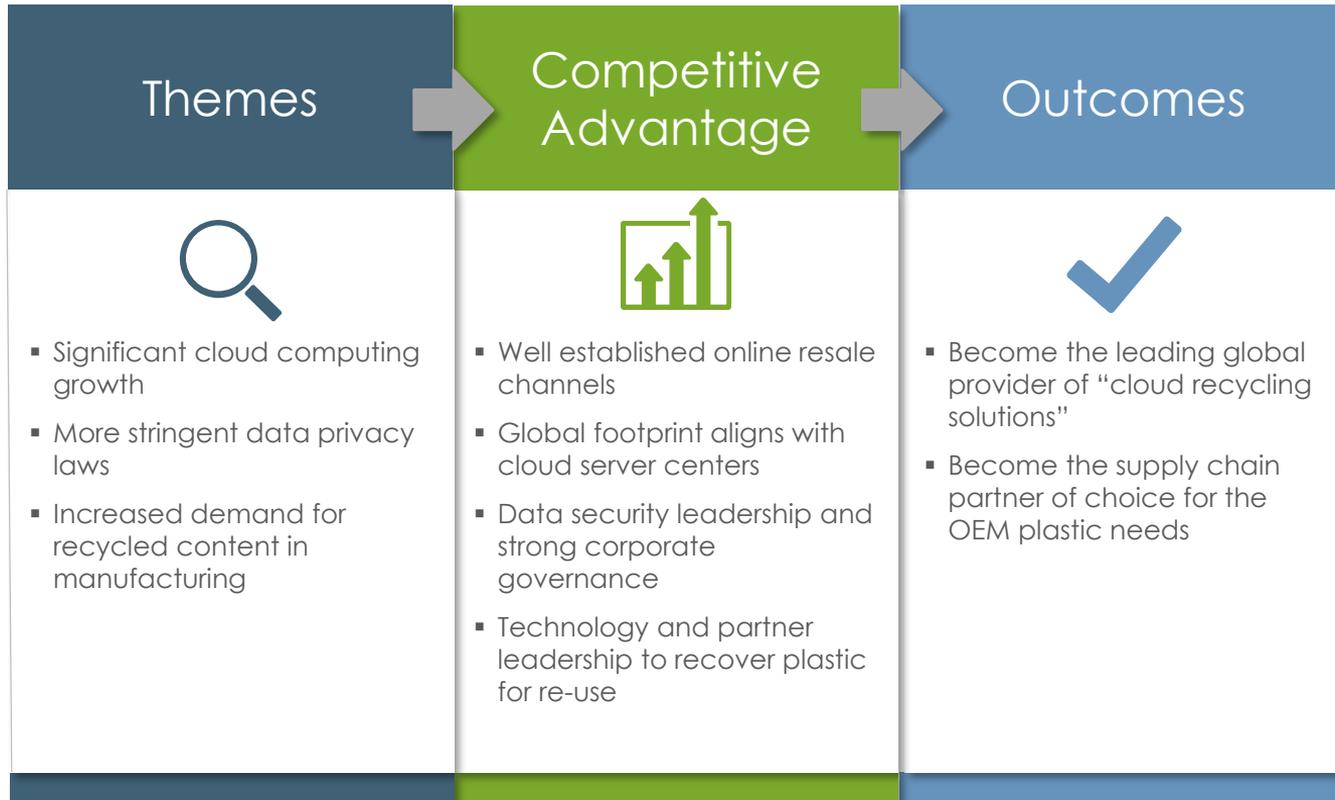
Sims Waste to Energy

Utilise shredding waste to create new revenue stream and reduce costs



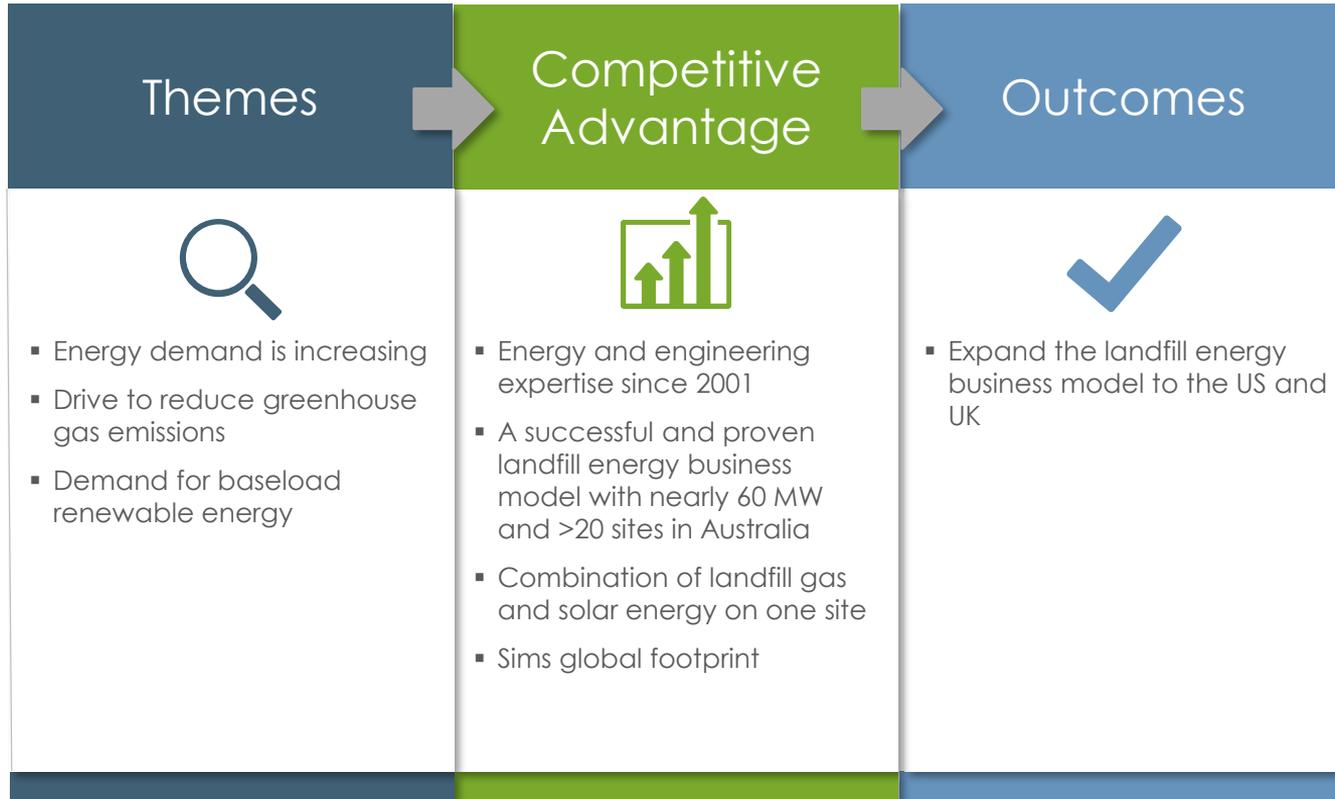
Sims E-Recycling

Drive profitable growth through product stewardship and service for large corporate clients



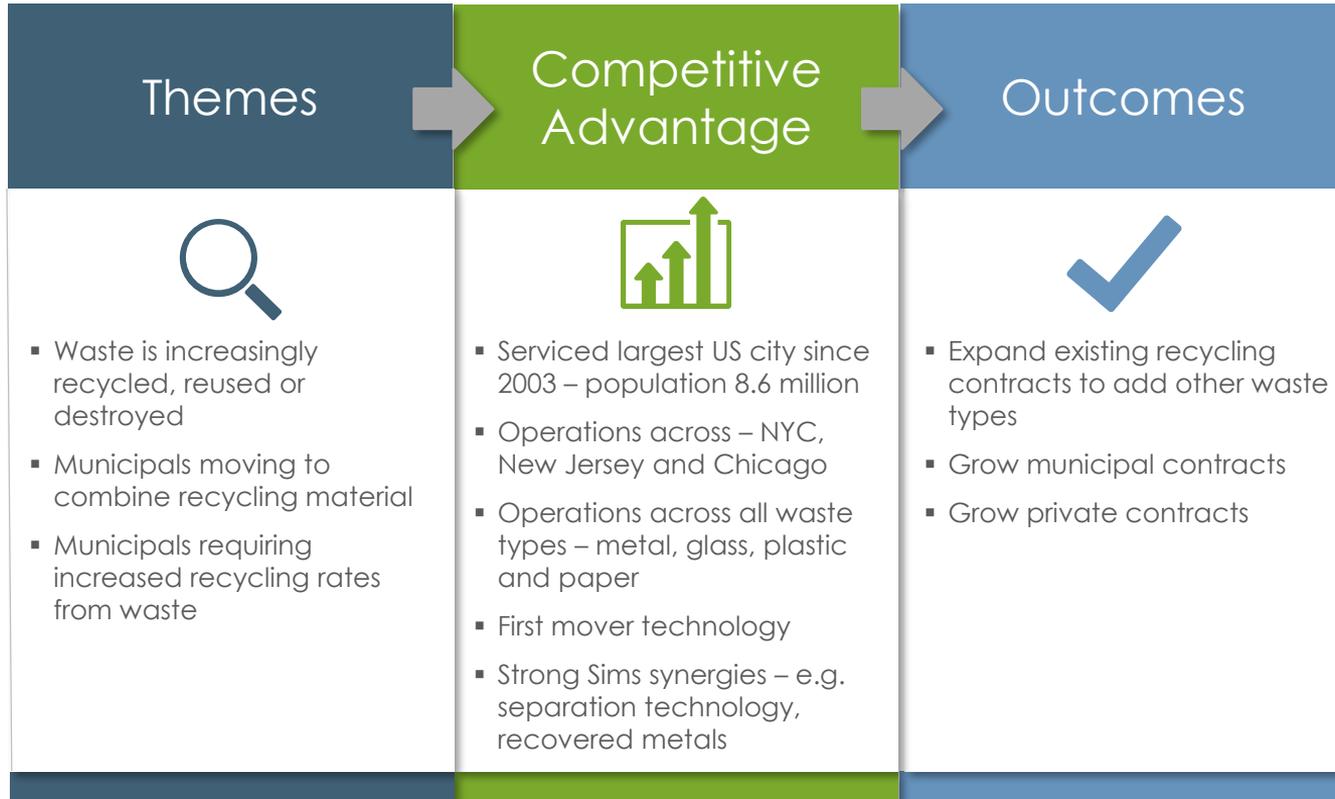
Sims Energy

Expand proven business model and technology globally



Sims Municipal Recycling

Develop waste management solutions for mega cities



Target Measures

Targeting minimum 15% return on growth projects requiring capital

	FY18	FY22	FY25
Expand metal volumes in favourable geographies 	NAM Ferrous Volumes ('000 tonnes)		
	4,700	5,800	6,500
Grow non-ferrous business 	NAM Non-Ferrous Retail Volumes ('000 tonnes)		
	140	200	300
Enter waste to energy 	Waste to Energy Capacity (ASR '000 tonnes)		
	0	160	290
Recycle the cloud 	Market Share by volume of Cloud Recycling		
	0%	5%	10%
Take the LMS Energy business model overseas 	Landfill energy outside Australia ¹ (MegaWatts)		
	0	15	50

1. Nearly 60 MW in operation in Australia.





Waste



Lower cost



Energy



Preserve

Sims Investor Strategy Day

Waste to Energy (WtE)

8 April 2019



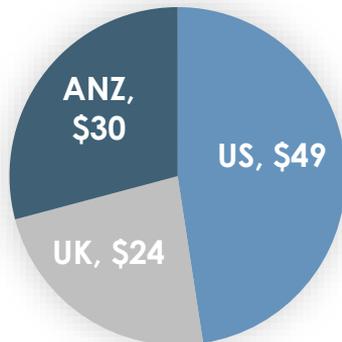
Waste to Energy Opportunity

1 million tonne of Automotive Shred Residue (ASR) can be converted to energy / year

Waste is a resource

- Sims generate 1.3 million tonnes of ASR /yr
- 1.0 million tonnes comes from plants that produce enough ASR to be viable
- WtE facilities converts this to 1,100 GWh / yr
- Sims incurs \$103 million in waste costs per annum and targeted WtE facilities would remove 75% of costs when fully implemented

Sims regional waste cost / year (\$ million)



Sims Targeted WtE Facilities



Extra Large Plant >130k tonnes ASR

- Excellent returns for large WtE plant
- 1 plant
- Total waste 190k tonnes



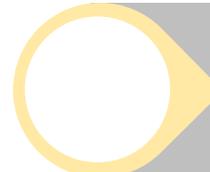
Large Plants >80k & <130k tonnes ASR

- Excellent returns for medium WtE plant
- 2 plants
- Total waste 225k tonnes



Medium Plants >50k & <80k tonnes ASR

- Viable returns for small WtE plant
- 10 plants
- Total waste 625k tonnes



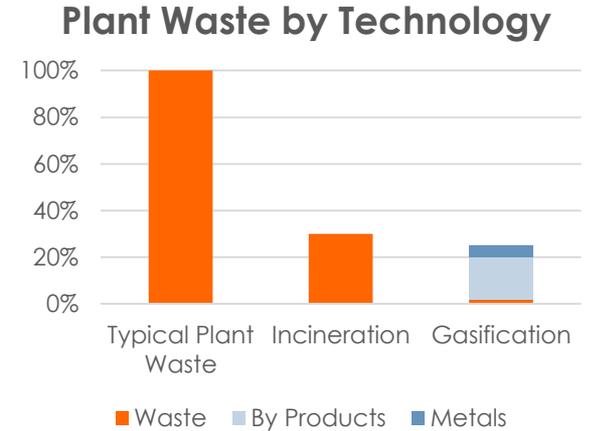
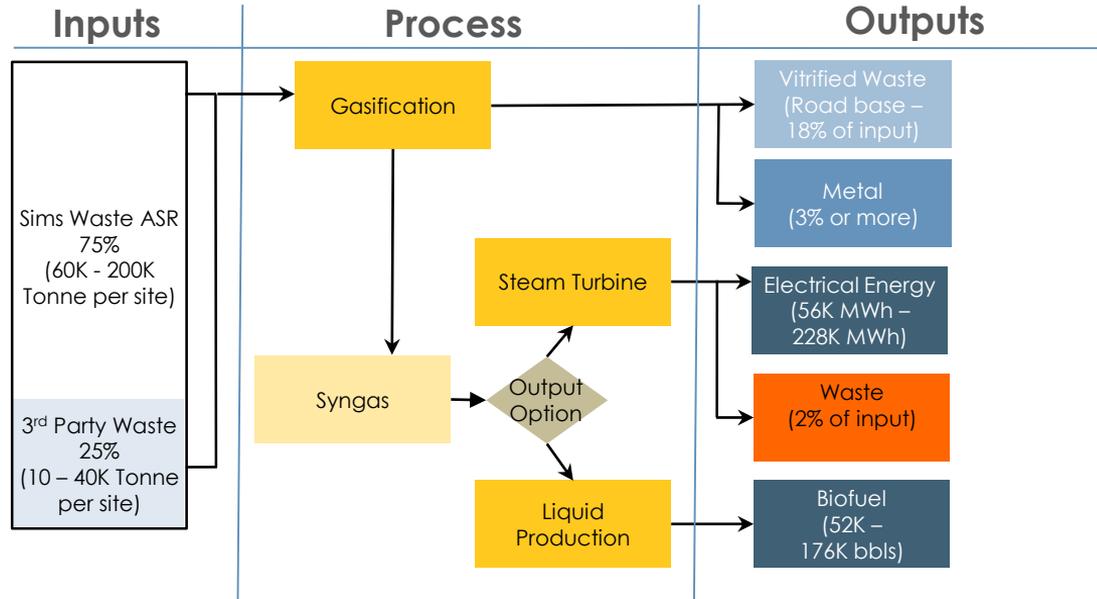
Small Plants <50k tonnes ASR

- Insufficient waste to justify WtE investment
- 8 plants and total waste 260k tonnes



Process and Technology

Solutions based on gasification technologies – this is not traditional incineration



* Note: Tonnes, MWh (MegaWatt hours) and bbls (barrels) are annualised figures.



Sims is well placed

With unique advantages to succeed and minimise waste and environment impact

Why Sims

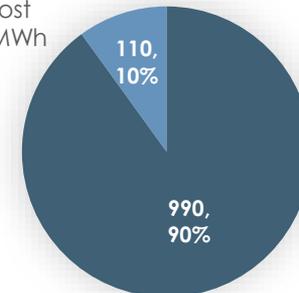
- 75% of feedstock is guaranteed from internally produced ASR
- 3rd party feedstock improves the returns and allows blending and normalisation of feedstock – Calorific value
- Higher value returns – “Behind the meter” energy
- Mitigates risks of increased tip fee costs for the future
- Management team with extensive large industrial project experience
- Existing skills in energy generation and the energy market

High energy content in ASR

Material	Approximate Calorific Value (MJ/kg)
MSW	7
Paper	13
ASR	16
Plastic	20
Medical	20
Tyres	30

Energy Production 1,100 GWh

Behind the Meter cost savings \$100-\$275 / MWh



Feed-in revenue between \$65-\$73 / MWh

■ Feed In ■ Behind the Meter



Sound investment today

With significant potential upside if feed-in tariff (FIT) and tipping fee increases

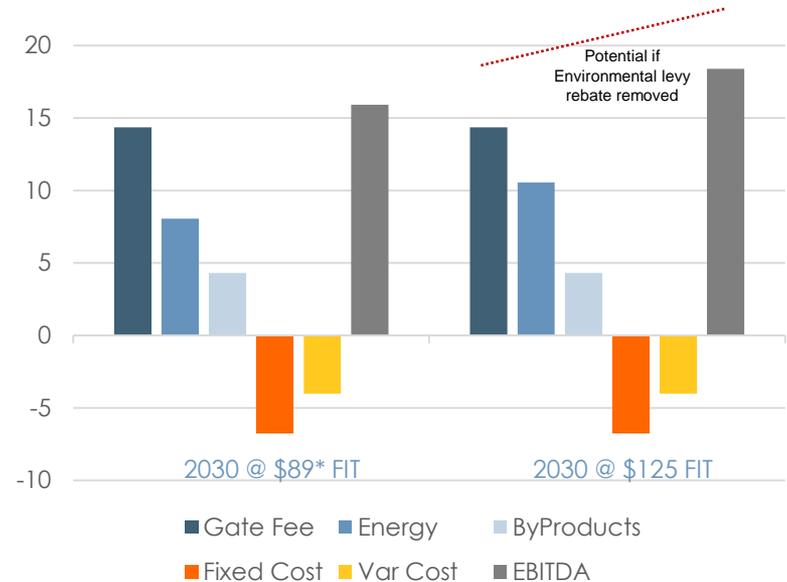
Electricity feed-in tariffs

- Australian electricity feed-in tariffs are dynamic with current peak >\$125 / MWh
- Average feed-in could reach this by 2030
- An average feed-in of \$125 by 2030 increases feed-in revenue 31% and for an ANZ WtE facility \$2.5 million / yr

Waste disposal

- Gate fees represent ~50% of revenue and any shift in gate fees or reclassification of waste will have a more significant upside
- If the NSW environmental levy rebate were to be abolished in 2030 gate fees would shift from \$138* in 2029 to \$227* in 2030 - increased revenue \$4.8 million / yr

Single ANZ WtE Plant Financials Feed-in increase to \$125 / MWh in 2030



* Assumes 2% escalation from base year 2019.



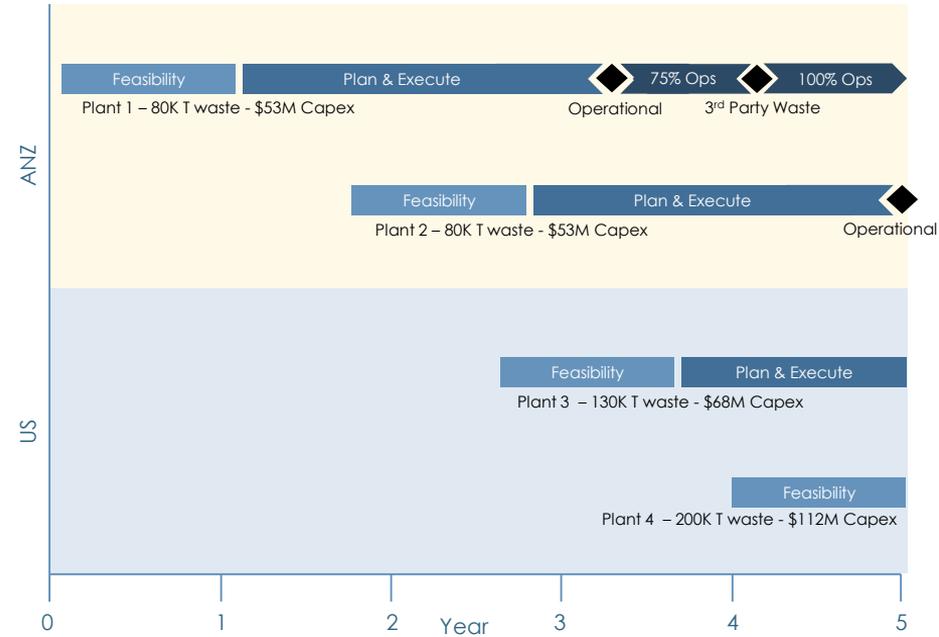
Waste to Energy (gasification) - Phase 1

Over 5 years two sites will be implemented and two more in planning/execution

Approach, location and timing

- Best initial WtE implementations are in ANZ and NAM due to economic, environmental, logistics and business integration factors
- First site is anticipated in Australia and co-located with a processing facility
- Detailed feasibility including preliminary engineering, technology selection, environmental, regulatory and community consultation and analysis will be conducted in 2019
- Expect first site to be operational 2022 with a second and larger capacity site by 2023
- Larger US sites explored after ANZ implementations to build on capability and expertise
- Each implementation will scale up the previous and provide replicable working solutions
- Forecast capex of ~\$158 million over five years

5 Year Deployment Plan



Waste to Energy (gasification) - Phase 2

Roll out to sites that meet sustainable criteria based on a proven scalable model

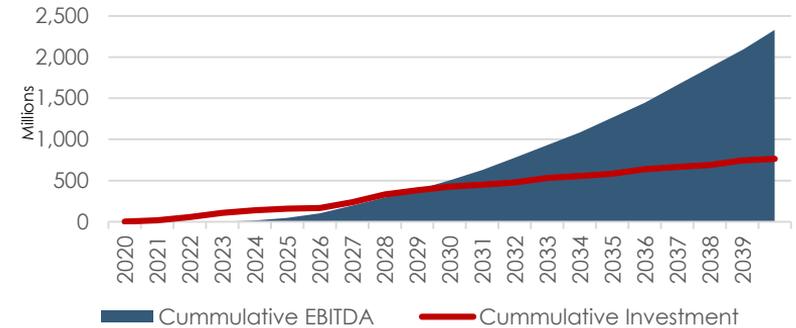
Investment

- A WtE facility is a 30 year investment and the suitability of each location is dependent on a broader asset strategy
- Every target location is assessed on a case by case basis
- Expect 7 sites implemented over 10 years

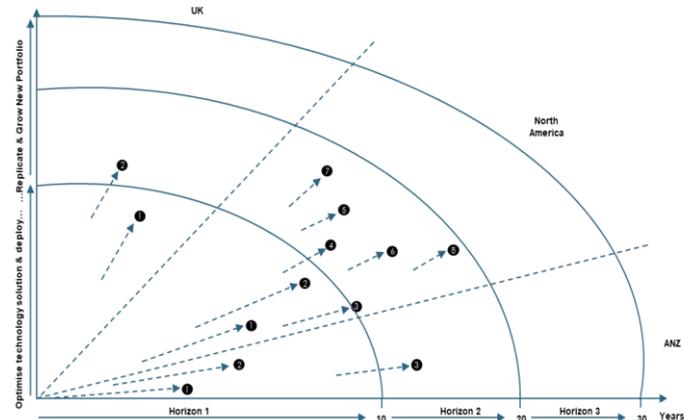
Returns

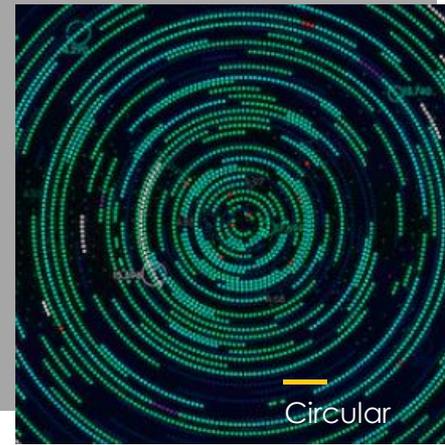
- IRR range of over 25% assuming inclusion of 3rd party waste and current energy and waste disposal costs
- Significant upside potential in offset and risk mitigation of escalating future waste costs and energy feed-in tariffs

WtE – Cumulative Revenue to Investment



WtE Target Facility Implementation





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Sims E-Recycling

8 April 2019



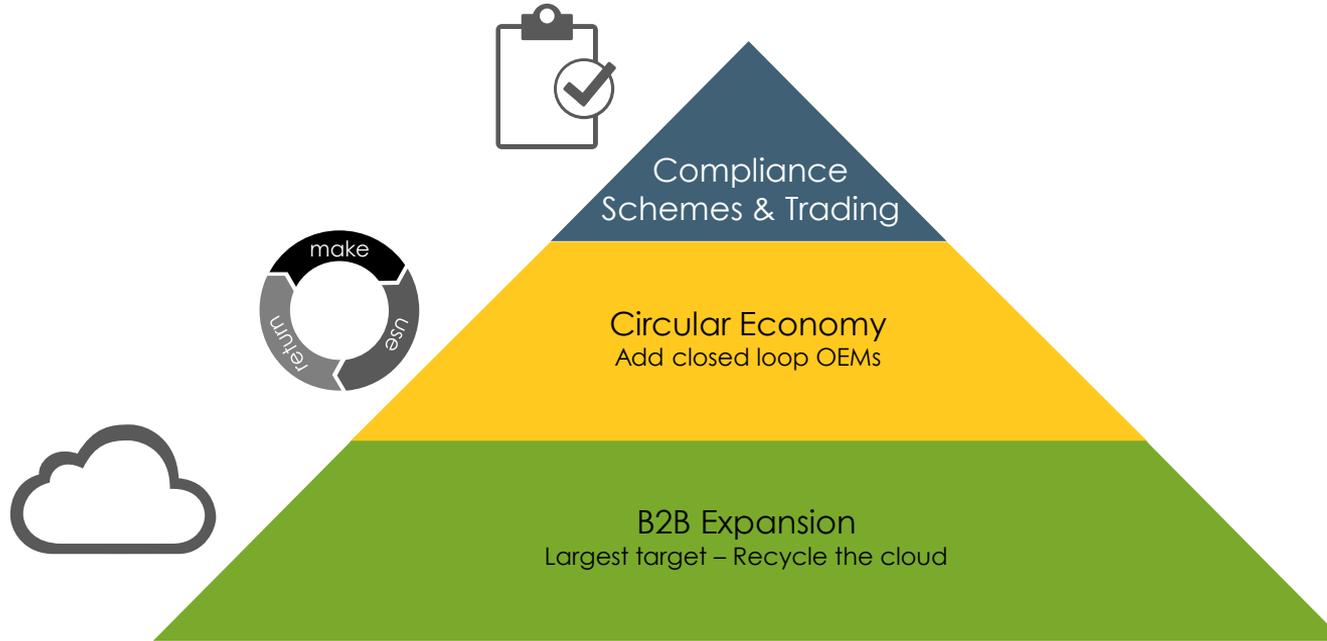
Current Sims E-Recycling business model

Dominated by traditional “shredding” operations



Future Sims E-Recycling business model

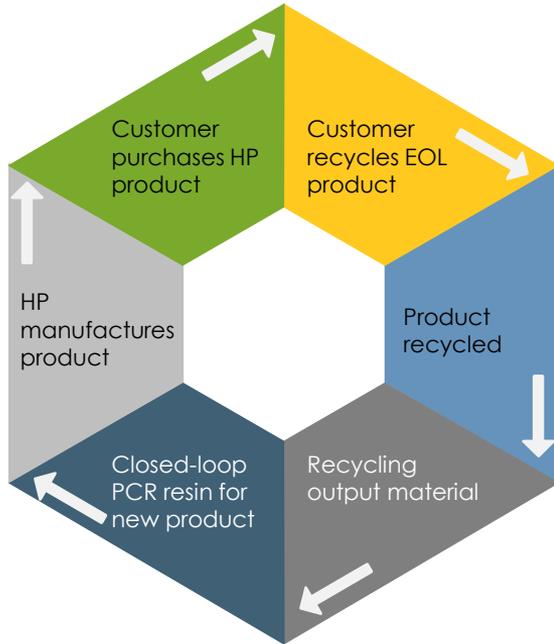
Path to Achieve Meaningful Growth



Circular economy

Sims E-Recycling already has an established business model

Business Process



HP closed-loop hardware recycling program

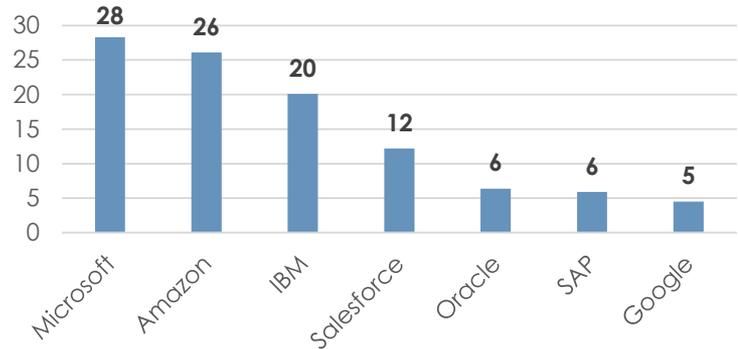


Global cloud service market

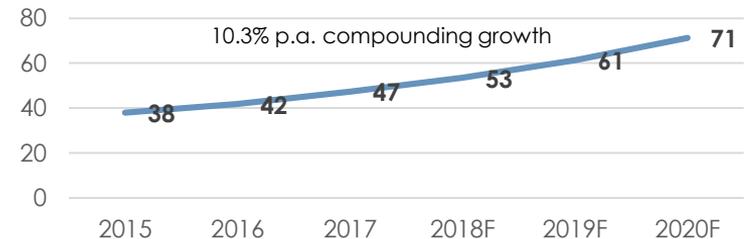
Strong business relationships with key players in cloud service and hardware

- There are three groups of customers:
 - Cloud service providers
 - Data center hardware providers
 - Large corporate clients
- ~6 million tonnes of rack and server material currently in use
- ~2 million tonnes per year of high quality reusable and recyclable material will be released
- Established relationships with most of the Fortune 100 - expanding into the new service offerings
- Synergies with other Sims businesses

2018 Cloud Revenue¹ (US\$bn) estimated

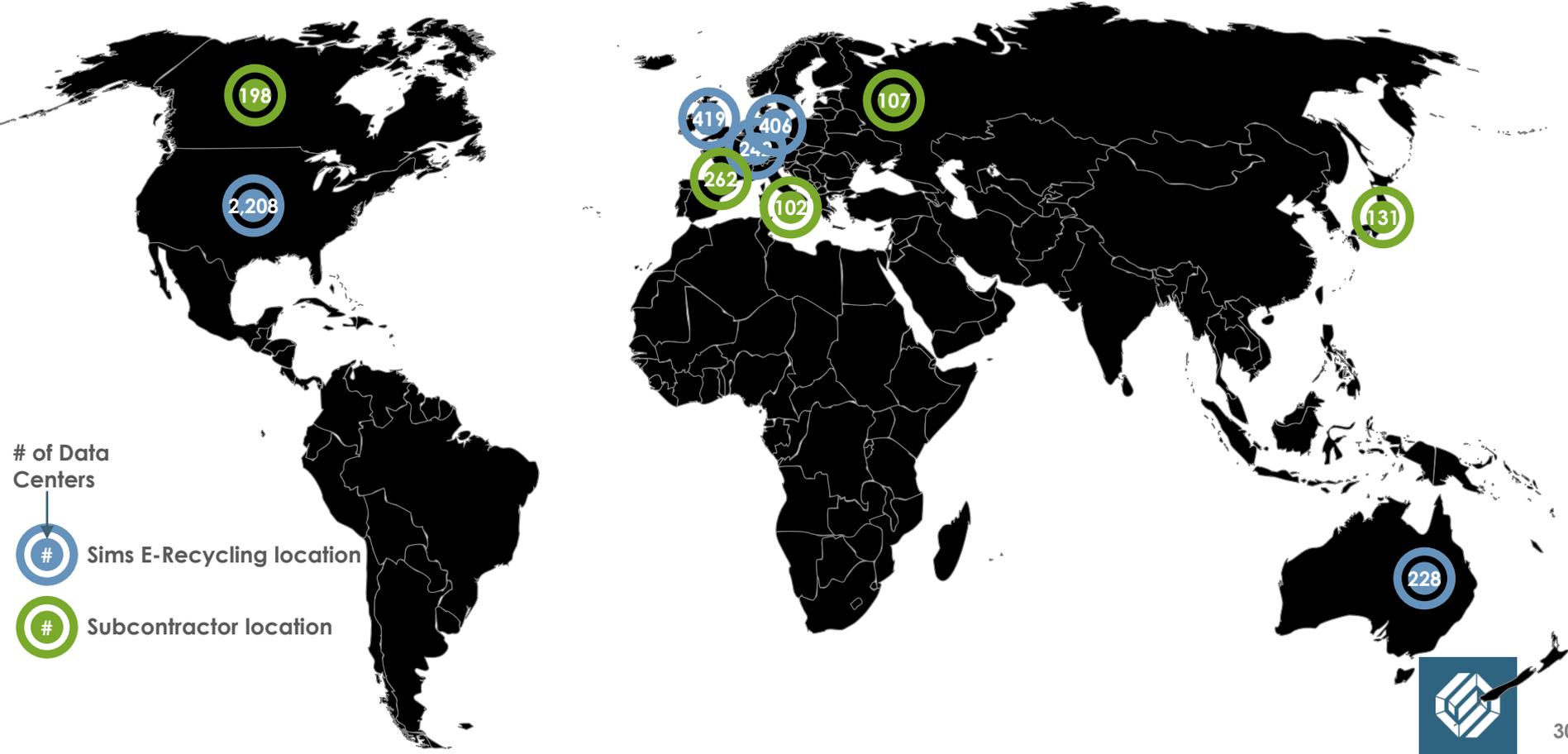


Data Centre Equipment Market² (US\$bn)



Top 10 data centre locations

Current SRS Footprint aligns with large global data centre locations



of Data Centers



Sims E-Recycling location



Subcontractor location



Data centres and mobile cloud storage

High volume and high quality

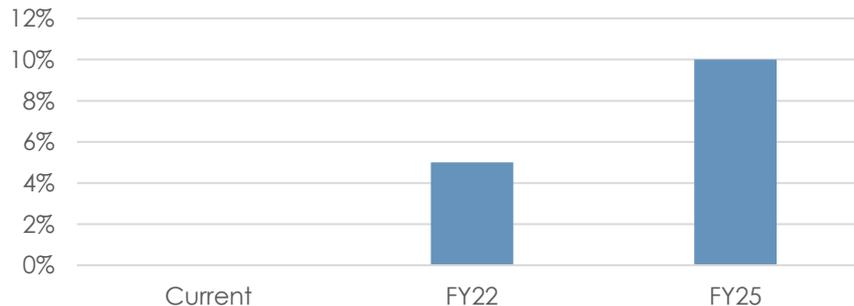


Conclusion

Targeting 10% market share by 2025

- The cloud is growing exponentially
- Infrastructure as a Service (IaaS) is the fastest-growing segment of the market
- Sims E-Recycling has strong global relationships with the dominant IaaS providers
- Sims E-Recycling considers itself as a “first mover” in this global space
- IaaS providers require metal recycling, component resale, global compliance, and strong security governance. All comprehensively and uniquely provided by the Sims Group
- The global install base of ~6 million tonnes has just begun to be perpetually refreshed with new material creating a large and ongoing stream of material

Market Share by Volume of Cloud Recycling





Business model



Analyse



Invest



Global

Sims Investor Strategy Day

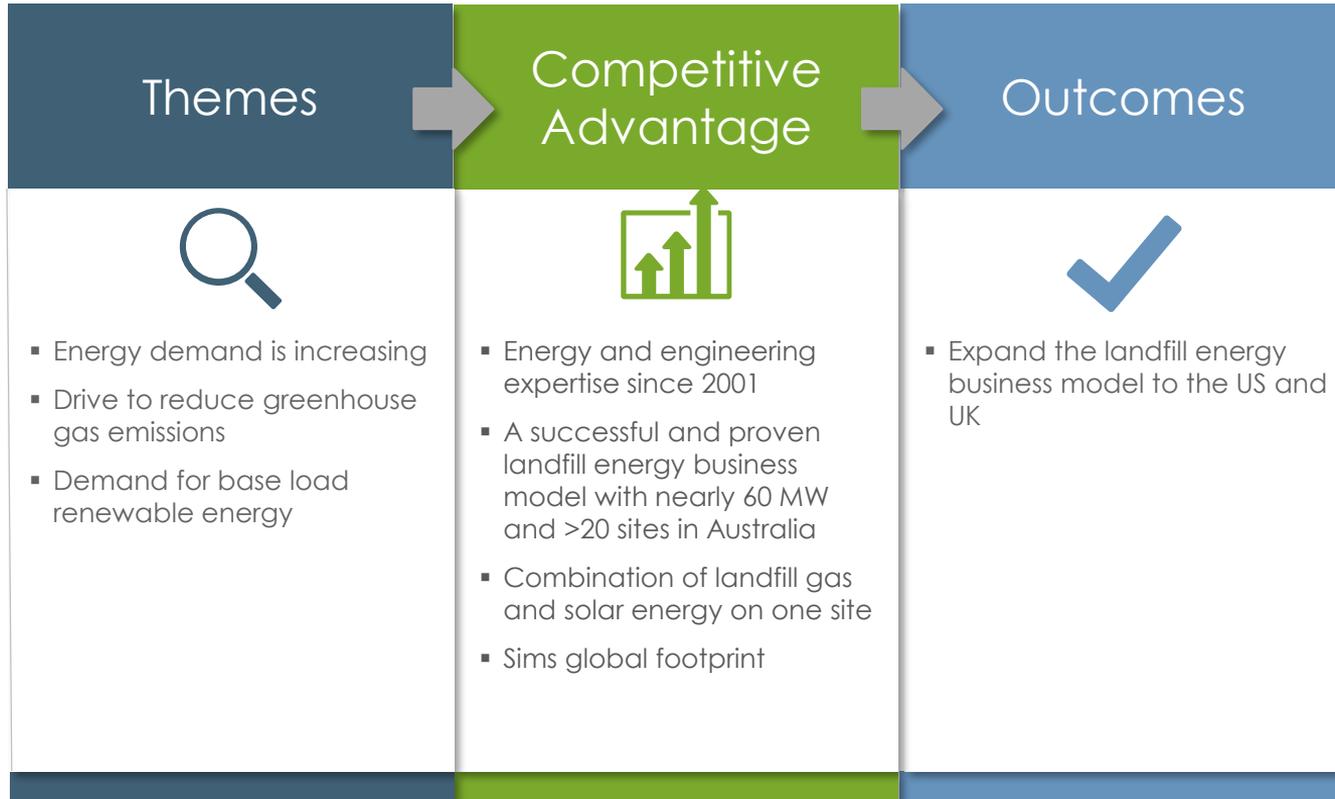
Sims Energy

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Sims Energy

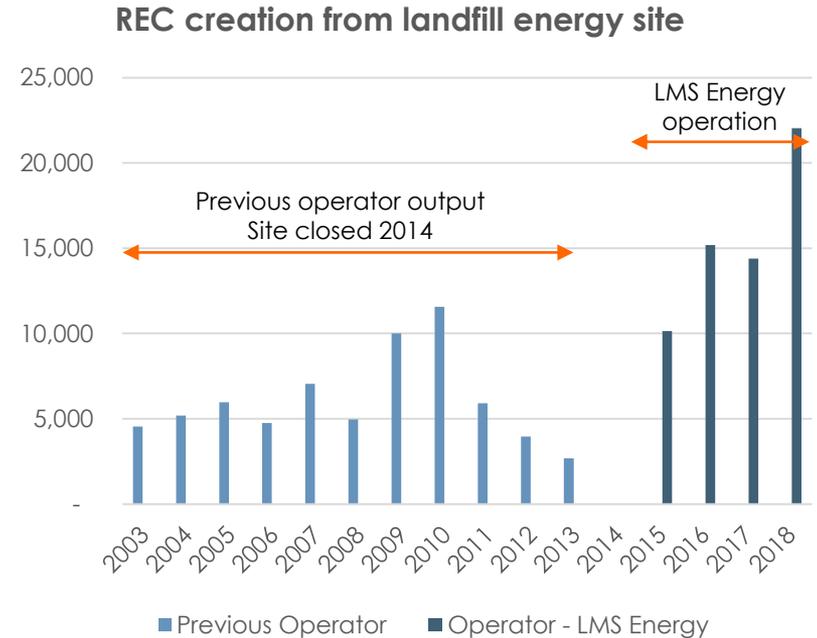
Expand proven business model and technology globally



Landfill energy expertise

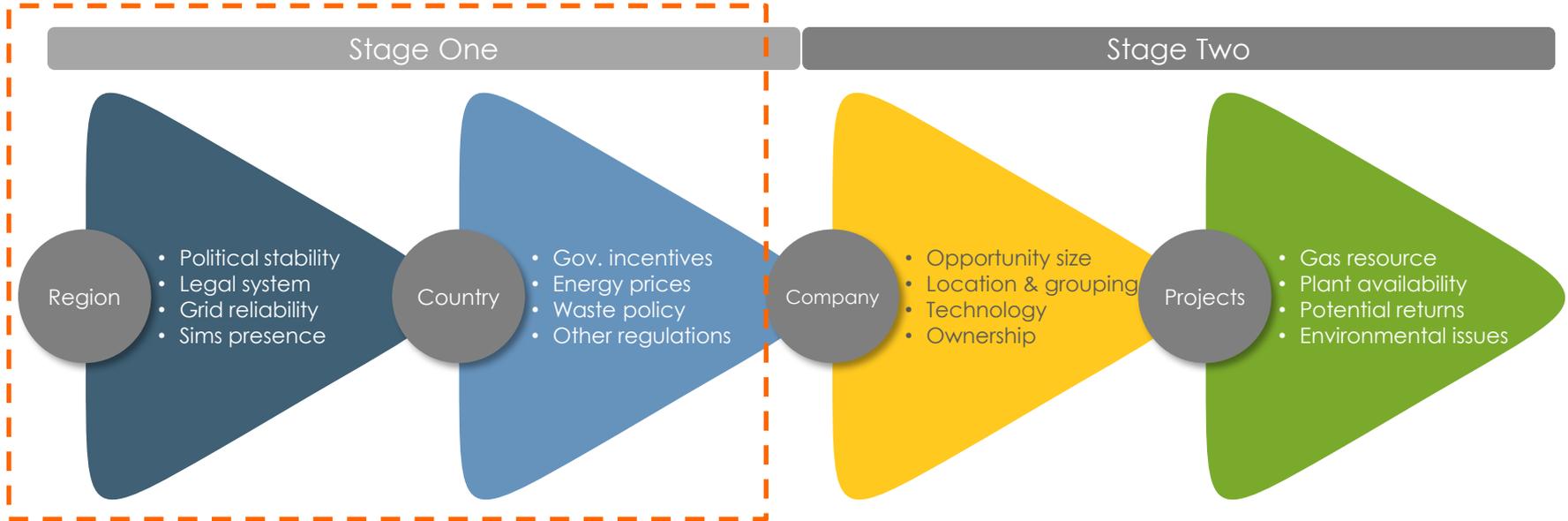
Intellectual property (IP) is transferable from LMS Energy

- LMS has been successful because of the intellectual property it has developed:
 - Landfill Gas Extraction
 - Gas Conditioning
 - Electricity Generation
 - Market Understanding
- LMS intellectual property is transferable and can be replicated around the world
- Similar capital and operating environment overseas to apply LMS IP
- Therefore, it's important to understand the potential revenue in target markets



Determining the best opportunity

Staged and disciplined approach

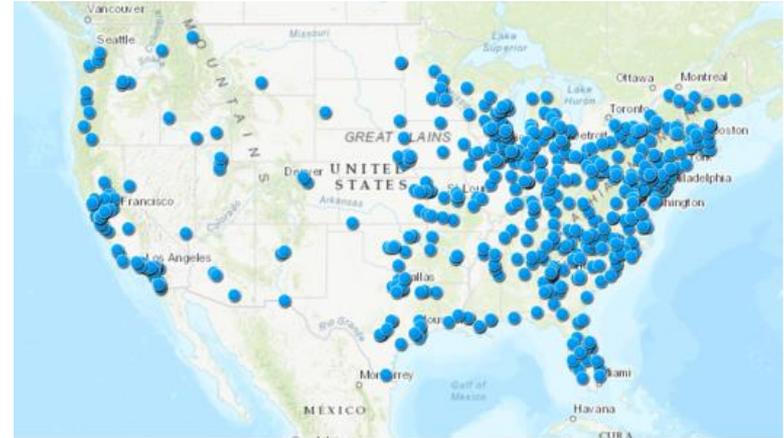


Potential targets identified

Stage one identified USA and UK as the best regions

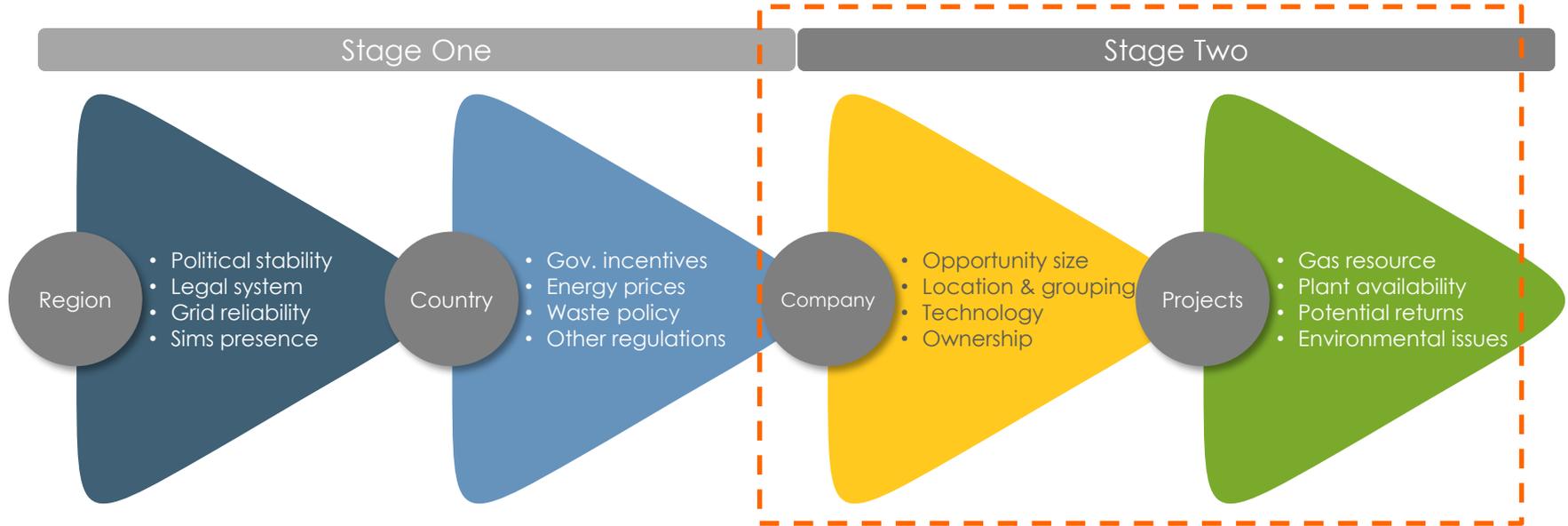
- USA and UK offer the best opportunities
- These are mature markets so acquisition of underutilised assets is the best entry mechanism
- Apply LMS Energy intellectual property to maximise asset return

Many landfill energy in the USA



Determining the best opportunity

Staged and disciplined approach



Potential targets identified

Within the best regions

- Target opportunities are around the 15 to 20 MW size range
- A number of operational landfill energy sites appear underutilised
- Some underperforming assets have been identified
- Renewable natural gas provides potential upside in USA with supportive government policies



USA

- LFG projects 630
- Companies that meet criteria 12
- Initial targets 4



UK

- LFG projects 250
- Companies that meet criteria 5
- Initial targets 2



Why Sims Energy

Proven business model, technology and expertise for the best opportunities

- Familiar with the proven business model
- Ready access and knowledge of the required technology and expertise
- Potential long term offtake agreements
- Relatively stable earnings
- Leverage Sims global presence
- A minimum of 50 MW by 2025





Ferrous



Non-ferrous



Consolidate



Grow

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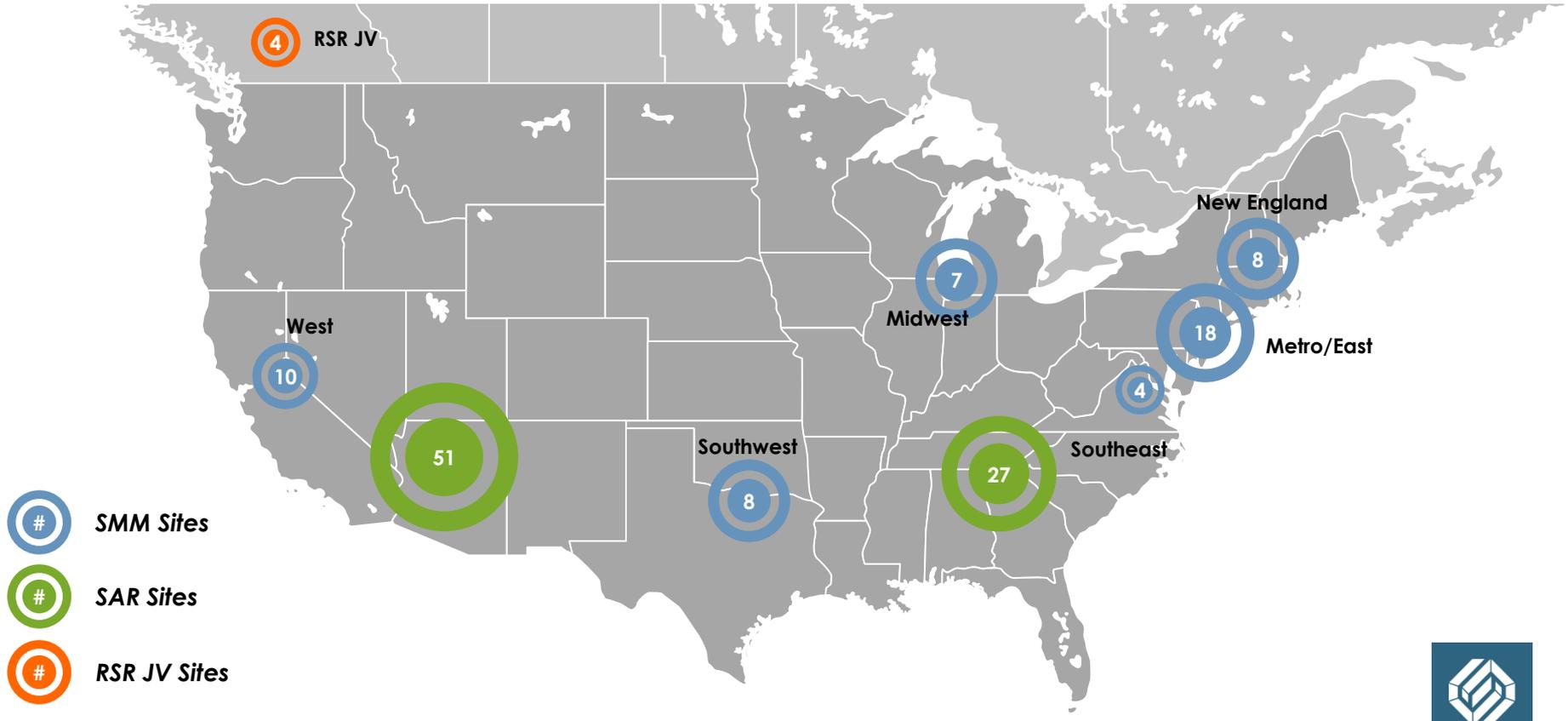
North America Metals (NAM)

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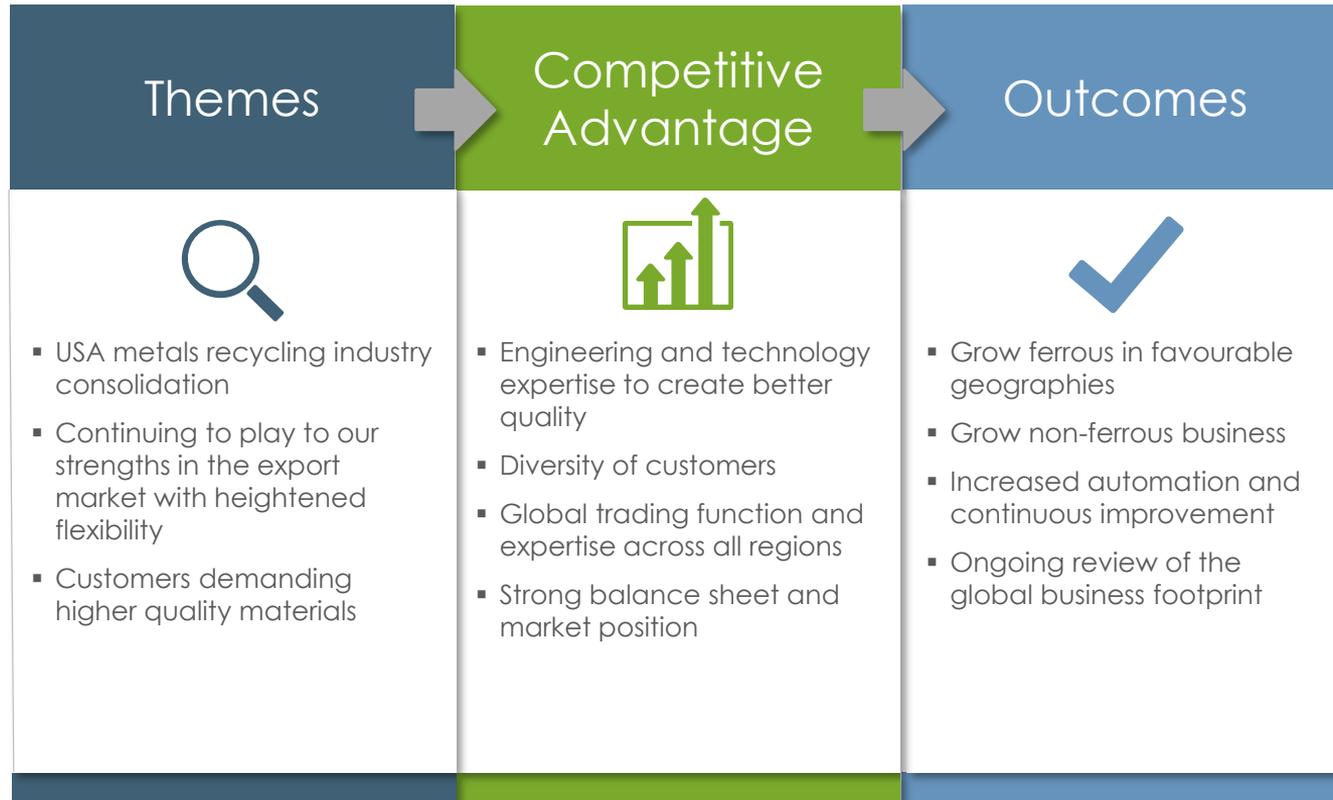
Strong Market Leadership

Well positioned in key North American markets



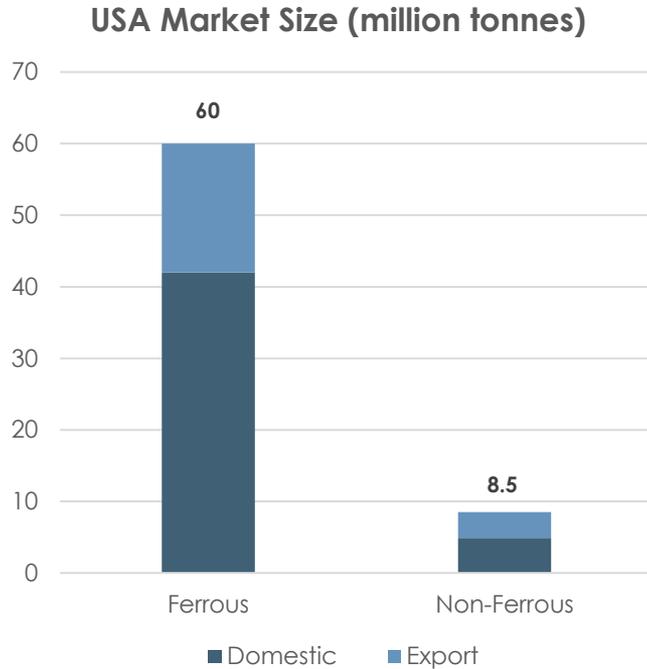
Sims Metals

Fortify and grow sustainable profits

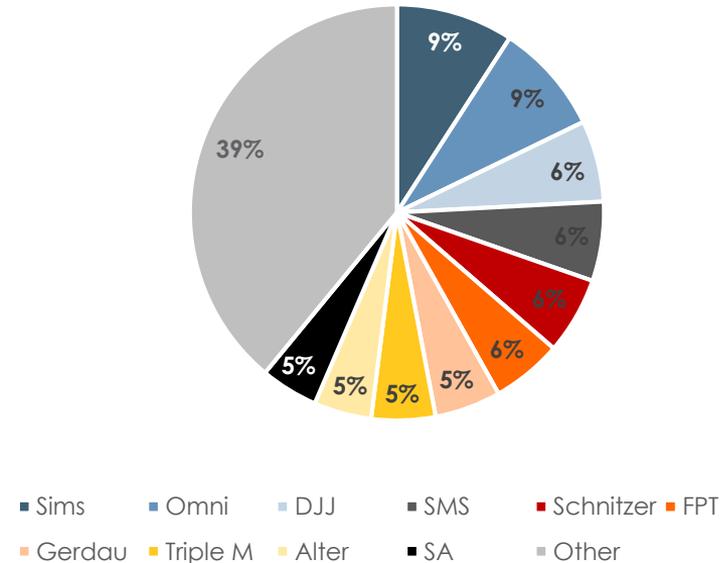


USA Market

Leading market share with more opportunity to grow



Estimated USA Market Share by Volume



Grow non-ferrous retail business

Significant organic initiatives and strategic bolt-on acquisitions



Purchase Strategy

- Increased buying from source



Engineering & Technology

- Product diversification and upgrade



Sales Strategy

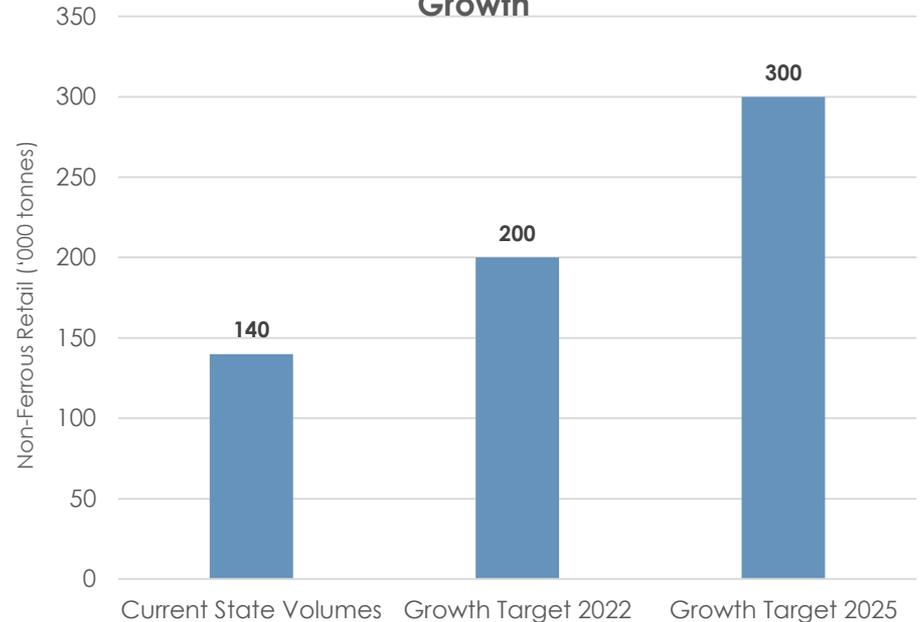
- Geographic and product optionality



Inorganic opportunities

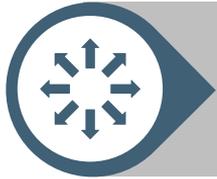
- Acquisition opportunities

NAM Non-Ferrous Retail – Target Volume Growth



Grow ferrous business

Significant organics initiatives and strategic bolt-on acquisitions



Feeder yard expansion

- Procure more at source



Bolt on acquisitions

- Regional consolidation opportunities



Engineering & Technology

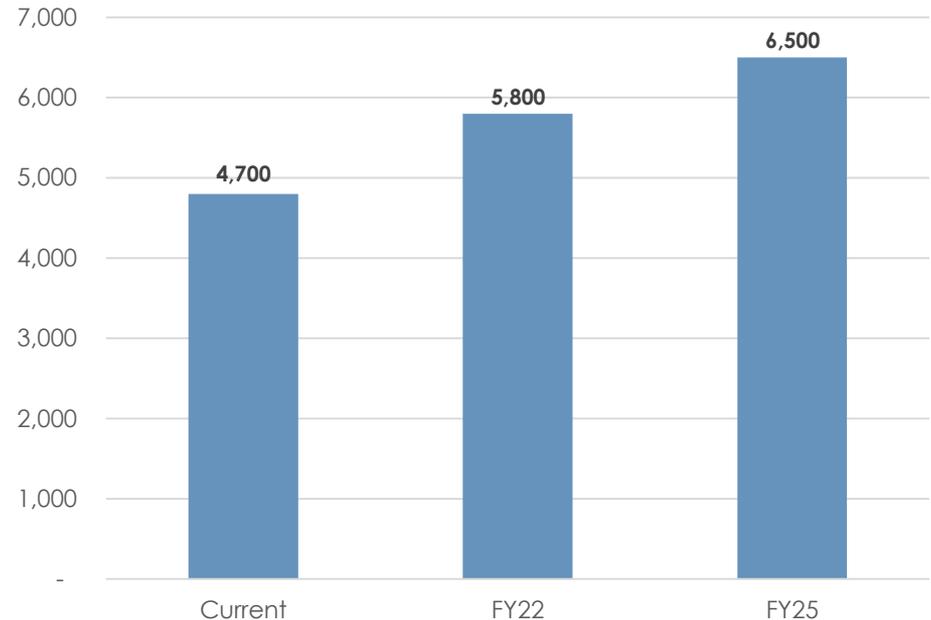
- Enhance metal yields and quality



Logistics

- Cost effective solutions ensuring material flow

NAM Ferrous - Target Volume Growth



Conclusion

Significant opportunities to fortify and grow sustainable profits

- NAM is the largest ferrous participant in a fragmented market.
- Abundant opportunities to profitably expand NAM's footprint:
 - Organic
 - Acquisition
- Significant opportunity to grow non-ferrous retail off a low market share
- World class technology team will deliver superior returns through higher metal yields and quality products for top end customers
- Operational capability to support our strategy





Growth



Returns



Capital



Discipline

Sims Investor Strategy Day

Capital Management

8 April 2019



Capital structure principles

Structuring the balance sheet for growth is the priority

- Target \$100 million average net cash
- Fund growth assets within the \$100 million target but temporarily allow gearing⁽¹⁾ to increase to 10%⁽²⁾. Return to \$100 million net cash target within three years
- Fund working capital movements with standby facilities
- Continue to buy back shares to offset any dilution from employee share programs
- Pay 100% franked dividends
- The allocation of any surplus cash after meeting the above principles will be determined at that time, including additional share buybacks

⁽¹⁾ Defined as debt / (debt + equity).

⁽²⁾ Currently equivalent to approximately \$300 million.



One possible scenario into the future

Assume a single point forecast in a stable world⁽¹⁾

- Stable prices at around current pricing
 - Stable market conditions
 - Stable EBIT margins

+

- Growth capex and returns as set out in today's presentations, noting that growth capex for ANZ Metals and Europe Metals will be in addition and there is sufficient capacity for this

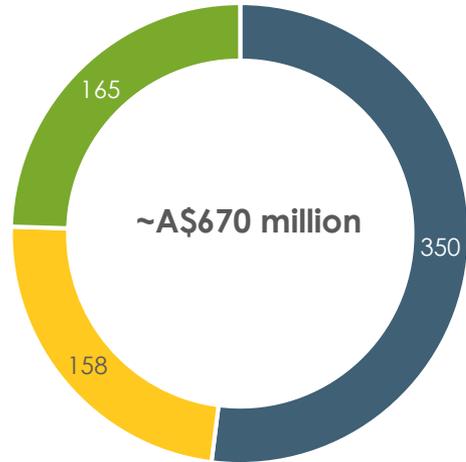
(1) This scenario is not intended to represent management's view of future financial outcomes. It is a simplified hypothetical scenario based on broad market parameters and used for illustrative purposes only. Actual future financial outcomes are likely to vary substantially.



Growth capex

Significant potential growth capex through to FY24

Scenario Forecast Growth
Capex FY20-FY24

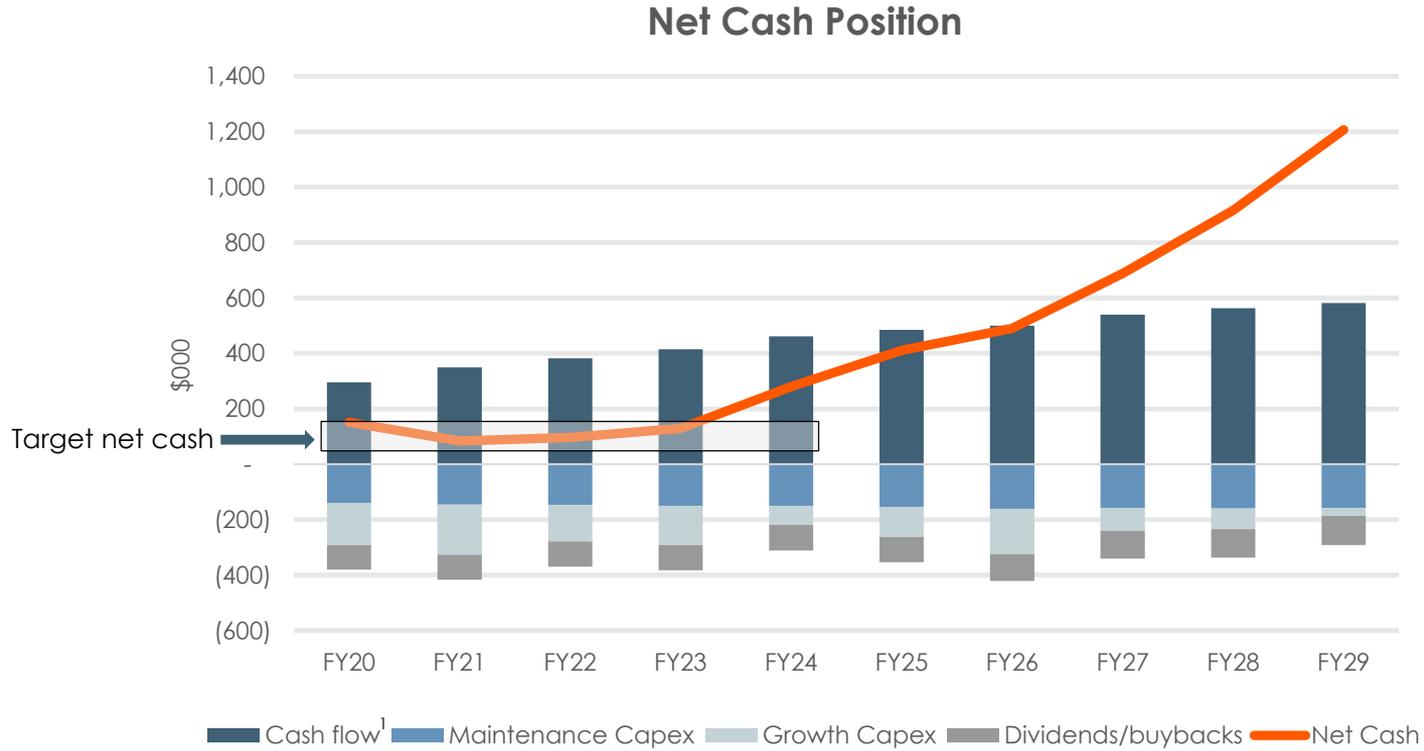


■ North America Metals ■ Sims Waste to Energy ■ Sims Energy



Scenario outcome

Overlay of capital structure principles results in internally funded growth



(1) Cash flow excluding capital expenditure, dividends and buy backs.



A possible downside scenario⁽¹⁾

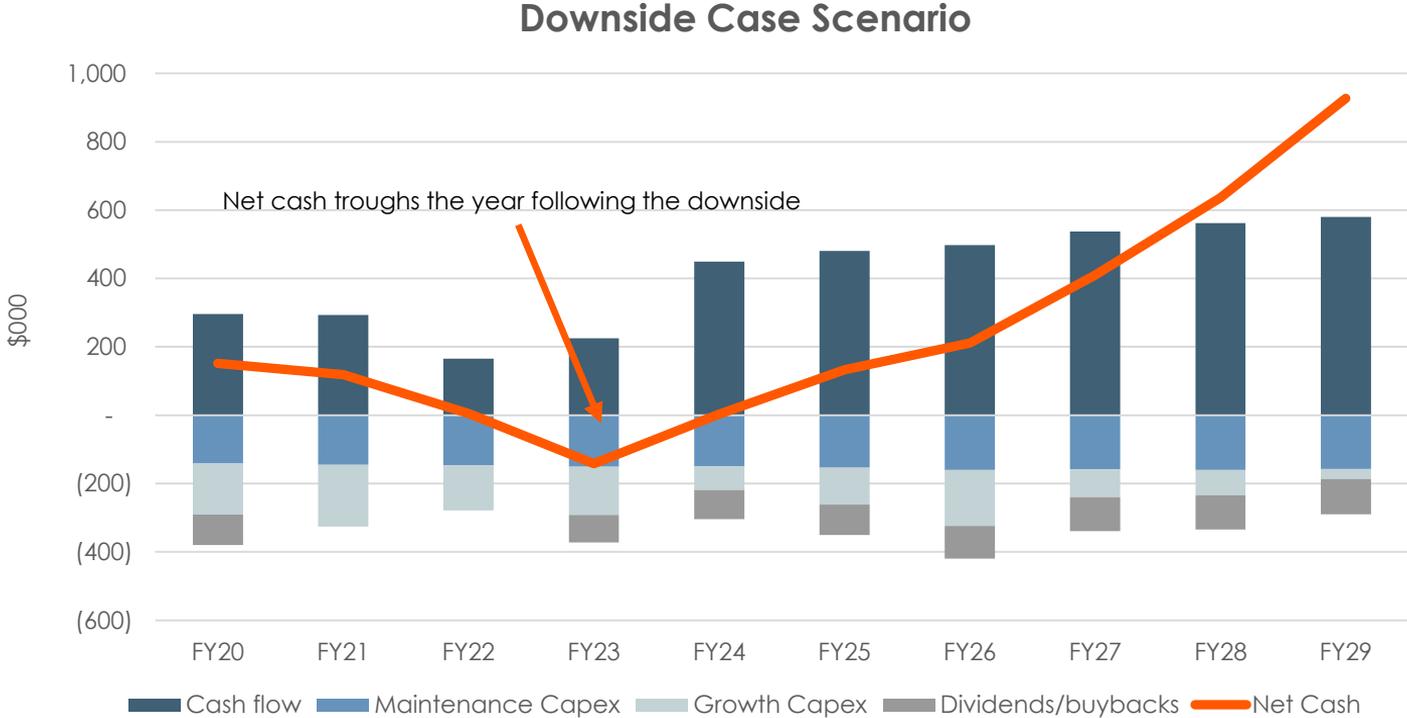
- Test the business for resilience
- Pricing reduced by 30% in FY21 and FY22 before recovering to stable in FY23
- Price reduction is a significant enough fall to impact margin and volume

(1) This downside scenario is only one possibility and is intended for illustrative purposes. It does not encapsulate all the possible risks that could impact future financial outcomes.



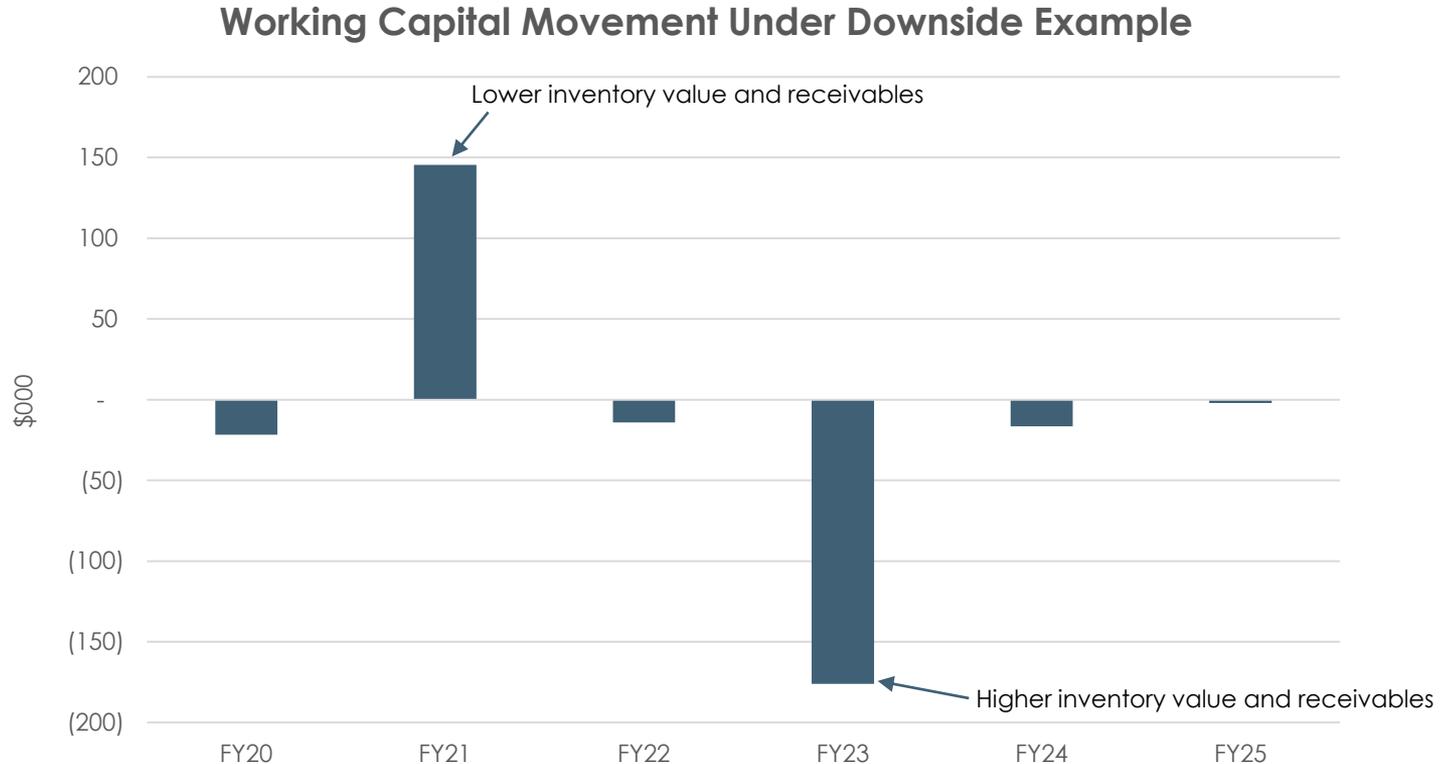
Downside scenario outcome

While challenging, the business is resilient



Working capital movement

There is a partial “natural hedge” relating to cash flow movements



Summary and Conclusion

Structuring the balance sheet for growth is the priority

- Target \$100 million average net cash
- Sims has the potential to internally fund its significant growth capex
- Targeting minimum 15% IRR on a post tax nominal basis on growth projects
- Paying 100% franked dividends will likely see dividend payout ratio fall
- The allocation of any surplus cash after meeting the above principles will be determined at that time, including additional share buybacks





Purpose



Grow



Preserve



Invest

Conclusion

“Road map for the next five years”

Summary of strategic initiatives

Sims has a solid pipeline of capital and non-capital growth opportunities

