



# 2021 Annual General Meeting

9:00am (AEDT), Tuesday 10 November

**Geoff Brunsdon**, Chairman

**Alistair Field**, Group CEO and Managing Director



# Disclaimer

The material contained in this document is a presentation of information about the Group's activities current at the date of the presentation, 10 November 2021. It is provided in summary form and does not purport to be complete. It should be read in conjunction with the Group's periodic reporting and other announcements lodged with the Australian Securities Exchange (ASX).

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.

This document is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor.

Authorised for Release by: the Company Secretary

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# Welcome to the 2021 AGM

Geoff Brunsdon, Chairman





# Acknowledgement of Country

Heather Ridout





# Chairman's Address

Geoff Brunsdon, Chairman







# CEO Address

Alistair Field, Group CEO



# Summary of Financial Outcomes

*All profitability metrics showed major improvement*

**Sales Revenue**  
**\$5,916.3 million**



FY20  
\$4,908.5 million

**20.5%**

**Sales Volumes**  
**8.593 million tonnes**



FY20  
8.154 million tonnes

**5.4%**

**Underlying<sup>1</sup> EBITDA**  
**\$579.9 million**



FY20  
\$144.9 million

**300.2%**

**Net Cash Balance**  
**\$8.3 million**



30 June 2020  
\$110.4 million

**-92.5%**

**Underlying<sup>1</sup> EBIT**  
**\$386.6 million**



FY20  
\$(57.9) million

**767.7%**

**Return on Productive Assets<sup>2</sup>**  
**20.4%**



FY20  
-3.0%

**780.0%**

**Underlying<sup>1</sup> NPAT**  
**\$284.1 million**



FY20  
\$(58.1) million

**589.0%**

**Final Dividend**  
**30 cps (50% franked)**



FY20  
No final dividend

**30 cps**

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

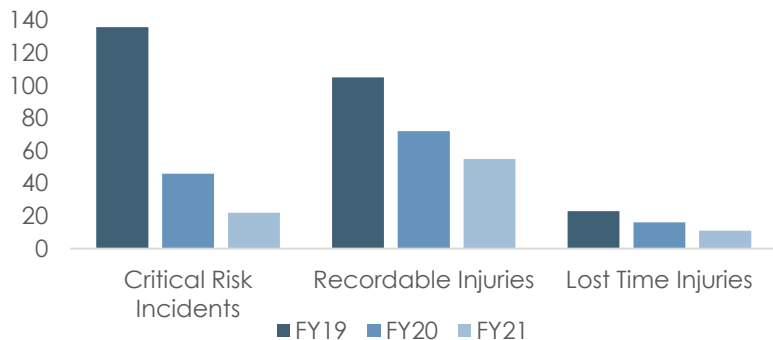
<sup>2</sup> Underlying EBIT / average of opening non-current assets and ending non-current assets excluding assets relating to adoption of AASB 16 Leases



# Employee Health & Safety

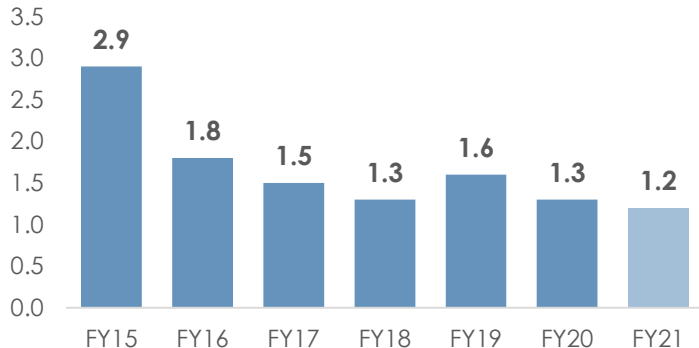
*Lowest ever recorded number of injuries, despite adverse changing conditions in FY21*

## Actual incidents significantly reduced year over year



- Proactive lead indicator programs drove significant safety improvement, including
  - Lowest number of critical risk incidents
  - Lowest number of recordable injuries
  - Lowest number of lost time cases
- 11,977 corrective actions were identified and closed. This represents 96% of total identified actions
- Equal lowest TRIFR driven by lowest ever recorded number of injuries despite a 20% loss of hours year over year, driven by COVID-19 related reductions in staff, temporary site shut-down, and the sale of SLS sites in Europe

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



**-24%**  
**Recordable Injuries**  
in FY21 vs FY20

**-20%**  
**Work Hours**  
in FY21 vs FY20

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





# Sustainability

*We are pleased with our progress across each of the pillars, despite COVID-19 disruption*

## Sims' Sustainability Pillars

### **Operate Responsibly:** Foundation of a sustainable company



We commit to operating as a best-in-class business continuously improving our safety performance, employee engagement, operating performance and upholding responsible and ethical business practices

### **Close the Loop:** Raising the bar on sustainability



We commit to investing in innovative technologies to extract more value from materials, re-think waste and enable the circular economy to not only close our own materials loop but support others do the same

### **Partner for Change:** Amplifying our impact



We commit to working with our partners to create new business models that ensure a safe, healthy and productive value chain to create shared value and keep resources in use at their highest value as long as possible

## FY21 Update

- Executed the Safety Risk Incident Programme
- Implemented control measures to prevent or minimise exposure of employees to COVID-19 risks during rendering of essential services
- Developed the FY25 and beyond sustainability targets
- Increased usage of renewable energy across the Sims operations
- Developed pipeline of projects for carbon mitigation, reduction and elimination
- Increased the number of partnerships to enable circularity and maintain resources in use as long as possible
- Worked with the World Business Counsel of Sustainability Development to create circularity metrics, solutions and partnerships for circular electronics and plastics and packaging



# FY21 Highlights

*Strong momentum and progress with record profit and safety results*



## Strengthened leadership position in ESG

- Lowest ever recorded number of injuries
- Developed FY25 and beyond targets
- Increased usage of electricity from renewable sources
- Published inaugural Taskforce on Climate-Related Financial Disclosures report



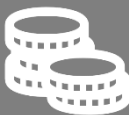
## Built strong momentum

- Best underlying EBIT result in 13 years
- \$75 million cost savings
- Improved margins in the core metal business
- 2H FY21 intake volumes nearly at FY19 levels



## Continued transformation to deliver growth and less cyclical earnings

- Increased contribution of SLS to Group earnings; set volume targets for FY22 & FY25
- Progressed SAR's growth strategy
- SRR achieved new milestones
- Acquired Alumisource



## Returned excess capital to shareholders

- Total dividend of 42.0 cents per share while continued investing in the business (\$161.4 million) and maintained a conservative balance sheet
- Share buyback of up to \$150 million<sup>1</sup>



<sup>1</sup>Share buy back announced on 23 August 2021



# Trading Update & Outlook

Alistair Field, Group CEO



# Trading Update

*Earnings momentum continued into 1H FY22 driven by strong trading margins across all major segments*

## Group

- Forecasted underlying **EBIT** of \$310 to \$350 million in 1H FY22 driven by North America businesses, representing approximately a sixfold increase from the prior comparable period
- Strong trading margins in ferrous and non-ferrous products due to:
  - sustained good market prices and
  - sound margin management across all businesses
- Partially offsetting the strong margins has been freight price volatility and the emergence of inflationary pressures on general business costs
- The most likely risks to the 1H FY22 forecasted result are (i) timing of shipments towards the end of December and whether they are accounted, from a revenue recognition perspective, as December or January sales, (ii) volatility in market prices, and (iii) volatility in freight prices
- Proprietary **intake volumes** for the September Quarter 2022 were up over 10% on the prior comparable period. However, they were slightly below the FY19 average proprietary intake volumes, largely due to Covid-19 related lockdowns
- **Operating cash flow** for the September Quarter 2022 was solid, with a positive contribution from working capital movements. Operating cash flow for 1H FY22 and FY22 could be significantly positively or negatively impacted by the level of working capital in the business at that time, largely stemming from sales mix, commodity prices, and inventory levels



# Trading Update

## North America Metal

- Delivered a very strong trading margin for 1Q FY22 driven by a strong trading margin per tonne and good sales volumes
- Intake volumes were up on both the prior comparable period and the FY19 average

## Australia & New Zealand Metal

- Delivered a strong trading margin in 1Q FY22 driven by a strong trading margin per tonne, partially offset by weaker sales volumes
- Intake volumes were up on the prior comparable period but down on the FY19 average due to the impact of lockdowns

## UK Metal

- Delivered a strong trading margin for 1Q FY22 driven by a strong trading margin per tonne, despite pressures in ferrous products due to lower premium from the deep sea market
- Both sales and intake volumes were down on the prior comparable period due to a combination of yard closures and Covid-19 impacts

## SA Recycling

- Delivered a very strong EBIT contribution for 1Q FY22, driven by a strong trading margin per tonne and good sales volumes
- The business progressed on its growth strategy with four acquisitions, including the recently announced acquisition of PSC

## SLS

- Increased repurposed units and achieved double-digit growth in underlying EBIT in Q1 FY22 compared to prior comparable period



# Macro Trends

*Positive trends present a multi-year structural-growth opportunity for Sims*

- Ongoing or announced stimulus spending will increase demand for steel intensive infrastructure spending and drive retail consumption. Post consumption scrap will also increase. Positive for metal recycling (both ferrous and non-ferrous)
- Global decarbonisation of steel making, and electricity generation industries will drive demand for recycled metal
- Cloud repurposing continues to grow at a rapid pace
- There are risks to the materialisation of these positive drivers, particularly as it relates to global uncertainty from geopolitical risks, macro-economic factors, and the unpredictability of how COVID-19 may evolve





# Meeting Procedures

Matter	Procedure
Voting	<ul style="list-style-type: none"><li>▪ All voting will be determined by a poll</li><li>▪ To be able to vote you must register for a voting card by selecting the “Get a voting card” from the bottom of the site</li><li>▪ Enter your shareholder number and postcode OR proxy number to receive the voting card</li><li>▪ Cast your vote “FOR”, “AGAINST” or “ABSTAIN” each resolution and submit vote by selecting “Submit Vote” or “Submit Partial Vote”</li><li>▪ You can edit your voting card at any point while voting is open by selecting “Edit Card”, but you must submit your voting card</li><li>▪ Voting will end five minutes after the close of the Meeting</li><li>▪ Only shareholders, proxy holders or company representatives may vote</li><li>▪ For joint shareholdings, only the first shareholder to register for a voting card will be able to vote, the other shareholder will not be able to vote during the meeting</li></ul>
Question protocol	<ul style="list-style-type: none"><li>▪ You can ask questions once you have registered to vote by selecting the “Ask a Question” box</li><li>▪ You can ask a general question or a question specific to a resolution</li><li>▪ If you are asking multiple questions, please submit all questions separately</li><li>▪ If your question is answered during the meeting, you can reply by asking an additional Question</li></ul>



**Please ask your questions now.**



“To receive and consider the financial statements of the Company and its controlled entities for the year ended 30 June 2021 and the related Directors’ Report, Directors’ Declaration and Auditor’s Report”.



# **RESOLUTION 1**

To re-elect Mr Geoffrey  
Brunsdon as a Director of the  
Company



**Please ask your questions now.**



Resolution 1	For	Discretionary	Against	Abstain
Votes	153,914,558	411,861	7,658,913	285,829
	95.02%	0.25%	4.73%	





## **RESOLUTION 2**

To re-elect Ms Georgia Nelson  
as a Director of the Company



**Please ask your questions now.**



Resolution 2	For	Discretionary	Against	Abstain
Votes	158,214,965	402,861	3,357,866	276,969
	97.68%	0.25%	2.07%	



## **RESOLUTION 3**

To re-elect Ms Victoria Binns as  
a Director of the Company



**Please ask your questions now.**



Resolution 3	For	Discretionary	Against	Abstain
Votes	161,468,712	407,379	115,362	279,708
	99.68%	0.25%	0.07%	





# **RESOLUTION 4**

To adopt the Remuneration  
Report for the year ended 30  
June 2021



**Please ask your questions now.**



Resolution 4	For	Discretionary	Against	Abstain
Votes	126,000,216	386,506	32,804,735	3,059,536
	79.15%	0.24%	20.61%	



## **RESOLUTION 5**

To approve the participation in the Sims Limited Long Term Incentive Plan by Mr Alistair Field



**Please ask your questions now.**



Resolution 5	For	Discretionary	Against	Abstain
Votes	149,264,083	574,784	11,665,982	766,312
	92.42%	0.36%	7.22%	





**Thank you**

