



ASX & MEDIA RELEASE

(ASX: SGM, USOTC: SMSMY)

1 November 2023

Sims Limited 2023 Annual General Meeting

Sims Limited is holding its Annual General Meeting (AGM) today. The meeting can be accessed at

[Sims Limited 2023 Annual General Meeting.](#)

Attached are copies of the addresses to shareholders to be delivered by the Chairman and the Group Chief Executive Officer at the AGM.

Authorised for release by: The Company Secretary

About Sims Limited

Founded in 1917, Sims Limited is a global leader in sustainability and an enabler of the circular economy that employs 4,400 employees who 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.

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Sims Limited 2023 Annual General Meeting
Addresses by Geoffrey Brunsdon, Chair
and
Stephen Mikkelsen, Group Chief Executive Officer & Managing Director
1 November 2023

Chairman's Address

It is with great pleasure that I welcome you to the Sims Limited 2023 Annual General Meeting.

Our Annual General Meeting is an important event for Sims, allowing us to engage directly with you, our shareholders. We appreciate your time, feedback, and support, and we value the opportunity to update you on the Group business. Thank you for joining us either in person at the Calile Hotel in Brisbane or virtually.

Fiscal year 2023 presented several challenges with geopolitical, social, and economic uncertainty. Underlying EBIT of \$252.2 million was a decrease of 67 percent over the prior record year. Despite these headwinds, operating cash flow enabled the Board to declare a final dividend while continuing to invest in our Company's growth.

I am pleased to report that our Company had another excellent safety performance. For the third year in a row, our Company experienced the lowest Total Recordable Injury and Lost-time Injury rates in its history. Safety continues to be our top priority and these results don't happen without the commitment of every employee. During the year, our Company also advanced its sustainability goals and was recognised by external rating agencies and indices as one of the world's most sustainable companies.

Our Strategy

We continued to progress our strategic growth and sustainability initiatives to position our business to capitalise on opportunities in a rapidly decarbonising world. Our Company has a long history of innovation with over one hundred years operating in the circular economy. With growing demand for low carbon recycled materials, we are focused on ways to increase the use of scrap in metal production by upgrading material to attract premium pricing. These innovations will help our customers reduce their greenhouse gas emissions while improving our Company's bottom line.

During FY23, we advanced our strategic growth plan through investment in both ferrous and non-ferrous recycling in the United States. This past Friday, we completed the acquisition of

the assets of Baltimore Scrap Corporation, a large metal recycler located in the United States Northeast. We welcome all our new employees to our Company.

To finance acquisitions, we sold surplus land and progressed the sale of our fifty percent shareholding in the LMS Energy business and our remaining stake in Sims Municipal Recycling. We intend to continue to monetise underperforming, undervalued, and underutilised assets within our portfolio. This strategy will enable the Company to balance the need to invest capital in the business to achieve its strategic objectives with appropriate shareholder returns.

Despite external volatility, the fundamentals that underpin our business are positive and strongly position Sims for success over the medium term. Our disciplined approach to execution of our strategic plan is intended to create significant value for shareholders, our employees, and the communities where we operate for many years to come.

Capital Management and Shareholder Returns

During FY23, the Company paid \$123.6 million in underlying net profit to shareholders through dividends. The Company declared a final dividend of 21.0 cents per share, fully franked. This takes the total dividend for FY23 to 35 cents per share.

Sustainability

Sustainability is at the core of our business and the Company's purpose, to create a world without waste to preserve our planet, guides all that we do. Our sustainability efforts were recognised again this year by external rating agencies and indices. Among other accolades, Sims Limited debuted on the FTSE4Good index, returned to the DJSI Australia index, and was ranked fourteenth on the 2023 list of the World's Most Sustainable Companies by Corporate Knights.

Changes and Looking Ahead

As announced during the financial year, Heather Ridout retired from the Board to take up the post of Australia's Consul-General in New York. I want to acknowledge Heather's leadership, guidance, and wisdom throughout her 11 years of service. Her contribution has been a major factor in the company successfully navigating a demanding international growth strategy, as well as significant change. Both the Board and executive leadership team will miss Heather's counsel, and we wish her every success in her new role.

Since year end there have been several changes that I would like to highlight. Firstly, the retirement of Alistair Field and the appointment of Stephen Mikkelsen, who assumed the role of Managing Director and Chief Executive Officer on 1 October.

I would like to record the Board's deep respect and admiration for Alistair who was pivotal in establishing the Company's purpose and setting the strategic framework that followed. This cultural transformation will be Alistair's legacy.

At the same time, I am excited to welcome Stephen Mikkelsen. He has a deep understanding of our industry. In his prior role as the Company's Chief Financial Officer, he was intimately involved in setting the Company's strategic framework and in building the resilient business that Sims is today.

Also, Georgia Nelson will retire at the conclusion of today's AGM. Georgia's many contributions to this board are significant. Her calm and considered advice was pivotal as we navigated challenging situations and difficult decisions over her tenure. Her leadership as the inaugural chair of the Risk Committee has established a strong and sustainable risk culture in the Company. Georgia, for your guidance and unfailing dedication over the past 9 years, I thank you.

I am pleased to introduce Kathy Hirschfeld, who was appointed to the Board in September and is up for re-election at this meeting. As well as being a values driven individual, Kathy brings a diversity of executive and board experience that fits well with the strategic initiatives Sims is pursuing.

As I indicated at last years' AGM, I will not be standing for re-election. I will retire from the board at the end of March 2024, and I am delighted to announce that the board has resolved to appoint Phil Bainbridge as the fifth chair since the Company listed on ASX in November 1991. While I have never been more excited about Sims' future, navigating global commodity markets will always be challenging. I am certain Phil will provide the insightful leadership the Company needs to continue to prosper over the years ahead. I wish him every success.

Thank you for your continued support as shareholders in the Company.

Geoff Brunsdon

Chairman

Group Chief Executive Officer and Managing Director's Address

Thank you, Chairman. And thank you everybody for joining us today at the Calile Hotel, and remotely via webcast.

Introduction

It is a privilege to address you at our Annual General Meeting as Managing Director and CEO of Sims Limited.

It is with a deep sense of responsibility that I assume this leadership position. I acknowledge the profound duty that the Sims Limited executive leadership team bear toward all stakeholders, including our dedicated employees and committed shareholders.

I also want to acknowledge the invaluable contributions of my predecessor, Alistair Field. His guidance has been instrumental in shaping the organisation into what it is today and providing a clear purpose: create a world without waste to preserve our planet. This purpose forms the bedrock of the value we create for our employees, communities, customers, and shareholders. Furthermore, it delves deeper to shape our organisational culture, strategy, and vision.

I am determined to enhance and build upon this solid foundation.

Safety

Throughout my tenure at Sims as CFO, I consistently witnessed safety take precedence in all our operations. And as CEO, I will continue to uphold this commitment to prioritise the well-being of our team members. It is, therefore, very pleasing to report that in fiscal year 2023, we reported record lows in the total recordable injury frequency rate (TRIFR) of 1.08 and lost time injury rate (LTIR) of 0.19.

Sustainability

The operational and financial performance of the company is intrinsically tied to our dedication to environmental responsibility, social impact, and strong governance. This year, we continued to receive accolades from indices and rating agencies, and more importantly, we achieved significant progress in key areas of our strategy.

The three pillars of our sustainability strategy – operate responsibly, close the loop and partner for change – continue to guide our efforts.

In fiscal year 2023, we achieved a noteworthy milestone by significantly narrowing the pay equity gap. It decreased to 2.9 percent from 8.2 percent in the previous year. We also exceeded our gender diversity objective at the management level.

In our commitment to adopt sustainable and environmental practices, we are delighted to report that we sourced 84 percent of our electricity consumption from renewable sources. We bettered our fiscal year 2025 emissions reduction target, which is set at 23 percent against our fiscal year 2020 baseline by achieving a 32 percent reduction.

We enhanced our social licence framework to ensure that we can continue to build meaningful and lasting relationships with our communities.

Our sustainable impact goes beyond our initiatives; it is ingrained in the very essence of our products. We recycled approximately 8.0 million tonnes of proprietary ferrous and non-ferrous metals in the past fiscal year. This resulted in the avoidance of 11.6 million tonnes of CO₂ by using recycled materials instead of raw materials and it highlights our significant contribution to the effort of making the steel industry more environmentally friendly.

Summary of FY23 Financial Results

The fiscal year 2023 financial results followed a very strong, record setting performance in fiscal year 2022.

Against a backdrop of subdued markets, our performance was resilient, demonstrating market and geographical diversity benefits.

Underlying EBIT of \$252.2 million was down 66.6 percent and Statutory EBIT of \$293.0 million was down 62.1 percent.

Proprietary metal sales volumes were down by 1.7 percent, while intake volumes were down by 6.7 percent.

Ferrous and non-ferrous prices have significantly retreated from the fiscal year 2022 highs and the fiscal year 2022 average, both of which are in line with the contraction across the manufacturing sector in most regions.

We have managed costs, which were up 4.9 percent in what has been a challenging inflationary environment, reasonably well.

Statutory NPAT was \$181.1 million or \$24.2 million higher than Underlying NPAT.

Strategy

Throughout these challenging times, we remained focused on the things within our control. We concentrated on the execution of our growth strategy, which is designed to capitalise on opportunities arising from decarbonisation, infrastructure spending, and technology tailwinds.

Recycling capital remains pivotal as we look to divest underperforming, undervalued, and underutilised assets within our portfolio and reinvest the proceeds to grow our core metal business. Our portfolio expansion included the acquisition of two metal recyclers in the United States: Baltimore Scrap and Northeast Metal Traders. We have also divested surplus land and progressed on the sale of LMS Energy, Sims Energy and Sims Municipal Recycling. We completed the construction of the Sims Resource Renewal's pilot facility at Rocklea, here in Brisbane. In Sims Lifecycle Services, we advanced our business scaling efforts by investing in automation.

Trading Update

Moving on to a trading update.

On 11 September 2023, we provided an update on market conditions and financial forecast for the first quarter of FY24.

We communicated that the challenging market conditions observed at the close of fiscal year 2023 persisted into the early months of fiscal year 2024. Furthermore, we noted that the previously resilient US domestic market had shown signs of weakening. We forecasted achieving an approximately breakeven EBIT for the first quarter of fiscal year 2024.

Looking forward, we anticipate a positive EBIT for the first half of fiscal year 2024, albeit modest. This is despite the challenges posed by the persistently weak market conditions. As always, this forecast is made subject to the usual market dynamics, including timing of shipments and the final purchase price for scrap to fulfill those shipments.

While acknowledging the current challenging market conditions, we remain confident in the medium and long-term fundamentals of the business. This confidence is grounded in the following factors that will drive medium to long-term demand for recycled metal: Firstly, metal-intensive infrastructure spending; Secondly, global decarbonisation of steelmaking, including the growth of Electric Arc Furnaces; and finally, the electrification of products that are currently carbon-intensive.

Before I conclude, I would like to express my gratitude for the warm welcome and support I have received from valued shareholders, dedicated employees, and board members.

Stephen Mikkelsen

Group Chief Executive Officer and Managing Director