SIMS GROUP

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SIMS GROUP DELIVERS POSITIVE FULL YEAR OUTLOOK

	Q3 F07 $m	Q3 F06 $m	Change %
SALES REVENUE	**1,390.6**	**1,041.3**	**34%**
EBITDA *(earnings before interest, tax, depreciation and amortization)*	**102.5**	**86.0**	**19%**
EBIT *(earnings before interest and tax)*	**88.9**	**78.1**	**14%**
PROFIT AFTER TAX	**55.2**	**49.6**	**11%**

	Q3 F07 $m	Q2 F07 $m	Change %
SALES REVENUE	**1,390.6**	**1,389.5**	**0%**
EBITDA *(earnings before interest, tax, depreciation and amortization)*	**102.5**	**99.9**	**3%**
EBIT *(earnings before interest and tax)*	**88.9**	**86.7**	**3%**
PROFIT AFTER TAX	**55.2**	**52.2**	**6%**

HIGHLIGHTS

- Earnings for Q3 up 11% on the corresponding quarter in fiscal 2006 and, at $175m, up 49% year to date on fiscal 2006.
- Result consistent with market guidance.
- Impressive performance by Recycling Solutions with EBIT (earnings before interest and tax) up 19% on Q2 and, at $43m, up 85% year to date on fiscal 2006.
- Strong Q4 outlook, despite weaker US dollar.

RESULT

Sims Group Limited announced today a profit after tax for the third quarter of fiscal 2007 of $55.2m up 11% on the corresponding period in fiscal 2006 and up 6% on the previous quarter of fiscal 2007. Year to date, earnings were up 49% on fiscal 2006. EBITDA (earnings before interest, tax, depreciation and amortization) was also up 19% and 3% respectively on the corresponding quarter in fiscal 2006 and the previous quarter in fiscal 2007.

Commenting on the result, Group Chief Executive Jeremy Sutcliffe said, "earnings for the third quarter were consistent with the outlook statement released with our first half results and reflect the impact of sales made prior to the rebound in global ferrous prices during the quarter". He added "all regions performed in line with expectation with the standout division being our Recycling Solutions business which continues to grow impressively, both organically and through acquisition. At 19% of Group EBIT for the quarter, we are close to achieving our targeted goal of a 20–25% EBIT contribution".

On a comparative basis, Recycling Solutions EBIT increased by 19% on the second quarter of fiscal 2007 and increased 85% year to date, on fiscal 2006.

Non ferrous prices, copper and aluminium being most relevant to Group earnings, also rebounded towards the end of the quarter and delivered a stable contribution to earnings.

OUTLOOK

Mr Sutcliffe said "this result was largely as expected. The real impact during the quarter, flowed from the volatility of buying and selling prices, currency exchange rates and freight. Competition for the procurement of ferrous raw material remains as intense as ever, but the timing of booked export sales and appropriate buying programs should improve margin, particularly in the US, throughout the fourth quarter. Prices have again rebounded from recent softening and our view of the market remains positive. The benefit of similarly attractive export sales from Australia has, in some part, been offset by the weaker US dollar which the Company estimates as having a negative impact on fourth quarter EBIT of approximately $10m. On the upside, earnings from Recycling Solutions will continue to grow as a result of the contribution from the previously announced North American acquisitions".

Allowing for all of these factors, the Company expects full year earnings to be between $235–245m, subject to buying price targets being achieved and no further adverse movements in currency and freight.

Sims Group's core business is metal recycling, with an emerging business in recycling solutions. Headquartered in Australia, Sims earns over 70 per cent of its revenue from international operations in the United Kingdom, Continental Europe, North America, New Zealand and Asia. Sims has over 3,500 employees, annual turnover of A$5.0 billion and is listed on the Australian Stock Exchange (ASX CODE: SGM)

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