



Financial Results

Half year ended 31 December 2014

Galdino Claro, Group CEO
Fred Knechtel, Group CFO
13 February 2015



Significant increase in earnings and dividend



Sales Revenue \$3,387m	▼ -6%
Underlying EBITDA¹ \$149m	▲ 16%
Underlying EBIT¹ \$91m	▲ 35%
Underlying NPAT¹ \$64m	▲ 53%
Underlying EPS¹ (diluted) 31.4c	▲ 55%
Interim Dividend 16.0c	▲

Sales Tonnes 5.5Mt	▼ -10%
Statutory EBITDA \$154m	▲ 36%
Statutory EBIT \$95m	▲ 83%
Statutory NPAT \$75m	▲ 701%
Statutory EPS (diluted) 36.3c	▲ 707%
Net Cash \$49m	▲ 16%

Strong bottom line performance despite lower sales volume

1. Underlying excludes significant non-recurring items

Strategic plan advancing as anticipated



Streamline

Optimise

Grow

1H15 Progress

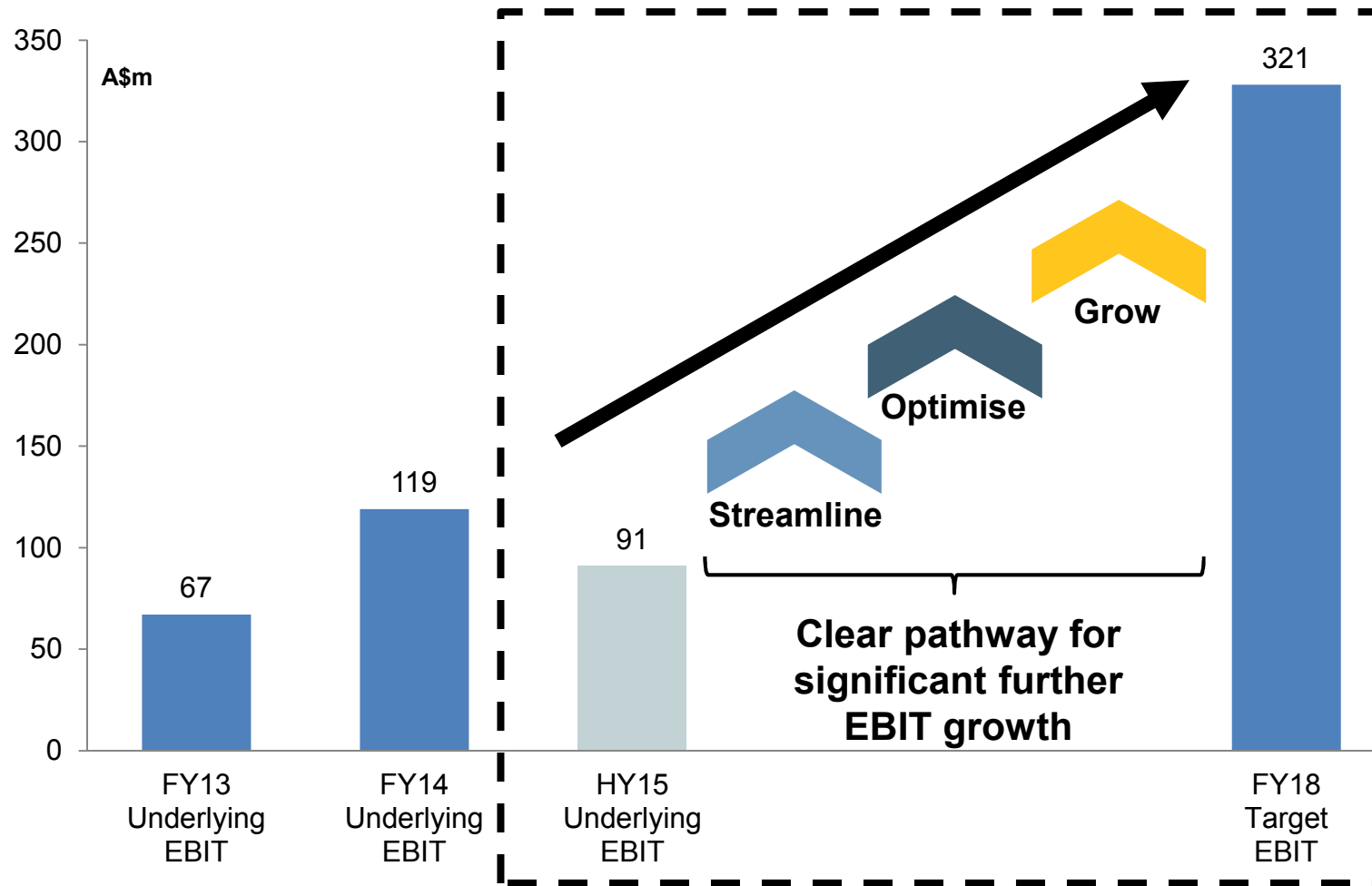
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|---|--|---|
| <ul style="list-style-type: none">• Winding down of unprofitable e-recycling businesses in the UK and Canada• Reduction of regional overhead costs in North America Metals | <ul style="list-style-type: none">• Established Project Management Office (PMO) to drive strategy implementation• Embedding of transactional profitability management tools• Appointment of new Group CFO and President of NA Metals, Central Region | <ul style="list-style-type: none">• Acquisition of two small businesses, one each within North America Metals and ANZ Metals• Ramp up of recent investment in New England within the North America Metals business |
|---|--|---|

2H15 Objectives

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|--|---|--|
| <ul style="list-style-type: none">• Wind down of e-recycling businesses in the UK and Canada to be completed | <ul style="list-style-type: none">• New shredder and yard expansion in Western Australia• Leveraging best practices globally | <ul style="list-style-type: none">• E-recycling growth in emerging markets• Continue to investigate potential value enhancing additions to the Metal Recycling businesses |
|--|---|--|

Strategy is key to our success

Earnings growth tracking on target



On track to \$321 million of EBIT

Capital Expenditure and Capital Management



Sustaining Capex	Expansionary Capex	Capital Management	
<ul style="list-style-type: none"> ▪ Ongoing maintenance to sustain high performing operations ▪ Renewal of obsolete technology and equipment ▪ Retain and improve safety standards at all our facilities ▪ Expect sustaining capex goals can be met by expenditures at or below current depreciation 	<ul style="list-style-type: none"> ▪ Investment in organic and acquisitive growth ▪ HY15 expansionary capex includes the new shredder in ANZ Metals ▪ HY15 acquisitions of two small businesses in the US and ANZ ▪ Further expansionary capex spending anticipated over the 5 year strategy to support Optimisation and Growth targets 	<ul style="list-style-type: none"> ▪ Dividend for HY15 of 16cps, will be the highest payment since FY11 ▪ Optimise global cash management ▪ Determine the most efficient capital structure to reduce capital funding costs 	<ul style="list-style-type: none"> ▪ Shareholder wealth creation through the right balance of business investment and capital management ▪ Interim dividend for HY15 of 16.0 cents per share, fully franked, is the highest since FY11 ▪ Strong cash flows and net cash position supportive of the increased HY15 dividend payment

Strong performance and net cash balance supports dividend



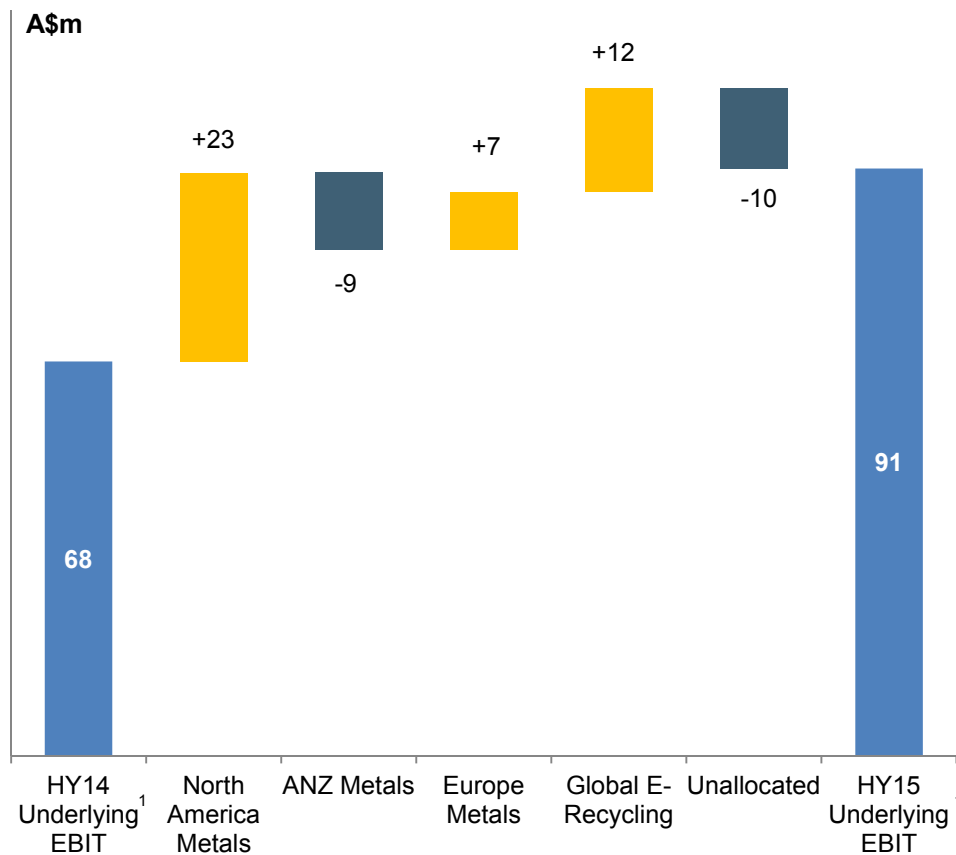
Segment & Financial Performance

Fred Knechtel, Group CFO



Stronger margins offset lower volumes

Underlying EBIT¹ of \$91m, up by 35%



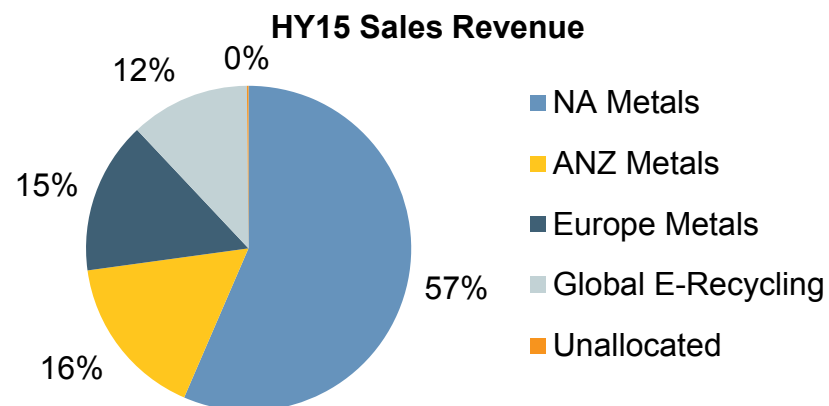
- **North America Metals** EBIT increased \$23m over HY14 due to higher gross margins and lower operating expenses, offsetting lower volumes
- **ANZ Metals** EBIT decreased \$9m primarily due to lower sales volumes and challenging market dynamics
- **Europe Metals** EBIT increased \$7m due to higher gross margins and lower operating expenses
- **Global E-Recycling** EBIT increased \$12m due to improved results in Europe and reduced losses from non-core businesses wound down
- **Unallocated** EBIT decreased \$10m

Improvement in NA, Europe and Global E-Recycling offset ANZ decline

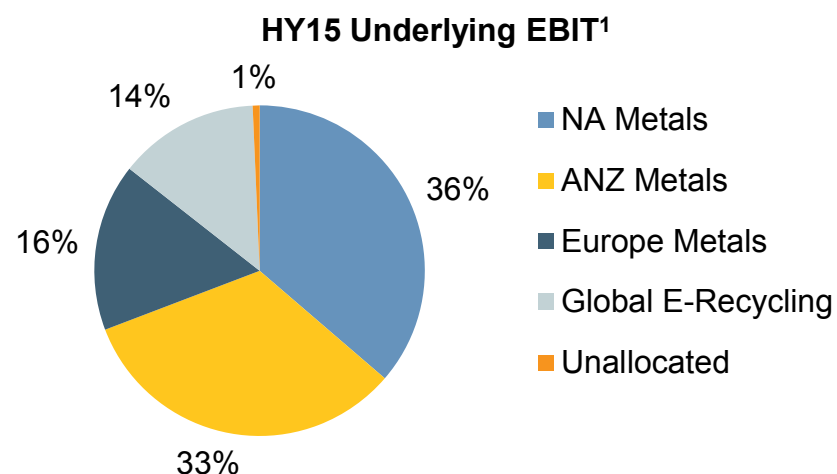
1. Underlying excludes significant non-recurring items

Sales Revenue & Underlying EBIT by Region

Sales Revenue (A\$m)	HY15	HY14	Chg %
North America Metals	1,913.3	2,058.6	-7.1%
ANZ Metals	553.6	575.7	-3.8%
Europe Metals	513.2	527.0	-2.6%
Global E-Recycling	401.5	422.3	-4.9%
Unallocated	5.6	9.7	-42.3%
Total	3,387.2	3,593.3	-5.7%



Underlying EBIT ¹ (A\$m)	HY15	HY14	Chg %
North America Metals	33.0	10.2	223.5%
ANZ Metals	29.9	39.2	-23.7%
Europe Metals	14.9	7.9	88.6%
Global E-Recycling	12.5	0.0	N/M
Unallocated	0.6	10.3	-94.2%
Total	90.9	67.6	34.5%

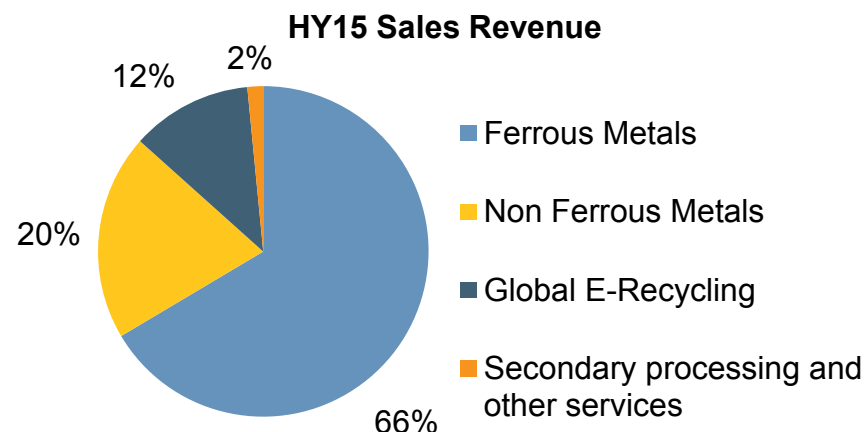


North America and Global E-Recycling improved profit contributions

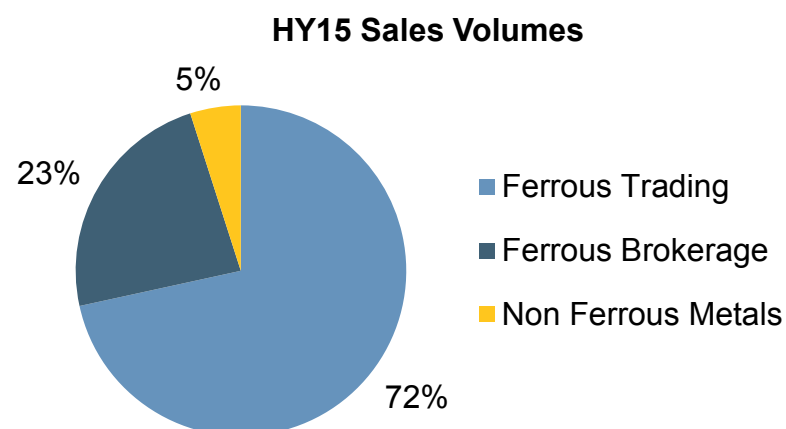
1. Underlying excludes significant non-recurring items

Sales Revenue & Volume by Product

Sales Revenue (A\$m)	HY15	HY14	Chg %
Ferrous Metals	2,250.8	2,460.7	-8.5%
Non Ferrous Metals	682.9	663.0	3.0%
Global E-Recycling	401.5	422.3	-4.9%
Secondary processing and other services	52.0	47.3	9.9%
Total	3,387.2	3,593.3	-5.7%



Sales Volumes ('000 tonnes)	HY15	HY14	Chg %
<i>Ferrous Trading</i>	3,936	4,327	-9.0%
<i>Ferrous Brokerage</i>	1,291	1,519	-15.0%
Ferrous Metals Total	5,227	5,846	-10.6%
Non Ferrous Metals	273	278	-1.8%
Total	5,500	6,124	-10.2%



Improvement in Non Ferrous Metals providing positive mix contribution

North America Metals



A\$m	HY15	HY14	Chg %
Sales Revenue	1,913.3	2,058.6	-7.1%
Statutory EBITDA	65.9	32.7	101.5%
Underlying EBITDA	65.3	40.6	60.8 %
Depreciation	25.9	22.8	13.6 %
Amortisation	6.4	7.6	-15.8%
Statutory EBIT	33.6	2.3	1,360.9%
Underlying EBIT	33.0	10.2	223.5 %
Assets	1,368.0	1,387.2	-1.4%
Intake Volumes (000's)	3,802	4,364	-12.9%
Sales Volumes (000's)	3,818	4,342	-12.1%
Employees	2,270	2,253	0.8%

Performance

- Improved earnings driven by stronger gross margins and a disciplined approach on lowering operating costs and increasing metallic yields
- Sales volumes declined over the prior corresponding period due to lower secondary metal generation and collection rates in the US market
- Ramp up of recently completed New England expansion and New York Municipal Recycling Plant in Brooklyn

Strategic Progress

- Full rollout of transactional profitability management tools across the North America Metals platform
- Appointment of Tobin Pospisil as President of NA Metals, Central Region
- Acquisition of a feeder yard to support intake flows in the North America Metals Central Region

Improvements in North America driving Group performance

Australia & New Zealand Metals



A\$m	HY15	HY14	Chg %
Sales Revenue	553.6	575.7	-3.8%
Statutory EBITDA	43.6	53.7	-18.8%
Underlying EBITDA	43.6	53.0	-17.7%
Depreciation	13.2	13.3	-0.8%
Amortisation	0.5	0.5	0.0%
Statutory EBIT	29.9	39.9	-25.1%
Underlying EBIT	29.9	39.2	-23.7%
Assets	447.0	472.4	-5.4%
Intake Volumes (000's)	992	1,015	-2.3%
Sales Volumes (000's)	944	975	-3.2%
Employees	846	842	0.5%

Performance

- First half profitability impacted by difficult trading conditions, falling commodity prices, and lower volumes

Strategic Progress

- Acquisition of a small feeder yard facility to support intake flows
- Construction of the new shredder and yard expansion in Western Australia progressing well, with the shredder expected to be operational by mid-2015

Market dynamics impacting performance

Europe Metals



A\$m	HY15	HY14	Chg %
Sales Revenue	513.2	527.0	-2.6%
Statutory EBITDA	22.7	14.1	61.0%
Underlying EBITDA	21.1	14.1	49.6 %
Depreciation	6.2	6.2	0.0 %
Amortisation	0.0	0.0	N/M
Statutory EBIT	16.5	7.9	108.9%
Underlying EBIT	14.9	7.9	88.6 %
Assets	263.1	309.9	-15.1%
Intake Volumes (000's)	832	842	-1.2%
Sales Volumes (000's)	738	807	-8.6%
Employees	707	629	12.4%

Performance

- Considerable lift in underlying earnings due to higher gross margins and lower operating expenses
- Gross margins boosted by improved metallic yields across the region's three shredders
- Improved operational performance more than offset lower sales volumes

Strategic Progress

- Europe Metals benefiting from past restructuring actions and the ready adoption of the best practices now being shared across the Group's global operating footprint
- Rolling out transactional profitability management tools, originally developed and successfully tested within North America Metals

Improvement in Europe driven by an improved business model

Global E-Recycling



A\$m	HY15	HY14	Chg %
Sales Revenue	401.5	422.3	-4.9%
Statutory EBITDA	18.4	2.5	636.0%
Underlying EBITDA	18.4	10.2	80.4 %
Depreciation	5.6	8.4	-33.3%
Amortisation	0.3	1.8	-83.3%
Statutory EBIT	12.5	-7.7	-262.3%
Underlying EBIT	12.5	0.0	N/M
Assets	442.3	539.1	-18.0%
Employees	1,842	2,322	-20.7%

Performance

- Material recovery in underlying earnings to the highest level in two years
- Stronger earnings were due to better performance from Continental Europe as well as reduced losses from the recently exited operations
- The business continued to incur operating losses in the UK and Canada as the rationalised facilities were wound down

Strategic Progress

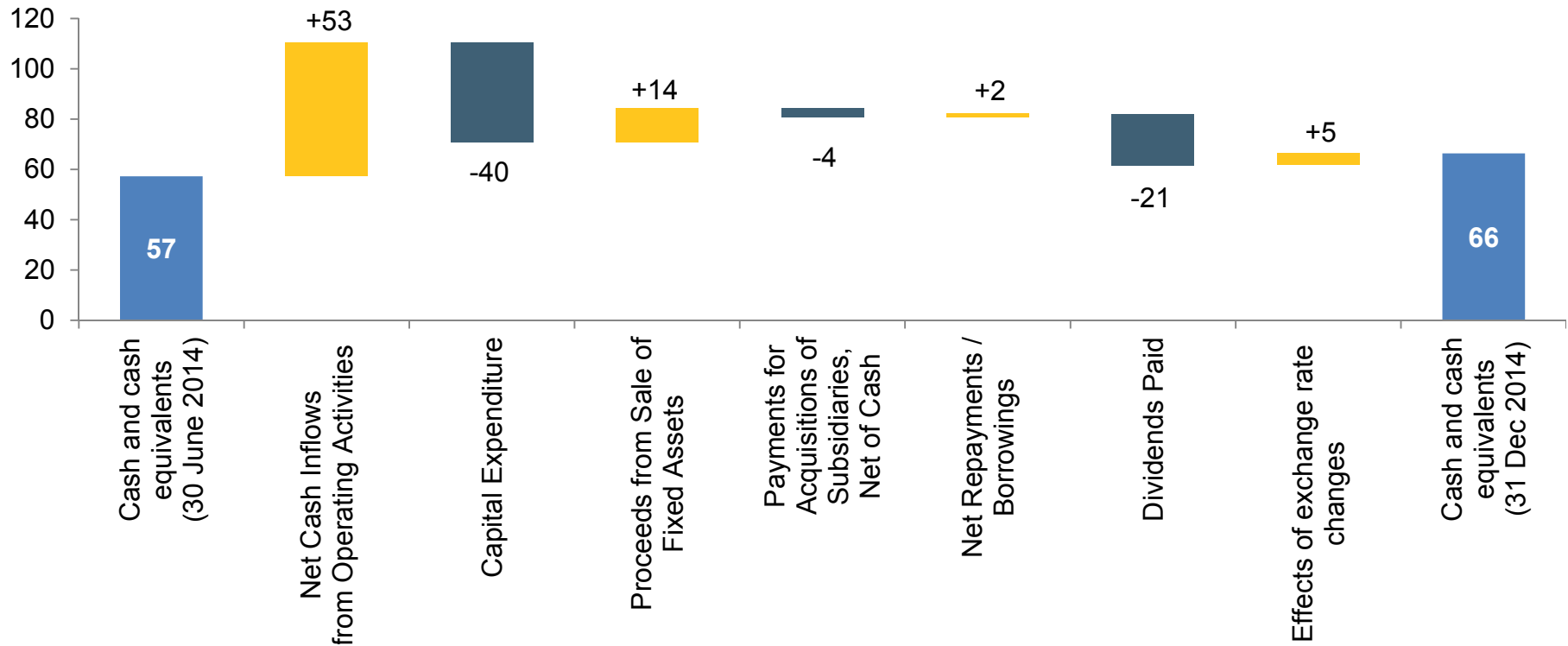
- Further gains from streamlining expected in 2H FY15 as the relevant UK and all three Canadian sites are anticipated to be substantially wound down by the end of FY15

Restructured business yielding improved margins

Cash Flows



Cash Flow Bridge (A\$m)



Strong cash flow supports internal investments and returns to shareholders



Summary & Outlook

Galdino Claro, Group CEO



Summary & Outlook



- Competition for intake material remains high, however industry structure for metals recycling in North America appears to be becoming more rational
- Significant near-term downward pressure on ferrous scrap demand, as prices have fallen sharply since the start of 2H FY15
- Lower ferrous prices will negatively impact both demand and supply for ferrous scrap, as well as elevating competition in the short-term
- As the ferrous scrap price relationship to iron ore normalises, demand from consumers and attractiveness of exports is anticipated to improve
- Gains expected from strategic initiatives in 2H FY15 should assist in mitigating near-term commodity market headwinds



Appendix



Summary of financial items by Region



Sales Revenue

A\$m	HY15	HY14	Chg %
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Europe Metals	513.2	527.0	-2.6%
Global E-Recycling	401.5	422.3	-4.9%
Unallocated	5.6	9.7	-42.3%
Total	3,387.2	3,593.3	-5.7%

Sales Volumes

Thousand tonnes	HY15	HY14	Chg %
North America Metals	3,818	4,342	-12.1%
ANZ Metals	944	975	-3.2%
Europe Metals	738	807	-8.6%
Total	5,500	6,124	-10.2%

Underlying EBITDA

A\$m	HY15	HY14	Chg %
North America Metals	65.3	40.6	60.8%
ANZ Metals	43.6	53.0	-17.7%
Europe Metals	21.1	14.1	49.6%
Global E-Recycling	18.4	10.2	80.4%
Unallocated	0.9	10.6	-91.5%
Total	149.3	128.5	16.2%

Underlying EBIT

A\$m	HY15	HY14	Chg %
North America Metals	33.0	10.2	223.5%
ANZ Metals	29.9	39.2	-23.7%
Europe Metals	14.9	7.9	88.6%
Global E-Recycling	12.5	0.0	N/M
Unallocated	0.6	10.3	-94.2%
Total	90.9	67.6	34.5%

Significant items by region – HY15



HY15 (A\$m)	NA Metals	ANZ Metals	Europe Metals	Global E-Recycling	Unallocated	Pre-Tax Total	After-Tax Total
Reversal of an impairment of loan receivable	-0.6	-	-	-	-	-0.6	-0.6
Net impact from investments in associates	-	-	-	-	-2.0	-2.0	-2.0
Net (reversal)/expense relating to yard closure/dilapidations	-	-	-1.6	-	-	-1.6	-1.6
Tax asset impairment/(reversal)	-	-	-	-	-	0.0	-5.9
Total Significant Items for HY 2015	-\$0.6	\$0.0	-\$1.6	\$0.0	-\$2.0	-\$4.2	-\$10.1

Significant items by region – HY14



HY14 (A\$m)	NA Metals	ANZ Metals	Europe Metals	Global E-Recycling	Unallocated	Pre-Tax Total	After-Tax Total
Fixed Asset Impairment	-	-	-	2.3	-	2.3	2.3
Insurance recoveries net of write-offs	-3.3	-	-	-	-	-3.3	-3.3
Lease settlements/onerous leases	0.1	-	-	4.2	-	4.3	4.3
Redundancies	2.6	-	-	0.2	0.3	3.1	2.8
Settlement of disputes with third parties	0.4	-	-	-	-	0.4	0.4
Expenses / (reversal) relating to yard closure/dilapidations	0.6	-0.7	-	1.0	-	0.9	1.0
Credit provisions/losses	0.9	-	-	-	-	0.9	0.9
Loss on sale of business divisions	6.6	-	-	-	-	6.6	6.6
Transaction and other legal costs	-	-	-	-	0.3	0.3	0.2
Tax asset impairment/(reversal)	-	-	-	-	-	0.0	17.6
Total Significant Items for HY 2014	\$7.9	-\$0.7	\$0.0	\$7.7	\$0.6	\$15.5	\$32.8

HY15 income tax expense considerations



HY15 (A\$m)	Profit Before Tax	Income Tax	Effective Tax %
Statutory Result	91.3	16.8	18.4%
Reconciling items:			
Impact of significant items	-4.2	0.0	
Utilisation of previously unrecognised tax losses	0.0	8.5	
Underlying losses not tax benefited	0.0	-0.6	
Underlying Results	\$87.1	\$24.7	28.4%

Disclaimer



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