



14 November 2019

The Manager
Announcements
Company Announcements Office
Australian Securities Exchange
20 Bridge Street
Sydney NSW 2000

Dear Ladies and Gentlemen,

Sims Metal Management Limited (Company)
Chairman's and CEO's Address to Shareholders

Attached is a copy of the Chairman's and CEO's Address to Shareholders which will be presented at the Company's 2019 Annual General Meeting to be held today.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Gretchen Johanns". The signature is fluid and cursive, with a large loop at the end.

Gretchen Johanns
Group Company Secretary

Annual General Meeting 2019 Chairman's Address

Ladies and gentlemen,

Introduction

It is with great pleasure that I welcome you to the 2019 Annual General Meeting.

The Group finished the year with a strong net cash position of \$347.5 million and an underlying EBIT of \$230.3 million, down 16 percent over the prior year. While Sims strives for year-over-year EBIT growth, this performance demonstrates its ability to weather difficult market conditions.

The 2019 financial year presented the Group with many challenges. Trade tensions, slowing economic growth in key markets, and quotas resulted in volatile demand and falling prices for ferrous and nonferrous materials. These challenges continue and, as Sims announced on 28 October, will negatively affect the 2020 financial year results. However, Sims' strong balance sheet and its disciplined approach to capital expenditure and cost management gives the Company flexibility that many of its highly geared competitors do not have, especially in down commodity cycles.

Sims declared total dividends for the 2019 financial year of 42.0 cents per share, fully franked, which represents a 53 per cent underlying payout, near the top of the Group's 45% to 55% target range. The Board will remain focused on delivering the appropriate level of shareholder returns in the form of dividends and capital growth.

Strategic Growth Plan

Despite the external market challenges, the 2019 financial year was a transformative year for Sims. In April, the Group shared its strategic plan focused on opportunities for growth within its core metal and e-recycling businesses, as well as plans to reduce waste and produce clean energy.

The Board is committed to this strategy and to the Sims' purpose: *create a world without waste to preserve our planet*. This purpose demonstrates our belief that sustainability is at the core of the Group's business, and is key to creating long-term shareholder value. Alistair will say more about the Group's progress towards its strategic goals.

It is important to note, especially in these challenging market conditions, we will take a measured approach to capital allocation and will only invest in opportunities if there are attractive financial returns. Sims has a long history of innovation, and it will invest in new technologies that enable it to both achieve its purpose and generate strong financial returns.

Sustainability and Corporate Responsibility

The Group's announcement of its purpose and growth strategy is timely. Focus on sustainability and the 'circular economy' continues to grow. As a global company with a 102-year heritage,

Sims is uniquely placed to capitalise on the demand for recovering end-of-use materials and the transition to a circular economy.

The Group's 2019 Sustainability Report is available on its website, and it details Sims' efforts as a key provider of services in support of the circular economy. This is our first year reporting on the Group's sustainability record using the Global Reporting Initiative as a guideline. We also have begun to adopt the Task Force for Climate-related Financial Disclosures (TCFD) recommendations to more closely track and disclose our climate-related risks and opportunities. There is much more work to be done, but we believe this is the right step to take during an exciting year when we announced our new purpose and strategic plan.

Sims is committed to being a leading innovator in sustainability. Last year, Sims joined the World Business Council for Sustainable Development, and recently it joined the Steering Committee for the Invest NYC SDG Initiative, a two-year project led by NYU Stern Center for Sustainable Business with the goal of creating a more sustainable, inclusive and resilient New York City. Sims will work with other leaders to develop new ways to contribute toward a safe and sustainable future.

Safety

Safety is our first priority. We must do everything possible to make sure all of our employees return home safely at the end of the day. It is with immense sadness I report the loss of two Sims employees as a result of workplace incidents during the year. On behalf of my fellow directors, I send condolences to their families, friends and Sims colleagues.

No workplace injury is acceptable, and the Board and executive leadership team are in the process of implementing a large-scale, global safety continuous improvement plan that will help us keep all our employees safe.

Diversity and Culture

The Board recognises the value of diversity for achieving Sims' purpose. A diverse workforce is essential for developing the innovative and creative solutions necessary to drive a profitable and sustainable future. Sims' workforce is geographically diverse with operations in 18 countries and, this year, Sims added two women to its leadership team, increasing the percentage of female executives to 25 per cent. In the coming year, the Board and the executive leadership team remain focused on improving our gender balance across the entire workforce. We will continue to work hard to ensure our workplaces are appealing to every current and future employee.

Thank you

On behalf of my fellow directors, I would like to recognise the significant contributions and hard work of our management and employees over the past year. I would also like to thank you for your continued support as shareholders in the Company.

Now, I would like to welcome to the lectern our Company's Chief Executive Officer, Alistair Field, to present a more detailed account of last year's performance and the outlook for the industry.

Annual General Meeting 2019 Group Chief Executive Officer's Address

Thank you, Mr. Chairman.

Ladies and gentlemen,

Introduction

Sims Metal Management showed solid financial results for fiscal year 2019 – especially within the context of a challenging market. This shows that our business is resilient, and this resilience has improved over prior years.

Even with the market challenges, our employees remained steadfast in achieving our goals. I truly appreciate all of their hard work and dedication this past year, and I look forward to working alongside them for more years to come.

FY19 Financial Highlights

In FY19, macro-economic challenges, international trade wars, quotas and new regulations affected our business. We saw low and volatile demand for scrap from Turkey, zorba prices fell from an average of \$1,350 in FY18, down to an average closer to \$1,000 for this year. These geopolitical tensions created uncertainty, which affected our customers and made for an overall challenging year for the Group.

Sims delivered underlying EBIT of \$230 million and underlying NPAT of approximately \$162 million, which represented an underlying diluted EPS of 78.8 cents for FY19. Sales revenue of \$6,640 million in FY19 was three percent higher compared to FY18 due to sustained volumes and despite a declining price environment but benefiting from weakness in the Australian Dollar. Sales volumes were relatively flat, totalling 9.8 million tonnes.

The final dividend of 19 cents per share takes total dividends to 42 cents per share 100% fully franked. This represents around a 53% payout, near the top of our 45% to 55% target range.

Particularly pleasing was the June 2019 cash performance of the business, which improved over 16% compared to June 2018.

Strategic Initiatives

During FY19, we introduced the Sims purpose, create a world without waste to preserve our planet. It clearly articulates our commitment to sustainability, which is at the core of our business model, as well as outlines a distinct operating philosophy that reflects who Sims is today and where we would like to be in the future.

When we announced the Group's strategic plan to drive key business growth through FY25 this past April, we also shared the technological investments we made to support this strategy for the long-term. We've seen that investing in technology can deliver environmental objectives, as well as financial objectives, and we expect that these strategies will strengthen our position in the circular economy and allow us to extract more value from our inputs. For our existing business divisions, metal recycling, electronics recycling and municipal recycling, we've outlined initiatives that will accomplish this.

For our global metals business, our goal is to continue leading metal recycling by nearly doubling the non-ferrous business and growing the ferrous business by 40% in the United States within the next six years. We are on course to open new feeder yard locations and continue our investments in technology to upgrade our metal output streams.

Within our e-recycling division, our plan is to become the leading cloud recycler. We are aggressively developing our cloud recycling capabilities, and we have secured additional contracts with the leading global data centre providers.

We are keenly focused on leading change in municipal recycling by instituting new systems for better solutions. We expanded our recycling capabilities in New York through our partnership with Nespresso to recycle their aluminium coffee pods. We also secured a new contract to operate the Palm Beach County municipal recycling facility in South Florida, and those operations began last month.

For our new business adjacencies, our goals are also aligned to enhancing our sustainability footprint and recovering more resources to keep in use for as long as possible.

We truly believe that sustainability begins at home, so one of our new business goals is to recycle the non-metallic residue from the shredding process (ASR) to generate energy. We have added additional technical and project management resources to our management team to create and operate an energy recovery business in order to generate electricity and reduce the amount of waste we send to landfill. The first of the seven planned facilities will be built in Australia, followed by more plants across the region and then in other parts of the world.

Lastly, our aim is to leverage the expertise and best practices from our joint venture partner, LMS Energy, the leading landfill energy company in Australia, to expand that business model into other parts of the world. We have commenced evaluating numerous landfill gas to energy investment opportunities in the United States and the United Kingdom, but we have not yet secured an investment that definitively meets our disciplined return requirements.

I'm pleased with the progress we've made in advancing our growth strategy during FY19. Our strategy is very clear, and while conditions may not always be favourable, we are focused on following our roadmap. With purpose at the foundation of this growth strategy, these plans will allow us to realise alignment among each of our business units, strengthen our brand, and grow by creating shared value for our shareholders, employees, communities and the broader society in FY20 and in future years.

Commitment to Safety and Sustainability

At Sims, we create long-term value by providing secure and sustainable management of resources. While the concept of the circular economy is not new, the drive to make it the standard business model is still new. As a key enabler of the circular economy, we are looking to deliver value to our stakeholders by doing what is good for our planet, as well as what is good for our business and our customers.

We understand our role in achieving circularity, and we consistently look for complementary technologies that will allow us to extract more value from resources. To amplify our positive impact, we will collaborate with our extended value chain to advance the skills and capabilities needed to address this global challenge. Our alliance with industry bodies enables us to connect with other businesses that are also on a journey to sustainability and circularity.

The future is now; we cannot leave it up to another generation of leaders to solve the challenges that face our world, such as climate change and the circular economy, any longer. The executive leadership team and I are incorporating the Sims purpose into our growth and capital management strategies so that we can establish the blueprint for the future: build long-term value, operate sustainably and grow profitably.

We've made a lot of great strides toward improving our safety and sustainability during FY19, but we aren't where we want to be just yet. It pains me greatly to share that we lost two employees this past year while they were performing work activities for Sims. My deepest condolences go out to the families, friends and loved ones of David Luther and Daniel Dyeming. It's been almost 10 years since we've experienced a fatality, and we plan to improve our safety record by continuously focusing on identifying and managing risks.

I take every safety incident – big or small – very seriously, and I will ensure that everyone at Sims continues to place a great deal of importance on safety. Each employee is committed to ensuring that we continue to provide a safe working environment for all employees and visitors. The loss of our two colleagues has galvanised the executive leadership team around improving our safety performance.

Outlook

The global scrap market is facing difficult times. Automobile sales are down, global manufacturing is down, China's growth and world growth are slowing, and unresolved trade wars remain. These factors have combined to cause a significant drop in the demand and price for steel and zorba-related products, and the impact on FY20 will be very significant.

I refer you to our release dated 28th October for further details on the FY20 outlook and key assumptions.

Our strong balance sheet will allow us to navigate this period of market volatility. This, coupled with our disciplined approach to capital expenditure and cost management, will put us in a strong strategic position when the market normalises.