

## Press Release

30 January 2015

### Interim Management Statement

Shanks Group plc (LSE:SKS), the international waste-to-product business, today issues its Interim Management Statement for the period 1 October 2014 to date.

The Group's trading performance has continued in line with our expectations since our interim results which were announced on 6 November 2014.

Peter Dilnot, Group Chief Executive, said:

*"The Group has continued to trade in line with our expectations in markets that have remained challenging. However, underlying market drivers for Benelux solid waste are showing some initial signs of improvement, as forecast. We continue to make good progress in our three core value drivers of: building capability and advantage in Solid Waste, investing in infrastructure that will deliver high quality earnings growth, and active portfolio management.*

*As the Euro is currently weaker than our guidance of €1.25:£1, we expect a modest translation impact on our reported results. However, the Board remains confident that the Group's full year result will be in line with its expectations on an underlying basis."*

### Trading performance

Solid Waste Benelux has traded in line with expectations and underlying market drivers continue to evolve as forecast. In the Netherlands, the Dutch government has implemented an incinerator tax of €13 per tonne, effective 1 January 2015 and this will be extended to cover exports from 1 July 2015. This, combined with reducing spare incinerator capacity, is expected to help to stabilize, and ultimately increase, pricing for recycling in the Netherlands. During the period, the Belgian business has been impacted by weak end markets for its solid recovered fuel (SRF) products and by recent union strikes, but is otherwise performing well.

Hazardous Waste has also seen improved performance following operational challenges in the first half, with the new environmental control units performing well. While the full year performance may be slightly below expectations due to the ramp up phase of the new assets, December saw record output and we are confident that this business is now restored to an ongoing growth trajectory. Intake of waste remains strong, and the investments in the new Total Care Centre in Rotterdam and the new water storage tanks at ATM are on track for 2015 commissioning.

Organics continues to trade robustly in both the Netherlands and Canada, with an improving performance from our Scottish and Belgian anaerobic digestion (AD) facilities. In December 2014 we were delighted to be appointed Preferred Bidder for the 25 year municipal contract with the City of Surrey in Canada and we hope to achieve financial close for this important growth opportunity by the year end.

UK Municipal has also performed well in the period. We are working closely with our customers to deliver enhanced value or reduced costs to help them meet the challenges of local government austerity programmes and regulatory changes. Our £300m build programme for new facilities at Barnsley Doncaster and Rotherham (BDR), Wakefield and Derby remain on track and on budget.

### **Cash and borrowings**

Cash continues to be managed closely with net debt at the end of December 2014 increasing by £15m to £165m. There is no change to the year end expectation.

### **Outlook**

The Group has continued to trade in line with our expectations in markets that remain challenging. However, underlying market drivers for the key Benelux solid waste market are showing some initial signs of improvement, as forecast. The recent fall in the oil price is expected to be broadly neutral for the Group, with lower diesel costs being offset by lower recycle prices and lower activity in our important petrochemical customer group.

We continue to make good progress in the three core value drivers of: building capability and advantage in Solid Waste, investing in infrastructure that will deliver high quality earnings growth, and active portfolio management.

As the Euro is currently weaker than our guidance of €1.25:£1, we expect a modest translation impact on our reported results. However, the Board remains confident that the Group's full year result will be in line with its expectations on an underlying basis.

For further information:

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### Notes to editors

Shanks Group is a leading international waste to product business.

The Group uses a range of cost-effective sustainable technologies to make valuable products from what is thrown away. We produce green energy, recovered fuel, recycled commodities and organic fertiliser.

Shanks meets the growing need from public and private sectors to manage waste sustainably without damaging the environment. Our solutions reduce greenhouse gas emissions, recycle natural resources and limit fossil fuel dependency.

Shanks operates in four divisions that reflect our markets: Solid, Hazardous, Organics and UK Municipal. It has operations in the Netherlands, Belgium, UK and Canada and employs around 3,600 people.

For more information, visit: [www.shanksplc.com](http://www.shanksplc.com)