

Press Release

3 February 2016

Shanks Group plc (“Shanks” or the “Group”)

Sale of 100% of the subordinated debt and 49.99% of the equity in the Wakefield PFI contract

Shanks Group plc (LSE:SKS), the international waste-to-product business, today announces the sale of 100% of the subordinated debt and 49.99% of the equity in the financing and infrastructure vehicle (the “SPV”) relating to its PFI contract with Wakefield Council to Equitix (the “Transaction”).

Peter Dilnot, Group Chief Executive of Shanks, said:

“This transaction is consistent with our strategy of actively managing the Group’s portfolio. The proceeds will be used to reduce borrowings and support our ongoing investment in infrastructure projects. It will also enhance the ability of the Group to redeploy capital for accretive acquisitions or investments where accelerated growth and returns can be delivered. Shanks remains wholly committed to the success of our flagship Wakefield contract as both an operator and an ongoing investor.”

Under the terms of the Transaction, the gross cash consideration of £30 million is payable in cash on completion and costs will be approximately £1 million. The Transaction has been signed by Equitix, has full bank consent and requires the formal approval of Wakefield Council which will be considered at the Council’s Cabinet meeting in March.

This disposal is consistent with the Group’s strategy to actively manage the business portfolio. Shanks remains wholly committed to the long term success of the Wakefield project through its retention of 50.01% of the equity in the SPV and the ongoing delivery of the associated 25 year operating contract which expires in 2038.

As a consequence of the Transaction, Shanks will deconsolidate its investment, resulting in the £88m associated non-recourse debt being removed from the Group balance sheet and simplifying the presentation of the Group consolidated accounts. Following the disposal, the Group’s core net debt as at 31 March 2016 is now expected to be around £195m, reducing the Group’s core net debt to EBITDA leverage ratio.

The gross assets of the SPV amounted to £113m as at 31 December 2015 and the profit before tax associated with the assets being disposed was projected to be £1.5m in the financial year ending March 2017. The Transaction will result in a profit on disposal of approximately £11m. However, after writing off other associated assets in Shanks Waste Management Ltd on the basis that the Group will no longer be fully consolidating the SPV

which holds the PFI contract with the Local Authority, the Transaction will result in a loss of approximately £10m as a non-trading item.

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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 three divisions that reflect our markets: Hazardous, Commercial and Municipal. It has operations in the Netherlands, Belgium, UK and Canada and employs approximately 3,500 people.

For more information, visit: www.shanksplc.com

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