

Trading Statement

Released : 26 Sep 2012

RNS Number : 1510N
Shanks Group PLC
26 September 2012

SHANKS GROUP plc

Pre-close Trading Update for the six months ended 30 September 2012

Shanks Group plc, a leading international waste management business, provides a pre-close trading update for the six months ended 30 September 2012.

The commentary on the Group's performance set out in this trading update reflects the reorganisation of the Group into its Organics, Hazardous Waste, UK Municipal, and Solid Waste businesses as announced in the Interim Management Statement released on 19 July 2012.

Summary

During the first half, the Organics, Hazardous Waste, and UK Municipal businesses have continued to perform robustly and in line with our expectations. However, since the last statement market conditions in the UK and Dutch Solid Waste markets have deteriorated significantly with a consequential impact on the Group's trading performance.

Whilst the Group is delivering benefits from the investment programme and its cost reduction plans, these will not be sufficient in the short term to offset the challenging conditions in the Solid Waste markets. The Board therefore now expects the result for the year to 31 March 2013 will be slightly below the range of current expectations.

Divisional Review

In Organics, we continue to see good growth, with particularly strong operational performance. We have recently signed an extension to our municipal contract with the Region of York in Canada which will underpin our future expansion in that region.

The Hazardous Waste business continues to leverage its strong international market positions and has a solid order book. The impact of our productivity initiatives is also generating the anticipated margin expansion in our Reym business in the Netherlands.

UK Municipal continues to perform very well, sustaining its operating margins above 10%. The Barrow MBT plant, part of the Cumbria PFI contract, will open ahead of schedule in December 2012. We have also recently gained planning permission for the Derby PFI plant and our broader funnel of PFI opportunities is progressing well.

The UK and Dutch Solid Waste businesses have been impacted by the Northern European recession and record lows in construction output. Falling recyclate prices, lower volumes and increased price competition during the summer have put pressure on margins. Our cost reduction programmes are already delivering benefits and further actions to offset the market headwinds are being finalised. These will be presented in detail at the Interim Results.

Interim Results

The Interim Results for the six months ended 30 September 2012 will be announced on 8 November 2012.

Peter Dilnot, Group Chief Executive of Shanks, said:

"While market conditions in Solid Waste remain very challenging, our Organics, Hazardous Waste and UK Municipal businesses are performing well and we are continuing to invest for future growth. Our cost reduction plans are progressing well and, with the new organisation in place, the Group remains firmly on track to deliver profitable growth in the medium term."

26 September 2012

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