

Press Release

03 February 2014

Interim Management Statement

Shanks Group plc (LSE:SKS), a leading international sustainable waste management business, today issues its Interim Management Statement for the period 1 October 2013 to date.

Trading performance

Since the announcement of our interim results on 7 November 2013, the Group has continued to trade in line with the Board's expectations.

Peter Dilnot, Group Chief Executive, said:

“Our rigorous management of the business is delivering results in the face of market conditions that remain challenging. The successful exit from UK Solid Waste will increase profits immediately and allow us to focus on growth areas where we can deliver sustainable and attractive returns. We are also delighted to have refinanced our core banking facility on a long term basis. Together with the Belgian bond raised earlier this year, we have secured our core financing requirements for the next five years. The Board remains confident that the Group will deliver a trading result in line with its expectations for the year ended 31 March 2014.”

Highlights for the period include:

- Exit from UK Solid Waste on schedule. This has included the sale of the majority of our UK Solid Waste business to Biffa, completed on 31 December 2013, and the closure of the Blochairn and Kettering facilities.
- On track delivery of our Benelux Solid Waste cost reduction plan, including commencement of the first elements of the Shared Service Centres.
- Continued investment to grow our Hazardous Waste Division. Permits have already been granted for the expansion of our profitable water storage facilities at ATM in Moerdijk.
- Construction work continuing on schedule with the £200M programmes at the Wakefield and Barnsley, Doncaster and Rotherham (BDR) PFI sites.
- Final planning permission secured for the Derby PFI gasification plant, allowing us to work towards financial close.
- Good progress with several early stage bid activities in the North American Organics market.

Notwithstanding the above, markets are challenging, with ongoing pressure on volumes and prices in Benelux solid waste and in EU organics.

Cash and borrowings

The Group delivered a strong cash performance in the third quarter, with net debt as at 31 December 2013 falling sharply to £151m from £182m at the half year. The reduction was due to strong working capital management, the receipt of sale proceeds from the UK solid Waste exit, an insurance payment relating to the Vliko fire in August and timing differences in PFI construction payments. Whilst there will be a cash outflow in the fourth quarter due to dividend and tax payments, we expect to finish the year with a comfortable net debt to EBITDA ratio, slightly better than our previous expectations.

Refinancing of Group banking facilities

A new revolving credit facility of €180m was signed with seven major banks on 31 January 2014. The new agreement will expire in January 2019 and refinances the existing bank facility which was due to expire in June 2015. The margins on the new facility are at a lower cost than the existing arrangements.

This follows the successful completion in July 2013 of our second Belgian retail bond, which raised €100m.

Outlook

The Board remains confident that the Group will deliver a trading result in line with its expectations for the year ended 31 March 2014.

For further information:

Brunswick Group

Mike Smith
Justine McIlroy

+44 207 404 5959

Notes to editors

Shanks Group is a leading international sustainable waste management business. We meet the growing need to manage waste without damaging the environment. Our solutions reduce greenhouse gas emissions, recycle natural resources and limit fossil fuel dependency.

Shanks uses a range of cost-effective sustainable technologies to make valuable products from what is thrown away and generate increasing returns for shareholders. We produce green energy, recovered fuel, recycled commodities and organic fertiliser.

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 4,000 people.

In its target markets, the Group is at the forefront in providing sustainable waste management solutions for both the public and private sectors.

For more information, visit: www.shanksplc.com