

Trading Statement

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Shanks Group PLC
29 September 2011

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Shanks Group plc, one of Europe's leading waste management businesses, provides an update on trading as it enters its close period for the six months ending 30 September 2011.

- Trading for the period in line with our expectations
- The strong underlying growth of the business continues
- PFI pipeline remains strong with financial close expected to be achieved on BDR this calendar year
- PFI margins continue to achieve target run rate of 7%
- Investment programme remains on track
- Search for new CEO progressing well

Trading Performance to 30 September 2011

Trading for the period is in line with our expectations.

Underlying market conditions have been as anticipated, with stable recycle prices and cost savings offsetting ongoing pricing pressures in the Netherlands.

In addition, we have continued to benefit from the relatively strong Euro during the period with an expected average rate against the pound of 1.13 compared with 1.18 in the same period in the previous year.

Recycling and Organics Investment Programme

The investment programme remains on track to achieve its targeted post tax returns on the completed and fully operational projects of 12% to 15% again this year.

Municipal

We announced in July that we had achieved our target margin on the existing contracts of 7% and this has continued in the second quarter. We remain very active in bidding for additional PFI/PPP contracts. We expect the Barnsley, Doncaster & Rotherham ('BDR') contract to reach financial close this calendar year with the Wakefield contract closing shortly thereafter.

Cash and Borrowings

The balance sheet remains strong and we expect the ratio of core net debt to EBITDA at 30 September 2011 to be approximately 1.7 times.

Update on CEO

We previously announced that Tom Drury is to leave the Company and it has been agreed that his departure date will be 30 September 2011, on which day he will resign from the Board.

The process to find a replacement CEO is well advanced and a further announcement will be made in due course. Until a successor is formally appointed, Chris Surch, Group Finance Director, will be Acting Chief Executive.

Adrian Auer, Chairman of Shanks Group plc commented:

"We are pleased with the trading performance in the first half of the year. Market conditions remain in line with our previous expectations and we continue to make good progress in implementing our strategy of delivering sustainable alternatives to landfill and mass burn incineration.

Whilst the Board is mindful of the continuing uncertain macro-economic environment, we remain on track to achieve the Board's expectations for the full year."

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