

Interim Management Statement

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Shanks Group PLC

05 July 2011

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Interim Management Statement

Shanks Group plc, one of Europe's leading waste management businesses, today issues its Interim Management Statement for the period to 30 June 2011.

- Trading for the period in line with our expectations and the strong underlying growth of the business continues as anticipated
- PFI margins now achieving target run rate for the existing projects of 7%
- PFI pipeline strengthened further - final two bidders for the Essex partnership contract
- Investment programme remains on track to achieve its targeted returns
- Belgium PPP contract now signed

Trading Performance to 30 June 2011

Trading for the period was in line with our expectations.

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

In addition, we have benefitted from the relatively strong Euro during the period with an average rate of 1.13 compared with 1.17 in the same period in the previous year.

Investment Programme

The investment programme remains on track to achieve its targeted returns.

The volumes in our recently commissioned Organics plants continue to increase. Throughput in our London, Ontario plant continues to increase in line with our ramp up schedule and this plant is now delivering good margins.

We have continued to make good progress on the new £150m investment programme and we expect to spend between £40m and £50m of this during the current financial year.

Municipal

We previously announced that we had reached preferred bidder for a 20 year PPP contract in the IDEA region of Wallonia, Belgium. The final agreement has now been signed and the contract will come into effect in late December 2011.

In the UK, the programme to improve the margins for the existing projects has continued and we are now

achieving the target of 7%. The pipeline of future contracts has strengthened further with our success in reaching the final two bidders for the Essex partnership contract. We remain preferred bidder for three contracts (expected tonnage 0.7mtpa) and now are in the final two bidders for eight contracts with an expected tonnage of 1.2mtpa.

Cash and Borrowings

Focus remains on controlling working capital and replacement capital expenditure and the balance sheet remains very strong and our expectations for cash flow and debt levels remain unchanged.

Tom Drury, Group Chief Executive of Shanks Group plc commented:

"We are pleased with our performance in the first quarter and trading remains in line with our expectations. We continue to make good progress in implementing our strategy to deliver sustainable alternatives to landfill and mass burn incineration.

Overall we anticipate trading for 2011/12 to be in line with our expectations."

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