Financial Results
First Half Financial Year 2017

23 February 2017

toxfree

Disclaimer

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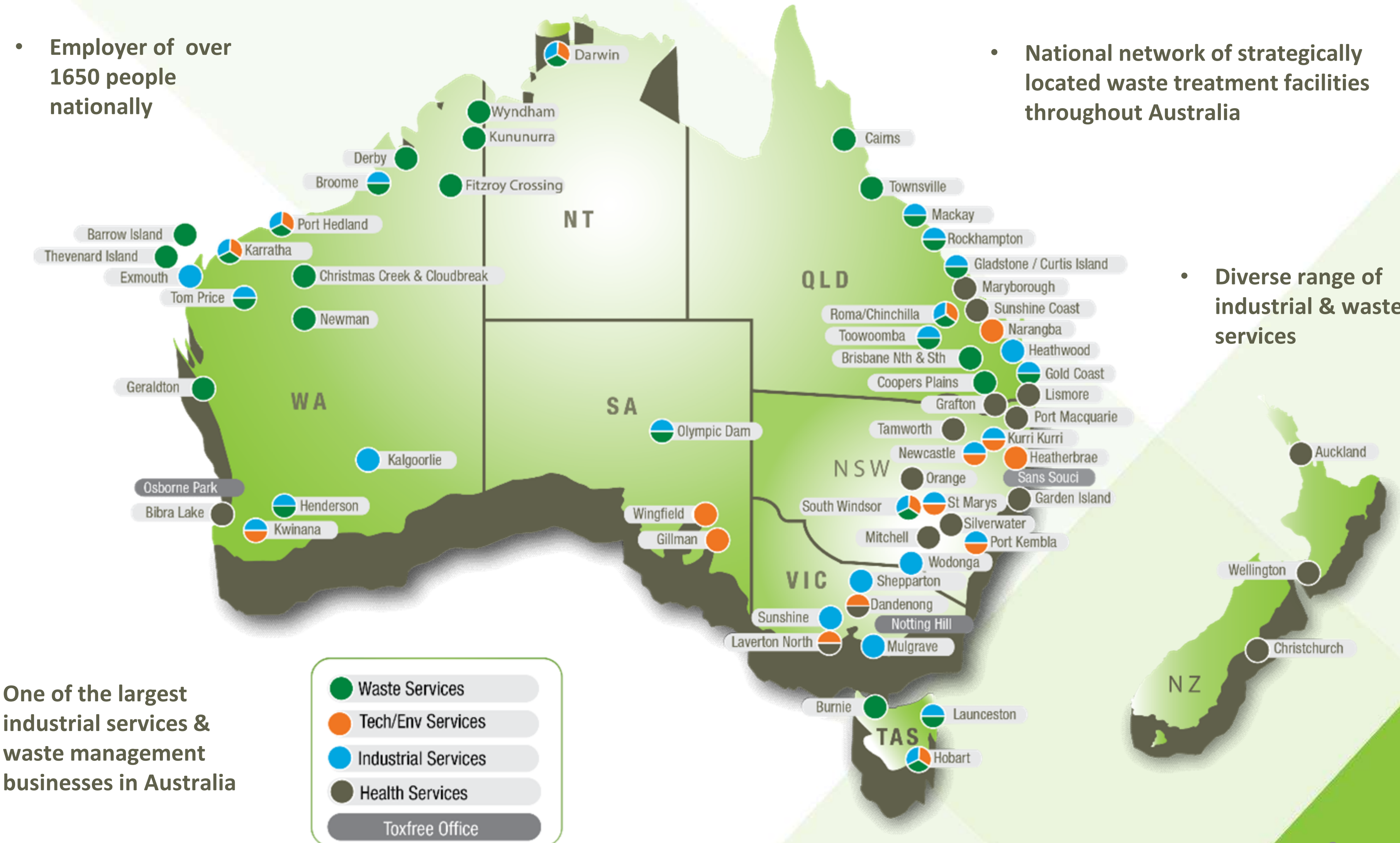
Australia's Leading Industrial Services & Waste Management Specialist

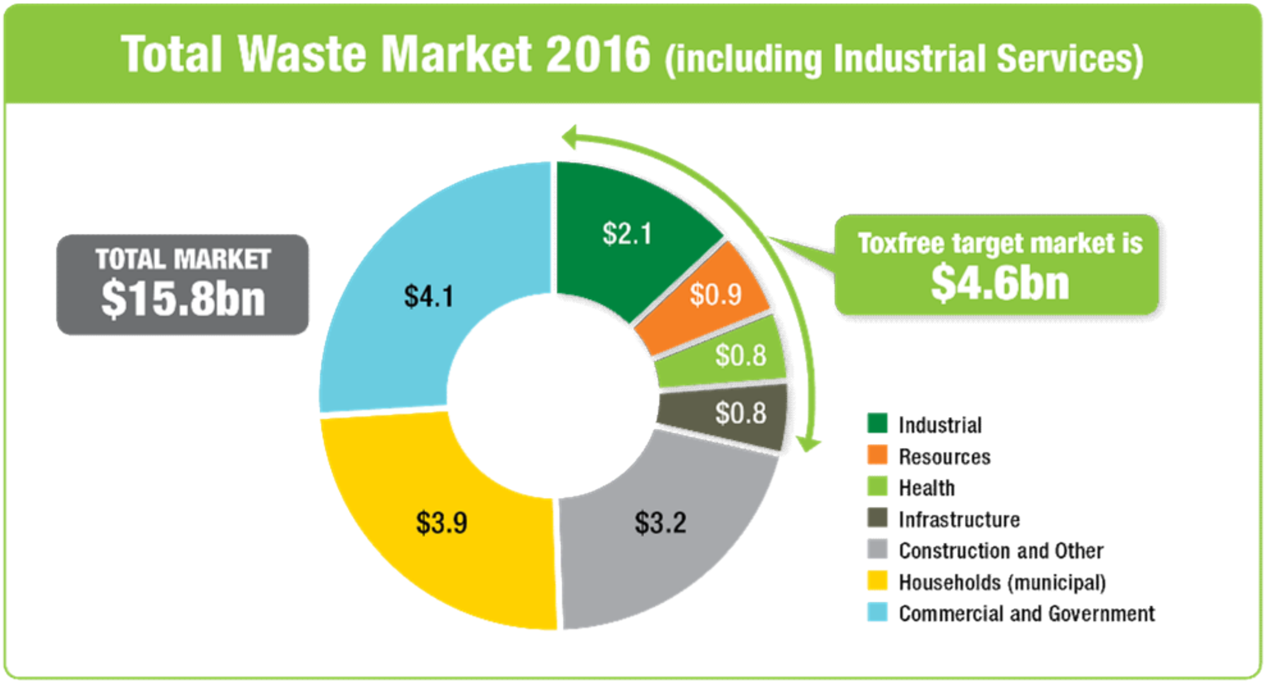
- Employer of over 1650 people nationally
- National network of strategically located waste treatment facilities throughout Australia
- Diverse range of industrial & waste services
- One of the largest industrial services & waste management businesses in Australia



The Australian Waste Market - Overview

Toxfree's focus is on four target sectors, accounting for 30% of the total waste market:

1. Industrial
2. Resources
3. Infrastructure
4. Health and Technical



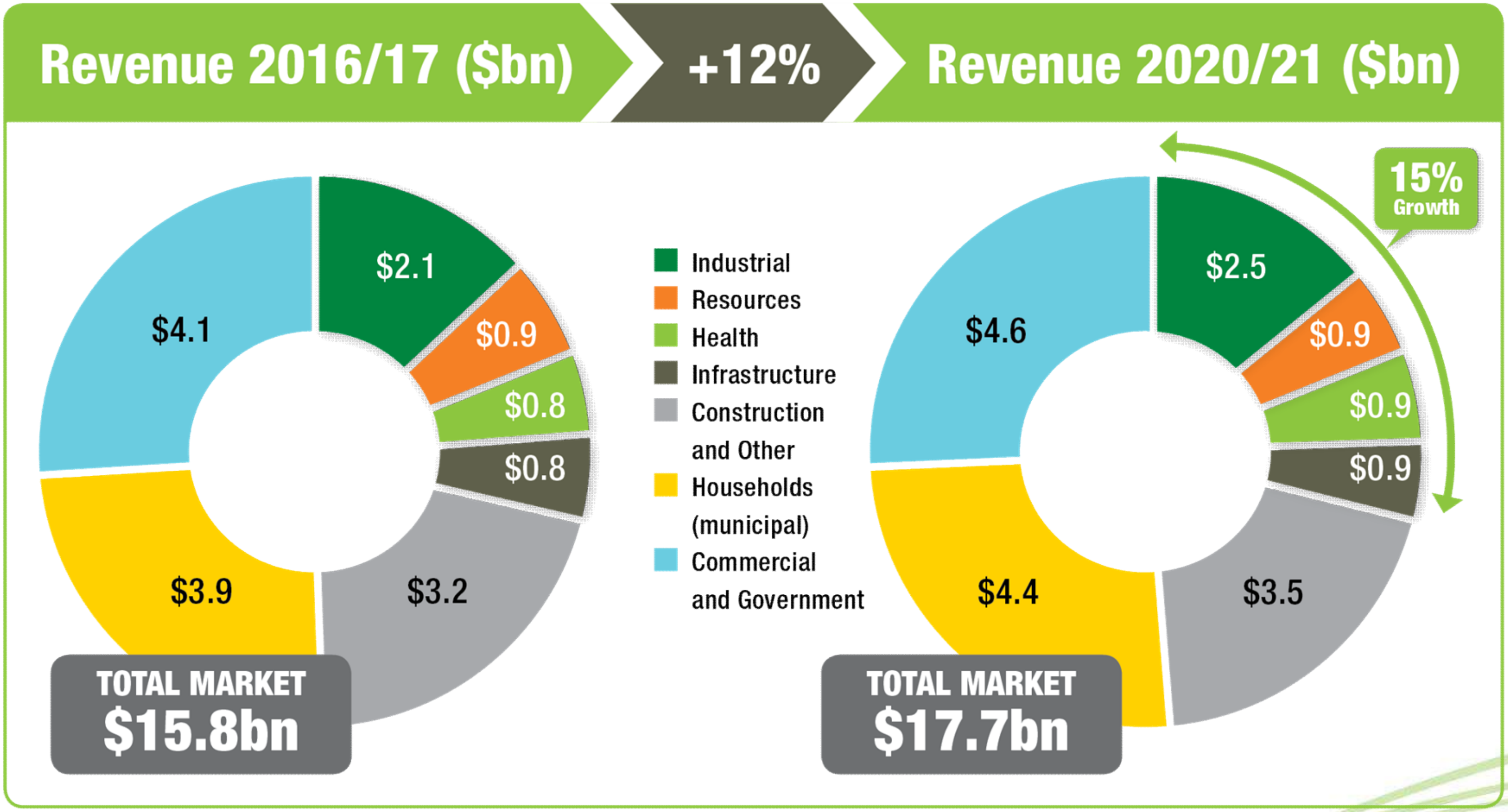
The Industrial, Resources, Infrastructure and Health sectors are attractive due to:

- These markets are expected to grow at a rate higher than the rest of the market.
- Operating margins and return on capital are higher than in the household or construction sector,
- Requirement for specialised technologies, intellectual property and operating licenses provide high barriers to entry.
- Clients in these sectors seek a one stop shop solution and Toxfree can provide integrated industrial and waste management solutions.

Source: IBISWorld Industry Reports; Commonwealth Government, Budget Strategy and Outlook Budget Paper No. 1, 2016-17; Toxfree analysis; Barrington Consulting Group analysis

Market Growth

- By 2021 the total market is expected to grow by 12% to $17.7Bn
  Toxfree's target segments are anticipated to grow at a higher rate of combined 15% due to a number of market, environmental and regulatory drivers explained on slide 6



Source: IBISWorld Industry Reports; Commonwealth Government, Budget Strategy and Outlook Budget Paper No. 1, 2016-17; Toxfree analysis; Barrington Consulting Group analysis

Creating Australia's Leading Waste and Industrial Service Specialist

toxfree

Target Markets	Key Growth Drivers	Toxfree Target Market 2016/2017
Health & Technical	Growth through aging population, increased medical expenditure, shortened hospital stays, and more stringent regulation	$0.9Bn
Industrial	Increasing cost and regulation of landfills drives diversion, recycling and treatment rates and Product Stewardship schemes support market	$2.1Bn
Resources	Growth in LNG production, iron ore and coal production, increasing focus on productivity, high levels of safety and environmental responsibility	$0.8Bn
Infrastructure	Population and metropolitan growth. Increased government spending into infrastructure is driving brownfield development and investment	$0.8Bn

Toxfree Integrated Services

Health
Specialist medical waste and sharps collection and processing using proprietary reusable bins, treatment and disposal

Technical and Environmental
Specialist industrial and hazardous waste recycling and treatment, using proprietary low operating cost technologies

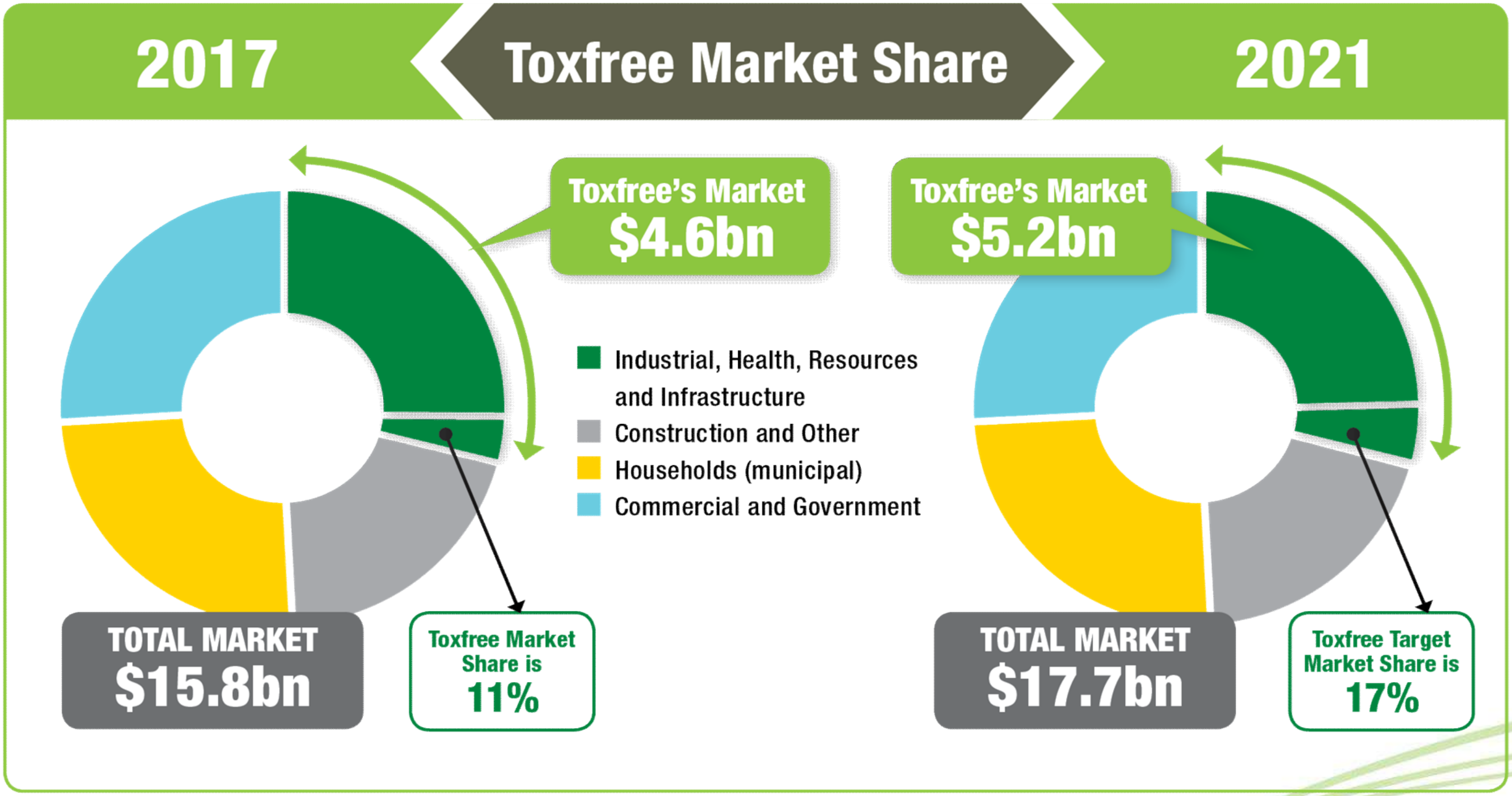
Waste Services
Total waste management, facilities management and resource recovery and recycling of solid and liquid waste

Industrial Services
High pressure cleaning, industrial vacuum, chemical cleaning and refinery services

**Source: insidewaste, Industry Report 2014-15, IBIS – Waste Disposal Services in Australia 2012 and Toxfree estimates.*

Toxfree Market Share

Toxfree's objective is to grow our market share from 11% currently to 17% by 2021 by focusing on our four target markets and moving to a leadership position in each one



Source: IBISWorld Industry Reports; Commonwealth Government, Budget Strategy and Outlook Budget Paper No. 1, 2016-17; Toxfree analysis; Barrington Consulting Group analysis

Strategy

- Over the last 5 years Toxfree has transformed its business to cover a broad range of market sectors, geographic locations and services creating a diversified provider of specialist industrial and waste management services
- Our strategy is to move to a leadership position within our target markets of Health, Industrial, Resources and Infrastructure sectors
- The Daniels acquisition is transformational for Toxfree in that it provides an entry into the Health sector
- The Health sector provides another avenue for growth into a market with recurring revenue and strong growth fundamentals
- Our business model ensures that as one sector is faced with headwinds, such is currently the case in the resource sector, other such as infrastructure and health are experiencing more favorable conditions
- This strategy will ensure a level of recurring revenue as well as opportunities for growth and we are confident this will result in EPS growth and return on capital over the medium term

1H17 - Highlights

Safety

- Zero lost time injuries
- Total recordable incident frequency rate of 7.8

Financial

- Strong revenue growth up 22% on 2H16 and 20% on 1H16 to $237.8M
- Underlying EBITDA* up 8% on 2H16 and down 2% on 1H16 to $37.5M
- Underlying NPAT* up 2% on 2H16 and down 21% on 1H16 to $10.4M
- Underlying NPATA* up 7% of 2H16 and down 15% on 1H16 to $11.7M
- Statutory NPAT up 4,583% on 2H16 and down 54% on 1H16 to $5.9M
- Gross cash flows were 78% of EBITDA* (FY16: 99%)
- Interim dividend of 4.5 cents per share
- Net debt to equity at 41% (FY16: 37%)

Strategy and Operations

- Continued diversification through expansion into the Health sector with the acquisition of Daniels Health Australia
- Award of contracts with the Inpex led Ichthys LNG project and GLNG upstream
- Industrial Services – Continued strong performance in the infrastructure sector
- Waste Services – growth in commercial and industrial waste volumes in competitive market
- New technologies implemented to improve waste treatment productivity

** Non-IFRS financial information (refer Appendix 1 for detail)*

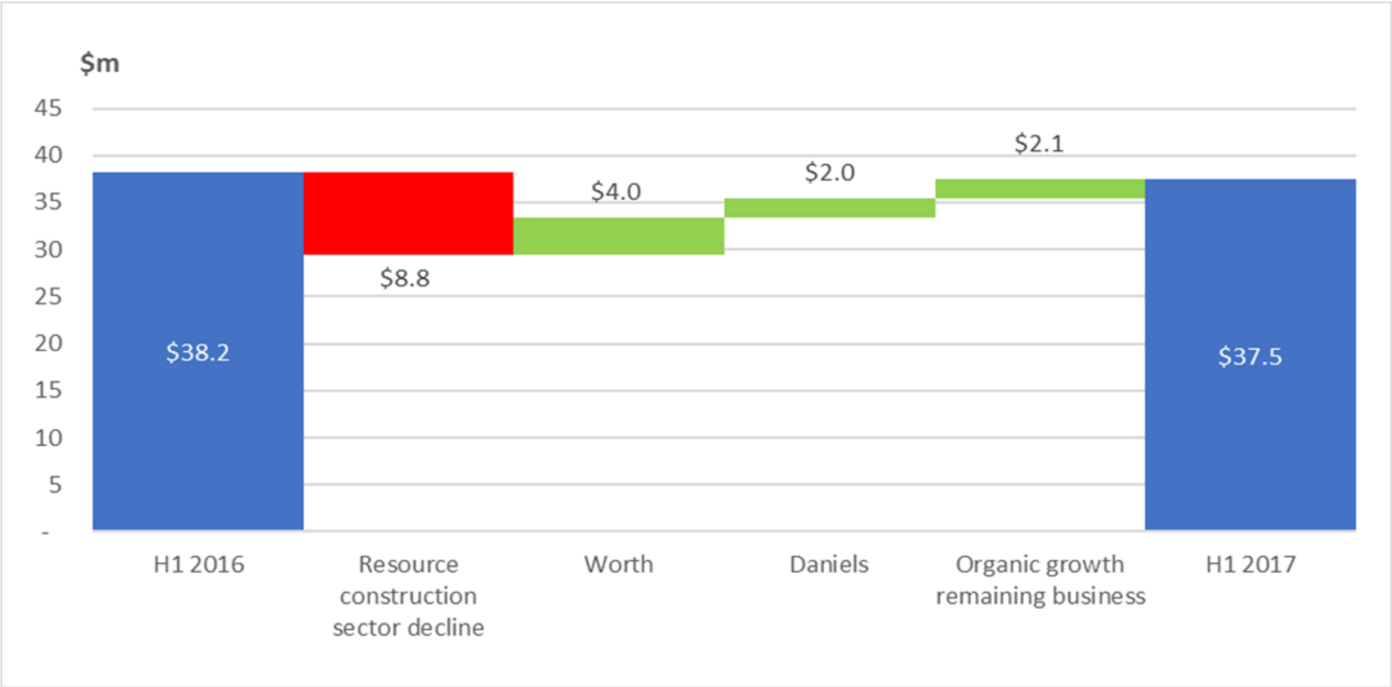
Safety And Our People

- No lost time injuries, maintaining our Lost Time Injury Rate of zero
- Total Recordable Injury Frequency Rate of 7.8 (inclusive of Worth and Daniels businesses)
- Our lead safety indicators continue to strengthen
- Implemented Toxfree’s safety systems into the Worth business and commenced integration of Daniels.
- Recognised by Rio Tinto Iron Ore for our contribution when the Core Services Division received the Global CEO Award for Safety for the second year running
- Achieved 7 years lost time injury free on Northwest Oil & Gas construction projects.
- Implemented a standardised asset maintenance system and commencement of in vehicle monitoring system using our ERP
- Winner of the Diversity and Inclusion Award in the Australian Human Resources Award 2016

1H17 – Group Result

Group Results	1H 17 ($'000)	2H 16 ($'000)	% Change 1H17/2H16	1H 16 ($'000)	% Change 1H17/1H16
Revenue - services	**237,761**	195,659	22%	197,721	20%
EBITDA*	**37,537**	34,716	8%	38,159	(2)%
Depreciation	**(17,525)**	(16,159)	8%	(15,435)	14%
Amortisation	**(1,691)**	(1,112)	52%	(802)	111%
EBIT*	**18,321**	17,445	5%	21,922	(17)%
Finance expenses	**(3,307)**	(2,997)	10%	(3,157)	5%
Profit before tax*	**15,014**	14,448	4%	18,765	(20)%
Income tax expense*	**(4,654)**	(4,324)	8%	(5,633)	(17)%
Underlying net profit after tax*	**10,360**	10,124	2%	13,132	(21)%
Underlying net profit after tax excluding amortization*	**11,693**	10,892	7%	13,697	(15)%
Statutory net profit after tax	**5,947**	127	4,583%	12,927	(54)%
Earnings per share (cents)*	**6.59**	7.19	(8)%	9.51	(31)%
Dividend per share (cents)*	**4.5**	4.5	0%	4.5	0%
Weighted average number of shares (million)	**155.3**	136.6	14%	134.2	16%

Underlying EBITDA Movement 1H FY16 to 1H FY17



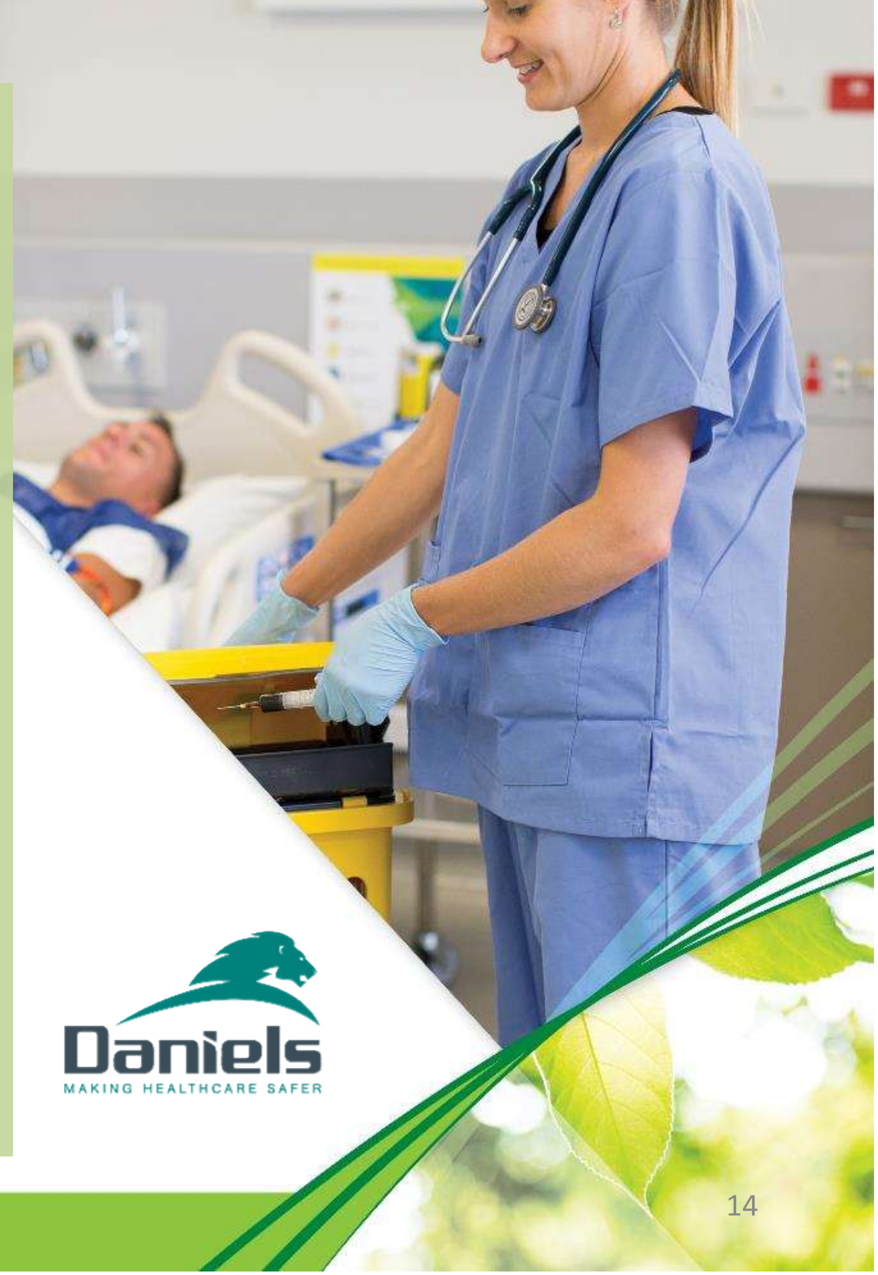
- Resource construction sector earnings were $8.8M higher in 1H16 than 1H17
- This includes construction projects and upstream exploration drilling within the regions of the Pilbara WA and Surat basin in Queensland
- We expect volumes of waste to stabilise within 6 months as the various projects complete and move to steady state production
- After a solid start in the first quarter of the financial year, Worth underperformed by $2M EBITDA due to lower volumes of liquid waste from unseasonal dry summer in NSW in the later part of the year
- Daniels includes one month contribution to earnings

Acquisition of Daniels Health Australia

- Leading player in Australia with strong market share of used sharps and clinical waste management
- Integrated platform from collection through to disposal with 17 sites through out Australia
- Diversified revenue streams with 38% relating to medical waste collections and 31% sharps waste
- Sharpsmart technology is a world class technology designed to improve safety of health care workers
- Over the past three years, pro forma revenue has grown at CARG of 12% p.a. to FY2016
- Substantial synergies to be achieved over next 24 months estimated at $4m p.a. (on a full year run rate)
- Stable growing customer base with low attrition rate

Daniels Health Australia

- Early trading has been strong producing $2m of EBITDA in the first month of ownership
- Progressing work on achieving forecast synergies and implementing Total Waste Management services to Daniels customers
- Completed engineering works on incinerator upgrade in NSW, to improve performance and allow for an expansion of wastes processed
- Excellent cultural fit with a merger of two compatible cultures combined with a strong management team
- Health services advisory board has been established with the founding vendor to provide ongoing strategic advice
- Overhead reductions as part of the separation from Daniels International have been achieved
- Further diversifies Toxfree revenues into a growing and attractive market segment



Daniels
MAKING HEALTHCARE SAFER

1H17 – Health Services

	1H17	2H16	1H16	1H17 vs 2H16	1H17 vs 1H16
Revenue ($M)	**7.3**	-	-	-	-
EBITDA* ($M)	**2.0**	-	-	-	-
EBITDA* margin	**27.4%**	-	-	-	-
Depreciation	**0.4**	-	-	-	-
Amortisation	**0.2**	-	-	-	-
EBIT* ($M)	**1.4**	-	-	-	-
EBIT* margin	**19.2%**	-	-	-	-

- Strong start to trading under Toxfree ownership
- Higher margin business with strong barriers to entry
- Total waste management services will be offered to Daniels customers
- Good sales pipeline for growth
- Health services is a new segment for Toxfree and therefore there are no results for previous periods

** Non-IFRS financial information (refer Appendix 1 for detail)*

1H17 – Technical & Environmental Services

	1H17	2H16	1H16	1H17 vs 2H16	1H17 vs 1H16
Revenue ($M)	**66.9**	41.7	26.1	60.4%	156.3%
EBITDA* ($M)	**15.9**	11.3	10.0	40.7%	59.0%
EBITDA* margin	**23.8%**	27.0%	38.3%	(320) bps	(1,450)bps
Depreciation	**4.7**	3.4	2.7	38.2%	74.1%
Amortisation	**0.6**	0.5	0.1	20.0%	500.0%
EBIT* ($M)	**10.6**	7.4	7.2	43.2%	47.2%
EBIT* margin	**15.8%**	17.8%	27.6%	(200) bps	(1,180) bps

- Margins impacted by a change in business mix through a full 6 month contribution from Worth Recycling which operate at typically lower margins than the TES underlying business pre Worth
- After a strong start to the first quarter of FY17 the lack of rainfall in NSW in the last quarter of the calendar year reduced Worth liquid waste volumes resulting in Worth earnings being $2M lower than expected
- Implementation of new technologies including Hazpack II for hazardous waste de-packaging, BluBox e-waste recycling and “Toxshield” hazardous waste handling to improve productivity and employee safety are in the final stages of completion
- Strong pipeline of contaminated site remediation projects driven by east coast infrastructure and property development

** Non-IFRS financial information (refer Appendix 1 for detail)*

1H17 – Industrial Services

	1H17	2H16	1H16	1H17 vs 2H16	1H17 vs 1H16
Revenue ($M)	**74.5**	46.4	47.0	60.5%	58.5%
EBITDA* ($M)	**12.8**	8.4	8.4	52.4%	52.4%
EBITDA* margin	**17.2%**	18.1%	17.9%	(90)bps	(70)bps
Depreciation	**4.4**	3.8	4.0	15.8%	10.0%
Amortisation	**0.3**	-	-	100%	100%
EBIT* ($M)	**8.1**	4.6	4.4	76.1%	84.1%
EBIT* margin	**10.9%**	9.9%	9.4%	100bps	150bps

- Civil infrastructure sector in Victoria and NSW continued to drive strong utilisation and earnings
- Awarded 5 year contract with GLNG for upstream production operations in the Surat Basin Queensland.
- Contracts to producing assets in alumina and iron ore continued to perform strongly
- Completed our first 6 months at BHP Billiton Olympic Dam for both industrial services and waste management without lost time injury and meeting our financial expectations

** Non-IFRS financial information (refer Appendix 1 for detail)*

1H17 – Waste Services

	1H17	2H16	1H16	1H17 vs 2H16	1H17 vs 1H16
Revenue ($M)	**89.0**	107.5	124.6	(17.2)%	(28.6)%
EBITDA* ($M)	**19.8**	26.8	32.5	(26.1)%	(39.1)%
EBITDA* margin	**22.2%**	24.9%	26.1%	(270)bps	(390)bps
Depreciation	**7.0**	8.1	8.0	(13.6)%	(12.5)%
Amortisation	**0.6**	0.6	0.7	0%	(14.3)%
EBIT* ($M)	**12.2**	18.1	23.8	(32.6)%	(48.8)%
EBIT* margin	**13.7%**	16.8%	19.1%	(310)bps	(540)bps

- Revenue and earnings declined due to the reduction in volumes of construction related wastes from the oil and gas sector in WA. This is expected to stabilize within during 2H17
- Awarded a 5 year total waste management contract for the Inpex led Ichthys LNG project for upstream and downstream LNG operations
- Increased volumes of Commercial and Industrial Waste in south east Queensland in a competitive market
- Kimberley and Darwin region have performed strongly. Positive outlook for the region with the commencement of Inpex and Shell prelude later this year

** Non-IFRS financial information (refer Appendix 1 for detail)*

1H17 – Corporate

	1H17	2H16	1H16	1H17 vs 2H16	1H17 vs 1H16
EBITDA* ($M)	**(13.0)**	(11.8)	(12.7)	10.2%	2.4%
EBIT* ($M)	**(14.0)**	(12.6)	(13.5)	11.1%	3.7%
% EBITDA* to revenue	**5.5%**	6.0%	6.4%	(50) bps	(90) bps

- Overhead of as proportion of revenue was reduced by 90 basis points as we extract transactional efficiencies
- Further improvements and efficiencies including time and attendance and automated creditor payment systems are progressing
- The timing of our capital expenditure is weighted to the first half. FY17 total Capex expected to be approximately $35M including Daniels
- Cash conversion was 78% of EBITDA* which was below our historic achievement due to the timing of customer payments
- Net debt to equity of 41% at the half post Daniels settlement slightly ahead of our forecast

** Non-IFRS financial information (refer Appendix 1 for detail)*

Group Cash Flow

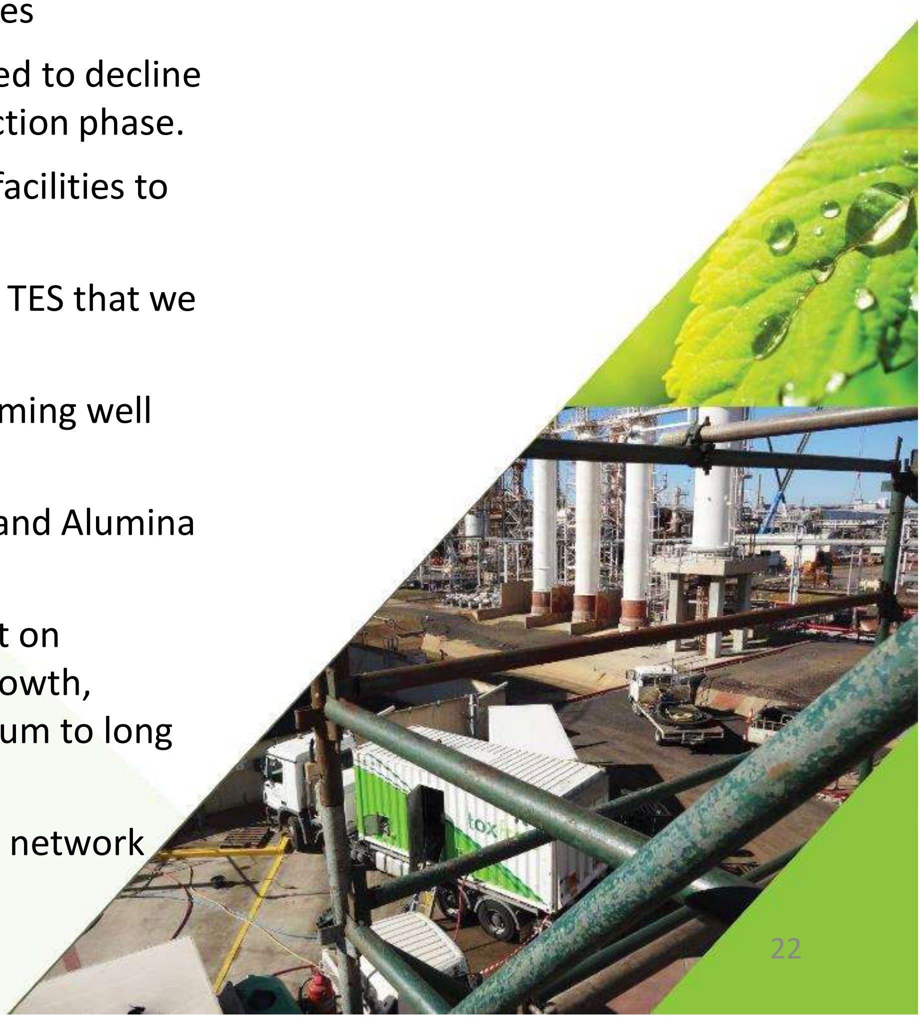
	1H FY17 ($'000)	1H FY16 ($'000)	% Change
Gross operating cash flow	29,217	35,888	(19)%
Interest paid	(2,609)	(2,406)	8%
Income taxes paid	(2,856)	(4,173)	(32)%
Net operating cash flows	**23,752**	**29,309**	**(19)%**
Net purchases of P,P&E	(4,045)	(11,096)	(64)%
Payments for acquisitions	(154,003)	(1,957)	7,769%
Interest received	218	140	56%
Net investing cash (outflows)	**(157,830)**	**(12,913)**	**1,122%**
Net proceeds from borrowings/(repayment of borrowings)	58,162	(7,799)	846%
Payments for shares acquired by Employee Share Trust	(1,000)	(165)	506%
Net proceeds from the issue of ordinary shares	82,632	-	100%
Dividends paid	(5,390)	(5,079)	6%
Dividends paid to non-controlling interests	(444)	(503)	(12)%
Net financing cash inflows / (outflows)	**133,960**	**(13,546)**	**1,089%**
Net (decrease) / increase in cash	**(118)**	**2,850**	**(104)%**
Cash at the beginning of the half year	31,952	19,709	62%
Cash at the end of the half year	**31,834**	**22,559**	**41%**

Balance Sheet

	31 Dec 2016 ($'000)	30 June 2016 ($'000)	% Change
Cash	31,834	31,952	0%
Trade and other receivables	106,976	90,908	18%
Inventories	4,240	584	626%
Tax assets	13,361	11,414	17%
Property, plant and equipment	190,017	175,943	8%
Intangibles	355,544	180,173	97%
Total assets	**701,972**	**490,974**	**43%**
Trade and other payables	70,324	54,129	30%
Borrowings	192,365	133,853	44%
Employee benefits	14,350	10,346	39%
Tax liabilities	27,457	8,143	237%
Provisions	6,869	6,477	6%
Derivatives	1,109	1,663	(33)%
Total liabilities	**312,474**	**214,611**	**46%**
Total equity	**389,498**	**276,363**	**41%**
NET DEBT TO EQUITY	**41%**	**37%**	**400bps**

Outlook

- Daniels integration is going well and the business is off to a good start
- Our priority for the remainder of this year is the integration of Daniels into Toxfree and realising the expected synergies
- Waste volumes from resource construction are expected to decline over the next 6 months before stabilising in the production phase.
- We expect volumes of liquid waste received at Worth facilities to return to normal levels during this Calendar year
- There is a solid pipeline of remediation projects within TES that we expect to commence in latter half of FY17
- Civil infrastructure sectors on the east coast are performing well and we expect this momentum to continue
- Waste volumes from producing customers in Iron Ore and Alumina are expected to continue at current levels
- Available waste market is large and Toxfree is confident on continuing to build its market share through organic growth, contract award and strategic acquisition over the medium to long term.
- Continuous process of review to optimise our business network



Questions

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Appendix 1 – Non-Recurring Adjustments

**Non-IFRS Financial Information: Adjustments that were excluded in order to reflect the underlying performance of the Group are:*

HY1 FY 17:

- Acquisition and integration costs including advisor, legal and rebranding = $5.864m.
- These adjustments resulted in an increase in underlying NPAT after tax of $4.413m (before tax $0.293m).

HY2 FY 16:

- Acquisition and integration costs including advisor, legal and rebranding = $3.333m.
- Redundancy, restructuring and site closure costs $5.851m.
- Impairment losses and asset write-offs $3.658m.
- Reduction in contingent consideration $(1.067)m.
- These adjustments resulted in an increase in underlying NPAT after tax of $9.226m (before tax $11.775m).

HY1 FY 16:

- Acquisition and integration costs including advisor, legal and rebranding = $0.293m.
- These adjustments resulted in an increase in underlying NPAT after tax of $0.205m (before tax $0.293m).