# Investor Presentation

December 2019

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# A Sustainable & Environmentally Focused Business

- M8 Sustainable Limited (ASX:M8S) is an established, integrated and sustainable waste management business underpinned by a high-quality portfolio of waste management assets
- M8S is focused on the “smart end” of the waste management sector, leveraging opportunities in the downstream sectors of processing and disposal
- M8S operates two strategically located facilities in Western Australia (WA), with a third under construction, which service WA’s major metropolitan corridors
- The M8S project portfolio is underpinned by the Maddington Waste Processing Facility, a revenue generating operation
- The growth prospects of M8S are well-supported by strong sector fundamentals which include:
  - Increasing levels of waste generation
  - Increasing community demand for environmentally friendly, sophisticated recycling solutions
  - A strong Government focus to promote recycling by increasing landfill levies
- M8S is well-supported by its major shareholder - SBANG, a Thai-based renewable energy company, which has invested ~$20 million in M8S since 2018
- M8S will be driven by a strong and experienced board which includes ex-Toxfree directors Bob McKinnon (Non-Executive Chairman) and Dick Allen (Previous Managing Director & Non-Executive Director)
- M8S is well-positioned to drive growth and expansion into the processing and disposal divisions of the waste management sector

# Board and Management

| Role | Background |
| --- | --- |
| **Robert McKinnon**<br>Non-Executive Chairman | Mr McKinnon was the former Managing Director of Fleetwood Corporation Limited (ASX: FWD) and Austal Limited (ASX:ASB) and the fomer Chairman of Tox Free Solutions Limited , and held the position up until the company was sold to ASX listed Cleanaway Waste Management (ASX:CWY) for $AUD671 million.<br><br>Mr McKinnon has a career spanning over 30 years in senior financial and general management positions. |
| **Tom Rudas**<br>Managing Director | Mr Rudas has over 20 years of professional experience in the waste management industry. During this time he has gained extensive experience in many facets of waste management operations and business activities.<br><br>The experience gained from working in the private sector for both small and large waste management organizations, as well as local government in Perth, has given Mr Rudas a unique perspective of the commercial dynamics and opportunities in the waste management market.<br><br>Mr Rudas was the founder and Managing Director of public waste technology company AnaeCo Limited which under his leadership raised over $100M in equity and infrastructure funding and was successfully listed on the Australian Stock Exchange in 2007. |
| **Saithsiri Saksitthisereekul**<br>Non-Executive Director | Mr Saksitthisereekul holds an Executive MBA from National Institute of Develoment Administration  (NIDA) and is the CEO of SBANG Sustainable Energies Limited(SBANG), an integrated renewable energy company based in Thailand.<br><br>Mr Saksitthisereekul has11 years in the renewable energy sector.<br><br>SBANG's core business is to build, own and / or operate waste-to-energy & biomass power plants in Thailand, with project opportunities in Laos, Japan and Taiwan. |

# Board and Management

| Role | Background |
| --- | --- |
| **Richard Allen**<br>Non-Executive Director | Mr Allen has held a wide range of senior business roles with over 30 years' experience as both Executive and Non-Executive Director in listed and private sectors in Australia, Asia and the Middle East.<br><br>Mr Allen has extensive experience in the international offshore marine oil and gas industries, having spent over 20 years working locally and internationally with Baroid Drilling Fluids Inc (acquired by Halliburton).<br><br>Mr Allen was the founder of Renewable Heat & Power Limited and its wholly owned subsidiary Plantation Energy Australia Pty Ltd which is one of the largest producers of biomass fuel pellets in the southern hemisphere.<br><br>Mr Allen has served as the Managing Director of Tox Free Solutions Limited from listing until 2004, Non-Executive Chairman of Mobilarm Limited until March 2012, and Non-Executive Director of Tox Free Solutions Limited from 2005 until May 2018 and is currently a Director of Renewable Heat & Power Limited. |
| **Mark Puzey**<br>Non-Executive Director | Mr Puzey is a Chartered Accountant with over 30 years of experience with a broad base of financial skills in a variety of industries having spent 33 years with KPMG, including 18 years as a partner. Mr Puzey's role at KPMG included risk advisory, IT advisory, internal and external audit, and management consulting experience in Australia, Asia and London.<br><br>He is a Fellow of both the Australian Institute of Company Directors (FAICD) and Chartered Accountants ANZ (FCA).<br><br>Mr Puzey is currently a Non Executive Director of Gold Corporation and was formerly an independent Non Executive Director of Patersons Securities Limited. |

# Board and Management

| Role | Background |
| --- | --- |
| **Vijay Joshi**<br>**Chief Financial Officer** | Mr Joshi is a qualified Chartered Accountant with over 15 years of experience including financial control and project management roles in Australia and overseas across industries as diverse as steel production, large scale horticulture production, nationwide distribution of industrial products and waste management.<br><br>Mr Joshi has led numerous projects which have delivered significant shareholder value through the development, implementation and management of the financial systems, cost controls and modern reporting methods.<br><br>Previous roles have included appointments as Group Commercial Leader for the Coventry Group in Australia, UNDP-ATMS Project in African and Kalyani Group in India. |
| **John Colli**<br>**Company Secretary** | Mr Colli brings over 30 years experience in secretarial activities of ASX listed companies, which included being the former Company Secretary at Coventry Group Ltd (ASX: CYG) and the former ASX listed Challenge Bank Limited.<br><br>Mr Colli holds experience in merger and acquisitions, due diligence processes, and was pivotal in establishing and maintaining the Coventry Group's corporate governance system to ensure compliance with ASX requirements. |

# 2.
## The Waste Market Opportunity

# The Waste Management Market

**WASTE COLLECTION**

Sources and types of waste:

- Municipal Solid Waste (**MSW**) from households
  - ($/lift) – Public sector
- Commercial & Industrial waste (**C&I**)
  - ($/tonne or $/bin) – Private Sector
- Construction & Demolition waste (**C&D**)
  - ($/tonne or $/bin) – Private and Public sector

**LANDFILL**

- Landfill facilities
- Disposal fee ($/tonne)

**PRODUCT SALES**

- Energy ($/MWh)

**RECYCLING (HOUSEHOLD & C&I)**

- Material Recovery Facilities (MRFs)
- Processing Fee ($/tonne)

**PRODUCT SALES**

- Cardboard, paper, plastics, metals (%/tonne)

**RECYCLING (C&D)**

- Crushing & Screening facilities
- Processing Fee ($/tonne)

**PRODUCT SALES**

- Sand, Road Base, Aggregates (%/tonne)

**ALTERNATIVE WASTE TREATMENT**

- Waste-to-energy, Composting, AD
- Processing Fee ($/tonne)

**PRODUCT SALES**

- Energy ($/MWh)
- Compost ($/tonne)

# The ‘Smart-End’ of Waste Management

## COLLECTION

**2016-17 Western Australian Waste Generation 4.7Mtpa**

### Waste Collection

- Minimal environmental or planning requirements
- Low capital cost
- Simple to operate
- Wide variety of compnaies involved in collection, from SME’s to large corporations

**LOW BARRIERS TO ENTRY**

## PROCESSING

**Recycling/Alternative Waste Treatment/EfW – 2.4Mtpa**

- Significant environmental and planning requirements for establishing and operating processing facilities
- High capital cost for fixed processing plant and equipment
- Expertise required in managing recyclable outputs and markets
- Smaller number of companies involved in processing waste compared to collection

**HIGH BARRIERS TO ENTRY**

## DISPOSAL

**Putrescible Landfill – 2.3Mtpa**

- Significant environmental and planning requierments for establishing and operating landfill sites
- Long lead times for regulatory approvals wit no certainty of success
- High capital cost
- Very few companies invloved in owning and operating putrescible landfills

**VERY HIGH BARRIERS TO ENTRY**

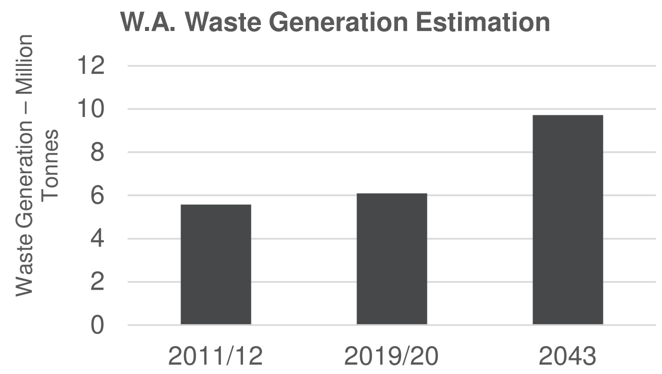
**M8 Sustainable is established and focussed on the “smart-end” of waste management - higher-value, less-crowded and higher barriers-to-entry**

# What is Driving Waste Management

- ✓ The national macroeconomic outlook for the recycling sector is very positive, driven by
  - ✓ Increasing landfill levies & waste generation
  - ✓ Improving resource recovery rates
  - ✓ Industry consolidation
  - ✓ Increasing demand for environmentally friendly, sophisticated recycling solutions
- ✓ Waste generation is growing at a compound growth rate of 7.8% per year
- ✓ Australian's currently recycle approximately 58% of all waste, with the remainder sent to landfills
- ✓ Significant structural change with higher regulatory imposts and a growing requirement to provide sustainable waste management solutions, continue to act as major catalysts for growth in the Australian Waste Management industry
- ✓ The Australian Government has established recycling targets to divert waste from landfill and to recover materials for use in the productive economy
- ✓ Most states have implemented landfill levies to help increase levels of recycling
  - Currently in Western Australia the levy for all waste types is $70 per tonne
- ✓ The focus on landfill levies is a cornerstone feature of the government's move to increase landfill diversion (WA Waste Authority has set diversion targets of ~70% of Metro, C&I and C&D waste by FY 2020, up from 40-50% in FY 2015)

# The Western Australian Opportunity

- Waste generation in Perth has strong growth projections
- The population of the Perth Metropolitan and Peel regions is projected to increase to ~2.43m in 2026 (currently ~2.14m) and expected to reach ~3.5 million people by 2043
- 3 major types of waste are collected, processed and disposed in the Perth metropolitan area:
  - **Municipal Solid Waste (MSW)**
  - **Commercial and Industrial (C&I)**
  - **Commercial and Demolition (C&D)**
- The WA Waste Authority is targeting a material increase in waste diversion from landfill to mixed solid waste ("MSW"), C&I and C&D processing facilities, with another step-change by 2020
- Landfill levies are utilised by the state government to encourage processing of waste by increasing the cost to dispose of the waste in landfill
- The Western Australian market is characterised by a number of high barriers to entry for new sites, which include:
  - **Long regulatory approvals process (particularly for Class II landfills)**
  - **Changing zoning laws to prevent waste related operations**




| WA Waste Authority Landfill Diversion Targets (%) | | | |
|---|---|---|---|
| **Year** | **MSW** | **C&I** | **C&D** |
| FY2015 Actual | 40% | 52% | 42% |
| **FY2015 Target** | **50%** | **55%** | **60%** |
| **FY2020 Target** | **65%** | **70%** | **75%** |

| WA State Government Landfill Levy Rates ($/t) | | |
|---|---|---|
| **Period** | **Putrescible** | **Inert** |
| From Jul-16 | 60 | 50 |
| From Jul-17 | 65 | 60 |
| **From Jul-18** | **70** | **70** |

# 3.

## M8 Sustainable Limited

# Strategically-located Operations

1.



**Maddington Recycling & Processing Facility – Maddington, Western Australia**

2.



**Brockway Recycling & Processing Facility – Shenton Park, Western Australia**

3.


**Gingin Landfill Facility – Gingin, Western Australia**

# Key Operations

| Location | Highlights | Occupancy | Waste Type | Annual Licensed Capacity (tpa) | Recycled Products |
|---|---|---|---|---|---|
| **Maddington Facility - *Recycling & Transfer*** | A licensed waste facility since 2002, the recycling plant was constructed and commissioned in 2014<br><br>Capable of processing more than 50tph of C&I with over 70 - 95% recovery rate<br><br>The facility re-opened to commercial customers and the public in August 2019 following a 2-year period of remediation and upgrades | • Leasehold<br>• 10 + 10 years<br>• 16 years remaining | • Commercial & Industrial (C&I)<br>• Construction & Demolition (C&D) | 500,000 | ✓ Metals<br>✓ Roadbase<br>✓ Sand<br>✓ Aggregates |
| **Brockway Facility - *Recycling & Processing*** | A state-of-the-art waste recycling facility for the production of renewable energy from Biogas and compost, located 6km from the Perth CBD<br><br>M8S provides Management, Operations and Maintenance to the facility under a long-term agreement | • N/A | • Municipal Solid Waste (MSW)<br>• Commercial & Industrial (C&I) | 55,000 | ✓ Metals<br>✓ Plastics<br>✓ Renewable Energy<br>✓ Compost |
| **Gingin Facility - *Disposal & Processing*** | A fully-permitted bioreactor landfill facility ready for development<br><br>The facility will benefit from an expected shortage in supply of waste disposal facilities in Perth's northern corridor. Waste disposal from this region is currently diverted to distant landfills | • Freehold | • Municipal Solid Waste<br>• Organic Waste | 150,000 | ✓ Renewable Energy<br>✓ EfW co-location opportunity<br>✓ Builders & plasterers sand opportunity |

# An Integrated Business Model

**Waste Materials from Collections**

## Maddington Recycling Facility & Transfer Station

- **Processing Fees**

  Waste processing/recycling fees – revenues from accepting commercial and industrial and builders waste for recycling
- **Sales of Recyclable Products**

  Civil construction products:
  - Sand
  - Road base
  - Drainange Aggregates

  Recyclable commodities:
  - Metals & Plastics

Organic waste recovered in Maddington sent to Brockwaste to be processed &composted

Glass & grit sent to Maddington to be processed & blended

## Brockway Alternative Waste Treatment Facility

- **Operations & Maintenance**

  M8 Sustainable manages the operation under a long-term agreement.

  Fee Structure:
  - Fixed monthly management fee; and
  - Variable 'cost plus' fee on total monthly operation and maintenance cost

Non-recyclable material to be sent to **Gingin** for disposal

**Maddington** to be developed to include a putrescible waste transfer station to aggregate and supply waste to **Gingin**

Non-recyclable material to be sent to **Gingin** for disposal

Compost to be refined at **Gingin** and sold in the surrounding agricultural area

## Gingin Facility

- **Landfill Gate Fees**

  Landfill gate fees generated from waste produced within Perth's northern corridor & the Maddington site's catchment area
- **Landfill Cost Internalization**

  Ability to accept waste destined for landfill from its other business units
- **Future EfW & Sand mining opportunity**

## Other

R&D Tax rebates – income has been and is expected to continue to be generated through a continuous improvement strategy across all revenue streams to maximise efficiency and maintain competitiveness

# Operational Overview

## Maddington Waste Facility (Recycling & Transfer)

- ✓ The ramp-up of the capacity of C&I and C&D waste streams commenced in August 2019
- ✓ Over 50 individual business customers including skip bin operators, demolition contractors and civil construction contractors are utilising the Maddington facility
- ✓ Waste volumes are growing toward the initial target rate of 210,000t/$m^3$ pa
- ✓ The facility is also producing high-quality recycled products for sale to the civil construction sector including:
  - ✓ recycled road base
  - ✓ drainage aggregates
  - ✓ clean-fill material

## Gingin Facility (Disposal & Processing)

- ✓ Detailed design of the facility complete and all regulatory approvals have been secured
- ✓ Site surveys and construction of internal roads and lay down areas is anticipated to commence prior to the end of December 2019
- ✓ Targeted completion of construction of the landfill cell by 1st quarter of FY 2021

## Brockway Facility (Recycling & Processing)

- ✓ Processing of waste anticipated to recommence in early 2020

# 4.

## Summary

# Corporate Overview

| Corporate Structure | |
|---|---|
| Shares on Issue[1] | 233,229,835 |
| Share Price | $0.20 |
| Market capitalisation at the IPO Price | $46.6 million |
| Pro-Forma Cash at Bank | $13.2 million |
| Enterprise Value at IPO Price[2] | $33.4 million |
| Performance Rights[3] | 10,000,000 |
| Options on issue[4] | 20,000,000 |
| Top 20 (%) | 78.9 |

| Substantial Shareholders | |
|---|---|
| SBANG Sustainable Energies Limited | 35.7% |
| HSBC Custody nominees | 10.9% |
| Star Universal Network plc | 10.2% |
| KC & M Flugge | 4.5% |
| **Top 20** | **78.9%** |

1 - 135,729,835 shares are escrowed for a period between 12 and 24 months.

2 - Market Capitalisation less pro-forma Cash & Cash Equivalents at time of IPO.

3 - The Company has 10 million performance rights on issue which will vest on value accretive performance milestones.

4 - 20 million unlisted options exercisable $0.25 with an expiry of 3 years from the listing date.

# A Growing and Diversified Waste Management Business

- The M8S project portfolio is strategically located to service W.A.'s major Metro corridors
- M8S is well-positioned to grow and develop operations to establish a significant waste management operation
- The Company's 'one stop shop' business model delivers a diversified and synergistic value chain, from acceptance and processing waste, through materials recovery, to commoditisation and trade
- Additional value to be delivered through synergies of the complementary downstream operations and growth through aggregation and potential waste-to-energy expansion
- Macroeconomic fundamentals for recycling and waste management display a positive outlook driven by:
  - growing waste volumes per capita,
  - improving resource recovery rates
  - industry consolidation
- The importance of landfill levies continues to be driven by the Western Australian Government, with a move to increase landfill diversion
- WA Waste Authority has set diversion targets of ~70% of Metro, C&I and C&D waste by FY 2020, up from 40-50% in FY 2015
- The WA Waste Management sector offers a significant growth opportunity in the downstream sectors of waste processing

**Thank You**

m8sustainable.com.au