



Macquarie Australia Conference

May 2015

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Agenda



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Australian Waste Market – growing and attractive

- The Australian waste market is estimated at \$14 Bn pa*
- Average growth rate is estimated at 5.2% pa*
- The industry is highly fragmented, with the top 5 industry players having less than 50% market share – there are ~1100 other waste operators that make up the remaining 50%
- For the period 2011/12 – 2013/14, waste generated increased by 12% and the value per tonne increased by 29%.
- Hazardous waste is approximately 11% of total waste tonnage and 15% of total estimated EBIT pool

Waste Type	Industry Revenue (\$Bn)	Industry profits (EBIT \$Bn)	EBIT Margins
Commercial	4.1	0.53	13%
Construction	3.5	0.35	10%
Municipal	2.6	0.28	11%
Industrial	2.5	0.40	16%
Hazardous	1.5	0.27	18%
Total	14.2	1.83	13%



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

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Waste market attractiveness

Competition is lowest and growth potentially most attractive in Hazardous Treatment and Disposal segment where margins are sound

Barrier to Entry	Construction and municipal	Commercial and Industrial	Hazardous Treatment & Disposal	Recycling & Recovery
Competition	High	Medium	Low	Medium
Life Cycle Stage	Growth	Growth	Growth	Growth
Capital Intensity	High	Medium	Medium	Medium
Technology Change	Low	Low	High	Medium
Regulation & Policy	Light	Medium	High	Medium
Industry Assistance	Low	Low	Low	Medium

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



Key drivers

There are a number of key drivers that are contributing to growth of the market at a rate greater than population growth. They are;

- Commercial - Increasing government landfill levies and disposal costs will divert waste from landfill and continue to drive recycling and treatment
- Regulation - Government regulation through product stewardship and regulatory initiatives is also driving the transition from landfill to recycling and recovery
- Sustainability - There is a global trend for more sustainable waste practices driven by public and corporate social responsibility
- Consolidation - Large clients are aggregating procurement and increasing numbers seek a “One Stop Shop” solution

Source: IBIS Waste Report 2014



Corporate Strategy

Technical and Environmental Services
Leader in Hazardous and Industrial Waste Management

- Innovation, best practice, low operating cost technologies, centres of excellence, resource recovery
- Unique and Strategic Licences throughout Australia
- High barriers to entry
- Servicing all industry sectors, households and government

Waste Services
Provide all waste services in all regional hubs of Australia

- Regional focus - WA, QLD, Tas, SA and NT
- Total waste management solutions to blue chip clients
- Municipal, Commercial, Industrial
- One stop shop
- Market to producing assets is estimated at >\$1Bn pa

Industrial services
Leader in provision of industrial services throughout Australia

- Producing assets
- Long term contracts
- Blue chip clients
- Ideally integrated with waste services
- Mining, Oil and Gas, Civil Infrastructure ,Heavy Industry

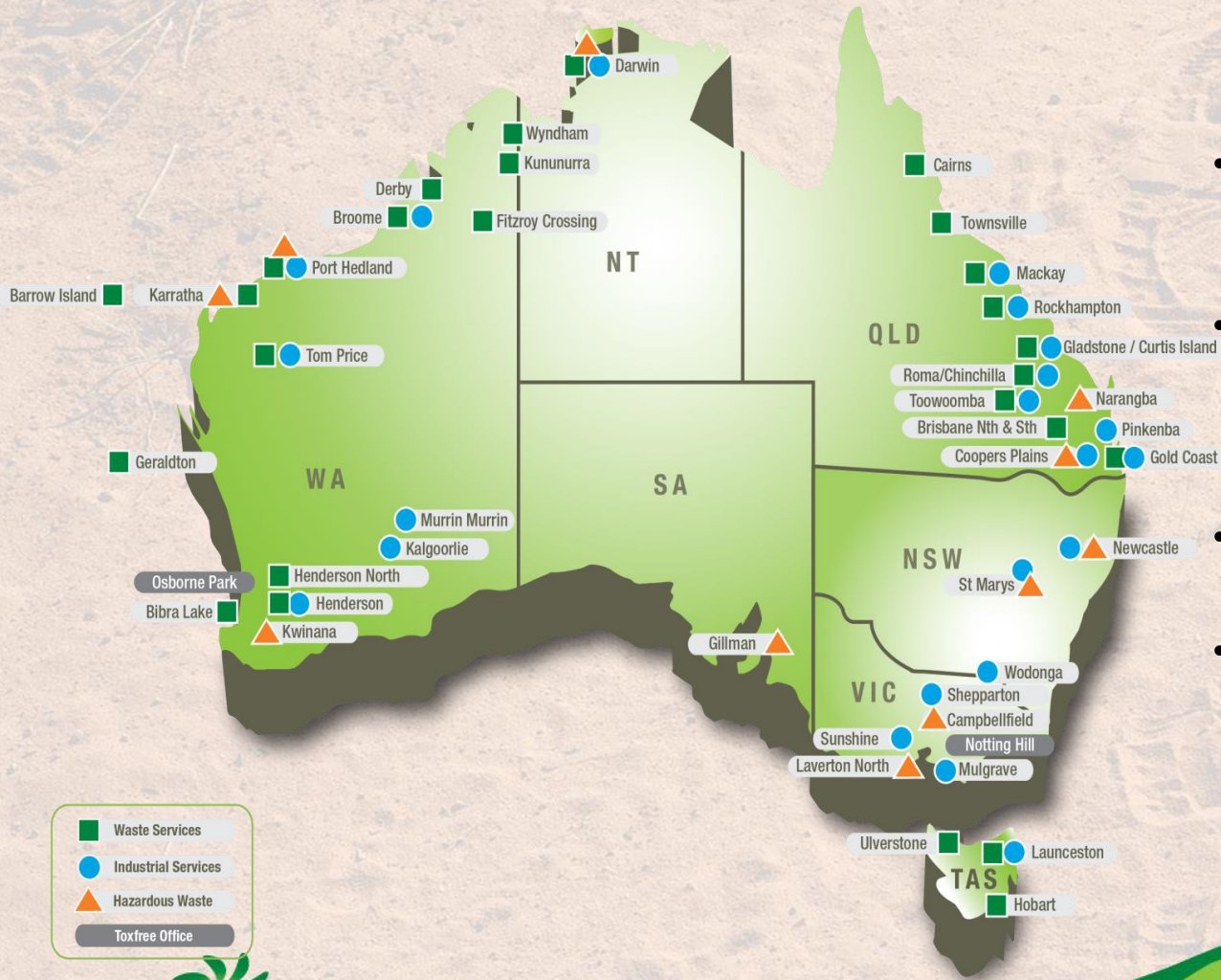
Integrated services

'Based on our strategy Toxfree have estimated a target market of approximately \$5Bn pa'

57 SITES NATIONALLY
& OVER 1100
EMPLOYEES



Our business



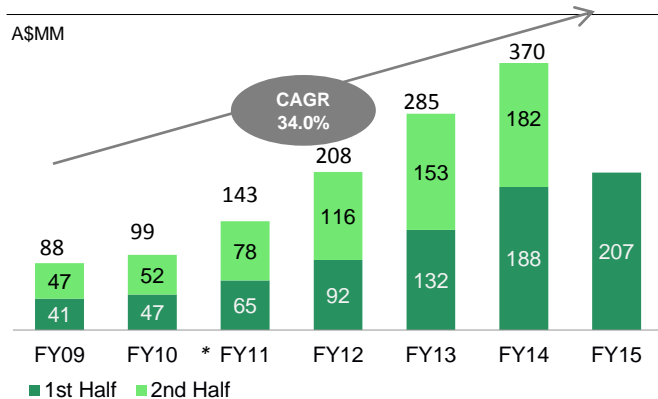
- One of the largest industrial service and waste management businesses in Australia
- 57 strategically located operations throughout Australia
- National network of strategically licensed sites throughout Australia
- Employ over 1,100 people nationally
- Diverse range of industrial and waste services to all market sectors



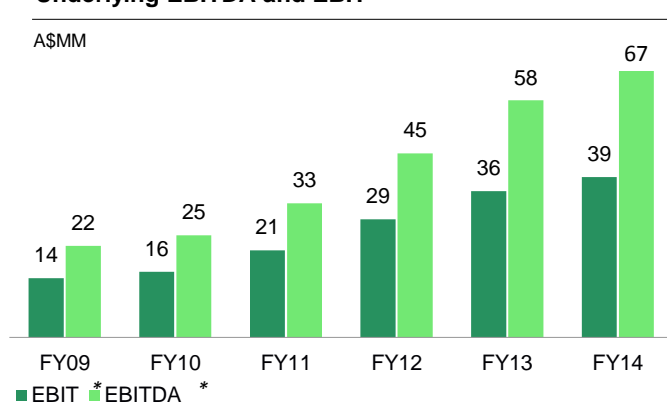
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Our Track Record

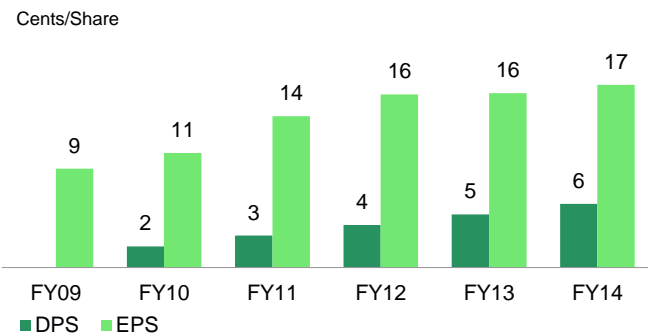
Revenue



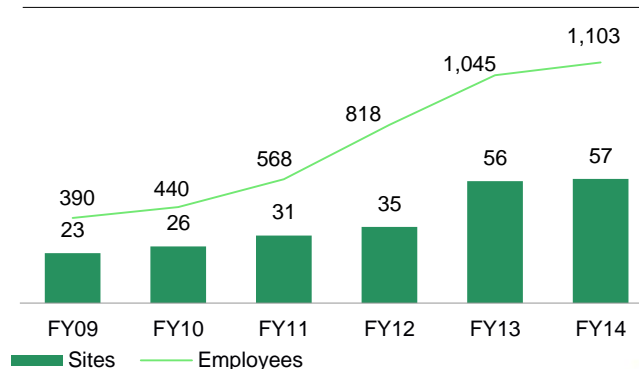
Underlying EBITDA and EBIT



Underlying EPS and DPS



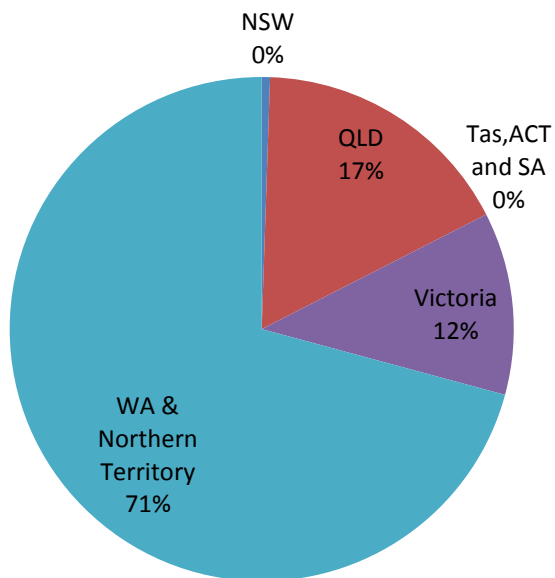
Sites and Employees



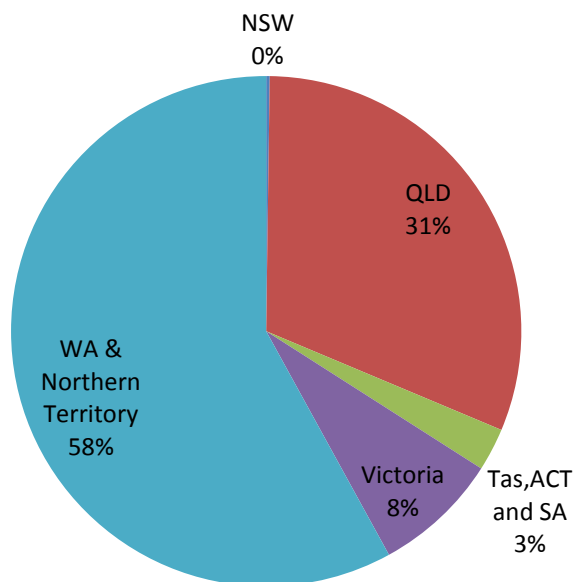
*Non-IFRS Financial Information (refer Appendix 1 for detail)

Diversification continues to increase

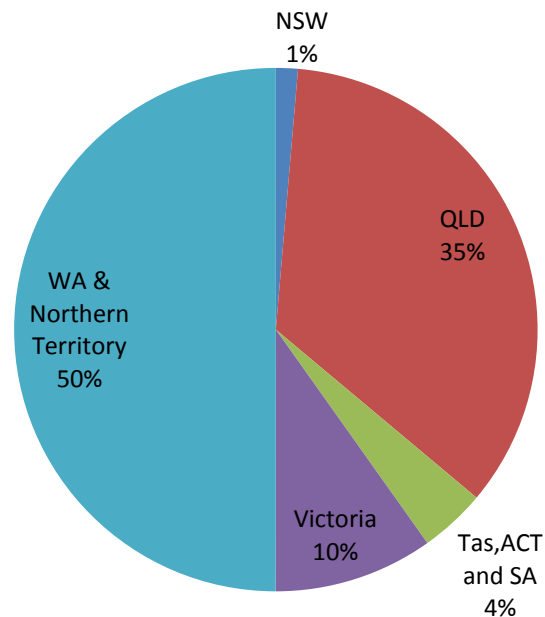
Revenue 2012



Revenue 2013



Revenue 2014



60% of revenue under long term contract with blue chip companies

Based on calendar year revenues



1HFY15 – Started strongly

Safety

- Zero Lost time injuries
- Reduction in All Injury Frequency Rate of 5%

Financial

- Revenue up 14% on 2H14 and 10% on 1H14 to \$207.3M
- Underlying EBITDA* up 17% on 2H14 and 7% on 1H14 to \$37.3M
- Underlying NPAT* up 32% on 2H14 and comparable to 1H14 to \$12.9M
- Statutory NPAT up 29% on 2H14 and in line 1H14 to \$12.3M
- Dividend increased by 33% to 4 cents per share
- Net debt to equity of 42%

Operations and trading conditions

- Award of three year NSW Household Hazardous Waste Contract
- High level of diversification and recurring revenue
- Waste Services – Growth in commercial waste volumes
- Industrial Services - Improved operational performance

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



57 SITES NATIONALLY
& OVER 1100
EMPLOYEES

Key Initiatives – FY15

Revenue growth

- Targeting \$50 M pa of new total waste management and industrial services contracts to targeted blue chip clients – on track to achieve target
- New technologies and projects to manage our current clients problematic waste streams
- New greenfield sites and strategic acquisitions in geographic areas linked to our target markets

Reducing Costs

- Reducing Costs and improving efficiencies through our Centre of Excellence project within TE&S
- Focus on reorganising and reducing labour and overhead costs.
- Reducing waste disposal costs – diverting waste from landfill and reducing third party disposal
- New ERP upgrade and shared service centralisation to improve back end efficiencies and reduce cost – \$8M - \$9M capital cost to be completed within FY15.



Operational update – Waste Services

- Successfully transitioned to Chevron contract 1 October 2014 (5+5 year contract) for all wastes
- Chevron contract on Barrow island performing well. Transfer station commissioned and efficiency improvement underway. Over the next 12 months the volumes of waste are expected to reduce as the LNG facility commences operation
- Wheatstone waste services are expected to commence at the start of 2016
- Our indigenous JV (PTES) awarded 12 month extension with FMG for Cloud Break / Christmas Creek and 3 year contract with Thies Mining for Solomon
- Other major production contracts including Rio, Apache and FMG performing well but limited activity outside of this in the Pilbara region
- Browse basin oil and gas activity is patchy – Inpex drilling underway
- SE Queensland market remains challenging and competitive – seasonal effect of the wet season evident
- The Materials Recovery Facility in Tasmania is not meeting expectations and a review of the business is currently underway
- Surat basin activity is still high – Awarded 6 month extension with Origin for our waste and industrial services contracts while Origin consider the practicalities of consolidating their logistics and supply chain contracts
- Toxfree have a high portion of revenue derived in Northern Australia - Earnings are seasonally lower in the 2nd half due to the wet season



Operational update – Technical and Environmental Services



- Activity in the Pilbara has slowed with reduced offshore oil and gas development
- As LNG production facilities come on line over the next few years we expect conditions to improve
- East coast facilities are meeting budget expectations mainly through continued momentum in household hazardous waste volumes
- Expanded scope of services in NSW with award of NSW EPA Household Hazardous Waste Contract
- Our Waste to Energy Facility for the Pilbara is continuing through basic engineering design which is required before submission to the EPA for assessment
- Further technologies to manage additional waste streams and improve productivity are underway



Operational update – Industrial Services

- Civil infrastructure sector remains flat due to the lack of infrastructure projects in Australia
- Contract with Telstra for NBN project is gaining momentum again after a slow start to Calendar year 2015
- We continue to gain market share in the offshore oil and gas sector
- Awarded 3 year contract with Bechtel for Wheatstone
- Gladstone and Victoria are performing well – further opportunities promising
- Awarded larger scope of services with Origin Energy – incurred mobilisation and start up expenses in the first quarter with additional revenue only starting to come through now



Outlook



- Even though trading conditions remain challenging across most sectors, at this point in time we are forecasting to be in line with market EBITDA expectations.
- Contracts to production based clients are expected to continue to perform well.
- Further services and expansion of scope to existing customers is a focus.
- Further business development opportunities exist across Australia – large tender book.
- North West – new LNG facilities to come on line provides opportunities for growth, however waste volumes from offshore oil & gas are uncertain.
- Hazardous waste volumes expected to remain stable – further treatment efficiencies and new technologies continue to be our focus.
- Waste management is an essential service and Toxfree has 60% of revenue contracted.
- 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.
- 2HFY15 tax rate will be higher due to non-deductible contract amortisation from Indigenous JV



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EMPLOYEES

Questions



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Appendix 1 – FY2015 & FY2014 Non-recurring adjustments



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

HY1 FY 15:

- Acquisition costs including advisor, legal and rebranding = \$0.866m (Corporate).
- These adjustments resulted in an increase in underlying NPAT after tax of \$0.606m (before tax \$0.866m).

HY2 FY 14:

- Acquisition costs including advisor, legal and rebranding = \$0.392m (Corporate).
- These adjustments resulted in an increase in underlying NPAT after tax of \$0.275m (before tax \$0.392m).

HY1 FY 14:

- Acquisition costs including advisor, legal and rebranding = \$0.428m (Corporate \$0.334m).
- Net loss on scrapping of plant and equipment (incinerator) = \$0.976m (Technical and Environmental Services).
- These adjustments resulted in an increase in underlying NPAT after tax of \$0.983m (before tax \$1.404m).



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