Financial Year 2015 Results Presentation

20 August 2015

Agenda

FY15 Key Highlights

Safety

- Zero Lost Time Injuries
- Reduction in Total Recordable Injury Frequency Rate of 24%

Financial

- Revenue up 10% on FY14 to $407.3M
- Underlying EBITDA* up 8% on FY14 to $71.9M
- Underlying NPAT* comparable with FY14 to $23M
- Statutory NPAT up 1% on FY14 to $22M
- Dividend increased by 42% to 8.5 cents per share
- Net debt to equity of 32%
- Strong cash conversion - 102% of EBITDA

Operations

- Waste Services – EBITDA up 17% - Growth in commercial waste volumes and sound performance from TWM contracts
- Industrial Services – consistent performance across all regions of Australia
- Technical and Environmental Services – Victoria and NSW were highlights

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

Safety And Our People

- Significant improvement in all key metrics with a Lost Time Injury Frequency Rate of zero, Total Recordable Injury Frequency Rate of 8.3 (24% reduction) and an All Injury Frequency Rate of 43.2.

- Job site safety inspections and completed QUEST actions, which the Company uses to promote hazard identification and safety awareness, have increased by 201%.

- The entire business is now certified through SAI Global to AS/NZS 4801, AS/NZS ISO 9001 and AS/NZS ISO 14001 standards.

- Winner for Innovation in the Australian Business Awards 2015

- Toxfree have an endorsed Indigenous Reconciliation Action Plan - Indigenous Australian employees increased by 100% from 24 to 48 employees

Service Locations

FY15 – Group Result

Group Results	FY15 ($'000)	FY14 ($'000)	% Change
Revenue	**407,278**	369,997	10%
EBITDA*	**71,876**	66,639	8%
Depreciation	**(29,655)**	(24,745)	20%
Amortisation	**(2,073)**	(2,697)	(23)%
EBIT*	**40,148**	39,197	2%
Finance expenses	**(6,505)**	(6,505)	0%
Profit before tax*	**33,643**	32,692	3%
Income tax expense*	**(10,673)**	(9,710)	10%
Underlying net profit after tax*	**22,970**	22,982	0%
Statutory net profit after tax	**21,994**	21,724	1%
Earnings per share (cents)*	**17.00**	17.27	(2)%
Dividend per share (cents)*	**8.5**	6	42%
Weighted average number of shares (million)	**133.8**	133.1	1%

FY15 – Waste Services

	FY15	FY14	Variance
Revenue ($M)	**250.1**	208.4	20%
EBITDA* ($M)	**62.1**	52.9	17%
EBITDA* margin	**25%**	25%	0 bps
EBIT* ($M)	**45.0**	39.9	13%
EBIT* margin	**18%**	19%	(100) bps

- Waste Services East Coast performing well - Growth in Queensland waste volumes and lower R&M costs from investment in new fleet
- Pilbara - Growth in services to existing LNG and Iron Ore customers
- Successfully transitioned to new Chevron contract on 1 October 2014 – volumes of waste remain stable
- Depreciation increased through investment in new fleet to manage safety, improve service delivery and reduce R&M – Toxfree's average fleet age is 6 years
- Kimberley region below expectations – Reduced activity in offshore Browse basin
- Launceston Materials Recovery Facility operational issues now rectified

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

FY15 – Technical & Environmental Services

	FY15	FY14	Variance
Revenue ($M)	**53.4**	63.8	(16)%
EBITDA* ($M)	**19.9**	22.4	(11)%
EBITDA* margin	**37%**	35%	200 bps
EBIT* ($M)	**14.6**	17.8	(18)%
EBIT* margin	**27%**	28%	(100) Bps

- Earnings lower than previous period due to slow down in offshore oil and gas development and intractable waste volumes in Queensland
- Awarded 3 year contract with NSW EPA for household hazardous waste
- Volumes of waste from ongoing production sources remain stable
- Significant milestone achieved with planning consent obtained for Toxfree’s new Pilbara Waste to Energy facility
- Expanded services in Central Australia to regional resource hubs in the Cooper Basin and mining areas of SA

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

FY15 – Industrial Services

	FY15	FY14	Variance
Revenue ($M)	**103.8**	97.8	6%
EBITDA* ($M)	**18.1**	18.4	(2)%
EBITDA* margin	**17%**	19%	(200) bps
EBIT* ($M)	**9.9**	9.8	1%
EBIT* margin	**10%**	10%	0 bps

- Revenue increased by 6% on FY14 and EBIT in line with pcp
- Industrial Services in Central Queensland, Gladstone, Victoria, and Telstra's NBN project were highlights
- Awarded a contract for Wheatstone LNG project in Onslow, WA
- Further momentum in services to producing offshore oil and gas facilities
- Further diversification of services to industrial clients continued – this resulted in significant improvement in east coast operations
- Large tender pipeline

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

Corporate

	FY15	FY14	Variance
EBITDA* ($M)	**(28,1)**	(27.2)	3%
EBIT* ($M)	**(29.4)**	(28.3)	4%
% EBITDA * to revenue	**6.9%**	7.4%	(50) bps

- Strong cash conversion - 143% of EBITDA in 2nd Half and 102% over the full year
- Increased dividend of 8.5 cents per share reflects the strong balance sheet position of the Company
- Capital expenditure focused on lowering fleet age profile to average age of 6 years - to reduce R&M costs, improve service and reduce risk
- Established shared services to improve administration efficiencies, reduce waste and cost
- Tax rate is higher in FY15 due to one off impact of non-deductible contract amortisation incurred within our indigenous Joint Venture
- Upgrade to the new ERP complete
- Capital expenditure of $44 M (including ERP of $9M)

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

Group Cash Flow

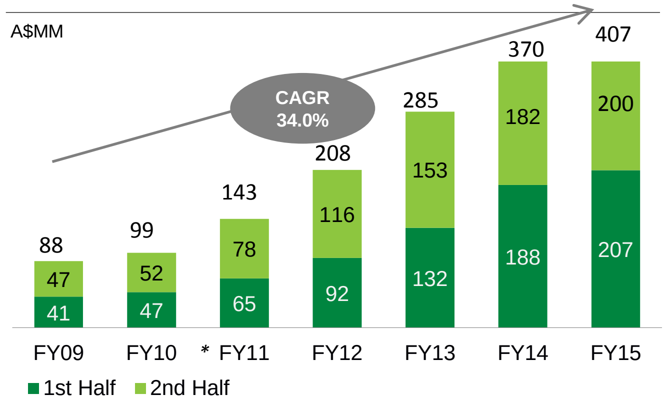
	FY15 ($'000)	FY14 ($'000)	% Change
Gross operating cash flow	72,111	58,515	23%
Other revenue	370	737	(50)%
Net interest paid	(4,869)	(4,817)	1%
Income taxes paid	(6,329)	(7,192)	(12)%
Net operating cash flows	**61,283**	**47,243**	**30%**
Net purchases of PP&E	(39,278)	(24,053)	63%
Payments for acquisitions – net of cash acquired	(5,328)	(911)	484%
Net investing cash flows	**(44,606)**	**(24,964)**	**79%**
Net proceeds from borrowings/(repayment of borrowings)	(1,333)	(21,422)	(94)%
Payments for shares acquired by Employee Share Trust	(775)	-	100%
Dividends paid	(8,788)	(10,624)	(17)%
Dividends paid to non-controlling interests	(2,240)	-	100%
Proceeds from the issue of share capital	-	3,199	(100)%
Net financing cash flows	**(13,136)**	**(28,847)**	**(54)%**
Net increase/(decrease) in cash	**3,541**	**(6,568)**	**(154)%**
Cash at the beginning of the half year	16,168	22,736	(29)%
Cash at the end of the half year	**19,709**	**16,168**	**22%**

Balance Sheet

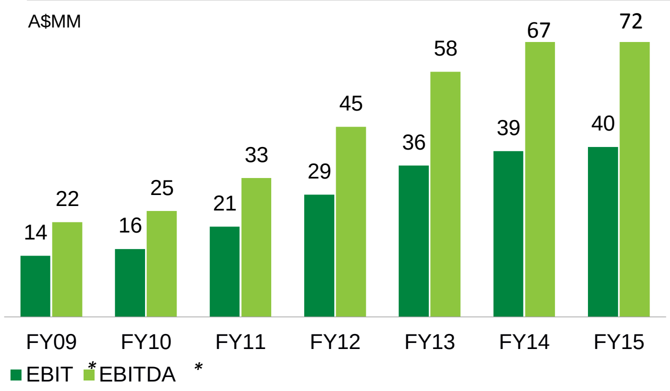
	FY15 ($'000)	FY14 ($'000)	% Change
Cash	19,709	16,168	22%
Trade and other receivables	88,586	81,633	9%
Inventories	241	296	(19)%
Tax assets	7,954	8,167	(3)%
Property, plant and equipment	153,486	134,858	14%
Intangibles	151,388	149,572	1%
Total assets	**421,364**	**390,694**	**8%**
Trade and other payables	46,451	38,076	22%
Loans and borrowings	100,517	97,463	3%
Employee benefits	8,487	7,430	14%
Tax liabilities	6,908	2,674	158%
Provisions	6,402	6,971	(8)%
Derivatives	1,864	1,098	70%
Total liabilities	**170,629**	**153,712**	**11%**
Total equity	**250,735**	**236,982**	**6%**
NET DEBT TO EQUITY	**32%**	**34%**	**(200)bps**

Our Track Record

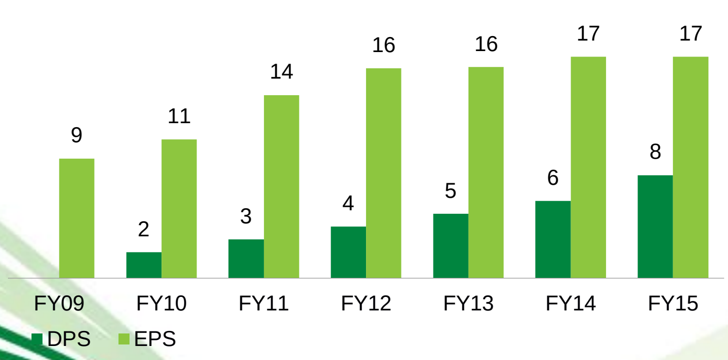
Revenue



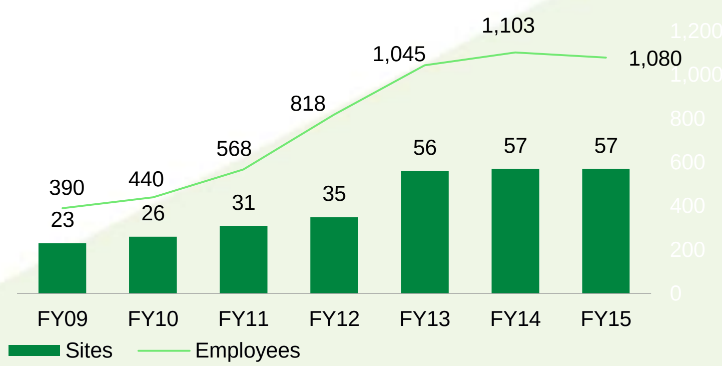
Underlying EBITDA and EBIT



Underlying EPS and DPS



Sites and Employees



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

Outlook

- Trading conditions remain challenging across most industry sectors.
- Contracts to production based clients are expected to continue to remain stable.
- 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 in the medium term provides opportunities for growth, however waste volumes from offshore oil & gas exploration are uncertain.
- Hazardous waste volumes expected to remain stable – further treatment efficiencies and new technologies continue to be our focus.
- Thirty Two Strategic Initiatives were identified for implementation over the next 5 years aimed to increase Total Shareholder Returns
- 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.

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Corporate Strategy, Australian Waste Market and Key Drivers

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 >$2Bn 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

Australian Waste Market – growing and attractive

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- 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%**

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

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

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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

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:*

FY 15:

- Acquisition costs including advisor, consultant, legal and rebranding costs of $1.395M (Corporate).
- These adjustments resulted in an increase in underlying NPAT after tax of $0.976m (before tax $1.395m).

FY 14:

- Acquisition costs including advisor, consultant, legal and rebranding costs of $0.82M (Corporate $0.73M and Operational segments $0.09M).
- Net loss on plant and equipment written off (incinerator) $0.976M (Technical and Environmental Services segment).
- These adjustments resulted in an increase in underlying NPAT of $1.258M (before tax of $1.796M).

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