



Annual General Meeting 2015

Steve Gostlow, Managing Director
20 November 2015

Agenda

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toxfree



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Toxfree overview

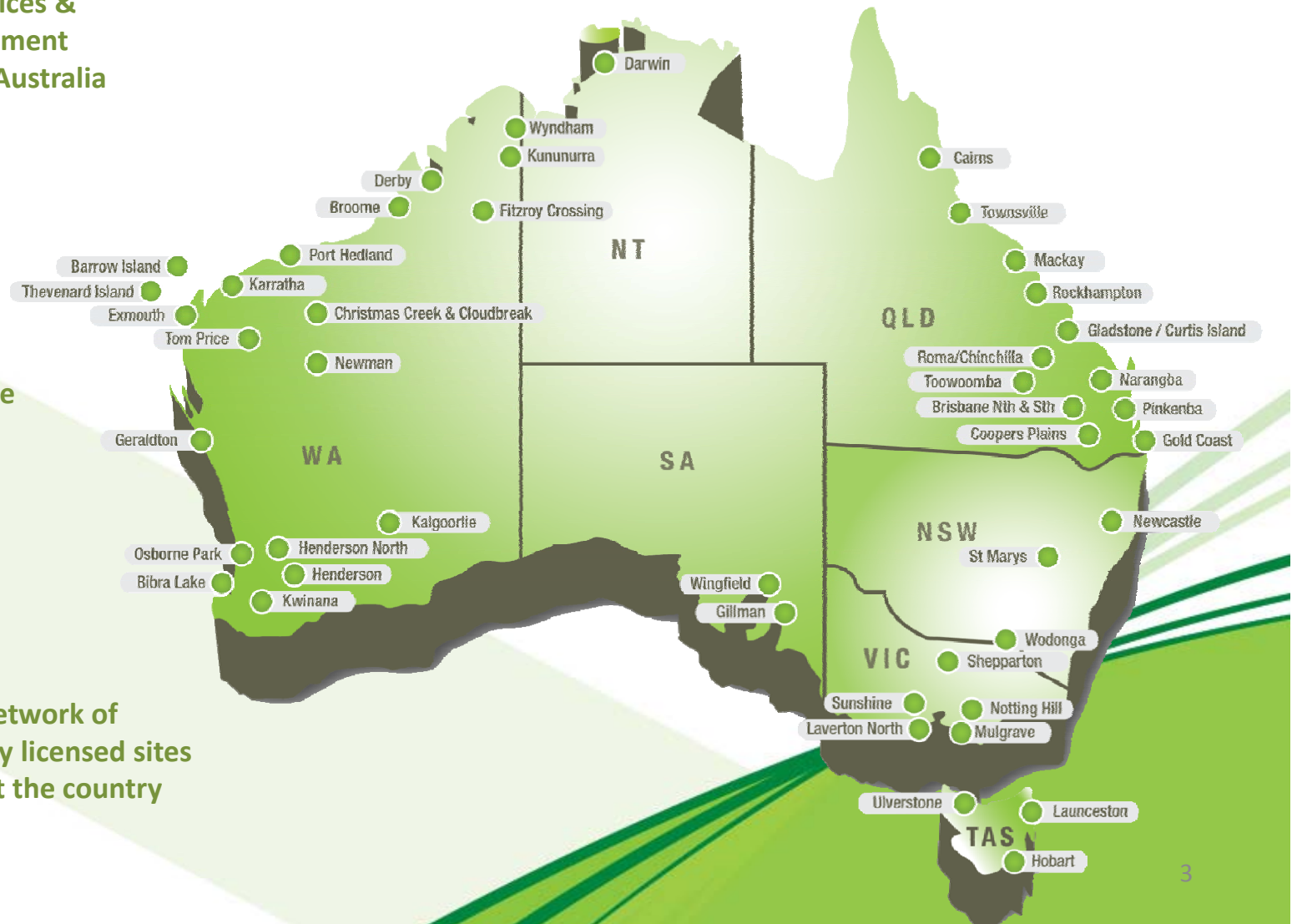
- One of the largest industrial services & waste management businesses in Australia

- Employer of over 1200 people nationally

- Over 50 strategically located operations throughout Australia

- Diverse range of industrial & waste services to all market sectors

- National network of strategically licensed sites throughout the country



Our development

“Then”

- 2005 2 Hazardous Waste Sites in WA, Revenue of \$6M, 20 employees
- 2005- 2013 Expanded network of licensed hazardous and industrial waste facilities throughout Australia
- 2007 Expanded strategy with addition of waste services and focus on total waste management solutions to our clients
- 2008 Expanded capability with complementary expansion into industrial services market nationally
- 2009 Tailored our total waste solutions to blue chip clients – one stop shop, all wastes, anytime, complementary industrial cleaning and collection, – large long term contracts
- 2013 Significant expansion in QLD and further diversification into commercial waste sector

Today

- Over 50 strategic operations throughout Australia
- 20,000 clients
- 1100 employees
- Management of all waste streams generated in Australia
- Unique technologies
- Strategic licenses
- Significant IP
- Strong safety culture & performance

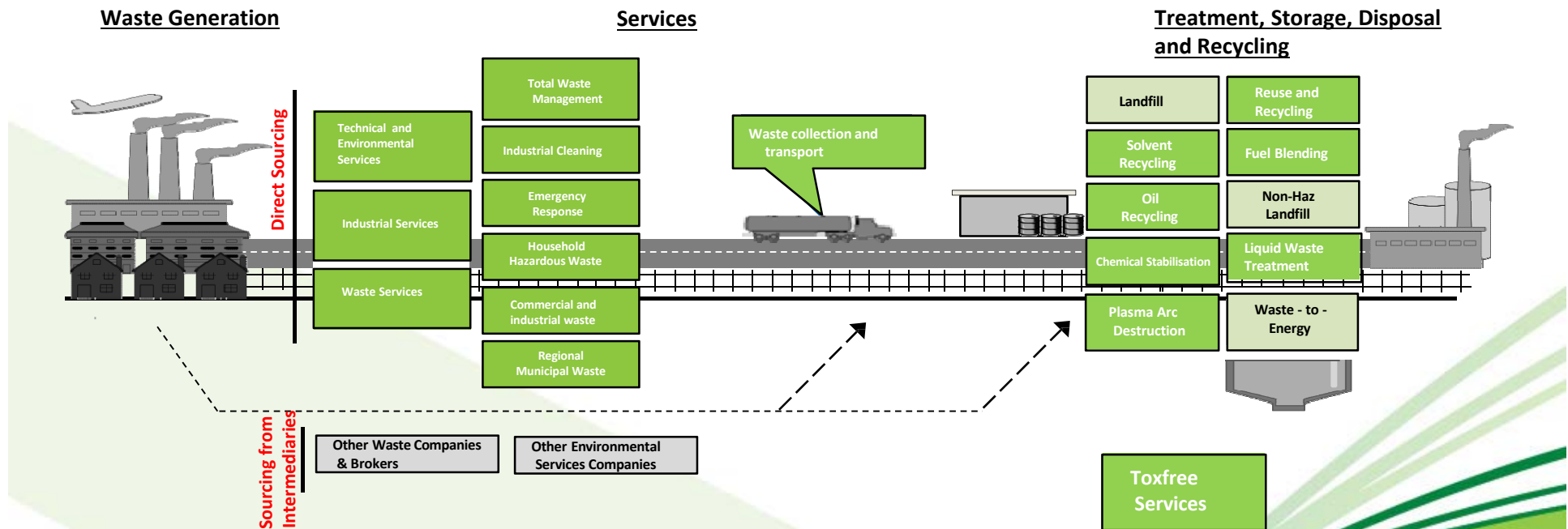
2016 & Beyond

- Further focus on treatment of additional waste streams
- New markets and geographies
- Increased market share – Large, long term contracts
- Targeted acquisitions that support our strategy
- ‘Can Do’ Culture safe.reliable.sustainable

Australian waste and industrial services market

- \$17 billion pa* industry

Technical and Environmental Services	<ul style="list-style-type: none"> \$4 billion market Provides treatment, disposal & recycling services All Sectors 	Industrial Services	<ul style="list-style-type: none"> \$3 billion market Consists of cleanup of operating facilities Municipal, Industrial, Government 	Waste Services	<ul style="list-style-type: none"> \$10 billion market Waste collection, transport, recycling and disposal Municipal, Commercial, Industrial and Construction
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Strong Growth Drivers

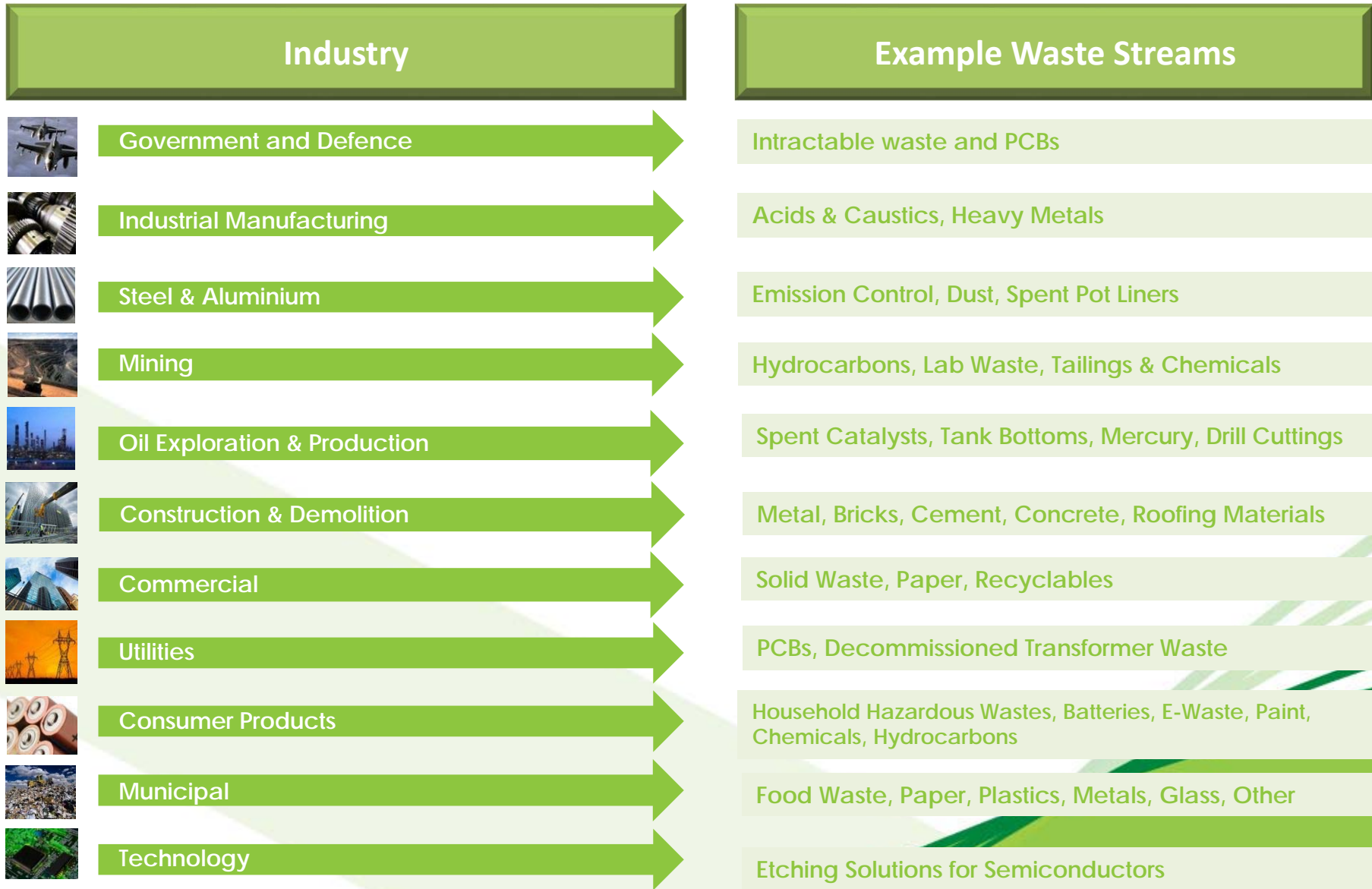
- Growing at 5% pa
- Regulation – policy and compliance
- Increasing cost of landfill
- Commercial
- Government

Considerable Barriers to Entry

- Government regulation
- Technology and Intellectual Property
- Capex requirements
- Talented professionals

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

Waste is generated by a diverse number of sectors



Corporate strategy

Integrated services

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

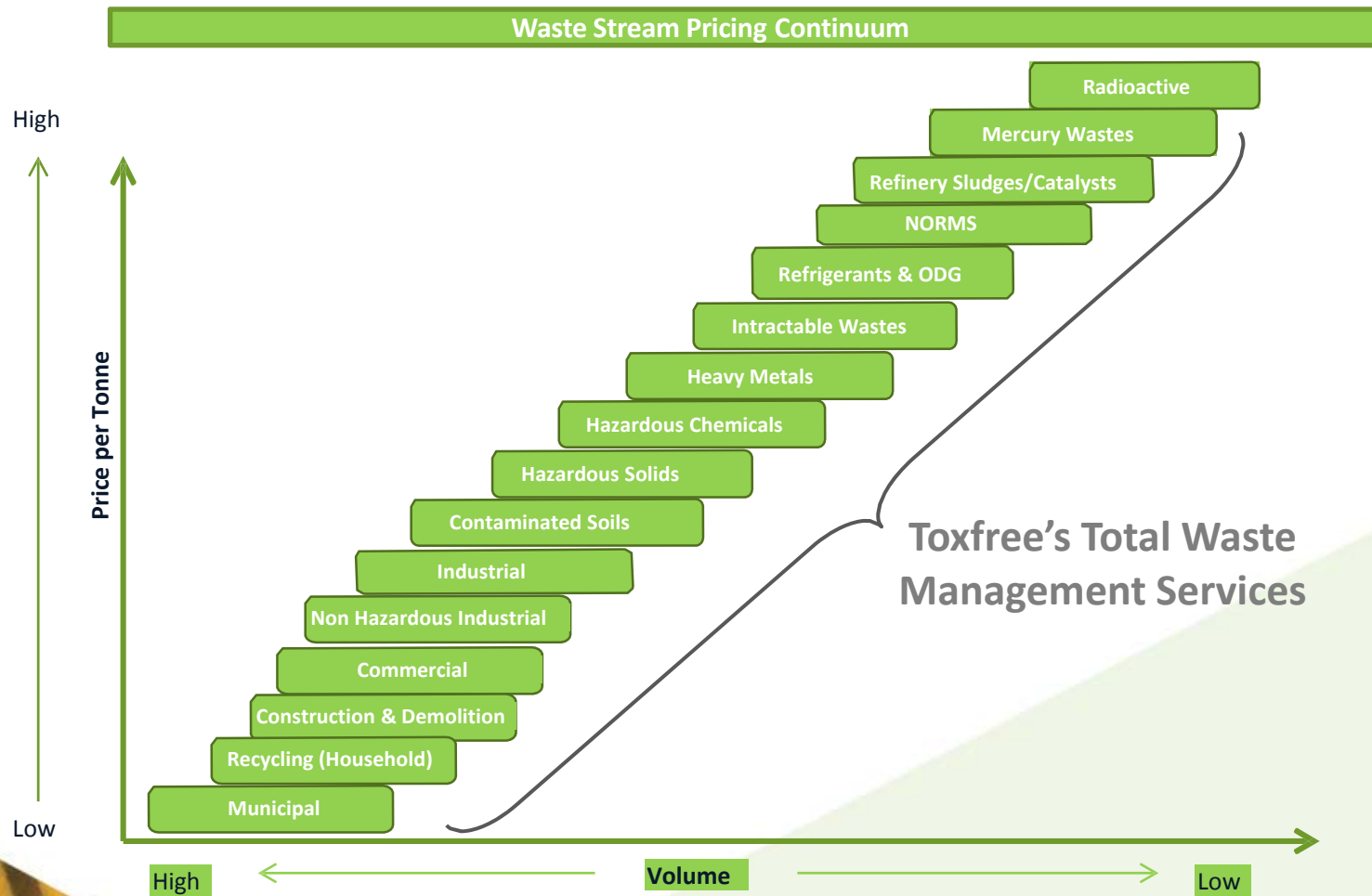
- Producing assets
- Long term contracts
- Blue chip clients
- Ideally integrated with waste services
- Mining, Oil and Gas, Civil Infrastructure ,Heavy Industry

'Based on our strategy Toxfree have estimated a target market of approximately \$4 to \$5Bn pa*'

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



Toxfree focus and expertise



Key drivers



- Population growth – people generate waste – its that simple!
- Commercial - Increasing government landfill levies and disposal costs divert waste from landfill toward 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 for all their wastes and industrial services



FY15 Recap - 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 Total Waste Management 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)*



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 performed 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 – Pilbara Logistics contribution from August 2014
- Successfully transitioned to new Chevron contract on 1 October 2014
- 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 below expectations



* 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

- Approximately \$5M of revenue from Chevron related wastes transferred to Waste Service segment as waste treatment commenced in Karratha WS
- 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
- 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)

Pilbara - thermal treatment solution



- After 4 years of development the Board have reached final investment decision on the first stage of our thermal treatment solution for Karratha
- Construction of a 16,000 tonne per annum thermal desorption unit – Total capital expenditure of \$17M
- Provides treatment solutions for various hydrocarbon impacted solids and sludges including drilling fluids, cuttings, contaminated soils, and hydrocarbon impacted waste streams
- Toxfree already collect and treat 85% of these waste streams. The new technology is best practice with a lower operating cost than current technologies
- Shire of Roebourne and WA Planning Commission approvals have been granted. Basic engineering continues with environmental approvals to follow
- Expect commissioning in second half FY17 with full year earnings in FY18. Average ROIC over 5 years (FY18 to FY22) of 20% after tax
- Second stage expansion to include technology to manage Mercury contaminated waste materials and waste to energy is being advanced



YTD FY16 trading

- Trading conditions have stabilised
- YTD FY16 Net Profit after Tax (NPAT) up by low single digit percentages on pcp
- Queensland services to commercial and industrial customers continue to perform well
- TE&S on the east coast continue their strong financial performance
- Significant tender activity - \$155 M tendered or due for submission within the next few months – largest tender book in recent times
- Wheatstone LNG contract performing well – scope has increased by 10% since award on 1 July 2015
- Cost reductions continue with labour, third party waste disposal and travel the main focus points
- New technologies progressing – Pilbara thermal treatment solution going ahead and the new Mercury storage and pre-treatment capability has been launched in Karratha
- Household hazardous waste volumes continue to increase and Paint Care Product Stewardship scheme is expected to boost revenues in the medium term
- Destruction of ozone depleting gases and halons continues to increase
- Tasmanian Material Recovery Facility issues are being rectified
- Innovation and productivity initiatives continue to be the focus



Key Initiatives – FY16

Revenue

Business development – targeting \$50 M of new contracts pa

Cross selling – providing our customers a fully integrated service

Strategic acquisitions

Efficiency

Further reduction of \$1M corporate overhead

Leverage and expand ERP to improve productivity

Reduction in third party disposal costs

Technology

Thermal treatment solutions for the Pilbara

Centres of excellence project

New complementary services and additional waste treatment capability



Outlook



- Waste management and industrial services are an essential service
- Toxfree's addressable market is large and we are confident we can continue to grow even in an environment of low economic growth and low commodity prices
- Contracts to production based clients are expected to continue to perform well, however volumes from Gorgon construction are expected to reduce over the next 12 months as the project reaches completion
- Further services, technologies and expansion of scope to existing and new customers remains a focus.
- New LNG facilities to come on line provides opportunities for growth – 8 trains currently expanding to 20 trains over the coming years
- Further treatment efficiencies and new technologies planned for development.
- Toxfree is confident of continuing to build its market share through organic growth, contract award and strategic acquisition over the medium to long term.



Questions

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Appendix 1 – FY2015 & FY2014 Non-recurring adjustments

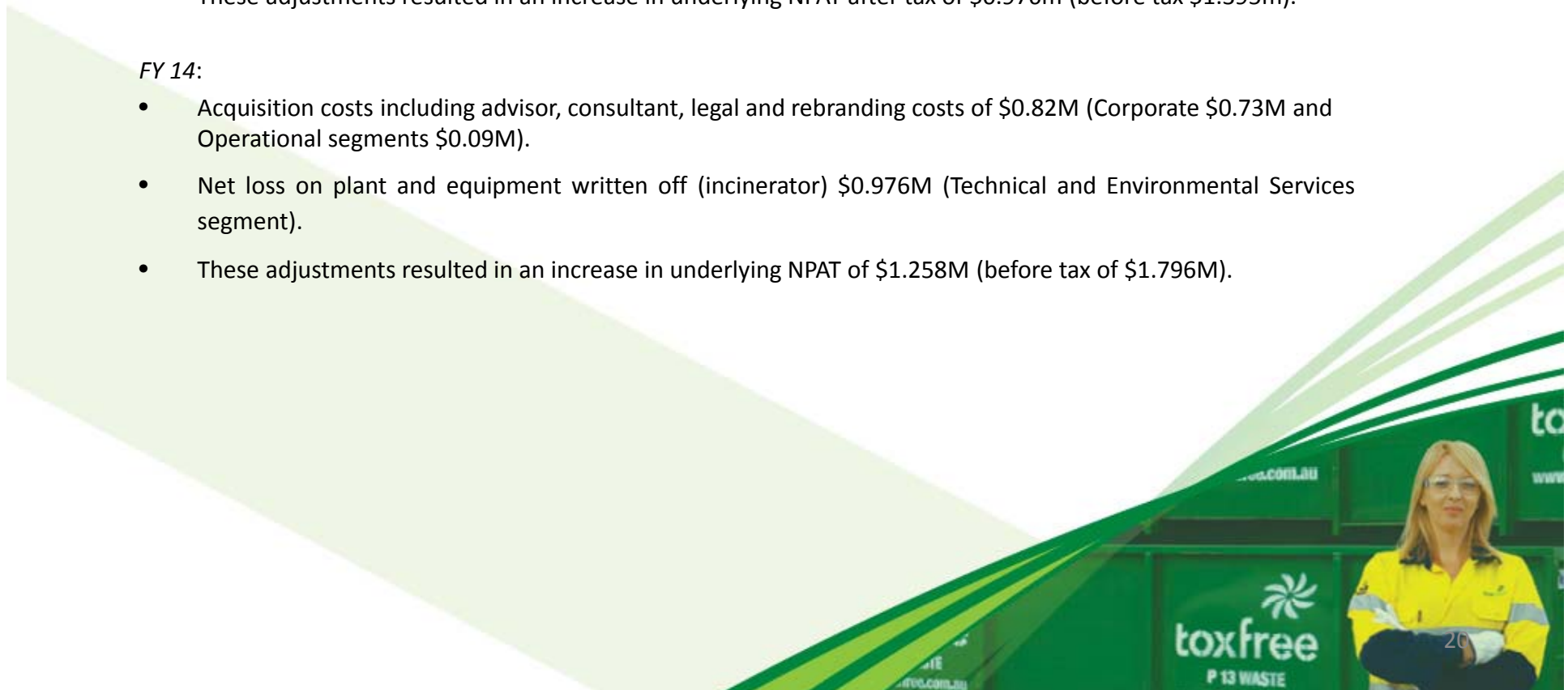
**Non-IFRS Financial Information: Adjustments that were excluded in order to reflect the underlying performance of the Group are:*

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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