



Financial Results

First Half Financial Year 2016

24 February 2016



Agenda

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Toxfree Overview

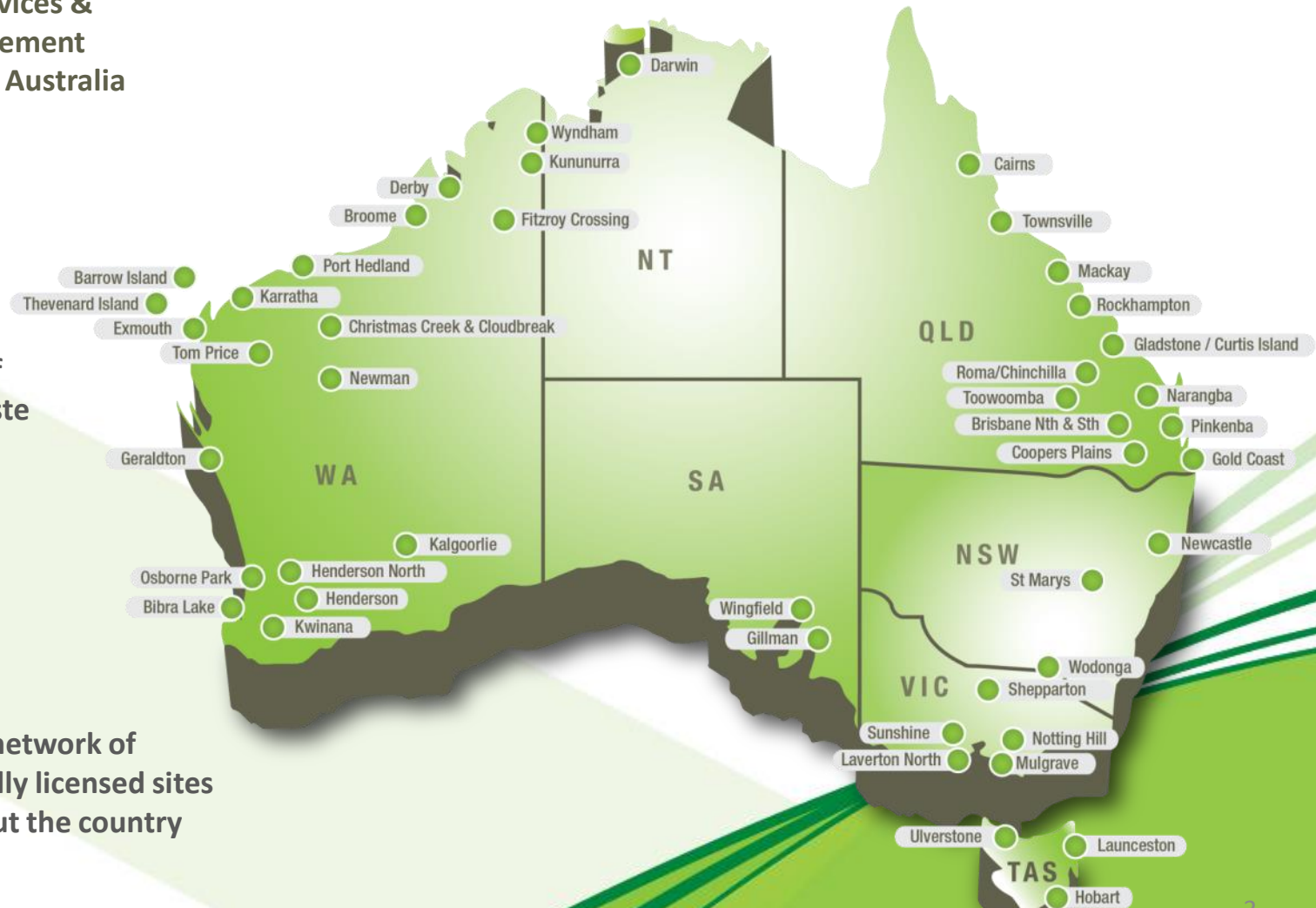
- Employer of over 1200 people nationally

- Over 50 strategically located operations throughout Australia

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

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

- National network of strategically licensed sites throughout the country



1H16 – Key Highlights

Safety

- Zero Lost time injuries
- Reduction in Total Recordable Injury Frequency Rate of 9%

Financial

- Strong earnings performance
- Underlying EBITDA* up 11% on 2H15 and 2% on 1H15 to \$38.2M
- Underlying NPAT* up 31% on 2H15 and 2% on 1H15 to \$13.1M
- Statutory NPAT up 33% on 2H15 and 5% on 1H15 to \$12.9M
- Strong cash flow – gross cash flows were 94% of EBITDA*
- Dividend increased by 13% on 1H15 to 4.5 cents per share
- Net debt to equity at 27%

Operations

- Award of 5 year industrial services and waste management contract with BHPB Olympic Dam
- Waste Services – major contracts and commercial sector performed well
- Industrial Services - Improved conditions in civil infrastructure and municipal sector
- Commenced E-waste recycling and Chemical Cleaning services

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



Safety & Our People

- No lost time injuries, maintaining our Lost Time Injury Rate of 0.
- Total Recordable Injury Frequency Rate (TRIFR) of 7.5, a 9% reduction on our FY15 result.
- All Injury Frequency Rate (AIFR) of 37.2, a 13.7% reduction on our FY15 result.
- Our safety lead indicators continue to strengthen and have improved by 30% on our FY15 result.
- Recognised by Rio Tinto Iron Ore for our contribution towards the Rio Tinto Utilities Division Global CEO Award for Safety for the second year running.
- Achievement of 5 years lost time injury free on Gorgon Barrow Island.
- Implementation of a standardised asset maintenance system within our ERP.
- Toxfree supports diversity and has an endorsed Indigenous Reconciliation Action Plan. 20% of our total workforce is female and 5% are indigenous Australians.



1H16 - Result

- Strong earnings performance achieving EBITDA* of \$38.2 M
- Underlying group EBITDA* margin of 19.3% improved on 2H15 by 200 bps through improvement in operating efficiencies and cost reductions across the business
- Strong cash flow – 94% of EBITDA*
- Healthy balance sheet – net debt to equity of 27%
- The Company's strategy, developed over 10 years ago, to continually diversify our services across all industry sectors continues to demonstrate success
- Result supported by increased commercial waste volumes in Queensland, consistent performance from major production contracts, increased volumes of household hazardous wastes, and industrial services to the civil infrastructure and municipal sector in Victoria
- 2 year extension of Toxfree's existing Chevron contract extending it until October 2021
- Expansion of services into E-waste management and chemical cleaning broadening Toxfree's service offering
- Award of 5 year BHPB Olympic Dam contract for both industrial services and waste management – to commence in June 2016



1H16 – Group Result

Group Results	1H 16 (\$'000)	2H 15 (\$'000)	% Change 1H16/2H15	1H 15 (\$'000)	% Change 1H16/1H15
Revenue - services	197,721	199,991	(1)%	207,287	(5)%
EBITDA*	38,159	34,531	11%	37,345	2%
Depreciation	(15,435)	(15,225)	1%	(14,430)	7%
Amortisation	(802)	(854)	(6)%	(1,219)	(34)%
EBIT*	21,922	18,452	19%	21,696	1%
Finance expenses	(3,157)	(3,240)	(3)%	(3,265)	(3)%
Profit before tax*	18,765	15,212	23%	18,431	2%
Income tax expense*	(5,633)	(5,153)	9%	(5,520)	2%
Underlying net profit after tax*	13,132	10,059	31%	12,911	2%
Statutory net profit after tax	12,927	9,689	33%	12,305	5%
Earnings per share (cents)*	9.51	7.27	31%	9.73	(2)%
Dividend per share (cents)*	4.5	4.5	0%	4	13%
Weighted average number of shares (million)	134.2	133.8	0.3%	133.8	0.3%

1H16 – Waste Services

	1H16	2H15	1H15	1H16 vs 2H15	1H16 vs 1H15
Revenue (\$M)	124.6	122.8	127.3	1.5%	(2.1)%
EBITDA* (\$M)	32.5	29.5	32.5	10.2%	0%
EBITDA* margin	26.1%	24.0%	25.5%	210 bps	60 bps
EBIT* (\$M)	23.8	21.0	24.0	13.3%	(0.8)%
EBIT* margin	19.1%	17.1%	18.9%	200 bps	20 bps

- Waste Services East Coast performed well throughout Queensland with EBIT up 12% on 1H15
- Pilbara region continued to perform solidly driven by consistent waste volumes from existing production based customers
- 2 year extension of existing waste management contract with Chevron until 2021 – volumes of waste have continued to reduce over the last 6 months and are expected to reduce further as construction finishes, until stabilising at a steady state during ongoing LNG production. Hazardous waste volumes will increase and industrial service opportunities will become available
- Sustained operating margins as well as reduced costs for our clients through better operating efficiencies and cost savings
- Kimberley region improved through cost cutting in line with sustained revenue in the region



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

1H16 – Technical & Environmental Services

	1H16	2H15	1H15	1H16 vs 2H15	1H16 vs 1H15
Revenue (\$M)	26.1	25.2	28.2	3.6%	(7.4)%
EBITDA* (\$M)	10.0	9.7	10.2	3.1%	(2.0)%
EBITDA* margin	38.3%	38.5%	36.2%	(20) bps	210 bps
EBIT* (\$M)	7.2	7.0	7.7	2.9%	(6.5)%
EBIT* margin	27.6%	27.8%	27.3%	(20) bps	30 bps

- Volumes of waste from ongoing production sources remain stable
- Household hazardous waste services continued to perform strongly
- Thermal treatment facility in Karratha is progressing in line with project milestones
- Commenced E-waste management services through acquisition of PGM Refiners (92% ownership). PGM use propriety technology, exclusive to PGM, to process E-waste efficiently and safely
- New technologies to more efficiently treat problematic waste streams are being trialled and implemented

1H16 – Industrial Services

	1H16	2H15	1H15	1H16 vs 2H15	1H16 vs 1H15
Revenue (\$M)	47.0	52.1	51.8	(9.8)%	(9.3)%
EBITDA* (\$M)	8.4	9.0	9.1	(6.7)%	(7.7)%
EBITDA* margin	17.9%	17.3%	17.6%	60 bps	30 bps
EBIT* (\$M)	4.4	4.9	4.9	(10.2)%	(10.2)%
EBIT* margin	9.4%	9.4%	9.5%	0 bps	(10) bps

- Trading conditions in industrial services remain challenging particularly in the resource and manufacturing sector
- Contracts to producing assets in alumina, iron ore and oil and gas performed well
- Services to civil infrastructure and municipal sector in Victoria performed strongly
- Awarded 5 year contract for BHPB Olympic Dam for both industrial services and waste management
- Expanded service offering through addition of chemical cleaning, particularly focused on LNG production sector
- Large tender pipeline



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

Corporate

	1H16	2H15	1H15	1H16 vs 2H15	1H16 vs 1H15
EBITDA* (\$M)	(12.7)	(13.7)	(14.4)	(7.3)%	(11.8)%
EBIT* (\$M)	(13.5)	(14.5)	(15.0)	(6.9)%	(10.0)%
% EBITDA to revenue	6.4%	6.9%	7.0%	(50) bps	(60) bps

- Leveraging off newly implemented ERP enabled further centralisation of shared service to occur which resulted in efficiency gains and cost savings
- Reduction in overhead to streamline the business and cut costs continued
- Further technology developments to improve efficiencies planned for FY16 including time and attendance and automated creditor payment systems
- Disciplined capital management – capital expenditure of \$11M in the first half. FY16 total Capex expected to be between \$23M to \$25M
- Strong cash flow continued achieving 94% EBITDA* conversion
- Balance sheet is in good order with 27% net debt to equity

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



Group Cash Flow

	1H FY16 (\$'000)	1H FY15 (\$'000)	% Change
Gross operating cash flow	35,888	23,485	53%
Net interest paid	(2,266)	(2,291)	(1)%
Income taxes paid	(4,173)	(3,383)	23%
Net operating cash flows	29,449	17,811	65%
Net purchases of PP&E	(11,096)	(24,244)	(54)%
Payments for acquisitions – net of cash acquired	(1,957)	(5,169)	(62)%
Net investing cash (outflows)	(13,053)	(29,413)	(56)%
Net proceeds from borrowings/(repayment of borrowings)	(7,799)	19,424	(140)%
Payments for shares acquired by Employee Share Trust	(165)	(775)	(79)%
Dividends paid	(5,079)	(4,013)	27%
Dividends paid to non-controlling interests	(503)	(2,240)	(78)%
Net financing cash (outflows) / inflows	(13,546)	12,396	(209)%
Net increase in cash	2,850	794	259%
Cash at the beginning of the half year	19,709	16,168	22%
Cash at the end of the half year	22,559	16,962	33%

Balance Sheet

	31 Dec 2015 (\$'000)	30 June 2015 (\$'000)	% Change
Cash	22,559	19,709	14%
Trade and other receivables	82,264	88,586	(7)%
Inventories	415	241	72%
Tax assets	8,028	7,954	1%
Property, plant and equipment	152,235	153,486	(1)%
Intangibles	151,013	151,388	(0.2)%
Total assets	416,514	421,364	(1)%
Trade and other payables	39,668	46,451	(15)%
Borrowings	92,866	100,517	(8)%
Employee benefits	9,035	8,487	6%
Tax liabilities	8,507	6,908	23%
Provisions	6,015	6,402	(6)%
Derivatives	1,731	1,864	(7)%
Total liabilities	157,822	170,629	(8)%
Total equity	258,692	250,735	3%
NET DEBT TO EQUITY	27%	32%	(500) bps

Strategic Initiatives

- Broadening Toxfree's Total Waste Management Capability and 'One Stop Shop' services, treating a wider range of our client's waste streams in-house.
- Leveraging Toxfree's existing waste treatment capabilities and licensed sites through investment in best practice waste treatment technologies, providing the lowest operating cost in the market.
- Expanding Toxfree's geographic coverage within Australia and overseas.
- Reducing costs and increasing productivity by leveraging off the recently implemented Enterprise Resource Planning (ERP) system and investment in technology.
- Business development – award of large, long term contracts with blue chip companies across Australia and overseas.
- Acquisition of complementary businesses in line with Toxfree's strategy.



Outlook

- Trading conditions continue to remain challenging particularly in the resource and manufacturing sectors
- Toxfree will continue to demonstrate value to our clients through improved efficiencies, investment in new sustainable treatment technologies and cost reductions without comprising our values of safety, reliability and sustainability
- Civil infrastructure and municipal sectors are performing well and Toxfree has opportunity to expand in these sectors
- Contracts to producing customers in Iron Ore, Alumina and Oil and Gas expected to continue to perform consistently
- Volumes from Gorgon construction have continued to reduce over the last 6 months and are expected to decline further until stabilising under a production environment. Hazardous waste volumes are expected to increase and introduction of industrial services presents an opportunity.
- Commercial waste volumes in Queensland and other metropolitan areas are expected to continue to perform well
- Household hazardous wastes and consumer based waste generation is expected to continue to perform strongly. Toxfree will explore further opportunities to expand this growing market to complement its recent expansion into E-Waste management
- 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.



Questions

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Toxfree Overview & Corporate Strategy



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

1200 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

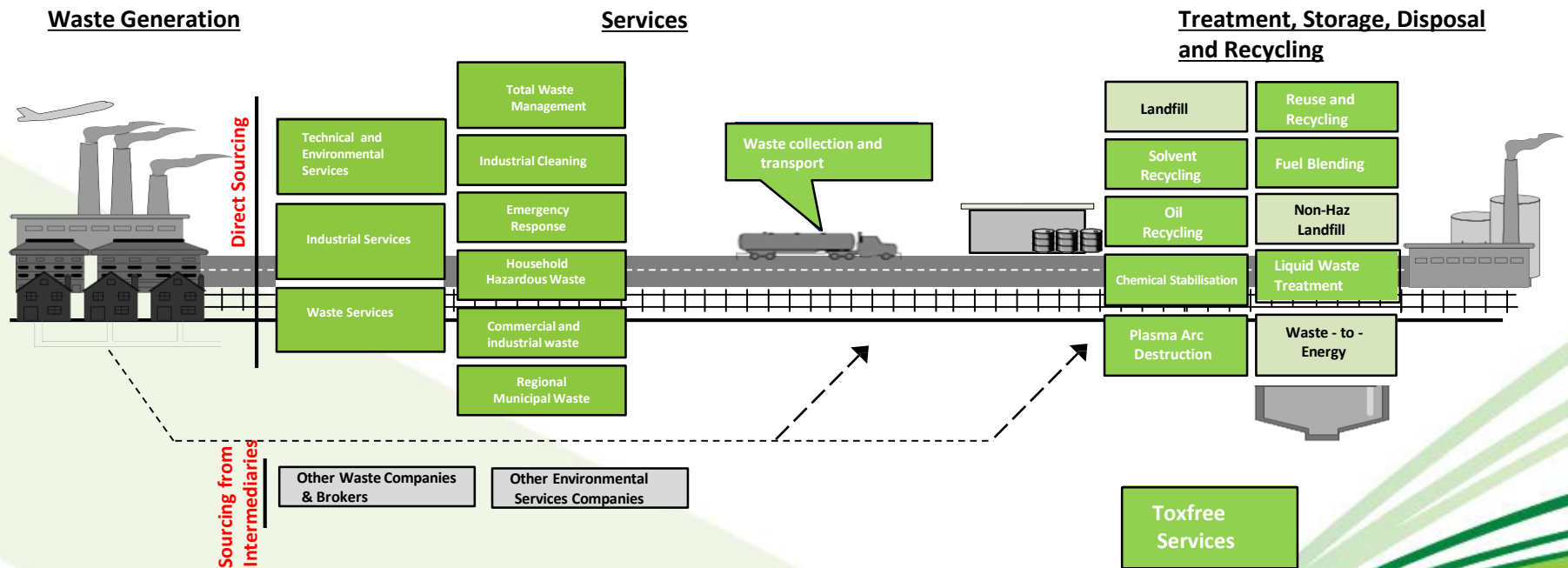
- \$4 billion market
- Provides treatment, disposal & recycling services
- All Sectors

Industrial Services

- \$3 billion market
- Consists of cleanup of operating facilities
- Municipal, Industrial, Government

Waste Services

- \$10 billion market
- Waste collection, transport, recycling and disposal
- Municipal, Commercial, Industrial and Construction



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

Waste is generated by a diverse number of sectors

Industry



Government and Defence



Industrial Manufacturing



Steel & Aluminium



Mining



Oil Exploration & Production



Construction & Demolition



Commercial



Utilities



Consumer Products



Municipal



Technology

Example Waste Streams

Intractable waste and PCBs

Acids & Caustics, Heavy Metals

Emission Control, Dust, Spent Pot Liners

Hydrocarbons, Lab Waste, Tailings & Chemicals

Spent Catalysts, Tank Bottoms, Mercury, Drill Cuttings

Metal, Bricks, Cement, Concrete, Roofing Materials

Solid Waste, Paper, Recyclables

PCBs, Decommissioned Transformer Waste

Household Hazardous Wastes, Batteries, E-Waste, Paint, Chemicals, Hydrocarbons

Food Waste, Paper, Plastics, Metals, Glass, Other

Etching Solutions for Semiconductors

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

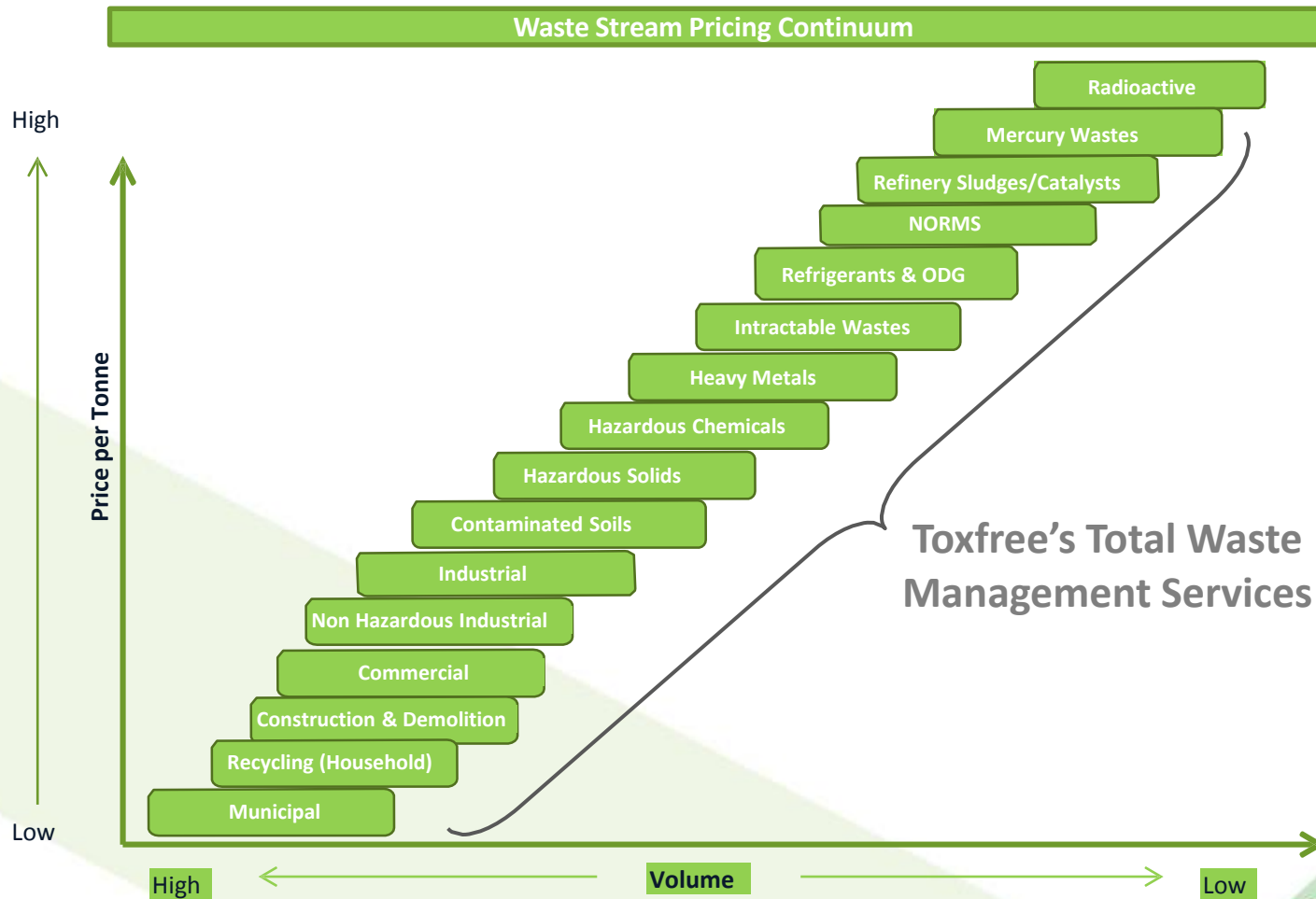
Integrated services

‘Based on our strategy Toxfree have estimated a target market of approximately \$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



Appendix 1 – 1H16 & FY2015 Non-Recurring Adjustments

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

HY1 FY 16:

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

HY2 FY 15:

- Acquisition costs including advisor, legal and rebranding = \$0.529m (Corporate).
- These adjustments resulted in an increase in underlying NPAT after tax of \$0.370m (before tax \$0.529).

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).



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