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TRANSPACIFIC INDUSTRIES GROUP FY14 RESULTS

UNDERLYING PROFIT UP 35% TO $92 MILLION

RESUMPTION OF DIVIDENDS

PROVISIONS FOR LANDFILL RECTIFICATION AND REMEDIATION INCREASED

Transpacific Industries Group Ltd ("Transpacific" ASX:TPI) today provided solid evidence that its strategy of balance sheet strengthening is delivering results for shareholders by declaring a dividend of 1.5 cents per share – the first dividend announced by the Company since 2008.

Transpacific announced a statutory profit after tax attributable to ordinary equity holders of $11.5 million for the year ended 30 June 2014, an improvement from the loss of $218.7 million in the previous corresponding period.

The statutory profit was impacted by a number of significant items totalling $80.5 million loss after tax (2013: $286.6 million loss after tax) with the major component being a $189 million after tax charge related to landfill rectification and remediation provisions. However, these losses were mainly offset by the gains on the sale of the Commercial Vehicles and New Zealand business.

Underlying net profit after income tax attributable to ordinary equity holders was $92.0 million, a 35% increase over the previous corresponding period.

Strategic Overview

"Since the Board appointed Bob Boucher as CEO in October 2013, excellent progress has been made on delivering a strengthened balance sheet and a renewed operational leadership team," Transpacific Chairman Martin Hudson said today.

"Transpacific now has a market-leading CEO with 30 years of deep international industry experience and operational expertise. The company has a clear and deliverable strategy, a strong net cash position, improved long-term debt facilities, and lower underlying interest expense, all of which will allow it significant scope to pursue strategic growth opportunities as they arise.

"We have addressed the significant matter of our long-term provisioning for landfill remediation and also allocated additional funding to tackle rectification at a range of landfill sites.

"The Board now has the confidence to return to declaring dividends which is a pleasing sign of the progress we have made. Our intention is to pay a regular dividend of 50 – 75% of underlying net profit after tax[1]."

Transpacific Chief Executive Officer Bob Boucher said, "By implementing a four point strategy to address revenue growth, improve landfill capacity and internalisation, maximise productivity and target tuck-in acquisitions, the Company is well positioned to grow. Delivery of this strategy is underway and I expect it to begin to bear fruit over the next 18-24 months, against some significant economic headwinds facing the industry."

[1] Total dividend for each financial year to be in the range of between 50% and 75% of underlying NPAT (after Step-Up Preference Securities distribution obligations have been met), taking into consideration the quantum of earnings for the period, future capital investment plans, and other factors such as the outlook for the business.

Increase to Landfill Rectification and Remediation Provisions

After commencing as CEO and visiting each of Transpacific's landfill sites, Mr Boucher expressed to the Board his concerns that Transpacific was not achieving best practice standards in relation to a number of its landfills.

This led to the appointment of Civil & Environmental Consultants, Inc., a specialist landfill engineering consulting firm based in the United States, to conduct an evaluation of potential remediation liabilities and other operational issues at a number of landfill sites (both currently operational and closed).

The purpose of the evaluation was to assess the current condition of the facilities, provide recommendations to mitigate potential future issues, achieve best practice, and provide estimates of financial resources needed to meet the recommendations.

As a result of the evaluation, Transpacific has taken additional provisions for the following amounts:

1. $69 million in rectification spending over the next five years to address historical operational issues.
2. $154 million in remediation spending over the next 30 to 50 years to ensure that all landfills meet best practice standards following their respective closure and ongoing monitoring commitments.

The increase in the rectification and remediation provisions total $232 million (discounted value) and has been reflected as a one-off significant item in the FY14 results. Additionally, there is a $37 million pre-tax impairment charge relating to the book value of landfill assets. The total charge for the year is $269 million pre-tax ($189 million after tax).

The 5 year cash outflow on rectification and remediation spending is now expected to be within a range of $125-175 million above Transpacific's previous business plan. The actual amounts will vary from year to year as they are dependent upon a range of considerations, such as operating conditions at the site and the actual date an operational landfill is closed.

"We've taken the responsible step of addressing the landfill remediation provisioning issues, and we have enough funding to take us to best practice going forward, based on the operational expertise we now possess within the company and the advice of external experts with deep industry knowledge," Mr Boucher said.

"We have a new operational team in place at Cleanaway under the leadership of Jack Perko so I am confident we now have the right experience and skills within the company to manage our landfill remediation obligations appropriately moving forward."

Financial Highlights

- Significant reduction in net debt from $978 million last year to a net cash position of $137 million at 30 June 2014
- Underlying EBITDA of $383.2 million declined by 7.0%
- $400 million of syndicated debt refinanced with improved pricing and longer tenor
- $40 million or 34% reduction in underlying net interest expense
- Statutory earnings per share of 0.7 cents. Underlying earnings per share of 5.8 cents, up 34.8%
- $235 million of operating cash flow generated during the year

Operational Overview

- Overall, Australian market conditions were difficult, particularly in the mining, manufacturing and industrial sectors
- Trading conditions improved in the Auckland and Christchurch regions of New Zealand
- 33% reduction in total recordable injury frequency rate
- Divestment program netted over $1.1 billion in proceeds
- 39 branches across Australia and New Zealand identified as either non-core or under-performing and have been closed or sold

Capital Allocation and Dividend

The proceeds from the sale of the Commercial Vehicles and New Zealand businesses have been used to pay down debt and will fund the redemption of the $250 million of Step-up Preference Securities in September 2014.

The strengthening of the balance sheet has allowed the Company to resume paying dividends. A final dividend of 1.5 cents per share has been declared.

The dividend will be fully franked and paid on 8 October 2014 to shareholders on the register at 29 August 2014.

Divisional Overview

Cleanaway

Cleanaway reported a 1.4% decline in revenues and a 2.3% decline in EBITDA compared to the previous year. Front lift collection volumes in the Commercial & Industrial business were down over 1% for the year and 3% in the second half compared to the first half of the year reflecting both general weakness in the economy and some loss of market share. A new sales and marketing initiative has been launched to arrest the decline in market share. Municipal revenues were down slightly on last year, reflecting the focus on higher margin contracts.

Total landfill volumes declined 10% compared to last year due mainly to increased competition for inert landfill volumes in New South Wales and cell construction delays in the Queensland and Victorian landfills. However, volumes in Perth were up strongly.

Industrials

The Industrials businesses experienced difficult markets and trading conditions. Revenue declined 7.4%, which resulted in a 16.1% decrease in EBITDA compared to last year. Lower activity levels across the manufacturing and industrial sectors impacted on all liquid waste volumes and labour recovery and equipment utilisation rates across the energy, minerals and remediation areas. The Hydrocarbons business reported lower earnings as increased waste oil refining capacity in the market led to a decrease in oil collection volumes and margins.

Management Comments

Mr Boucher said, "We have worked hard to streamline and improve the business. We have made considerable headway but there is still a lot of work to do to improve our waste management businesses to give us a solid platform for growth.

"During the year, we were successful in selling or closing 39 non-core or under-performing branches as well as selling the Commercial Vehicles and New Zealand businesses. Effectively, we have moved from a net debt of $978 million at 30 June 2013 to a net cash position of $137 million at 30 June 2014 – a turnaround of $1.1 billion. Following the redemption of the Step-up Preference Securities in September 2014, we will have a net debt of approximately $115 million.

"The transformation of our balance sheet has been completed. The Company now has the financial strength to resume paying dividends while also being poised to take advantage of a number of growth and investment opportunities available to us across all our Australian waste businesses.

"The next phase is improving our operational performance and laying a solid platform for growing our business and improving cash flows.

"There are a number of areas in the Cleanaway business that we are improving to promote growth. The management team and structure at Cleanaway have been changed and we have implemented a series of initiatives targeted at revenue growth, increased internalisation of waste streams and productivity. These changes will take 18-24 months to fully implement but I am confident that we will start to see some benefits flowing from those initiatives in FY15.

"The performance of our Industrial businesses was affected by weak economic conditions and increased competition in the waste oil business. While the results are disappointing, these businesses have the best network of liquid and waste oil processing facilities in the country and the expertise to take advantage of any uplift in economic conditions."

Commenting on trading conditions Mr Boucher added: "Trading conditions have remained difficult, particularly in Queensland and West Australia.

"Factors such as the continued strength of the Australian dollar, numerous announcements regarding the closure of manufacturing capacity, and weakness in the mining sector have definitely impacted business activity in these important sectors of the Australian economy.

"The economic environment will remain challenging but I am confident that the Company is now better placed to face those challenges.

Commenting on the outlook for FY15, Mr Boucher said "Based upon our current assessments, we expect trading conditions to remain consistent with those of FY14. We expect Cleanaway to show a modest increase in earnings in FY15 but the Industrials division will continue to be challenged by economic conditions and difficult markets."

Investor Briefing

The Company will be holding a teleconference briefing for **shareholders and analysts** on the results at **9.30am Sydney time** (AEST) today.

Presenters: CEO Mr Robert Boucher

CFO Mr Stewart Cummins

Teleconference: Australia: 1 800 123 296

International: +61 2 8038 5221

Quote Conference Code: 7127 4110

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Appendix 1. Reconciliation from Statutory Profit After Income Tax to Underlying Profit after Income Tax

A$ million	FY14	FY13
Statutory Profit/(loss) From Continuing and Discontinued Operations After Income Tax (Attributable to Ordinary Equity Holders)	**11.5**	(218.7)
Impairment of assets[1]	**139.4**	325.0
Rectification expense on landfill assets and operations[1]	**69.2**	-
Loss on disposal of investments and site closures from Business and Operational Review	**6.5**	15.9
Restructuring costs, including redundancy	**7.2**	9.0
Costs associated with Business and Operational Review	**-**	7.3
Onerous lease provision	**10.9**	-
Change in fair value of land and buildings taken to profit and loss	**8.3**	-
Costs associated with transformation program and other strategic projects	**10.5**	-
Refund of prior periods' tax credits	**-**	(7.9)
Other	**1.2**	0.1
Total Underlying Adjustments to EBITDA	**253.2**	349.4
Accelerated depreciation on landfill assets[1]	**60.9**	-
Total Underlying Adjustments to Depreciation	**60.9**	**-**
Write off of establishment costs associated with former debt facilities	**17.9**	-
Accelerated amortisation of Convertible Notes and redemption costs	**-**	0.3
Changes in fair value of derivative financial instruments	**8.8**	(12.5)
Total Underlying Adjustments to Finance Costs	**26.7**	(12.2)
Tax impacts of Underlying Adjustments to EBITDA and finance costs	**(100.6)**	(50.6)
Tax impacts of FX on SPS Trust Redemption	**12.4**	-
Total Underlying Adjustments to Income Tax	**(88.2)**	(50.6)
Gain on sale of Commercial Vehicles Group after items transferred from reserves and income tax	**(131.0)**	-
Gain on sale of NZ businesses after items transferred from reserves and income tax	**(41.1)**	-
Total Gain on Sale from Divestments	**(172.1)**	-
Underlying Profit After Income Tax (Attributable to Ordinary Equity Holders)	**92.0**	67.9

Note 1: Relates to landfill rectification and remediation review

Refer to pages 8 and 9 of the 30 June 2014 Directors' Report for detailed explanations of the above Underlying Adjustments

Appendix 2. Divisional Underlying Results

A$ million	Revenue			EBITDA			EBIT		
	FY14	FY13	% change	FY14	FY13	% change	FY14	FY13	% change
Cleanaway	**911.8**	924.7	-1.4%	**189.8**	194.2	-2.3%	**98.8**	92.4	6.9%
Industrials	**485.0**	523.6	-7.4%	**90.1**	107.4	-16.1%	**60.7**	75.0	-19.0%
Associates	**-**	-	-	**1.7**	1.0	68.9%	**1.7**	1.0	68.9%
Corporate & other	**12.9**	9.1	42.2%	**(9.1)**	(7.1)	-28.1%	**(22.9)**	(25.3)	9.5%
Total Australian Waste Management	**1,409.7**	1,457.4	-3.3%	**272.5**	295.5	**-7.8%**	**138.3**	143.1	**-3.4%**
Segments divested									
Commercial Vehicles	**75.7**	445.8		**5.3**	35.8		**5.1**	34.6	
Manufacturing	**11.6**	37.6		**0.5**	(2.2)		**0.5**	(2.2)	
New Zealand incl associates (NZ$)	***432.9***	*437.9*	*-1.1%*	***115.9***	*103.7*	*11.8%*	***78.4***	*63.6*	*23.3%*
New Zealand incl associates (A$)	**390.3**	351.0	11.2%	**104.9**	83.1	26.2%	**71.0**	51.0	39.2%
Other	**1.3**	2.2	-40.9%	**-**	-	-	**-**	-	-
Total segments divested	**478.9**	836.6	-42.8%	**110.7**	116.7	**-5.1%**	**76.6**	83.4	**-8.1%**
Total Group	**1,888.6**	2,294.0	**-17.7%**	**383.2**	412.2	**-7.0%**	**214.9**	226.5	**-5.1%**