



**Transpacific Industries Group Ltd**

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8 October 2014

Company Announcements Office  
ASX Limited

Dear Sirs,

Please find attached a presentation to be made by Bob Boucher, Chief Executive Officer of Transpacific Industries Group Ltd, to the Morgans 2014 Queensland Conference today.

Yours sincerely  
Transpacific Industries Group Ltd

A handwritten signature in blue ink that reads "Kellie Smith".

Kellie Smith  
Company Secretary

# Morgans


# 2014 Queensland Conference

Presentation by  
**Robert Boucher**  
Chief Executive Officer

8 October 2014



# Agenda

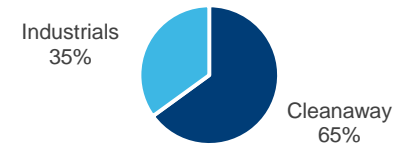
1. Introduction to Transpacific
  2. Overview of the Australian Waste Market
  3. Balance Sheet
  4. Transpacific's strategy
- 

# 1. Introduction to Transpacific

Transpacific is Australia's leading provider of total waste management services, with operations in both solid and liquid waste ...

		<i>A\$m</i>
<i>(Pro-forma for recent divestments)</i>		
<b>Market cap<sup>(a)</sup>:</b>		<b>1,343</b>
<b>EV<sup>(a)</sup>:</b>		<b>1,458</b>
<b>FY14 revenue:</b>		<b>1,410</b>
<b>FY14 EBITDA:</b>		<b>273</b>
<b>Margin (%):</b>		<b>19.3%</b>

Revenue by division FY14A



- ▶ Collection, transportation, recycling and disposal of waste for commercial and industrial, construction and demolition, and municipal clients across Australia
- ▶ Operates waste processing facilities, transfer stations, landfills, resource recovery and recycling facilities
- ▶ Leading operator in collection, treatment, recycling and disposal of liquid and hazardous waste
- ▶ Industrial services include cleaning, facilities maintenance services, emergency response and site remediation
- ▶ Service the manufacturing, mining, construction, retail and government sectors

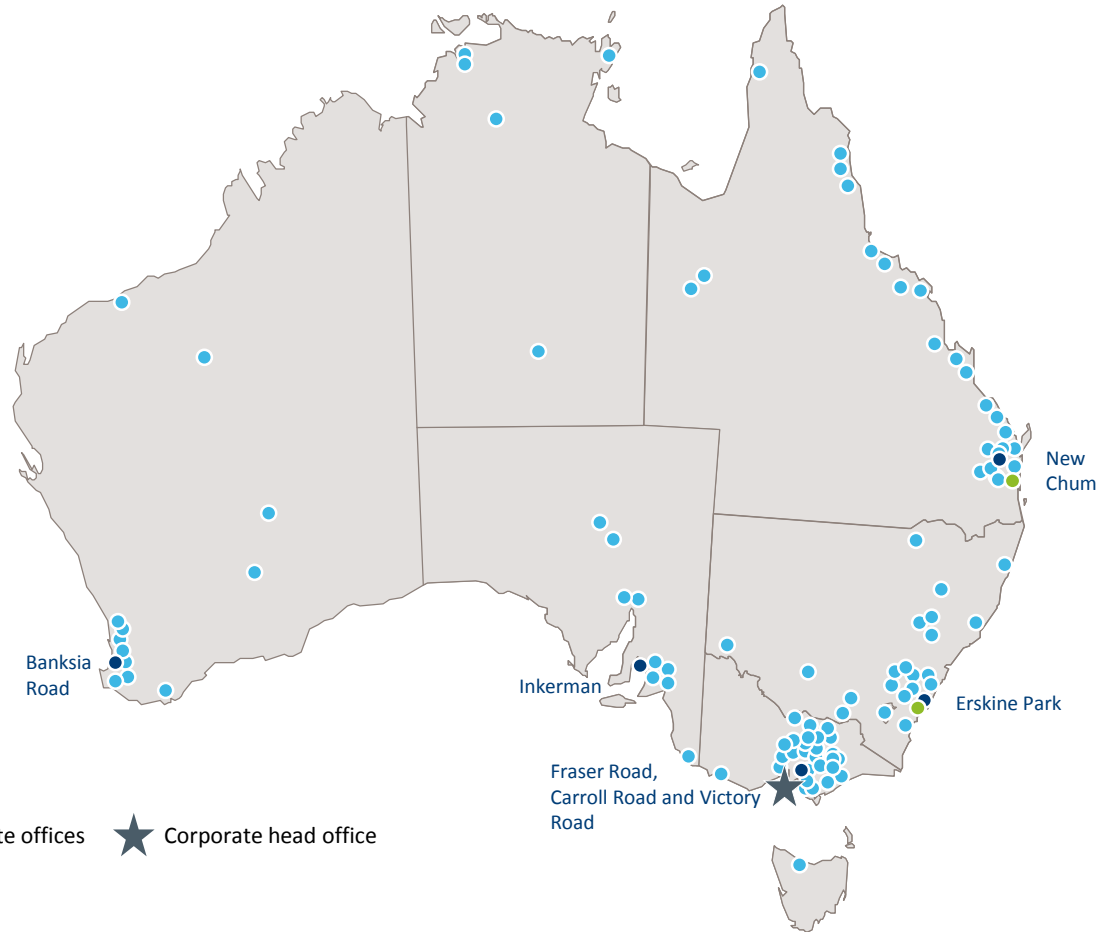
*(a) As of 24 September 2014*  
 Source: Company filings, ASX as of 24 September 2014

# 1. Introduction to Transpacific (cont'd)

## Transpacific is an integrated national player

### Key operational statistics

Employees	~4,500
Total vehicles	~2,800
Major landfill sites	5
Transfer stations	15
Industrial sites	~40
Recycling sites	~25
Depots	~150

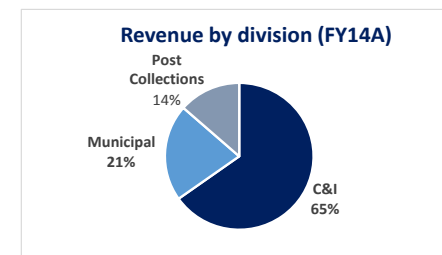


Source: Transpacific

# 1. Introduction to Transpacific (cont'd)

## Cleanaway – divisional overview

 A Transpacific Company	<i>June y/e, A\$m</i>	<b>FY13</b>	<b>FY14</b>
	Revenue <sup>(a)</sup>	925	912
	EBITDA	194	190
	Margin (%) <sup>(b)</sup>	23.0%	22.4%



Commercial and Industrial ("C&I")	Municipal	Post Collections
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- |  |   |   |
|--|---|---|
| <ul style="list-style-type: none"> <li>▶ Collection services for solid waste streams including general waste, recyclables, construction and demolition waste and medical and washroom services</li> <li>▶ Customers range from local small business to large national corporates across all industries</li> <li>▶ Contract duration typically 1 – 5 years</li> </ul> | <ul style="list-style-type: none"> <li>▶ Municipal and residential collection services for solid waste streams</li> <li>▶ Councils typically award 5 – 10 year contracts to collect curbside waste</li> </ul> | <ul style="list-style-type: none"> <li>▶ Ownership and operation of transfer stations, material recycling facilities, advanced resource recovery and landfill for solid waste</li> <li>▶ Gate fees are highly variable reflecting state government levies and local disposal choices</li> </ul> |
|--|---|---|

	FY14		FY14		FY14
Revenue (\$m)	604	Revenue (\$m)	197	Revenue (\$m)	125
Growth (%)	2.4%	Growth (%)	(1.0%)	Growth (%)	(7.6%)

(a) Includes A\$63m of levies and carbon tax and \$(77)m of intercompany revenue in FY14 and A\$80m of levies and carbon tax and A\$(80)m of intercompany revenue in FY13

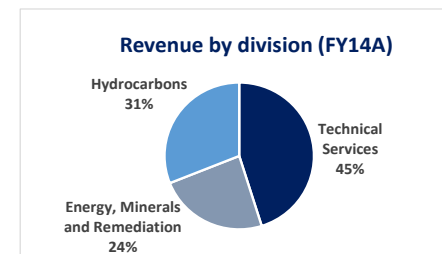
(b) Margin calculated excluding levies and carbon tax

Note: Financials may not add due to rounding

Source: Company filings

## Industrials – divisional overview

	<i>June y/e, A\$m</i>	<b>FY13</b>	<b>FY14</b>
	Revenue	524	485
	EBITDA	107	90
	Margin (%)	20.5%	18.6%



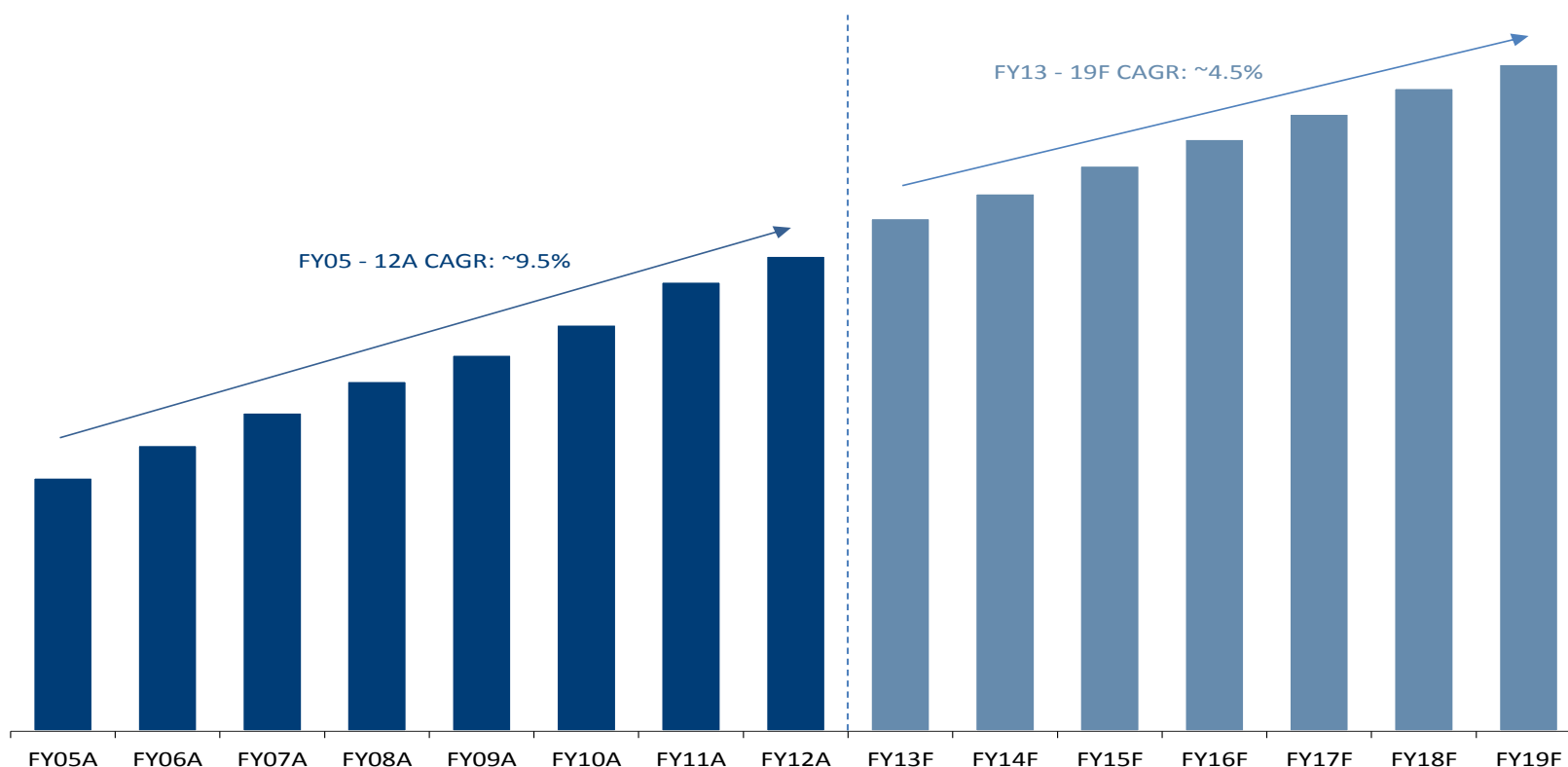
Technical Services	Energy, Minerals and Remediation	Hydrocarbons
<ul style="list-style-type: none"> <li>▶ Collection, treatment, processing and recycling of liquid and hazardous waste and safe disposal of liquid and prescribed waste</li> <li>▶ Waste collected includes industrial waste, grease trap waste, oily waters, hazardous waste, contaminated soil and liquid organics, in packaged and bulk forms</li> </ul>	<ul style="list-style-type: none"> <li>▶ Industrial cleaning, vacuum tanker loading, site remediation, sludge management, parts washing, concrete remediation, corrosion protection, emergency response, hydro excavation, catalyst handling and specialised technical services</li> <li>▶ Major supplier of emergency response services</li> </ul>	<ul style="list-style-type: none"> <li>▶ Collection, treatment and re-sale of used lubricants, refining and recycling of used mineral oils to produce fuel oils and base oils</li> <li>▶ Provides workshop solutions for the collection of rags and filters and the rental of parts washing equipment</li> </ul>

	FY14		FY14		FY14
<b>Revenue (\$m)</b>	219	<b>Revenue (\$m)</b>	116	<b>Revenue (\$m)</b>	151
<b>Growth (%)</b>	(1.2%)	<b>Growth (%)</b>	(11.3%)	<b>Growth (%)</b>	(12.3%)

*Note: Financials may not add due to rounding*  
 Source: Company filings

## 2. Overview of the Australian Waste Market

- The Australian waste management industry is worth ~A\$10.5 – A\$11.5bn<sup>(1)</sup>
  - Solid waste industry ~A\$9.2bn
  - Industrials industry ~A\$2.1bn
- The solid waste industry revenue has historically grown at ~9.5% CAGR and is forecast to grow at ~4.5% CAGR over the next 7 years ...<sup>(2)</sup>

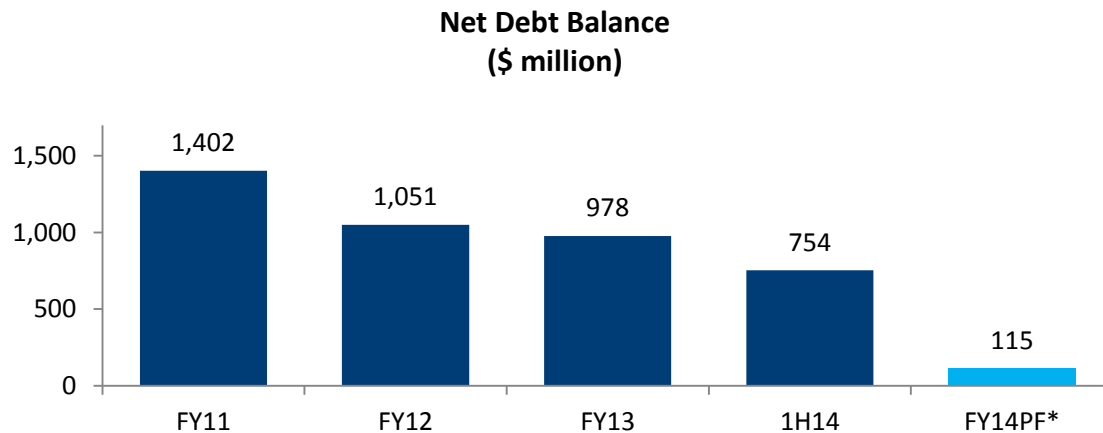


Source: (1) Transpacific

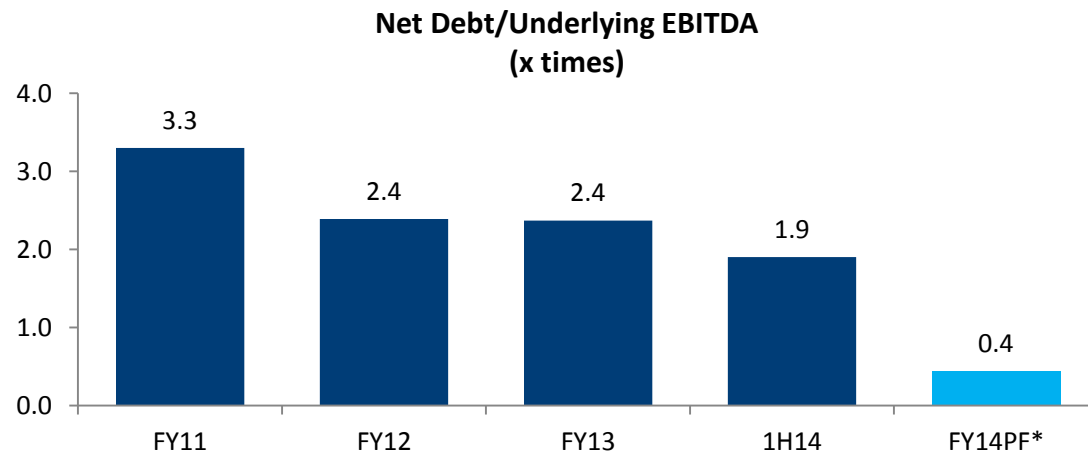
(2) IBIS World Solid Waste Collection Services in Australia, December 2013



## The Balance Sheet has been significantly strengthened



- ▶ Dividend declared of 1.5 cents per share (the first since 2008)
- ▶ Redeemed the \$250 million of SPS on 30 September 2014
- ▶ Refinanced debt facilities at improved terms
- ▶ Target Net Debt/Underlying EBITDA ratio of between 1.5x and 2.0x



\*FY14PF incorporates redemption of Step-up Preference Securities (SPS) which occurred on 30 September 2014

## Transpacific's strategy revolves around four key components

	Growth	Landfill	Productivity	Tuck-in Acquisitions
How	<ul style="list-style-type: none"> <li>Drive unit growth through transformed sales function</li> <li>Optimise pricing</li> <li>Increase market intelligence</li> </ul>	<ul style="list-style-type: none"> <li>Best practice landfill operations</li> <li>Acquire or joint venture landfills</li> <li>Increase focus on internalisation</li> </ul>	<ul style="list-style-type: none"> <li>Implement initiatives identified in Business and Operational Review</li> </ul>	<ul style="list-style-type: none"> <li>Create pipeline of opportunities</li> </ul>
Current	<ul style="list-style-type: none"> <li>Phase 1 of pilot sales project successfully completed</li> </ul>	<ul style="list-style-type: none"> <li>Current internalisation rate 10% -12%</li> <li>Opportunities identified</li> <li>Redesigning collection routes to increase internalisation</li> </ul>	<ul style="list-style-type: none"> <li>Expanding use of route optimisation and fleet management software</li> <li>Extending procurement program</li> <li>Reduce back office costs</li> </ul>	<ul style="list-style-type: none"> <li>Opportunities identified and being assessed</li> </ul>

*A number of the initiatives in progress will take 18-24 months to fully implement*

# Questions