

**25 November 2015**

**Transpacific Industries Group Ltd**

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**FOR RELEASE TO MARKET**

**Investor Day Presentation**

Please find attached the Company's presentations to be made to investors at 10.00am (AEDST) today.

A live webcast of these presentations can be accessed via the following link  
<http://webcast.openbriefing.com/2508/> .

For those unable to listen to the live webcast, a replay will be available on  
<http://www.openbriefing.com/OB/1998.aspx>

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**END**



# Cleanaway Waste Management Limited

## Investor Day Presentations

25<sup>th</sup> November 2015

# Agenda

<b>Presenter</b>	<b>Topic</b>	<b>Time</b>
Vik Bansal	▶ Making a good company great	10:00am
Anthony Roderick	▶ Liquids & Industrial Services	10:45am
Break	Morning tea	11:15am
Vik Bansal	▶ Solids	11:30am
Break	Lunch	12:00pm
Site tours	▶ Depart for Clayton Landfill and tour of the site	12:45pm
<i>Hosts: Clete Elms, General Manager – Vic/Tas, Brendan Gill, Chief Financial Officer Frank Sufferini, Head of Investor Relations</i>	▶ Depart for Melbourne Regional Landfill and tour of the site	2:30pm
	▶ Buses depart for Melbourne Airport and City Centre	5:00pm

# Making a good company great.....

Vik Bansal  
Chief Executive Officer and  
Managing Director

25<sup>th</sup> November 2015

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

## Cleanaway

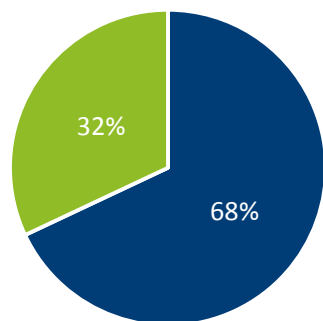
	A\$m
Market cap <sup>(*)</sup> :	1,108
EV <sup>(*)</sup> :	1,445
FY15A revenue <sup>(**)</sup> :	1,385
FY15A EBITDA <sup>(^)</sup> :	231
Margin (%):	17%

### Solid Waste – Collections and Post-Collections

- ▶ Collection, transportation, recycling and disposal of waste for municipal, commercial and industrial and construction and demolition clients across Australia
- ▶ Operates waste processing facilities, transfer stations, landfills, resource recovery and recycling facilities

	FY14	FY15
Net revenue	911.8	926.5
EBITDA	189.8	198.0
Margin (%)	21%	22%
EBIT	98.8	99.0
Margin (%)	11%	11%

### Revenue by Division (FY15)



■ Solid Waste ■ Liquid Waste

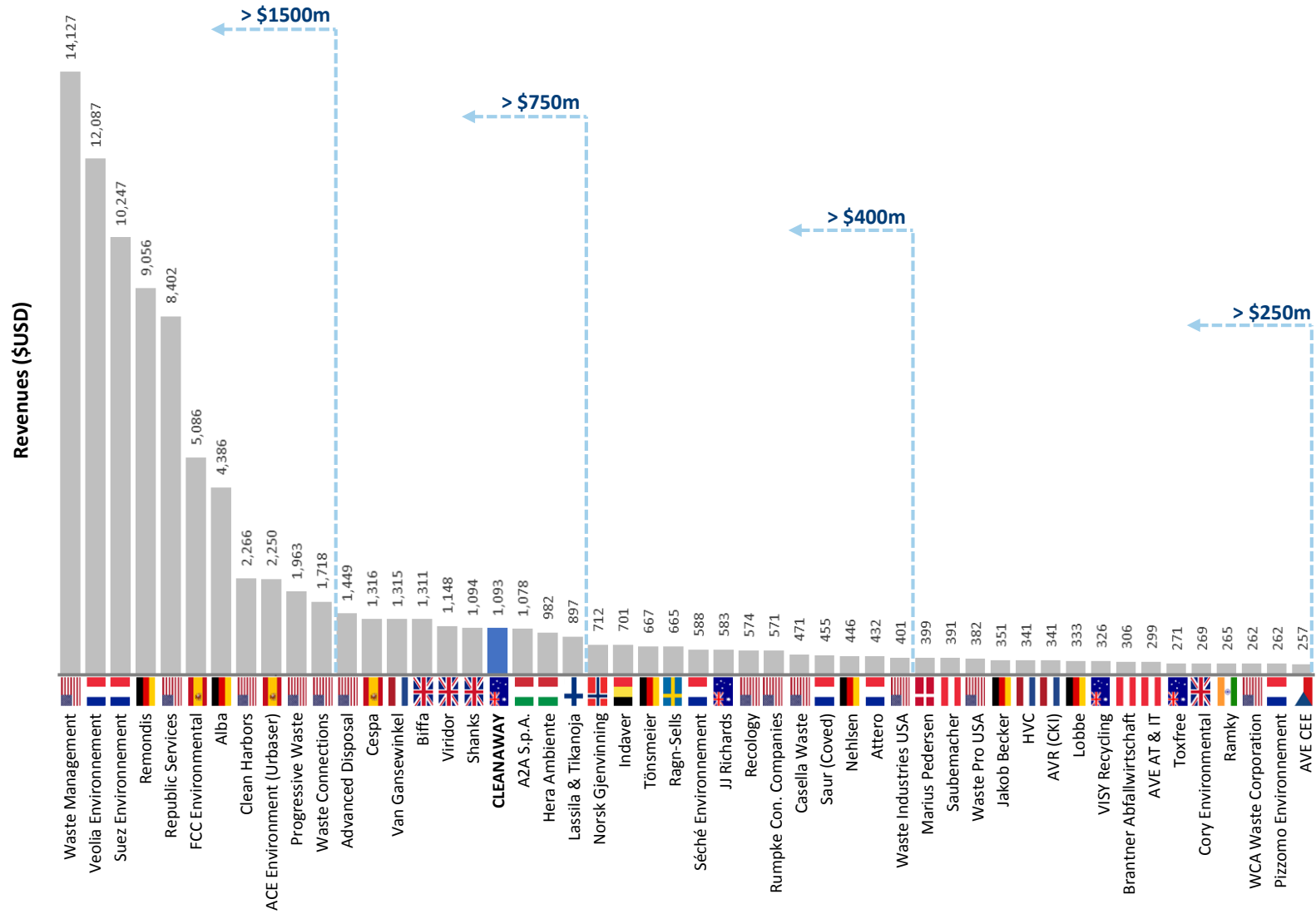
### Liquids & Industrial Services

- ▶ Collection, treatment, processing and recycling of liquid and hazardous waste
- ▶ Collection, refining and recycling of used mineral oils to produce fuel oils and base oils
- ▶ Industrial cleaning, vacuum handling, sludge management, site remediation, facilities maintenance services, emergency response services

	FY14	FY15
Net revenue	485.0	445.9
EBITDA	90.1	55.8
Margin (%)	19%	13%
EBIT	60.7	28.9
Margin (%)	13%	7%

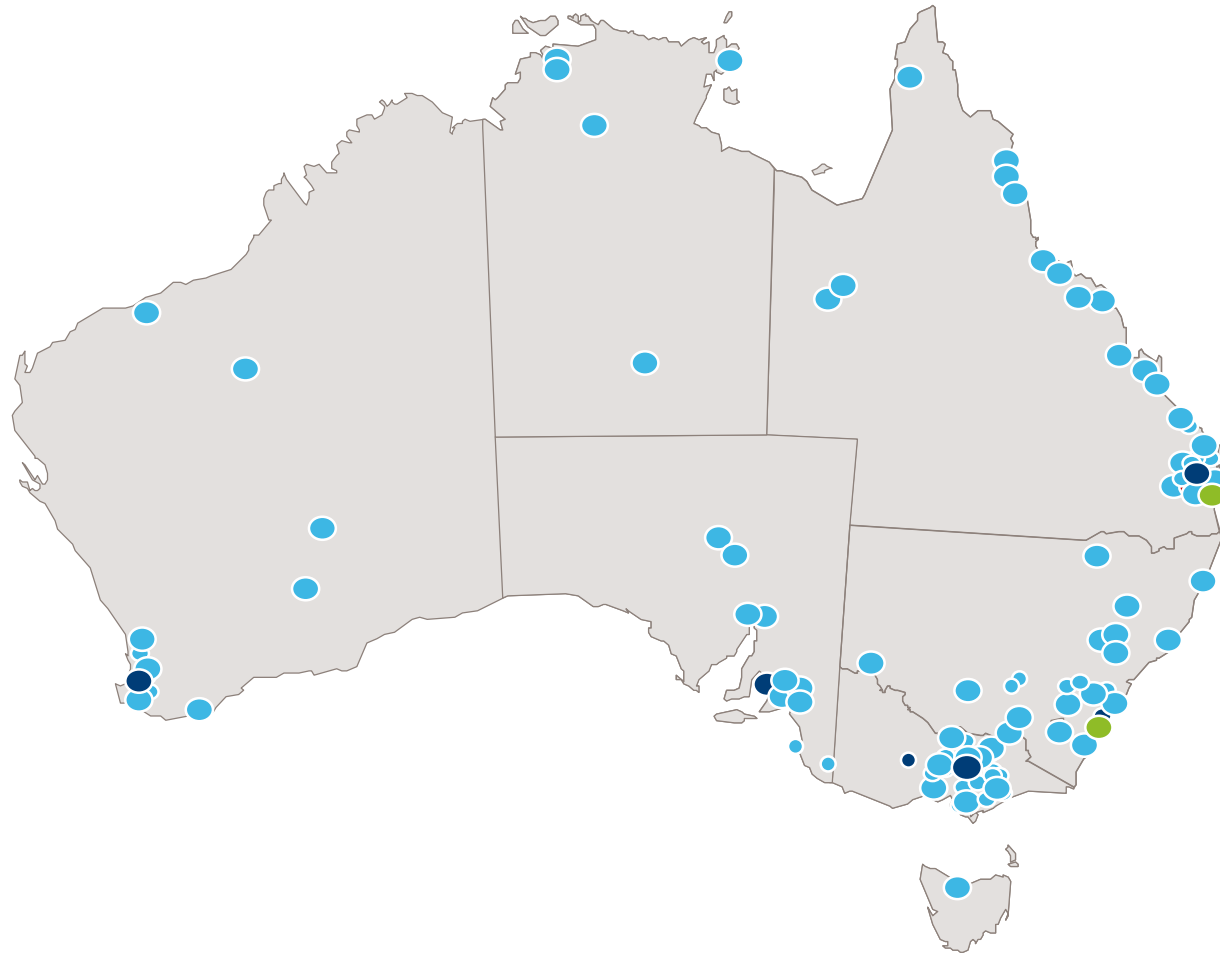
Note: <sup>\*</sup>As of 20 November 2015; <sup>\*\*</sup>Includes corporate and other revenue of A\$12.5m; <sup>^</sup>Includes share of associates of A\$1.4m and corporate and other expense of A\$24m

# We sit among the world's top waste management companies



# Cleanaway is an integrated national player

Major landfill sites	6
Transfer stations	15
Liquid and Industrial Services	~70
Recycling sites	~25
Depots	~80



# Cleanaway offers a comprehensive suite of services nationally

	Revenue (\$m)	Solids			Liquids and Industrial Services		
		C&I	Municipal	Post collections	Liquid and Hazardous collections	Hydrocarbons	Industrial Services
Cleanaway	\$1,385m						
Competitor 1*	\$1,073m						
Competitor 2*	\$1,079m						
Competitor 3*	\$693m						
Competitor 4*	\$325m						
Competitor 5	\$407m						

\*Estimated



# Our Mission, Vision and Values will provide clarity and direction for our strategy, operating model, structure and systems

## MISSION

Why we exist

To make a sustainable future possible

## VISION

Where we are headed

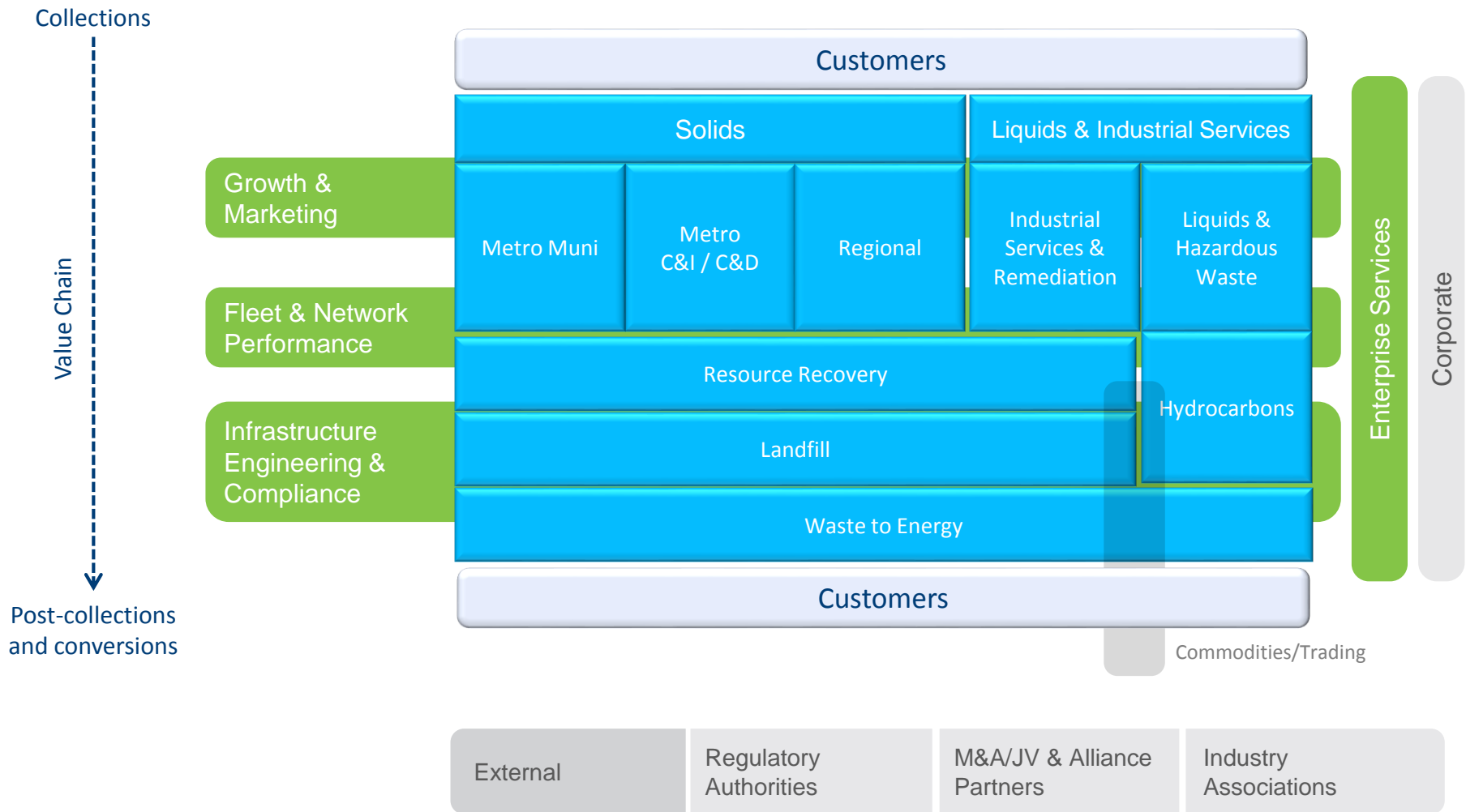
Cleanaway is a market leader in Waste Management, Industrial and Environmental Services. We leverage our expertise, assets and infrastructure to deliver on our commitments. We are an employer of choice and we generate superior value for our customers, community and shareholders.

## VALUES

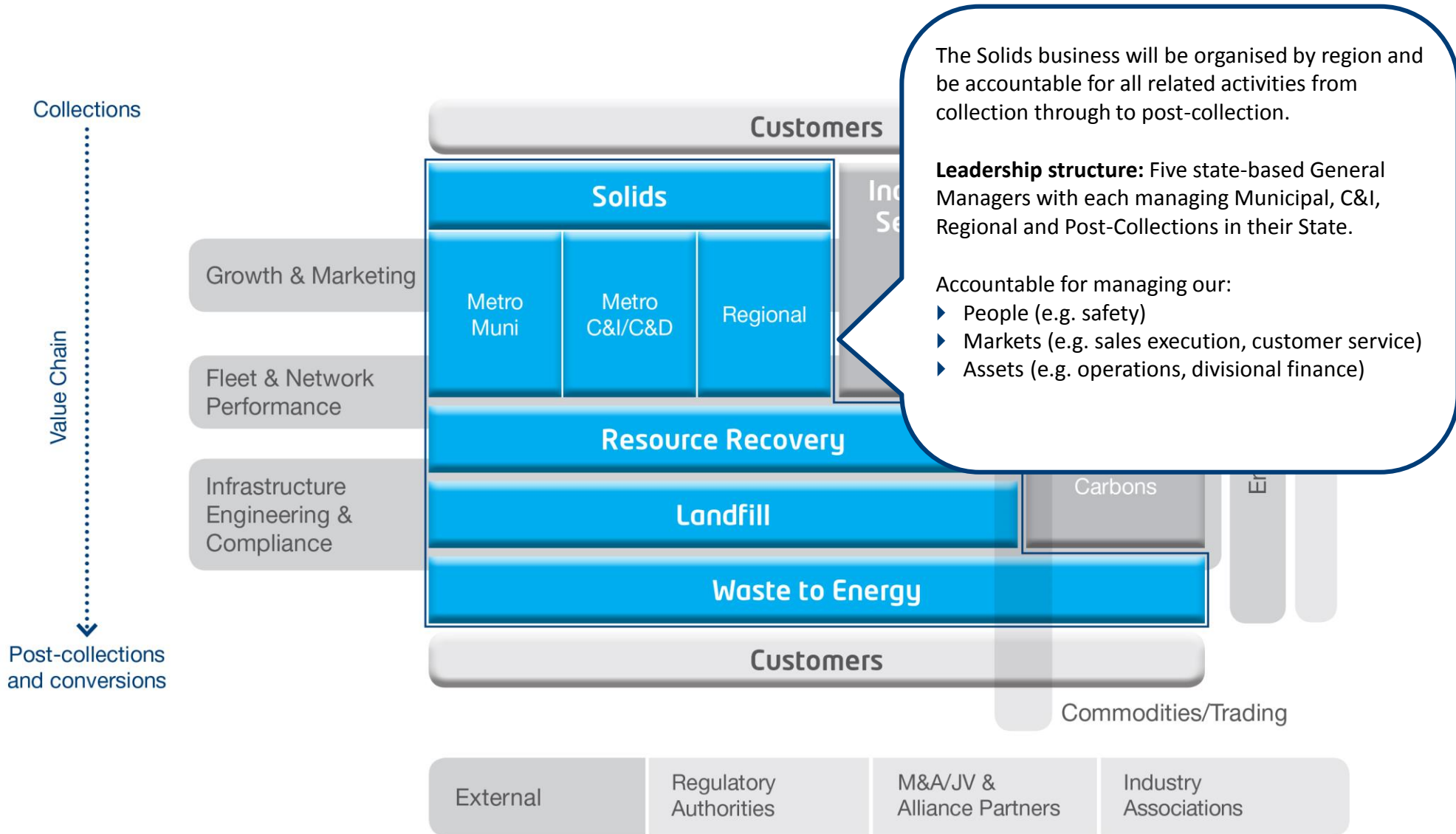
What we stand for



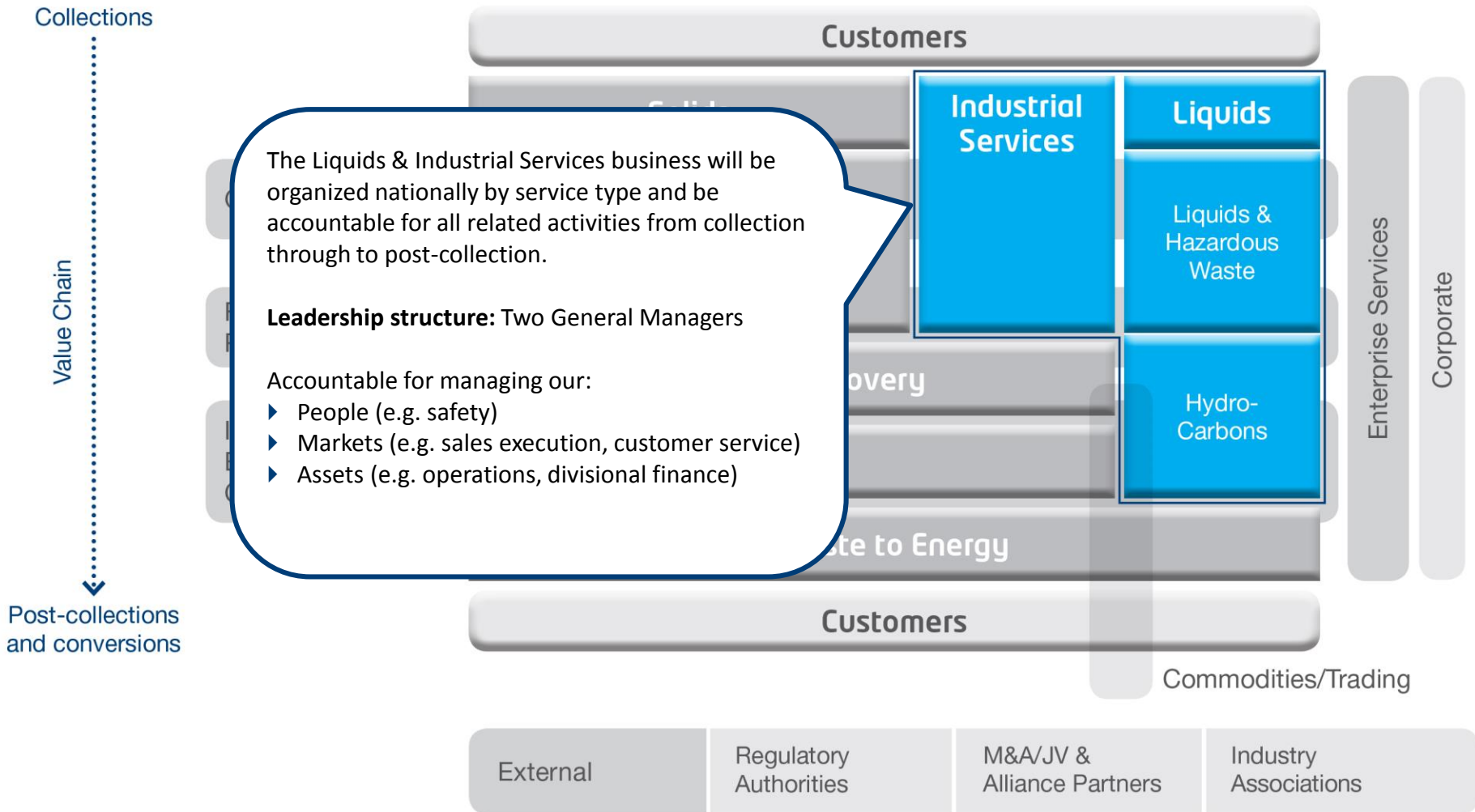
# Ensuring focus on value creation by leveraging our expertise and cost is the only way we can make a sustainable future possible



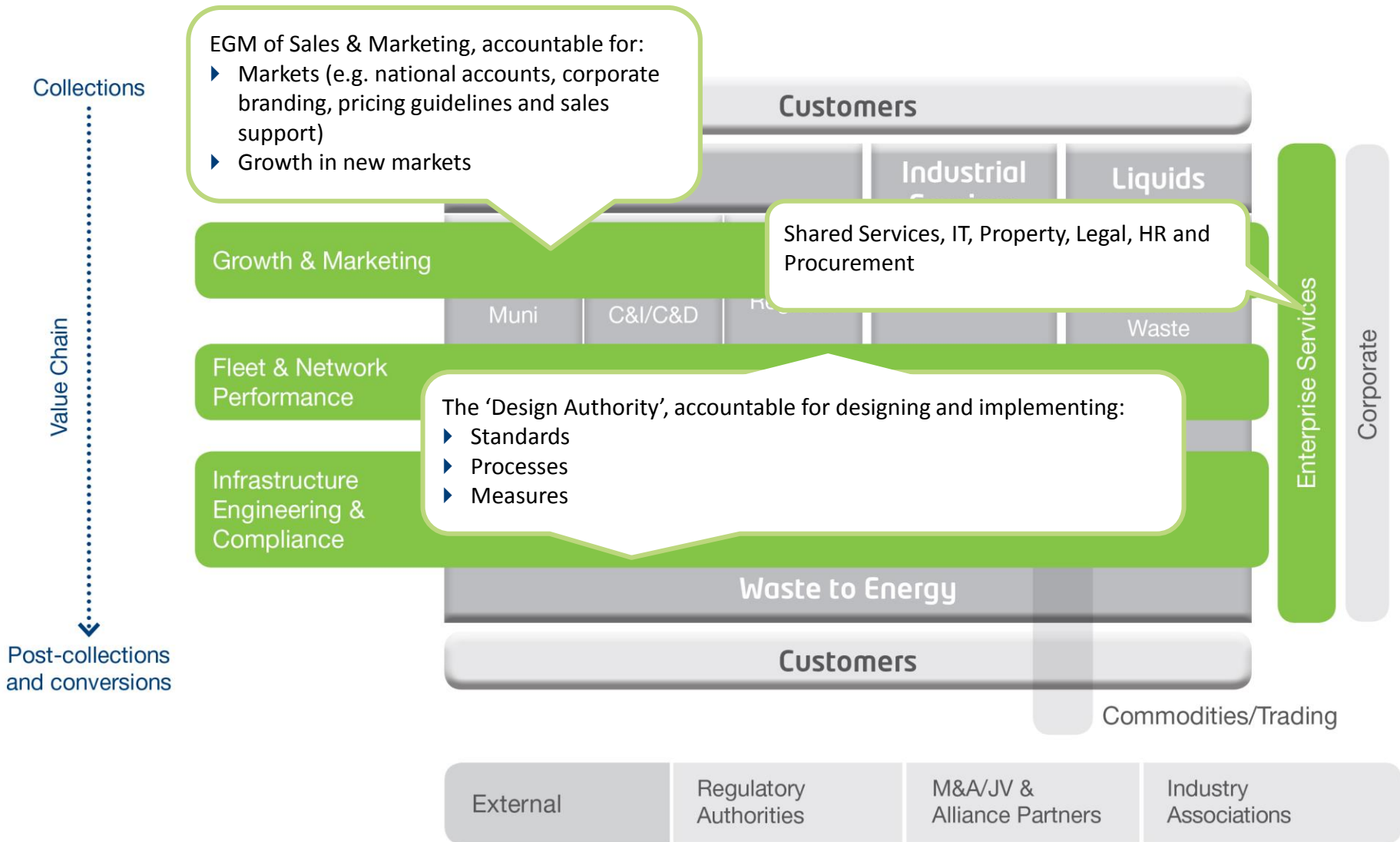
# The new value operating model aims for empowerment with high accountability



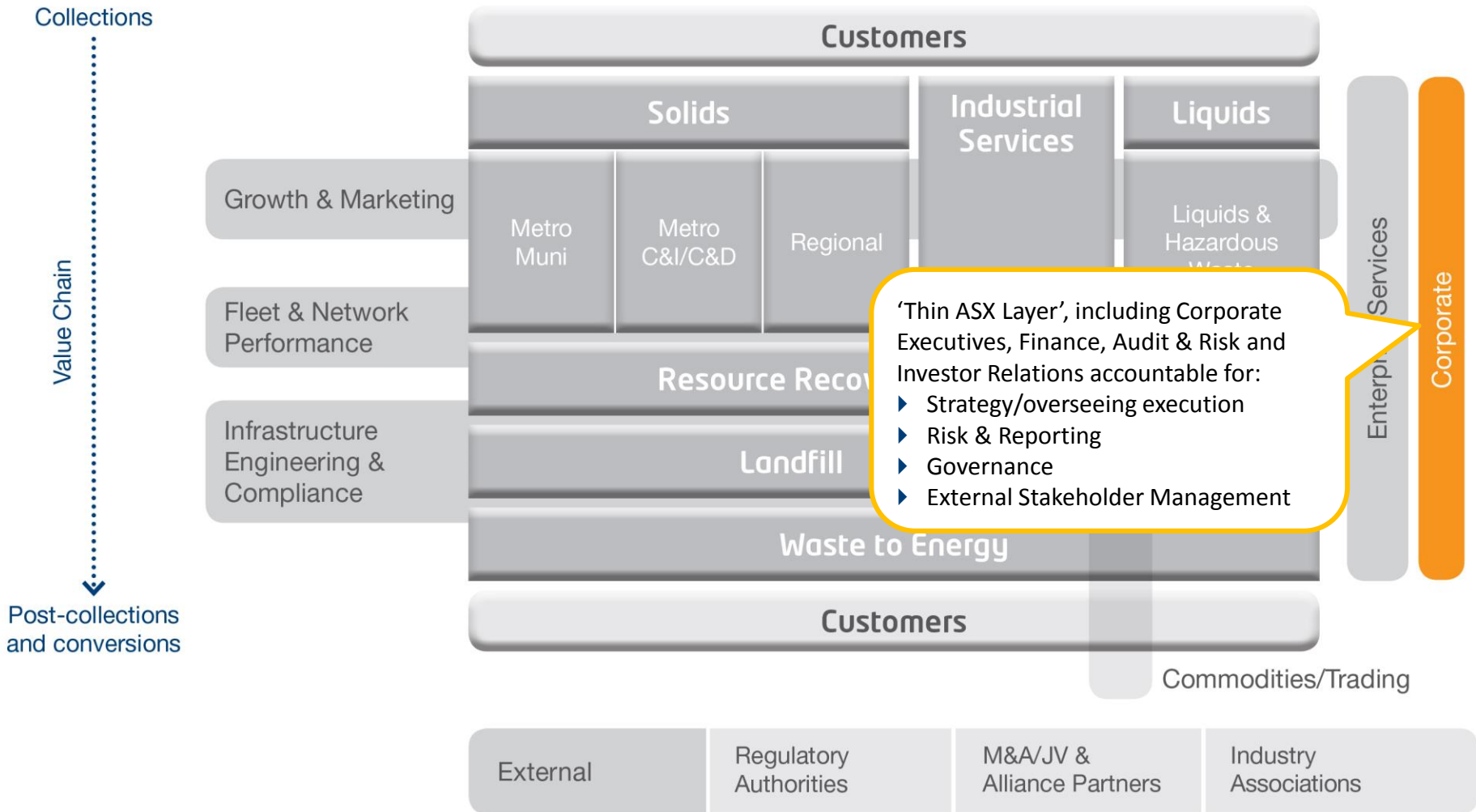
# The new value operating model aims for empowerment with high accountability



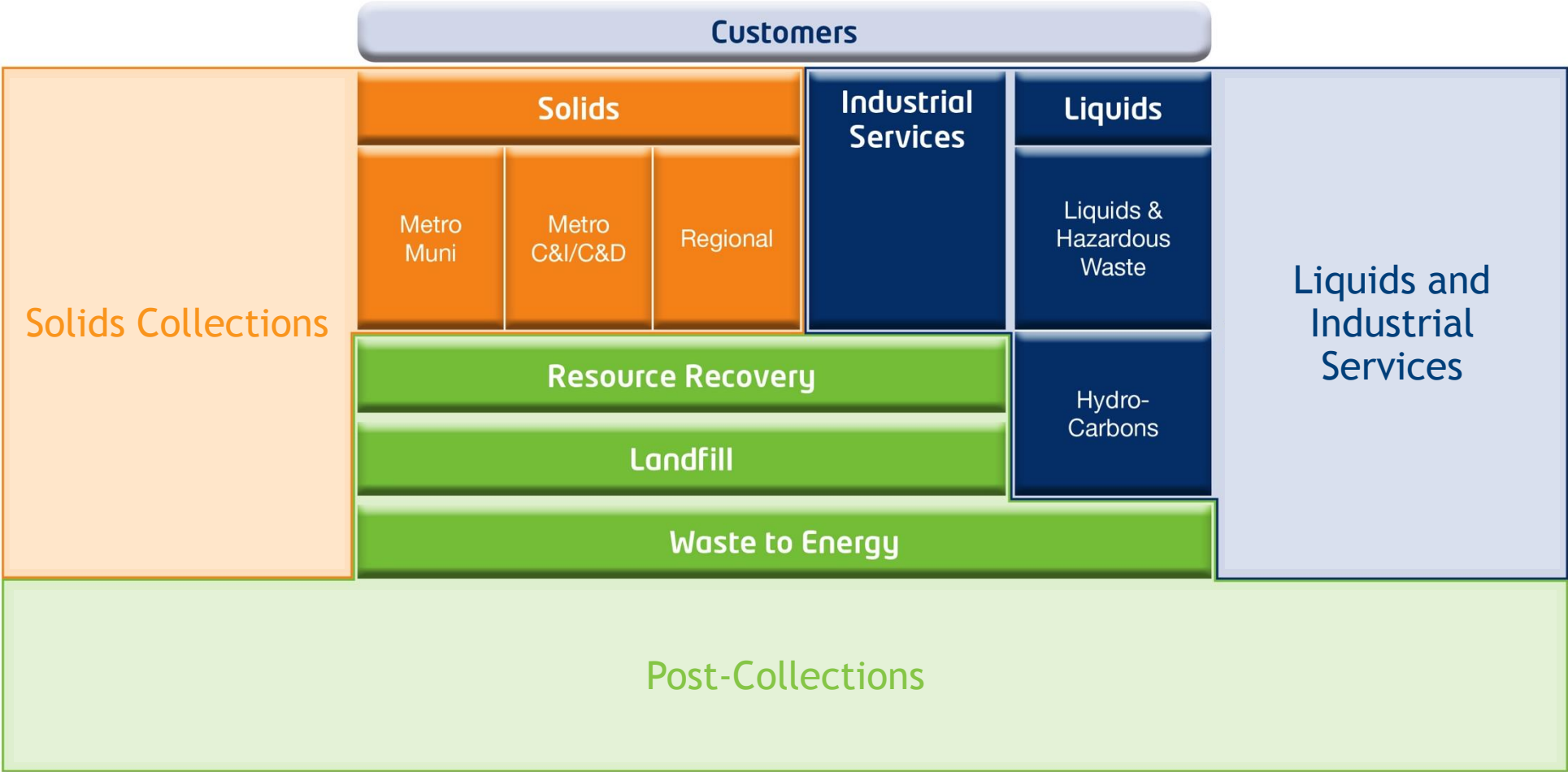
# We are decentralising by standardising to leverage the cost base



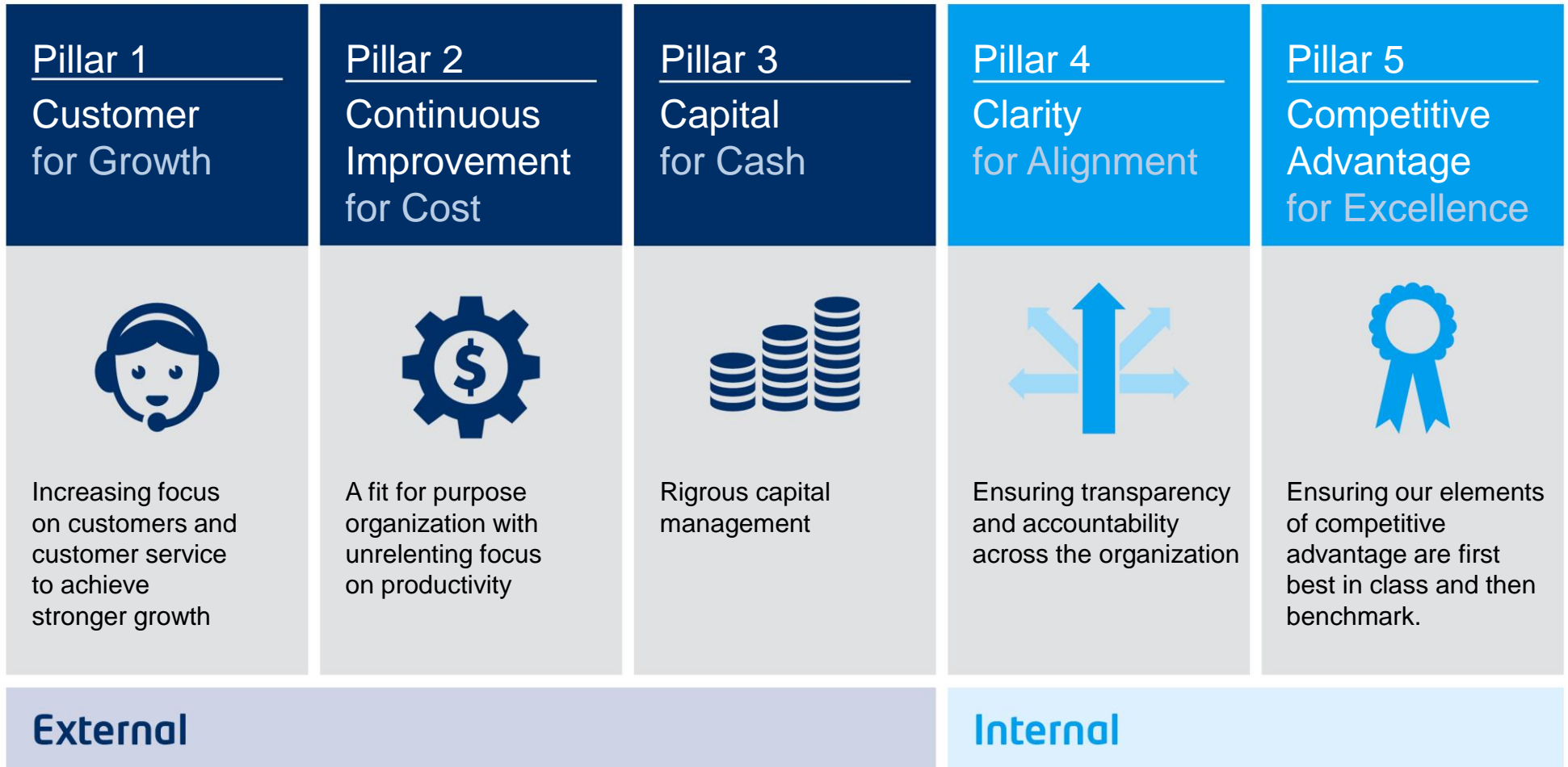
# The new value operating model aims for empowerment with high accountability



# We will go to the market by 3 divisions








# Our journey from “good to great” will be underpinned by our five key pillars – the five C’s



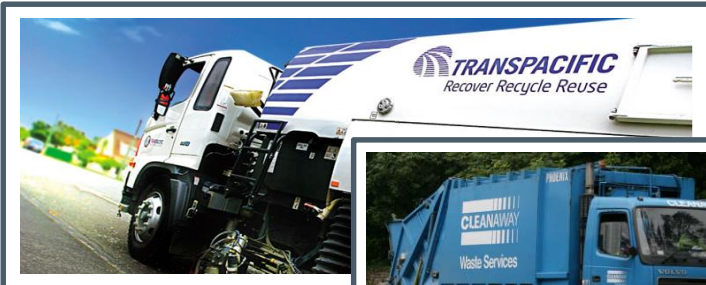


# Our Group Initiatives

	<h2>Customer for Growth</h2>	<p>Organic Volume Growth – National Accounts, Mid Market and SME. Sales Productivity, Growth Agenda</p>	<p>Target Market Verticals as per strategic intent – Develop specific positioning and Go To Market</p>	<p>Inorganic Growth – Acquisitions ( Strategic Assets and Tuck Ins)</p>	<p>Develop a Single Brand – Create Brand Equity</p>
	<h2>Continuous Improvement for Cost</h2>	<p>Fit for Purpose Organisations – Decentralised, Empowered and Accountable</p>	<p>Procurement led Cost avoidance – Target 5% on all discretionary categories</p>	<p>Productivity Agenda – Labour, non-Labour and Assets. Foot print Rationalisation</p>	<p>Best In Class Agenda</p>
	<h2>Capital for Cash</h2>	<p>Reduce our capital intensity – Capex in line with D&amp;A</p>	<p>Capex to justify strategic intent, improve customer service or reduce costs</p>	<p>Working capital and Balance Sheet rigor optimisation</p>	
	<h2>Clarity for Alignment</h2>	<p>Organisation Structure to align with Value Operating Model</p>	<p>Strategy, Metrics, Reporting, Review, Reward, Rigour</p>	<p>Employee Engagement &amp; Leadership Accountability around Engagement.</p>	
	<h2>Competitive Advantage for Excellence</h2>	<p>Customer Service an absolute differentiator – standards &amp; discipline around sales process, pricing &amp; customer service</p>	<p>Fleet Optimisation - Management and Standardisation</p>	<p>Infrastructure, Remédiation and Rectification - Discipline &amp; Compliance</p>	

# Branding Update

4500 mobile assets



Inconsistent presentation across all digital and print assets



200 sites



Thousands of bins



# Branding Update - Timing

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The transition to the Cleanaway brand will occur over two key phases before completion June 2018

1. Phase One – Transition commences 30 October 2015
  - Transition approved with AGM resolution
  - Internal communication campaign has commenced
  - External communications will be low key
  
2. Phase Two - Formal Launch 1 February 2016
  - Major elements unveiled
    - Website
    - Uniforms
    - Major facility signage
    - Vehicle branding
  - Physical asset transition commences
  - ASX ticker to CWY
  
3. Project Completion 30 June 2018
  - Full fleet, bins and facility signage completed

# Cost reduction update - Achieving a sustainable cost structure around the operating model

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## Plans identified and in place targeted at corporate and administration areas:

By 30 June 2016

Net impact immaterial as savings achieved reinvested in improving systems, teams, and processes

By 30 June 2017

\$30 million on an ongoing 12-month run rate

# Cleanaway Liquids and Industrial Services

Anthony Roderick  
Managing Director

25<sup>th</sup> November 2015



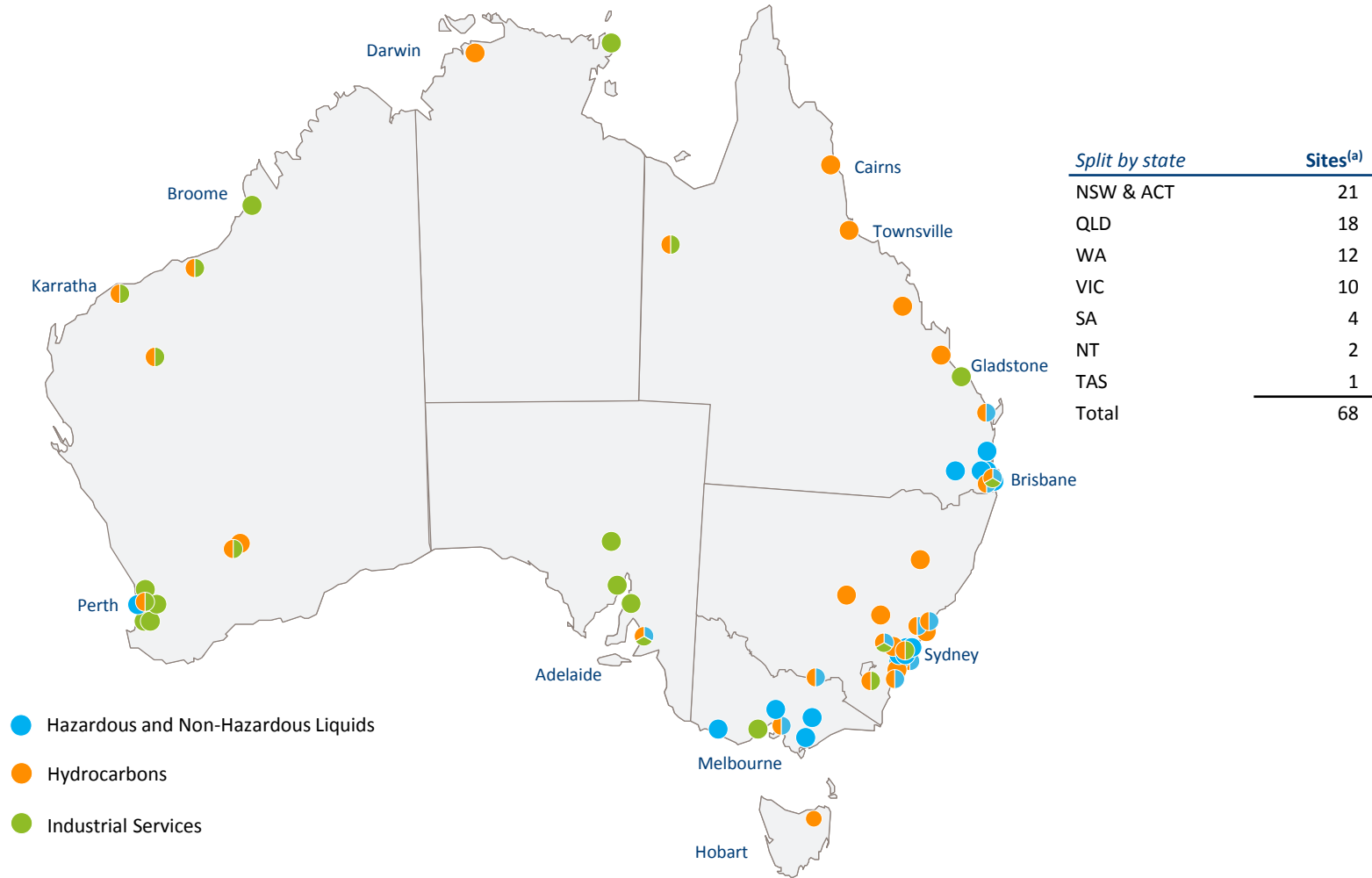
# Cleanaway Liquids and Industrial Services



Cleanaway Liquids and Industrial Services is the market leader in:

- Collection and treatment of hazardous and non-hazardous liquids
- Collection, refining and recycling of used mineral oils
- Industrial cleaning and facilities management

# Liquids and Industrial Services operate ~70 sites across Australia<sup>(a)</sup>



(a) Shared sites consolidated as 1 site. 17 consolidated shared sites in total

(b) Shared sites have been included in each division which shares the site (i.e. not consolidated)

# We are making a number of changes

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- ▶ Structured the business in line with our operating model
- ▶ Major overhaul of our systems and processes in progress
- ▶ Merging sites
- ▶ Introducing new technology for treatment of liquids and oil processing
- ▶ Streamlining the management team



# Cleanaway Liquids - Hazardous and Non-Hazardous

## Drivers

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- ▶ Hazardous Liquids
  - > Manufacturing and Industrial activity
  - > Compliance
- ▶ Non-hazardous liquids
  - > Population growth
  - > Density of treatment network across Australia's population centres
  - > Large network of transfer stations in regional centres

## What we are doing

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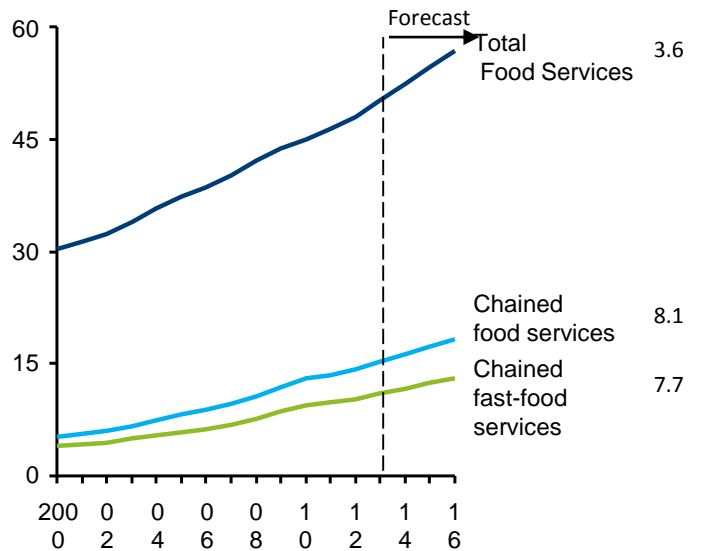
- ▶ Utilising our privileged assets more strongly
- ▶ Utilising the scale of our specialised vehicles and assets
- ▶ Utilising the scale of our treatment sites

Cleanaway will maximise market share through an integrated waste management offering as a unified brand

# Unlike the hazardous market, the restaurant sector continues to grow. Restaurant chains are gaining share, favouring larger participants

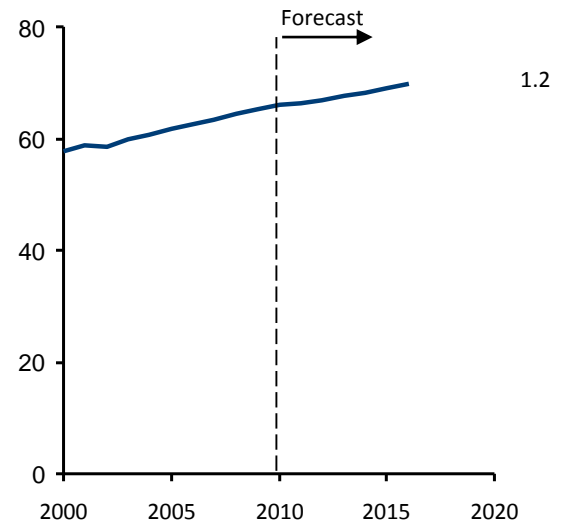
**Restaurant business revenue  
(2000-16F)**

Billions of dollars



**Number of restaurants  
(2000-16F)**

Thousands



# Cleanaway Liquids - Hydrocarbons

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## Drivers

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- ▶ Brent Crude Price
- ▶ USD/AUD Exchange rate
- ▶ Competition for volumes
- ▶ Product Stewardship for Oil (PSO)
- ▶ Population growth

## What we are doing

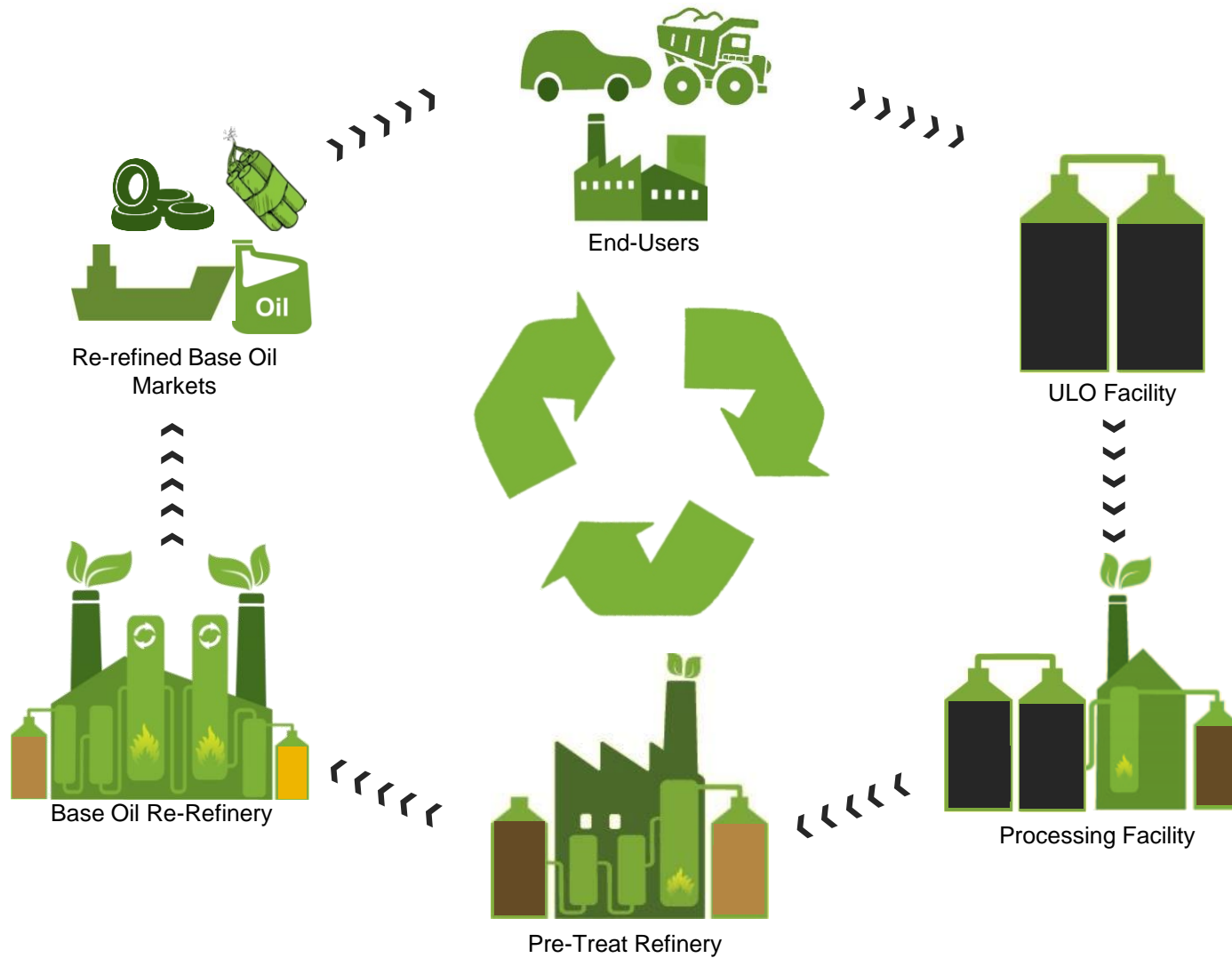
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- ▶ Maintain/grow market share which allows for better scale
- ▶ Improve refining performance generating higher and faster yields
- ▶ Technology enhancements on:
  - > Yield
  - > New products

Cleanaway will expand product range and improve operational performance through investment in technology

# Cleanaway Liquids - Hydrocarbons

## Closed Loop Oil Recycling



# Cleanaway Liquids - Hydrocarbons

## Life cycle of Lubricant

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Used Lube Oil



Pre - Treat Oil

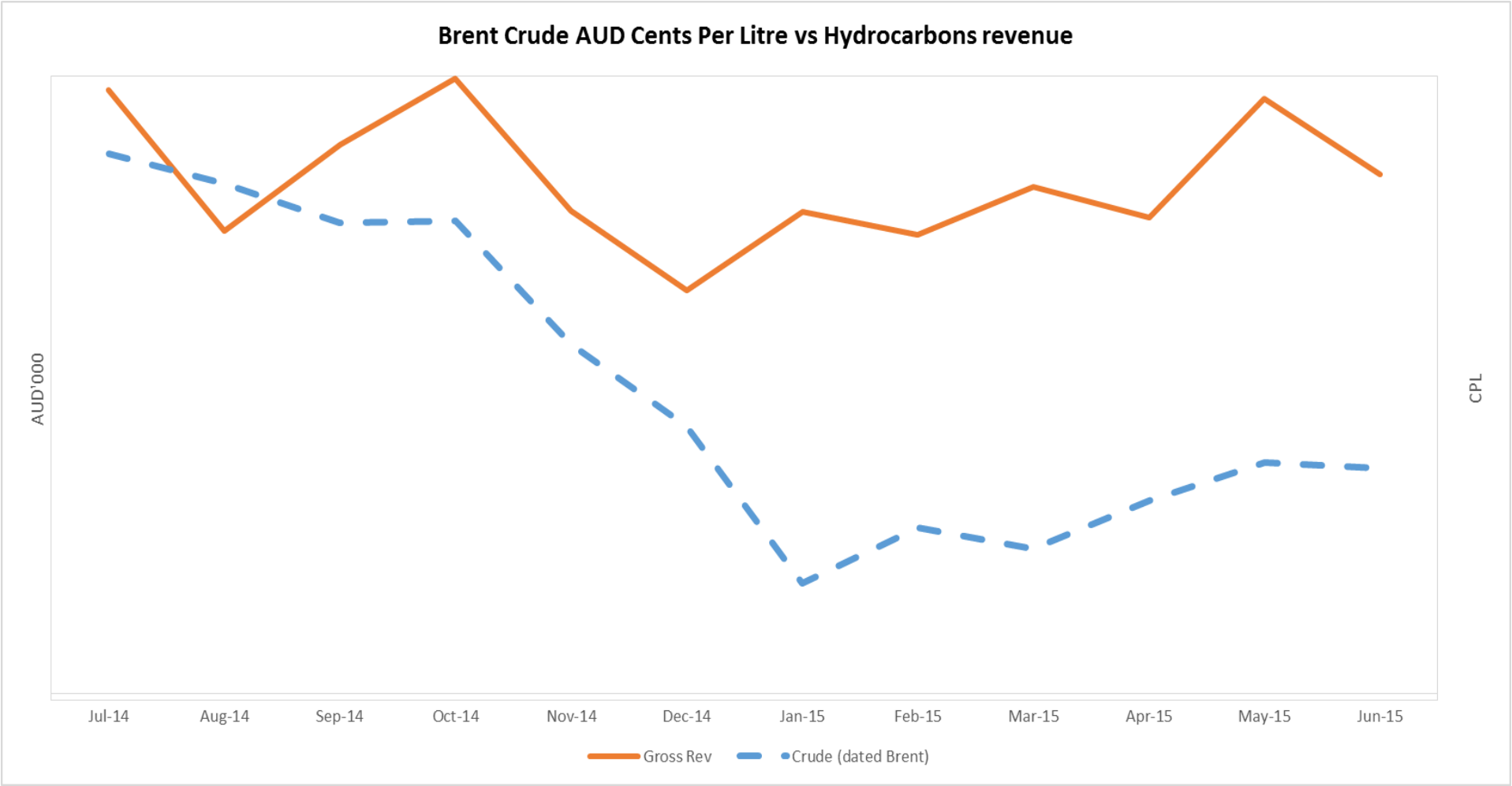


Re-refined Base Oil



Finished Lubricant

# Hydrocarbons has effectively managed revenue in a period of significant declines in global oil prices



# Cleanaway Industrial Services

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## Drivers

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- ▶ Energy sector growth
- ▶ Mining volumes
- ▶ Commodity growth
- ▶ Property development

## What we are doing

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- ▶ Flexible labour arrangements
- ▶ Innovation/partnerships
- ▶ Leveraging client base for total Cleanaway waste management services

Cleanaway will offer the core services required by mining, oil & gas and industrial customers and leverage to provide higher margin total waste management solutions

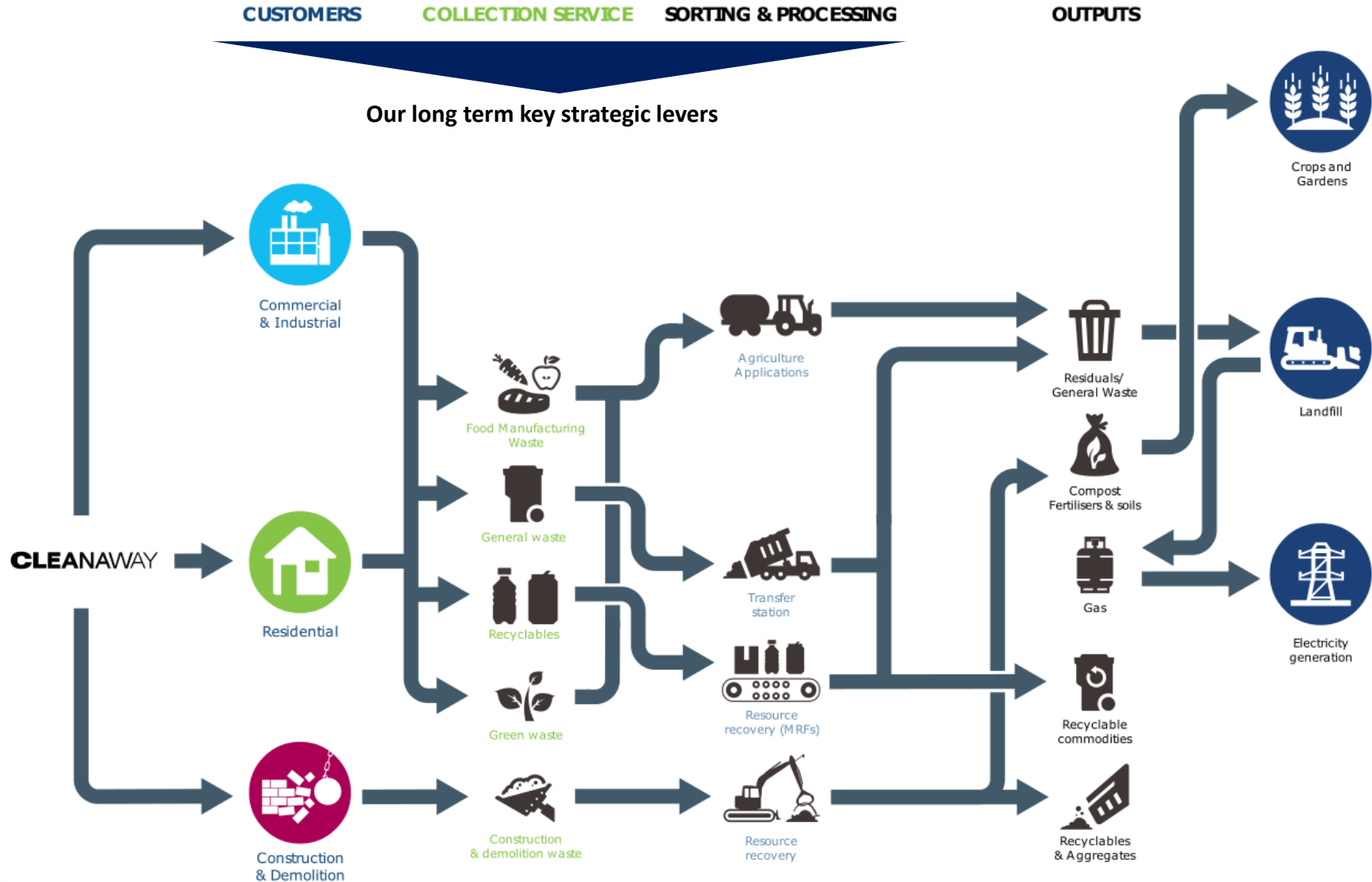
# Cleanaway Solids

Vik Bansal  
Acting Managing Director

25<sup>th</sup> November 2015



# The post-collections dynamic is changing in favour of resource recovery, key to a sustainable future is to build a robust position in the waste value chain



# Cleanaway Solids Collections



Cleanaway Solids Collections is the leading waste collections business in Australia supported by over 3,500 vehicles

# We are focused on the key drivers of value in the waste industry that will enable us to grow

## Waste industry drivers



### High marginal contribution

Network economics are 'king'  
End to end route density and profitability critical



### Mix of '2 worlds'

Large enterprise-level selling juxtaposed against mass market, consumer-like selling



### Recurring revenue

Momentum business with multi-year contracts—customers generally accepting annual price rises



### 'Utility-like' spend category

Low share of mind category —little incentive for customers to leave incumbent  
Key is to maintain steady customer satisfaction levels

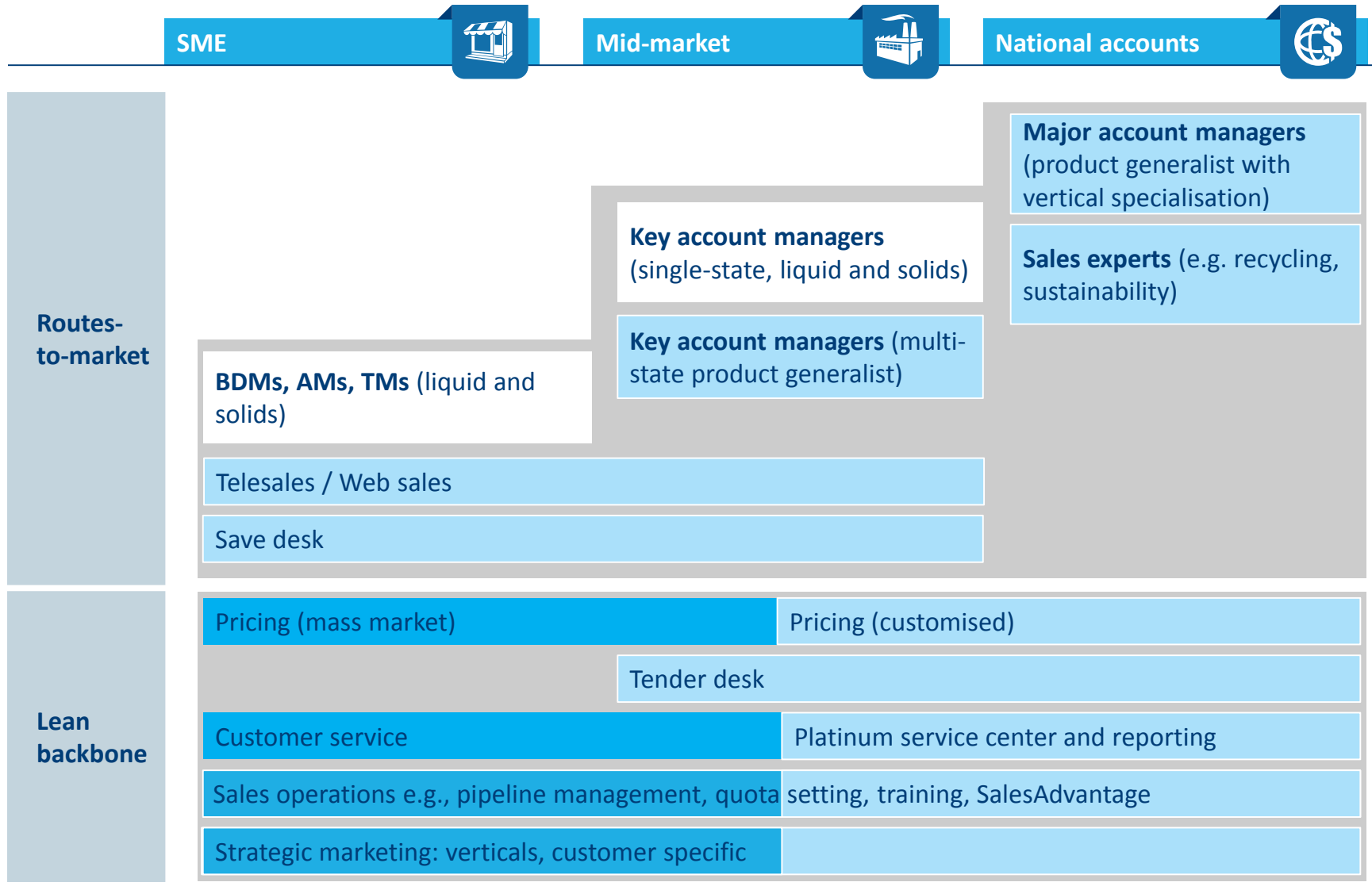


### Variability in local dynamics

Revenue, costs and competitive dynamics are significantly different market by market

# Our go-to-market has strong links between central strategy and customer insights

■ Central strategy and execution  
 ■ Central strategy and state execution  
 ■ State strategy and execution





# Cleanaway Post-Collections



Landfills; Waste transfer stations; Resource Recovery and Recycling Facilities

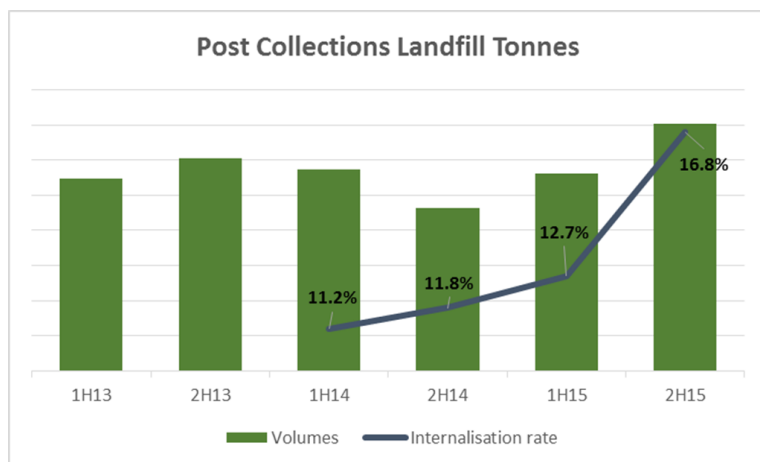
# Post-collections – Landfills

## Segment attractiveness

- ▶ The attractiveness of putrescible landfills is largely determined by state government regulation.
- ▶ There is a regulatory risk as landfills need regular relicensing and volumes are on the decline in some jurisdictions due to government and non-government initiatives

## What we are doing

- ▶ Maintaining well-engineered landfills close to waste sources and transport networks
- ▶ Linking fill rate with whole of life model to ensure optimum returns on capital



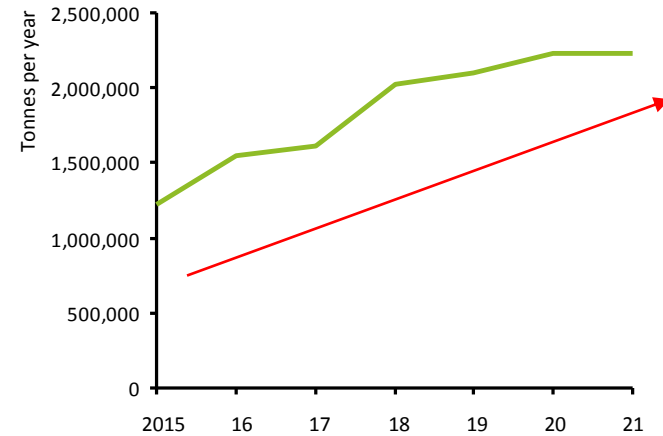
Selectively invest in owned airspace or airspace swaps – decision driven by profitability and long-term economics of the region

# The total landfill airspace available for use in Sydney adequately meets demand when forecasted diversion rates are taken into account

**Sydney collections and putrescible landfill volumes\* (2015-2021F)**



**Resource Recovery Capacity Availability (2015-2021F)**



— Collections — Putrescible landfill disposal — Max. landfill acceptance — Resource recovery capacity available

- ▶ The annual landfill acceptance ceiling will continue to cover putrescible landfill requirements up until 2021\*
- ▶ Whilst airspace will always be in demand to some extent, resource recovery is emerging as a viable alternative for material previously landfilled

Note: \* Assuming no changes in waste collections and landfill disposal trends and stable consumer trends for waste consumption and source recycling/disposal  
Source: NSW EPA, NSW EPA Waste Less, Recycle More Report

# Waste to Energy

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## Segment attractiveness

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- ▶ Alternative waste treatment including advanced resource recovery (ARR) and waste to energy are attractive in regions where:
  - > Landfill levies are high making alternative technologies more economical
  - > Regulatory requirements and increasing diversion rates require lower uses of landfills
  - > Feedstock is reliable and contaminant free

## What we will need to do

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- ▶ Focus on collection volumes
- ▶ Monitor technology and actively seek to invest when economically viable



# Landfill Remediation and Rectification update

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- ▶ In August 2015 stated that Remediation and Rectification spend per the cash flow would be:
  - > FY16 - \$59 million
  - > FY17 to FY20 - ~\$50 million per annum, reducing significantly thereafter
- ▶ Project management, governance and review controls are in place
- ▶ Complete review of spending patterns and timetable in conjunction with the EPA and local government authorities is being undertaken
- ▶ We want to ensure that we deliver on all our commitments while spending money with diligence and rigor
- ▶ Further update on spending patterns and timetable will be provided on release of the FY16 interim results in February 2016

