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Morgan Stanley 2016 Australian Emerging Companies Conference

Innovation, technology and competitive advantage

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Agenda

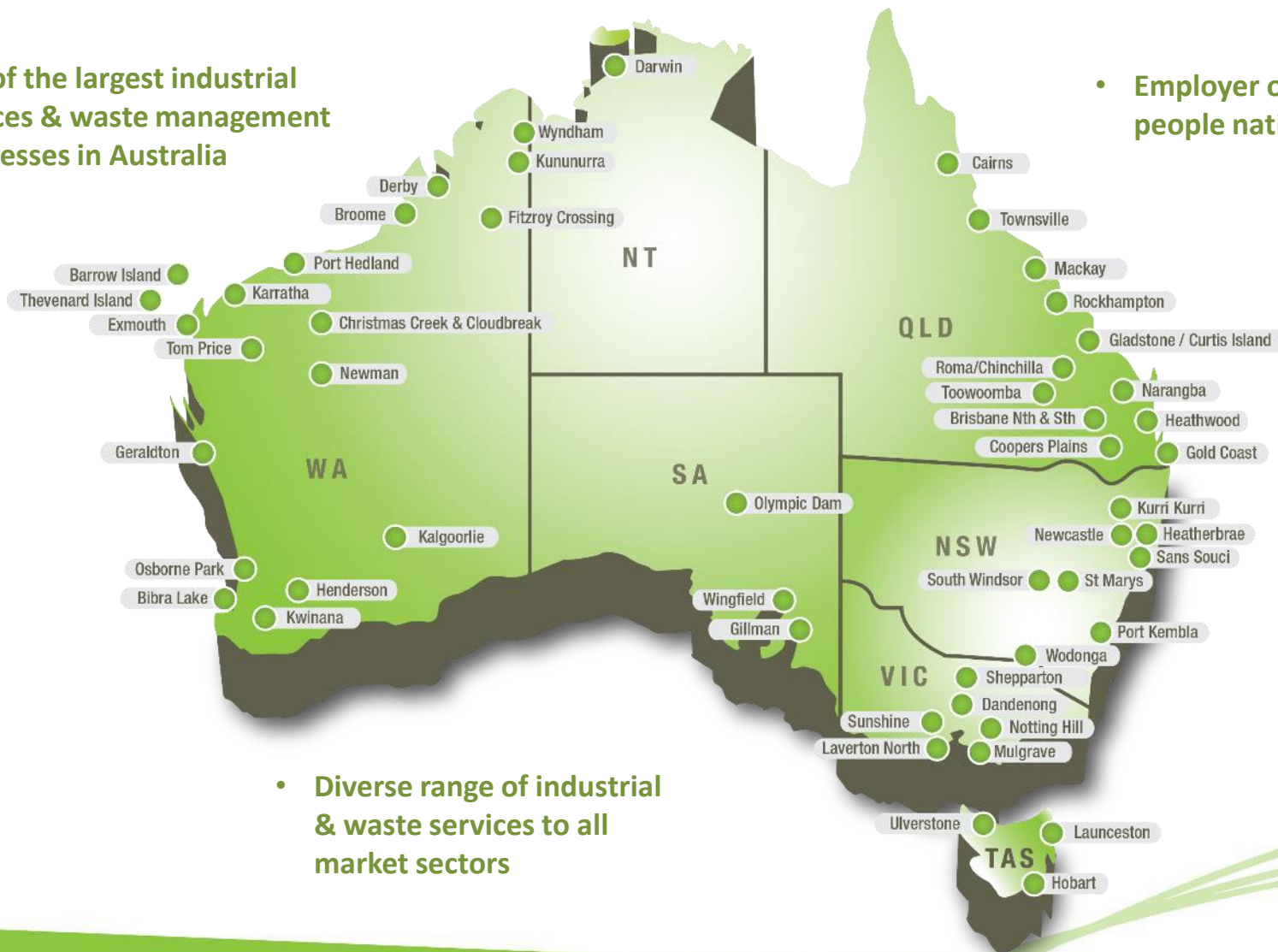
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Toxfree overview

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

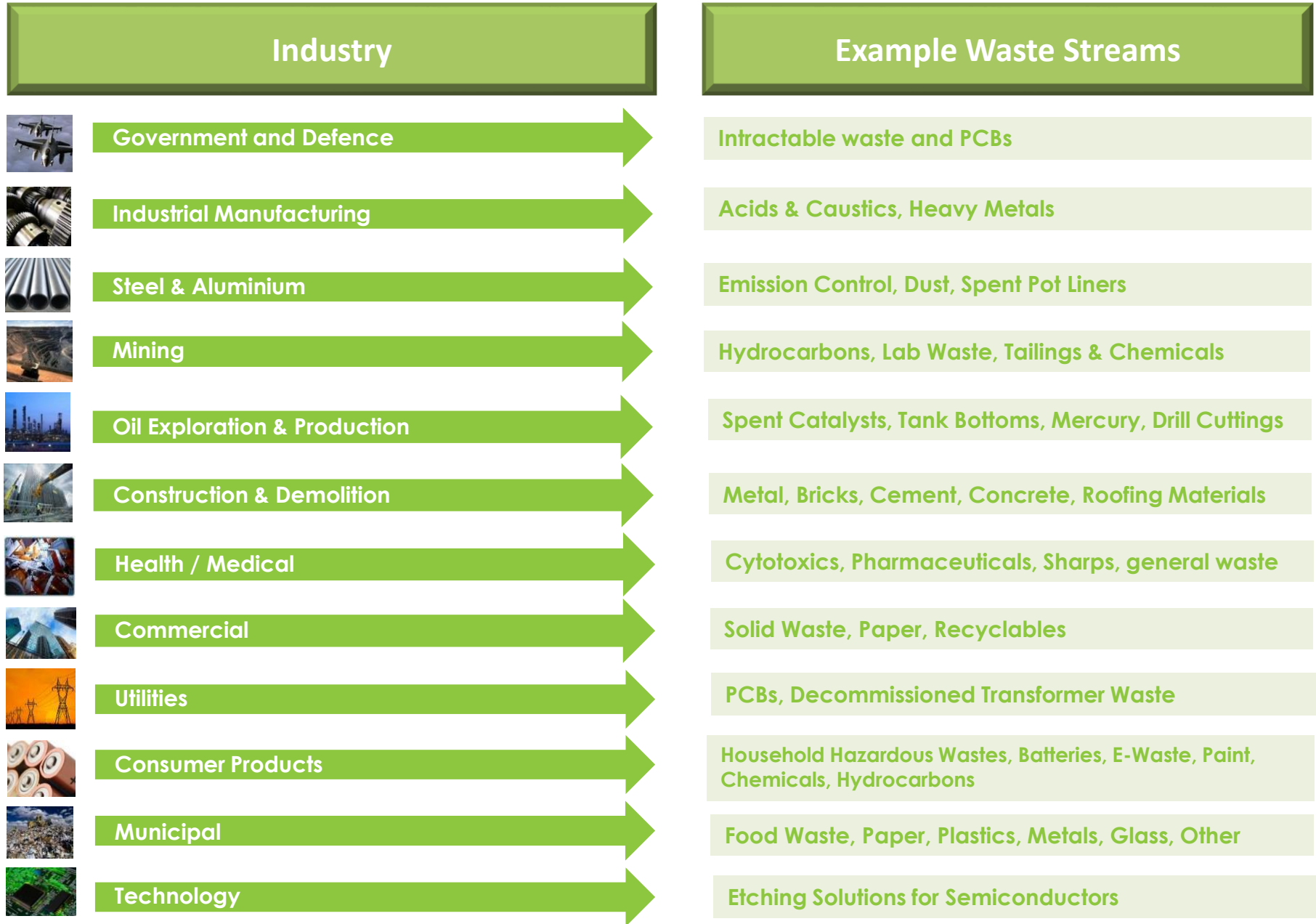
- National network of strategically licensed sites throughout the country

- Employer of over 1350 people nationally

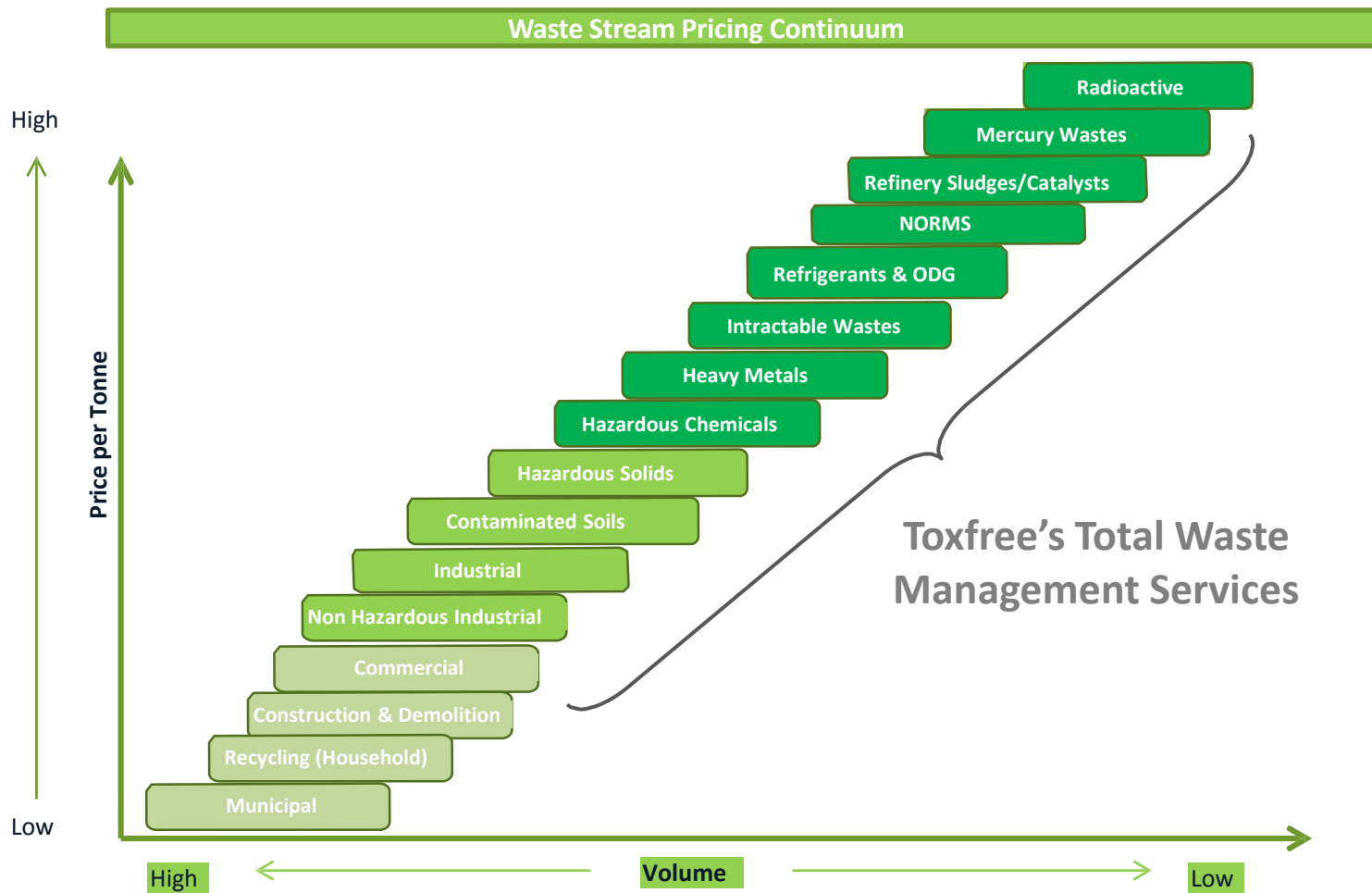


- Diverse range of industrial & waste services to all market sectors

Waste is generated by all sectors



Toxfree Focus and Expertise



Australian Waste Market - growing and attractive

- The Australian waste market is estimated at \$14 Bn pa*
- Average growth rate is estimated at 5.2% pa*
- The industry is highly fragmented, with the top 5 industry players having less than 50% market share – there are ~1100 other waste operators that make up the remaining 50%

Waste Type	Industry Revenue (\$Bn)	Industry profits (EBIT \$M)	EBIT Margins
Commercial	4.1	370	9%
Construction	3.5	245	7%
Municipal	2.6	156	6%
Industrial	2.5	300	10%
Hazardous	1.5	187	12.5%
Total	14.2	1,200	9%

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

Key drivers and barriers to entry

Commercial	<ul style="list-style-type: none"> • Increasing government landfill levies and disposal costs will divert waste from landfill and continue to drive recycling and treatment
Regulation	<ul style="list-style-type: none"> • Government regulation through product stewardship and regulatory initiatives is also driving the transition from landfill to recycling and recovery
Sustainability	<ul style="list-style-type: none"> • There is a global trend for more sustainable waste practices driven by public and corporate social responsibility
Consolidation	<ul style="list-style-type: none"> • Large clients are aggregating procurement and increasing numbers seek a “One Stop Shop” solution
Barriers	<ul style="list-style-type: none"> • IP, technologies, licenses, regulation and compliance, capex, talented and experienced workforce

Waste market attractiveness

Competition is lowest and growth potentially most attractive in Hazardous Treatment and Disposal segments where margins are sound

Barrier to Entry	Construction and municipal	Commercial and Industrial	Hazardous Treatment & Disposal	Recycling & Recovery
Competition	High	Medium	Low	Medium
Life Cycle Stage	Growth	Growth	Growth	Growth
Capital Intensity	High	Medium	Medium	Medium
Technology Change	Low	Low	High	Medium
Regulation & Policy	Light	Medium	High	Medium
Industry Assistance	Low	Low	Medium	Medium

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

Corporate strategy

Toxfree is a waste specialist

Technical and Environmental Services

A Leader in Hazardous and Industrial Waste Management

- Targeting industrial, hazardous and difficult to treat waste materials
- Focus on innovation, best practice, low operating cost technologies, resource recovery solutions and landfill avoidance
- Unique and Strategic Licences throughout Australia
- High barriers to entry
- Servicing all industry sectors, households and government

Waste Services

Providing waste services in all industrial markets in Australia

- Total waste management solutions to industrial clients
- Total waste management in regional resource hubs – primarily in WA, QLD, Tas, SA and NT
- Municipal, Commercial and Industrial services in regional areas
- One stop shop

Industrial services

A 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, Heavy Industry

Integrated services

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

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

Target market in Australia

	Total Market in Australia			The addressable market in Australia, based on Toxfree's strategy	
Waste type	Industry Revenue (\$Bn)	Industry Earnings (\$M)	EBIT Margins	Target Revenue (\$'Bn)	Target Profits (\$'m)
Commercial	4.1	370	9%	1.0	90
Construction	3.5	245	7%	0.6	40
Municipal	2.6	156	6%	0.4	25
Industrial	2.5	300	10%	1.9	190
Hazardous	1.5	187	12.5%	1.2	150
Total	14.2	1200	9%	4.8	495

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

Corporate strategy – execution over the last 10 years

“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 total waste solutions for our clients – one stop shop, all wastes, anytime, complementary industrial cleaning – large long term contracts

2013 Significant expansion in QLD and further diversification into commercial waste sector

2016 Significant expansion in NSW into industrial bulk liquid waste and chemical fixation through acquisition of Worth

Today

Over 55 strategic operations throughout Australia

20,000 clients

1350 employees

Total Waste Management in Australia to industrial customers

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

Toxfree – An industrial and problematic waste specialist

FY17 - 5 Year Strategic Plan

- Annual review and update of 5 year plan using the Argenti System
- Focus is on improving returns for our shareholders through earnings per share growth and improvement in return on invested capital
- Updated strategic plan including multiple strategic initiatives aimed at delivering Total Shareholder Returns over the next 5 years:
- Aligns Board and Management, ensures discipline and enables clear communication to all employees on the Company's strategy

Strategic Initiatives – FY17

Revenue

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

Cross selling – providing our customers a fully integrated service

Strategic acquisitions

Expansion into new specialty waste streams

Efficiency

Further reduction in overhead

Leverage and expand ERP to improve productivity

Business optimisation – site consolidation and realising synergies

Recycle capital into higher returning services

Technology

Thermal treatment solutions for the Pilbara

Centres of excellence project

New complementary services and additional waste treatment capability

New technologies for problematic waste streams e.g. Hg, E-waste



Operational update

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

Operational update – Waste Services

- East Coast Waste Services, primarily in Queensland, continue to perform strongly.
- West Coast Waste Services has declined through a reduction in waste volumes from the Pilbara and reduction in construction waste volumes on Barrow island.
- An Expression of Interest / tender process has commenced for the provision of waste services to Barrow Island which Toxfree currently services (refer to ASX announcement 18 May 2016) – process expected to be concluded by 1 October 2016.
- Toxfree has successfully achieved high safety and service standards on Barrow Island over the last 6 years as the incumbent service provider.
- Other major production contracts including Rio Tinto Iron Ore, Quantum and FMG performing consistently but activity outside of the production contracts is limited.
- Toxfree have a high portion of revenue derived in Northern Australia - Earnings are seasonally lower in the 2nd half due to the wet season.

Operational update – Technical and Env. Services

- Worth Recycling integration is progressing well. The first two months of trading have met expectations with systems integration now an immediate focus.
- Strategy to expand Worth Recycling technologies into Victoria and Queensland has been developed for implementation in FY17.
- East coast facilities have performed strongly in FY16 mainly through continued momentum in household hazardous waste volumes.
- Scope of services for the NSW EPA Household Hazardous Waste Contract continues to increase. The scope of services is expecting to double over the next 12 months.
- Activity in the Pilbara has slowed with reduced upstream oil and gas development.
- As LNG production facilities come on line over the next few years we expect an increase in hazardous waste volumes.
- Our Waste to Energy Facility for the Pilbara is continuing through detailed engineering design with submission to the EPA for assessment imminent.
- Further technologies to manage additional waste streams and improve productivity are underway including mercury recycling, E-waste and container de-packaging.

Operational update – Industrial Services

- Services to civil infrastructure and municipal sectors are buoyant with Victoria experiencing their best trading results in 5 years
- BHPB Olympic Dam mobilisation continues smoothly ready for 1 July 2016 commencement
- Awarded 3 year contract with Bechtel for Wheatstone pre-commissioning works which continues to perform strongly
- Successfully retained QAL industrial services contract for a further three year term as of May 2016 – Toxfree have serviced QAL since 2013
- Pilbara region has performed strongly through services to production assets however the Surat and Gladstone regions have declined due to reduction in CSG construction activities
- Further industrial service business development opportunities being tendered

Outlook

- Trading conditions remain challenging across most sectors, however at this point in time we are forecasting to be in line with market FY16 NPAT expectations on a normalised basis.
- Business optimisation initiatives to improve earnings and reduce costs such as site closure costs and one off redundancies will be normalised together with Worth acquisition costs in the FY16 result.
- Further productivity and cost reduction initiatives continue to remain a focus in FY17.
- Contracts to production based clients are expected to perform consistently.
- Further business development opportunities exist across Australia – large tender book.
- New LNG facilities to come on line provides opportunities for growth, however volumes of waste from upstream oil & gas have declined and remain uncertain.
- East coast waste volumes expected to remain stable.
- Hazardous waste from households and e-waste remain stable – further treatment efficiencies and new technologies continue to be our focus.
- 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

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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