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## Market Update

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28 April 2009

### **ASX Limited**

Tox Free Solutions Limited ("Tox Free") is pleased to provide the following update to the market on a number of developments within the company.

### **March result**

Tox Free is pleased to advise it has achieved record revenue of \$8,600,000 and earnings of \$2,500,000 EBITDA for the month of March. All divisions performed well with particularly strong results achieved at our Kwinana, Port Hedland, Henderson and Barry Bros.' Brisbane and Sydney operations.

Key highlights included:

- High level of activity for our marine services based in Henderson.
- Expansion of industrial services in Western Australia – the integration of Barry Bros. industrial services into Western Australia earlier in the year has seen this division expand its client base and earnings. The resulting wastes from industrial services have also improved the volumes at our Kwinana and Henderson operations.
- Kwinana - increased volumes of liquid waste and the completion of a thermal desorption contract to remediate contaminated soil.
- Port Hedland – strong results were achieved from both the liquid waste treatment plant and incinerator.
- Barry Bros. – strong results achieved at the Brisbane and Sydney operations.
- Improved results from the NSW facility, with Queensland and Kimberley Waste performing strongly.

It is pleasing to see Tox Free's strategy, offering the combined services of industrial cleaning, asset maintenance and waste management, being rewarded through a strong monthly result. On 17 March, Tox Free started providing waste management and marine industrial services for Woodside under contract. Tox Free is pleased to advise the contract transition has been extremely smooth. The Woodside contract did not materially contribute to the March result.

### **New senior management appointments**

Over the last 4 years Tox Free has expanded its operations and services considerably throughout Australia. The Company now offers a full range of environmental, industrial and waste management services, employing 350 staff nationally through 24 operational centres Australia wide.

The opportunities for Tox Free moving forward are extremely positive. In order to take advantage of these opportunities and ensure the Company is managed successfully we have strengthened the senior management team by making the following key appointments.

*Jason Dixon, Executive General Manager - Corporate.*

Jason is a qualified accountant with over 16 years experience as a business analyst and fund manager to a number of financial institutions. Jason will assist in the development of Tox Free's corporate strategy, investor relations, provide detailed assessment of the returns from each business unit, develop return on capital disciplines within the business and provide assessment of acquisitions as they arise. Jason is employed in a corporate role and will report directly to the Managing Director, he will also mentor the finance managers within the group.

*Steve Hyams, Executive General Manager – Business Development.*

Steve takes on responsibility for business development nationally across the Tox Free group of companies. Steve has considerable experience in business development having held senior positions with both Spotless and Transpacific Industries. Business development through the award of total waste management and industrial service contracts is an important part of the company's growth strategy and Steve has considerable expertise in this field.

### **Strategic planning session**

Over the coming weeks the Executive Team is undertaking a strategic planning session with the aim of reviewing Tox Free's long term business plan. The main objectives of the planning session are to set targets and objectives for the company over the coming 3 – 5 years. This will include identity, integration, process efficiencies, return on capital requirements, geographic expansion and service offerings.

This is a very exciting period in Tox Free's development. The strengthening of our senior management team will ensure management systems and business disciplines are in place to efficiently manage the company moving forward.

### **Greenchip Recycling**

On 6 October 2008, Tox Free announced the intended acquisition of Greenchip Recycling Pty Ltd based in Wodonga Victoria subject to due diligence.

Since this time, Tox Free has undertaken extensive financial, commercial, legal and environmental due diligence on the business. Based on this assessment, Tox Free has decided to withdraw from the acquisition of Greenchip Recycling at this stage.

Both parties have agreed to keep the lines of communication open with the possibility of reopening negotiations in the future.

### **Forecast earnings**

The March result demonstrates the early signs of our strategy coming to fruition. The potential for 2010 and beyond is significant as the company now focuses on integration efficiencies, organic growth through contract award and disciplined expenditure based on return on investment criteria.

As demonstrated by the March result Tox Free is expecting to finish the remainder of FY09 strongly. The Woodside contract will also begin contributing to earnings. February was a softer result for the company, mainly from the Barry Bros Melbourne operations which were negatively

impacted by the Victorian bushfires. Utilisation dropped significantly for two weeks which had a direct impact on earnings for this division. Even with a strong finish to the year it is now unlikely the Company will achieve \$26 M EBITDA forecast which was provided to the market on 12 August 2008. Tox Free expects to achieve EBITDA in the range of \$22 - \$24 M for the full year.

The underlying business is performing very well and the softer earnings over the year can be directly attributed to delays in the setup and commissioning of the new NSW hazardous waste facility, downturn in commodities effecting our Kalgoorlie operations, delay in the commissioning of the new Karratha site and overhead increases that are necessary to manage the business moving forward.

The focus of the company over the last financial year has been to develop a platform to ensure the company can be managed effectively moving forward. This has included investment in overhead and management systems. Tox Free is very focussed on its long term future. Growth will continue through strategic acquisition and organic growth of our existing divisions.

New developments for 2010 and beyond include:

- Further integration synergies to be realised including expansion of Barry Bros. industrial services within WA.
- Full year contribution from the new Karratha facility (commenced February 2009).
- Improved performance from the St Marys facility.
- Contribution from the recently awarded Woodside total waste management and marine industrial services contract.
- Upgrade of the NSW and Queensland facilities to enable the acceptance of a broad range of waste streams for processing.
- Expansion of Emergency Response services Australia wide.
- Further award of major waste management and industrial service contracts presently being tendered.

Yours faithfully

**TOX FREE SOLUTIONS LIMITED**



**DAVID McARTHUR**

*Company Secretary*

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About Tox Free Solutions Ltd (ASX code: TOX)

Tox Free Solutions Ltd (Tox Free) is one of the largest integrated industrial services, waste and environmental management businesses in Australia.

The Company offers a full range of services through its national network of industrial, hazardous, liquid and solid waste treatment facilities. In addition Tox Free are fast becoming the leaders in onsite industrial services, waste minimisation, recycling and contaminated site remediation.

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