2009 Full Year Results

26 August 2009

TRANSPACIFIC INDUSTRIES GROUP LTD

FY09 Highlights

- Transpacific achieved forecasts set out in the prospectus
- Key financials for FY09
  - Revenue from ordinary activities up 1% to $2,207.8m (FY08 $2,185.6m)
  - Operating EBITDA down 9% to $447.3m (FY08 $492.6m)
  - Normalised NPAT to ordinary shareholders (before irregular and significant items and one-off borrowing costs) down 49% to $72.3m (FY08 $141.7m)
  - Cash from operating activities down 12% to $201.6m (FY08 $229.8m)
- FY09 reported NPAT impacted by significant items of $296.5m (after tax)
- $801m recapitalisation concludes this week
- In light of the recapitalisation, and as previously announced, the Board has decided not to declare a final dividend for FY09
- FY09 operating result reflects the general slowdown in economic activity in Australia and New Zealand. Liquid, Commercial Vehicles and New Zealand Divisions particularly impacted

FY09 - Recapitalisation

- The group commenced a comprehensive recapitalisation in September 2008 to reduce debt and appropriately position the company for the current market environment.
- The recapitalisation concludes this week with retail and underwriting allotments and has included:
  - Equity raisings totalling $801m
  - Repayment of syndicated borrowings $704m
  - Approximately half the outstanding interest swaps broken
  - Waivers of past breaches
  - Extension of syndicated borrowings to 4 and 5 years terms and
  - Renegotiation of Covenants to provide sufficient headroom in current conditions.
- The strengthened balance sheet positions the company to consolidate its market leading positions and allows management to focus upon operational performance.

FY09 – Governance and Equity

- The recapitalisation involved the introduction of a new cornerstone investor - Warburg Pincus (WP)
- WP have invested $376m under the equity raising and will hold 30.9% of ordinary shares upon conclusion of the retail allotment this week.
- Going forward there will be enhanced governance with:
  - Appointment of internal auditor
  - Two new non-executive directors to be appointed
  - WP nominee on the Board
  - WP consent or consultation rights over key corporate decisions

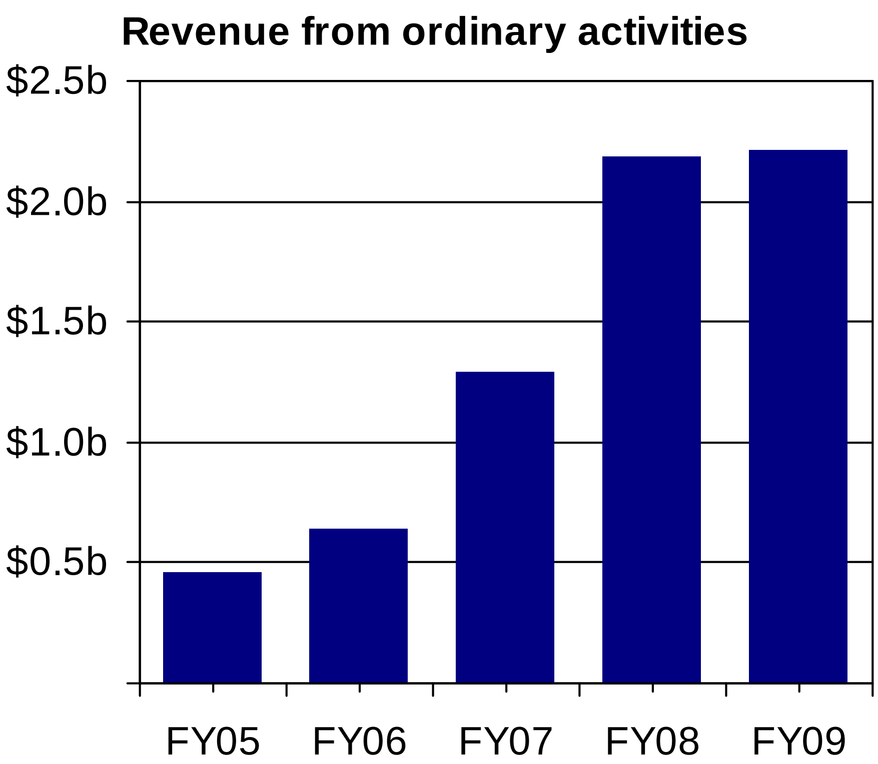
Ordinary Dividends

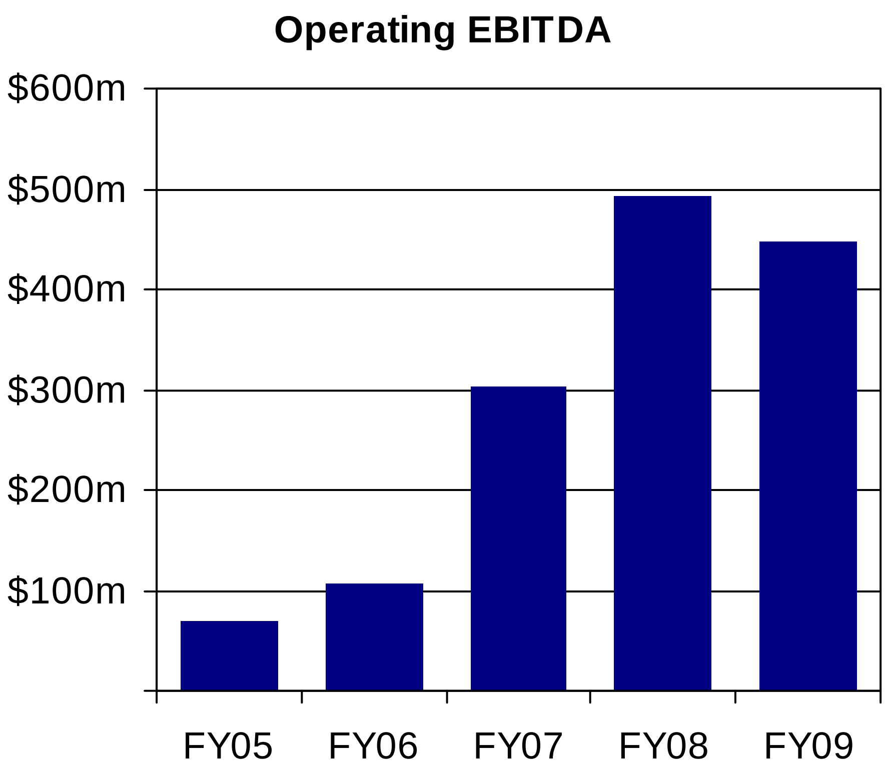
- No dividend has been declared in relation to FY09 and no interim dividend is expected in FY10
- There are certain dividend restrictions agreed with WP and syndicate banks as set out in the July 2009 prospectus
- Going forward, the Company will be in a position to recommence paying dividends provided there is sufficient headroom under banking covenants
- These restrictions reflect the Company's intentions to adopt a dividend policy which is focused upon cash flow management.

Step-up Preference ("SPS") Distribution

- Distributions in relation to the Transpacific SPS are not subject to the same arrangements which apply to ordinary dividends restrictions set out in the July 2009 prospectus
- Under the SPS terms of issue the payment of SPS distributions is a Transpacific Board decision made from time to time subject to financial considerations
- Transpacific's intention is for SPS distributions to continue, subject to financial considerations and the trading performance of Transpacific

Revenue / Earnings





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Income Statement

- Operations impacted by lower commodity prices, weaker currencies, and softer economic conditions.
- Transpacific is well diversified both geographically and operationally.
- Core waste operations are generally defensive in nature, given increasing regulation, multi-year contracts within the collection businesses, and public sector work.
- Transpacific remains positive about the outlook for its various businesses beyond FY09.

A$m	FY09 Prospectus	FY09	FY08
TOTAL REVENUE & OTHER INCOME	**2,206.7**	**2,212.0**	**2,190.3**
Operating EBITDA	**447.0**	**447.4**	**492.5**
Irregular Items	8.7	9.0	48.0
Reported EBITDA	455.7	456.4	540.5
Depreciation & Amortisation	(144.0)	(143.8)	(119.1)
EBITA and EBIT	**311.7**	**312.5**	**421.4**
Net Finance Costs	(187.3)	(188.1)	(179.9)
Profit before Tax, Associates, Borrowing and other costs and Significant Items	**124.4**	**124.5**	**241.5**
Share of Associates NPAT	2.4	2.5	2.6
Borrowing and other costs	(27.2)	(27.2)	-
Non cash Items	(9.4)	(9.4)	(4.2)
Significant Items	(328.4)	(328.1)	-
Profit/(Loss) Before Tax	**(238.2)**	**(237.8)**	**239.9**
Tax (Expense)/Benefit	11.7	21.7	(44.3)
NPAT/(NLAT) from ordinary operations	**(226.5)**	**(216.1)**	**195.6**
Minority interests	(3.1)	(2.2)	(2.3)
NPAT/(NLAT) attributable to equity holders of Transpacific	**(229.6)**	**(218.4)**	**193.3**
SPS distribution	(19.1)	(19.1)	(18.0)
NPAT TPI shareholders	**(248.7)**	**(237.4)**	**175.3**
Normalised NPAT attributable to TPI Shareholders	**61.0**	**72.3**	**141.7**

FY09 – Significant Items

A$m	1H09	2H09	FY09	FY09 Prospectus
Impairment of listed investments	(46.3)	(6.2)	(52.5)	(52.5)
Fair value adjustment on interest swaps	(99.0)	22.6	(76.4)	(76.4)
Impairments under AASB 136	-	(153.7)	(153.7)	(154.0)
Provision re-estimates	-	(43.4)	(43.4)	(43.4)
Other items	-	(2.1)	(2.1)	(2.1)
	(145.3)	(182.8)	(328.1)	(328.4)
Tax benefit	29.7	1.9	31.6	31.6
	(115.6)	(180.9)	(296.5)	(296.8)

- **Impairment of listed investments** relates to the fall in value of Transpacific's investment in listed securities. The $52.5 million impairment losses reflect the mark-to-market fair value adjustment to 30 June 2009.
- **Fair value adjustments** relates to movements in the mark-to-market value of interest rate swaps. As at 30 June 2009, the adjustment to the interest rate swaps was $76.4 million before tax compared to $99.0 million at 31 December 2008.
- **Impairments under AASB 136** of $153.7 million pre-tax relates to the impairment of goodwill, contracts and other assets in the Solid Waste (including $125.3 million in relation to Victorian landfills and $17.2 million in relation to Victorian Steel recycling operations), Industrial Solutions, Energy, and Organics and Remediation divisions. These impairments arise from reduced expectations in relation to projected future cashflows generated by these assets and future property disposals as a result of current economic conditions.
- **Provision re-estimates** in the 2H09 period have been required due to changing economic and environmental conditions. The $43.4 million re-estimate comprises adjustments to:
  - Provisions for onerous contracts;
  - Reassessment of landfill remediation; and
  - Provisions in relation to debtors and claims.
- **Other items** relate to litigation and redundancy expenses.

Balance Sheets

A$m	30.06.09 Pro-forma*	30.06.09	30.06.08
Current Assets			
Cash and cash equivalents	81.0	70.1	58.1
Trade and other receivables	352.1	352.1	358.9
Inventories	151.8	151.8	165.0
Other financial assets	21.7	21.7	19.5
Current tax assets	19.4	10.1	-
Other assets	10.8	10.8	10.9
Total current assets	636.8	616.6	612.4
Non-Current Assets			
Investments (using the equity method)	18.1	18.1	19.3
Other financial assets	21.2	21.2	73.3
Property, plant & equipment	1,092.2	1,092.2	965.2
Intangible assets	2,411.9	2,411.9	2,542.2
Deferred tax assets	65.8	67.7	36.7
Total non-current assets	3,609.2	3,611.1	3,636.7
Total assets	**4,246.0**	**4,227.7**	**4,249.1**

A$m	30.06.09 Pro-forma*	30.06.09	30.06.08
Current Liabilities			
Trade and other payables	249.6	251.6	293.0
Borrowings	87.6	2,421.7	391.8
Current tax liabilities	-	-	1.8
Employee benefits	34.2	34.2	33.1
Provisions	13.6	13.6	7.8
Other	56.7	87.7	36.3
Total current liabilities	441.7	2,808.8	763.8
Non-current liabilities			
Borrowings	1,634.3	32.8	1,939.0
Deferred tax liabilities	20.2	20.2	28.6
Employee benefits	8.2	8.2	8.7
Other deferred income	1.3	1.3	1.5
Total non-current liabilities	1,664.0	62.5	1,977.8
Total liabilities	**2,105.7**	**2,871.3**	**2,741.5**
Net Assets	**2,140.3**	**1,356.3**	**1,507.6**
Equity			
Issued capital	2,126.8	1,342.8	1,221.2
Reserves	(9.9)	(9.9)	(10.0)
Retained earnings	5.8	5.8	272.8
Parent entity interest	**2,122.7**	**1,338.7**	**1,484.0**
Minority interest	17.6	17.6	23.6
Total equity	**2,140.3**	**1,356.3**	**1,507.6**

❖ *Pro-forma if recapitalisation completed at 30 June 2009.*

Financial Facilities

Facility	Post Refinancing A$m	Value Post Dec 2010 A$m	Current Maturity	Restructure
Syndicated facilities				
A	372	422	Dec 2009	Extended to Jul 2014; Increased from A$378m to A422 as repayment of facilities C & D
C&D	1,063	-	Dec 2010	Restructured with balance repaid in December 2010
E		601	Jul 2013	Facility E established maturing Jul 2013
F		412	Jul 2014	Facility F established maturing Jul 2014
	1,435	**1,435**		
USPP				
5 year	115	115	Sep 2012 [1]	No change
10 year	54	54	Sep 2012 [1]	No change
	169	**169**		
Convertible notes	**309**	**309**	Dec 2014 [2]	No change

1. *USPP lenders have the right to put the December 2012 and December 2017 debt as at September 2012*
2. *On 7 December 2012, holders of convertible notes have the right to request redemption*
   However the final maturity date of the convertibles notes is 7 December 2014

Cashflows

A$m	FY09	FY08
Operating Activities		
Receipts from customers and PSO subsidy	2,422.0	2,349.3
Payments to suppliers and employees	(2.015.0)	(1,914.3)
	407.0	435.1
Other revenue	15.4	19.6
Interest received	3.2	6.4
Interest paid	(189.0)	(185.2)
Income taxes paid	(34.9)	(46.0)
Net cash from/(used) in operating activities	**201.6**	**229.8**
Investing Activities		
Payment for investments net of cash acquired	(0.1)	(48.3)
Payments for purchase of business	(55.9)	(193.5)
Payment for property plant and equipment	(162.5)	(158.6)
Proceeds from sale of business	2.0	-
Proceeds from disposal of property plant and equipment	4.2	9.7
Net cash (used in) investing activities	**(212.2)**	**(390.6)**

A$m	FY09	FY08
Financing Activities		
Proceeds from issue of equity	69.9	6.9
Payment of dividend to pre-IPO shareholders	-	(6.5)
Payment of dividend to minority shareholders	(1.7)	(1.5)
Payment of step-up securities distribution	(19.1)	(18.0)
Ordinary equity dividends paid	(29.6)	(41.6)
Dividend reinvestment plan and underwrite	6.9	41.6
Payment of debt raising costs	(8.0)	(33.7)
Buy back of convertible notes	(18.3)	-
Proceeds from issue of convertible notes	-	347.5
Proceeds from borrowings	78.5	2,340.1
Repayment of borrowings	(77.0)	(2,614.0)
Net movement in trade finance	43.0	-
Repayment of loans by/(to) related parties	(0.8)	(4.7)
Dividend received from associates	1.4	3.5
Repayment of lease liabilities	(23.0)	(18.1)
Net Cash from Financing Activities	**22.2**	**1.4**
Net increase (decrease) in cash held	**11.6**	**(159.3)**
Cash at beginning of financial year	58.1	222.4
Effects of exchange rate changes on cash	0.4	(5.0)
Cash at the end of the financial year	**70.1**	**58.1**

Cashflows – Working Capital

- Receivables have remained in line with turnover decreasing by only $8.5m in FY09
- Creditors have reduced by $47.5m in FY09 due to provision of less favourable credit terms by suppliers in the weaker economic conditions and during the recapitalisation.
- Inventory has decreased by $15.4m below Jun'08 levels reflecting lower sales of the commercial vehicle division.

Divisional revenue and earnings

A$m	1H09	2H09	FY09	FY08
Revenue				
Solid	564.5	473.6	1,038.1	1,011.0
Liquid	100.8	82.5	183.3	182.3
Energy	57.6	55.4	113.0	110.7
Organics & Remediation	9.2	7.2	16.4	28.3
Industrial Solutions	156.7	138.5	295.2	284.7
Commercial Vehicles	240.6	214.5	455.1	473.9
Manufacturing	42.6	28.6	71.2	58.7
	1,172.0	1,000.2	2,172.2	2,149.6
PSO (Energy)	7.4	8.2	15.6	19.6
Other revenue	8.6	11.3	19.9	16.4
	1,188.0	1,019.8	2,207.8	2,185.6
Other Revenue				
Profit on acquisition of business	-	-	-	3.3
Profit on sale of business	-	0.9	0.9	-
Foreign currency	-	0.3	0.3	0.3
Gain on disposal of property plant & equipment	0.4	2.7	3.1	1.1
Interest revenue	1.5	1.7	3.2	6.4
Total revenue & other income	**1,189.9**	**1,025.3**	**2,215.2**	**2,196.7**

A$m	1H09	2H09	FY09	FY08
EBITDA				
Solid	144.1	119.4	263.5	287.7
Liquid	31.2	21.3	52.5	55.2
Energy	19.4	18.1	37.5	39.8
Organics & Remediation	0.6	1.1	1.7	4.7
Industrial Solutions	28.8	27.1	55.9	52.6
Commercial Vehicles	23.8	5.5	29.3	43.9
Manufacturing	7.5	3.2	10.7	8.6
Unassigned	-	(3.8)	(3.8)	-
Operating EBITDA	**255.4**	**191.9**	**447.3**	**492.5**
Irregular Items	9.0	-	9.0	48.0
Reported EBITDA	264.4	191.9	456.4	540.5
EBIT				
Solid	98.3	69.9	168.2	203.4
Liquid	25.0	15.0	40.0	44.0
Energy	16.2	14.6	30.8	34.0
Organics & Remediation	0.2	0.7	0.9	3.7
Industrial Solutions	17.0	14.1	31.1	31.9
Commercial Vehicles	23.1	5.0	28.1	43.0
Manufacturing	6.8	2.2	9.0	7.5
Unassigned	-	(4.6)	(4.6)	5.9
Operating EBIT	**186.6**	**116.9**	**303.5**	**373.4**
Irregular Items	9.0	-	9.0	48.0
Reported EBIT	**195.6**	**116.9**	**312.5**	**421.4**

FY09 – A Year of Two Halves

A$m	1H09	2H09	FY09	FY08	Comment
Solid	144.1	119.4	263.5	287.7	8% (1H/2H 17%) decline due to reduced economic activity in New Zealand, lower landfill volumes from construction and demolition and reduced demand and pricing for recycled paper, plastic and metal;
Liquid	31.2	21.3	52.5	55.2	5% (1H/2H 32%) decline due to weather/seasonality and a decline in manufacturing activity;
Energy	19.4	18.1	37.5	39.8	6% decline (1H/2H 7%) decline reflecting reduced oil prices, customer inventory levels and reduction in PSO levies;
Industrial Solutions	28.8	27.1	55.9	52.6	Increased by 6% but decreased 6% between half years reflecting a weaker mining sector, partially offset by organic growth and an increased earnings contribution from acquisitions;
Commercial Vehicles	23.8	5.5	29.3	43.9	33% (1H/2H 77%) decline due to reduced volume of deliveries and increased costs following the marked depreciation of the Australian Dollar and reduced availability of commercial finance to customers
Manufacturing	7.5	3.2	10.7	8.6	Increased by 24% but decreased 57% between half years due to reduced availability of commercial finance and delayed capex by customers
Organics & Remediation	0.6	1.1	1.7	4.7	
Unassigned	-	(3.8)	(3.8)	-	
Operating EBITDA	**255.4**	**191.9**	**447.3**	**492.5**	Decreased 9% (1H/2H 25%)

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Solid Waste Outlook

- Key drivers of earnings will be commodity prices for recyclables and commercial waste volumes from commercial, industrial and building activity.
- There has been some recovery from the dramatic fall in demand and pricing for commodities worldwide late CY08
- A modest increase in commercial and industrial waste volumes and improvement from building and construction particularly from infrastructure spend is anticipated.
- Other opportunities:
  - recycling initiatives which increase collection and commodity revenues and extend the life of company-owned landfills;
  - cross-selling solid waste services;
  - further development of Alternative Waste Technologies;
  - cost savings through technology and assets utilisation.

Liquid & Hazardous Waste Outlook

> Since Dec’08 earnings have been affected by the weaker industrial activity particularly in manufacturing.

> A minor increase in commercial and industrial waste streams from current levels is anticipated

> Well positioned to benefit from increasingly stringent regulations being imposed on waste generators.

> Other opportunities:
  > commissioning of full-scale effluent recycling plants;
  > new and expanded service offerings;
  > cross-selling liquid waste services;
  > new technologies including waste to energy, heavy metals recovery and waste acid regeneration; and
  > further development of existing services

Energy - Outlook

> Despite short-term volatility in energy prices, consumers of energy will continue to face increasing costs and risks of supply.
> Carbon reduction schemes in Australia and New Zealand will place further pressure on customer costs from 2011.
> Volumes and margins are expected to continue their return to longer term trends following the significant destocking experienced in early CY09.
> Transpacific plans to commission new hydrogenation facilities where there is a sound economic case. EPA approvals have been granted for a second facility in Victoria, approval for a Queensland facility is expected shortly and an additional facility in Western Australia is being investigated.

Industrial Solutions - Outlook

- Earnings are dependent upon industrial and mining activity, which are expected to continue at 2H09 levels through FY10.
- Earnings will be supported by a solid base of work including public sector and contracted site management with a variety of blue chip clients.
- Other opportunities:
  - expansion of services to existing customer base;
  - entry or expansion in specialised service segments including water recycling, refractory services, demolition, and offshore oil; and
  - geographic expansion into Tasmania.

Commercial Vehicles - Outlook

- A weaker Australian dollar (against USD/€) has had a negative impact on demand by increasing selling prices.
- As the Australian dollar appreciates and availability of customer finance improves, demand should recover
- Parts and service offerings continue to perform well.
- Other opportunities:
  - distribution of new brands to supplement existing products;
  - growth within large transport fleet customers;
  - growth in market share across each of the brands;
  - bus sales into public transport; and
  - cost savings through overhead and inventory management.

Manufacturing - Outlook

- Current market conditions are expected to continue at 2H09 levels and remain affected by some level of replacement equipment postponement attributable to the current economic climate.
- Demand for products in municipal contracts is expected to continue relatively unaffected and market share is expected to be maintained
- Other opportunities:
  - Environmental legislation requiring specialised equipment
  - new products including vacuum tankers, and sweepers
  - new facilities in Western Australia; and
  - cost reductions through overseas manufacturing

FY10 – Overall Outlook

- Transpacific remains positive about the outlook for its various businesses beyond FY2009.
- Commodity prices have improved from lows experienced mid FY09
- The Group's core waste operations are generally defensive in nature, given increasing regulation, multi-year contracts within the collection businesses, and public sector work.
- Transpacific is also well diversified both geographically and operationally, with customers from a wide variety of industries and locations throughout Australia and New Zealand.
- Transpacific's experienced management team will also continue to pursue planned growth projects.


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