

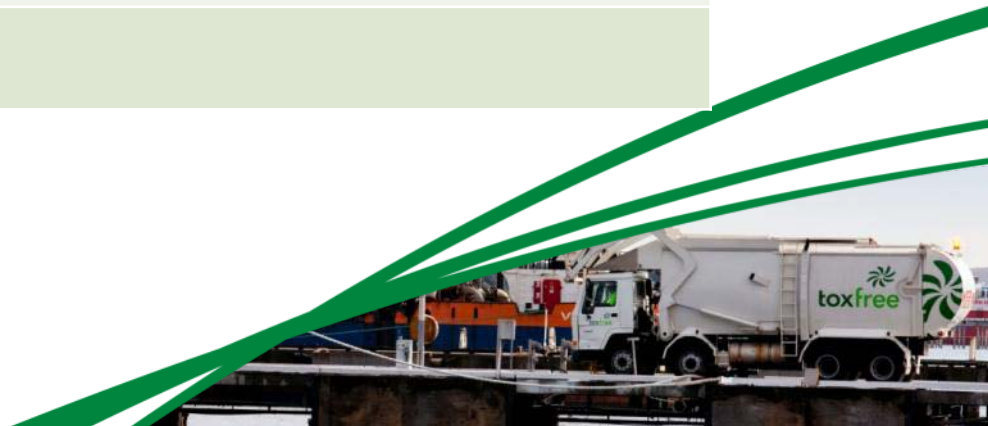


**toxfree**

**First Half FY12 Results Presentation  
March 2012**

# Agenda

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# Capital Structure

ASX CODE – TOX		
Shares on issue	111,195,608	
Unlisted employee options	3,998,500	
No. of shareholders	3,468 (approx)	
Market Capitalisation	\$270 m (approx)	
Substantial shareholders	IOOF	11.4%
	Australian Foundation Investment Co	8.3%
	Fisher Funds Management Ltd	8.0%
	Board & Management	5.0%



# Company profile

- One of the largest industrial service and waste management businesses in Australia
- Strategically located facilities
- Unique licenses and specialist technologies
- Provide diverse number of industrial and waste services to all market sectors
- Resource sector and hazardous waste focus
- Focus on competitive advantage through safety, service delivery, sustainable waste management practices, treatment licenses and technologies
- Growth - combination of acquisition, green field development, organic and contract growth



# Our Vision

*“To be the leading Waste Management and Industrial Services Company in Australia”*



# Our Services

- **Waste Services**

- The collection, recycling and management of primarily solid wastes

- **Industrial Services**

- Includes high pressure water jetting, vacuum loading, tank cleaning, coatings removal and application

- **Hazardous Waste Services**

- The treatment, recycling and destruction of industrial and hazardous wastes



# Corporate Strategy



# Growth Strategies

1. Move to a leadership position in Hazardous Waste Management Nationally

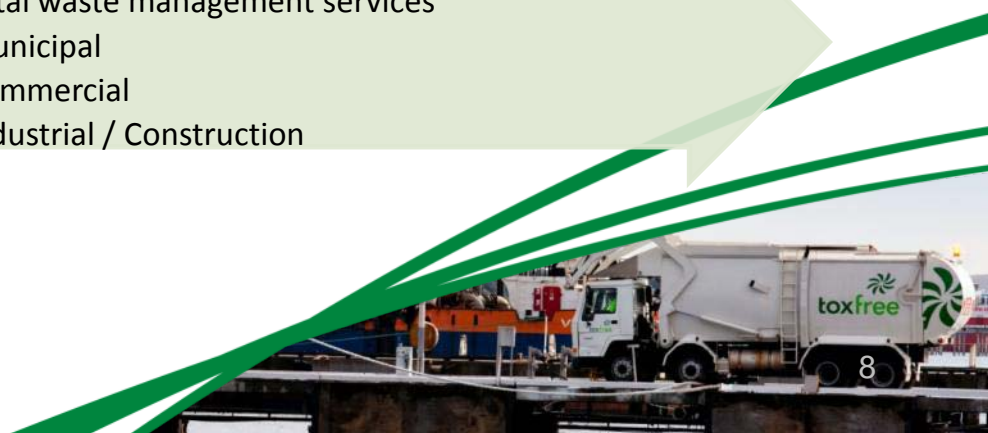
- Best Technologies
- Best Licences
- Best People

2. Provide a broad range of Industrial Services to Blue Chip clients under long term contract

- Mining
- Oil and Gas
- Infrastructure
- Heavy manufacturing

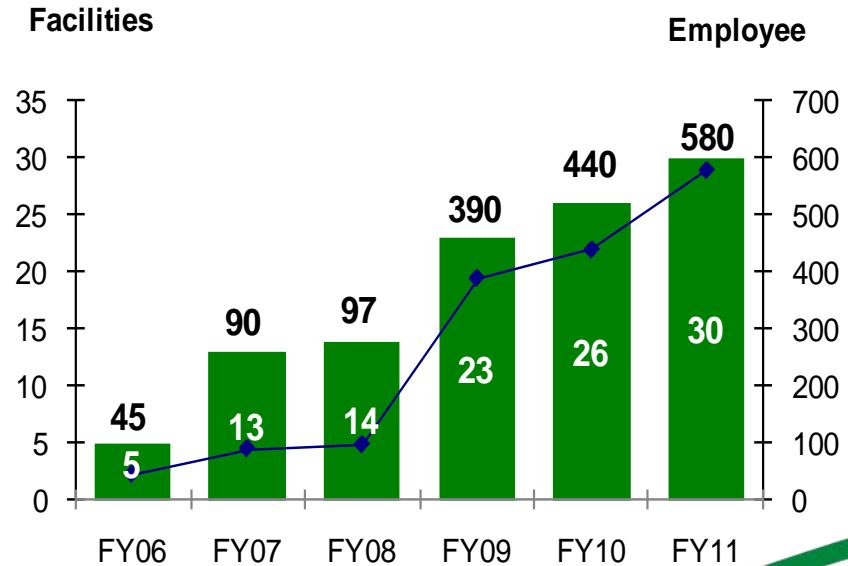
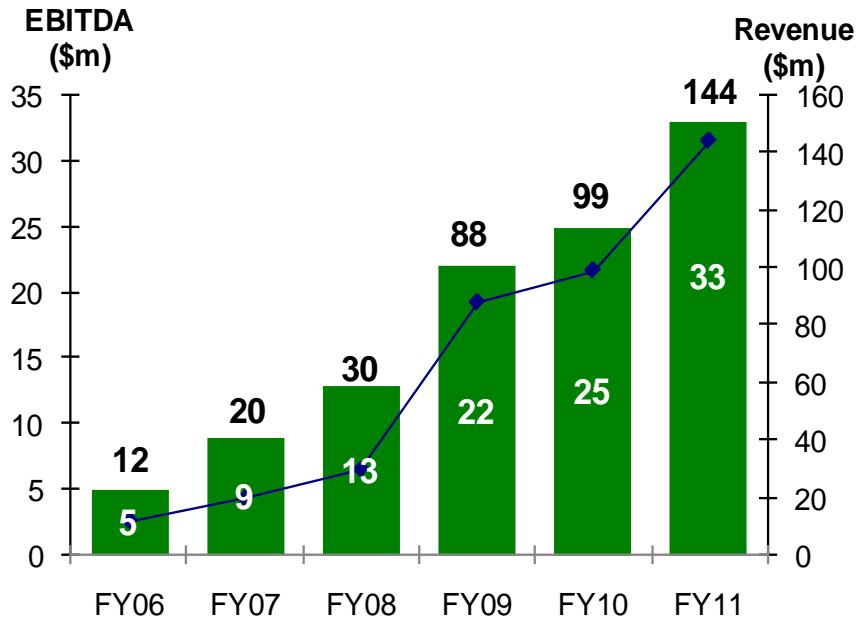
3. Provide waste services in all regional resource hubs of Australia

- Resource focus - WA, QLD and NT
- Total waste management services
- Municipal
- Commercial
- Industrial / Construction





# Toxfree's growth to date



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# FY12 First Half Results Summary

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- Revenue up 41% to \$92.2M (1H FY11 = \$65.3M)
- EBITDA up 50% to \$20.1M (1H FY11 = \$13.4M\*)
- EBIT up 64% to \$12.9M (1H FY11 = \$7.9M\*)
- NPAT up 70% to \$7.9M (1H FY11 = \$4.6M\*)
- EPS up 53% to 7.76 cents (1H FY11 = 5.06 cents)
- Zero Lost Time Injuries
- Debt to equity : 26%
- Interest Cover : 11 times (EBIT)



*\* 2010 figures exclude GVF debt write off (\$1.2 M NPAT)*



# FY12 First Half – Key Highlights

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- Expansion of services in Gladstone, Mackay, Roma, Port Hedland and Darwin
- Acquisition of MMS Enterprises and Pilbara Waste during period
- Acquisition of DMX assets on 15 February 2012
- Award of contracts with Bechtel Australia for the APLNG contract in Gladstone
- Commencement of a JV partnership with local indigenous contractor and award by the JV of waste services contract with Fortescue Metals Group
- Extension of existing Woodside contract and commencement of services for Woodside Pluto
- Strong operational performance from all divisions particularly Waste Services in North West and South West WA including major contracts
- Industrial services in NSW & Victoria performed well and Central Queensland is gaining momentum
- Awarded the National Safety Council of Australia / GIO National Safety Award of Excellence



# FY12 First Half Results

Group Results	1H FY12 (\$'000)	1H FY11 (\$'000)	% Change
Revenue	92,188	65,287	41%
EBITDA	20,136	13,419*	50%
Depreciation	(7,190)	(5,523)	30%
EBIT	12,946	7,896*	64%
Net Interest	(1,470)	(1,111)	32%
Profit before tax	11,476	6,785*	69%
Income tax expense	(3,612)	(2,148*)	68%
Net profit after tax	7,864	4,637*	70%
EPS	8.06 cents	5.06 cents	59%
Number of shares on issue at balance date	111.1 million	91.6 million	21%

\* 2010 figures exclude GVF debt write off (\$1,755K gross, \$1.2 M NPAT)

# Group Cash Flow

Group Cash Flow	1H FY12 (\$'000)	1H FY11 (\$'000)	% Change
Gross operating cash flow	14,946	3,727	301%
Net interest paid	(1,234)	(1,111)	11%
Income taxes paid	(2,718)	(2,680)	1%
Net operating cash flows	10,994	(64)	17,278%
Net purchases of PP&E	(5,487)	(11,272)	-51%
Net investing cash flows	(21,399)	(11,272)	90%
Net proceeds from borrowings/(repayment of borrowings)	8,314	(748)	1,212%
Dividends paid	(2,895)	(1,836)	58%
Proceeds from the issue of share capital (net of capital raising costs)	28,375	456	6,122%
Net financing cash flows	33,794	(2,128)	1,688%
Net increase/(decrease) in cash	23,389	(13,464)	274%
Cash at the beginning of the half year	14,513	17,894	-19%
Cash at the end of the half year	37,902	4,430	756%

# Balance Sheet

Balance Sheet	31 December 2011 (\$'000)	30 June 2011 (\$'000)	% Change
Cash	37,902	14,513	161%
Trade and other receivables	44,768	35,741	25%
Inventories	120	332	-64%
Prepayments	1,225	644	90%
Tax assets	2,875	2,997	-4%
Property, plant and equipment	71,369	65,166	10%
Intangibles	48,422	29,905	62%
Total assets	207,487	149,298	39%
Trade and other payables	18,665	14,886	25%
Loans and borrowings	38,027	26,097	46%
Employee benefits	2,984	2,879	4%
Tax liabilities	3,938	3,197	23%
Total liabilities	63,614	47,059	35%
Total equity	143,873	102,239	41%
GROSS DEBT TO EQUITY	26%	33%	-7%

# Cash Flow and Balance Sheet

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- Cash flow conversion: 75% of EBITDA, impacted by late payment from larger contracted customers
- January and February debtor collections have resulted in improved cash flow and reduction in days outstanding
- Strong balance sheet: 26% debt to equity. Post DMX transaction rises to approximately 40% initially falling to approximately 30% by the end of FY13
- New banking facility established with adequate headroom to support future growth
- Focus on improving Return on Invested Capital (which includes debtors) as the main KPI target across the group

# FY12 First Half Segment Results

	Revenue 1H FY2012 \$'000	Revenue 1H FY2011 \$'000	Variance %	EBIT 1H FY2012 \$'000	EBIT 1H FY2011 \$'000	Variance %
Waste Services	42,262	18,345	130%	10,255	4,402	133%
Hazardous Waste Services	15,758	13,786	14%	5,204	5,493	-5%
Industrial Services	34,168	33,156	3%	5,773	4,542	27%
Corporate	-	-	-	(8,286)	(6,541*)	27%
Group Result	92,188	65,287	41%	12,946	7,896	64%

\* 2010 figures exclude GVF debt write off (\$1,755K gross, \$1.2 M NPAT)

## Comments

Significant growth from Waste Services division – organic as well as contribution from new long term waste management contracts

Industrial Services performed strongly – NSW and Victoria were highlights with Qld gaining momentum

Hazardous waste – growth in volumes and revenue but additional expenses at Port Hedland

Corporate overhead also includes regional HSE resources and acquisition expenses



# Segment Margin Analysis

	31 December 2011 %	30 June 2011 %	31 December 2010 %
Waste Services	24%	27%	24%
Hazardous Waste	33%	37%	40%
Industrial Services	17%	18%	14%

## Comments

Waste and Industrial Service margins in line with Company expectations

Hazardous Waste margins impacted by additional expenses at Port Hedland – plan in place to rectify in short term

# Acquisition of DoloMatrix assets

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- Regarded as the leading provider of hazardous waste and resource recovery services on the East coast of Australia
- Unique licences and technologies
- Acquired for \$58 M, settlement occurred 15 February 2012
- Funded through \$27 M institutional placement and \$40 M debt facility
- Proforma FY12 EBITDA of \$11.5 M
- Acquisition costs of approximately \$2.3 M
- Additional funds used to fund working capital



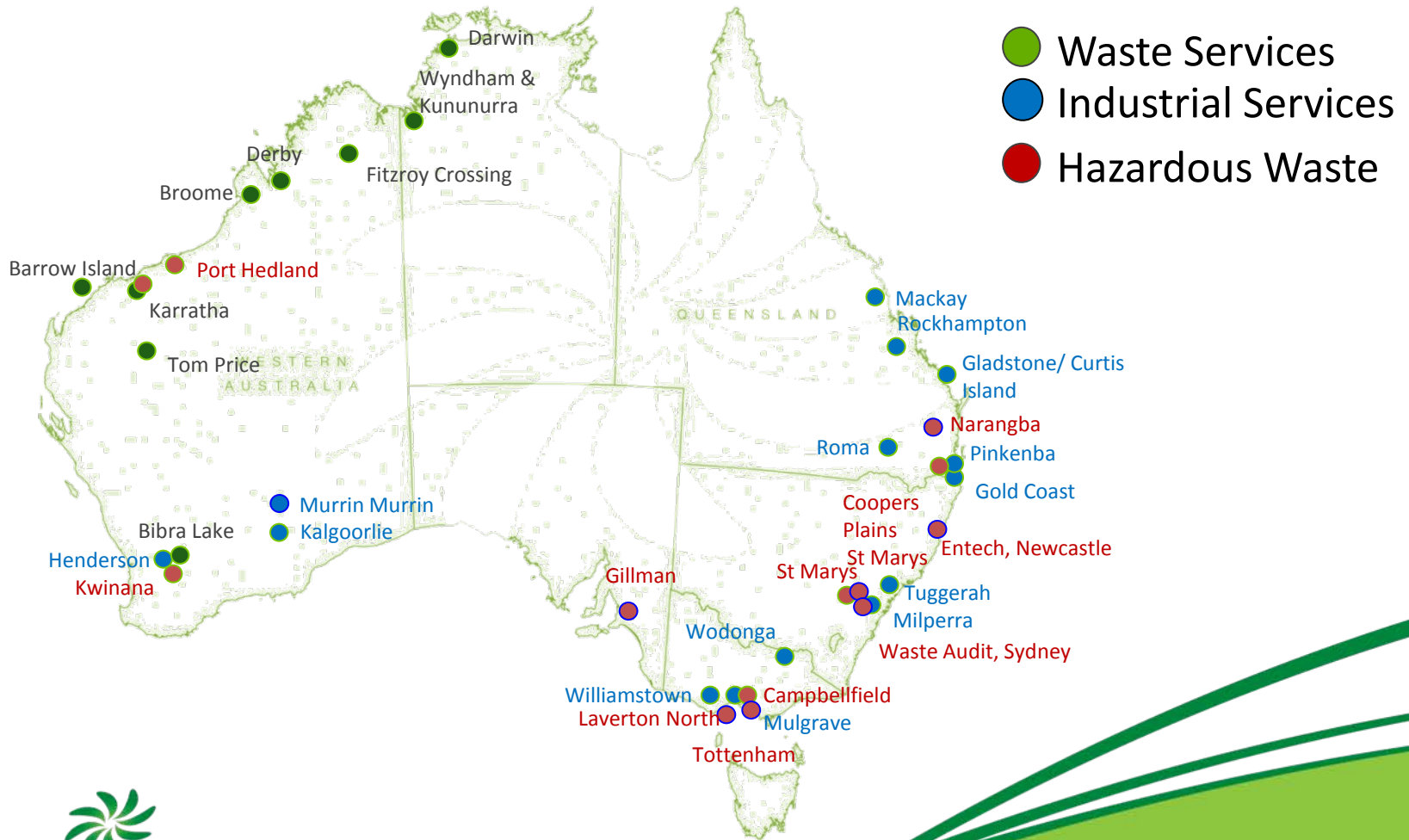
# Why DoloMatrix?

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- The operations of DoloMatrix are extremely valuable and important to Toxfree's corporate strategy
- Excellent technologies
- Unique licences
- Strategically located sites through the East coast
- Skilled and experienced workforce
- Large customer base
- Able to combine assets with Toxfree facilities to build market share and improve waste treatment efficiencies
- Toxfree is now able to offer Environmental Services to its customer base through addition of Waste Audit and Entech



# Combined Group Service Locations



# Group Organisational Structure

Our operations have been restructured in line with our three services and growth strategies to provide focus and enable efficiencies to be established



# Operations – Industrial Services

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- Acquired MMS Enterprises in Mackay and expanded services in the Bowen Basin, Queensland
- Commenced operations in Central Queensland with award of a contract with Origin Energy
- Murrin Murrin contract performing well
- Solid performance from NSW, Victoria and Queensland operations
- Expansion of Industrial Services targeted at resource sector will continue



# Operations – Waste Services

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- Revenue growth of 130% to \$18.4 million
- Pilbara and South West were the best performing regions together with major contracts
- Toll Energy (Gorgon) contract has continued to improve as waste volumes increase – 900 days without LTI
- Awarded extension of the existing total waste management contract with Woodside Energy
- Commenced operations for Woodside Pluto
- Commenced a Joint Venture with a local indigenous contractor - with subsequent award of a contract with Fortescue Metals Group in Feb 2012



# Operations – Hazardous Waste Services

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- Hazardous waste volumes remain strong with 14% growth in revenue
- All operations performed solidly with the exception of Port Hedland
- Upgrade of the high temperature incinerator has been slower than forecast – additional expenses and shutdowns as a result
- Interim plan at Port Hedland in place to improve operating margins
- Combined assets of DMX and Toxfree will position Toxfree as the leading hazardous waste management Company in Australia
- Focus on integration and operational synergies over the next 6 to 12 months





# Outlook

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- Integration of DMX and focus on operational synergies
- Contribution from recent acquisitions of DMX, MMS and Pilbara Waste
- Commencement of services to Fortescue Metals Group by the Toxfree JV
- Award of further contracts throughout Australia
- Organic growth of core business - Economic activity stimulated by Western Australian and Queensland resource projects
- Operational synergies expected through service line organisational structure and merging of DMX hazardous waste assets



# Questions

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