




harm free


toxfree

**Morgan Stanley
Emerging Companies Conference**

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Agenda



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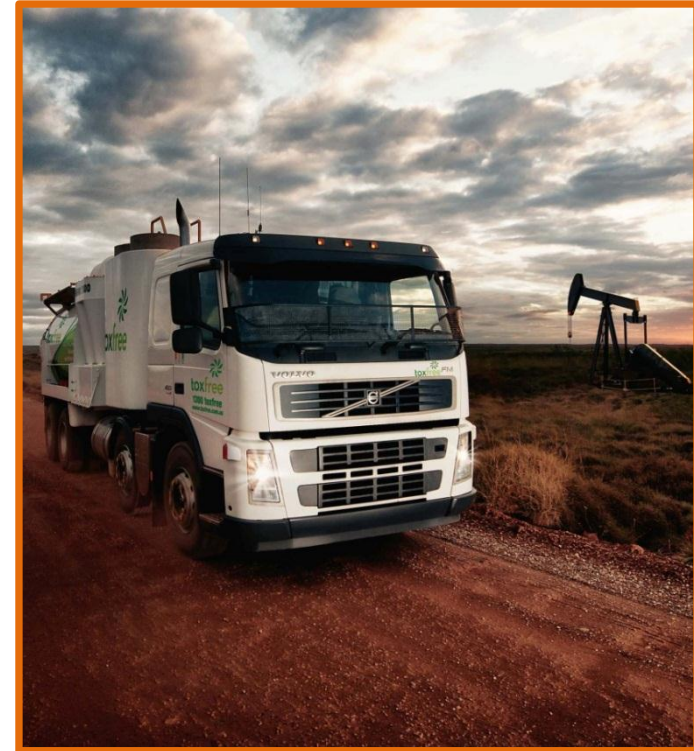
Capital Structure



ASX CODE – TOX		
Shares on issue	129,607,453	
Unlisted employee options	2,307,500	
No. of shareholders	3,500 (approx)	
Market Capitalisation	\$450 m (approx)	
Substantial shareholders	Australian Foundation Investment Co	8.2%
	National Australia Bank	
	National Australia Bank	7.5%
	Fisher Funds Management Ltd	6.3%

Company Profile

- One of the largest industrial service and waste management businesses in Australia
- Strategically located operations throughout Australia
- Unique licenses and specialist technologies
- Provide diverse range of industrial and waste services to all market sectors
- Regional resource sector and hazardous waste focus
- Competitive advantage through safety, service delivery, sustainable waste management practices, treatment licenses and total waste management service offering
- Growth - combination of acquisition, green field and organic



Corporate Strategy

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

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

2. Leader in Hazardous Waste Management Nationally

- Best Technologies
- Best Licences
- Best People
- High barriers to entry
- Servicing all industry sectors

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

- Mining
- Oil and Gas
- Infrastructure
- Heavy manufacturing
- Government

Market Trends – Environmental and regulatory

- Australia is the 2nd highest producers of waste per capita behind USA at 2.1 tonnes per head p.a.
- Increasing government landfill levies and disposal costs will continue to drive recycling and divert waste from landfill
- Government regulation and environmental sustainability is driving the transition from landfill to recycling and recovery
- Large clients are aggregating procurement and increasing numbers seek a “One Stop Shop” solution
- At 50m tonnes and \$11.9Bn, the market is large, and growing around 5% p.a.
- Highly competitive, and fragmented, with the top 5 industry players having less than 50% market share

Source: IBIS world Waste Report 2012

Australian waste market



Waste type	Industry Revenue (\$Bn)	Industry profits (\$)	Margins	Target Revenue (\$'Bn)	Target Profits (\$'m)	20% of Target Revenue (\$m)	20% of Target Profit (\$m)
Commercial	3.2	290	9%	1.0	90	200	18
Construction	2.7	190	7%	0.6	40	120	8
Municipal	2.0	120	6%	0.4	25	80	5
Industrial	1.9	240	12%	1.6	195	320	39
Hazardous	1.2	150	12.5%	1.2	150	240	30
Total	11	990	9%	4.8	500	960M	\$80 - \$100m

Source: IBIS world Waste Report 2012 and Toxfree estimates



Overview of Wanless



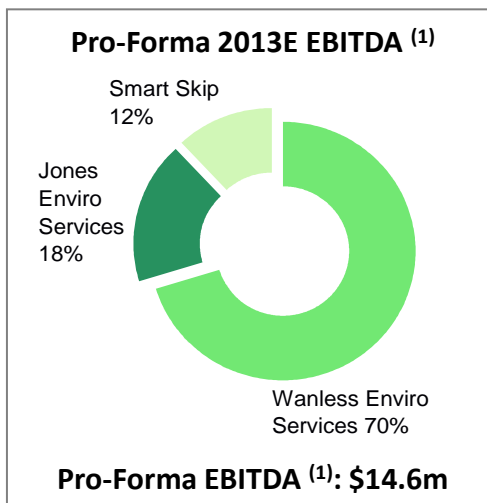
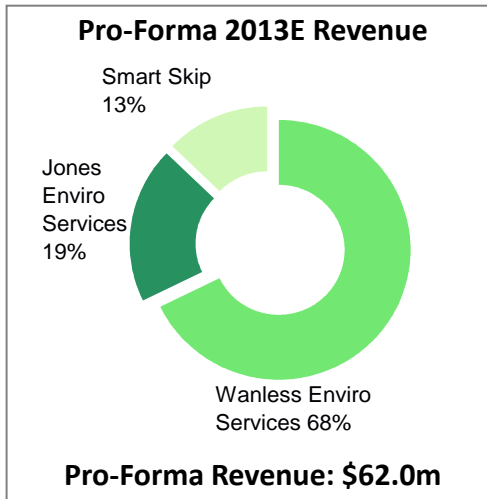
Wanless Summary

Wanless Environmental Services represents the majority of the business with approximately 70% of EBITDA



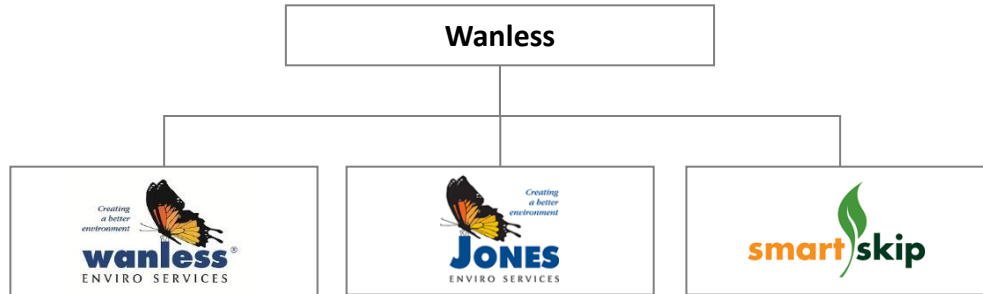
- Wanless is a leading commercial and industrial waste management business that operates in Queensland and Tasmania
 - Established in 1999 by Ron and Dean Wanless
 - Expanded through organic growth and strategic acquisitions to become the second largest player in the Commercial Waste Transport market in Queensland and Tasmania
 - 156 employees and 42 owner drivers
- Wanless operates through three entities:
 - Wanless Enviro Services – (\$42M revenue – FY13) operates across several Queensland branches and specialises in commercial and industrial business-to-business customers
 - Jones Enviro Services – (\$12 M revenue – FY13) provides commercial waste recovery services throughout Tasmania
 - Smart Skip – (\$8M revenue – FY13) a construction and demolition waste business servicing the South East Queensland building and construction markets
- Operations are spread across 13 main branches
- Large client base (approximately 8,000 clients) with low customer concentration
 - Top 15 clients represents 20% of total revenue
 - No customer with >\$5m revenue

Note Adjusted for non recurring and private group items. Excludes rebranding costs



Divisional Overview and Geographic Profile

Headquartered in Coopers Plains, South Brisbane, Wanless operates a network of branches on the East Coast from Cairns to Gold Coast, together with three branches in Tasmania

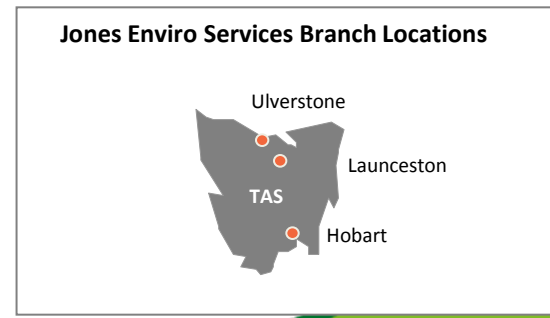
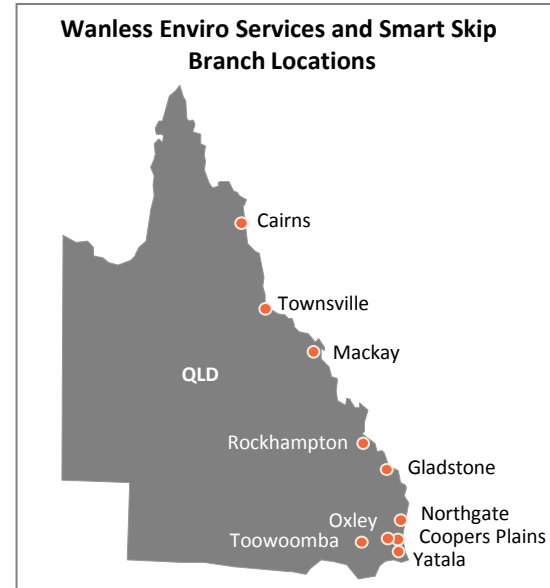


Services

- | | | |
|---|--|---|
| <ul style="list-style-type: none"> Queensland branch network of waste recovery services Front lift and commercial hook lift collection of general waste and cardboard | <ul style="list-style-type: none"> Industrial, commercial and municipal waste recovery services in Tasmania Recycling of cardboard, paper, plastics, timber and food waste | <ul style="list-style-type: none"> Variety of skip and associated services relating to construction, demolition, landscaping and general household clean-ups |
|---|--|---|

Pro-Forma FY2013E Revenue

A\$42m	A\$12m	A\$8m
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Strategic Rationale



Strategic Rationale



Toxfree's Corporate Strategy

1

Provide Full Waste Service Offering in all Regional Resource Hubs of Australia

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

2

Leader in Hazardous Waste Management Nationally

- Best technologies
- Best licences
- Best people
- High barriers to entry
- Servicing all industry sectors

3

Provide a Broad Range of Industrial Services to Blue Chip Clients Under Long Term Contract

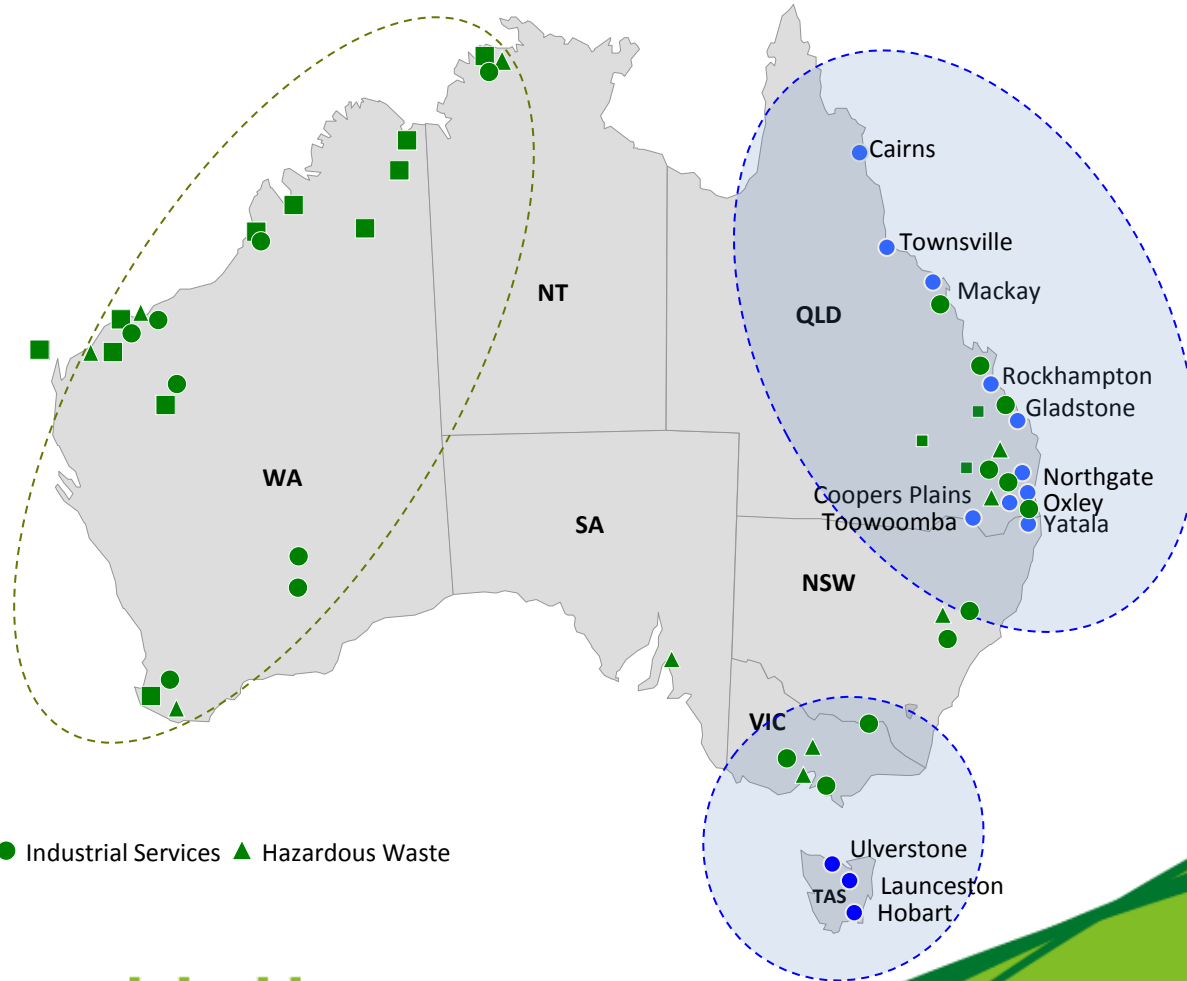
- Mining
- Oil and gas
- Infrastructure
- Heavy manufacturing
- Government

Rationale for Acquiring Wanless

- ✓ Acquisition will provide a platform entry into the Queensland commercial and industrial market, diversifying Toxfree's revenue base with the potential for significant future growth
- ✓ Wanless' solid waste services complement our existing industrial services and waste management strategy in Queensland and ability to offer Total Waste Management Solutions to our clients.
- ✓ Wanless' regional depots provide Toxfree with a base to expand our services to the resource sector in Queensland and Tasmania
- ✓ The acquisition will position Toxfree in a similar way to our Western Australian business, positioning the business to benefit from future capital investment and growth in these markets
- ✓ Ability to offer Wanless' existing 8000 clients Toxfree's existing Hazardous Waste and Industrial Services
- ✓ An excellent cultural fit between organisations, and a highly experienced management team is expected to add significant depth to Toxfree's existing operations



Complementary national network with Wanless providing a platform for growth in the attractive Queensland waste services market

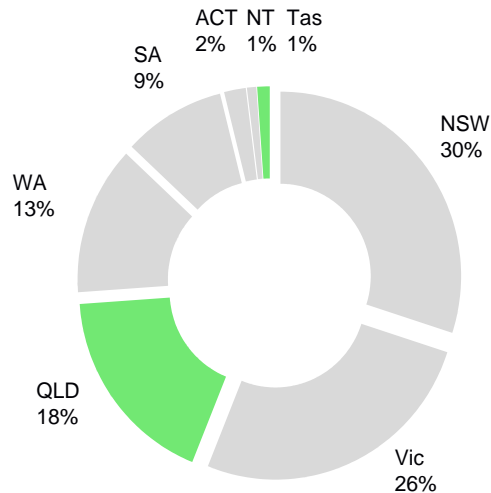


- Waste Services
- Industrial Services
- ▲ Hazardous Waste
- Wanless

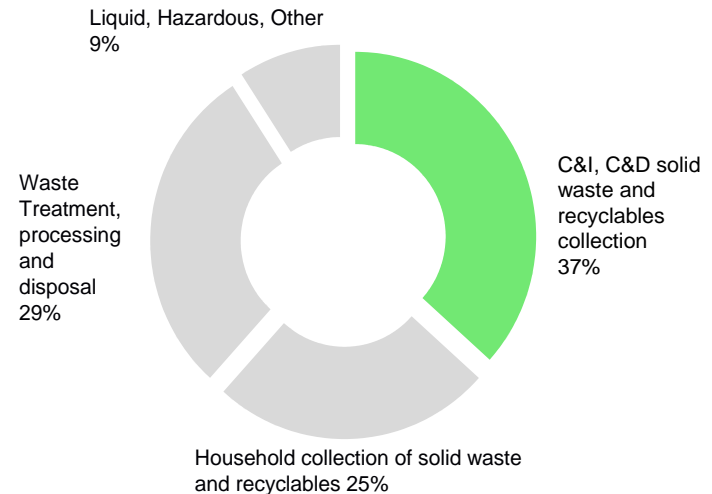
Significant Market Opportunity

- Toxfree and Wanless operate in a national waste market with revenue of approximately \$11.8Bn ⁽¹⁾
- Wanless operates within the Queensland Commercial & Industrial (C&I) and Construction & Demolition (C&D) waste markets
- The size of the Queensland market represents a significant opportunity to leverage Toxfree's total waste management offering

National Waste Market Segmentation (\$11.8Bn) ⁽¹⁾



QLD Waste Market Segmentation (\$2.1Bn) ⁽²⁾



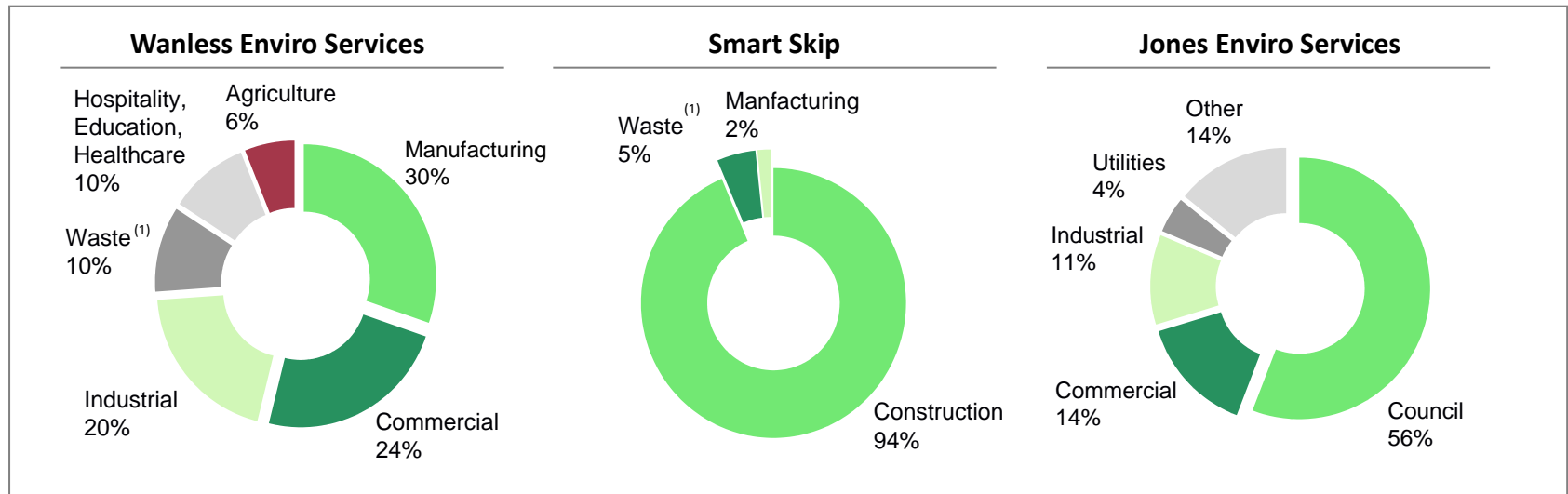
Notes

1. Based on IBISWorld (2012) estimates
2. Based on IBISWorld (2012) and Toxfree estimates

Customer Segmentation

- Wanless Enviro Services' clients operate within manufacturing, commercial and industrial industries
- The majority of Smart Skip's clients operate in the building construction industry
- Jones Enviro Services' clients are councils, primarily located in Launceston, and a combination of industrial services clients

Top 200 Customers by Industry (FY2012)



Note

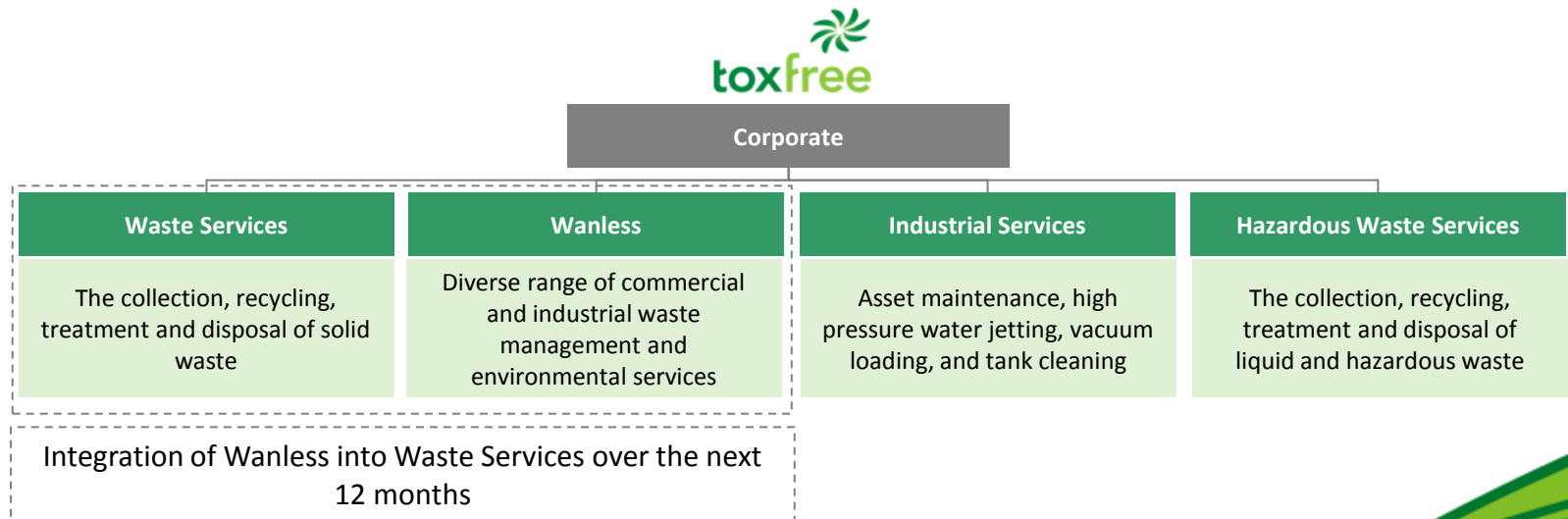
1. Refers to contracts with other waste management companies



Expanded Toxfree

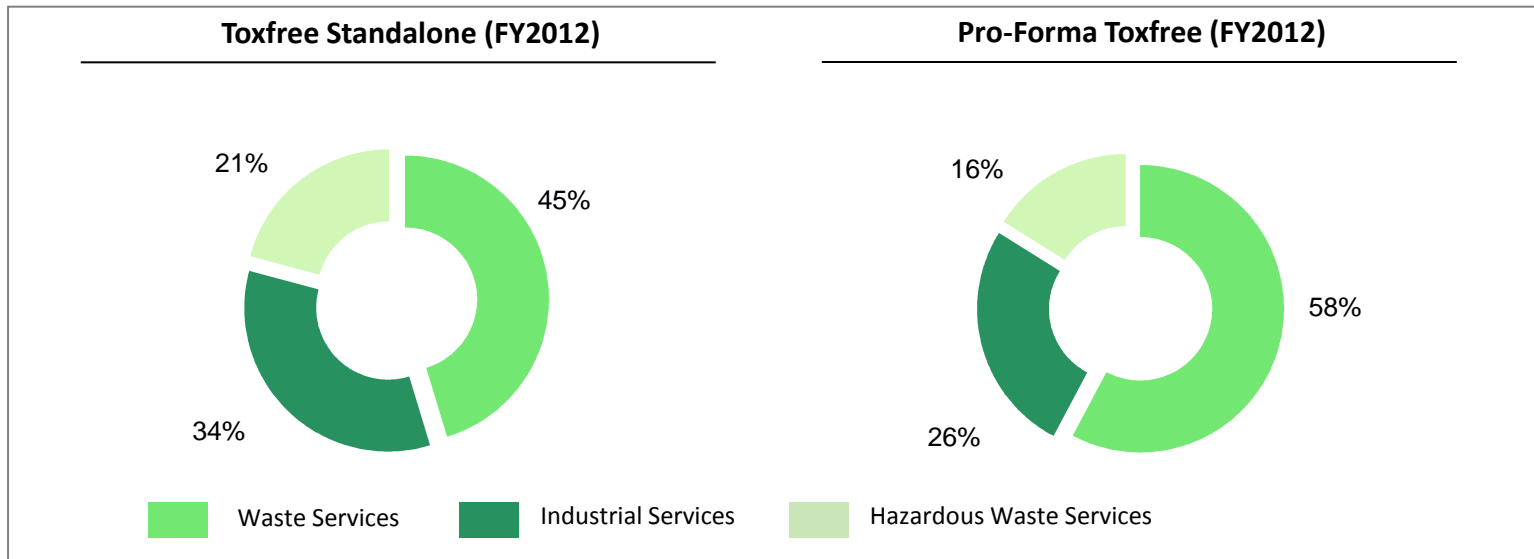
Expanded Toxfree

- Wanless will initially function as a standalone division within the expanded Toxfree Group and will be integrated into the Waste Services division over the next 12 months
 - Wanless will leverage the Toxfree systems and expertise
 - KPI's will be introduced; marketing, business development and sales plans created
 - Major rebranding; cross selling initiatives introduced
- Toxfree has an experienced management team and systems to manage integration



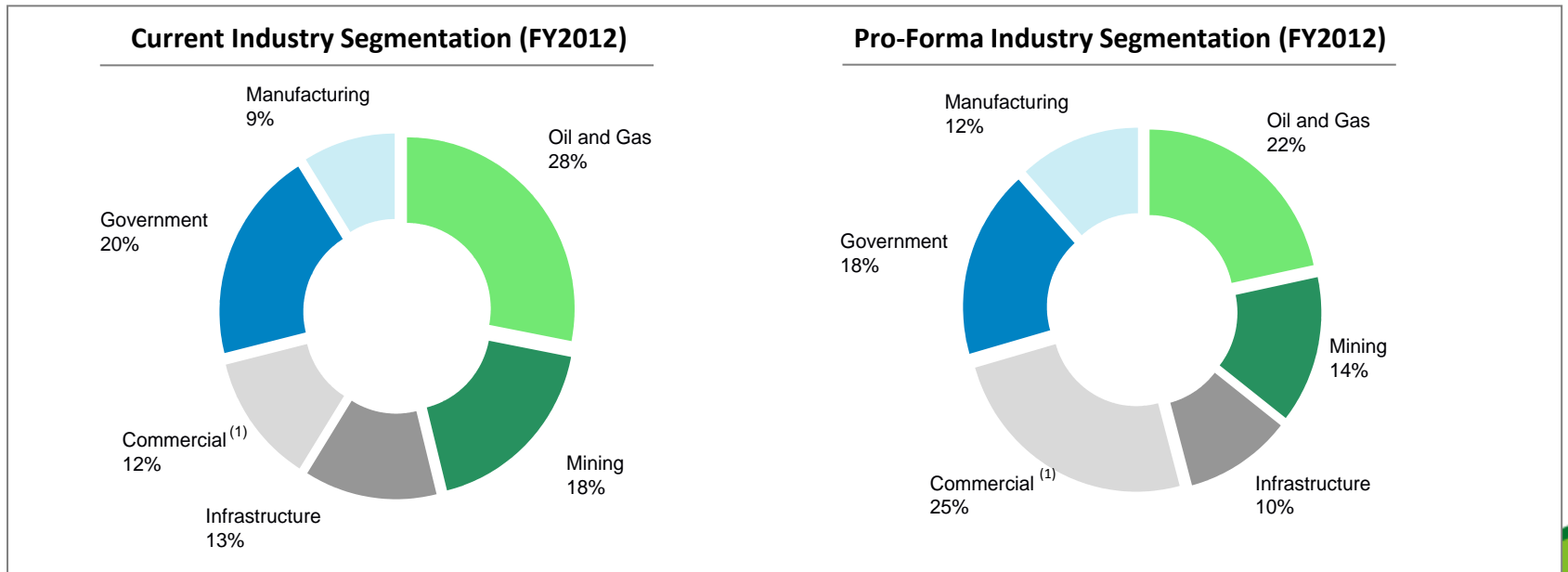
Revenue by Service

- The acquisition of Wanless will significantly expand Toxfree’s Waste Services Division
 - Toxfree’s Waste Services Division includes the collection, resource recovery, recycling and disposal of solid, industrial, municipal and commercial wastes
 - Services are currently provided throughout the Kimberley, Pilbara and South West regions of WA, Gladstone and Roma in Queensland and in the Northern Territory
 - Following the acquisition of Wanless, the Waste Services Division will represent 58% of FY2012 Pro-Forma revenue



Sector Diversification

- Toxfree’s client base is currently weighted towards mining and energy related clients (approximately 46%)
- Following the acquisition of Wanless, exposure to the commercial sector will increase from 12% to 25%



Note
 1. Includes retail, agriculture, hospitality & leisure, hospitals, education, and other waste companies

Acquisition of Wanless - Key Highlights

- Acquisition of Wanless, a leading Queensland and Tasmanian waste services business for \$85 M
- Specialist provider of waste services to customers within the commercial and industrial sector
- Pro forma revenue for FY13 of \$62 M and EBITDA of \$14.6M
- Strong market share in South East Queensland industrial growth corridor and key regional hubs
- Platform to enable Toxfree to expand its total waste services offering
- Highly complementary to Toxfree's strategy and existing Queensland operations and its regional growth strategy
- Diversification of Toxfree earnings and significant increase in addressable market opportunity
- Highly experienced management team and an excellent cultural fit
- Strong margins and growth potential and accretive to Toxfree shareholders on current year pro-forma earnings

Note

1. Adjusted for non recurring and private group items. Excludes rebranding costs



Operational Update

Operational update

- Focus on integration of Wanless into Toxfree – integration plan developed and underway
- Organic growth opportunities being developed as Wanless and Toxfree services align in Queensland and Tasmania
- Queensland – Surat basin performing strongly
- East Coast – industrial services to infrastructure improving
- Gladstone – commenced services at QAL, outlook very positive
- North West – major contracts performing inline with expectations
- Hazardous waste volumes from manufacturing have stabilised
- WA Industrial Services performing well

Outlook

- Addition of Wanless earnings in FY14
- Key environmental drivers remain in place
- Commencement of industrial services at QAL Gladstone - \$30 M contract over three years
- Available waste market is large and Toxfree is confident on continuing to build its market share through organic growth, contract award and strategic acquisition
- Contracted Waste Services to the mining sector is expected to be approximately 8-10% of group revenue in FY14, all from Tier 1 producing assets.
- One off costs in FY13 include:
 - Acquisition and rebranding, \$3.55 M, plus stamp duty of \$4.3 M (estimated)
 - Write off of SSAA technology in first half, \$2.2 M
 - MMS write back \$(1.3 M)
 - Sydney metropolitan industrial services closure, \$0.5 M
- A number of contracts pending award / renewal

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