



# Macquarie Securities

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# Agenda

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# Capital Structure

ASX CODE – TOX		
Shares on issue	132,529,859	
Unlisted options	2,307,500	
No. of shareholders	3,500 (approx)	
Market Capitalisation	\$430 m (approx)	
Substantial shareholders	Australian Foundation Investment Company Limited	8.04%
	National Australia Bank	7.49%
	Fisher Funds Management	6.10%

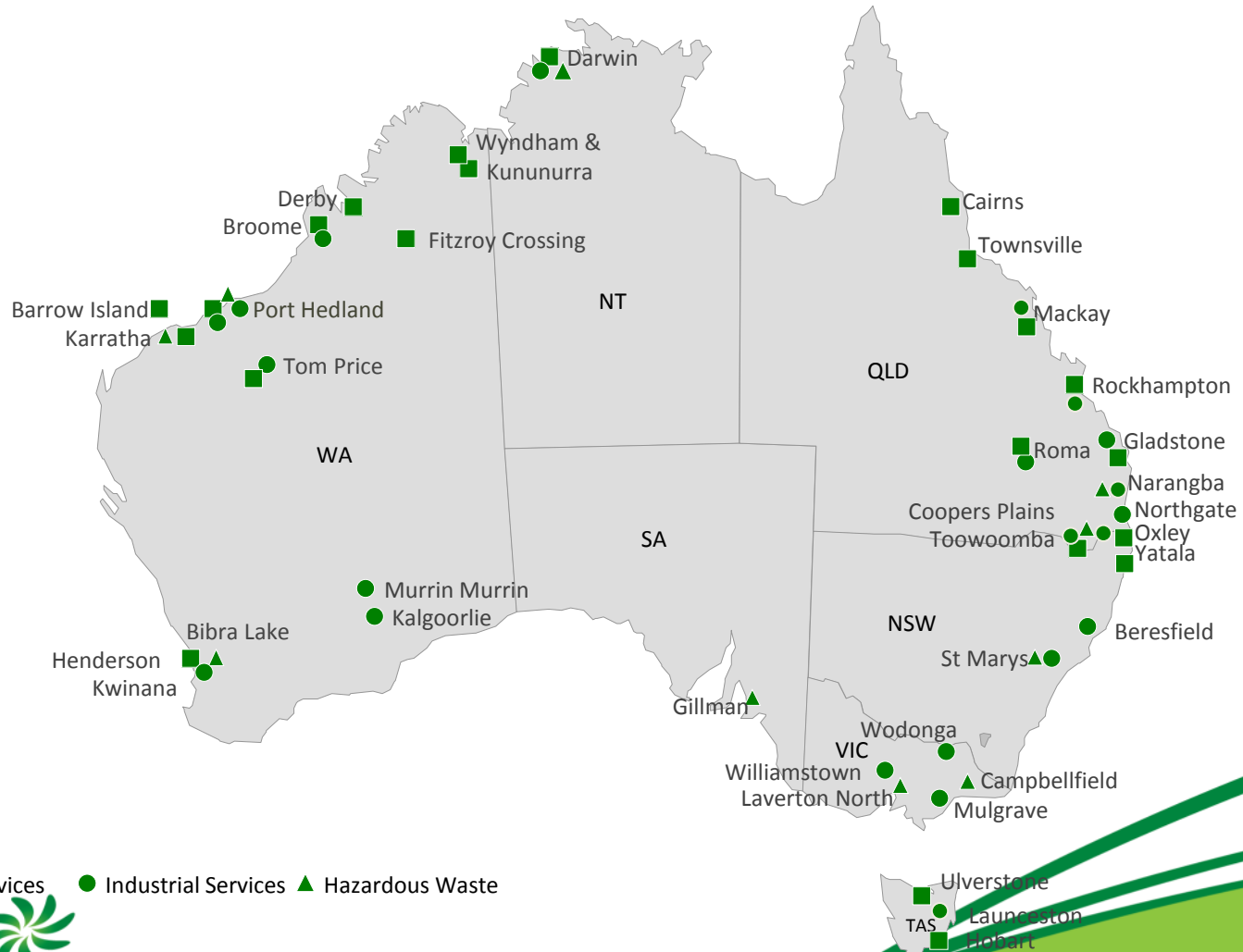


## Company Profile

- One of the largest industrial service and waste management businesses in Australia
- Strategically located operations throughout Australia
- Unique licenses and specialist technologies
- 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 through a combination of acquisition, green field and organic

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# Vision – Australia's leading waste management and industrial services company



■ Waste Services ● Industrial Services ▲ Hazardous Waste



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# Australian Waste Market and Target Industry Sectors

	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	960	80-100

Source: National Waste Report 2010, Review of Waste Strategy in NSW 2010, IBIS – Waste Disposal Services in Australia 2012.

# Market Trends

- Australia is the 2nd highest producer 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
- Resource sector spending for major capital projects has reduced but the market to service producing assets is large and growing post the capex cycle



Source: IBIS Waste Report 2012

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# Corporate Strategy

**Hazardous and Industrial Waste**  
Leader in Hazardous and  
Industrial Waste Management  
Nationally

- Innovation, best practice, low operating cost technologies, centres of excellence
- Unique and Strategic Licences
- High barriers to entry
- Servicing all industry sectors and government

**Total Waste Management**  
Provide all waste services in all  
regional hubs of Australia

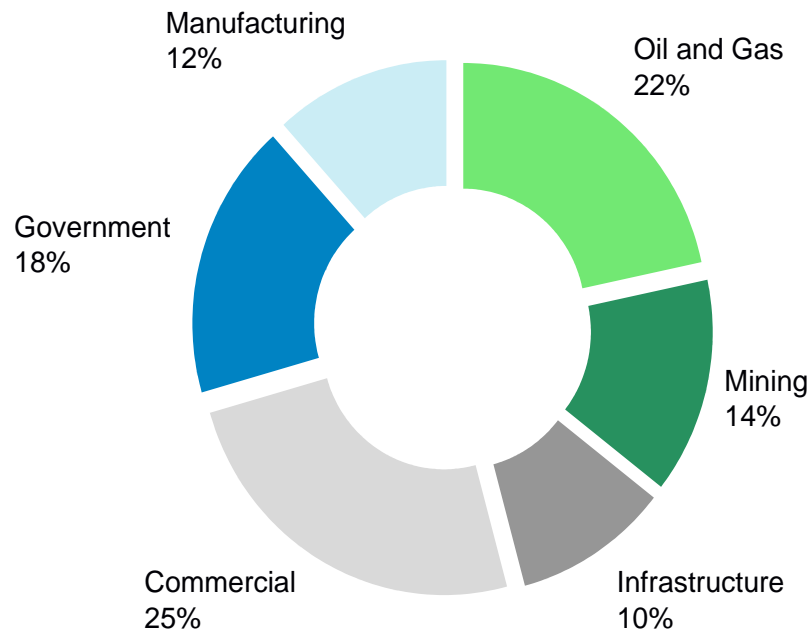
- Regional focus - WA, QLD, Tas and NT
- Total waste management services
- Municipal
- Commercial
- Industrial / Construction

**Industrial services**  
Leader in provision of industrial  
services throughout Australia

- Producing assets
- Regional resource hubs
- Long term contracts
- Blue chip clients
- Mining, Oil and Gas, Infrastructure

# A diversified business – revenue by market sector

Estimated Industry Segmentation (FY2014)



Note

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

## FY13 Financial Highlights

- Revenue up 37% to \$284.7M (FY12 = \$207.9M)
- Underlying EBITDA up 29% to \$58.0M\* (FY12 = \$45.0M)
- Underlying EBIT up 24% to \$35.7M\* (FY12 = \$28.9M)
- Underlying NPAT up 26% to \$21.7M\* (FY12 = \$17.2M)
- Statutory NPAT of \$13.6 (FY12 = 15.7M)
- Underlying EPS up 13% to 18.41\* cents (FY12 = 16.3cents)
- Dividend increased by 25% to 5 cents per share

*\*Non-IFRS Financial Information including Wanless Acquisition costs*



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# FY13 Strategic Highlights

## Waste Services

- Significant expansion of services within Queensland and Western Australia
- Acquisition of Wanless Enviro Services, Smart Skip and Racelog in Queensland - complementing Toxfree's Total Waste Management Strategy
- Expansion of services in Tasmania through the acquisition of Jones Enviro Services

## Industrial Services

- Significant expansion of Industrial Services in the Surat Basin and Gladstone, Qld
- Acquisition of Absolute Liquid Waste in Toowoomba – servicing Coal Seam Gas (CSG)
- Award of an industrial services contract with Queensland Alumina - revenue of \$30 million over three years
- Expansion of services in Western Australia to the oil and gas, mining and commercial sector

## Technical and Environmental Services

- Integration of DMX assets - Developing Toxfree “Centres of Excellence”
- Award of household hazardous waste contracts with Sustainability Victoria and NSW Department of Environment and Conservation.



# FY13 Operational Highlights

- Reduction in All Injury Frequency Rate of 35%
- Winner in the prestigious Environmental Sustainability category of “The Australian Business Awards 2013”
- Finalists in the 2013 APPEA Health & Safety Awards for safety innovation for the development of Confined Space i-Watch-Surveillance
- Major contracts and operations linked to the resource sector were the best performing areas (Western Australia and Central Queensland )
- Technical and Environmental Services in Queensland performed well
- All major contracts meeting customer and company expectations





## Wanless update - background

- Acquisition of Wanless, a leading Queensland and Tasmanian waste services business in May 2013 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



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

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## Wanless – Integration update

- Meeting financial expectations
- Operational integration with Toxfree Waste Services complete
- Employee morale is very positive
- Rebranding to Toxfree commenced
- Systems integration to continue over the next 12 months
- Specialist provider of waste services to customers within the commercial and industrial sector
- Cross selling of services being realised
- Expansion plans being developed



# Operational update – Q1 FY14

- First quarter trading is meeting budget expectations across all service lines
- Award of Total Waste Management contract with Chevron Australia – 5 year contract + 5 year option, estimated at \$170 m over the initial 5 year term
- Central Queensland, Kimberley and Pilbara regions performing solidly
- QAL contract meeting company and client expectations
- All injury frequency rate continues to trend down
- Wanless trading in line with expectations
- New Executive appointments
  - Nick Badyk, General Manager Business Development – Nick is a very experienced Executive having held the previous positions of COO of Cleanaway and Transpacific Industrial Solutions for the last 11 years
  - Appointed Josh Bovell (ex BHPB), Chief Information Officer to focus on systems integration and technology development



# Outlook

- Organic growth and revenue synergies being developed as Wanless and Toxfree services align in Queensland and Tasmania – full year addition of earnings in FY14
- Queensland - Surat basin expected to continue to perform strongly
- Gladstone – commenced services at QAL, \$30 M revenue over 3 years, outlook very positive
- Hazardous waste volumes are improving
- 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.
- High tender activity - A number of contracts pending award / renewal



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# Questions

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