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FOR RELEASE TO THE MARKET

Transpacific Industries Group Ltd (Transpacific, ASX: TPI) today issued earnings expectations for FY13 and an update on its business transformation program.

Key Points

- Statutory Net Profit After Tax attributable to ordinary equity holders of between $46 and $53 million (after allowing for net one-off costs of $14 million)
- Underlying Net Profit After Tax (NPAT) attributable to ordinary equity holders of between $60 and $67 million
- Underlying Earnings Before Interest, Tax and Depreciation and Amortisation (EBITDA) of between $405 and $415 million
- Manufacturing, industrial and construction market conditions in Australia remain weak
- Improved trading conditions in New Zealand
- Debt reduction, cost savings and divestment programs progressing well
- Business and operational review well under way

Divisional Overview

The Cleanaway division continues to be impacted by weak landfill volumes reflecting soft economic conditions in Victoria, South Australia and Western Australia. Collection volumes remain stable with modest revenue growth being achieved in Commercial & Industrial and Municipal markets.

The Industrials division has continued to experience deferral of a number of large maintenance and shutdown projects across the industrial and mining sectors as customers look to maximise cost reductions this financial year. The downturn in the manufacturing sector has also reduced volumes in the higher margin liquid processing waste streams.

Trading conditions in New Zealand have shown an improvement during the second half as both the Auckland and Christchurch markets are showing increases in general activity levels.

The Commercial Vehicles business is expected to report good profit growth in FY13. The heavy duty vehicle market has remained stable although the second half result will be lower than that recorded in the first half, which included the benefit of dealer re-stocking.

Debt Reduction

Debt reduction remains a key priority. Transpacific is forecasting the repayment of approximately $100 million of gross debt in FY13. This is expected to result in more than $28 million of cash interest savings, with total underlying net finance costs for FY13 of approximately $119 million, a reduction of $34 million compared to FY12.

Cost Savings and Divestment Programs

The Company's cost reduction program remains on track and will deliver savings in the second half of at least $10 million and annualised cost savings of at least $15 million through reductions in managerial and administration expenses and procurement cost initiatives. The divestment of five surplus properties and two non-core businesses, referred to in the first half results announcement, has been completed and will deliver proceeds of approximately $25 million in FY13.

Business and Operational Review

Recognising the difficult trading environment that Transpacific continues to face, the drive for cost reductions and efficiency gains is the subject of even greater focus throughout the organisation. In addition to the initiatives announced in February 2013, the Company is undertaking a detailed business and operational review with the assistance of L.E.K. Consulting. This review will assist Transpacific in improving efficiency and profitability and in focussing on key waste markets. It will result in the sale or closure of a number of underperforming operations. Details of the results of this review are expected to be provided by the time of the release of the Company's FY13 results.

The Company's review of the carrying value of its non-current assets including intangibles, undertaken as part of its normal year-end accounting and audit process, will specifically consider the results of the business and operational review currently underway.

CEO's Comments

Kevin Campbell, Chief Executive Officer of Transpacific, said: "Market conditions were tough in the first half and those conditions have generally deteriorated further. Project deferrals by customers and the continuing weakness in manufacturing, industrial and construction activity have all had a negative impact on our operations for the year and in particular, the second half.

"While our expectations for FY13 EBITDA are lower than those achieved in FY12, we have made progress on debt reduction, cost savings and divestments. We will be increasing the scope of these initiatives over the coming months with the business and operational review being undertaken in conjunction with L.E.K. Consulting," Mr Campbell said.

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