



Transpacific Industries Group Ltd

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9 October 2013

Company Announcements Office
ASX Limited

Dear Sirs,

Please find attached a presentation to be made by Stewart Cummins, Chief Financial Officer of Transpacific Industries Group Ltd, to the RBS Morgans 2013 Queensland Conference commencing at 4pm today.

Yours sincerely
Transpacific Industries Group Ltd

A handwritten signature in blue ink, appearing to read "Chris Carroll".

Chris Carroll
Company Secretary

RBS Morgans 2013 Queensland Conference

Presentation by
Stewart Cummins
Chief Financial Officer

9 October 2013



Agenda

- 1. Introduction**
- 2. Divisional Overview**
- 3. Improving Financial Metrics**
- 4. Business and Operational Review**
- 5. FY14 Agenda**

1. Introduction

- ▶ Transpacific is Australia and New Zealand's leading waste management business, operating a national network of unique collection, processing and landfill assets
- ▶ Over the past three years a number of actions have been taken to strengthen the Company
- ▶ Our priorities have been:
 - Improving the financial metrics
 - Sell surplus assets and non-core businesses
 - Achieve operational cost savings
- ▶ These priorities remain but the transformation of Transpacific will be accelerated via implementation of the recommendations arising from the Business and Operational Review

2. Divisional Overview

Our operating structure has changed since 30 June 2013

Waste Management Operations

Cleanaway

Industrials
Australia

New Zealand



Core segment activities

C&I Collections

Technical Services

Collections and Post
Collections

Municipal Collections

Industrial Solutions

Technical &
Industrial Services

Post Collections

Hydrocarbons

Non-core Operations

Commercial
Vehicles

Manufacturing



Non-core segment activities

Importation &
Distribution

Metals
Manufacturing

Dealership

Plastics
Manufacturing

Dealer Network

Divisional Overview: Cleanaway

C&I Collections

- ▶ Customers range from local small businesses to large national corporate accounts across all industries
- ▶ Contract duration typically ranges from 1-5 years. Route density and close access to competitive disposal costs key to success

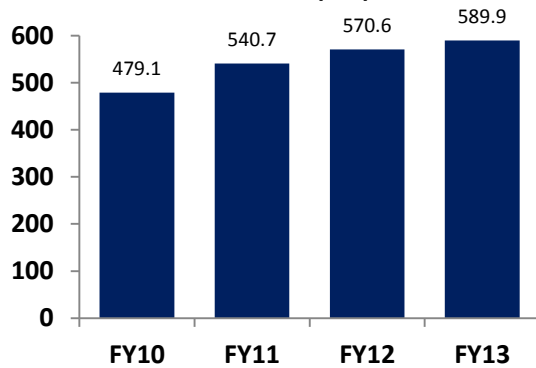
Municipal Collections

- ▶ Councils typically award 5-10 year contracts to collect residential waste
- ▶ Disposal options are generally mandated by the council, often ending up in their own landfills

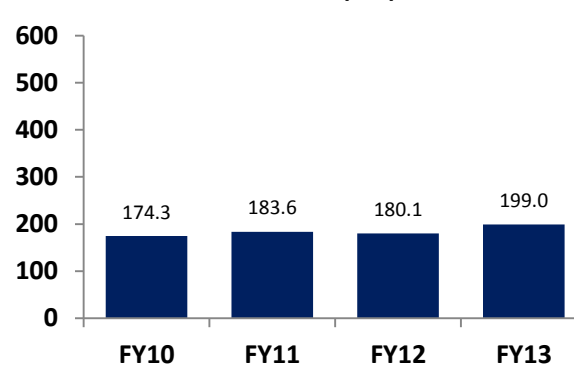
Post Collections

- ▶ Operation of transfer stations, material recycling facilities, advanced resource recovery and landfill for solid waste
- ▶ Gate fees are highly variable reflecting state government levies and local factors

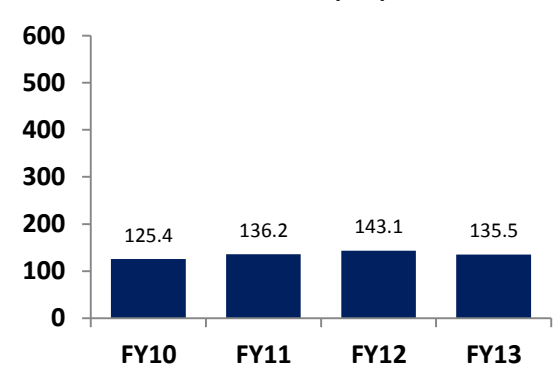
Revenue (\$M)



Revenue (\$M)



Revenue (\$M)



Divisional Overview: Industrials

Technical Services

- ▶ Collection, treatment, recycling and safe disposal of liquid and prescribed waste
- ▶ Liquid waste is highly variable from low volume, high value hazardous waste to low value, high volume waste such as grease traps and biosolids

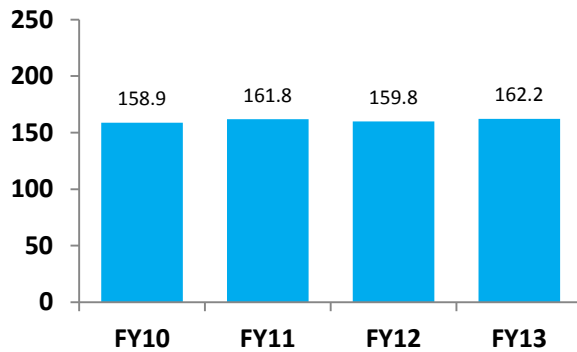
Industrial Solutions

- ▶ Services include vacuum handling, high pressure water blasting, catalyst services, hydro excavation, industrial cleaning and facility maintenance
- ▶ Major supplier of emergency response services

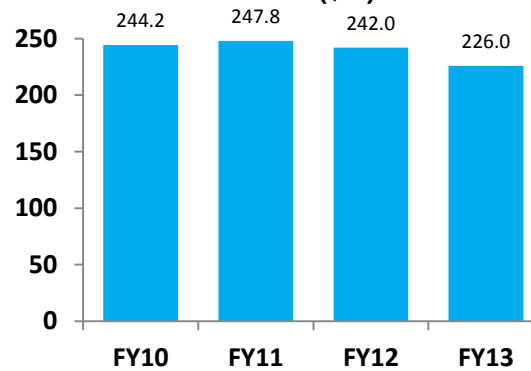
Hydrocarbons

- ▶ Collection, treatment and re-sale of used lubricants and oils
- ▶ The sales price for processed oil products linked to the international market index ICIS LOR, exchange rates and government subsidies (PSO)

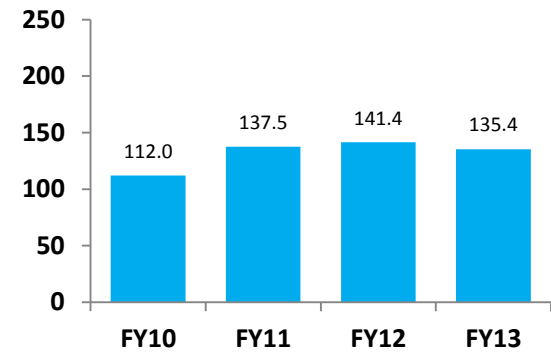
Revenue (\$M)



Revenue (\$M)



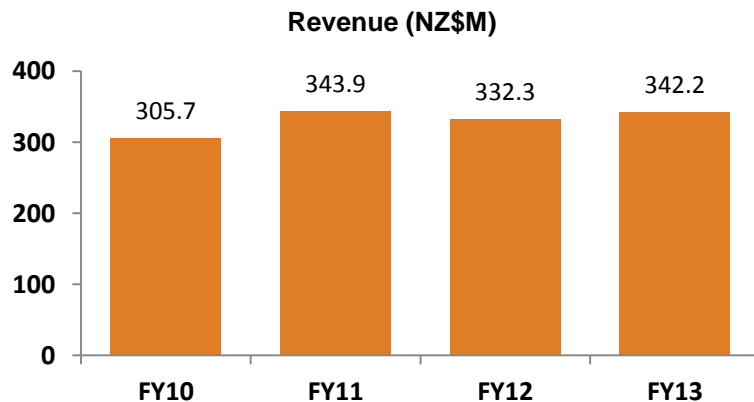
Revenue (\$M)



Divisional Overview: New Zealand

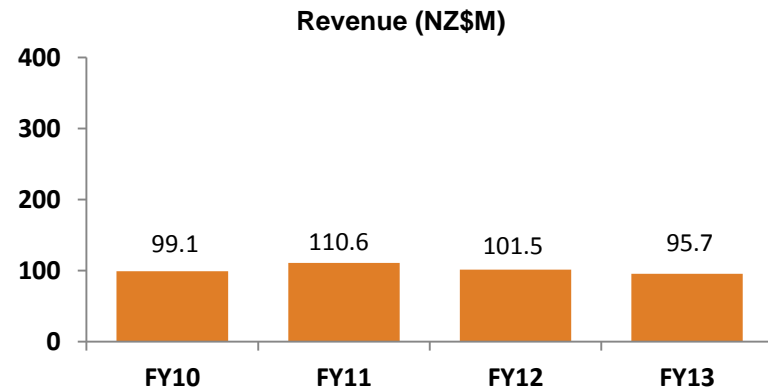
Collections and Post Collections

- ▶ Consists of solid waste collection, processing and disposal operations servicing municipal, private residential, commercial and construction customers
- ▶ Post collection assets located on both the North and South Islands



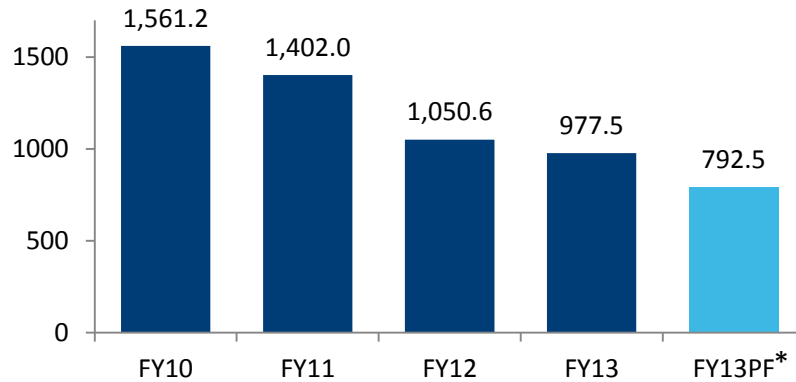
Technical & Industrial Services

- ▶ Consists of businesses serving commercial, industrial and municipal customers and providing:
 - Collection, treatment and disposal of hazardous liquids
 - Collection, processing and disposal or sale of black oil and solvents
 - Services including vacuum handling, high pressure water blasting, emergency spills response, industrial cleaning, facility maintenance and street sweeping

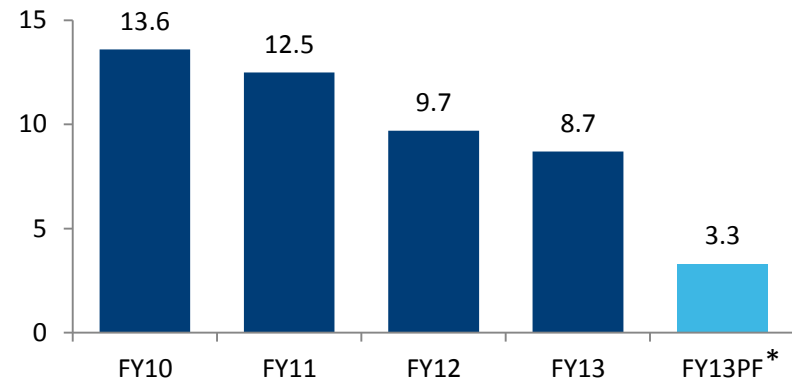


3. Improving Financial Metrics

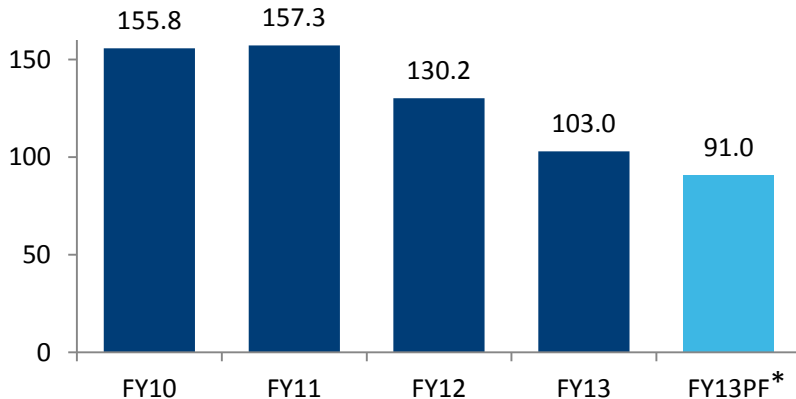
**Net Debt Balance
(\$M)**



**Working Capital to Sales Ratio
(%)**



**Net cash interest expense
(\$M)**



- ▶ Over the past four years TPI has reduced its debt and achieved a cheaper, simpler debt structure
- ▶ Sale of the Commercial Vehicles Group for \$219 million in FY14
- ▶ Improved working capital management
- ▶ Net cash interest reduced by \$52.8 million since FY10, \$64.8 million when including sale of Commercial Vehicles Group

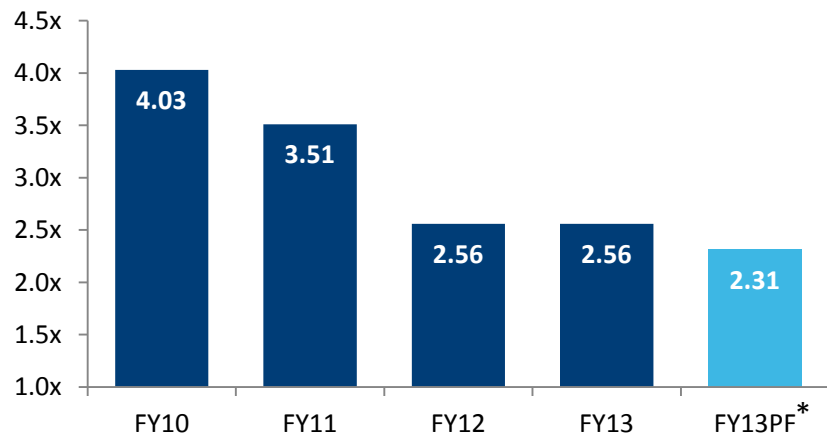
3. Improving Financial Metrics (cont'd)

Over three years, between \$285-295 million will have been realised from the divestment of many surplus assets and non-core businesses

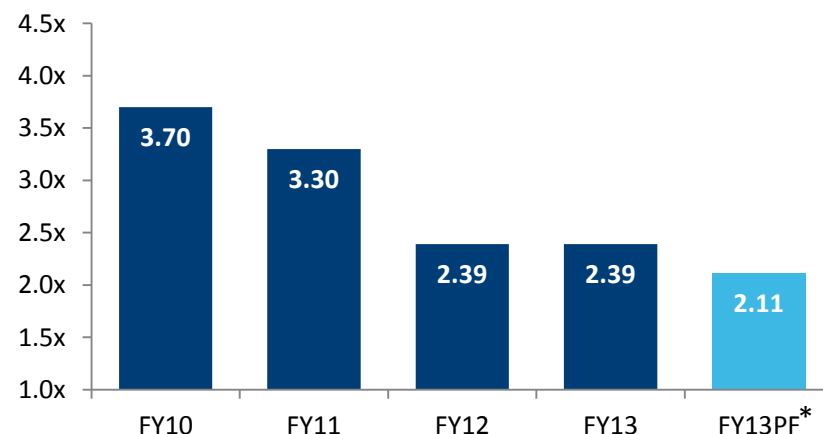
FY12	<ul style="list-style-type: none">▶ \$12 million from the sale of listed DMX and CMV investments▶ \$5.5 million from the sale of 2 surplus properties
FY13	<ul style="list-style-type: none">▶ \$28 million from:<ul style="list-style-type: none">– Sale of 8 surplus properties– Divestment of 4 businesses
FY14	<ul style="list-style-type: none">▶ \$219 million from sale of Commercial Vehicles Group completed on 30 August 2013▶ \$20-30 million to be realised from further sales of non-core businesses and surplus assets

3. Improving Financial Metrics (cont'd)

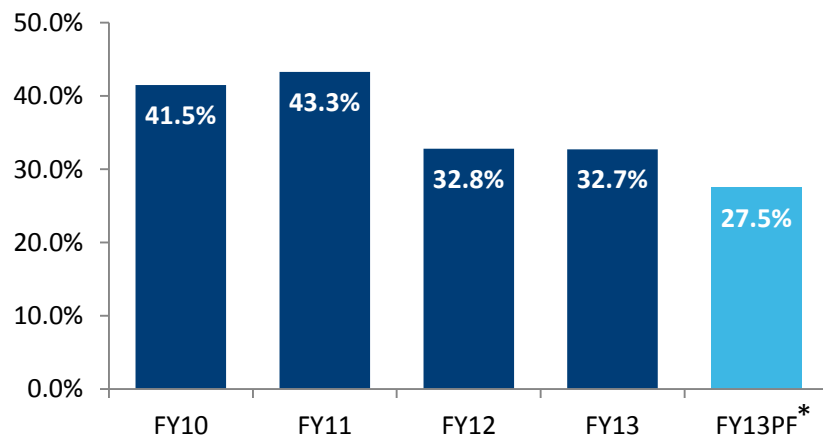
Gross Debt/Underlying EBITDA



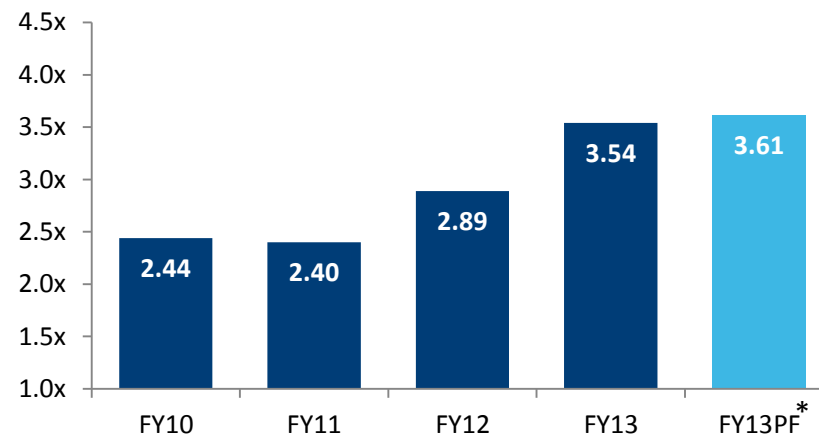
Net Debt/Underlying EBITDA



Net Debt/Net Debt + Equity






Underlying EBITDA/Net Interest



*FY13PF indicates impact of sale of Commercial Vehicles Group if sale occurred on 1 July 2012

3. Improving Financial Metrics (cont'd)

Our aim is to reduce costs and increase operating efficiency

Areas	Major Initiatives	Sustainable EBIT Impact FY13 – FY15
Organisational structure	<ul style="list-style-type: none"> ▶ Implemented organisational restructure resulting in fewer layers and wider spans of control ▶ Reduction of circa 200 staff 	 FY13 – \$15 million
Procurement savings	<ul style="list-style-type: none"> ▶ Improved pricing and terms from major suppliers: <ul style="list-style-type: none"> – Fuel contracts in Australia and New Zealand – Temporary labour hire suppliers rationalised from >450 to 42 in Australia and New Zealand – Electricity and gas contracts in Australia 	 FY14 – \$20 million
Productivity	<ul style="list-style-type: none"> ▶ Amalgamated sites ▶ Biometric time and attendance system ▶ Fleet management system 	 FY15 – \$15 million
		Total savings \$50 million

Cost savings and efficiencies that will eventuate from the Business and Operational Review are not included in these targets

4. Business and Operational Review

The review is being used to accelerate TPI's transformation program

Key areas of focus

1

Portfolio strategy

- ▶ The review identified 42 businesses across Australia and New Zealand which are either non-core or under-performing and are proposed to be sold or closed in FY14
 - These businesses represent 13% of the Company's branch network but only generated 7% of waste management revenues and 0% of EBIT in FY13
 - Proceeds from businesses sold expected to be \$20-30 million
- ▶ Will enhance focus on core waste management businesses and streamline and reduce complexity within the Company

2

Performance improvement

- ▶ Review focused on improving performance across the Company
 - Detailed scoping and implementation planning underway

3

Capital allocation

- ▶ The review focused on options where the Company should allocate capital to achieve superior returns
 - Detailed scoping and implementation planning underway

Management and the Board are currently considering these opportunities in more detail

5. FY14 Agenda

Performance improvement	<ul style="list-style-type: none">▶ Delivering on the next phase of the sustainable cost savings targets – a further \$20 million of the \$50 million indicated in February 2013▶ Additional performance improvement benefits to flow from implementing the recommendations from the Business and Operational Review
Divestments and asset sales	<ul style="list-style-type: none">▶ \$20-30 million to be realised from sale of surplus assets and non-core businesses
Debt reduction and interest cost savings	<ul style="list-style-type: none">▶ Debt reduction will continue▶ Approximately \$185 million (net) from the sale of Commercial Vehicles Group▶ Further debt repayment of circa \$100 million▶ Refinancing of November 2014 debt maturities▶ Reduce total interest costs by \$25 million in FY14 by lower debt and termination of certain interest rate hedges