TRANSPACIFIC

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FOR RELEASE TO MARKET
TRANSPACIFIC INDUSTRIES GROUP HALF YEAR FY14 RESULTS

Transpacific Industries Group Ltd (ASX:TPI) today announced a statutory profit after tax attributable to ordinary equity holders of $158.6 million for the six months ended 31 December 2013, up from $32.3 million in the previous corresponding period.

The statutory profit after tax includes a number of significant items totalling $116.9 million (2012: $3.5 million loss after tax) with the major component being the gain on sale of the Commercial Vehicles Group divested in August 2013.

Underlying net profit after income tax attributable to ordinary equity holders was $41.7 million, an increase of 16.5% over the previous corresponding period.

Financial Overview

- Underlying EBITDA of $195.1 million was down 7.7% mainly due to the divestment of the Commercial Vehicles Group midway through the reporting period
- $189.3 million EBITDA contribution from the waste management businesses, a decrease of 0.5% from the previous corresponding period
- $266 million of debt reduction (including leases and interest rate hedge payout), with net debt reduced to $754 million at 31 December 2013
- $290 million of syndicated debt refinanced with improved pricing
- $19.5 million or 31% reduction in underlying net interest expense and on track for a $35+ million reduction in FY14 (up from the previous estimate of $30 million)
- Statutory earnings per share of 10.0 cents, up from 2.0 cents in the previous corresponding period. Underlying earnings per share of 2.6 cents, up 16.4%
- $101.3 million of underlying operating cash flow

Operational Overview

- Australian market conditions remained subdued during the period
- Trading conditions in the Auckland and Christchurch regions of New Zealand have improved
- 25% reduction in total recordable injury frequency rate
- 31 of the 42 branches across Australia and New Zealand identified as either non-core or under-performing have been closed, sold or are contracted for sale. Total proceeds of $30+ million expected to be achieved in FY14 (up from the previous estimate of $20-30 million)
- $11 million of cost reductions achieved this half. Program is on target to achieve the goal of $20 million in FY14 and a further $15 million in FY15
- Sale of the Commercial Vehicles business successfully completed in August 2013
- Looking to divest the New Zealand waste assets

Management Comments

Robert Boucher, the recently appointed Chief Executive Officer of Transpacific said, "Considering the subdued trading conditions experienced by Transpacific's operations over the past six months, this result is creditable but can be improved upon.

"Good progress has been made in selling or closing the 42 non-core or under-performing businesses identified last year and our thinking on the divestment of the New Zealand waste assets is also well advanced.

"We have started to implement a number of the efficiency initiatives identified as part of our transformation program to streamline and improve the business, and I will continue to drive those changes.

"Transpacific has the elements to prosper and grow: the personnel, the assets and well-positioned businesses.

"I have restructured and increased the bench strength of the Leadership team to better support our frontline operations. During 2014 I will also be consolidating our senior operational and functional management in Melbourne which I see as an important step in ensuring the leadership of the Company is focused on our customers", said Mr Boucher.

Commenting on the outlook for the remainder of FY14, Mr Boucher said "Based upon our current assessments, we expect that Australian and New Zealand trading conditions will remain consistent with those experienced in the first half.

"In addition, we will achieve our $20 million cost savings target and $35 million interest cost savings in FY14."

Divisional Overview

Cleanaway's Commercial and Industrial volumes were in line with the levels achieved during the previous corresponding period. Revenue growth was achieved by increased rates and higher commodity prices in the Collections business (Commercial & Industrial and Municipal). Landfill volumes in Queensland and Western Australia were up compared to the previous corresponding period. However, tougher trading conditions affected landfill volumes in New South Wales, Victoria and South Australia.

In Industrials Australia, the trading conditions experienced towards the latter part of FY13 continued into the current half year, although there are signs that activity in the mining and industrials sectors has started to recover. The Hydrocarbons division was impacted by an extended maintenance shut down required at the Wetherill Park NSW refinery, as well as increased competition for waste oil collections and a delayed export sale during the half.

In New Zealand, trading conditions have improved. The new Auckland municipal contracts commenced in July 2013 and the Christchurch rebuild is gaining momentum with demand for services and waste volumes increasing during the half.

Capital Allocation

The continued strengthening of the balance sheet, realisation of identified operational improvements and other capital initiatives being assessed during the second half of the financial year will allow the Board to consider the resumption of dividends in the foreseeable future and further investment in Australian growth opportunities.

Proceeds from the potential divestment of the New Zealand assets are expected to be used to further pay down debt. In addition, the Company is considering the redemption of the Step-up Preference Securities. The Company will also continue to assess options to increase debt tenor and diversify funding sources.

Investor Briefing

The Company will be holding a teleconference briefing for **shareholders and analysts** on the results at **10.30am Sydney time** (AEDST) today.

Presenters:	CEO Mr Robert Boucher
	CFO Mr Stewart Cummins
Teleconference:	Australia: 1 800 123 296
	International: +61 2 8038 5221

Quote Conference Code: 3561 0654

Investor and Media Enquiries

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Appendix 1. Reconciliation from Statutory Profit after Income Tax to Underlying Profit after Income Tax

A$ million	1H14	1H13
Statutory Profit From Continuing and Discontinued Operations After Income Tax (Attributable to Ordinary Equity Holders)	**158.6**	32.3
Costs associated with implementation of the transformation program	**3.9**	-
Net (gain)/loss from disposal of investments	**(1.7)**	5.7
Total Underlying Adjustments to EBITDA	**2.2**	5.7
Reversal of depreciation and amortisation expense for New Zealand	**(5.5)**	-
Total Underlying Adjustments to EBIT	**(5.5)**	-
Write off of establishment costs associated with former debt facilities	**6.4**	-
Changes in fair value of derivative financial instruments	**(0.4)**	(4.2)
Accelerated amortisation of Convertible Notes and redemption costs	**-**	0.3
Total Underlying Adjustments to Finance Costs	**6.0**	(3.9)
Total Underlying Adjustments to Income Tax	**2.6**	1.7
Gain on sale of Commercial Vehicles Group after items transferred from reserves and income tax	**(122.2)**	-
Underlying Profit After Income Tax (Attributable to Ordinary Equity Holders)	**41.7**	35.8

Note: Refer to pages 3 and 4 of the 31 December 2013 Directors' Report for detailed explanations of the above Underlying Adjustments

Appendix 2. Divisional Underlying Results

A$ million	Revenue			EBITDA			EBIT		
	1H14	1H13	% change	1H14	1H13	% change	1H14	1H13	% change
Cleanaway Australia	**467.7**	465.0	0.6%	**98.6**	96.7	2.0%	**50.8**	46.1	10.4%
Industrials Australia	**246.9**	271.0	-8.9%	**44.8**	59.2	-24.3%	**30.3**	42.6	-28.9%
New Zealand (NZ$)	***226.0***	*215.4*	*4.9%*	***52.5***	*47.5*	*10.5%*	***34.3***	*27.3*	*25.5%*
New Zealand (A$)	**199.2**	169.3	17.7%	**46.3**	37.4	23.8%	**30.3**	21.4	41.4%
Associates	**-**	-	-	**4.5**	1.3	244.4%	**4.5**	1.3	244.4%
Corporate & other	**6.4**	5.1	26.1%	**(4.9)**	(4.3)	-12.5%	**(12.7)**	(11.4)	-11.3%
Total Waste Management	**920.2**	910.4	1.1%	**189.3**	190.3	**-0.5%**	**103.2**	100.0	**3.2%**
Businesess disposed									
Commercial Vehicles	**75.7**	228.1	-66.8%	**5.3**	19.8	-73.1%	**5.1**	19.2	-73.5%
Manufacturing	**7.1**	25.9	-72.6%	**0.5**	0.9	-49.0%	**0.5**	0.9	-50.7%
Total Group	**1,003.0**	1,164.4	**-13.9%**	**195.1**	211.0	**-7.5%**	**108.8**	120.1	**-9.5%**
Constant Currency adjustment	***(21.6)***	*(1.2)*	*n/m*	***(5.0)***	*(0.4)*	*n/m*	***(3.4)***	*(0.2)*	*n/m*
Total Group *	**981.4**	1,163.2	**-15.6%**	**190.1**	210.6	**-9.7%**	**105.4**	119.9	**-12.1%**