

Transpacific FY15 Results Presentation



21 August 2015



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- All amounts are in Australian dollars unless otherwise stated. A number of figures in the tables and charts in the presentation pages have been rounded to one decimal place. Percentages (%) have been calculated on actual whole figures.
- Underlying earnings are categorised as non-IFRS financial information and therefore have been presented in compliance with ASIC Regulatory Guide 230 – Disclosing non-IFRS information, issued in December 2011. Refer to TPI’s Directors’ Report for the definition of “Underlying earnings”. The term EBITDA represents earnings before interest, income tax, and depreciation and amortisation expense and the term EBIT represents earnings before interest and income tax expense.
- This presentation has not been subject to review or audit except as noted on pages 20.

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Key Points

Safety

- Total recordable injury frequency rate reduced by 24% from 12.6 to 9.6 for continuing businesses

Operational results

- Stronger performance from Cleanaway with EBITDA up 4.3% on FY14
- Industrials EBITDA down 38.1% on FY14
- Corporate costs increased \$10.3 million in 2H15 representing acceleration of initiatives

Unit and Pricing Growth

- Growth transformation initiatives underway
- Focus on customer retention and reinvigorating sales
- Pricing program starting to realise benefits

Landfill

- Acquisition of Melbourne Regional Landfill successfully completed in February 2015 which aligns with a key component of growth strategy
- Total internalisation rate increased from ~12% in FY14 to ~17%

Tuck-in acquisitions

- Two completed in 2H15 at a total cost of \$6.6 million
- Acquisition pro-forma EBITDA multiples paid <3x including synergies
- Number of further opportunities currently being assessed

Dividend

- Final dividend of 0.8 cents per share, fully franked
- Payment date 9 October 2015 to shareholders registered at 18 September 2015
- Dividend Reinvestment Plan re-instated with no discount to the share price

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Financial Summary and Overview

Statutory results

- Total revenue of \$1,384.9 million
- Loss after income tax attributable to ordinary equity holders of \$23.6 million
- Loss per share 1.5 cents

Significant items (pre tax)

- \$77.5 million on impairment of Hydrocarbons assets
- \$16.5 million costs associated with the fleet grounding
- \$5.8 million net loss on disposal of investments, site closures and acquisitions costs
- \$8.2 million gain related to disposal of New Zealand business

Underlying results

- EBITDA from continuing businesses of \$231.3 million
- EBIT from continuing businesses of \$97.5 million
- Profit after income tax attributable to ordinary equity holders of \$45.7 million, down 50.3%
- Earnings per share 2.9 cents, down 50.9%

Trading conditions

- Activity levels in the industrial, resources and manufacturing sectors remain unchanged
- Hydrocarbons market predominately impacted by lower oil price

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Divisional Underlying Results

A\$ million	Revenue			EBITDA			EBIT		
	FY15	FY14	% change	FY15	FY14	% change	FY15	FY14	% change
Cleanaway	926.5	911.8	1.6%	198.0	189.8	4.3%	99.0	98.8	0.2%
Industrials	445.9	485.0	-8.1%	55.8	90.1	-38.1%	28.9	60.7	-52.5%
Associates	-	-	-	1.4	1.7	-18.2%	1.4	1.7	-18.2%
Corporate & other	12.5	12.9	-3.2%	(23.9)	(9.1)	-162.0%	(31.8)	(22.9)	-38.8%
Australian Waste Management	1,384.9	1,409.7	-1.8%	231.3	272.5	-15.1%	97.5	138.3	-29.5%
Segments divested									
Commercial Vehicles	-	75.7	n/m	-	5.3	n/m	-	5.1	n/m
Manufacturing	-	11.6	n/m	-	0.5	n/m	-	0.5	n/m
New Zealand (incl associates)	-	390.3	n/m	-	104.9	n/m	-	71.0	n/m
Other	-	1.3	n/m	-	-	n/m	-	-	n/m
Total Group	1,384.9	1,888.6	-26.7%	231.3	383.2	-39.6%	97.5	214.9	-54.6%

Note: Segments divested

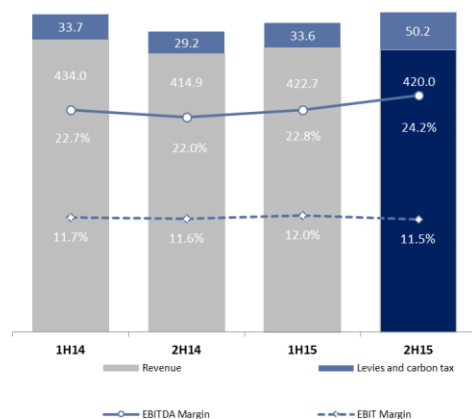
- Commercial Vehicles on 30 August 2013
- Manufacturing on 30 June 2014
- New Zealand on 30 June 2014

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Cleanaway Underlying Results

A\$ million	FY15	2H15	1H15	FY14	FY15 v FY14	2H15 v 1H15	2H15 v 2H14
Commercial & Industrial	594.1	291.3	302.8	603.8	-1.6%	-3.8%	-1.1%
Municipal	180.0	90.0	90.0	197.1	-8.6%	0.1%	-6.8%
Post Collections (excl levies and carbon tax)	148.0	80.9	67.1	125.3	18.1%	20.5%	31.5%
Levies and carbon tax	83.8	50.2	33.6	62.9	33.2%	49.4%	72.0%
Total Cleanaway Revenue	1,005.9	512.4	493.5	989.1	1.7%	3.8%	6.3%
Less Intercompany	(79.4)	(42.2)	(37.2)	(77.3)	2.6%	13.3%	11.6%
Net Cleanaway Revenue	926.5	470.2	456.3	911.8	1.6%	3.0%	5.9%
Net Cleanaway Revenue (excl levies and carbon tax)	842.7	420.0	422.7	848.9	-0.7%	-0.6%	1.2%
EBITDA	198.0	101.8	96.2	189.8	4.3%	5.9%	11.7%
<i>EBITDA Margin (excl levies and carbon tax)</i>	23.5%	24.2%	22.8%	22.4%			
EBIT	99.0	48.5	50.5	98.8	0.2%	-3.9%	1.0%
<i>EBIT Margin (excl levies and carbon tax)</i>	11.7%	11.5%	12.0%	11.6%			

Financial Performance (A\$m)



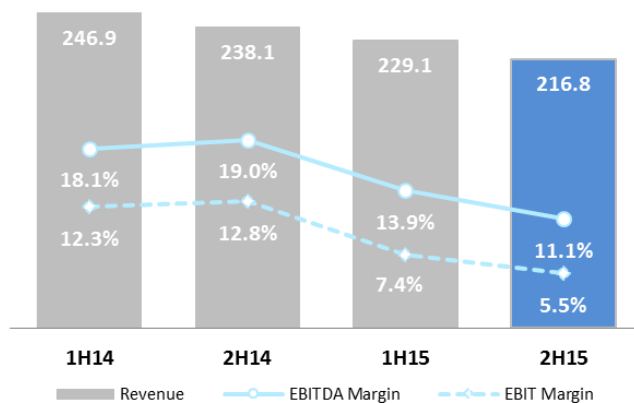
- New pricing initiative is progressing well with most collection systems showing improved margins
- Front lift volumes down marginally compared to FY14
- Total landfill volumes up on FY14 and 1H15
- Melbourne Regional Landfill business performing well and in line with expectations
- Internalisation of waste increased from ~12% to ~17%

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Industrials Underlying Results

A\$ million	FY15	2H15	1H15	FY14	FY15 v FY14	2H15 v 1H15	2H15 v 2H14
Net Revenue	445.9	216.8	229.1	485.0	-8.1%	-5.4%	-8.9%
EBITDA	55.8	24.0	31.8	90.1	-38.1%	-24.7%	-47.1%
<i>EBITDA Margin</i>	12.5%	11.1%	13.9%	18.6%			
EBIT	28.9	11.9	17.0	60.7	-52.5%	-30.2%	-61.0%
<i>EBIT Margin</i>	6.5%	5.5%	7.4%	12.5%			

Financial Performance (A\$m)



- Results continue to be impacted by weaker market conditions as well as base and fuel oil sales price declines
- Focus continues on restructuring of operations and reducing costs to meet market conditions

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Industrials Underlying Results (cont'd)

Technical Services

A\$ million	FY15	FY14	FY15 v FY14
Net Revenue	203.3	218.9	-7.1%
EBITDA	20.1	34.4	-41.6%
<i>EBITDA Margin</i>	9.9%	15.7%	
EBIT	6.6	21.8	-69.8%
<i>EBIT Margin</i>	3.2%	10.0%	

Energy, Minerals and Remediation

A\$ million	FY15	FY14	FY15 v FY14
Net Revenue	112.3	115.6	-2.9%
EBITDA	10.7	16.7	-35.9%
<i>EBITDA Margin</i>	9.5%	14.4%	
EBIT	4.0	10.5	-61.6%
<i>EBIT Margin</i>	3.6%	9.1%	

Hydrocarbons

A\$ million	FY15	FY14	FY15 v FY14
Net Revenue	130.3	150.5	-13.4%
EBITDA	25.0	39.0	-36.0%
<i>EBITDA Margin</i>	19.2%	25.9%	
EBIT	18.3	28.4	-35.4%
<i>EBIT Margin</i>	14.1%	18.9%	

- Total liquid processing volumes down 4.8% compared to FY14, up 0.8% 2H15 v 1H15
- Higher margin hazardous liquid volumes remain weak, partially offset by higher non-hazardous volumes
- Volumes also impacted by the completion of LNG pipeline development work in QLD
- Focus on consolidating operations to achieve efficiency gains during FY16 will be a priority
- Resource and mining sector customers continue to implement tough cost out plans as a result of falling commodity prices impacting margins
- Emergency response work remained low over the course of FY15
- Between 60-65% of revenue is directly exposed to the movements in oil price
- Total collection volumes down 14%, primarily as a result of internalisation of volumes by a previous customer
- Sales price indices in A\$ for fuel and base oils have declined ~30% since 1 July 2014, with majority of the decline experienced in 1H15
- Implementation of a fee based structure for oil collection in place across certain regions

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Cash Flow

A\$ million	FY15	FY14
Receipts from customers	1,518.6	2,097.5
Payments to suppliers and employees	(1,284.7)	(1,746.4)
Remediation of landfills	(14.9)	(8.0)
Underlying adjustments	(24.2)	(30.2)
Net interest paid	(9.7)	(71.4)
Income taxes (paid)/received	(8.9)	(18.0)
Cash from Operating Activities	176.2	223.5
Capital expenditure	(175.9)	(186.1)
Payments for purchase of businesses	(163.7)	-
Net proceeds from investing and asset sales	15.6	1,139.1
Dividends received from associates	1.4	10.6
Cash from Investing Activities	(322.6)	963.6
Proceeds from borrowings	320.0	-
Net repayment of debt facilities including leases and hedges	(34.3)	(1,059.0)
Payment of Ordinary Dividend	(34.8)	-
Distributions and redemption of SPS	(257.6)	(15.4)
Cash from Financing Activities	(6.7)	(1,074.4)
Net Decrease in Cash and Cash Equivalents	(153.1)	112.7

- Ratio of cash flow from operating activities to underlying EBITDA 101.1% (pcp: 91.6%)⁽¹⁾
- Net cash interest paid reflects lower debt and better terms

Note 1: Calculated as cash from operating activities before remediation paid, underlying adjustments, net interest paid and tax paid divided by underlying EBITDA

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Balance Sheet

A\$ million	30 Jun 15	31 Dec 14	30 Jun 14
Assets			
Cash	37.0	41.1	190.1
Receivables	227.1	214.8	233.3
Inventories	19.5	14.0	10.7
Other current assets	24.5	25.8	11.7
Property, plant and equipment	862.6	778.2	822.0
Land held for sale	6.6	6.6	6.6
Intangible assets	1,564.3	1,237.8	1,272.0
Other non-current assets	128.1	190.2	187.0
Total Assets	2,869.7	2,508.5	2,733.4
Liabilities			
Trade and other payables	207.8	170.7	180.7
Landfill remediation provision	385.5	350.6	347.7
Borrowings	351.7	164.5	53.4
Deferred settlement - non-current	74.0	-	-
Other liabilities	96.0	77.5	92.9
Total Liabilities	1,115.0	763.3	674.7
Net Assets	1,754.7	1,745.2	2,058.7

- Deferred Settlement liability represents annual fixed payments relating to the Melbourne Regional Landfill discounted to present value. Fixed payment in FY16 will approximate \$13 million and is shown in Trade and other payables. This will decline substantially in FY17

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Capital Expenditure and Landfill Remediation and Rectification Provision

Capital expenditure

A\$ million	FY15	FY14
Cleanaway	111.5	99.6
Industrials	41.9	31.5
New Zealand	-	41.3
Commercial Vehicles	-	0.3
Corporate & Property	22.5	13.4
Total Capex	175.9	186.1

- Capital expenditure expected to be between \$165 - \$190 million in FY16 which includes the volume payments related to the Melbourne Regional Landfill
- Total Depreciation and Amortisation expense expected to be ~\$165 million in FY16

Landfill Remediation and Rectification Provision

A\$ million	FY15
Provision at 30 June 2014	347.7
Present value adjustment	13.8
Melbourne Regional Landfill	32.6
Provisions made during the year and other adjustments	6.3
Sub-Total	400.4
Spending on remediation in FY15	(14.9)
Provision at 30 June 2015	385.5

- Spending in FY15 of \$14.9 million lower than forecast due to timing differences and establishment of a tighter capital spending governance program
- Remediation and rectification spend per the cash flow in FY16 expected to be \$59 million
- Remediation and rectification spend expected to be ~\$50 million pa FY17 to FY20. Reducing significantly thereafter

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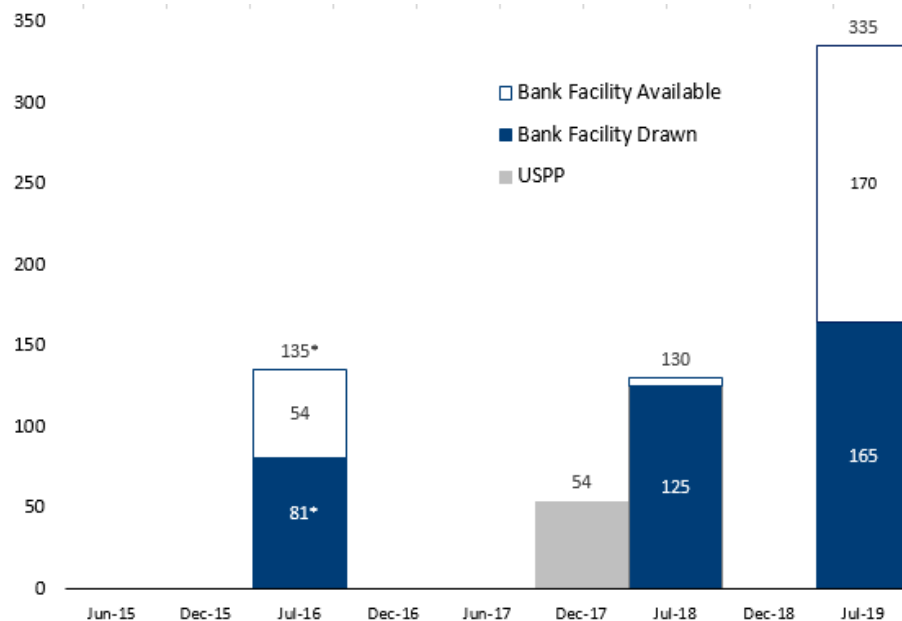
Capital Structure

Net Debt comprises:

A\$ million	30 Jun 15	31 Dec 14	30 Jun 14
Current interest bearing liabilities	0.7	1.8	2.0
Non current interest bearing liabilities	351.0	162.7	51.4
Gross Debt	351.7	164.5	53.4
Cash and cash equivalents	(37.0)	(41.1)	(190.1)
Net Debt/(cash)	314.7	123.4	(136.7)

- At 1 July 2015 the Company had \$229 million of headroom under banking facilities
- Average debt maturity 3.6 years (pcp: 4.3 years)
- \$250 million Step-up Preference Securities redeemed on 30 September 2014

Funding Facility maturity profile (\$m)



* Bank Facility Drawn mainly comprises bank guarantees

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Melbourne Regional Landfill

Transaction

- Acquired 28 February 2015 for consideration of \$165 million
- TPI makes annual fixed and volume based payments to Boral
- The consideration of \$165 million represents 9.3x standalone FY15 EBITDA on a pro-forma basis (including fixed and volume based payments) – 5.2x excluding those payments

Accounting Treatment

- Payments to Boral will be treated as:
 - Annual fixed payments treated as deferred settlement payments and shown as investing cash flow
 - Annual volume based payments are the equivalent of cell development costs and will be treated as capital expenditure
- Cell development assets will be amortised over the life of the landfill cells, which is consistent with treatment across all operating landfills

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Progress Overview

	Growth	Landfill	Productivity	Tuck-in Acquisitions
How	<ul style="list-style-type: none"> ▪ Increase customer retention, market share and route efficiency through a reinvigorated sales force ▪ Improved pricing discipline across the company 	<ul style="list-style-type: none"> ▪ Increase landfill capacity and internalisation of waste stream 	<ul style="list-style-type: none"> ▪ Increase operational efficiency ▪ Drive procurement savings ▪ Improve systems and processes 	<ul style="list-style-type: none"> ▪ Increase profitability through small targeted acquisitions
Update	<ul style="list-style-type: none"> ▪ Growth program launched ▪ Early signs of increased customer retention ▪ Pricing project in progress 	<ul style="list-style-type: none"> ▪ Internalisation rate increased to ~17% from ~12% in FY14 ▪ Melbourne Regional Landfill acquired ▪ Further opportunities being assessed 	<ul style="list-style-type: none"> ▪ Completed Fleet Reinstatement program ▪ Implemented new procurement model ▪ Site consolidations 	<ul style="list-style-type: none"> ▪ Recent acquisition of two small waste management business ▪ Number of further potential small acquisitions identified

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Closing Comments and FY16 Outlook

- Transpacific is a very good business with strong fundamentals:
 - Largest waste company in Australia
 - Cleanaway is a strong brand
 - Market leader in every segment we participate in

- Impressed with the quality of our customer facing people

- We will maintain the momentum on all our initiatives and execute in a sustainable and cost effective manner

- Early signs of opportunities to simplify the organisational structure of the Company which will benefit customers, costs and capital expenditure allocation

- Outlook for FY16:
 - Market conditions not expected to improve
 - Expect that both Cleanaway and Industrials will report increased earnings

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Appendix: Statutory Profit Reconciliation to Underlying Profit

A\$ million	FY15	FY14
Statutory Profit/(loss) From Continuing and Discontinued Operations After Income Tax (Attributable to Ordinary Equity Holders)	(23.6)	11.5
Costs associated with the fleet grounding	15.5	-
Impairment of assets	77.5	139.4
Rectification expense on landfill assets and operations	-	69.2
Net gain or loss on disposal of investments, site closures and acquisition costs	5.8	6.5
Restructuring costs, including redundancy	-	7.2
Onerous lease provision	-	10.9
Changes in fair value of land and buildings taken to profit and loss	-	8.3
Costs associated with transformation program and other strategic projects	-	10.5
Other	1.6	1.2
Total Underlying Adjustments to EBITDA	100.4	253.2
Costs associated with the fleet grounding (depreciation)	1.0	-
Accelerated depreciation on landfill assets	-	60.9
Total Underlying Adjustments to Depreciation	1.0	60.9
Write off of establishment costs associated with former debt facilities	-	17.9
Changes in fair value of derivative financial instruments	(0.9)	8.8
Total Underlying Adjustments to Finance Costs	(0.9)	26.7
Tax impacts of Underlying Adjustments to EBITDA and Finance Costs	(23.0)	(100.6)
Tax on deemed FX realisation event from NZ divestment	-	12.4
Total Underlying Adjustments to Income Tax	(23.0)	(88.2)
Gain on sale of Commercial Vehicles Group after items transferred from reserves and income tax	-	(131.0)
Gain on sale of NZ businesses after items transferred from reserves and income tax	(8.2)	(41.1)
Total Gain on Sale from Divestments	(8.2)	(172.1)
Total Underlying Adjustments	69.3	80.5
Underlying Profit After Income Tax (Attributable to Ordinary Equity Holders)	45.7	92.0

Refer to pages 8 and 9 of the 30 June 2015 Directors' Report for detailed explanations of the above Underlying Adjustments

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Appendix: Group Income Statement – Statutory and Underlying Results

A\$ million	Statutory Results		Underlying Adjustments		Underlying Results		% change
	FY15	FY14	FY15	FY14	FY15	FY14	
Revenue from Australian waste management	1,384.9	1,409.7	-	-	1,384.9	1,409.7	-1.8%
Revenue from businesses disposed	-	478.9	-	-	-	478.9	-
Total revenue	1,384.9	1,888.6	-	-	1,384.9	1,888.6	-26.7%
Share of profits in continuing associates	1.4	1.7	-	-	1.4	1.7	-18.2%
Expenses (net of other income)	(1,255.4)	(1,760.3)	100.4	253.2	(1,155.0)	(1,507.1)	23.4%
EBITDA from Australian waste management	130.9	23.0	100.4	249.5	231.3	272.5	-15.1%
EBITDA from businesses disposed	-	107.0	-	3.7	-	110.7	-100.0%
Total EBITDA	130.9	130.0	100.4	253.2	231.3	383.2	-39.6%
Depreciation and amortisation	(134.8)	(229.2)	1.0	60.9	(133.8)	(168.3)	20.5%
EBIT from Australian waste management	(3.9)	(172.1)	101.4	310.4	97.5	138.3	-29.5%
EBIT from businesses disposed	-	72.9	-	3.7	-	76.6	-100.0%
Total EBIT	(3.9)	(99.2)	101.4	314.1	97.5	214.9	-54.6%

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Appendix: Group Income Statement – Statutory and Underlying Results (cont'd)

A\$ million	Statutory Results		Underlying Adjustments		Underlying Results		%
	FY15	FY14	FY15	FY14	FY15	FY14	
Net interest expense	(13.1)	(64.5)	-	-	(13.1)	(64.5)	79.8%
Non-cash finance costs	(14.9)	(30.1)	-	17.9	(14.9)	(12.2)	-21.9%
Changes in fair value of derivatives	0.9	(8.8)	(0.9)	8.8	-	-	-
Profit/(Loss) before income tax	(31.0)	(202.6)	100.5	340.8	69.5	138.2	-49.7%
Income tax (expense)/benefit	7.4	59.4	(23.0)	(88.2)	(15.6)	(28.8)	45.9%
Profit/(Loss) before gain on sale of divestments and after income tax	(23.6)	(143.2)	77.5	252.6	53.9	109.4	-50.7%
Gain on sale from disposal of Commercial Vehicle Group after items transferred from reserves and income tax	-	131.0	-	(131.0)	-	-	-
Gain on sale from disposal of NZ business after items transferred from reserves and income tax	8.2	41.1	(8.2)	(41.1)	-	-	-
Profit/(Loss) from continuing and discontinued operations after income tax	(15.4)	28.9	69.3	80.5	53.9	109.4	-50.7%
Non-controlling interest	0.6	1.9	-	-	0.6	1.9	-67.4%
Profit/(Loss) after income tax and minorities	(16.0)	27.0	69.3	80.5	53.3	107.5	-50.4%
SPS distribution	7.6	15.5	-	-	7.6	15.5	-51.0%
Profit/(Loss) after income tax attributable to ordinary equity holders	(23.6)	11.5	69.3	80.5	45.7	92.0	-50.3%
Weighted average number of shares	1,579.7	1,578.7			1,597.7	1,578.7	
Basic earnings per share (cents)	(1.5)	0.7			2.9	5.8	-50.9%

Shaded area indicates IFRS disclosures in FY15 Financial Statements. The non-IFRS information on this page and pages 18 and 19 have been subject to review by our auditors. Refer to page 18 for reconciliation of detailed adjustments from Statutory Profit to Underlying Profit. Refer to pages 8 and 9 of the 30 June 2015 Directors' Report for detailed explanations of Underlying Adjustments and definitions.

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Appendix: Capital Structure – Net Finance Costs

A\$ million	Statutory		Underlying	
	FY15	FY14	FY15	FY14
Interest expense				
Bank interest	6.5	39.1	6.5	39.1
Commitment fees	1.6	3.4	1.6	3.4
Hedging	-	10.8	-	10.8
Guarantee/Bond fees	1.2	3.7	1.2	3.7
USPP Notes	6.0	5.8	6.0	5.8
Finance leases	-	3.6	-	3.6
Total interest expense	15.3	66.4	15.3	66.4
Interest received	(2.2)	(1.9)	(2.2)	(1.9)
Net interest expense	13.1	64.5	13.1	64.5
Non-cash finance costs				
Amortisation of borrowing costs	1.1	7.2	1.1	7.2
Present value for landfill remediation provision	13.8	5.0	13.8	5.0
Accelerated amortisation of borrowing costs	-	16.6	-	-
Interest on payout of finance leases	-	1.3	-	-
Total non-cash finance cost	14.9	30.1	14.9	12.2
Changes in fair value of derivatives	(0.9)	8.8	-	-
Total net finance costs	27.1	103.4	28.0	76.7

Cash interest costs \$21 - 24 million and non-cash interest costs \$11 - 13 million in FY16

Transpacific 2015 Financial Year Results

Appendix: Underlying Divisional EBITDA Adjustments

A\$ million	Statutory Results		Underlying Adjustments		Underlying Results		
	FY15	FY14	FY15	FY14	FY15	FY14	change
Cleanaway	187.1	(27.0)	10.9	216.8	198.0	189.8	4.4%
Industrials	(27.3)	86.7	83.1	3.4	55.8	90.1	-38.1%
Share of profits in continuing associates	1.4	1.7	-	-	1.4	1.7	-18.2%
Corporate	(30.3)	(38.4)	6.4	29.3	(23.9)	(9.1)	-162.0%
Total Australian Waste Management	130.9	23.0	100.4	249.5	231.3	272.5	-15.1%
New Zealand	-	100.9	-	(6.7)	-	94.2	
Commercial Vehicles	-	5.3	-	-	-	5.3	
Manufacturing	-	(9.9)	-	10.4	-	0.5	
Share of profits in discontinued associates	-	10.7	-	-	-	10.7	
EBITDA	130.9	130.0	100.4	253.2	231.3	383.2	-39.6%
Depreciation and amortisation	(134.8)	(229.2)	1.0	60.9	(133.8)	(168.3)	20.5%
EBIT	(3.9)	(99.2)	101.4	314.1	97.5	214.9	-54.6%

Note: Refer to page 18 for reconciliation of detailed adjustments from Statutory results to Underlying results.

Transpacific 2015 Financial Year Results

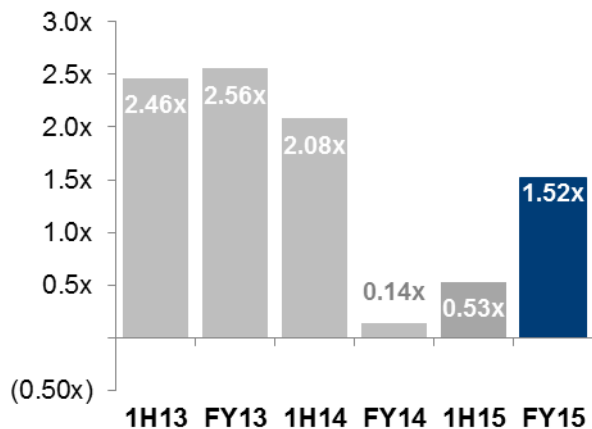
Appendix: Divisional Underlying Results 2H15 v 1H15

A\$ million	Revenue			EBITDA			EBIT		
	2H15	1H15	% change	2H15	1H15	% change	2H15	1H15	% change
Cleanaway Australia	470.2	456.3	3.0%	101.8	96.2	5.8%	48.5	50.5	-3.9%
Industrials Australia	216.8	229.1	-5.4%	24.0	31.8	-24.7%	11.9	17.0	-30.2%
Associates	-	-	-	0.8	0.6	31.2%	0.8	0.6	31.2%
Corporate & other	8.4	4.1	107.2%	(17.1)	(6.8)	-151.4%	(21.2)	(10.6)	-100.5%
Australian Waste Management	695.4	689.5	0.9%	109.5	121.8	-10.1%	40.0	57.5	-30.5%
Segments divested	-	-	-	-	-	-	-	-	-
Total Group	695.4	689.5	0.9%	109.5	121.8	-10.1%	40.0	57.5	-30.5%

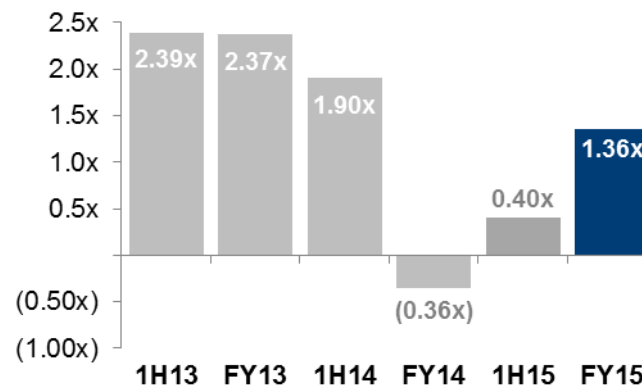
Transpacific 2015 Financial Year Results

Appendix: Capital Structure – Credit Metrics

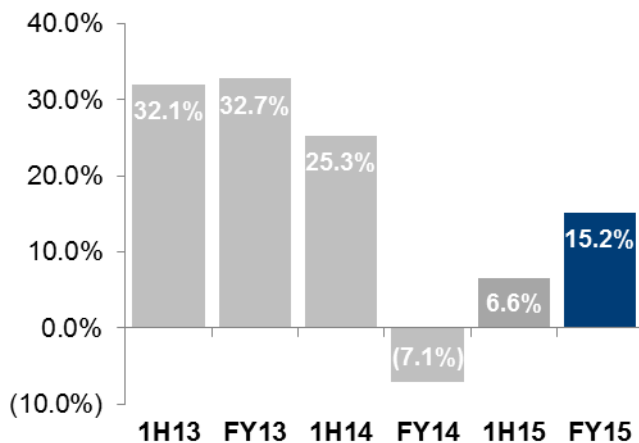
Gross Debt/Underlying EBITDA



Net Debt/Underlying EBITDA



Net Debt/Net Debt + Equity



Underlying EBITDA/Net Interest

