

Australia's leading total waste management company



ASX: CWY

*Macquarie Australia Conference Presentation - 3 May 2018
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Dynamics of a successful player in the waste management industry

High marginal contribution

- ▶ Network economics are 'king'
-

Mix of '2 worlds' – Utility like front end

- ▶ Large enterprise-level selling contrasted against mass market, consumer-like selling
 - ▶ SME Customers Low share of mind share
-

Recurring revenue

- ▶ Momentum business with multi-year contracts – price escalation related to cost inflation
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Infrastructure back end

- ▶ Highly Valued Infrastructure back end – long term prized assets
 - ▶ Strategic Moat
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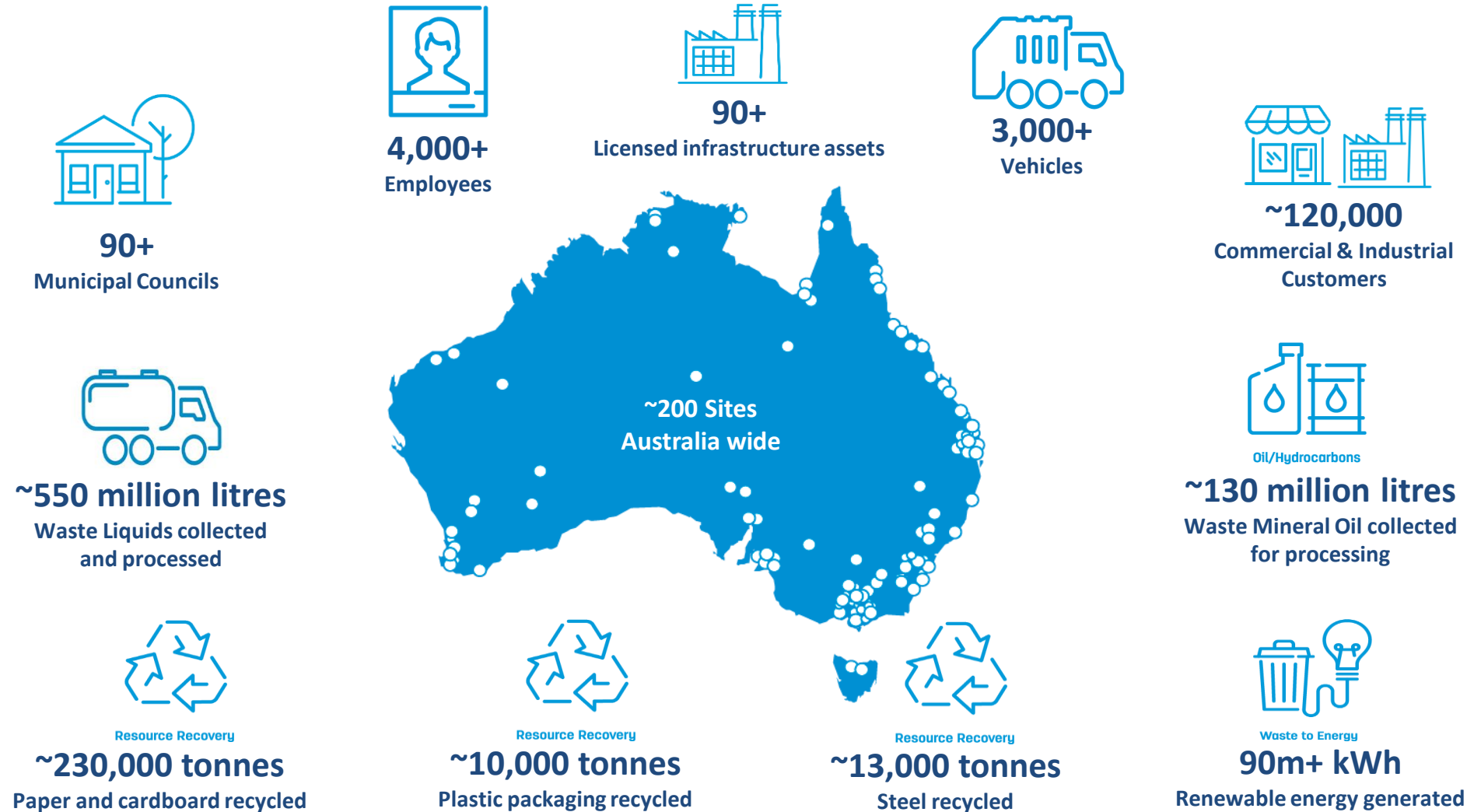
Footprint & Multiple Waste Streams

- ▶ Revenue, costs and competitive dynamics vary market by market, multiple waste streams
 - ▶ Regulatory change which provides barrier to entry
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Sustainability

- ▶ 360 view of performance – sustainability for Customers, Shareholders, Employees and Society/Environment
-

As Australia's leading waste management company Cleanaway has built a complete asset base and services portfolio



Currently, our reporting segments comprise

Solids Collections



- ▶ Largest solid waste services fleet and widest network across Australia
- ▶ Over 120,000 customers ranging from local small business to large national corporates across all industries
- ▶ Servicing over 90 Councils and 2 million residences per week

Solids Post Collections



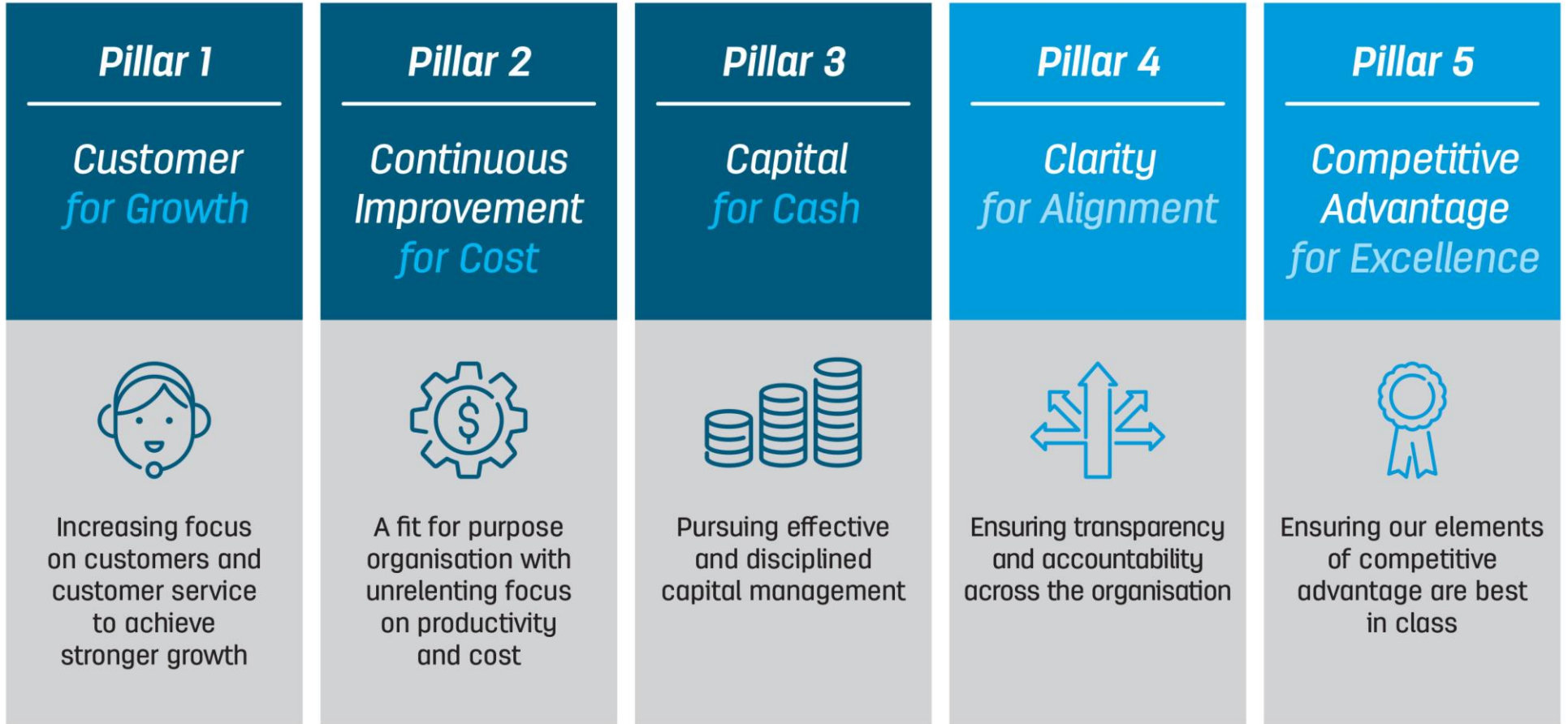
- ▶ Landfill assets located in every mainland state of Australia
- ▶ Growing network of transfer stations across Australia
- ▶ Gas generated from landfills used to produce over 90 million kWh of renewable energy
- ▶ Growing base of resource recovery assets across Australia

Liquids and Industrial Services



- ▶ Largest collector and processor of waste liquids in Australia
- ▶ Largest hydrocarbon recycler in Australia
- ▶ Largest provider of a wide range of environmentally focussed industrial services in Australia

Three years ago we started our journey from a good to great company



The good to great company journey so far

Pillar 1

Customer for Growth

- ✓ Rebranded the Company to Cleanaway
- ✓ Over 80% of our revenues are contracted
- ✓ Changed sales structures and “Go to Market” approach
- ✓ Implemented an Internal Sales and Save Desk structure that has reduced customer churn rates
- ✓ Greatly improved our pricing model
- ✓ Achieved organic revenue growth every year over the past three years plus significant major contract wins in FY17

Pillar 2

Continuous Improvement for Cost

- ✓ \$30 million in permanent cost reductions achieved by the end of FY17
- ✓ Streamlined the organisation into a “fit for purpose” structure
- ✓ The Cleanview propriety in-cab system is generating further efficiencies
- ✓ Rationalisation of depots and branches with sub-standard returns
- ✓ One ERP and significant improvement in business line of sight

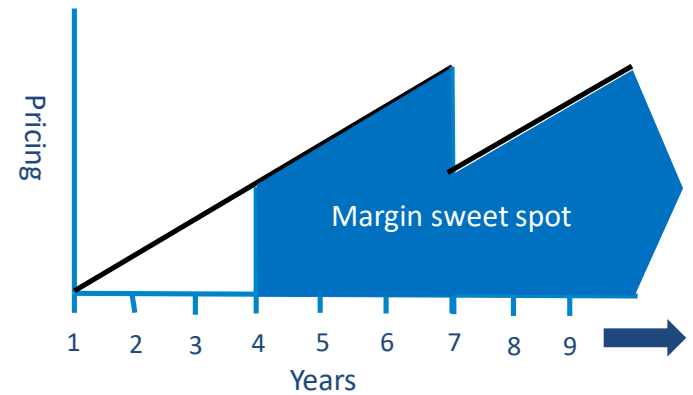
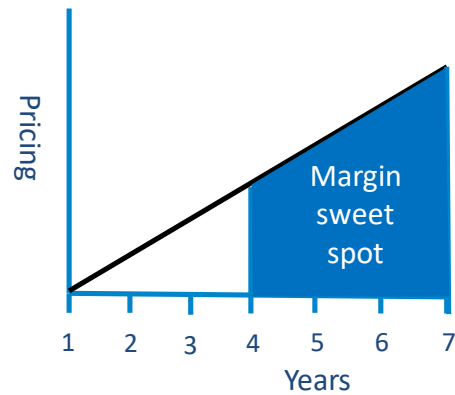
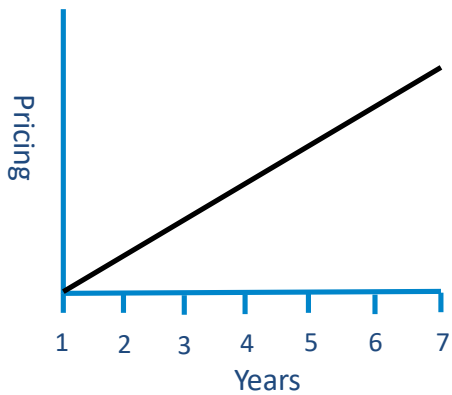
Pillar 3

Capital for Cash

- ✓ Disciplined, predictable capital spend
- ✓ Maintained cash capital expenditure at below the depreciation and amortisation rate
- ✓ Remediation and Rectification spend under control
- ✓ Major Infrastructure spend within capital expenditure targets
- ✓ Improved free cash flow generation from \$18.9 million in FY15 to \$62.6 million in FY17

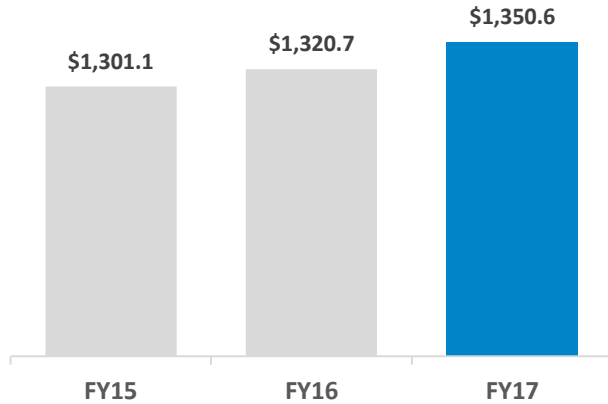
With over 80% of revenues contracted, customer churn is a key driver of performance

- ▶ Over 120,000 Commercial & Industrial customers
- ▶ Save desk limits churn, pricing and margin decline

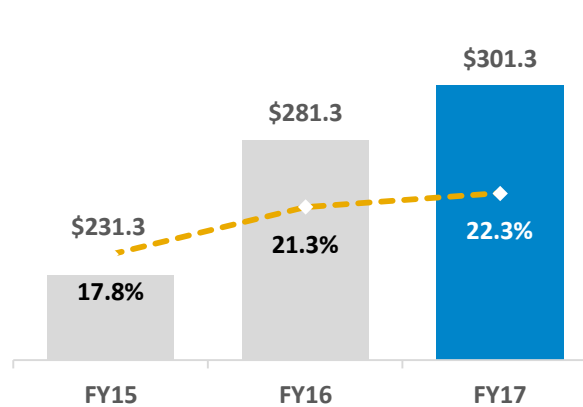


Financial performance improving

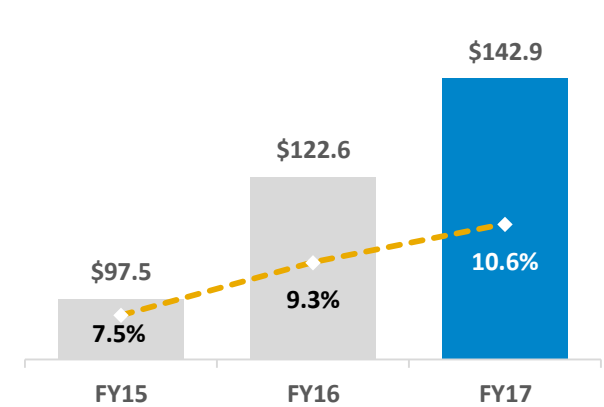
Net Revenue¹ (\$million)



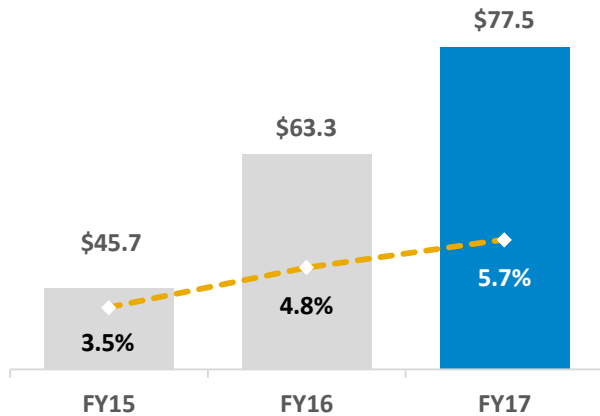
EBITDA² (\$million) and EBITDA margin (%)



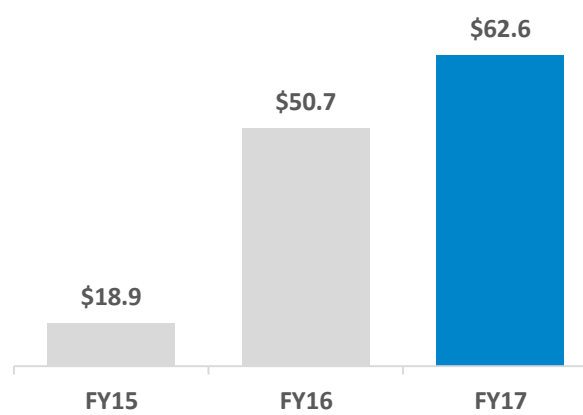
EBIT² (\$million) and EBIT margin (%)



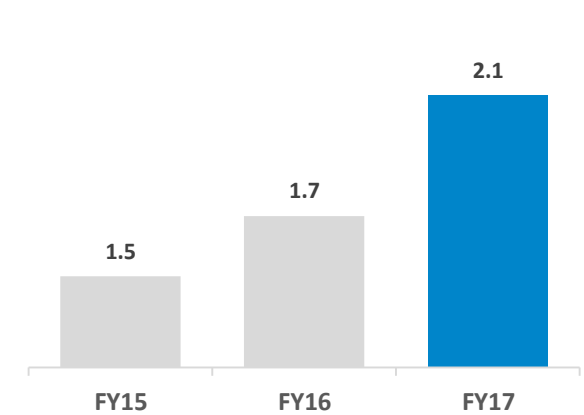
NPAT² (\$million) and NPAT margin (%)



Free Cash Flow³ (\$million)



Dividends (cents)



Leading to improved shareholder returns

Relative share price performance Cleanaway v ASX100 Industrials 1 July 2015 to 1 May 2018

ASX Code:

CWY

Share price:

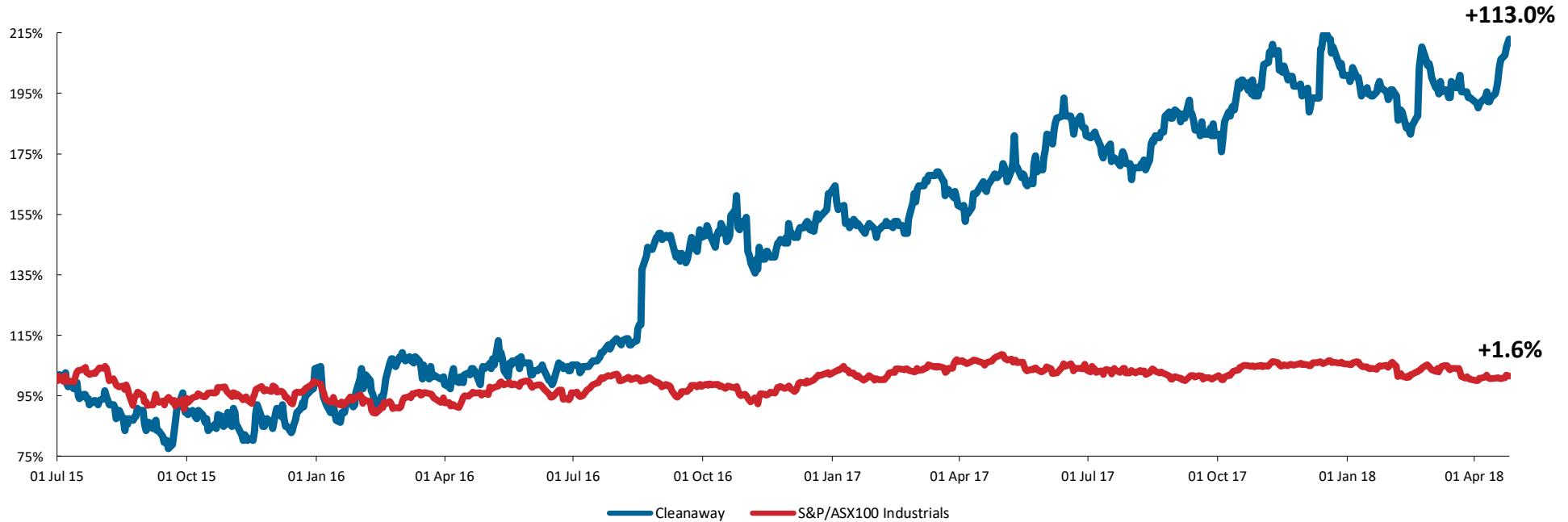
\$1.59

(1 May 2018)

Market Capitalisation: \$3.2 billion

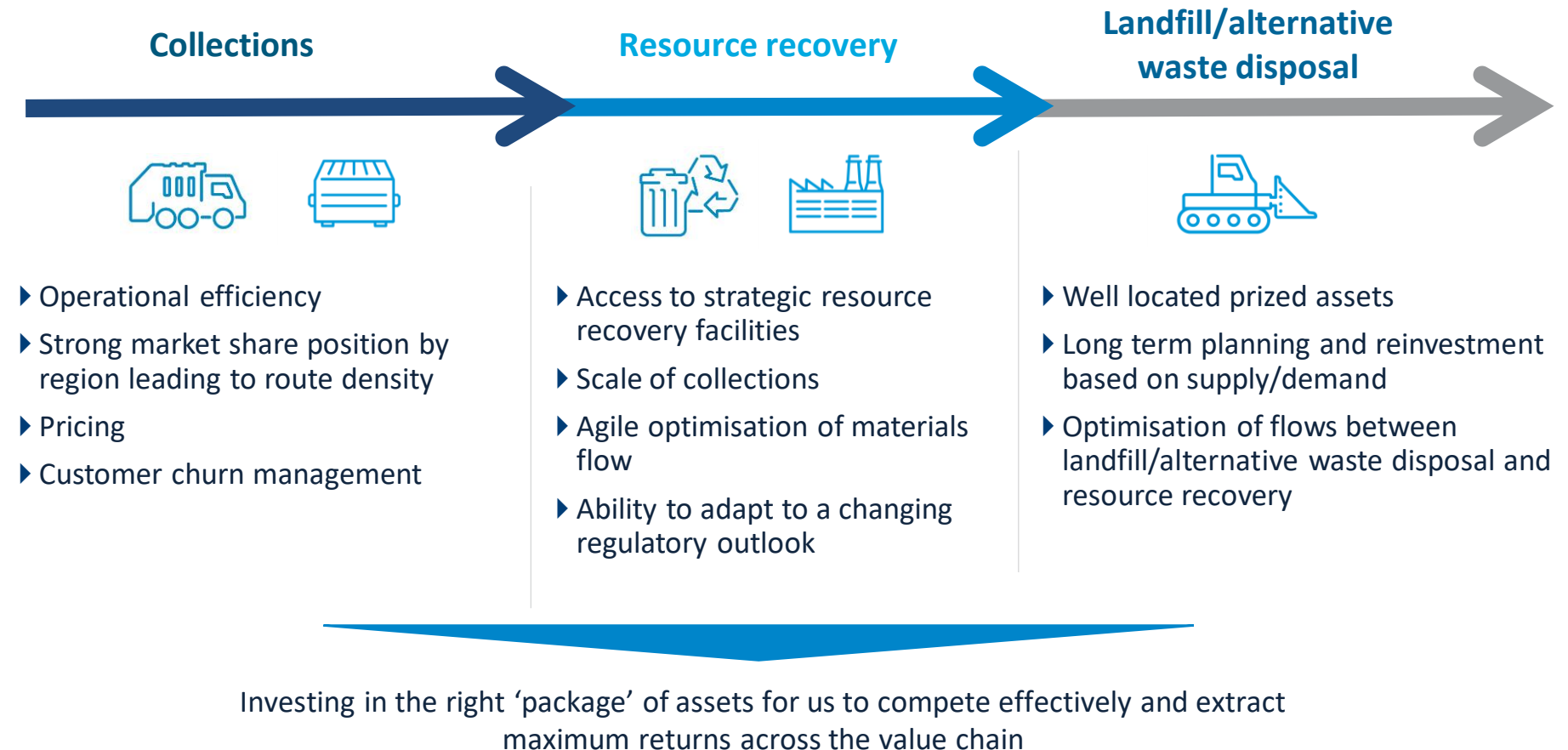
Index:

S&P/ASX100



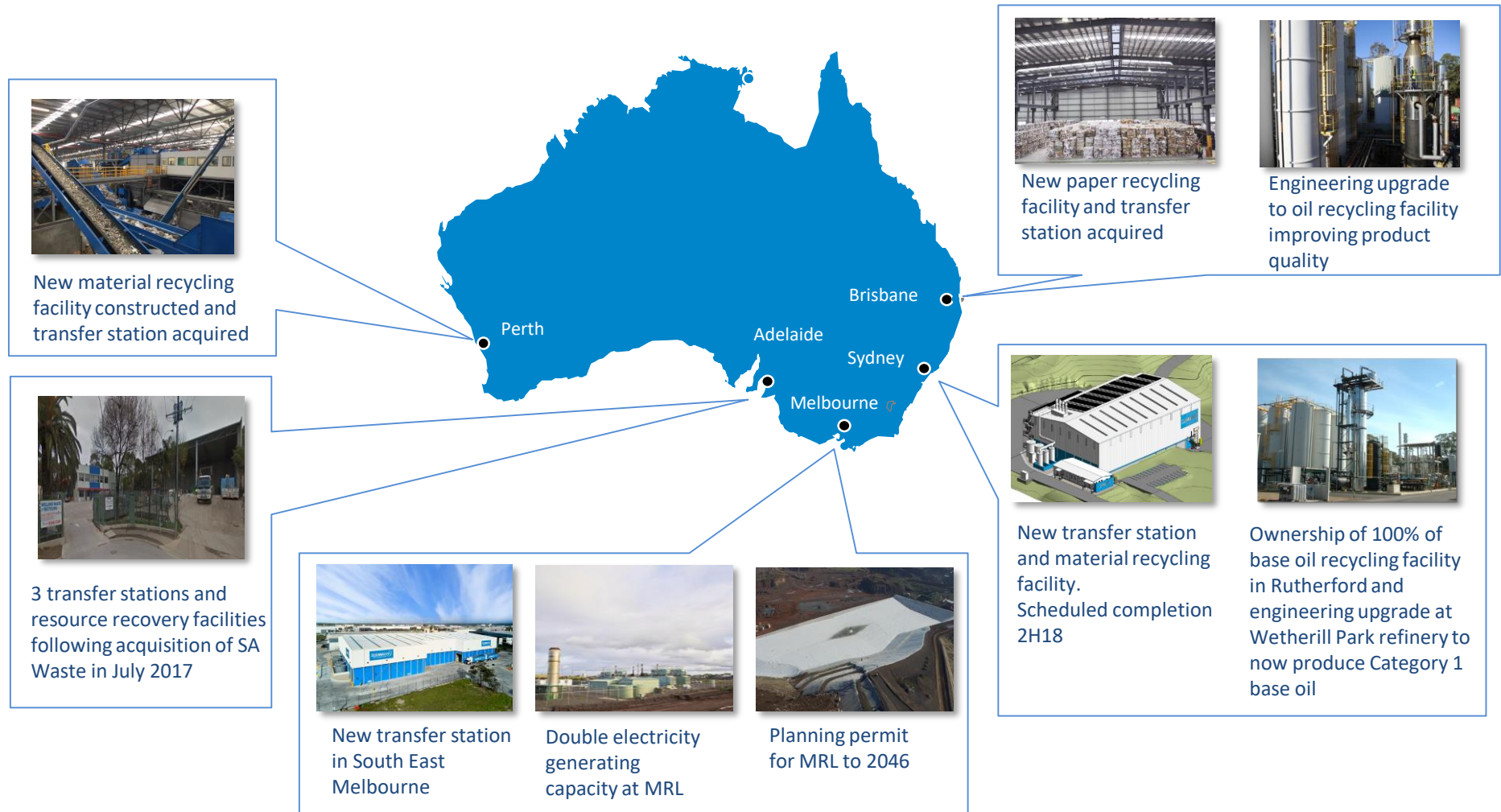
Optimising the waste value chain - Cleanaway Footprint 2025

We will extract maximum value through the value chain



The Toxfree acquisition accelerates the implementation of the Footprint 2025 strategy

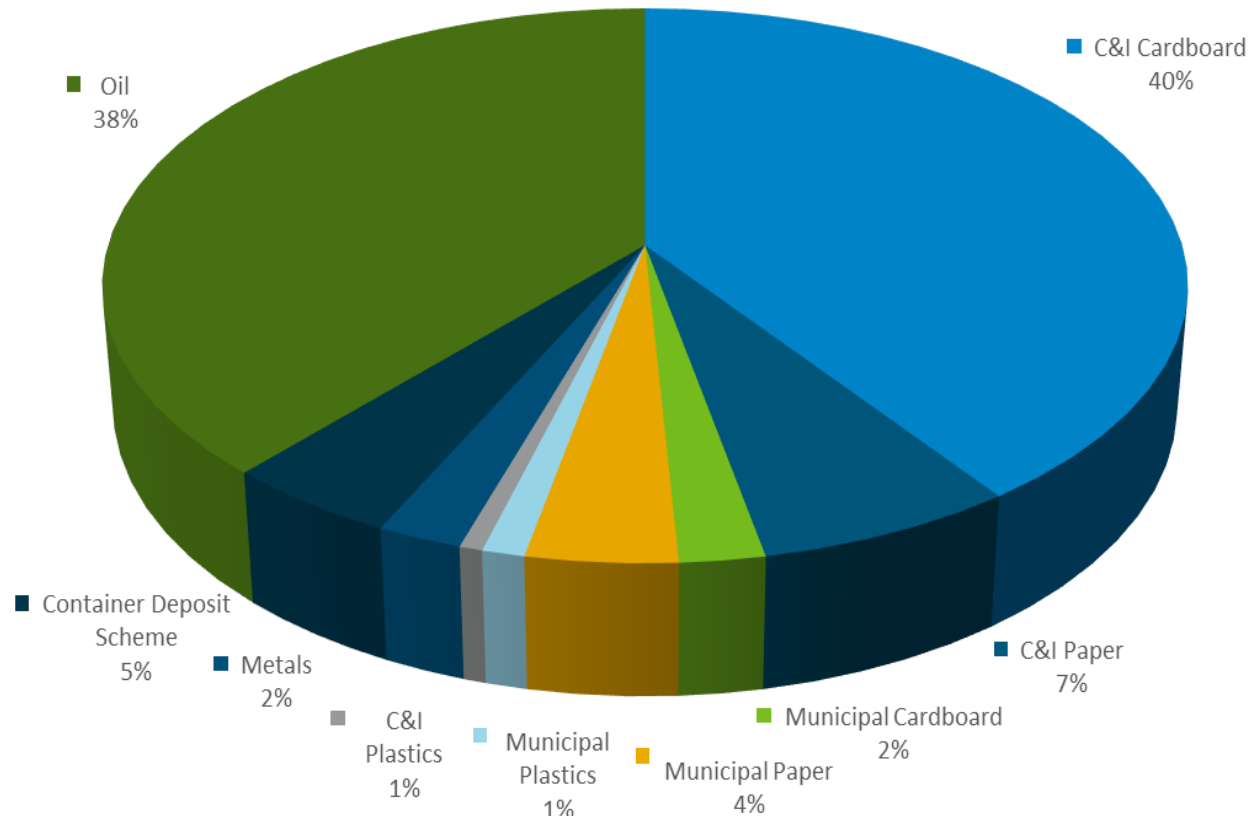
Prized infrastructure assets completed during the last 24 months or in construction stage



Recycling and the China Sword Program



Cleanaway has limited exposure to the change in the recycling markets



- ▶ Commercial & Industrial (C&I) and waste oil collections remain the major source of commodities
- ▶ Cleanaway contracts with Municipals are a mix of collection only (50%)¹, collection and on sell the comingled waste to third party sorters or take the material through our own recycling facility
- ▶ Only 7% of commodity revenues relate to Municipal
- ▶ Pricing increases to a number of Municipals have commenced

Acquisition of Toxfree

The acquisition of Toxfree Solutions was approved by the ACCC on 26 April 2018. The transaction is still subject to customary closing conditions including Toxfree shareholder approval and court approval. We are confident that all approvals will be received with the scheme expected to become effective on 11 May 2018 and implemented on 25 May 2018.



Acquisition of Toxfree

A strategically compelling acquisition

- ▶ Affirms Cleanaway's leadership in each of our operating segments by enhancing our existing capabilities
- ▶ Accelerates the implementation of our Footprint 2025 strategy
- ▶ Significant capital spend avoided in our Liquids & Industrial Services segment
- ▶ Provides a leading position in the attractive medical waste sector

Synergies

- ▶ The integration of the Cleanaway and Toxfree businesses is expected to deliver ~\$35 million in annual synergies to be realised over 2 years with total synergy benefits fully reflected in FY21
- ▶ Cleanaway has undertaken due diligence to quantify expected synergy benefits
- ▶ Estimated one-off integration costs of ~\$35 million to be incurred during the 2 year integration process

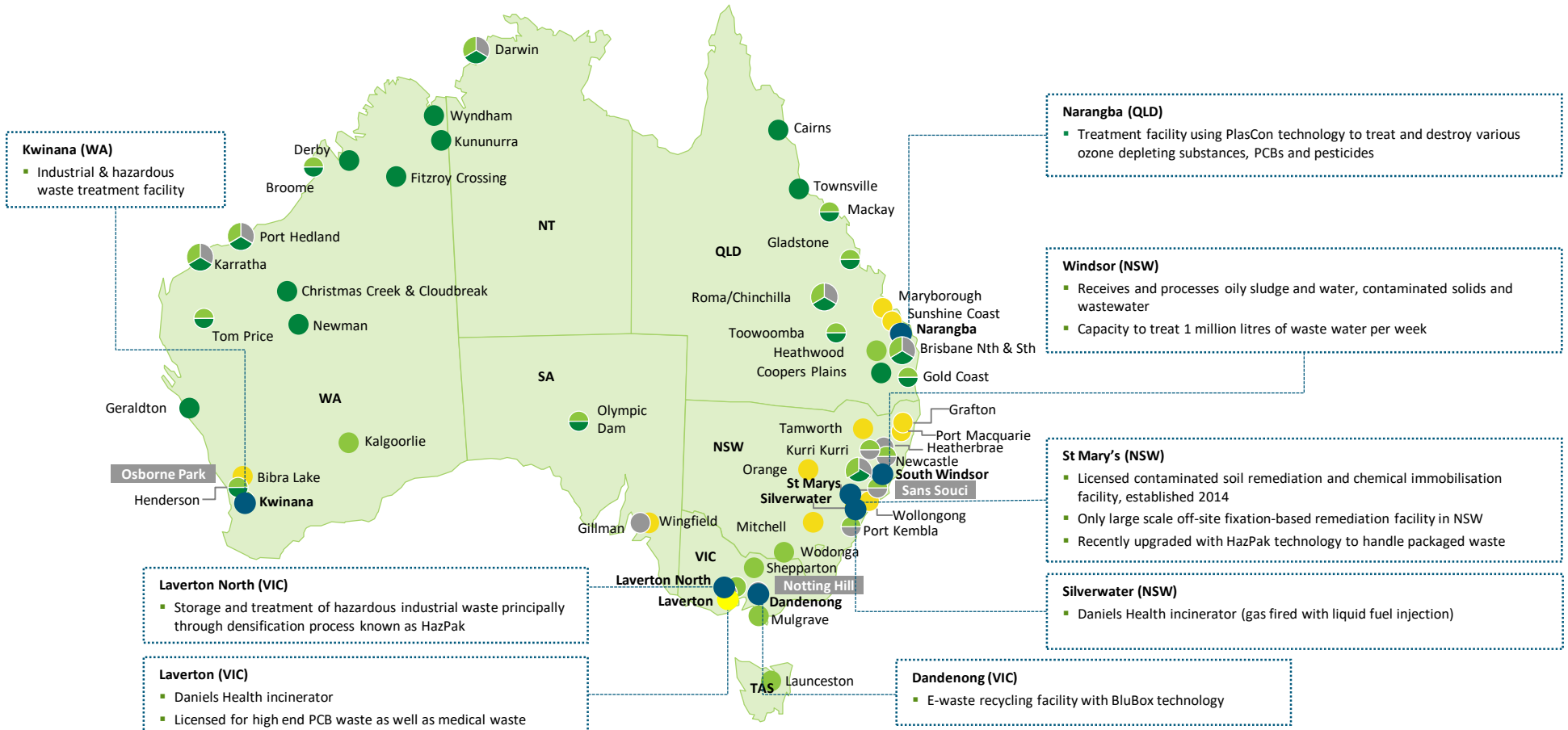
Financial impact

- ▶ Pro forma historical FY17 EPS accretive pre synergies (before amortisation of intangibles and one-off transaction and integration costs)
- ▶ Assuming full-year annual synergies:
 - More than 25% EPS accretive¹
 - More than 80% Free Cash Flow per share accretive²
 - Approximately 10% Pre-tax Return on Invested Capital on the Acquisition³

Note: 1. Based on NPAT excluding transaction costs, one-off integration costs and amortisation of acquired identifiable intangibles. The impact of purchase price accounting has not been completed, which will impact future depreciation and amortisation charges. In accordance with AASB 133, Cleanaway standalone EPS has been restated based on an adjustment factor to take into account the bonus element of the entitlement offer launched on 11 December 2017. 2. Free Cash Flow per share defined as operating cash flow excluding interest, tax and one-off transaction and integration costs less capital expenditure, divided by the weighted average number of shares on issue. Cleanaway standalone free cash flow per share has been restated based on an adjustment factor to take into account the bonus element of the Offer. 3. Defined as EBIT excluding one-off transaction and integration costs before amortisation of acquired identifiable intangibles divided by the total consideration.

Toxfree's operations

Toxfree operates a strategic national network of prized waste infrastructure including a number of facilities with valuable licenses and treatment technologies



Note: Excludes Daniels New Zealand Joint Venture.
Source: Toxfree.

● Key Site
 ● Waste Services
 ● Technical and Environmental Services
 ● Industrial Services
 ● Health Services
 Toxfree Office

Acquisition is “in country, in sector and in our operating space” enhancing most core parts of the Company



90+
Municipal Councils



5,550+
Employees
+39%



119+
Licensed infrastructure assets
+32%



3,900+
Vehicles
+30%

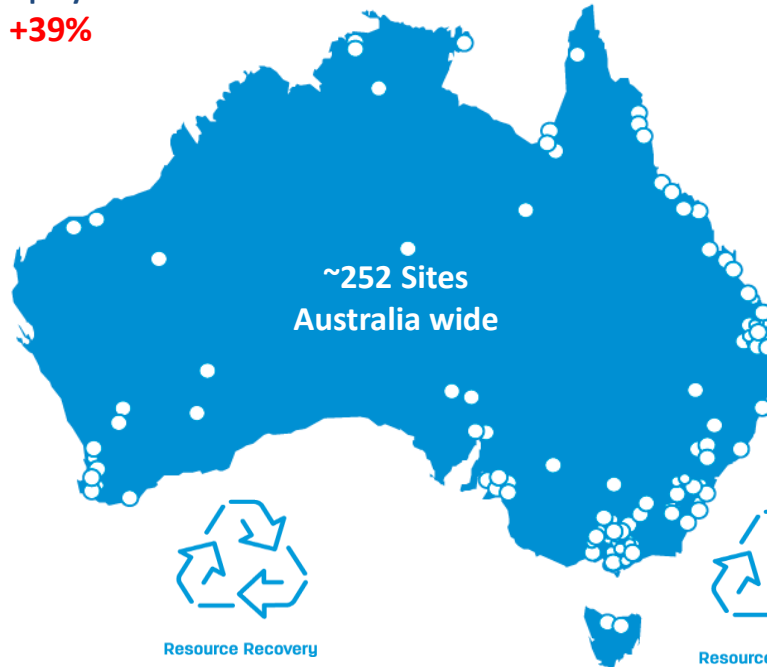


~140,000
Commercial & Industrial
Customers
+17%



~680 million litres
Waste Liquids collected
and processed

+24%



~252 Sites
Australia wide



Oil/Hydrocarbons

~140 million litres
Waste Mineral Oil collected
for processing

+8%



Resource Recovery

~245,000 tonnes
Paper and cardboard recycled

+7%



Resource Recovery

~11,000 tonnes
Plastic packaging recycled

+10%



Resource Recovery

~14,000 tonnes
Steel recycled

+8%



Waste to Energy

90m+ kWh
Renewable energy generated

Reducing risk via multiple sector exposures

Solids

Consolidates and balances:

- ▶ Increase in QLD footprint where Cleanaway is relatively underweight
- ▶ Strengthens Cleanaway's position in regional areas of WA – resources exposed
- ▶ Internalisation and waste diversion

Liquids, Health & Industrial Services

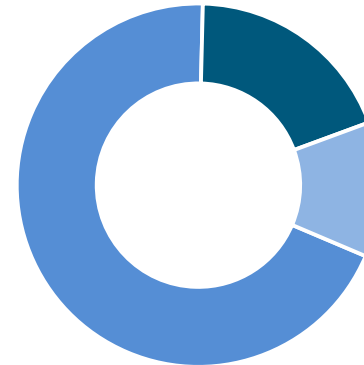
Consolidates, re-weights and adds new high growth medical waste services

- ▶ Broader, enhanced footprint
- ▶ Leader in medical waste
- ▶ Internalisation and waste diversion
- ▶ Exposure to infrastructure & regional resources sectors

Cleanaway Net Revenue
by reporting segment and markets FY17¹

Solids

- Residential
- Commercial
- Industrial
- Construction



Liquids

- Regulated waste
- Industrial
- Manufacturing
- Energy

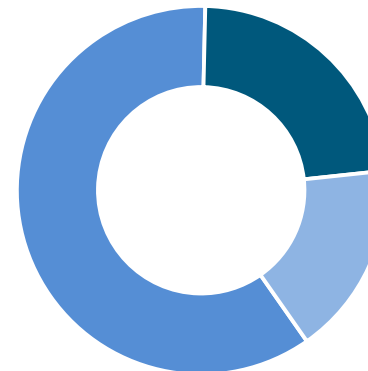
Industrial Services

- Resources
- Infrastructure

Pro forma consolidated Net Revenue
by possible reporting segment and
markets FY17^{1,2}

Solids

- Residential
- Commercial
- Industrial
- Resources
- Construction



Liquids & Health Services

- Regulated waste
- Industrial
- Manufacturing
- Energy
- Healthcare

Industrial Services

- Resources
- Infrastructure

Integrating Toxfree

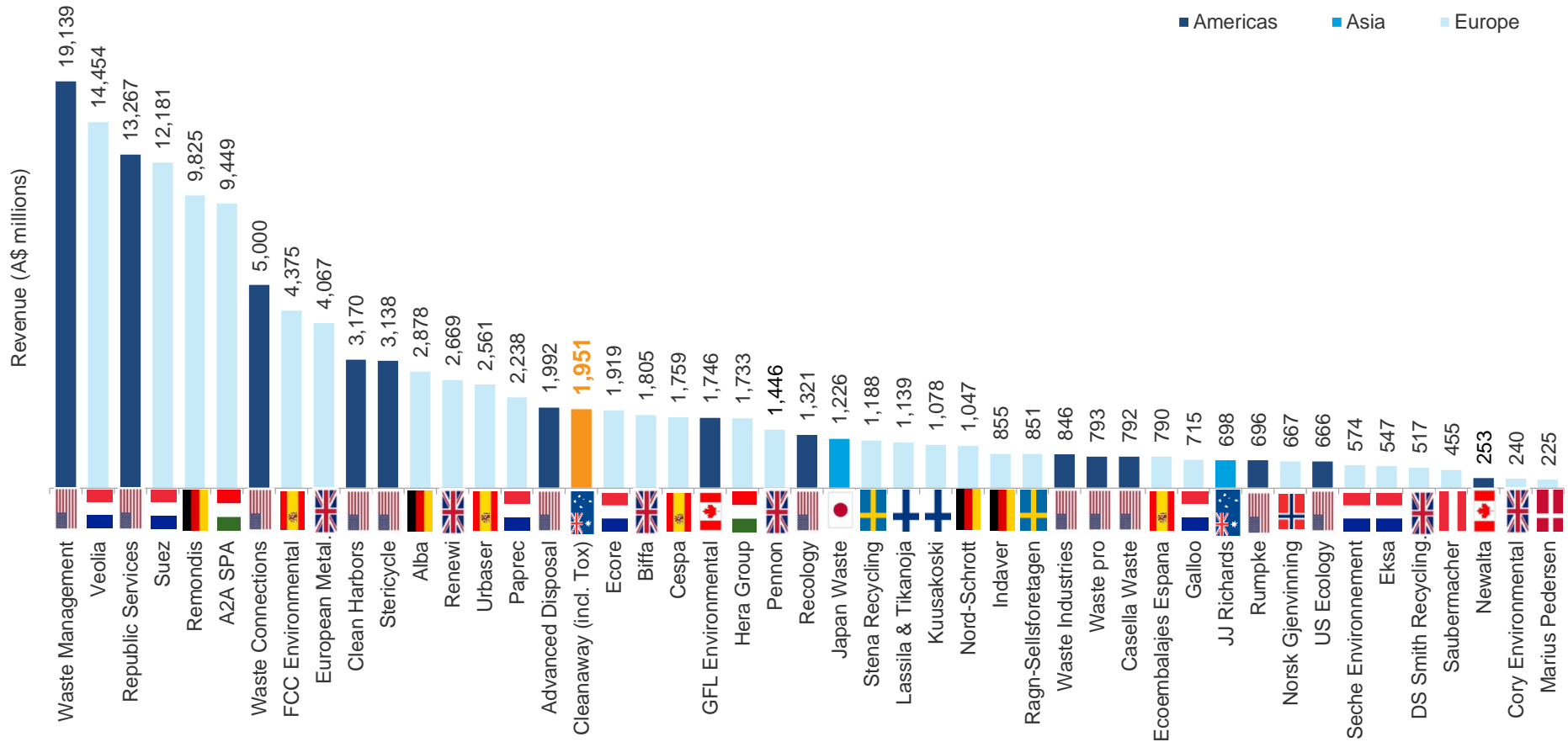
Realising the \$35 million in synergies over 2 years

- ▶ Integration of Corporate and Enterprise services
- ▶ Remove duplication in the operating structure
- ▶ Footprint optimisation – new technologies, increased utilisation, rationalisation
- ▶ Route density and fleet utilisation optimisation
- ▶ Total benefits expected to be fully reflected in FY21

The integration process

- ▶ An integration team has already been established reporting directly to the CEO
- ▶ Team comprises both Cleanaway and Toxfree people
- ▶ Significant preparatory work has been undertaken to implement the integration benefits and extract synergies
- ▶ Formal process will start as soon as control achieved

Cleanaway (incl. Tox) will rank amongst the top 20 waste management companies globally and largest in the Asia Pacific region - based on 2017 revenue



Note: **Cleanaway:** Cleanaway gross revenue (incl. levies shown). Cleanaway and Tox based on FY17 figures.

Other companies: Excludes revenue for segments other than waste management and related services where available. Based on last reported results. Source: Company filings and reports, industry reports, FactSet and estimates.

There are five key elements that make Cleanaway Australia's number one waste management company

Customer & Waste Diversity

- ▶ Servicing the residential, commercial, industrial, manufacturing, infrastructure, resources, healthcare and energy sectors
- ▶ An essential services company with multiple waste streams management

Best in Class Infrastructure Base

- ▶ Over 90 prized infrastructure assets across the country
- ▶ Growing to over 120 following the Toxfree acquisition
- ▶ Difficult to duplicate

Value Chain & Operating Leverage

- ▶ Leading position in Collections, Resource Recovery and Post Collection Assets
- ▶ Fleet Assets, Customer Base and Route Density

Customer Proximity & Footprint

- ▶ Currently ~200 sites Australia wide
- ▶ Growing to ~252 following the Toxfree acquisition

Strongest brand Sustainability Mission

- ▶ Number one brand recognition across the waste industry in Australia

Outlook for FY18 – Excluding the Toxfree acquisition, no change

- ▶ The major contract wins in FY17 have established a firm base for revenue growth in our Solids businesses and we continue to remain optimistic of continuing improvement in the Liquids & Industrial Services business
- ▶ Cost disciplines remain in place and along with further initiatives being implemented across the Company should result in both the Solids and Liquids & Industrial Services segments further increasing operational earnings in FY18
- ▶ FY18 earnings are expected to be in line with current market expectations, excluding the impact of the acquisition of Toxfree

Questions

