

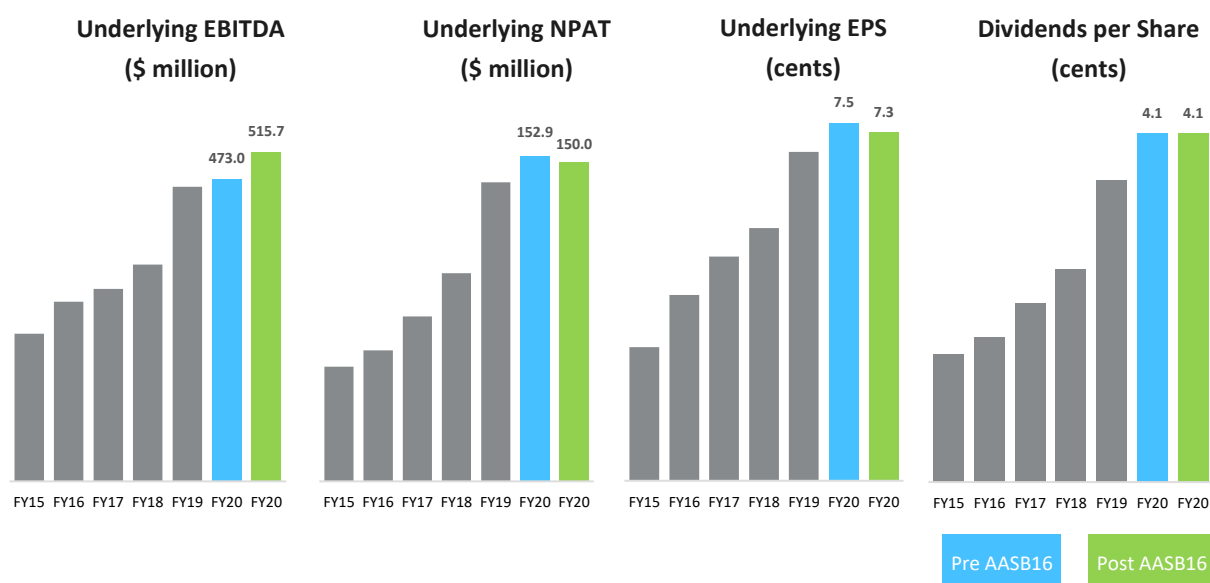
## FY20 FULL-YEAR RESULTS

### Continued Earnings Growth with operating leverage and further Margin Expansion Underlying EPS up 8.7%, Total Dividend up 15.5% to 4.1c Fully Franked

Cleanaway Waste Management Limited (“Cleanaway”) ASX:CWY today announced its financial results for the year ended 30 June 2020 (“FY20”).

On an Underlying (pre AASB16<sup>1</sup>) basis (unless specified otherwise) compared to the year ended 30 June 2019 (“FY19”) Cleanaway reported:

- NPAT of \$152.9 million, up 8.7% (Statutory NPAT of \$112.6 million, down 6.6%)
- EBIT of \$251.9 million, up 4.6% with 60 bps margin expansion to record 12.0%
- EBITDA of \$473.0 million, up 2.5% with 60 bps margin expansion to record 22.5%
- Free cash flow of \$230.1 million, up 11.5%
- Footprint 2025 Progress:
  - Integration of Toxfree and SKM businesses completed
  - Committed to proceeding with a PET Plastic Pelletising facility
  - Advancing Energy-from-Waste project in Sydney, with EIS submitted
- Major elements of the legacy landfill rectification complete
- Defensive characteristics of revenue streams demonstrated again during Covid-19



Note 1: The term “pre AASB16” describes financial results that exclude the impact of the new accounting standard to better enable comparison with prior periods. AASB16 has not been applied, and does not apply, to FY19 financial results or comparatives above.

|   | Underlying (pre AASB16 <sup>1</sup> ) |         | Underlying (post AASB16) |         |
|---|---------------------------------------|---------|--------------------------|---------|
|   | FY20                                  | vs FY19 | FY20                     | vs FY19 |
| Gross revenue (\$m)                       | 2,332                                 | +2.1%   | 2,332                    | +2.1%   |
| Net revenue (\$m)                         | 2,100                                 | -0.4%   | 2,100                    | -0.4%   |
| EBITDA (\$m)                              | 473.0                                 | +2.5%   | 515.7                    | +11.7%  |
| EBIT (\$m)                                | 251.9                                 | +4.6%   | 256.6                    | +6.6%   |
| Net profit after tax (\$m)                | 152.9                                 | +8.7%   | 150.0                    | +6.7%   |
| Earnings per share (cents)                | 7.5                                   | +8.7%   | 7.3                      | +5.8%   |
| NPATA <sup>2</sup> (\$m)                  | 164.6                                 | +8.4%   | 161.7                    | +6.5%   |
| Final dividend declared (cents per share) | 2.1                                   | +10.5%  | 2.1                      | +10.5%  |
| Total dividends (cents per share)         | 4.1                                   | +15.5%  | 4.1                      | +15.5%  |
| Statutory Operating Cash Flow (\$m)       | 366.0                                 | +4.3%   | 401.5                    | +14.5%  |
| Free cash flow (\$m)                      | 230.1                                 | +11.5%  | 274.4                    | +32.9%  |
| Net Debt to EBITDA (times)                | 1.46x                                 | +0.03x  | 1.85x                    | +0.42x  |

Statutory Net Profit After Tax was \$112.6 million. This includes underlying adjustments totalling \$37.4 million after tax, largely comprising acquisitions and integration costs (Toxfree, SKM) and net costs associated with the Perth Material Recycling Facility fire.

## Management Commentary

Chief Executive Officer and Managing Director of Cleanaway, Vik Bansal, said *"I am pleased to report results that once again reflect the strength of Cleanaway."*

*"FY20 presented a number of new challenges and I am immensely proud of the way in which everyone at Cleanaway responded by adapting their lives and work practices to provide safe, reliable and efficient service to our customers despite the disruption caused by the Covid-19 pandemic."*

*"The safety, health and wellbeing of all Cleanaway's staff, contractors, customers, and members of the public remains paramount. Every one of our employees understands that health and safety is a shared responsibility. As we continue to work towards our target of Zero Harm, we will continue to raise awareness, enhance our training, and identify and respond to health and safety risks."*

*"Our financial results highlight the defensive characteristics of our revenue streams. Each of our operating segments - Solid Waste Services, Industrial & Waste Services and Liquid Waste & Health Services - performed well during the year despite the effect of Covid-19, which highlights the diversification benefit of our operating segments and strength of our business."*

Note 2: Excludes tax effected amortisation of acquired customer contracts and licences.

*“Cleanaway continued to deliver on both short and medium-term commitments in FY20. We:*

- completed the integration of the Toxfree business on time and are benefiting from over \$35 million of annual synergies;*
- completed the majority of the legacy landfill remediation and rectification program, which will free up over \$25 million of cash per annum through to FY25 and over \$35 million per annum thereafter;*
- completed the acquisition, integration, and rehabilitation of the former SKM Recycling Group’s assets and expect to process over 200,000 tonnes of recyclable materials per annum, with opportunities to increase that volume as we fine tune operations; and*
- delivered our first Sustainability Report aligned to the United Nations Sustainable Development Goals (SDGs) and the Sustainability Accounting Standards Board (SASB) Standard.*

*“We have reached the halfway mark in our Footprint 2025 journey and I believe we have created strong foundations for the future growth of the business. Over the past year we strengthened our position as Australia’s leading integrated waste management business through our acquisition of most of the SKM Recycling Group’s resource recovery assets, and the successful integration of both those assets and the Toxfree business. These acquisitions largely completed our Victorian and Tasmanian resource recovery footprints. We remain the market leader in every sector in which we operate, and our network of prized waste infrastructure assets across the country continues to grow.*

*“Our objective to drive a circular economy in Australia continues and in the coming years we will pursue several key projects that are strategically important for our business. Our proposed energy-from-waste facility in Western Sydney provides a more environmentally friendly solution to Sydney’s growing waste disposal needs.*

*“We also announced a plastic pelletising plant in Albury NSW in a joint venture with Pact Group Holdings Ltd and Asahi Beverages. This facility will create a genuine closed loop recycling solution for the plastics we currently recover through our collections network.”*

## **Dividend**

A final dividend of 2.1 cents per share (pcp: 1.9 cents per share) has been declared, representing an increase of 10.5% on the final dividend paid last year. This takes the total dividends for the year to 4.1 cents per share (pcp: 3.55 cents per share). The dividend will be fully franked and paid on 6 October 2020 to shareholders on the register as at 14 September 2020.

The Dividend Reinvestment Plan (DRP) will be in operation for this dividend. Shareholders residing in Australia or New Zealand may elect to participate in the DRP. The DRP election date is 15 September 2020. Under the DRP, Cleanaway shares will be issued at the average of the daily Volume Weighted Average Price (VWAP) of all shares sold on ASX over the period from 16 to 22 September 2020. No discount will be applied to shares issued under the DRP.

## Underlying Segment Performance

### Solid Waste Services

Solids Waste Services reported increased net revenue and earnings.

Compared to FY19, net revenue increased 0.8% to \$1,372.8 million. Excluding commodities, FY20 net revenue increased 2.4% from \$1,267.9 million to \$1,298.3 million.

EBITDA (pre AASB16) increased 1.5% to \$358.1 million (\$388.3 million post AASB16) and EBIT (pre AASB16) was up 2.5% to \$209.2 million (\$212.7 million post AASB16).

EBITDA margins (pre AASB16) improved 20 basis points to 26.1% (28.3% post AASB16).

The result reflects the impact of Covid-19 and lower commodity prices, which was partially offset by reduced rebates to customers. The introduction of a landfill levy in Queensland on 1 July 2019 resulted in reduced landfill volumes in Queensland, which were partially offset by higher collections and resource recovery volumes.

Upgrading of the SKM assets has been completed enabling Cleanaway to produce higher quality commodities that will ultimately be reused in new products as we move further towards a circular economy. We expect these assets to deliver a full year contribution in FY21.

The clean-up of the Perth Material Recycling Facility was completed in the second half of FY20 and we are continuing to work with our customers to develop alternative solutions, while our new facility is being constructed. Completion is targeted for the third quarter of FY21. Once complete, it will deliver a better high-quality recycling service to the Perth market.

During the period Cleanaway successfully tendered for the City of Casey (Melbourne's largest municipality), the South Australian Council Solutions, and Wyndham and Randwick municipal contracts. The City of Casey and the South Australian Council Solutions contracts commenced on 1 July 2020 with the two others to commence later in FY21.

In coming months, construction of a plastic pelletising plant in Albury NSW will commence. The plant is being developed in a joint venture with Pact Group Holdings Ltd and Asahi Beverages and is expected to be commissioned by December 2021.

The WA regional CDS scheme "Containers for Change" is expected to commence on 1 October 2020 with Cleanaway providing logistics and processing services.

## Industrial & Waste Services

Industrial & Waste Services reported lower net revenue and earnings.

Compared to FY19, net revenue decreased 8.3% to \$313.4 million as the business reduced its exposure to lower margin less specialised services.

EBITDA (pre AASB16) decreased 3.6% to \$44.9 million (\$45.9 million post AASB16), and EBIT (pre AASB16) decreased 4.9% to \$21.4 million (\$21.4 million post AASB16).

EBITDA margins (pre AASB16) increased 70 basis points to 14.3% (14.6% post AASB16) because of focus on higher margin work, a continued focus on increased labour and asset utilisation and realisation of synergies from significant integration related activities.

## Liquid Waste & Health Services

Liquid Waste & Health Services reported increased net revenue and earnings.

Compared to FY19, net revenue increased 3.8% to \$513.6 million. EBITDA (pre AASB16) increased 12.7% to \$97.9 million (\$106.3 million post AASB16) and EBIT (pre AASB16) increased 16.9% to \$63.1 million (\$64.3 million post AASB16).

EBITDA margins (pre AASB16) increased 150 basis points to 19.1% (20.7% post AASB16).

Hydrocarbons performed strongly on the back of improved volume and production efficiencies following recent plant upgrades, partially offset by lower global oil prices in the last quarter.

Health Services continues to grow with the re-signing of some of its major customers for a further 3-5 years. This business remains on track to deliver on our strategic expectations.

Packaged and bulk hazardous waste streams continue to grow both revenue and earnings.

## **FY21 Outlook**

Trading conditions so far this year have been mixed across the country. The impact of Covid-19 continues to be more pronounced in Victoria. We saw some recovery in June over April and May.

Enterprise performance in July 2020 has been in line with the FY20 average monthly performance.

Responsive and proportionate cost management will continue to be actioned as we see market conditions changing. Trading conditions remain too variable to provide guidance currently. We will provide a further trading update at the Annual General Meeting on 14 October 2020.

## Investor Briefing

The Company will be holding an investor and analyst briefing on the results at **9.30am** (AEST) today.

**Presenters:** CEO and Managing Director – Mr Vik Bansal  
CFO – Mr Brendan Gill

**Tele-conference:** Register at <https://s1.c-conf.com/diamondpass/10008048-invite.html>

**Webcast:** <https://services.choruscall.com.au/webcast/cleanaway-200826.html>

## Investor Relations

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*Cleanaway Waste Management Limited is Australia's leading total waste management, industrial and environmental services company. Our team of more than 6,000 highly trained staff are supported by a fleet of over 4,000 specialist vehicles working from approximately 250 locations across Australia. With the largest waste, recycling and liquids collections fleets on the road - and supported by a network of recycling facilities, transfer stations, engineered landfills, liquids treatment plants and refineries - we are working hard to deliver on our mission of making a sustainable future possible for all our stakeholders.*



## **FY20 Full Year Results**

**For the twelve months ended 30 June 2020**

**Vik Bansal – CEO and Managing Director**  
**Brendan Gill – CFO**

*26 August 2020*

ASX: CWY

# Disclaimer

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- **Forward looking statements** – This presentation contains certain forward-looking statements, including with respect to the financial condition, results of operations and businesses of Cleanaway Waste Management Limited (“CWY”) and certain plans and objectives of the management of CWY. Forward-looking statements can generally be identified by the use of words including but not limited to ‘project’, ‘foresee’, ‘plan’, ‘guidance’, ‘expect’, ‘aim’, ‘intend’, ‘anticipate’, ‘believe’, ‘estimate’, ‘may’, ‘should’, ‘will’ or similar expressions. All such forward-looking statements involve known and unknown risks, significant uncertainties, assumptions, contingencies and other factors, many of which are outside the control of CWY, which may cause the actual results or performance of CWY to be materially different from any future results or performance expressed or implied by such forward-looking statements. Such forward-looking statements apply only as of the date of this presentation.
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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.
- Unless otherwise stated, all earnings measures in this presentation relate to underlying earnings.
- 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 CWY’s Directors’ Report for the definition of “Underlying earnings”. The term EBITDA represents earnings before interest, income tax, and depreciation, amortisation and impairments and the term EBIT represents earnings before interest and income tax expense.
- This presentation has not been subject to review or audit.



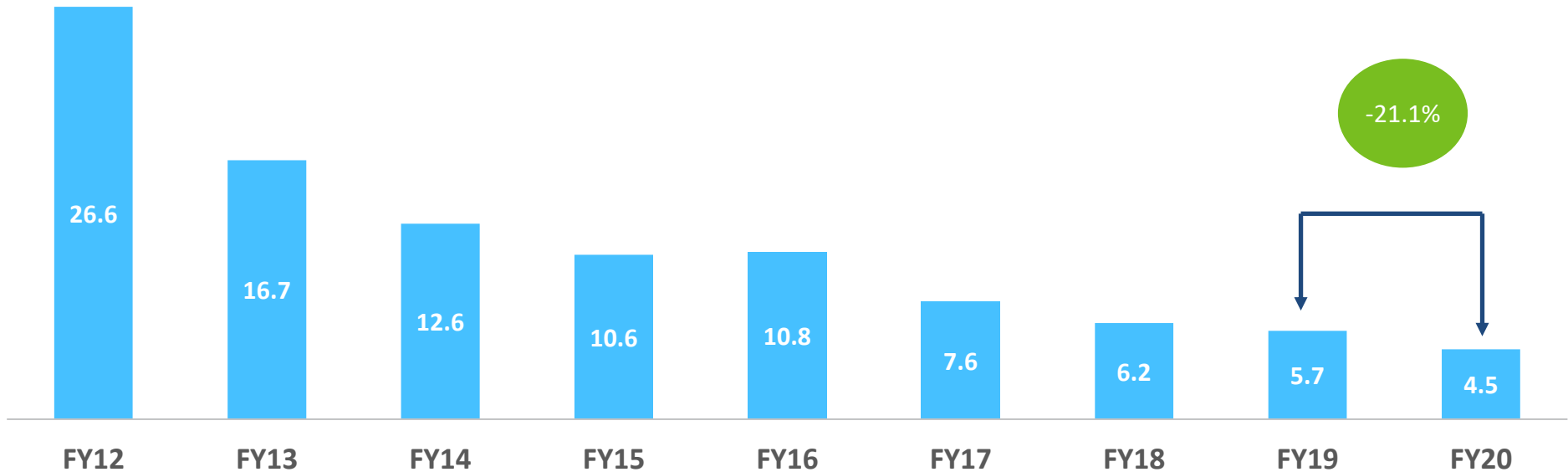
# Agenda

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# Safety and Environmental – Our Objective is Zero Harm

## Total Recordable Injury Frequency Rate<sup>1</sup>



In FY20 we successfully trialed a driver interface system that uses sophisticated sensors to establish safe distances, avoid lane departure, monitor speeds, and alerts drivers to risks

Safety performance remains a key performance measure for all executive STI's starting from CEO down to site management and will remain so. Our Target is Zero Harm

Environmental compliance remains a key focus area - we will be doing significant work to ensure Zero harm to Air, Water and Soil in line with our mission statement.

4 Note 1: Comparative periods have been adjusted to exclude divested businesses and includes contractors from FY16.

# FY20 Highlights

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## FINANCIAL:

- ❖ Final Dividend up 10.5% to 2.1c fully franked at 30%
- ❖ Underlying NPAT up 8.7% (pre AASB16) and EPS up 8.7% (pre AASB16) on FY19
- ❖ Underlying EBIT up 4.6% (pre AASB16) and EBIT margin improved by 60bps to a record 12.0%
- ❖ Underlying EBITDA up 2.5% (pre AASB16) to \$473.0m (\$515.7m post AASB16) – EBITDA margin improved by 60bps to a record 22.5%
- ❖ Net Revenue of \$2.1 billion was 0.4% lower than FY19 due to lower activity resulting from Covid-19 in Q4 FY20
- ❖ Net Revenue (ex commodities) was 0.5% higher than FY19
- ❖ Solid Waste Services grew revenue by 0.8% and ex commodity, revenue grew by 2.4% on FY19
- ❖ As planned Industrial & Waste Services revenue was down by 8.3% on FY19
- ❖ Liquid Waste & Health Services grew revenue by 3.8% on FY19
- ❖ Compared to FY19, Operating cash flow increased 4.3% to \$366.0m (pre AASB16)

## STRATEGIC:

- ❖ Toxfree Integration complete and realisation of more than \$35m annual synergies delivered
- ❖ Integration and upgrade/remediation of SKM assets completed and contracts secured
- ❖ Progressed the EIS for the EfW project in Western Sydney consistent with Footprint 2025 strategy
- ❖ Increased average debt maturity from 3.8 years to 5.4 years through the issuance of US\$270m USPP Notes

## OUTLOOK:

- ❖ Trading conditions so far this year have been mixed across the country. Impact of Covid-19 continues to be more pronounced in Victoria. We saw some recovery in June over April and May
- ❖ Enterprise performance in July 2020 has been in line with FY20 average monthly performance
- ❖ Trading conditions remain too uncertain to provide guidance at this time. We intend to provide a further trading update at our AGM on 14<sup>th</sup> October 2020

# Group Performance Overview

| \$ million         | Underlying Results |                      |                        |   |                       | Statutory Results |       |          |
|--------------------|--------------------|----------------------|------------------------|---|-----------------------|-------------------|-------|----------|
|                    | FY19 <sup>1</sup>  | FY20<br>(Pre AASB16) | Growth<br>(Pre AASB16) |   | FY20<br>(Post AASB16) | FY19 <sup>1</sup> | FY20  | Growth   |
| Gross Revenue      | 2,283              | 2,332                | 2.1%                   | ▲ | 2,332                 | 2,283             | 2,332 | 2.1%     |
| Net Revenue        | 2,109              | 2,100                | (0.4)%                 | ■ | 2,100                 | 2,109             | 2,100 | (0.4%)   |
| EBITDA             | 461.6              | 473.0                | 2.5%                   | ▲ | 515.7                 | 433.7             | 487.1 | 12.3%    |
| EBITDA Margin      | 21.9%              | 22.5%                | 60 bps                 | ▲ | 24.6%                 | 20.6%             | 23.2% | 260 bps  |
| EBIT               | 240.8              | 251.9                | 4.6%                   | ▲ | 256.6                 | 212.9             | 204.9 | (3.8%)   |
| EBIT Margin        | 11.4%              | 12.0%                | 60 bps                 | ▲ | 12.2%                 | 10.1%             | 9.8%  | (30 bps) |
| NPAT               | 140.6              | 152.9                | 8.7%                   | ▲ | 150.0                 | 120.5             | 112.6 | (6.6)%   |
| Earnings Per Share | 6.9                | 7.5                  | 8.7%                   | ▲ | 7.3                   | 5.9               | 5.5   | (6.8)%   |
| NPATA <sup>2</sup> | 151.8              | 164.6                | 8.4%                   | ▲ | 161.7                 | 131.7             | 124.3 | (5.6)%   |

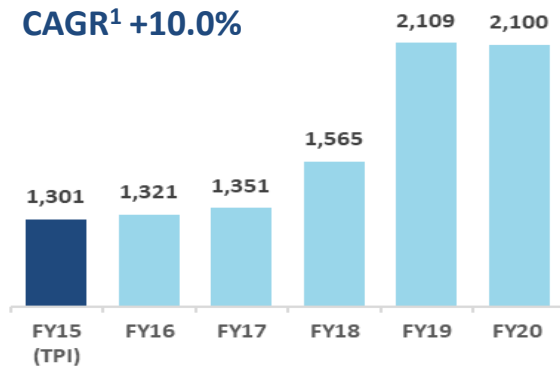
|                                      | FY19  | FY20<br>(Pre AASB16) | Change |   | FY20<br>(Post AASB16) |
|--------------------------------------|-------|----------------------|--------|---|-----------------------|
| Total dividends per share (cents)    | 3.55  | 4.10                 | 15.5%  | ▲ | 4.10                  |
| Cash from operating activities (\$m) | 350.8 | 366.0                | 4.3%   | ▲ | 401.5                 |
| Free cash flow (\$m)                 | 206.4 | 230.1                | 11.5%  | ▲ | 274.4                 |
| Cash conversion ratio                | 98.2% | 108.2%               | +10.0% | ▲ | 107.5%                |
| Net Debt to EBITDA                   | 1.43x | 1.46x                | +0.03x |   | 1.85x                 |

6 Note 1: Refer to notes 29 and 40 in the financial statements for more details about FY19 restatements.  
Note 2: Excludes tax effected amortisation of acquired customer and license intangibles.

# Sustained Underlying Earnings Growth Continues

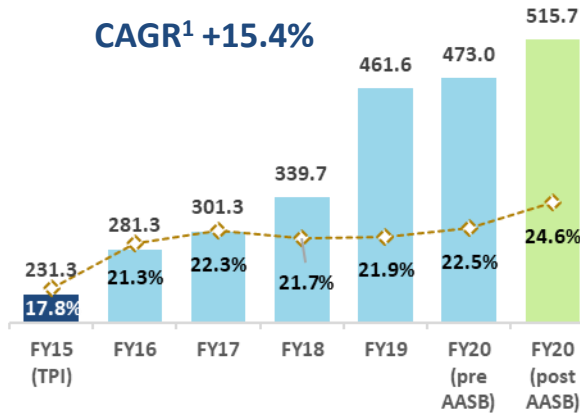
Net Revenue (\$million)

CAGR<sup>1</sup> +10.0%



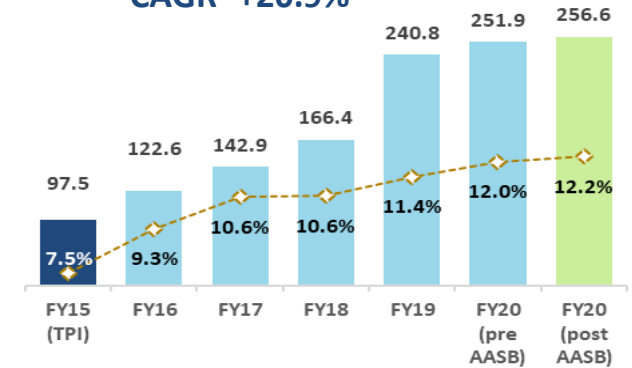
EBITDA (\$million) and EBITDA margin (%)

CAGR<sup>1</sup> +15.4%



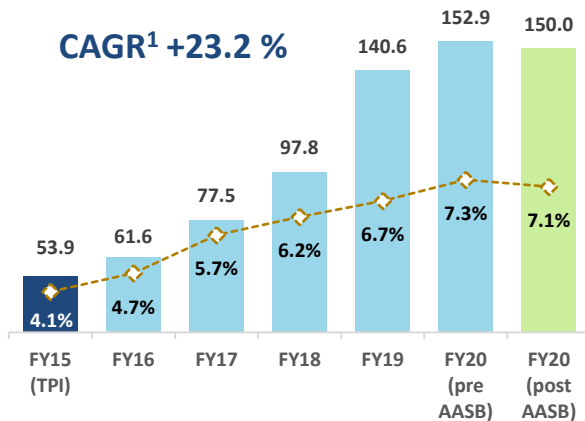
EBIT (\$million) and EBIT margin (%)

CAGR<sup>1</sup> +20.9%



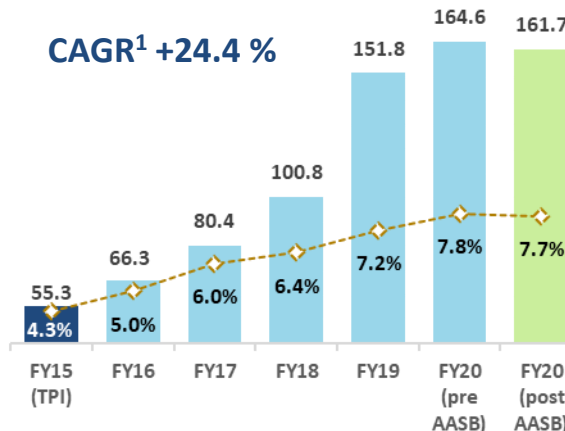
NPAT (\$million) and NPAT margin (%)

CAGR<sup>1</sup> +23.2 %



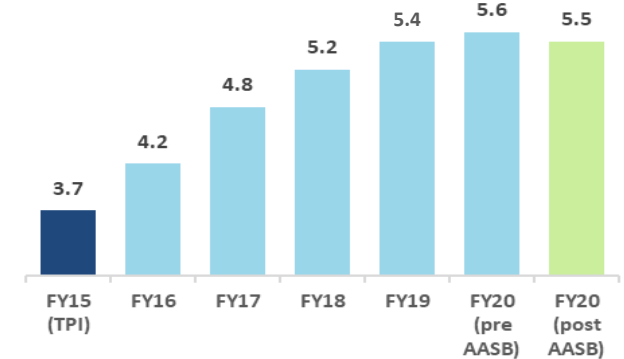
NPATA (\$million) and NPATA margin (%)

CAGR<sup>1</sup> +24.4 %



Return on Invested Capital<sup>2</sup> (%)

CAGR<sup>1</sup> +8.6 %



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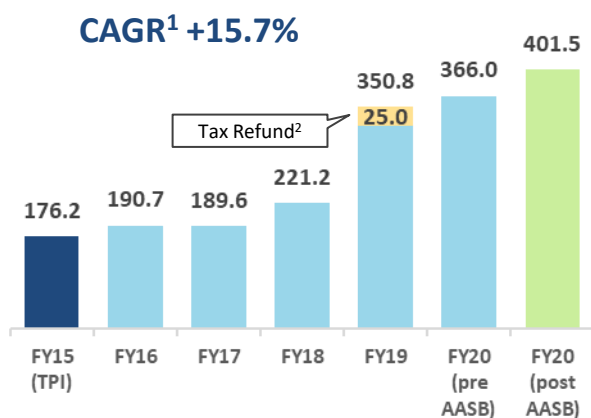
Note 1: CAGR calculated from FY15 to FY20 on a pre AASB16 basis.

Note 2: Return on Invested Capital calculated as tax effected underlying EBIT divided by average net assets plus net debt. FY18 excludes the impact of Toxfree acquisition

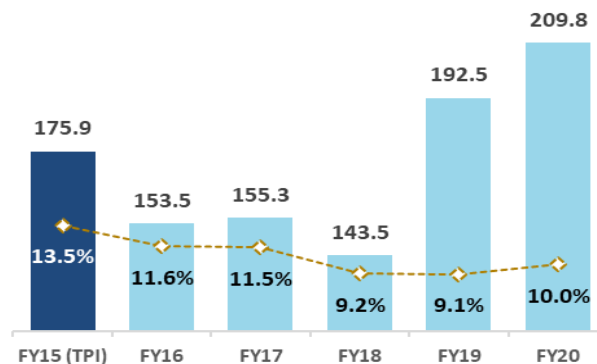


# Cash Flows and Shareholder Returns

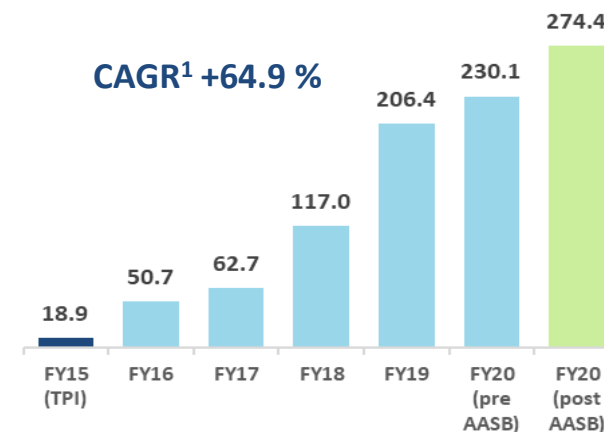
### Operating Cash Flow (\$m)



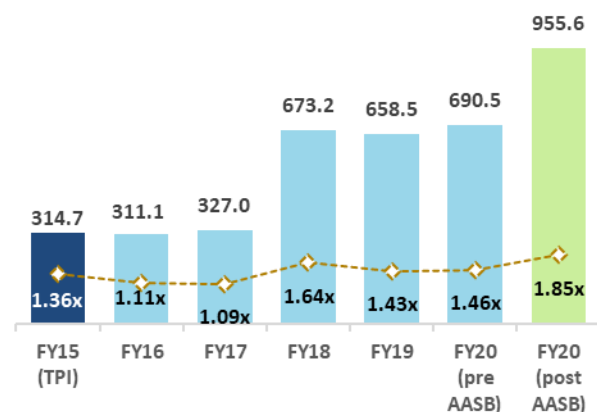
### Cash Capex (\$m) and % of Net Revenue



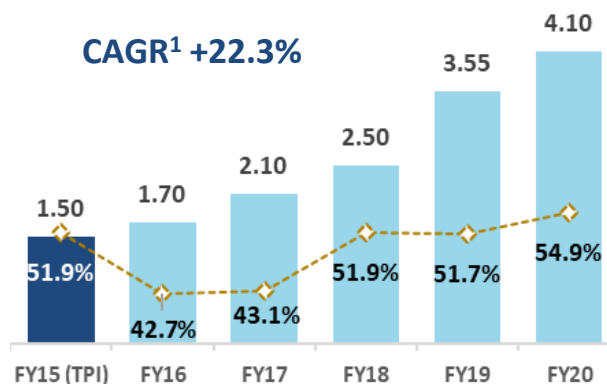
### Free Cash Flow (\$m)



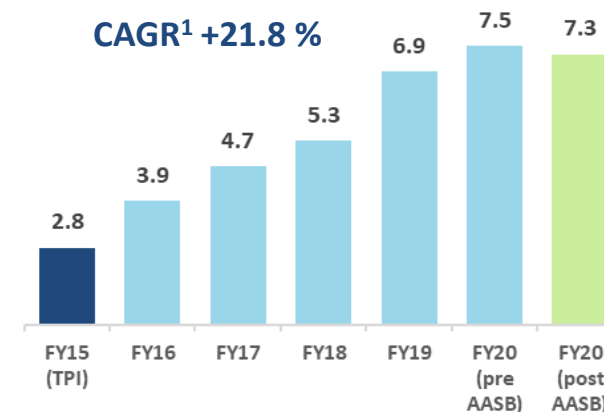
### Net Debt (\$m) and Net debt / EBITDA<sup>3</sup> (x)



### Dividend (cents) & Payout Ratio (%)



### Underlying Earnings per share (cents)

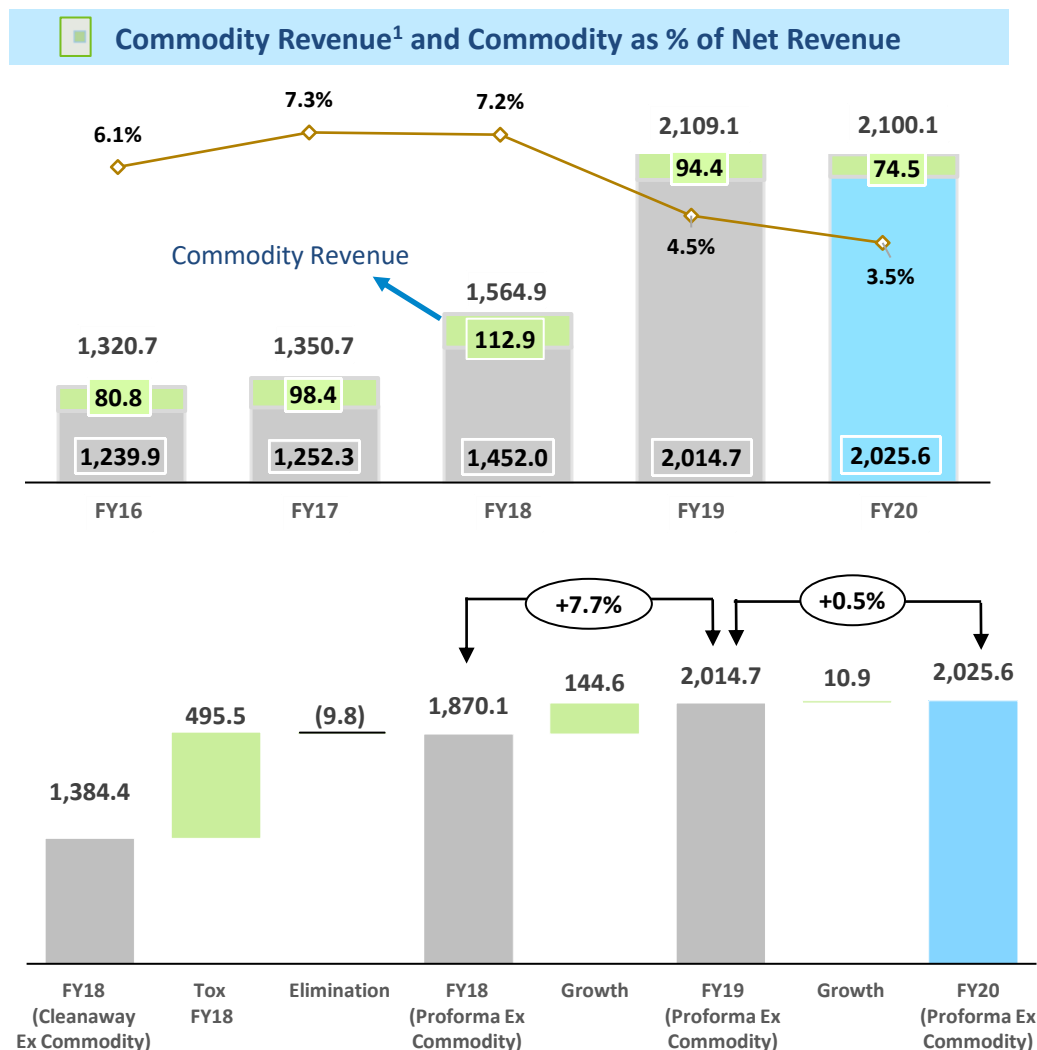


Note 1: CAGR calculated from FY15 to FY20 on a pre AASB16 basis

Note 2: A one off \$25 million tax refund was received in August 2018 from the FY13 to FY17 amended tax returns relating to depreciation deductions in respect to previous landfill acquisitions

Note 3: The Net Debt/EBITDA ratio for FY18 assumes a full twelve month contribution from Toxfree

# Commodities Revenue Declining as Percentage of Group Net Revenue



- ❖ Revenue from the sale of commodities has continued to decline as a percentage of net revenue
- ❖ FY20 Commodity revenue was \$74.5m and represented only 3.5% of net revenue
- ❖ Commodity revenue is a declining contributor to the business
- ❖ Declining commodity prices were mitigated by reduced customer rebates and increased collection charges
- ❖ Significant progress to reduce rebates in line with commodity prices – single biggest mitigant to bottom line impact of reduction in commodities revenue
- ❖ In most cases, where rebates were provided to large customers, they were index-linked and provided a hedge against the falling market
- ❖ FY20 growth (ex commodities) of 0.5% across the group

# Revenue Streams linked with GDP and Defensive Characteristics

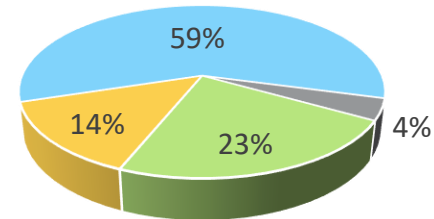
## Solid Waste Services

Typical contract duration

- Municipal: 7 - 10 years
- Commercial & Industrial: 3+ years
- Municipal: Resource Recovery & Post Collections contracts may be separate



## FY20 Segment Net Revenue



❖ Cleanaway's revenue base is largely underpinned by long-term contracts across all sectors with a geographically diverse customer base of municipal councils, hospitals, infrastructure, resources, commercial and industrial customers

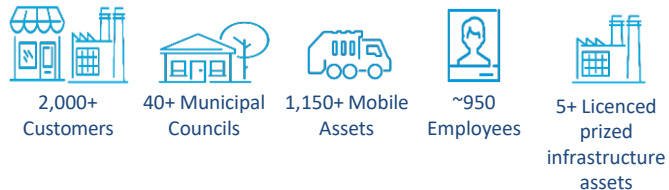
## Commodities

Includes basket of OCC, (cardboard), mixed paper, plastics, glass and metal

## Industrial & Waste Services

Typical contract duration

- Infrastructure: 0.5 - 2 years
- Resources: 3 - 5 years



## Liquid Waste & Health Services

Typical contract duration

- Liquids & Hydrocarbons : 1 - 3 years
- Health Services related: 3 - 5 years





# Covid-19: Cleanaway's Response

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## **Consistent communication of three priorities:**

- Keep our people safe
- Keep company sustainable and our people in jobs during and post Covid-19
- Keep serving our customers, as an essential service provider

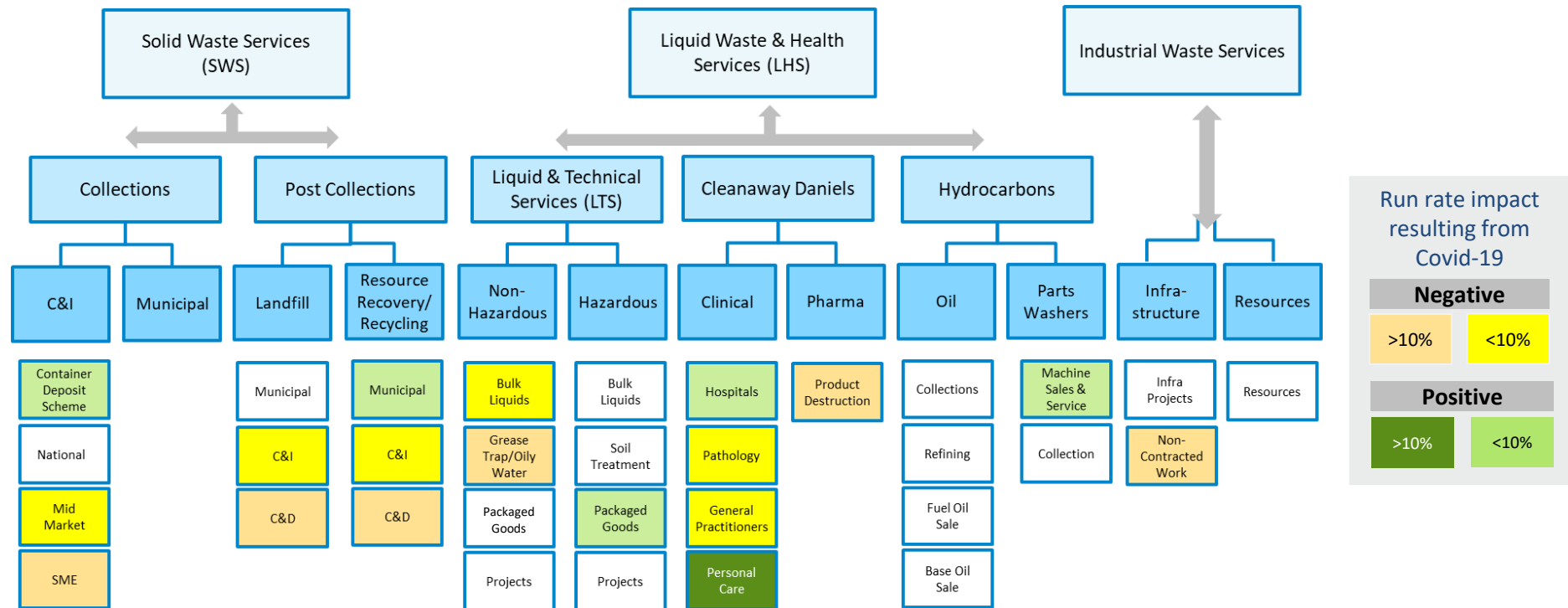
## **To keep our people in jobs while delivering financial returns we:**

- Maintained salary levels and asked our corporate staff to take annual leave where possible
- Re-routed our fleet and stood down trucks to reduce fleet operating costs, whilst still serving all customers that remained open for business
- Reduced overtime in line with re-routed trucks. All employees continued to receive a full base wage, while at the same time managing our labour hours and reducing costs
- Rationalised discretionary costs
- Retained all sales staff – winning new business and providing additional customer service

## **We provided additional support to our Cleanaway team and customers by:**

- Reallocating fleet to meet customer needs e.g. Healthcare and Supermarkets
- Enabling employees to remain on full pay while awaiting Covid-19 test results in self isolation
- Promoting our employee assistance and Mindfit programs to help support mental health
- Diverting our own people and fleet and extending our industrial cleaning capability to enable deep cleaning of Covid-19 affected sites

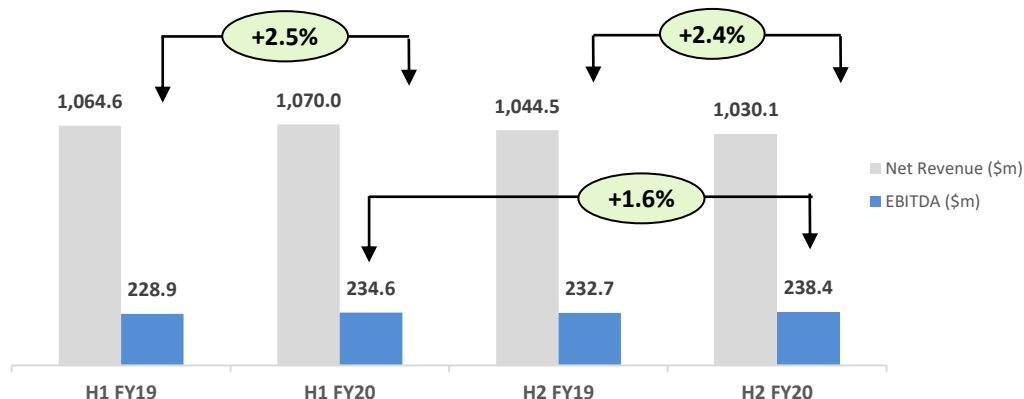
# Covid-19: Impacted Sub Segments and Waste Streams



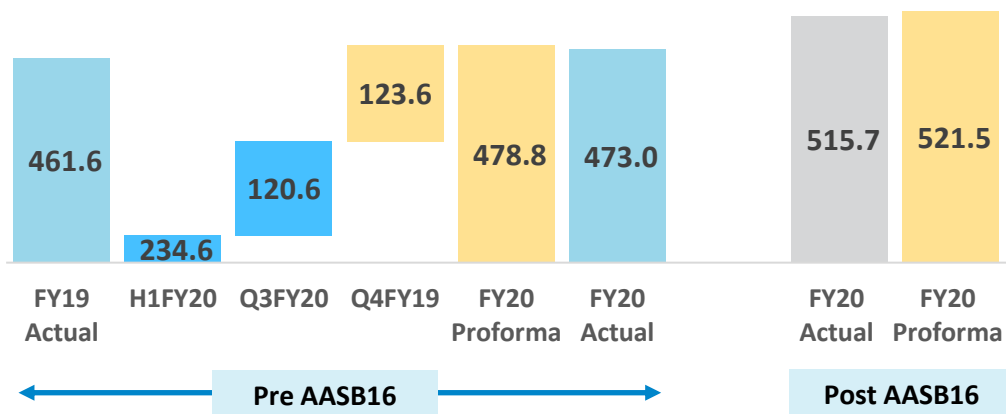
- ❖ A GDP linked company will be impacted by general economic slow down. To determine true impact of Covid-19 is impossible. Actively managing costs is critical to maintain operating leverage and stop deleveraging margins
- ❖ Greatest impact was within the SME sub segment of Commercial and Industrial customers across all waste streams
- ❖ Higher residential waste and contamination levels led to higher residuals going to landfills
- ❖ Delays to elective surgeries, as the health sector prepared for Covid-19, resulted in a change in mix of Health waste streams

# Covid-19: Revenue and EBITDA impacts

Net Revenue (\$m) and EBITDA (\$m) (Pre AASB16)



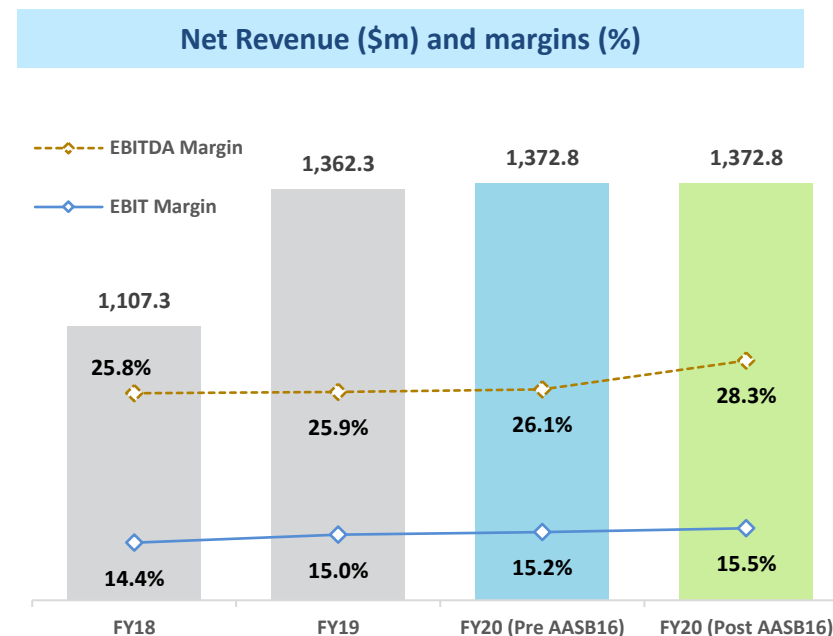
FY20 Covid-19 EBITDA Impacts (\$m)



- ❖ Covid-19 impacted the financial performance of Cleanaway in the last quarter of FY20
- ❖ H2FY20 net revenue declined 1.4% against H2FY19 – segments affected included
  - Solid Waste Services: Mid Market & SME customers
  - Liquids Waste & Health Services: Grease Trap & Oily Water
- ❖ H2FY20 EBITDA increased 2.4% against H2FY19 and 1.6% v H1FY20
- ❖ Covid-19 impacts on EBITDA were minimised through cost avoidance initiatives across the enterprise
- ❖ Q3FY20 Revenue and EBITDA were up by 3.4% and 10.5% respectively against Q3FY19
- ❖ Assuming Q4FY20 was flat on Q4FY19 - Full year EBITDA would have been \$478.8m (\$521.5m post AASB16)

# Solid Waste Services Performance

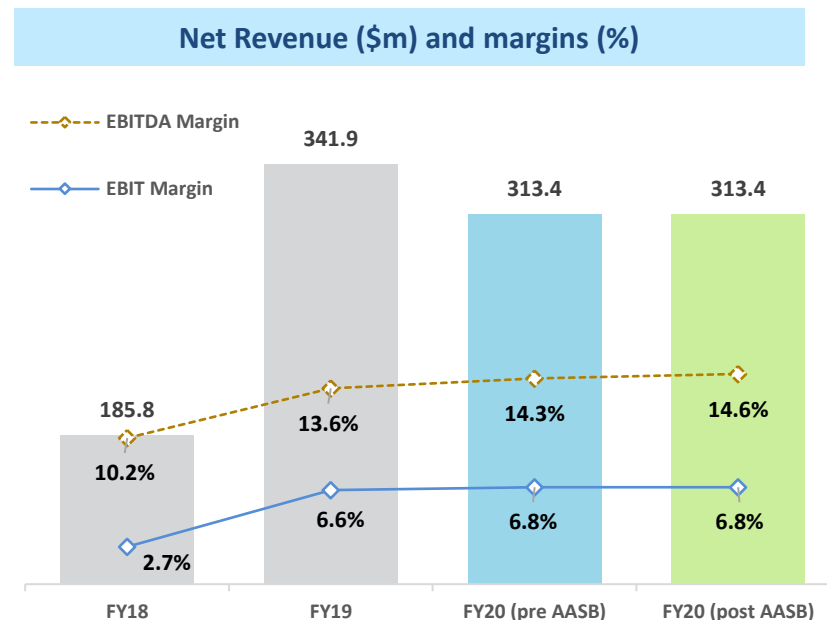
| \$million                      | FY19    | FY20 <sup>2</sup><br>(Pre AASB16) | change<br>FY19 v Pre AASB<br>FY20 | FY20 <sup>2</sup><br>(Post AASB16) | change<br>FY19 vs Post<br>AASB FY20 |
|--------------------------------|---------|-----------------------------------|-----------------------------------|------------------------------------|-------------------------------------|
| <b>Net revenue<sup>1</sup></b> | 1,362.3 | <b>1,372.8</b>                    | <b>0.8%</b>                       | <b>1,372.8</b>                     | <b>0.8%</b>                         |
| <b>EBITDA</b>                  | 352.8   | <b>358.1</b>                      | <b>1.5%</b>                       | <b>388.3</b>                       | <b>10.1%</b>                        |
| <b>EBITDA Margin</b>           | 25.9%   | <b>26.1%</b>                      | <b>20 bps</b>                     | <b>28.3%</b>                       | <b>240 bps</b>                      |
| <b>EBIT</b>                    | 204.0   | <b>209.2</b>                      | <b>2.5%</b>                       | <b>212.7</b>                       | <b>4.3%</b>                         |
| <b>EBIT Margin</b>             | 15.0%   | <b>15.2%</b>                      | <b>20 bps</b>                     | <b>15.5%</b>                       | <b>50 bps</b>                       |



- ❖ Net revenue (excluding commodities) increased 2.4% in FY20 over FY19 notwithstanding the negative impact on post collections from Qld Landfill levy introduction and the impact of Covid-19
- ❖ EBITDA growth (pre AASB16) of 1.5% despite negative impact from commodities, Qld post collections and Covid-19
- ❖ The former SKM Recycling assets were fully integrated in the second half. Full year contribution in FY21
- ❖ WA Regional CDS scheme to commence on 1 October 2020 with Cleanaway providing logistics and processing services
- ❖ We expect to mobilise new municipal contracts during the year including Randwick, Wyndham, City of Casey and SA Council Solutions
- ❖ Perth MRF reconstruction in progress and remains on track for completion in Q3 FY21

# Industrial & Waste Services Performance

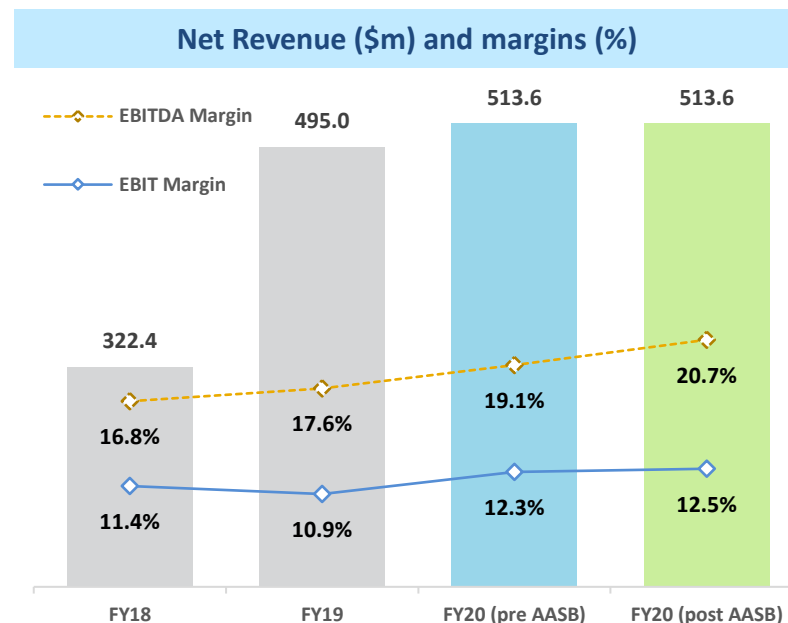
| \$million     | FY19  | FY20 <sup>1</sup><br>(Pre AASB16) | change<br>FY19 v Pre AASB<br>FY20 | FY20 <sup>1</sup><br>(Post AASB16) | change<br>FY19 v Post<br>AASB FY20 |
|---------------|-------|-----------------------------------|-----------------------------------|------------------------------------|------------------------------------|
| Net revenue   | 341.9 | 313.4                             | (8.3)%                            | 313.4                              | (8.3)%                             |
| EBITDA        | 46.6  | 44.9                              | (3.6)%                            | 45.9                               | (1.5)%                             |
| EBITDA Margin | 13.6% | 14.3%                             | 70 bps                            | 14.6%                              | 100 bps                            |
| EBIT          | 22.5  | 21.4                              | (4.9)%                            | 21.4                               | (4.9)%                             |
| EBIT Margin   | 6.6%  | 6.8%                              | 20 bps                            | 6.8%                               | 20 bps                             |



- ❖ The integration of Toxfree is complete and delivering expected integration synergies
- ❖ Net revenue was 8.3% lower than FY19 driven by a focus on higher margin work and not renewing lower margin contracts
- ❖ Higher margin contracts and an emphasis on strict cost discipline across the segment resulted in a 70 bps EBITDA margin increase

# Liquid Waste & Health Services Performance

| \$million     | FY19  | FY20 <sup>1</sup><br>(Pre AASB16) | change<br>FY19 v Pre<br>AASB FY20 | FY20 <sup>1</sup><br>(Post AASB16) | change<br>FY19 v Post<br>AASB FY20 |
|---------------|-------|-----------------------------------|-----------------------------------|------------------------------------|------------------------------------|
| Net revenue   | 495.0 | 513.6                             | 3.8%                              | 513.6                              | 3.8%                               |
| EBITDA        | 86.9  | 97.9                              | 12.7%                             | 106.3                              | 22.3%                              |
| EBITDA Margin | 17.6% | 19.1%                             | 150 bps                           | 20.7%                              | 310 bps                            |
| EBIT          | 54.0  | 63.1                              | 16.9%                             | 64.3                               | 19.1%                              |
| EBIT Margin   | 10.9% | 12.3%                             | 140 bps                           | 12.5%                              | 160 bps                            |



- ❖ The integration of the Toxfree businesses is complete. Net revenues were up 3.8% and EBITDA was up 12.7%
- ❖ EBITDA margins increased 150 basis points to 19.1% as a result of both revenue growth and the delivery of integration synergies
- ❖ Hydrocarbons performance was steady on the back of high utilisation of refineries and increased domestic oil volumes, partially offset by lower global oil prices in the last quarter
- ❖ Strong performance in the packaged and bulk hazardous waste streams as a result of the integration
- ❖ Health Services continues to perform strongly and remains on track with our strategic expectations

# Revised medium-term EBITDA margin targets



## Solid Waste Services

- ❖ FY20 EBITDA margin uplift of 220 bps due to AASB16
- ❖ Prior medium-term target was 27% pre AASB16
- ❖ Revised medium term target is 29% - 29.5%

## Industrial & Waste Services

- ❖ FY20 EBITDA margin uplift of 30 bps due to AASB16
- ❖ Prior medium-term target was 15% pre AASB16
- ❖ Revised medium term target is 15.5% - 16.0%

## Liquid Waste & Health Services

- ❖ FY20 EBITDA margin uplift of 160 bps due to AASB16
- ❖ Prior medium-term target was 20% pre AASB16
- ❖ Revised medium term EBITDA target is 21.5% - 22.0%

## Comments

- ❖ Duration of Covid-19 impact remains a key unknown in achieving these targets
- ❖ Further optimization of assets through safe, compliant, reliable management of fixed assets remains an opportunity that we will seek to leverage
- ❖ Data Harvesting and process automation leading to digitized Cleanaway could deliver margin gains

# Statutory NPAT Reconciliation to Underlying NPAT

| \$ million  | H1<br>FY20  | H2<br>FY20  | FY20         |
|---|-------------|-------------|--------------|
| <b>Statutory Profit After Income Tax Attributable to Ordinary Equity Holders</b>  | <b>46.2</b> | <b>66.7</b> | <b>112.9</b> |
| Pre-tax adjustments:  |             |             |              |
| Impact of Perth MRF fire net of insurance recoveries <sup>1</sup>                 | 18.0        | (3.4)       | 14.6         |
| Acquisition costs   | 7.4         | 1.1         | 8.5          |
| Integration costs   | 14.4        | 13.4        | 27.8         |
| Employee entitlements adjustment  | —           | 8.0         | 8.0          |
| Change in remediation provision discount rate                                     | —           | 2.0         | 2.0          |
| Gain on loss of control of Cleanaway ResourceCo                                   | —           | (1.1)       | (1.1)        |
| Gain on sale of buffer land at old Tullamarine landfill site                      | —           | (8.1)       | (8.1)        |
| <b>Total Underlying Adjustments to EBIT</b>                                       | <b>39.8</b> | <b>11.9</b> | <b>51.7</b>  |
| Net finance costs to underlying adjustments                                       | 0.2         | 2.1         | 2.3          |
| Tax impact of underlying adjustments  | (11.1)      | (5.5)       | (16.6)       |
| <b>Total Underlying Adjustments</b>   | <b>28.9</b> | <b>8.5</b>  | <b>37.4</b>  |
| <b>Underlying Profit After Income Tax Attributable to Ordinary Equity Holders</b> | <b>75.1</b> | <b>75.2</b> | <b>150.3</b> |



# Balance Sheet

| \$ million                               | 30 June 2019 | 30 June 2020<br>(Pre AASB16) | 30 June 2020<br>(Post AASB16) |
|--|--------------|------------------------------|-------------------------------|
| <b>ASSETS</b>                            |              |                              |                               |
| Cash and cash equivalents                | 56.2         | 79.8                         | 79.8                          |
| Trade and other receivables              | 382.0        | 348.1                        | 348.1                         |
| Inventories                              | 19.9         | 19.4                         | 19.4                          |
| Property, plant and equipment            | 1,232.0      | 1,345.1                      | 1,176.1                       |
| Right-of-use assets                      | —            | —                            | 416.7                         |
| Assets held for sale                     | 8.8          | —                            | —                             |
| Intangible assets                        | 2,324.9      | 2,294.6                      | 2,294.6                       |
| Other assets                             | 105.4        | 170.9                        | 175.6                         |
| <b>Total Assets</b>                      | 4,129.2      | 4,257.9                      | 4,510.3                       |
| <b>LIABILITIES</b>                       |              |                              |                               |
| Trade and other payables                 | 257.5        | 271.0                        | 271.0                         |
| Remediation and rectification provisions | 336.4        | 301.3                        | 301.3                         |
| Interest bearing liabilities             | 714.7        | 800.3                        | 1,065.4                       |
| Deferred settlement liability            | 81.9         | 82.6                         | 82.6                          |
| Other liabilities                        | 202.1        | 219.9                        | 219.0                         |
| <b>Total Liabilities</b>                 | 1,592.6      | 1,675.1                      | 1,939.3                       |
| <b>Net Assets</b>                        | 2,536.6      | 2,582.8                      | 2,571.0                       |

- ❖ Adoption of AASB16 has increased assets by \$252.4 million and liabilities by \$264.2 million
- ❖ Increase in Other assets largely reflects the equity accounted investment in ResourceCo and the fair value change of \$30 million in our USPP offset by an equivalent change in interest bearing liabilities
- ❖ Landfill remediation provision reduction from June 2019 mainly reflects remediation payments, offset by the unwinding of the discount and acquired remediation liabilities
- ❖ Deferred settlement liability mainly represents annual fixed payments relating to the Melbourne Regional Landfill, discounted to present value

# Cash Flow

| \$ million  | FY19    | FY20<br>(Pre AASB16) | FY20<br>(Post AASB16) | Comments on Pre AASB16  |
|---|---------|----------------------|-----------------------|---|
| <b>Underlying EBITDA</b>                                | 461.6   | 473.0                | 515.7                 |   |
| Cash flow of underlying adjustments                     | (17.6)  | (27.7)               | (26.1)                |   |
| Less: Other non-cash items                              | (0.1)   | (2.0)                | (2.0)                 |   |
| Payments for rectification and remediation of landfills | (36.0)  | (46.5)               | (46.5)                |   |
| Other changes in working capital                        | (9.0)   | 43.1                 | 43.1                  |   |
| Net interest paid                                       | (29.5)  | (24.4)               | (33.2)                |   |
| Tax paid  | (18.6)  | (49.5)               | (49.5)                |   |
| <b>Net cash from operating activities</b>               | 350.8   | 366.0                | 401.5                 | ❖ Excluding the \$25m prior period tax refund, Net cash from operating activities increased by \$40.2m compared to the previous corresponding period. Working capital drove the increase due to permitted deferral of some government payments and improved collections from both government and non-government customers |
| Capital expenditure                                     | (192.5) | (209.8)              | (209.8)               |   |
| Payments towards purchase of businesses <sup>1</sup>    | (44.2)  | (84.8)               | (84.8)                |   |
| Net proceeds from sale of PP&E and investments          | 17.3    | 24.3                 | 24.3                  | ❖ Free cash flow <sup>2</sup> up 11.5% to \$230.1m due primarily to improved working capital  |
| Payments towards equity accounted investments           | (1.5)   | (15.2)               | (15.2)                |   |
| Proceeds on disposal of non-controlling interest        | —       | 0.1                  | 0.1                   |   |
| Proceeds from loss of control of subsidiaries           | —       | 2.0                  | 2.0                   | ❖ Ratio of cash flow from operating activities to underlying EBITDA 108.2% (pcp: 98.2% <sup>3</sup> ). Permitted deferrals of certain Government payments contributed to the result as did improved receipts from government and large customers. The ~\$15m of deferred payments will likely reverse in FY21             |
| Dividends received from equity accounted investments    | 4.0     | 1.2                  | 1.2                   |   |
| Repayments from customers                               | 0.4     | —                    | —                     |   |
| <b>Net cash used in investing activities</b>            | (216.5) | (282.2)              | (282.2)               |   |
| Net repayment and proceeds from borrowings              | (73.9)  | 12.1                 | (23.4)                |   |
| Payment of debt and equity raising costs                | (1.2)   | (2.7)                | (2.7)                 |   |
| Payment of ordinary dividend                            | (55.0)  | (69.4)               | (69.4)                |   |
| Payment of dividend to non-controlling interests        | —       | (0.2)                | (0.2)                 |   |
| <b>Net cash used in financing activities</b>            | (130.1) | (60.2)               | (95.7)                |   |
| <b>Net increase in cash and cash equivalents</b>        | 4.2     | 23.6                 | 23.6                  | ❖ Cash flow will benefit in FY21 and beyond from a stepdown in expenditure on landfill remediation  |
| Opening cash  | 52.0    | 56.2                 | 56.2                  |   |
| <b>Closing cash</b>                                     | 56.2    | 79.8                 | 79.8                  |   |

Note 1: Includes MRL fixed payments.

Note 2: Free cash flow defined as net cash from operating activities excluding interest and tax less capital expenditure.

Note 3: Calculated as net cash from operating activities before remediation of landfills, underlying adjustments, net interest and tax divided by underlying EBITDA before share of profits from equity accounted investments.

# Capital Structure – Debt

| \$ million                                 | 30 June 2019 | 30 June 2020<br>(Pre AASB16) | 30 June 2020<br>(Post AASB16) |
|--|--------------|------------------------------|-------------------------------|
| Leases                                     | 134.4        | 172.2                        | 437.3                         |
| USPP Notes                                 | —            | 426.9                        | 426.9                         |
| Other interest-bearing liabilities         | 580.3        | 201.2                        | 201.2                         |
| <b>Gross Debt</b>                          | 714.7        | 800.3                        | 1,065.4                       |
| Cash and cash equivalents                  | (56.2)       | (79.8)                       | (79.8)                        |
| Derivative financial instruments – CCIRS   | —            | (30.0)                       | (30.0)                        |
| <b>Net Debt</b>                            | 658.5        | 690.5                        | 955.6                         |
| <b>Gearing ratio</b>                       | 20.6%        | 21.1%                        | 27.1%                         |
| <b>Net Debt to underlying EBITDA ratio</b> | 1.43x        | 1.46x                        | 1.85x                         |
| <b>Interest cover ratio</b>                | 15.54x       | 19.07x                       | 15.35x                        |

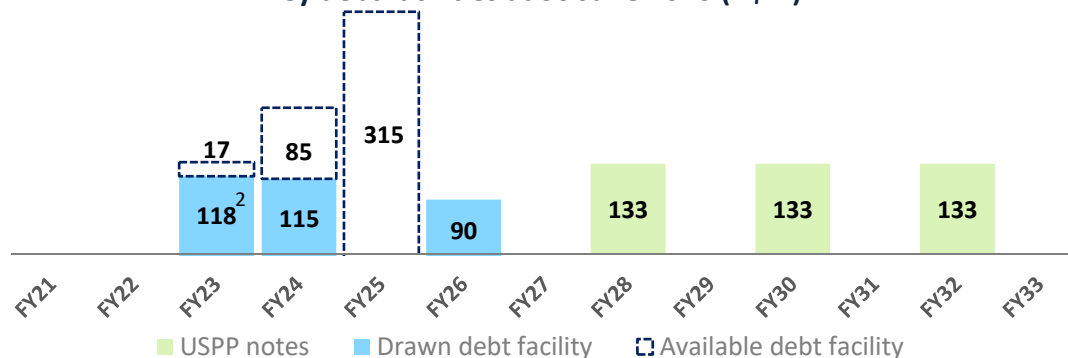
## Capital structure 30 June 2020:

- ❖ At 30 June 2020, the Group had \$421 million of headroom under existing banking facilities
- ❖ The Group remains well within covenant limits of less than 3.00x for Net Debt to underlying EBITDA ratio and above 3.00x for interest cover ratio<sup>1</sup>
- ❖ Next refinancing due in July 2022

## USPP funding 11 February 2020:

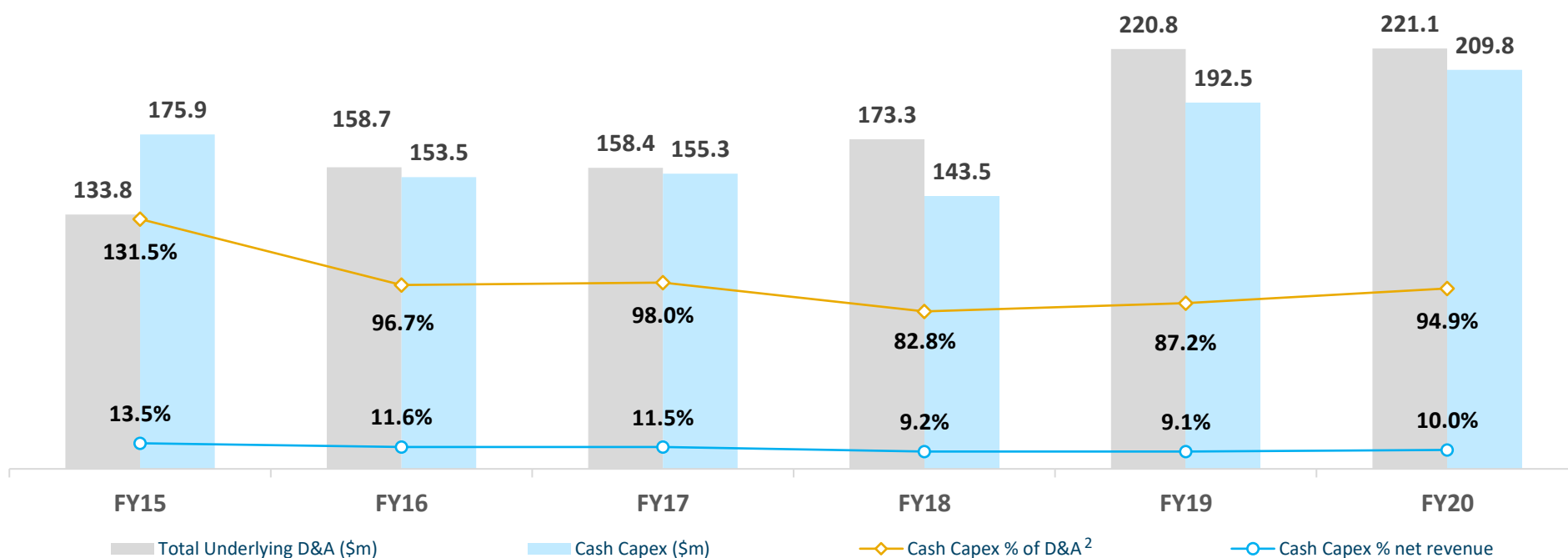
- ❖ 3 tranches of US\$90 million each. Tenors of 8, 10 and 12 years
- ❖ Average debt maturity at 30 June 2020 was 5.4 years following USPP Notes. Currency exposure to USPP Notes hedged
- ❖ USPP Notes swapped to a weighted average margin of 1.61% above 3 month Australian bank bill rates

Key debt facilities at 30 June 2020 (A\$m)



# Capital Expenditure Discipline

- ❖ Cash capital expenditure<sup>1</sup> for the year was 10.0% of net revenue in line with our ongoing target
- ❖ Leasing finance utilised in FY20 of \$57.7 million for government related contracts
- ❖ FY21 finance leases of over \$75 million to be utilised for new and renewed government related contracts to align with the contracted cash flows



Note 1: Refers to capital expenditure as per cash flow statement.

Note 2: References to D&A exclude the impact of AASB16 to enable a meaningful comparison with prior periods.

# Toxfree Integration – On time and within budget

In excess of \$35 million annual synergies delivered...

## Alignment

- ❖ Business units fully aligned to operating model
- ❖ Organisation design and restructuring completed

## Harmonisation

- ❖ Brand harmonisation and asset rebranding complete
- ❖ Pricing disciplines embedded across all strategic business units

## Procurement

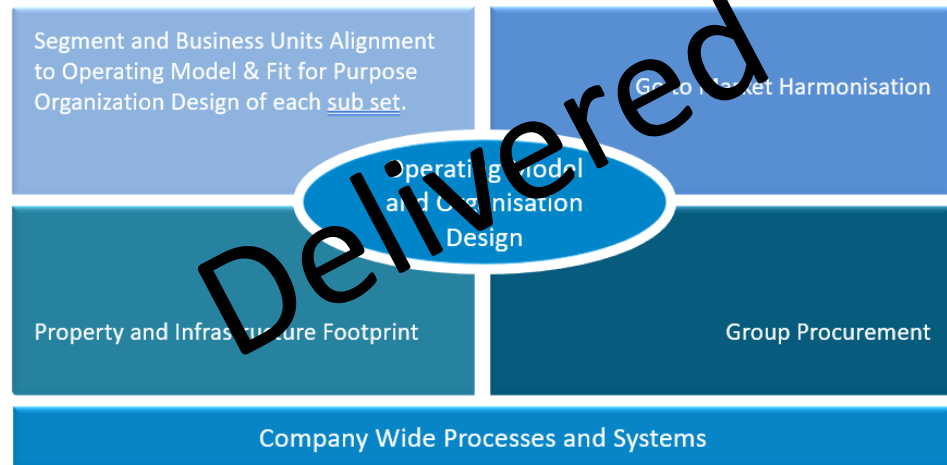
- ❖ Enterprise-wide leveraging of capabilities and disciplines

## Systems and processes

- ❖ 1ERP and enterprise wide Health and Safety platform delivered

## Toxfree Integration is on track

To achieve the \$35 million in synergies over the next two years the integration will be managed through six major categories



7

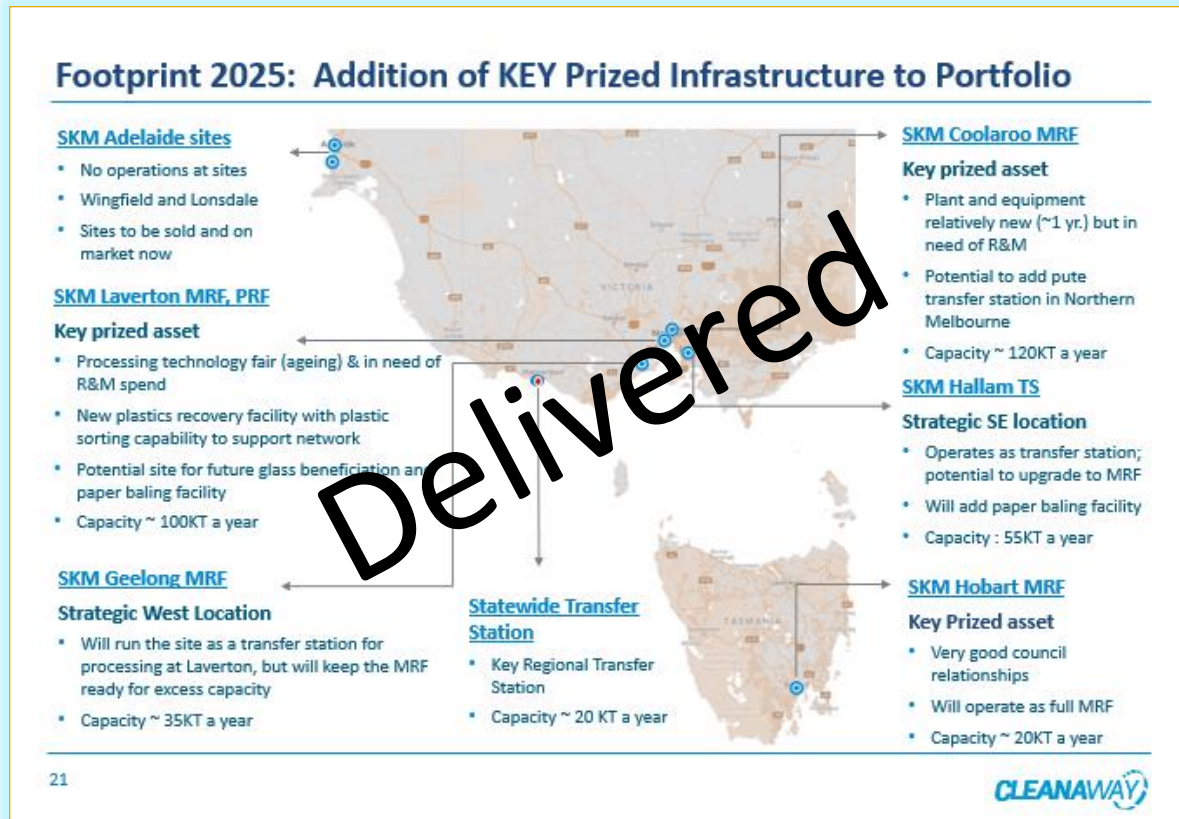
CLEANAWAY

...with the integration now complete

# SKM Integration

## Integration of prized assets complete...

- ❖ Assets acquired for \$66 million and ownership commenced on 31 October 2019
- ❖ MRFs are equipped with advanced optical sorters to produce high quality commodities
- ❖ Plastics recovery facility in Laverton can sort mixed plastics into individual polymers to create further value
- ❖ All sites cleaned up and plant and equipment remediated and upgraded where required
- ❖ Equipment optimised to process to low contamination levels allowing wider access to key commodity markets
- ❖ Negotiated contracts on commercial terms with councils including agreed contamination thresholds



...with over 200k tonnes expected to be processed this year

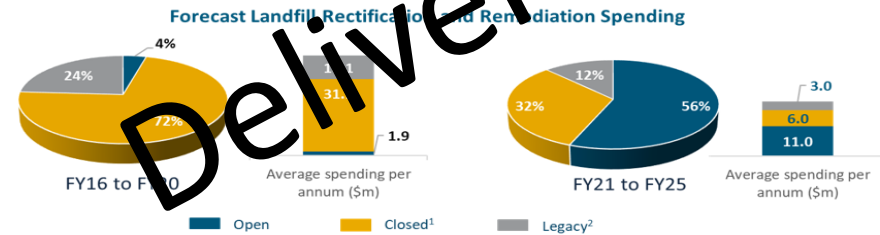
# Legacy Landfill Rectification and Remediation

## Major elements of the rectification program complete...

- ❖ Legacy landfill rectification spending largely complete
- ❖ FY20 spend of \$46.5 million in line with prior guidance
- ❖ FY16 - FY20 average spend was \$41.4 million
- ❖ Ongoing remediation of legacy, closed and open landfills will continue in line with compliance obligations
- ❖ Significant cash flow benefits from FY21 onwards
- ❖ Sold closed landfills releasing provisions
  - Market Road, Brooklyn (2017)
  - Old Geelong Road, Brooklyn (2017)
  - Henry Street, Clayton (2018)

### Completion of Legacy Landfill Rectification & Remediation – ON TRACK

- ❖ Expenditure for FY20 expected to be ~\$45 - 50m (prior guidance \$55m)
- ❖ We advised in FY16 that spend would average ~\$45m per annum through to FY20 and we remain on target
- ❖ Cash flow will benefit in FY21 and beyond from a stepdown in expenditure on landfill remediation
- ❖ FY21 to FY25 expenditure to average ~\$20m per annum and reducing to an average of ~\$10m per annum thereafter



22

Note 1: Closed spending represents remediation costs where the site is no longer receiving waste and has reached final capacity or management have elected not to continue further development or operations.  
 Note 2: Legacy spending represents rectification costs identified following reviews conducted by management and landfill consultants in 2014.

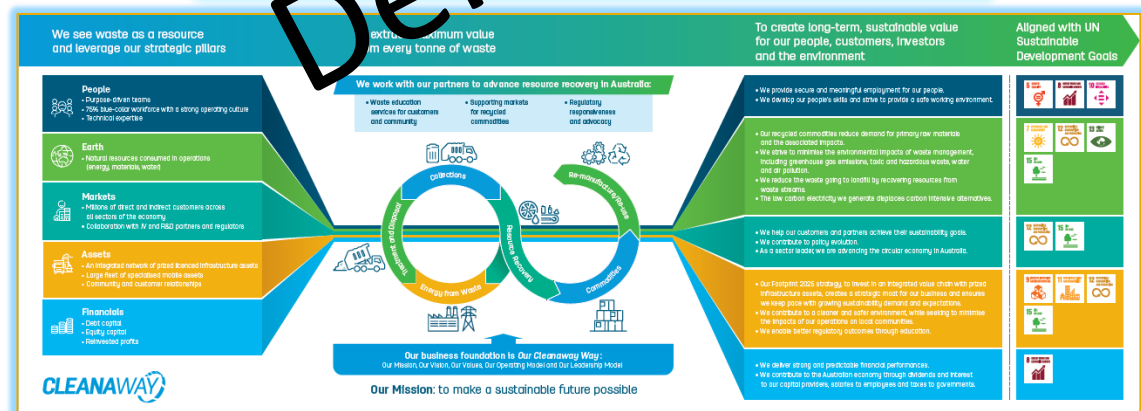
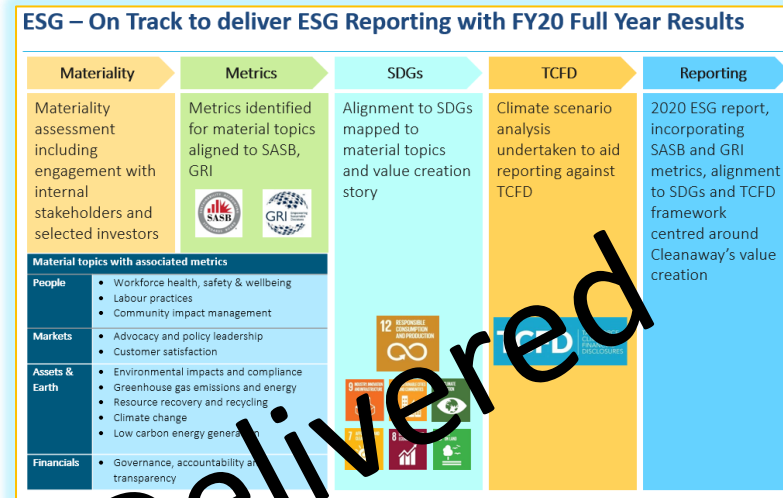


...with a ~\$25m annual cash flow benefit to FY25 and increasing to ~\$35m thereafter

# Sustainability Reporting

## First year to report sustainability performance ...

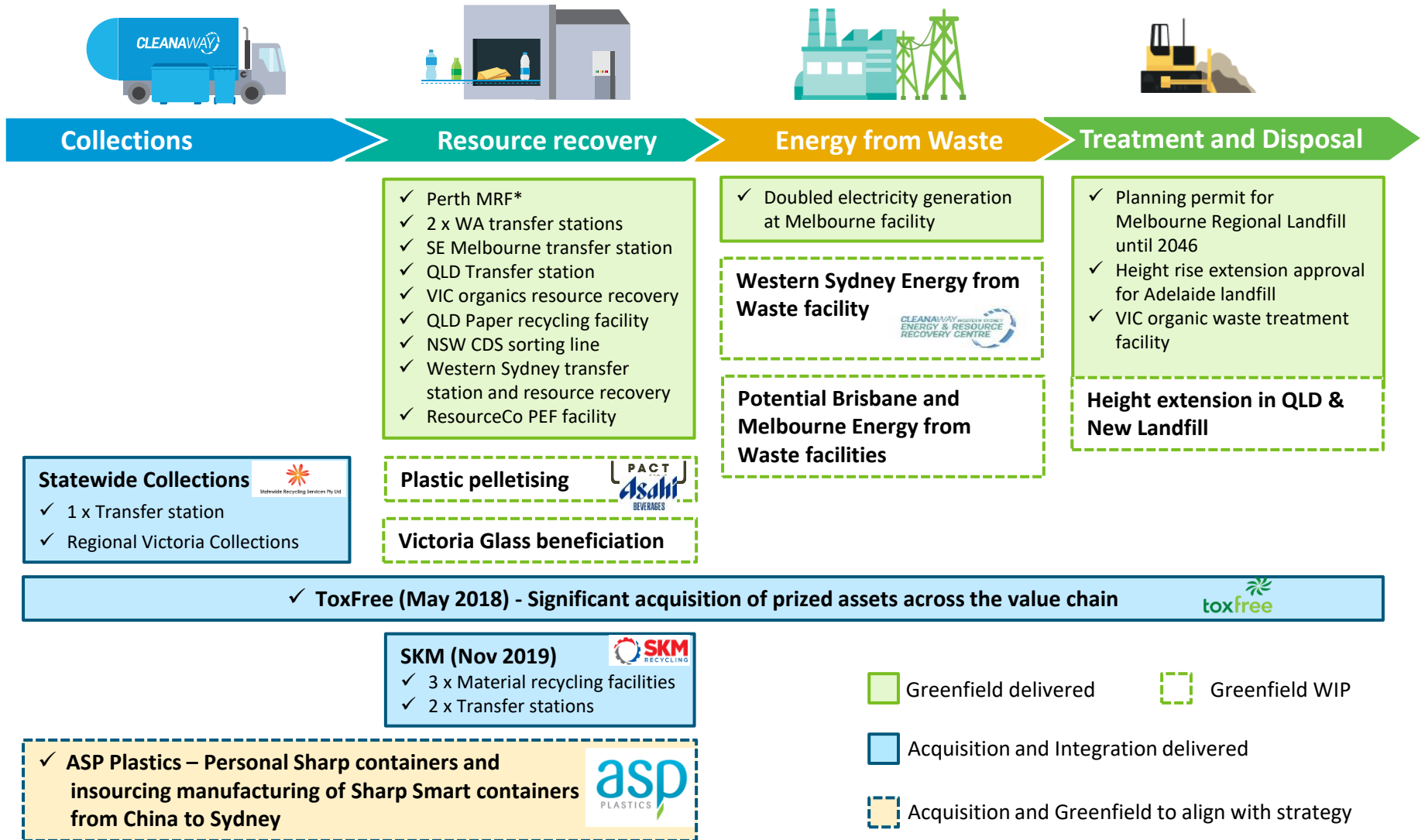
- ❖ Our Sustainability Report is centred around our Value Creation Story, which explains how the business transforms its inputs to create value for our stakeholders
- ❖ We identified the relevant metrics for our business to report against SASB and UNSDG
- ❖ We assessed where we were positively and negatively impacting sustainable development goals and the appropriate actions we are taking to manage this
- ❖ We have set improvement targets for a number of material sustainability topics and have committed to expanding our targets in the future
- ❖ The report will be available on our website from early September



...aligned with recognized standards



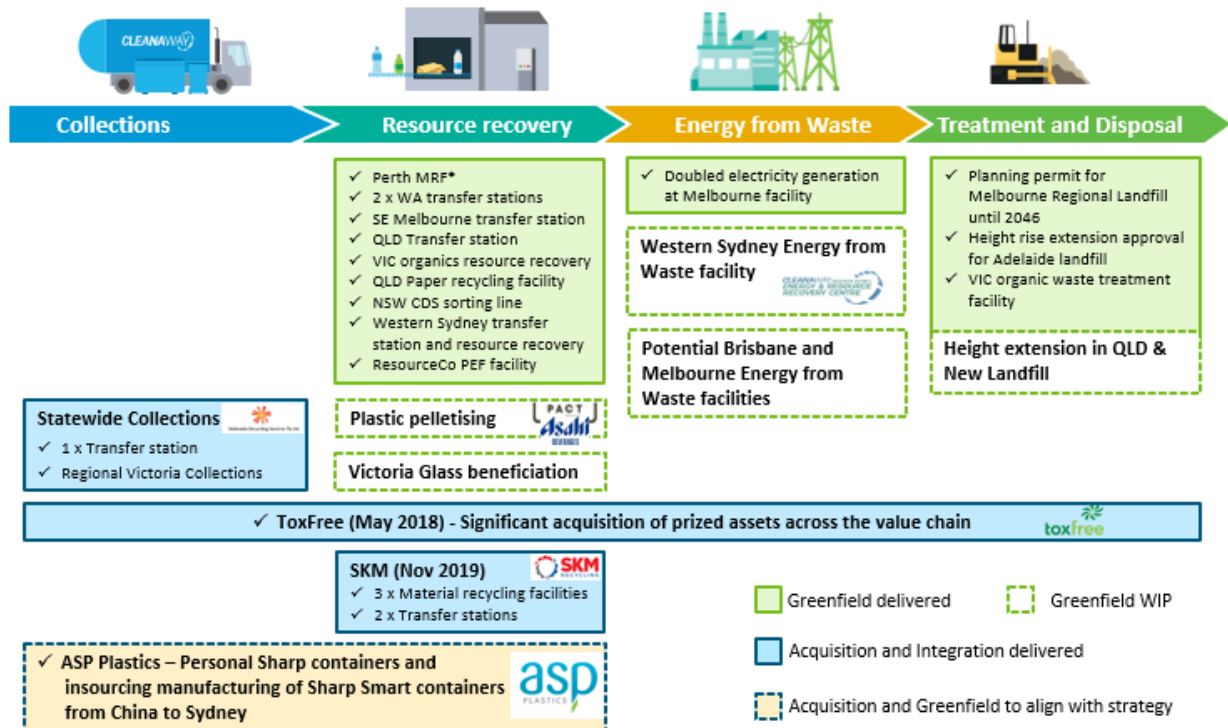
# Delivering Footprint 2025 – Acquisitions and Greenfield to continue



# Recycling Assets – from depreciating to prized infrastructure

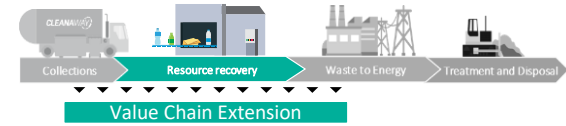
Over the past five years we have been recycling low return assets into highly prized infrastructure assets

- Old landfills / buffer
  - Brooklyn x 2
  - Clayton
  - Tullamarine
- Old unlicensed sites
  - Crestmead
  - Kurri Kurri
  - Launceston
  - Bayswater
  - Mornington
  - Clayton Depot
- Other
  - Western Resource Recovery Joint Venture

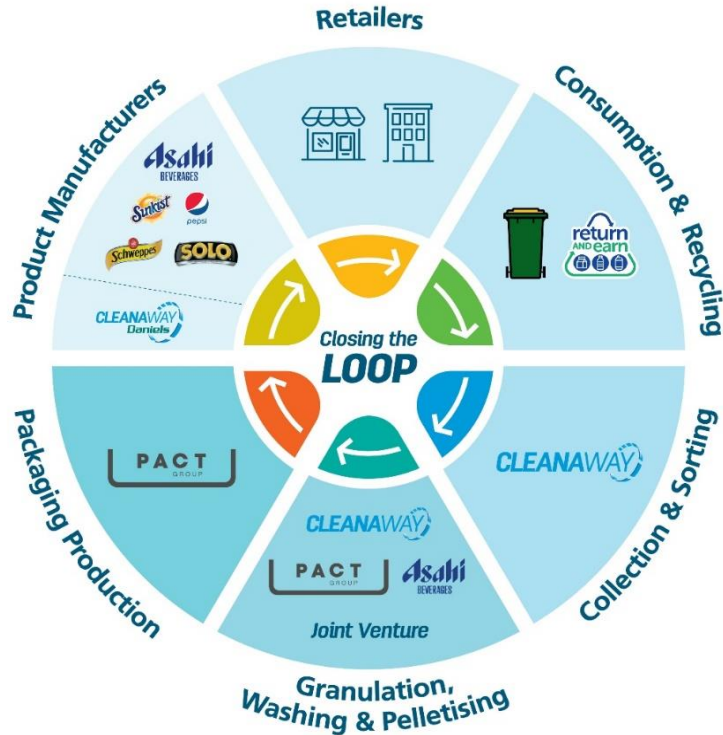


Over \$150M committed to Footprint 2025 greenfield investments since FY16 – all within our capital expectations by remaining cash disciplined – plus value accretive acquisitions

# PET Plastic Pelletising Joint Venture



Cross value chain collaboration with Pact and Asahi for bottle to bottle recycling of ~1 billion bottles p.a.



| Milestone                          | Progress |
|------------------------------------|----------|
| Feedstock                          | ●        |
| JV Partner selection & formation   | ●        |
| Site identification                | ●        |
| Technical specification and design | ●        |
| Equipment procurement              | ●        |
| Final Investment Decision          | ●        |
| Planning Approvals                 | ◐        |
| Construction                       | ○        |
| Commissioning                      | Dec '21  |

- ❖ Integrated facility to sort, wash, decontaminate, flake and pelletise plastics
- ❖ Processing capacity of ~28kt p.a. to produce ~20kt p.a. of food grade recycled pellets / flakes (rPET)
- ❖ Albury location provides ability to service East Coast, has competitive cost profile and is close to Asahi's bottle plant
- ❖ Long term supply and offtake agreements agreed at prices linked to rPET market price

# Sydney Energy from Waste Development



## Preliminary Facility Design



## Project Facts & Overview

- ❖ Located in waste and industrial precinct at Eastern Creek, close to major motorways
- ❖ 500ktpa of residual C&I and MSW waste feedstock
- ❖ Safe, proven and latest moving grate technology
- ❖ ~55MW of electricity, enough for ~79,000 homes
- ❖ Landfill diversion – up to 95% of incoming waste
- ❖ Carbon benefits – >390,000t p.a. of CO2e avoided, equivalent to ~85,000 cars off the road
- ❖ Job creation – 900 direct & 1200 indirect during construction, and ~50 permanent skilled jobs

| Milestone                         |           | Progress |
|-----------------------------------|-----------|----------|
| Cleanaway & Macquarie JV          | May 2019  |          |
| Site acquisition                  | Oct 2019  |          |
| Scoping Report submission         | Nov 2019  |          |
| Development and Commercialisation |           |          |
| EIS submission                    |           |          |
| Development approval              |           |          |
| Target Financial Close            | 2021/2022 |          |
| Construction                      | ~3 years  |          |
| Commissioning                     | 2024/2025 |          |

# Regulatory Update

## Energy from Waste

- Role of Energy from Waste becoming clearer in key states
- Policy clarity by state governments will aid investment decisions

## Landfill levies

- Victorian annual levy increases postponed to 1 Jan in response to Covid-19
- Step change levy increases proposed in VIC (\$125.90 per tonne from 1 July 2022)

## Container Deposit Schemes

- Most States looking to implement CDS with unique operating models
- NSW model has proven highly successful
- Cleanaway actively pursuing opportunities to participate

## Waste Export Ban

- Timeline for waste stream ban established
- Cleanaway continuing to engage directly with policy makers advocating for supportive actions to avoid unintended consequences

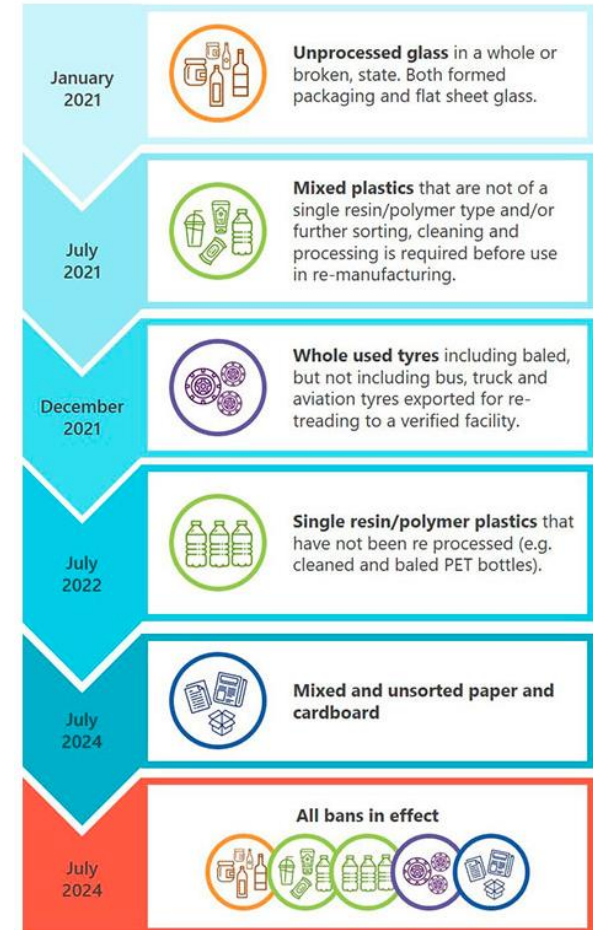
## China National Sword

- Old Corrugated Cardboard (OCC) to be sold into alternative SE Asia markets
- China is not a large export market for Cleanaway's other recovered commodities

## National Waste Policy Action Plan

- Very supportive of Recycling Fund announced by Federal Government
- Supportive of Federal Government's desire for a national approach to Environment standards

## Definitions and timings



Source: <https://www.environment.gov.au/protection/waste-resource-recovery/waste-export-ban>

# Priorities and FY21 Outlook

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## Priority

- ❖ Safety, Customer and Growth remain our key priorities across all three segments and across the Enterprise.
- ❖ Active management of the ongoing Covid-19 headwinds focusing on Health and Safety, Customer Service, Management of receivables and cash, and active cost control and reductions as appropriate.
- ❖ Ensure segments are positioned to deliver on revised EBITDA margin targets as we come out of Covid-19.
- ❖ Complete the Perth MRF reconstruction by Q3 FY21.
- ❖ Continue to progress our Energy from Waste and PET Plastic Pelletising projects and explore similar opportunities.
- ❖ Explore strategic acquisitions to support further growth.
- ❖ Progress the Data & Automation Agenda.

## FY21 Trading & Outlook

- ❖ Trading conditions so far this year have been mixed across the country. The impact of Covid-19 continues to be more pronounced in Victoria. We saw some recovery in June over April and May.
- ❖ Enterprise performance in July 2020 has been in line with the FY20 average monthly performance.
- ❖ Responsive and proportionate cost management will continue to be actioned as we see market conditions changing.
- ❖ Trading conditions remain too uncertain to provide guidance at this time. We will provide a further trading update at the Annual General Meeting on 14 October 2020.

# Questions



# Appendices

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# Group Income Statement – Statutory and Underlying Results

| \$ million  | Statutory Results |                  | Underlying Adjustments |               | Underlying Results<br>(Post AASB16) |                  |
|---|-------------------|------------------|------------------------|---------------|-------------------------------------|------------------|
|   | FY19              | FY20             | FY19                   | FY20          | FY19                                | FY20             |
| <b>Sales revenue external and other revenue (Gross Revenue)</b> | 2,283.1           | <b>2,332.1</b>   | —                      | —             | 2,283.1                             | <b>2,332.1</b>   |
| Share of profits/(losses) in equity accounted investments       | 0.7               | <b>(2.1)</b>     | —                      | —             | 0.7                                 | <b>(2.1)</b>     |
| Expenses (net of other income)                                  | (1,850.1)         | <b>(1,842.9)</b> | 27.9                   | <b>28.6</b>   | (1,822.2)                           | <b>(1,814.3)</b> |
| <b>Total EBITDA</b>   | 433.7             | <b>487.1</b>     | 27.9                   | <b>28.6</b>   | 461.6                               | <b>515.7</b>     |
| Depreciation, amortisation and write-offs                       | (220.8)           | <b>(282.2)</b>   | —                      | <b>23.1</b>   | (220.8)                             | <b>(259.1)</b>   |
| <b>Total EBIT</b>   | 212.9             | <b>204.9</b>     | 27.9                   | <b>51.7</b>   | 240.8                               | <b>256.6</b>     |
| Net cash interest expense                                       | (29.7)            | <b>(34.0)</b>    | —                      | <b>0.4</b>    | (29.7)                              | <b>(33.6)</b>    |
| Non-cash finance costs  | (17.2)            | <b>(15.1)</b>    | —                      | <b>1.3</b>    | (17.2)                              | <b>(13.8)</b>    |
| Changes in fair value of derivatives and USPP borrowings        | —                 | <b>(0.6)</b>     | —                      | <b>0.6</b>    | —                                   | —                |
| <b>Profit before income tax</b>                                 | 166.0             | <b>155.2</b>     | 27.9                   | <b>54.0</b>   | 193.9                               | <b>209.2</b>     |
| Income tax expense  | (45.5)            | <b>(42.6)</b>    | (7.8)                  | <b>(16.6)</b> | (53.3)                              | <b>(59.2)</b>    |
| <b>Profit after income tax</b>                                  | 120.5             | <b>112.6</b>     | 20.1                   | <b>37.4</b>   | 140.6                               | <b>150.0</b>     |
| Non-Controlling Interest  | (0.1)             | <b>0.3</b>       | —                      | —             | (0.1)                               | <b>0.3</b>       |
| <b>Attributable Profit after Tax</b>                            | 120.4             | <b>112.9</b>     | 20.1                   | <b>37.4</b>   | 140.5                               | <b>150.3</b>     |
| Weighted average number of shares                               | 2,041.6           | <b>2,050.7</b>   | —                      | —             | 2,041.6                             | <b>2,050.7</b>   |
| <b>Basic earnings per share (cents)</b>                         | 5.9               | <b>5.5</b>       | 1.0                    | <b>1.8</b>    | 6.9                                 | <b>7.3</b>       |

## Underlying Segment Disclosures (Post AASB16)

| \$ million                    | Solid Waste Services | Industrial & Waste Services | Liquid Waste & Health Services | Equity Accounted Investments | Corporate & Other | Eliminations – Group | GROUP          |
|-------------------------------|----------------------|-----------------------------|--------------------------------|------------------------------|-------------------|----------------------|----------------|
| <b>Revenue</b>                |                      |                             |                                |                              |                   |                      |                |
| Sales of goods and services   | 1,549.0              | 300.7                       | 450.1                          | —                            | —                 | —                    | 2,299.8        |
| Other revenue                 | 11.8                 | —                           | 20.5                           | —                            | —                 | —                    | 32.3           |
| Internal sales                | 44.0                 | 12.7                        | 43.0                           | —                            | —                 | (99.7)               | —              |
| <b>Gross Revenue</b>          | <b>1,604.8</b>       | <b>313.4</b>                | <b>513.6</b>                   | <b>—</b>                     | <b>—</b>          | <b>(99.7)</b>        | <b>2,332.1</b> |
| <b>Underlying EBITDA</b>      | <b>388.3</b>         | <b>45.9</b>                 | <b>106.3</b>                   | <b>(2.1)</b>                 | <b>(22.7)</b>     | <b>—</b>             | <b>515.7</b>   |
| Depreciation and amortisation | (175.6)              | (24.5)                      | (42.0)                         | —                            | (17.0)            | —                    | (259.1)        |
| <b>Underlying EBIT</b>        | <b>212.7</b>         | <b>21.4</b>                 | <b>64.3</b>                    | <b>(2.1)</b>                 | <b>(39.7)</b>     | <b>—</b>             | <b>256.6</b>   |

| <b>AASB16 Adjustments included in the above</b> |             |            |            |          |            |          |             |
|---|-------------|------------|------------|----------|------------|----------|-------------|
| <b>EBITDA</b>                                   | <b>30.2</b> | <b>1.0</b> | <b>8.4</b> | <b>—</b> | <b>3.1</b> | <b>—</b> | <b>42.7</b> |
| Depreciation and amortisation                   | (26.7)      | (1.0)      | (7.2)      | —        | (3.1)      | —        | (38.0)      |
| <b>EBIT</b>                                     | <b>3.5</b>  | <b>—</b>   | <b>1.2</b> | <b>—</b> | <b>—</b>   | <b>—</b> | <b>4.7</b>  |

# Net Finance Costs

| \$ million   | Statutory |        | Underlying<br>(Pre AASB16) |       | Underlying<br>(Post AASB16) |
|--|-----------|--------|----------------------------|-------|-----------------------------|
|  | FY19      | FY20   | FY19                       | FY20  | FY20                        |
| <b>Cash interest expense</b>                               |           |        |                            |       |                             |
| Bank interest  | 21.7      | 13.8   | 21.7                       | 13.8  | 13.8                        |
| Lease interest   | 5.8       | 15.7   | 5.8                        | 6.5   | 15.3                        |
| Commitment and Guarantee fees                              | 2.9       | 2.5    | 2.9                        | 2.5   | 2.5                         |
| USPP Notes   | —         | 3.4    | —                          | 3.4   | 3.4                         |
| Interest received  | (0.7)     | (1.4)  | (0.7)                      | (1.4) | (1.4)                       |
| <b>Net cash interest expense</b>                           | 29.7      | 34.0   | 29.7                       | 24.8  | 33.6                        |
| <b>Non-cash finance costs</b>                              |           |        |                            |       |                             |
| Amortisation of borrowing costs                            | 2.9       | 4.6    | 2.9                        | 3.3   | 3.3                         |
| Unwinding of discount on remediation provision             | 7.3       | 4.0    | 7.3                        | 4.0   | 4.0                         |
| Unwinding of discount on MRL fixed payments                | 7.0       | 6.5    | 7.0                        | 6.5   | 6.5                         |
| <b>Total non-cash finance costs</b>                        | 17.2      | 15.1   | 17.2                       | 13.8  | 13.8                        |
| <b>Changes in fair value</b>                               |           |        |                            |       |                             |
| Fair value loss on USPP Notes                              | —         | 34.0   | —                          | —     | —                           |
| Change in fair value of cross currency interest rate swaps | —         | (33.4) | —                          | —     | —                           |
| <b>Total changes in fair value</b>                         | —         | 0.6    | —                          | —     | —                           |
| <b>Total net finance costs</b>                             | 46.9      | 49.7   | 46.9                       | 38.6  | 47.4                        |

# Performance Summary — FY19 v FY20 (with AASB16 adoption)

## Underlying Group Results

| \$ million                           | FY19 <sup>1</sup> | FY20<br>(Post AASB16) | Change  |
|--------------------------------------|-------------------|-----------------------|---------|
| Gross Revenue                        | 2,283             | 2,332                 | 2.1%    |
| Net Revenue                          | 2,109             | 2,100                 | (0.4)%  |
| EBITDA                               | 461.6             | 515.7                 | 11.7%   |
| <i>EBITDA Margin</i>                 | 21.9%             | 24.6%                 | 270 bps |
| EBIT                                 | 240.8             | 256.6                 | 6.6%    |
| <i>EBIT Margin</i>                   | 11.4%             | 12.2%                 | 80 bps  |
| NPAT                                 | 140.6             | 150.0                 | 6.7%    |
| Earnings Per Share                   | 6.9               | 7.3                   | 5.8%    |
| NPATA <sup>2</sup>                   | 151.8             | 161.7                 | 6.5%    |
|                                      | FY19              | FY20<br>(Post AASB16) | Change  |
| Total dividend per share (cents)     | 3.55              | 4.10                  | 15.5%   |
| Cash from operating activities (\$m) | 350.8             | 401.5                 | 14.5%   |
| Free cash flow (\$m)                 | 206.4             | 274.4                 | 32.9%   |
| Cash conversion ratio                | 98.2%             | 107.5%                | +9.3%   |
| Net Debt to EBITDA                   | 1.43x             | 1.85x                 | +0.42x  |

## Segment Performance

| \$ million                                | FY19 <sup>1</sup> | FY20<br>(Post AASB16) | Change  |
|---|-------------------|-----------------------|---------|
| <b>Solid Waste Services</b>               |                   |                       |         |
| Net Revenue                               | 1,362.3           | 1,372.8               | 0.8%    |
| EBITDA                                    | 352.8             | 388.3                 | 10.1%   |
| <i>EBITDA Margin</i>                      | 25.9%             | 28.3%                 | 240 bps |
| EBIT                                      | 204.0             | 212.7                 | 4.3%    |
| <i>EBIT margin</i>                        | 15.0%             | 15.5%                 | 50 bps  |
| <b>Industrial &amp; Waste Services</b>    |                   |                       |         |
| Net Revenue                               | 341.9             | 313.4                 | (8.3)%  |
| EBITDA                                    | 46.6              | 45.9                  | (1.5)%  |
| <i>EBITDA Margin</i>                      | 13.6%             | 14.6%                 | 100 bps |
| EBIT                                      | 22.5              | 21.4                  | (4.9)%  |
| <i>EBIT margin</i>                        | 6.6%              | 6.8%                  | 20 bps  |
| <b>Liquid Waste &amp; Health Services</b> |                   |                       |         |
| Net Revenue                               | 495.0             | 513.6                 | 3.8%    |
| EBITDA                                    | 86.9              | 106.3                 | 22.3%   |
| <i>EBITDA Margin</i>                      | 17.6%             | 20.7%                 | 310 bps |
| EBIT                                      | 54.0              | 64.3                  | 19.1%   |
| <i>EBIT margin</i>                        | 10.9%             | 12.5%                 | 160 bps |