

9 October 2020

Company Announcements Office
ASX Limited
Exchange Office
Level 4, 20 Bridge Street
Sydney NSW 2000

Dear Sir/Madam

Presentation at Morgans Conference

Attached is a presentation to be made by the CEO and Managing Director at the Morgans conference later today.

This announcement was authorised by the Company Secretary.

Yours sincerely



Dan Last
Company Secretary

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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.



5th Annual Value in the Vines conferences

Morgans - Scone

Vik Bansal – CEO and Managing Director

9 October 2020

Disclaimer

- **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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- **Results information** – This presentation contains summary information that should be read in conjunction with CWY’s Consolidated Financial Report for the twelve months ended 30 June 2020.
- 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.

Waste Industry Thematics

High marginal contribution



- Network economics are ‘king’
- Route density – not hub and spoke

Utility Type Customer Profile



- Large enterprise-level selling
- Utility-like spend category – low ‘share of mind’ for customers

Recurring revenue



- Momentum business with multi-year contracts across multiple waste streams
- >75% customers contracted

Prized Infrastructure



- Importance of a portfolio of prized infrastructure assets – licenses, technology, feedstock
- Monetizing complex value chain with significant variances by waste stream and region

Variability in local dynamics



- Revenue, costs and competitive dynamics vary by market
- Regulatory change provides barrier to entry and infrastructure provides strategic moat

Sustainability



- 360° view of sustainability – Customers, Shareholders, Employees, Society/Environment
- Continued investments in resource recovery are critical to meet these objectives

Cleanaway at a Glance

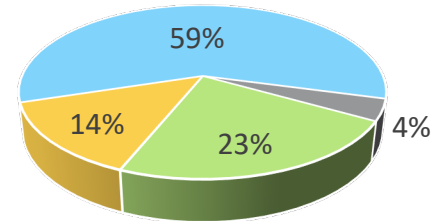
Solid Waste Services

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

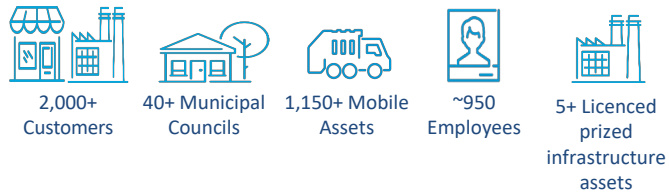
Commodities

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

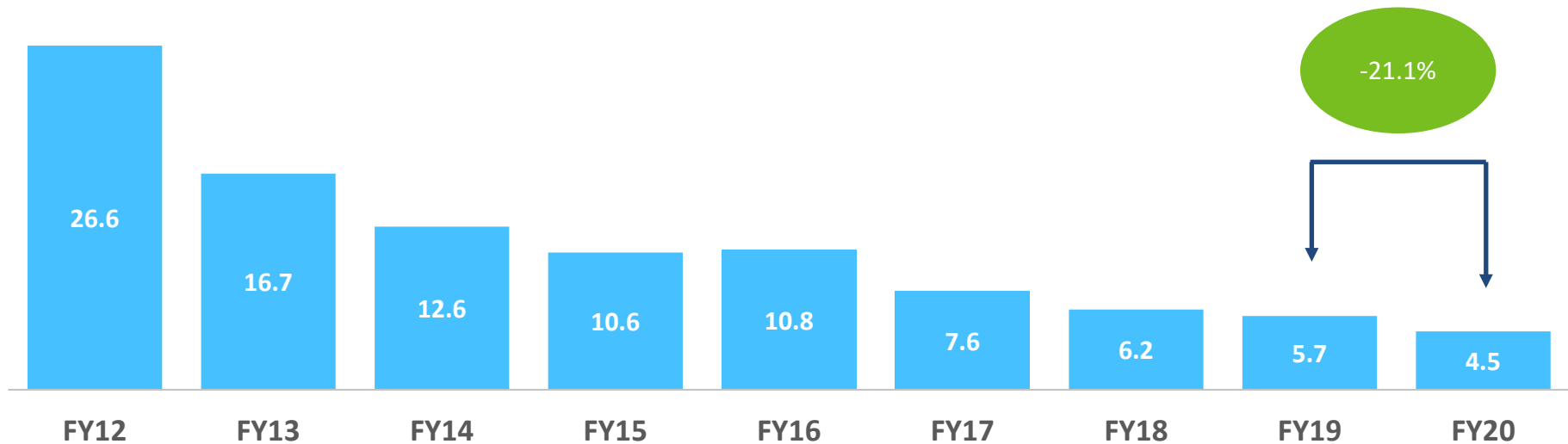
Typical contract duration

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



People & Culture : Safety

Total Recordable Injury Frequency Rate¹



- Safety performance remains a key performance measure for all executive STIs starting from CEO down to site management and will remain so. Our Target is Zero Harm
- Driver distraction is a critical risk for road accidents involving our vehicles. In FY20 we trialled the Mobileye system, a driver interface with advanced driver-assistance systems, which provides early warnings to drivers to prevent or mitigate front and side collisions.
- The system employs camera sensors to establish safety distances, avoid lane departure, monitor speeds, and alert drivers to risks. We will roll out Mobileye across our fleet in FY21

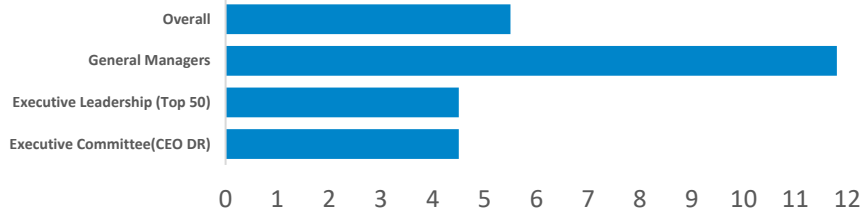
People & Culture : Key Metrics

Our Leadership Model – Three C’s



- Our Leadership Model focuses on creating a high-performance, results-based and engaged culture.
- The framework is designed to provide unambiguous performance expectations for incumbents and future leaders to fully align with our enterprise objectives.

Average tenure (years) by employee category

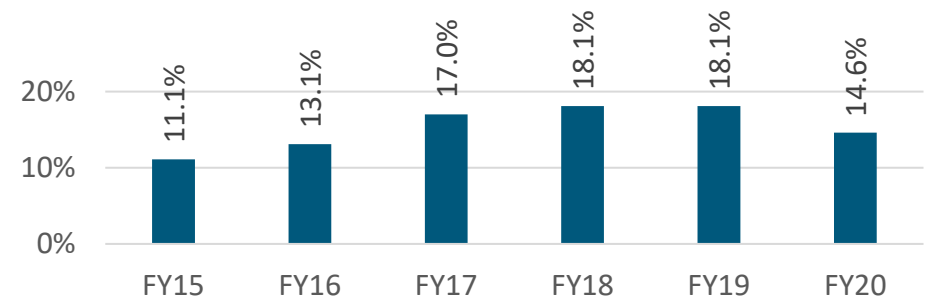


Employee Engagement Survey Results



- AON Hewitt Methodology59% reflects engagement responses of agree or strongly agree on three elements of Say, Stay & Strive
- Neutral engagement brings the results to mid 80s.
- Part of Executives STI

Voluntary Employee Turnover



- 75% of workforce is blue collar/front line dispersed at 250 sites
- Voluntary turnover is consistent with other industrial companies
- Turnover reflects Transpacific turnaround through new operating model led cost down (FY16), Toxfree (FY18-20) and SKM (FY20) integrations.
- Workforce has grown from ~4000 in 2015 to ~6000 in 2020.

FY20 : Group Financial Performance Overview

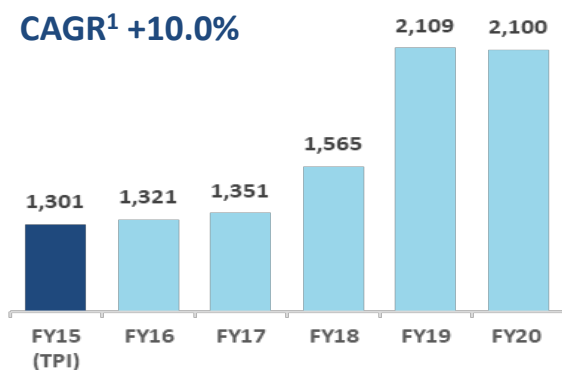
\$ million	Underlying Results					Statutory Results		
	FY19 ¹	FY20 (Pre AASB16)	Growth (Pre AASB16)		FY20 (Post AASB16)	FY19 ¹	FY20	Growth
Gross Revenue	2,283	2,332	2.1%	▲	2,332	2,283	2,332	2.1%
Net Revenue	2,109	2,100	(0.4)%	■	2,100	2,109	2,100	(0.4)%
EBITDA	461.6	473.0	2.5%	▲	515.7	433.7	487.1	12.3%
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 ²	151.8	164.6	8.4%	▲	161.7	131.7	124.3	(5.6)%

	FY19	FY20 (Pre AASB16)	Change		FY20 (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

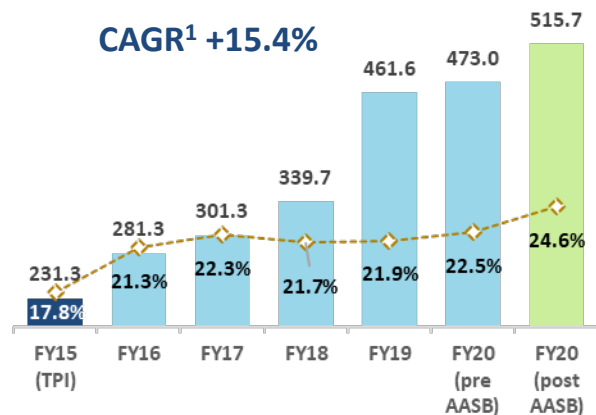
7 Note 1: Refer to notes 29 and 40 in the financial statements for more details about FY19 restatements.
Note 2: Excludes tax effected amortisation of acquired customer and license intangibles.

Sustained Underlying Earnings Growth Continues

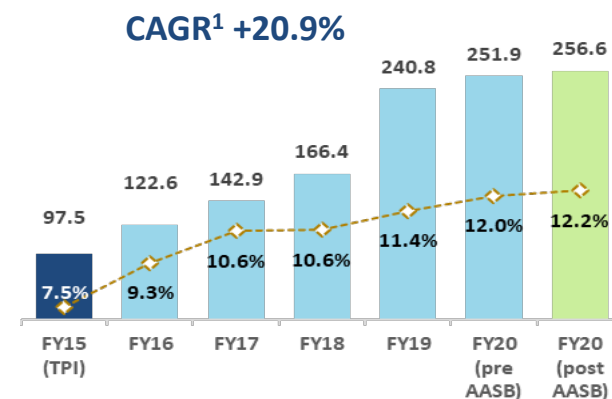
Net Revenue (\$million)



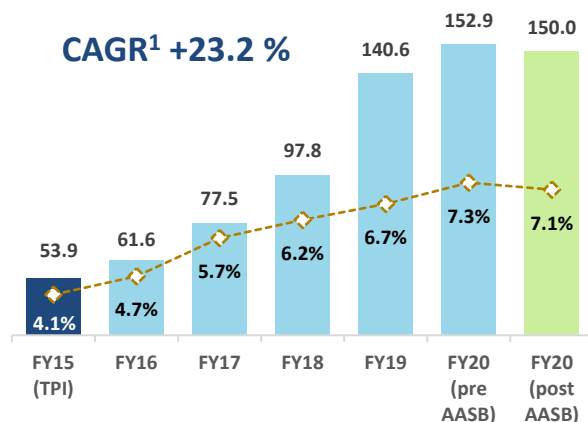
EBITDA (\$million) and EBITDA margin (%)



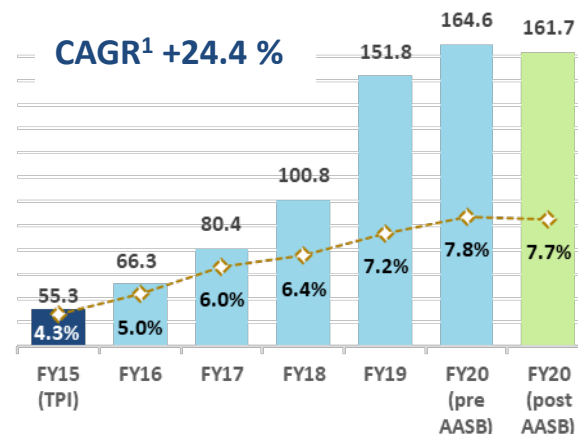
EBIT (\$million) and EBIT margin (%)



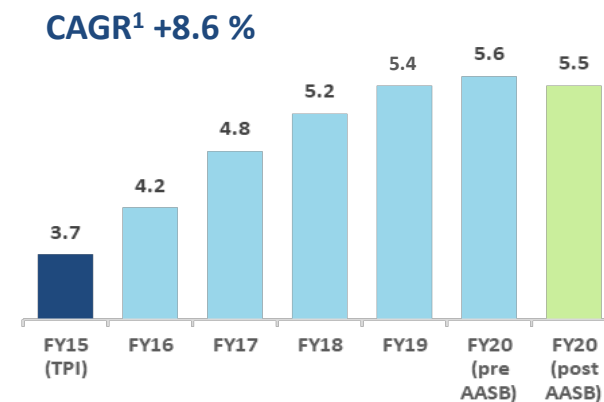
NPAT (\$million) and NPAT margin (%)



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

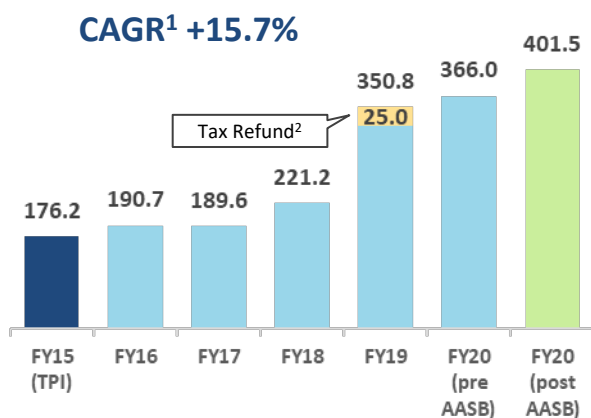


Return on Invested Capital² (%)

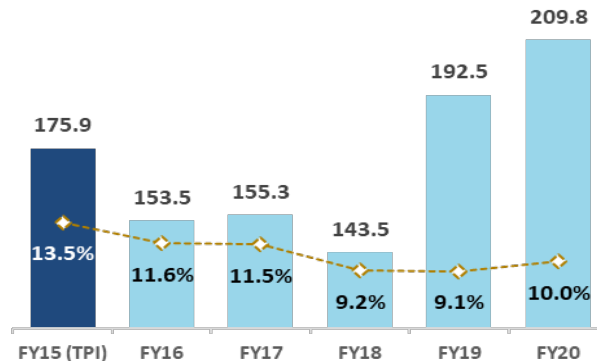


Cash Flows and Shareholder Returns

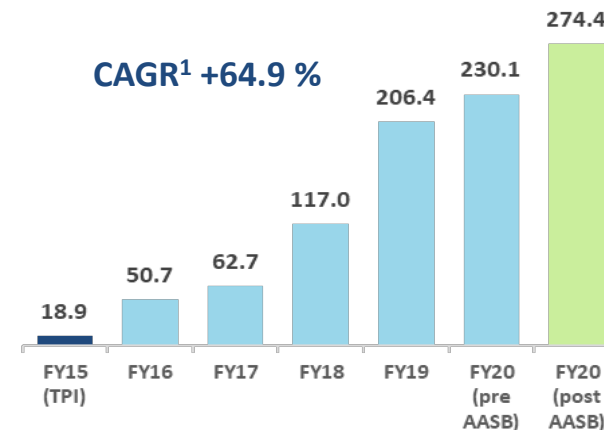
Operating Cash Flow (\$m)



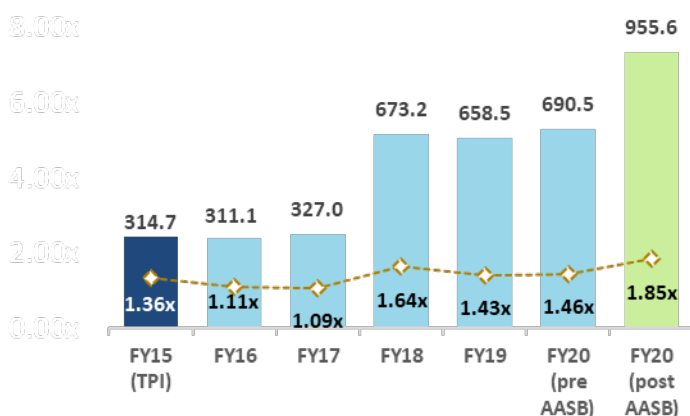
Cash Capex (\$m) and % of Net Revenue



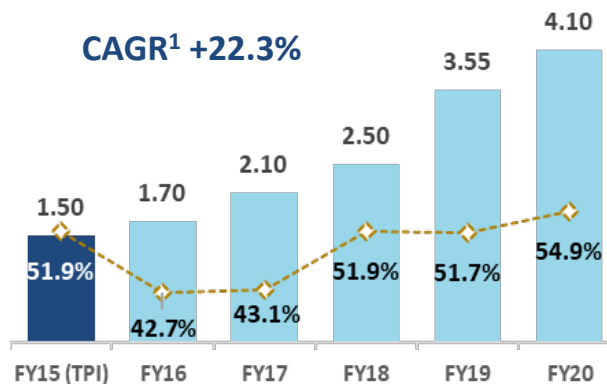
Free Cash Flow (\$m)



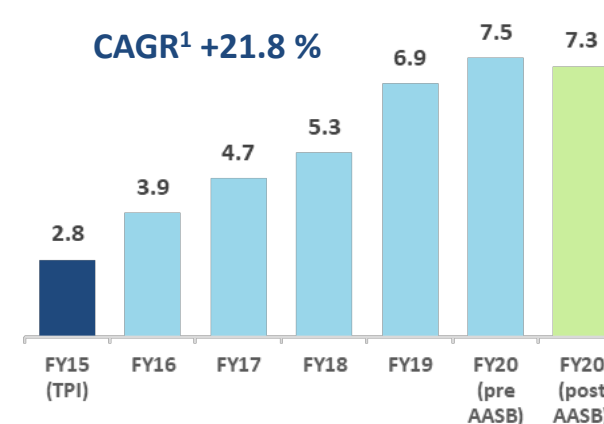
Net Debt (\$m) and Net debt / EBITDA³ (x)



Dividend (cents) & Payout Ratio (%)



Underlying Earnings per share (cents)



9

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

Covid-19: Cleanaway's Response

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

Strong Balance Sheet with >\$400m available liquidity

\$ million	30 June 2019	30 June 2020 (Pre AASB16)	30 June 2020 (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
Gross Debt	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)
Net Debt	658.5	690.5	955.6
Gearing ratio	20.6%	21.1%	27.1%
Net Debt to underlying EBITDA ratio	1.43x	1.46x	1.85x
Interest cover ratio	15.54x	19.07x	15.35x

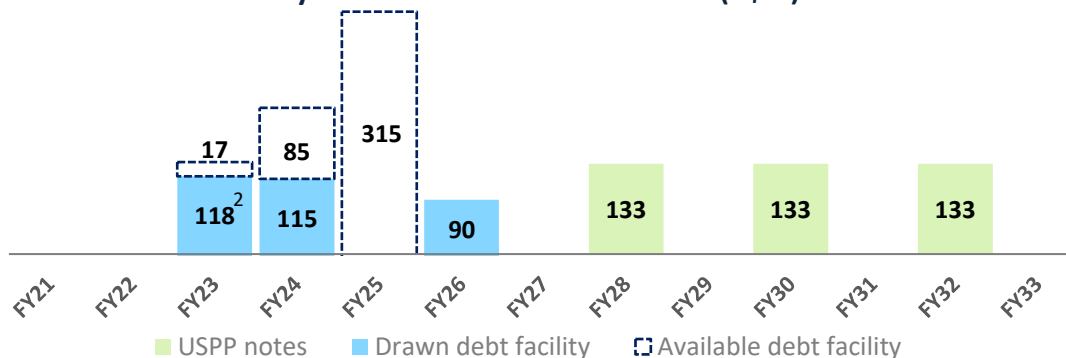
Capital structure 30 June 2020:

- ❖ 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 ratio¹
- ❖ Next refinancing due in July 2022

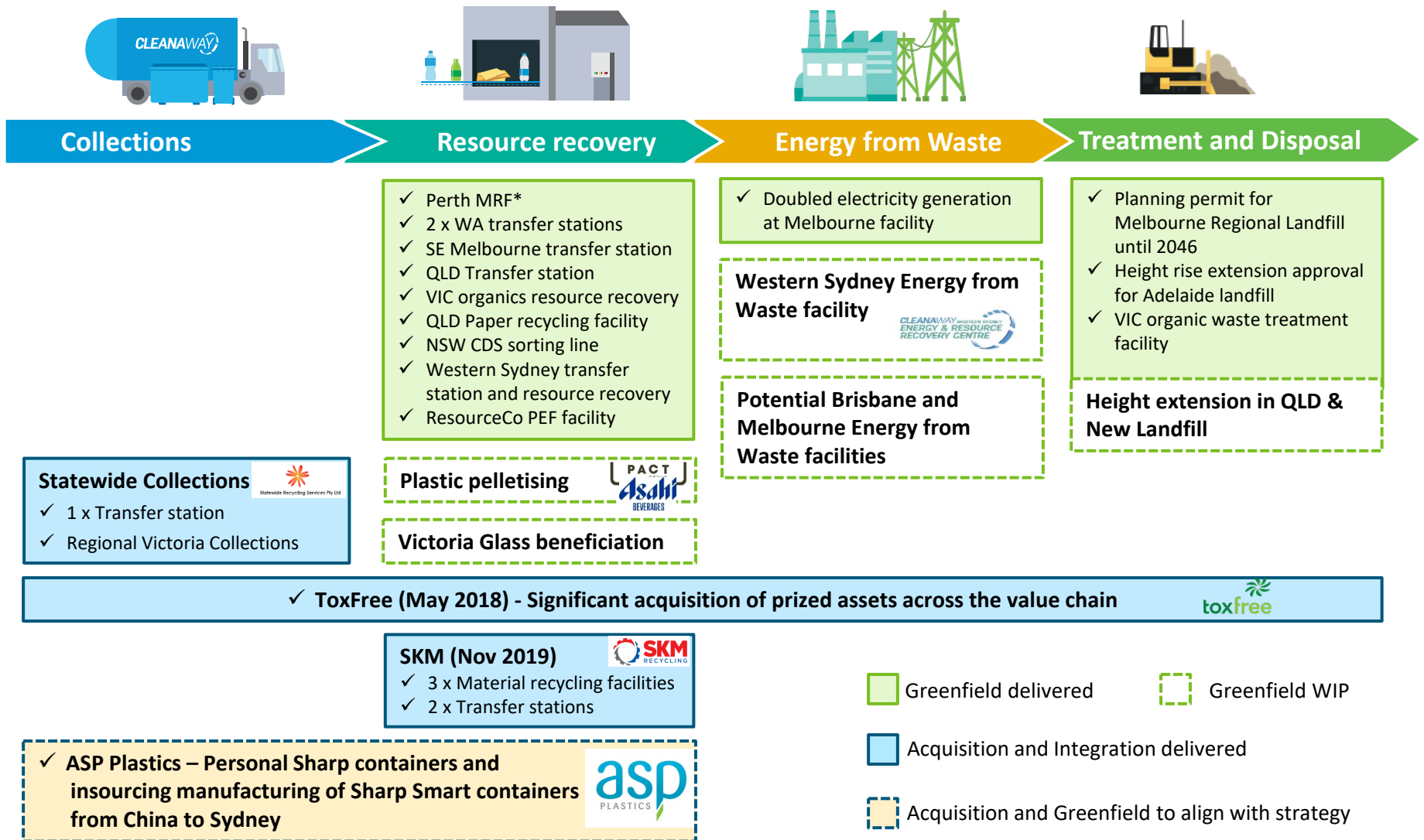
USPP funding 11 February 2020:

- ❖ 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)



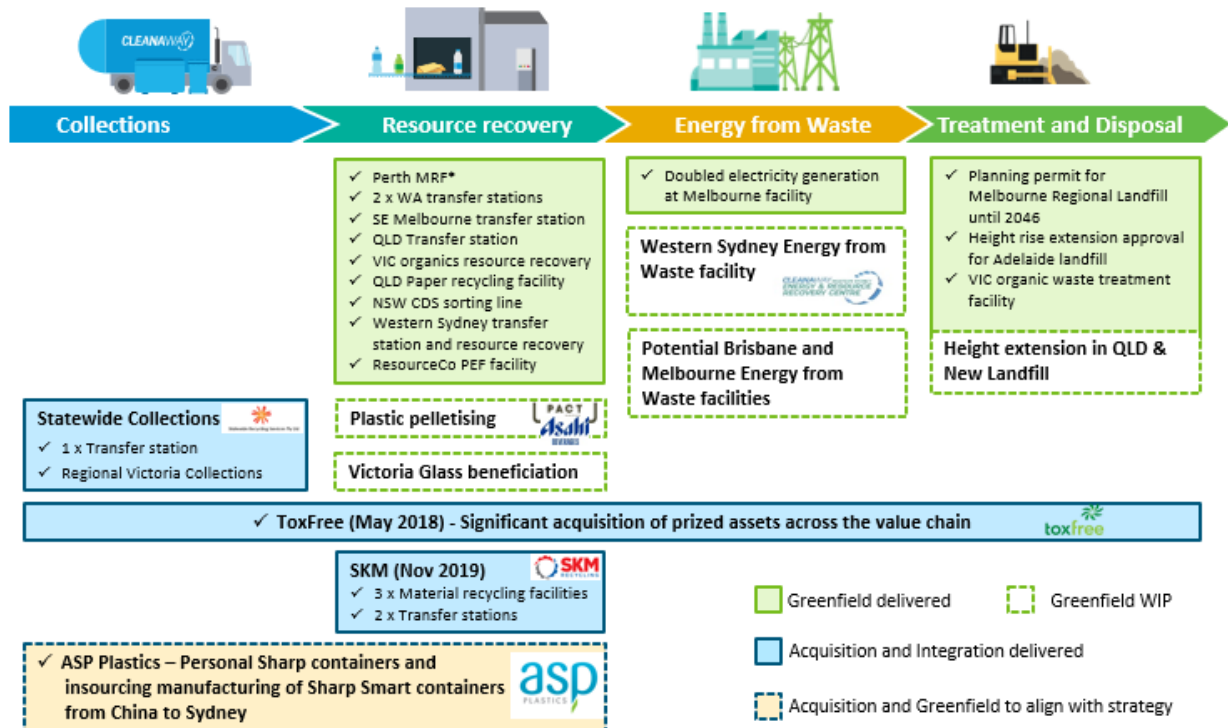
Delivering Footprint 2025 – Acquisitions and Greenfield to continue



Recycling Assets – from depreciating to prized infrastructure

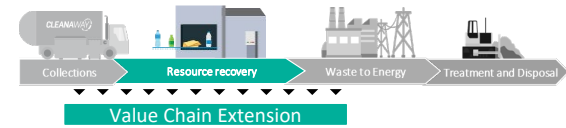
Over the past five years we have been recycling low return assets into highly prized infrastructure assets

- 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

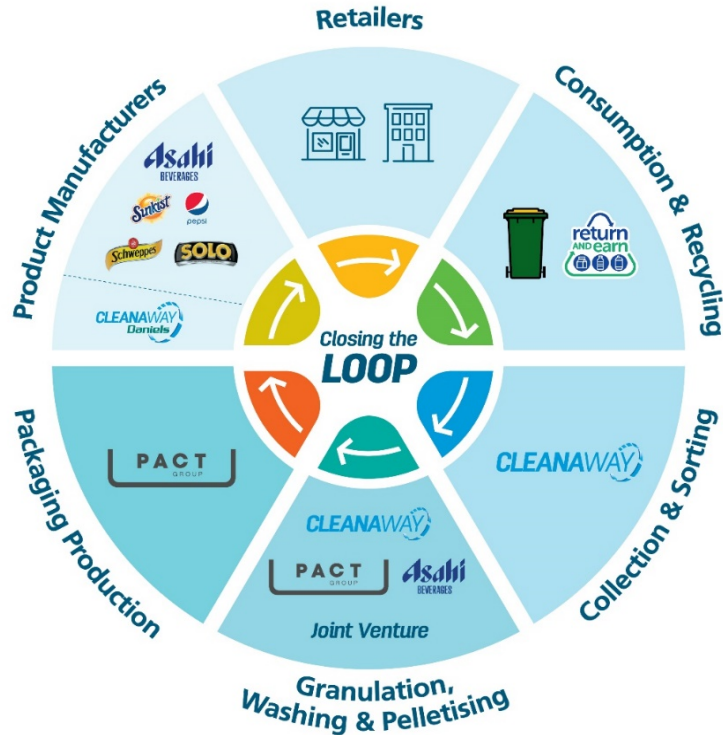


Over \$150M committed to Footprint 2025 greenfield investments since FY16 – all within our capital expectations by remaining cash disciplined – plus value accretive acquisitions

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

- ❖ EIS went on public display on 6 October 2020

Cleanaway – Making a sustainable future possible

- ❖ Diversified exposure to Australia’s growing waste market with revenue streams that display defensive characteristics
- ❖ Leading player in each of our operating segments of Solids Waste Services, Liquid Waste & Health Services and Industrial & Waste Services
- ❖ Owner of largest network of licenced waste infrastructure assets across the country
- ❖ Delivering organic growth and margin improvement across our operating segments
- ❖ Systematic implementation of our Footprint 2025 strategy with a pipeline of near-term growth opportunities
- ❖ Strong Balance Sheet and increasing free cashflow and dividends



Questions

