



28 November 2022

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

Dear Sir/Madam

**PRESENTATION – STRATEGY DEEP DIVE**

Please find attached the Strategy Deep Dive presentation that will be discussed at the Company's analyst and investor briefing to be held today at 10am AEDT.

This announcement has been authorised by the Company Secretary.

Yours sincerely

A handwritten signature in blue ink, appearing to read "DL", positioned below the text "Yours sincerely".

Dan Last  
Company Secretary

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.



Making a sustainable future possible together

# Cleanaway Waste Management Limited

Australia's leading total waste  
management services provider

Strategy Deep Dive  
28 November 2022

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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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**Results information** – This presentation contains summary information that should be read in conjunction with CWY’s Consolidated Financial Report for the financial year ended 30 June 2022.

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

1. Introduction
2. CustomerConnect
3. Data & Analytics and Fleet Optimisation
4. Landfill Optimisation
5. Core Process and Lighthouse Branches
6. Financial Contribution and Capital Allocation
7. Wrap up
8. Questions

## Presenters:

Mark Schubert, Managing Director & CEO

Paul Binfield, Chief Financial Officer

Chris Avramopoulos, EGM Customer & Growth

Michael Bock, EGM Enterprise Services & Integration

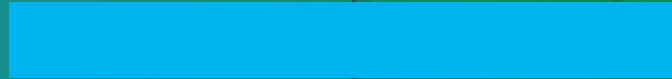
Frank Lintvelt, EGM, Strategy, Sustainability and M&A

Taku Ide, Head of Carbon

Alex Smith, GM Commercial

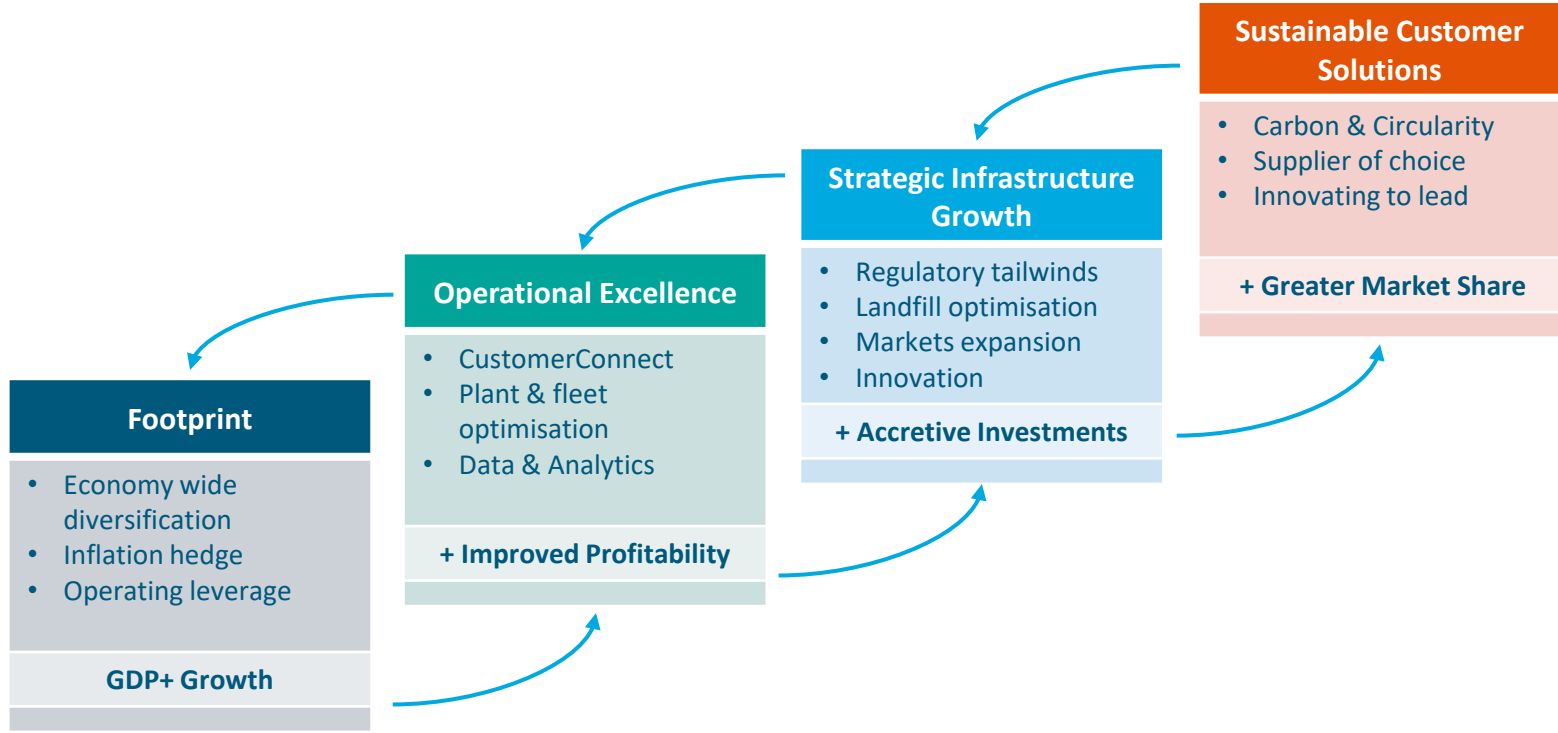


# Introduction



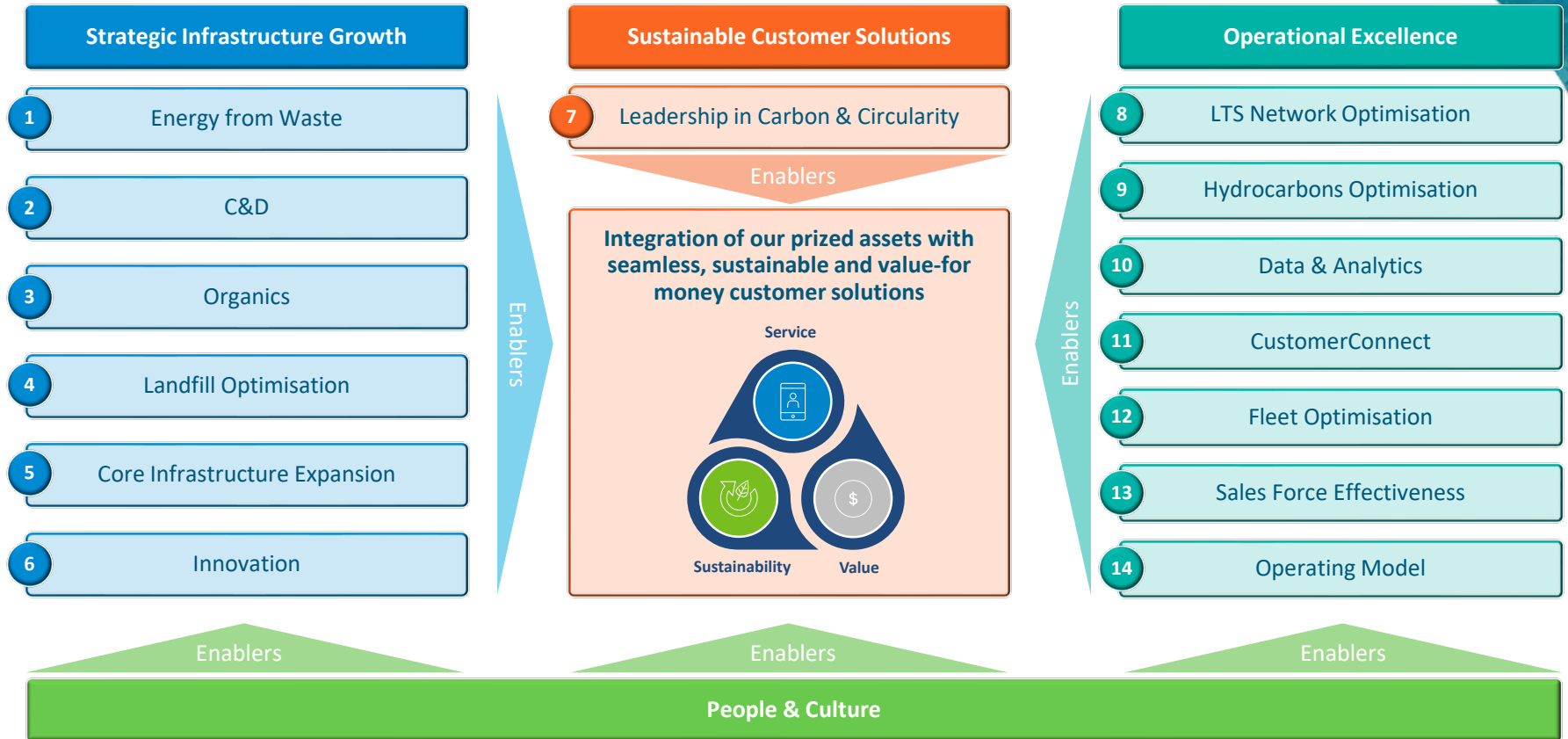
# Blueprint 2030 – Growth Framework

Our strategic pillars build upon each other to generate superior shareholder value .....

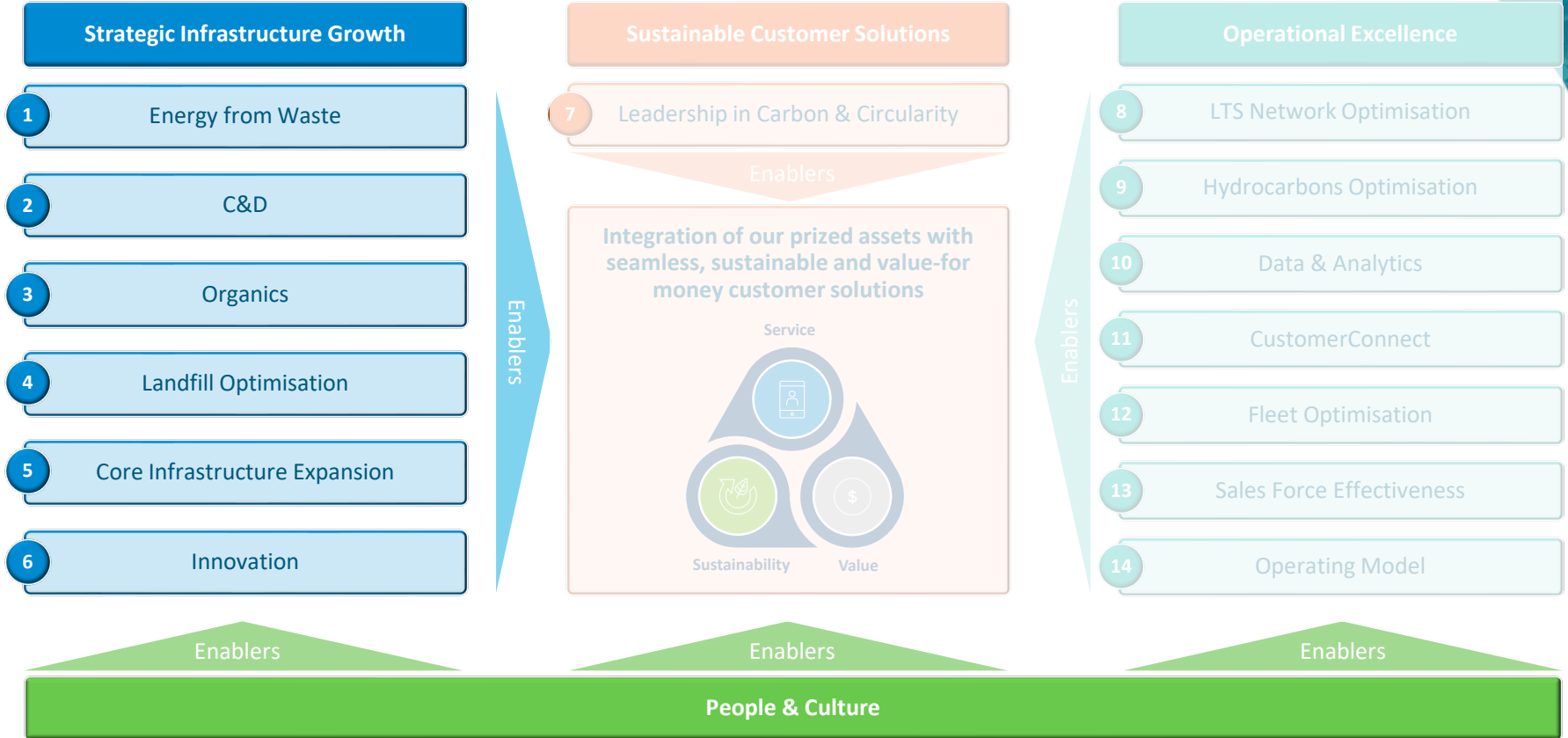


...while providing customers with great service and value for money sustainable solutions

# Our 14 BluePrints – How we deliver our strategy

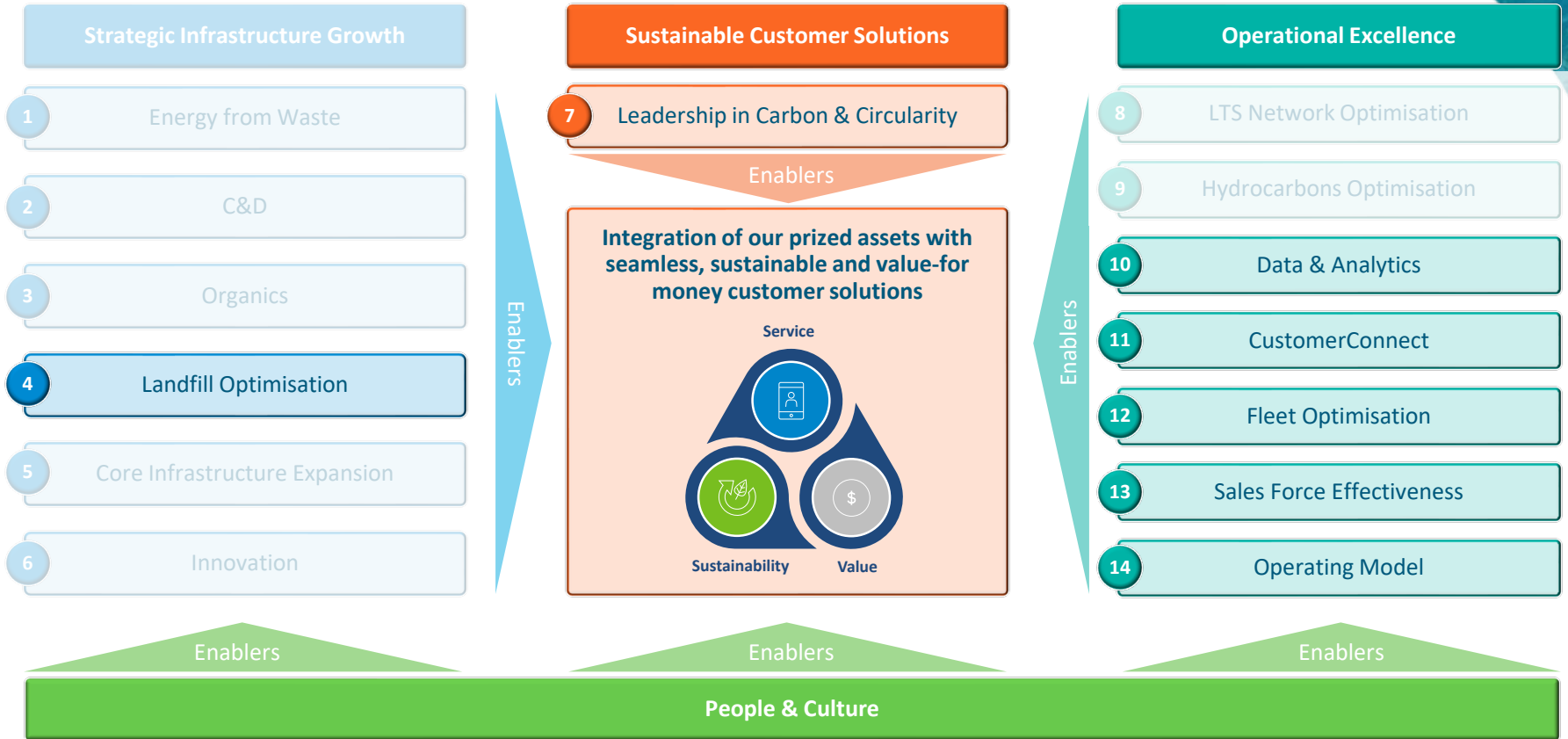


# Our 14 BluePrints – 7th June Focus Areas

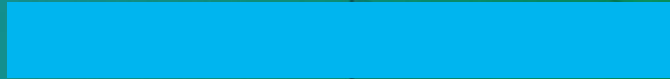




# Our 14 BluePrints – Today's Focus Areas



# BP11 - CustomerConnect



# Customer Connect – *Business Dimensions*



## Scope of Business

- ~250 branches
  - ~250 customer service officers
  - ~280 sales representatives
  - ~350 administrative staff
  - ~ 150k C&I customers and millions of residential customers
  - >3,000 vehicles (heavy vehicles, excluding yellow gear)
- 



## What we do

- ~1.6 million services per month (excluding municipal)
  - >100 municipal councils, servicing over 5 million properties per week
  - ~92k inbound calls per month to customer services centres
  - ~600 new customers mobilised per month (excluding national accounts)
  - ~1500 inbound sales leads per month
- 



## Select KPIs

- Service in Full on Time (SIFOT): ~99%, ~15k issues per month – 50/50 customer vs Cleanaway (Solids)
- Invoice accuracy: 98%, ~1800 issues per month
- Grade of Service (GOS): ~80% (calls answered within 20 sec)
- First Call resolution: Not measured

# CustomerConnect – What is it?


CustomerConnect supports BluePrint 2030 through the provision of tools, data and digitisation ....

## Why are we changing?

- To improve **customer experience** and **employee satisfaction**
- To create a **competitive advantage** and **leverage digitisation**
- To support **margin expansion, organic growth** and **reduce customer churn**
- To realise **significant efficiency gains** through business simplification



## What is changing?

- Removing paper and multiple handoffs
  - Multiple approaches to same tasks
  - Highly manual and labour intensive
  - No single view of customer
  - Multiple end-of-life legacy systems
- 
- Standardising our core processes
  - A single source of truth – visibility across our 'Call to Cash' cycle
  - Consolidation of technology and data

....to improve efficiency and grow market share through seamless and tailored customer solutions

# CustomerConnect – Key benefits

Detailed solution across 3 staged releases aligned to deliver revenue and efficiency benefits...

Benefit	Customer	Service	Finance
<b>Customer Experience</b>	<ul style="list-style-type: none"> <li>✓ Self-service</li> <li>✓ Customer enquiry escalations</li> <li>✓ Automation of customer/product type assignment</li> <li>✓ Improved communication</li> <li>✓ Reduction in client onboarding time</li> <li>✓ First call resolution</li> </ul>	<ul style="list-style-type: none"> <li>✓ Improved Safety                             <ul style="list-style-type: none"> <li>✓ Quicker escalations → better informed decisions</li> <li>✓ Site alerts for drivers</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>✓ Flexible invoice formats</li> <li>✓ Self-service – customer account maintenance</li> <li>✓ Automated &amp; proactive notifications to customers</li> </ul>
<b>Growth and Churn</b>	<ul style="list-style-type: none"> <li>✓ Transparent and simplified Product and Pricing model(s)</li> <li>✓ Guided selling</li> <li>✓ Tailored customer reporting</li> </ul>		<ul style="list-style-type: none"> <li>✓ Improve accuracy and timeliness of invoicing process and avoid any revenue leakage</li> </ul>
<b>Operational Efficiency</b>	<ul style="list-style-type: none"> <li>✓ Simplification and automation of quote to cash process</li> </ul>	<ul style="list-style-type: none"> <li>✓ Business Process Automation –Auto population                             <ul style="list-style-type: none"> <li>✓ Media attachments</li> <li>✓ Routing &amp; Driver integration</li> <li>✓ Customer input interface</li> </ul> </li> <li>✓ Dynamic Routing</li> <li>✓ Evidence of job status</li> <li>✓ SMARTER evidence - Wayfinding and automated asset evidence to trigger job completion</li> </ul>	<ul style="list-style-type: none"> <li>✓ Eliminate unnecessary intercompany transactions and administration</li> <li>✓ Improve invoice consolidation</li> <li>✓ Drill Down functionality</li> <li>✓ Rules-based automation and streamlining of processes</li> <li>✓ Elimination of paper e.g., Run sheets</li> </ul>

...with the first release ~18 months away and an FY26 full implementation target

# CustomerConnect – Progress Update

Business case for a solution that supports desired functionality that is secure, supportable and scalable...

## Pre-execution phase completed

- ✓ Business endorsement of Process Design & Requirements
- ✓ Data, Integration, Reporting Systems & Consolidation overview design
- ✓ Change Management Strategy
- ✓ Sourcing Strategy & Request For Proposals

- Total project cost of ~\$100m over 4 years (>\$8m EBIT benefit p.a.)
- Core systems and process platform (60%) plus growth functionality
- Growth functionality expected to deliver high double-digit IRR

	Stage	Progress	Description
	Business Case	✓ Completed	Externally reviewed with a focus on cost, timeline, governance and benefits
	Pre-Execution	✓ Completed	
	FY24/25	▪ Release 1	Single view of Customer; CRM capability; consistent, validated customer data; platform upgrade
	FY25/26	▪ Release 2	Consolidate scheduling & dispatching; Increase fleet data capture; Single ERP stage 1
	FY26	▪ Release 3	Single ERP across entire business

... while also extending and enhancing functionality for growth and profitability

**BP10 - Data &  
Analytics**

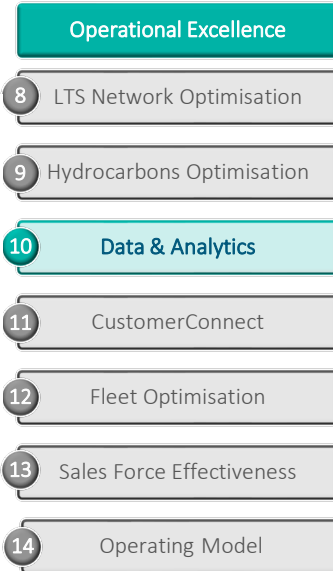
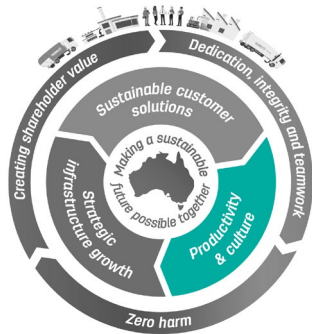


**BP12 - Fleet  
Optimisation**



# Data & Analytics Overview

A well-planned and advanced blueprint supported by tailored tools...



- ✓ Enabling better decision making by improving data quality, utilising the wealth of data points collected and **enhancing insight capability**
- ✓ **Improving productivity & engagement** by working smarter - **focus on value** add rather than transactional work
- ✓ Utilising insights to **drive efficiency gains** and operational improvements => **margin expansion**

...that is low risk and has minimal capital requirements



# Data & Analytics – Program Overview

Core programs are progressing well...

FY23-24		FY24-25+
Reporting & Business Intelligence	Insights Delivery	Advanced Analytics Program
Efficiency gains through automation and consistency in metrics	Utilise insights and value drivers to improve financial performance	Using analytics to predict future and drive change
<ul style="list-style-type: none"> <li>✓ Comprehensive reporting suite being rolled out (~70% complete)</li> </ul>	<ul style="list-style-type: none"> <li>• Models developed to link multiple data sources and deliver value insights</li> </ul>	<ul style="list-style-type: none"> <li>• Early work planned</li> <li>• Leverages programs 1-3</li> </ul>
Data Infrastructure & Governance		
Establishing data infrastructure & governance, ingesting source systems, cleansing, curating and cleaning data		
<ul style="list-style-type: none"> <li>✓ Ingestion and cleansing of key systems complete</li> </ul>		

## Key benefits

- ✓ Improved data integrity and consistency in metrics
- ✓ Reduction in manual reporting
- ✓ Faster access to commercial insights
- ✓ Addresses revenue leakage
- ✓ Targeted sales/business development programs

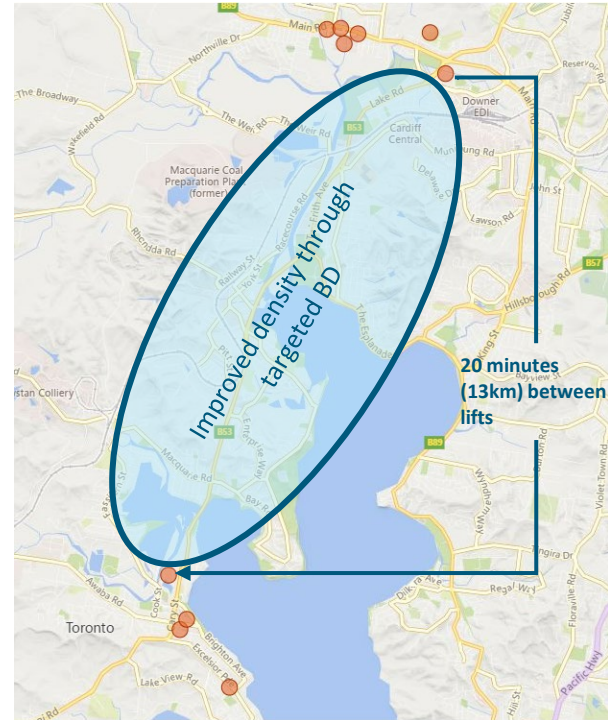
...with incremental benefits beginning to flow

# Data & Analytics – Margin Expansion

Reducing the overall cost to serve through improved route density...

## Targeted Business Development program

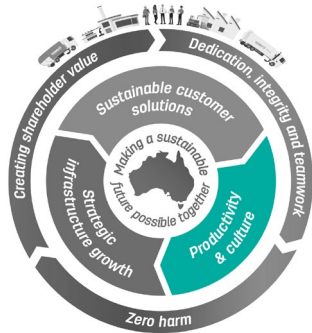
- ✓ Developed to aid sales teams improve density of runs, initially within the Solid Waste Services business.
- ✓ Tool developed to geofence targeted areas
- ✓ **Working example:**
  - The tool identified a 20 minute/13 km gap between lifts on a route in Newcastle
  - It analysed the region between lift points for customer targets
  - It assigned leads to the relevant sales team within our CRM
  - The sales team offered competitive customer pricing by lowering the average fixed cost on the route
  - We achieved increased density and margin improvement across the route
- ✓ National campaign focussing on low density runs is underway



Customer site

# Fleet Optimisation Overview

A key blueprint supported by tailored tools developed by the Data & Analytics team...



## Operational Excellence

8 LTS Network Optimisation

9 Hydrocarbons Optimisation

10 Data & Analytics

11 CustomerConnect

12 Fleet Optimisation

13 Sales Force Effectiveness

14 Operating Model

- ✓ Creating a **safer and more engaging workplace** for our frontline through **fleet replacement, improved technology and analytics**
- ✓ Optimising routes to **drive significant efficiency improvements** across labour, fuel and repairs & maintenance
- ✓ **Empowering branches** with tools to **drive performance** improvements
- ✓ **Improving efficiency of the workshop and fleet safety** through digitisation of fleet maintenance programs

...that is low risk and has minimal capital requirements

# Fleet Optimisation – *Key Workstreams*

1

## Optimise Routes & Reduce Truck Idle Time

- ✓ Optimise non-productive time
- ✓ Re-route to improve efficiency

2

## Optimise Labour Mix & Fleet Operating Costs

- ✓ Determine optimal Owner-Driver/ Subcontractor mix
- ✓ Manage CPOH (cost per operating hour)

3

## Digitise the workshop and review maintenance schedules

- ✓ Align maintenance schedules/ checklists to OEM specification
- ✓ Digitise current paper-based maintenance work orders
- ✓ Optimise allocation of fuel to fleet assets – efficiency and reducing carbon footprint



# Fleet Optimisation – *Digitising workshops*

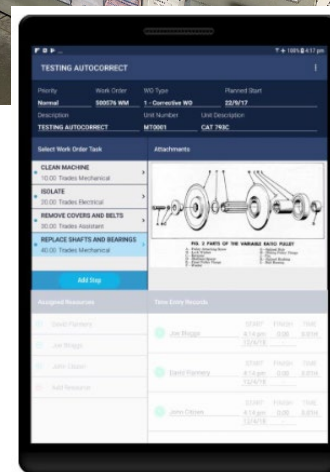
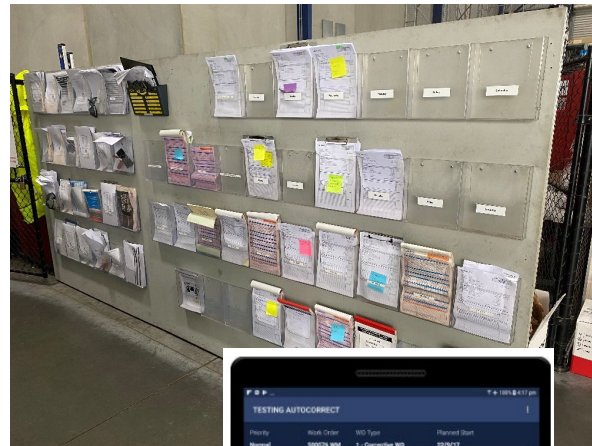
## Digitising current paper-based maintenance workorders

### Current State

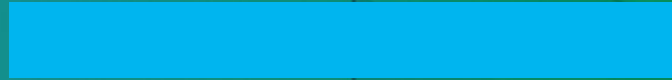
- ✓ 400,000 workorders produced each year, all written by hand on paper (+4,000,000 pieces of paper)
- ✓ Workorders then entered into our operational systems by our Administration teams (double handling)
- ✓ Missing information and lack of field validation results in errors

### Future State

- ✓ Digitise (replace) paper, pen & clipboard with a tablet
- ✓ Significant productivity gains for the workshop (greater internalisation of work)
- ✓ Improved compliance through real time updates to our operational systems
- ✓ Lower risk of manual errors interpreting hand written notes from the workshop
- ✓ Planning to digitise all workorders by end of calendar 2024



# BP5 - Landfill Optimisation



# Cleanaway's announced emissions targets vs. FY22

Leading scientific literatures, international agreements, and Nationally Determined Contributions goals provide emission target guidelines

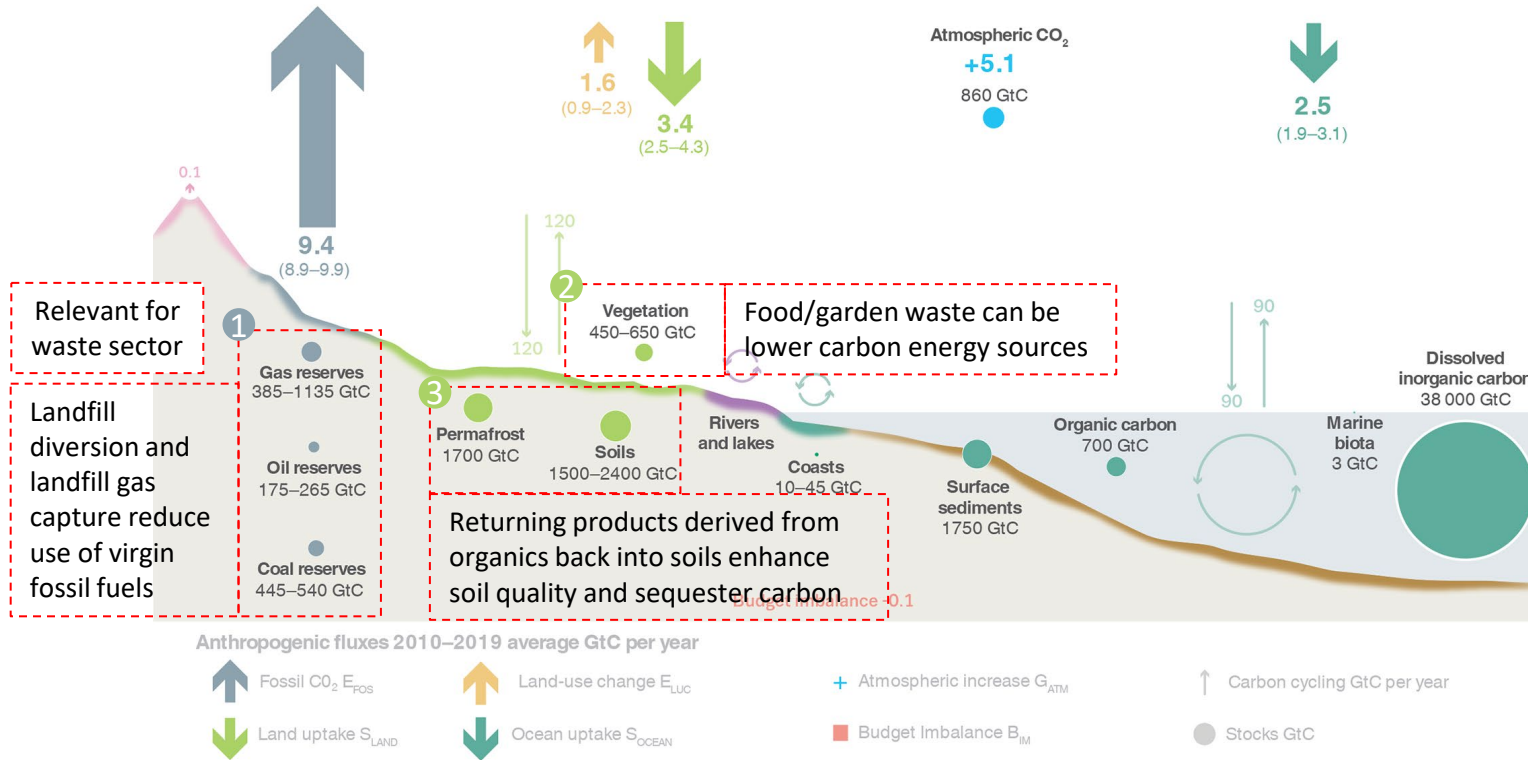
We have set a target for each of CO<sub>2</sub> and CH<sub>4</sub> emissions to keep the world on a 1.5°C trajectory

	ipcc <small>INTERGOVERNMENTAL PANEL ON CLIMATE CHANGE</small>	COP26	CLEANAWAY
CH <sub>4</sub>	2030 -28% (Range: -9 to -51%)	-30% (vs. 2020)	-34% (equivalent to -30% vs. 2020)
	2050 -48% (Range: -33 to -74%)	Deep reduction	-57%
CO <sub>2</sub>	2030 -38% (Range: -14 to -67%)	-43%	-43%
	2050 -98% (Range: -70 to -131%)	Net zero	Net zero

- Separating CH<sub>4</sub> and CO<sub>2</sub> emissions targets drives greater focus on specific emissions reduction initiative across the business
- When our targets are calculated on CO<sub>2</sub>e basis, it is within IPCC's 1.5°C envelope
- Our targets are consistent with Australia's 2030 GHG emissions reduction target and the Global Methane Pledge

# Capturing landfill gas is key to meeting our emissions targets

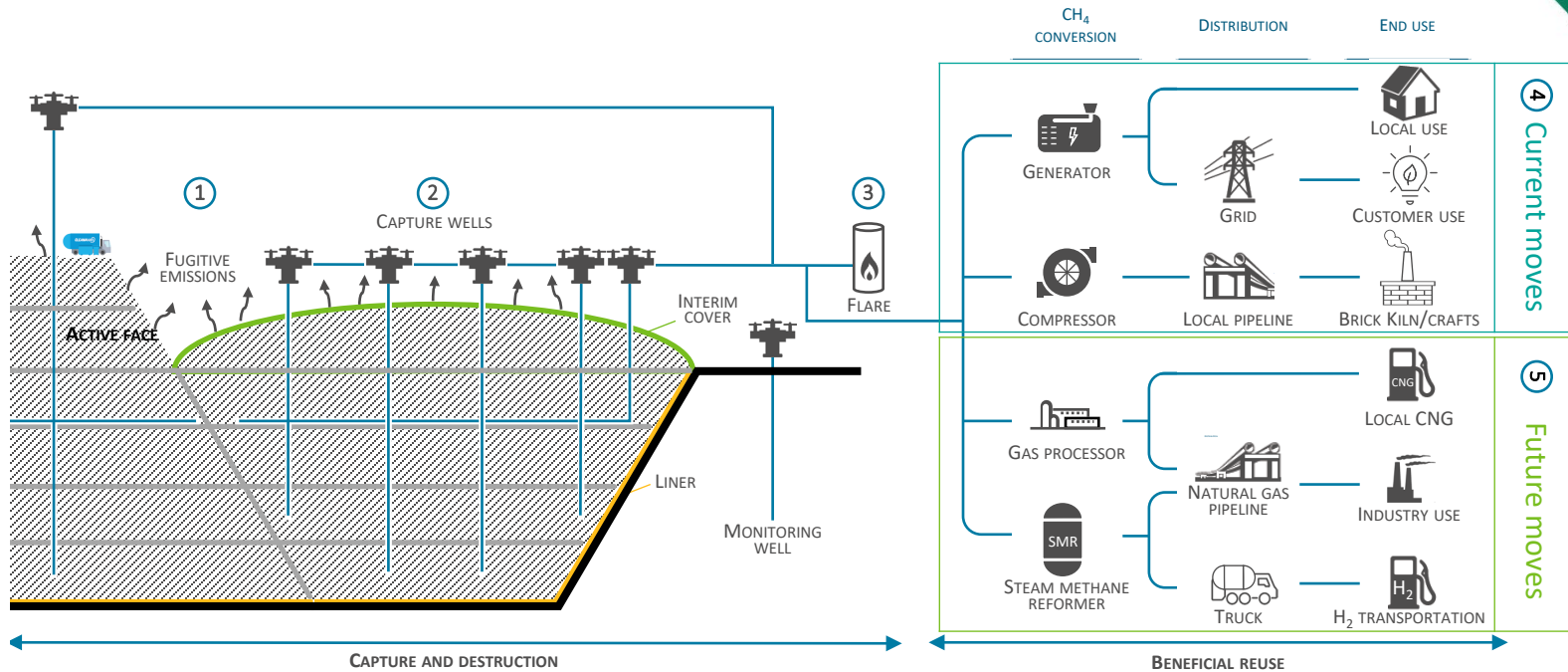
Captured landfill gas can displace use of virgin fossil fuels and offer low carbon energy sources





# Gas capture systems reduce fugitive emissions from landfills

Captured gas can be transformed into products that are fit-for-purpose for the region



**1. Fugitive emissions** are portions of the landfill gas (LFG) that escape to the atmosphere

**2. Gas capture wells and timely capping** increase LFG capture and reduce fugitive emissions

**3. ACCUs** are created today when captured LFG is burned in flares to produce biogenic CO<sub>2</sub>



**4. LFG is reprocessed** into renewable energy under favourable economics

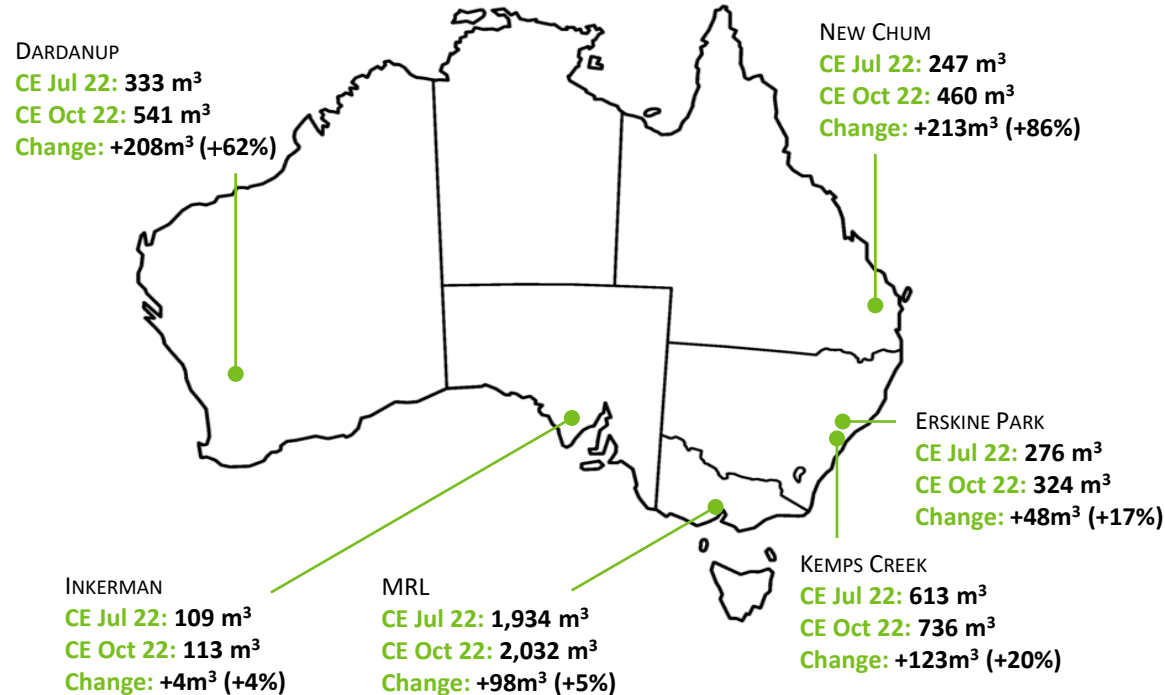
Currently, we generate 193,000 MWh/yr and sell 100,000 GJ/yr of LFG to neighbouring customers

**5. In the future, alternative ways to maximise both environmental and commercial benefits of our LFG will be explored as technology evolves**

# Capture efficiency (CE) is improving at all of our landfills

Since July 2022, monthly rate of gas capture from landfills\* increased by 700,000m<sup>3</sup>/month

METHANE FLOW IN '000M<sup>3</sup> PER MONTH

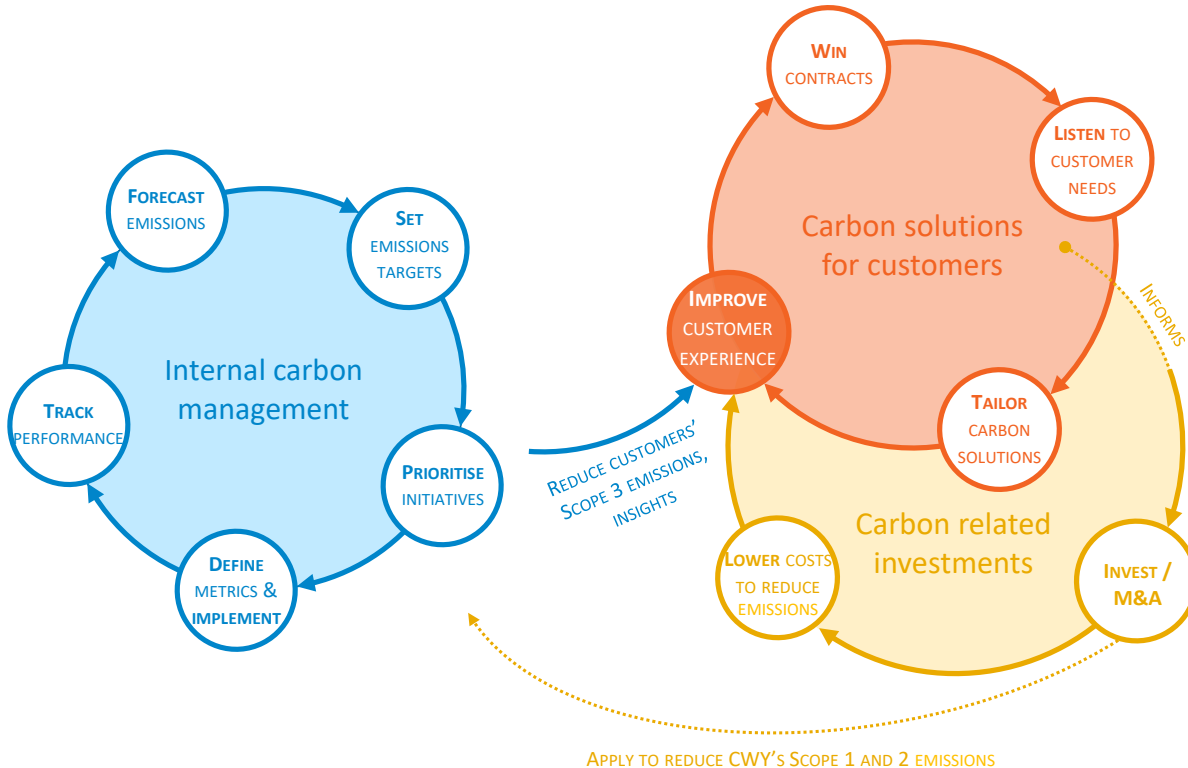


- Investments in gas collection infrastructure underpin improvements
- Since July 2022, approximately:
  - 30 wells have been reconnected,
  - 28 horizontal wells installed, and
  - 90 vertical wells installed
- These activities have resulted in real reductions of GHG emissions
- Investment considerations balance reduction in reported emissions with revenue generating opportunities

\*Currently excludes Lucas Hts, Victory Rd, and Fraser Rd. landfills, where landfill gas projects are not under Cleanaway operational control

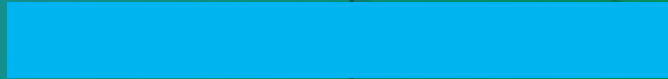
# Leadership in Carbon is aligned to Cleanaway's mission

Low carbon fuels and energy, emissions reductions and learnings can help our customers achieve their sustainability goals



- ✓ Build capability and maturity in internal carbon management
- ✓ Set 2030 and 2050 targets with FY22 Full Year Results
  - Build and refine marginal abatement cost curve (MACC) for Cleanaway and identify and develop investment opportunities to decarbonise
  - Capture decarbonisation opportunities with uniquely positioned strategic infrastructure
  - Develop carbon solutions that are aligned to customers' aspirations

# BP14 - Operating Model - Core Process and Lighthouse Sites



# Core Process Overview

**Purpose:** To ensure key activities are completed in a consistent way across the organization

**Why:** Bring all sites to a best practice standard which drives a safe, compliant and efficient workplace

**How:** Involve our teams in designing and improving core processes that are accessible to every employee



*Improved performance in Health,  
Safety and the Environment*



*An increasingly Engaged and  
Empowered Workforce*

## Each Core Process:

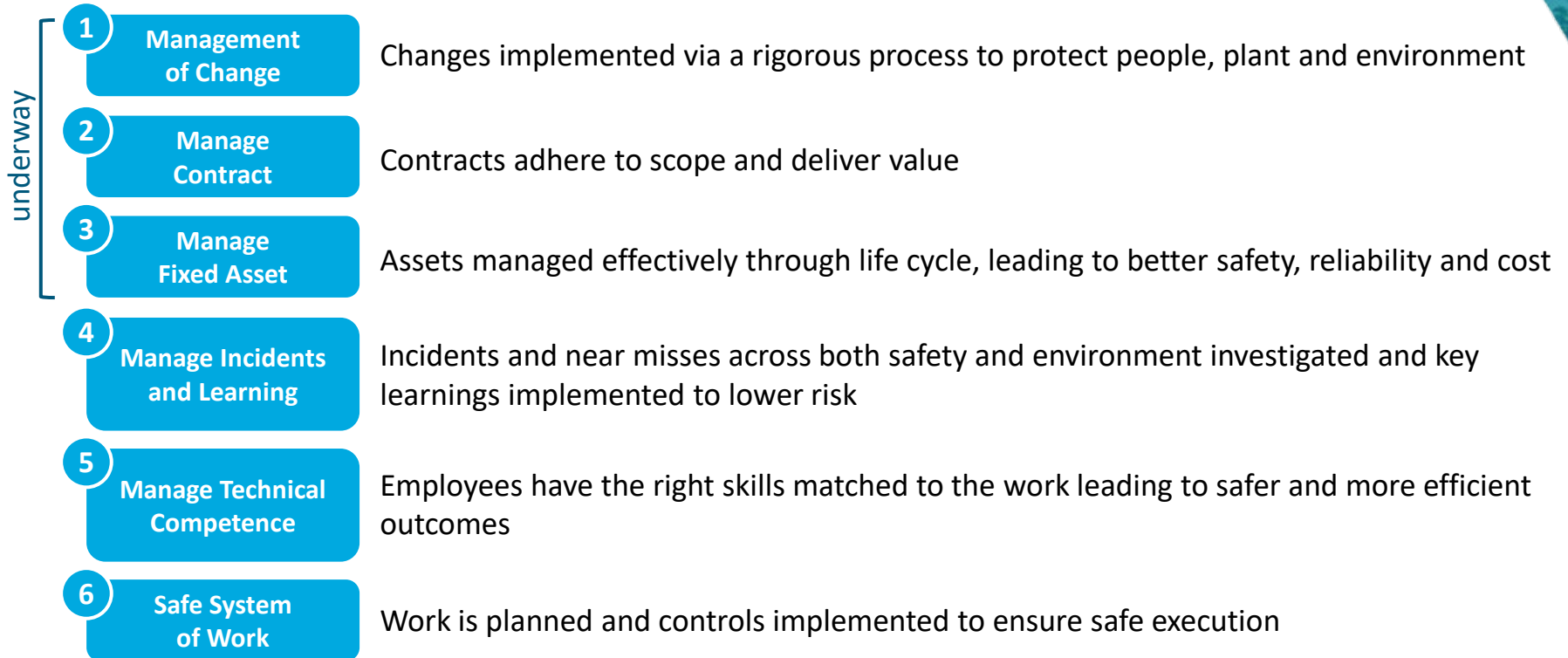
- Ensures requirements are met with respect to legal and health, safety and environment
- Documents minimum mandatory tasks
- Is transparent, measured, assured and continuously improved

## Each user of the process:

- Will have confidence they are completing all steps to keep us safe, compliant and profitable
- Will know who is responsible for each part of a Core Process and who to contact for support
- Is encouraged to support continuous improvement of process design
- Has access to the process via an online system

# Core Processes - *First six processes prioritised, with work commenced via dedicated teams*

## Core Processes lead to a safe and compliant workplace



# Operational Excellence Overview

**Purpose:** To build capability at sites for process improvement and daily management systems

**Why:** Enable sites to be compliant, more efficient and more profitable

**How:** Teaching our teams Lean management techniques for continuous improvement



*Process improvement*

- **Value stream improvement** - surface problems across the end-to-end value stream and prioritise improvement
- **Projects** – internal teams improve processes to learn methods and deliver benefits
- **Protected time for improvement** – teams to spend 1 hour per week working together



*Daily management systems*

**Each user of the process:**

- Site level – daily team huddles, visual management in place
- Everyday improvement actions and protected time

70:20:10 RULE



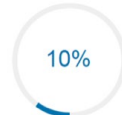
**HANDS-ON LEARNING**

- Real-world business scenarios
- Executive decisions tied to results



**COACHING**

- Mentoring teammates
- Feedback from leadership
- Collaboration



**CLASSROOM**

- Interactive debriefs & lectures
- Demonstrations on key learnings

*Internal capability*

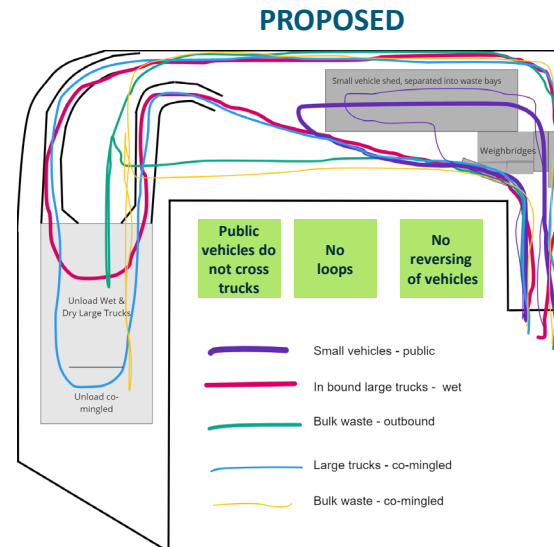
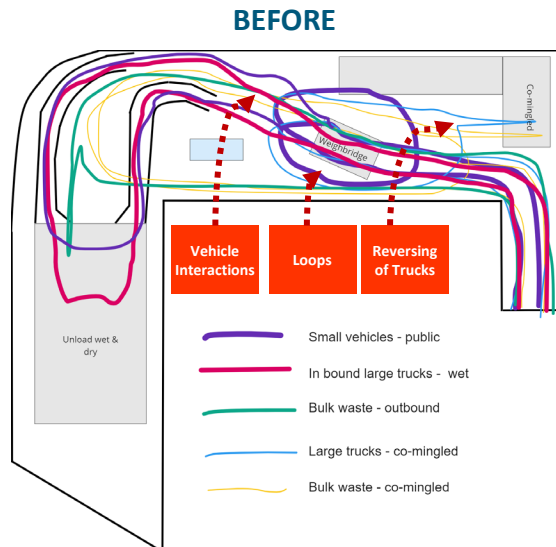
- **Site practitioner program** – at least one person per site
- **Leader program** – coaching and training

# Operational Excellence – *Lighthouse Sites*

## Real example of improvement work underway at Lighthouse Sites

### Improving Safety and Flow

- Relocating weighbridge to create safer interaction with public and increase flow by reducing vehicle and driver time on site



- ✓ Eliminate public and truck interactions
- ✓ Remove travel loops
- ✓ No reversing of vehicles required



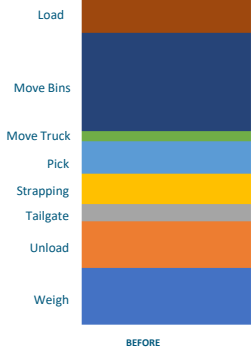
# Operational Excellence – *Lighthouse Sites*

## Real example of improvement work underway at Lighthouse Sites

### Generating Capacity

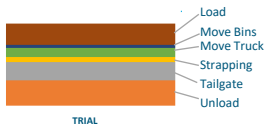
- Reducing dock turnaround time by prestaging loads and rescheduling dockhand availability

Truck Unload/Load Time = 51 Minutes



76% reduction in time on dock (39 minutes)

Truck Unload/Load Time = 12 Minutes



Load pre-staged on dock

Driver + dockhand loading/unloading

Scanning and weighing done separately



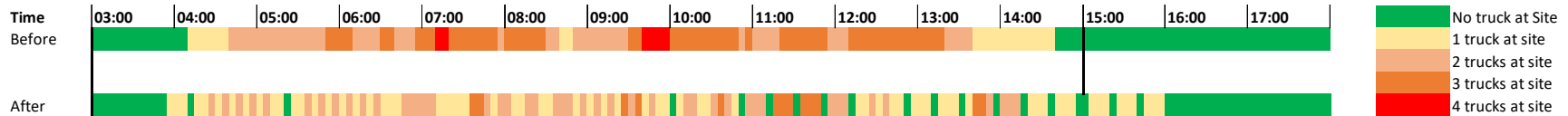
# Operational Excellence – *Lighthouse Sites*

## Real example of improvement work underway at Lighthouse Sites

### Reducing Costs

- Scheduling movements from transfer stations to landfills to reduce wait times
- Quick changeover at landfill – drop off trailers and use tractor movers to tip at landfill face, which frees up trucks to return to transfer station for next load
- Improve loading process at transfer stations to maximise bulk loads and reduce transport cost

### Lucas Heights Truck Congestion Heat Map



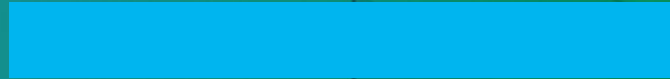
#### Improvement Actions

Trailer swap  
quick  
changeover

Tractor  
movers  
instead of  
trucks

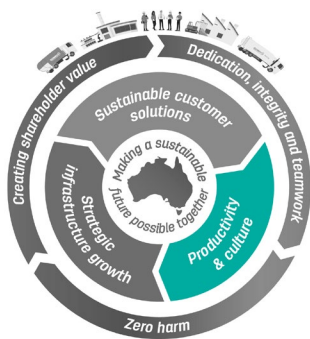
Bulk loading  
at transfer  
stations -  
reduce # of  
trucks

# Financial Contribution & Capital Allocation



# Operational Excellence Pillar to Drive Margin Improvement

Momentum building into FY24 ...



## Operational Excellence

8 LTS Network Optimisation

9 Hydrocarbons Optimisation

10 Data & Analytics

11 CustomerConnect

12 Fleet Optimisation

13 Sales Force Effectiveness

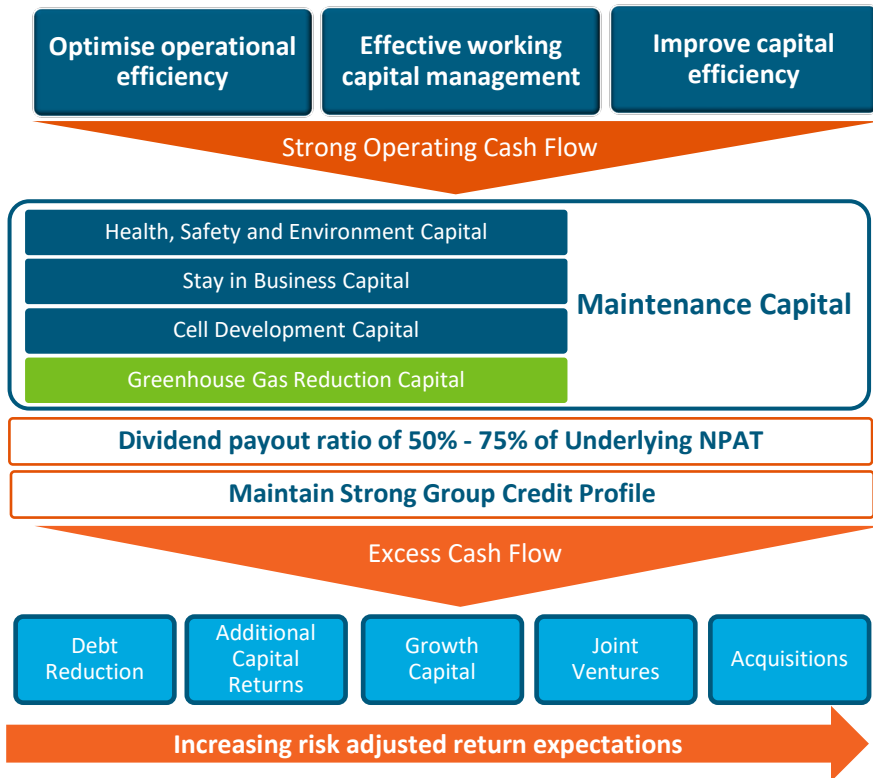
14 Operating Model

- Coordinated program of projects - fully resourced
- Improving efficiency and eliminating cost
- Initial roll out delivering incremental contribution

...targeting more than \$30 million incremental EBIT by FY25/26

# Disciplined Capital Allocation Framework to Drive Improved Returns

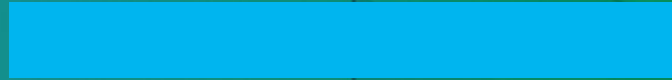
Commitment to maintaining a strong balance sheet and Group credit profile...



- Improving capital allocation decision-making disciplines
- Greater visibility over pipeline of Blueprint 2030 opportunities
- Capital allocated to maximise returns and increase ROIC
- Benchmark always relative to capital returns
- M&A remains an opportunity to accelerate Blueprint 2030

...with increasing debt finance costs heightening our focus on returns

## Wrap up



# Questions

