

FY17 HALF YEAR RESULTS NET PROFIT AFTER TAX UP 21.7%, DIVIDEND INCREASED 25%

Cleanaway Waste Management Limited ("Cleanaway" ASX: CWY) today announced its financial results for the six months ended 31 December 2016.

Compared to the previous corresponding period:

- Statutory NPAT increased 21.7% to \$28.0 million and underlying NPAT increased 20.3% to \$34.9 million
- Statutory EPS increased 20.0% to 1.8 cents and underlying EPS increased 22.2% to 2.2 cents
- Underlying EBITDA increased 9.6% to \$150.4 million and EBIT 14.5% to \$67.0 million
- Underlying EBITDA margin increased to 22.4% from 20.5% and EBIT margin to 10.0% from 8.7%
- Cash flow from operating activities increased 28.3% to \$99.8 million with free cash flow¹ increasing 91.7% to \$34.5 million
- An interim dividend of 1.0 cent per share has been declared, an increase of 25% on the interim dividend declared in FY16

Underlying adjustments after tax totalled \$6.9 million and comprise mainly costs associated with restructuring including site closures and rebranding and business acquisition costs.

Management Commentary

The Chief Executive Officer of Cleanaway, Vik Bansal, said the first half results were encouraging, with the Solids Collections and Solids Post Collection divisions increasing revenues, earnings and margins. However, overall performance of the Liquids & Industrial Services division remains an area for continuing improvement.

"We have continued to reset the operational performance of our divisions and are making progress across a number of strategic initiatives targeted at both the quantum and quality of our earnings and cash flows.

"Our disciplined approach to maximising cash flow is reflected in this result with both operating and free cash flows growing strongly.

"The market facing growth initiatives being implemented continue to benefit the organic growth in revenues, particularly in the Solids division where net revenue growth exceeded Australian GDP.

"The revenue performance of the Liquids and Industrial Services division was impacted by the planned Hydrocarbons refinery shutdowns which occurred during the half, as well as continuing subdued market conditions. Improving the performance of this division is one of our major priorities."

¹ Free cash flow defined as cash from operating activities excluding interest and tax less capital expenditure

2017 Outlook

Commenting on the outlook for FY17, Mr Bansal added: *“The earnings outlook for the remainder of FY17 remains unchanged, with both our Solids and Liquids & Industrial Services segments expected to report increased EBITDA earnings for the year, and overall, in line with current market expectations.”*

Dividend

An interim dividend of 1.0 cent per share (pcp: 0.8 cents per share) has been declared. The interim dividend will be fully franked and paid on 6 April 2017 to shareholders on the register at 5pm on 16 March 2017.

The Dividend Reinvestment Plan (DRP) will be in operation for this dividend. 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 20 March to 24 March 2017. No discount will be applied to shares issued under the DRP.

Underlying Divisional Performance

Solids – Collections

The Solids Collections division reported increased revenue, earnings and margins.

Net revenue increased 2.7% on the previous corresponding period and 4.7% on the second half of FY16. EBITDA increased 9.3% and EBIT 14.2% compared to the previous corresponding period.

Profit margins increased during the period, with the EBIT to revenue margin increasing to 12.3% compared to 11.1% in the previous corresponding period.

Market facing growth initiatives continue to be implemented across the division, with volume increases being recorded across all major solid waste collection categories. Pricing in major metropolitan markets remains competitive and our continued focus on improving pricing is a priority.

Solids – Post Collections

The Solids Post Collections division reported increased net revenue, earnings and margins.

Net revenue increased 4.8% on the previous corresponding period and 6.7% on the second half of FY16. EBITDA increased 9.9% and EBIT 26.1% compared to the previous corresponding period.

Profit margins increased during the period, with the EBIT to revenue margin increasing to 16.0% compared to 13.3% in the previous corresponding period.

The improvement in Post Collection results was achieved after taking into consideration the planned transition to closure of the Erskine Park landfill located in Sydney, resulting in lower volumes of waste collected at the landfill. This reduced gross revenue \$30.5 million, net revenue \$5.7 million (landfill levies down \$24.8 million) and EBITDA \$3.7 million when compared to the previous corresponding period.

Volumes across most other landfills, particularly in Queensland and Western Australia, were higher and offset the reduction from Erskine Park.

Liquids & Industrial Services

The Liquids & Industrial Services division reported increased earnings and margins on decreased net revenues. Net revenue decreased 7.3% compared to the previous corresponding period and 1.9% on the second half of FY16.

EBITDA increased 7.5% compared to the previous corresponding period as continuous improvement initiatives targeted at both operational and cost improvements were undertaken at the beginning of the year to offset the revenue declines.

Profit margins increased during the period, with the EBIT to revenue margin increasing to 7.3% compared to 6.5% in the previous corresponding period.

Selling prices of both base and fuel oil for the half were down compared to the previous corresponding period due to the decrease in global oil prices.

Results for the half were also impacted by bringing forward a number of overdue engineering improvements to the waste oil refineries in NSW and Queensland which resulted in these facilities being shut down for a short period during the first half.

These improvements will result in an enhanced product offering to the market allowing us to take advantage of any sustained increase in the oil price in the future.

Sale of Unmarketable Parcel Facility

Cleanaway will be establishing a share sale facility for shareholders that hold less than \$500 in value of the Company's shares. Further details will be announced in March 2017.

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Investor and Media Relations

Frank Sufferini
Head of Investor Relations and Corporate Affairs
Telephone: 0416 241 501
Email: frank.sufferini@cleanaway.com.au

Investor Briefing

The Company will be holding a teleconference briefing on the results at **9.30am** (AEDST) today.

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

Teleconference: Australia: 1 800 123 296
International: +61 2 8038 5221

Quote Conference Code: 6274 8508

Cleanaway Waste Management Ltd (ASX code: CWY) is Australia's leading total waste management, industrial and environmental services company. Our team of more than 4,000 highly trained staff are supported by a fleet of over 2,500 specialist vehicles working from approximately 200 locations across Australia. With one of the largest waste, recycling and liquids collections fleets on the road, 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 and make a sustainable future possible for all our stakeholders.