CLEANAWAY
Making a sustainable future possible

# RETAIL ENTITLEMENT OFFER

1 for 3.65 accelerated non-renounceable pro rata entitlement offer of Cleanaway Waste Management Limited ordinary shares at $1.35 per New Share

Retail Entitlement Offer closes: 5.00pm (AEDT) on Friday, 19 January 2018

If you are an Eligible Retail Shareholder, this is an important document that requires your immediate attention. It should be read in its entirety. This document is not a prospectus under the Corporations Act and has not been lodged with the Australian Securities and Investments Commission. You should consult your stockbroker, solicitor, accountant or other professional adviser if you have any questions.

**NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES**

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# IMPORTANT NOTICES

**This Retail Offer Booklet is dated 13 December 2017. Capitalised terms in this section have the meaning given to them in this Retail Offer Booklet.**

The Retail Entitlement Offer is made in accordance with section 708AA of the Corporations Act (as notionally modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84). This Retail Offer Booklet does not contain all of the information which an investor may require to make an informed investment decision, nor does it contain all the information which would be required to be disclosed in a prospectus. The information in this Retail Offer Booklet does not constitute financial product advice and does not take into account your investment objectives, financial situation or particular needs.

This Retail Offer Booklet should be read in its entirety before you decide to participate in the Retail Entitlement Offer. This Retail Offer Booklet is not a prospectus under the Corporations Act and has not been lodged with ASIC. By returning an Entitlement and Acceptance Form or otherwise paying for your New Shares through BPAY®[1] in accordance with the instructions on the Entitlement and Acceptance Form, you acknowledge that you have read this Retail Offer Booklet and you have acted in accordance with and agree to the terms of the Retail Entitlement Offer detailed in this Retail Offer Booklet.

## No overseas offering

This Retail Offer Booklet (including the accompanying Entitlement and Acceptance Form) does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. In particular, this Retail Offer Booklet does not constitute an offer to Ineligible Retail Shareholders and may not be distributed in the United States and the New Shares may not be offered or sold, directly or indirectly, to persons in the United States.

This Retail Offer Booklet is not to be distributed in, and no offer of New Shares is to be made under the Retail Entitlement Offer, in countries other than Australia and New Zealand unless Cleanaway Waste Management Limited ("**Cleanaway**") in its discretion is satisfied that the Entitlement Offer may be made in compliance with all applicable laws.

No action has been taken to register or qualify the Retail Entitlement Offer, the Entitlements or the New Shares, or otherwise permit the public offering of the New Shares, in any jurisdiction other than Australia and New Zealand.

The distribution of this Retail Offer Booklet (including an electronic copy) outside Australia and New Zealand is restricted by law. If you come into possession of the information in this Retail Offer Booklet, you should observe such restrictions and should seek your own advice on such restrictions. Any non-compliance with these restrictions may contravene applicable securities laws.

Foreign exchange control restrictions or restrictions on remitting funds from your country to Australia may apply. Your Application for New Shares is subject to all requisite authorities and clearances being obtained for Cleanaway to lawfully receive your Application Monies.

## New Zealand

The New Shares are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the Financial Markets Conduct Act 2013 and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

This document has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

## United States

None of the information in this Retail Offer Booklet or the Entitlement and Acceptance Form accompanying it when it is dispatched to Eligible Retail Shareholders (as set out in the "Key dates" section) constitutes an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to any person acting for the account or benefit of any person in the United States. Neither this Retail Offer Booklet (or any part of it) nor the Entitlement and Acceptance Form when made available may be released or distributed, directly or indirectly, to persons in the United States.

Neither the Entitlements nor the New Shares have been, or will be, registered under the U.S. Securities Act of 1933, as amended (the "**US Securities Act**") or the securities laws of any state or other jurisdiction of the United States. The Entitlements may not be taken up by persons in the United States or by persons (including nominees or custodians) who are acting for the account or benefit of a person in the United States. Neither the Entitlements or the New Shares may be offered, sold or resold in the United States or to persons acting for the account or benefit of a person in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable U.S. states securities laws. The Entitlements and the New Shares to be offered and sold in the Retail Entitlement Offer described in this Retail Offer Booklet may only be offered and sold in "offshore transactions" (as defined in Regulation S under the US Securities Act) in reliance on Regulation S under the US Securities Act.

## Definitions, currency and time

Defined terms used in this Retail Offer Booklet are contained in Section 7. All references to time are to AEDT, unless otherwise indicated.

## Foreign exchange

All references to '$' are AUD unless otherwise noted.

## Taxation

There will be tax implications associated with participating in the Retail Entitlement Offer and receiving New Shares. Section 5 provides for a general guide to the Australian income tax, goods and services tax and stamp duty implications of the Retail Entitlement Offer for Eligible Retail Shareholders. The guide does not take account of the individual circumstances of particular Eligible Retail Shareholders and does not constitute tax advice. Cleanaway recommends that you consult your professional tax adviser in connection with the Retail Entitlement Offer.

## Privacy

Cleanaway collects information about each Applicant provided on an Entitlement and Acceptance Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's shareholding in Cleanaway.

By submitting an Entitlement and Acceptance Form, you will be providing personal information to Cleanaway (directly or through the Share Registry). Cleanaway collects, holds and will use that information to assess your Application. Cleanaway collects your personal information to process and administer your shareholding in Cleanaway and to provide related services to you. Cleanaway may disclose your personal information for purposes related to your shareholding in Cleanaway, including to the Share Registry, Cleanaway's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory bodies. You can obtain access to personal information that Cleanaway holds about you. To make a request for access to your personal information held by (or on behalf of) Cleanaway, please contact Cleanaway through the Share Registry.

## Governing law

This Retail Offer Booklet, the Retail Entitlement Offer and the contracts formed on acceptance of the Applications are governed by the law of Victoria, Australia. Each Applicant submits to the exclusive jurisdiction of the courts of Victoria, Australia.

1 ® registered to BPAY Pty Ltd ABN 69 079 137 518.

**No representations**

No person is authorised to give any information or to make any representation in connection with the Retail Entitlement Offer which is not contained in this Retail Offer Booklet. Any information or representation in connection with the Retail Entitlement Offer not contained in the Retail Offer Booklet may not be relied upon as having been authorised by Cleanaway, its related bodies corporate or any of their respective directors, officers, employees, agents, advisers or representatives. Except as required by law, and only to the extent so required, none of Cleanaway, its related bodies corporate or any their respective directors, officers, employees, agents, advisers or representatives, or any other person, warrants or guarantees the future performance of Cleanaway or any return on any investment made pursuant to this Retail Offer Booklet.

**Past performance**

Investors should note that any past performance information given in this Retail Offer Booklet is provided for illustrative purposes only and should not be relied upon as, and is not, an indication of future Cleanaway performance, including future share price performance.

**Future performance and forward-looking statements**

This Retail Offer Booklet contains certain forward-looking statements. Forward-looking statements can generally be identified by the use of forward-looking words such as "may", "should", "will", "expect, "intend", "plan", "estimate", "anticipate", "believe", "continue", "objectives", "outlook", "guidance", "project", "forecast", "likely", "could", "target" or other similar words or expressions, and include statements in this Retail Offer Booklet regarding certain plans, strategies and objectives of management of Cleanaway and indications of, and guidance or outlook on, expected financial performance or position, future earnings, distributions, the conduct and outcome of the Entitlement Offer and the use of proceeds.

The forward-looking statements contained in this Retail Offer Booklet involve known and unknown risks, uncertainties, contingencies and other factors, many of which are beyond the control of Cleanaway, subject to change without notice and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct.

Forward-looking statements are provided as a general guide only and there can be no assurance that actual outcomes will not differ materially from these statements. A number of important factors could cause actual results or performance to differ materially from the forward-looking statements. Investors should consider the forward-looking statements contained in this Retail Offer Booklet in light of those disclosures.

Neither Cleanaway, nor any other person, gives any representation, warranty, assurance nor will guarantee that the occurrence of the events expressed or implied in any forward-looking statement actually occur. Cleanaway disclaims any responsibility for the accuracy or completeness of any forward-looking statements whether as a result of new information, future events or results or otherwise. Readers are cautioned not to place undue reliance on forward looking statements and Cleanaway disclaims any responsibility to update or revise any forward-looking statement to reflect any change in Cleanaway's financial condition, status, expectations or affairs or any change in events, conditions or circumstances on which a statement is based, except as required by law.

**Risks**

An investment in New Shares is subject to investment and other known and unknown risks, some of which are beyond the control of Cleanaway, including possible delays in repayment and loss of income and principal invested. Cleanaway does not guarantee any particular rate of return or the performance of Cleanaway, nor does it guarantee the repayment of capital from Cleanaway or any particular tax treatment.

Shareholders should refer to the "Key risks" section of the Investor Presentation included in Section 4 for a summary of general and specific risk factors that may affect Cleanaway.

**Trading New Shares**

Cleanaway will have no responsibility and disclaims all liability (to the maximum extent permitted by law) to persons who trade New Shares they believe will be issued to them before they receive their holding statements, whether on the basis of confirmation of the allocation provided by Cleanaway or the Share Registry or otherwise, or who otherwise trade or purport to trade New Shares in error or which they do not hold or are not entitled to.

If you are in any doubt, as to these matters you should first consult with your stockbroker, solicitor, accountant or other professional adviser.

For personal use only

## Chairman's letter

13 December 2017

Dear Shareholder,

On Monday, 11 December 2017, Cleanaway Waste Management Limited ("**Cleanaway**" or the "**Company**") announced that it had entered into a scheme implementation deed with Tox Free Solutions Limited ("**Toxfree**") ("**Scheme Implementation Deed**") in relation to the acquisition of 100% of Toxfree's shares by way of a recommended scheme of arrangement ("**Scheme**") for an acquisition price of $3.425 per Toxfree share, representing a total purchase price of $671 million on an equity value basis and $831 million on an enterprise value basis ("**Acquisition**"). The directors of Cleanaway believe that Toxfree is a strong strategic fit with Cleanaway, and the Acquisition (if successfully completed), is expected to deliver significant value to Cleanaway shareholders.

On behalf of the Cleanaway board, it is my pleasure to invite you to participate in Cleanaway's 1 for 3.65 fully underwritten pro rata accelerated non-renounceable entitlement offer of new shares in Cleanaway ("**New Shares**") at an offer price of $1.35 per New Share ("**Offer Price**") ("**Entitlement Offer**"). The proceeds of the Entitlement Offer will be used to partially fund the Acquisition (if successfully completed), and will ensure that Cleanaway maintains a conservative balance sheet going forward in order to support its future growth.

### Summary of Toxfree and the Acquisition

Toxfree is a major waste management company with a national footprint and operations across four core service lines which closely align with Cleanaway's corresponding operational segments. Toxfree comprises a national network of strategically located assets that are complementary to Cleanaway's, including 29 licensed facilities[2] and a fleet of 895 waste collection vehicles.

The Acquisition represents a strategically compelling opportunity for Cleanaway, which is expected to deliver significant value for Cleanaway shareholders:

- Affirms Cleanaway 's leadership in each of its operating segments by enhancing Cleanaway's existing capabilities
- Accelerates the implementation of Cleanaway's Footprint 2025 strategy, adding prized infrastructure assets across the country
- Significant capital spend avoided in our Liquids & Industrial Services segment
- Provides a leading position in the attractive medical waste sector
- Expected to deliver approximately $35 million in annual synergies to be realised over two years (with total synergy benefits realised in FY21) that will drive value creation with EPSA, Pre-tax Return on Invested Capital and Free Cash Flow per share accretion[3]

Further information on the strategic benefits and rationale associated with the Acquisition are contained in Cleanaway's ASX Announcement and Investor Presentation lodged with the ASX on Monday, 11 December 2017 (included in Section 4 of this Retail Offer Booklet).

The Acquisition is expected to complete in 2Q CY2018 and is subject to a number of customary closing conditions including Toxfree shareholder approval, court approval and ACCC approval. Given the anticipated timing for completion, the Acquisition of Cleanaway is not expected to have a material impact on Cleanaway's underlying FY18 results.

Toxfree's board has unanimously recommended that Toxfree shareholders vote in favour of the Scheme, subject to no superior proposal emerging and to an (and continuing to conclude) that the Scheme is in the best interests of Toxfree's shareholders. Further information regarding the Scheme is available in the Scheme Implementation Deed that was lodged with the ASX on Monday, 11 December 2017.

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[2] Refer to Environmental Protection Authority licenses.
[3] See section 7 for definitions of EPSA, Pre-tax Return on Invested Capital and Free Cash Flow per share.

**Details of the Entitlement Offer**

The Entitlement Offer comprises an accelerated institutional component to raise approximately $500 million ("**Institutional Entitlement Offer**"), and a retail component to raise approximately $90 million ("**Retail Entitlement Offer**").

The Entitlement Offer is fully underwritten by Macquarie Capital (Australia) Limited ("**Underwriter**").

The Institutional Entitlement Offer was successfully completed on Tuesday, 12 December 2017, receiving strong support from existing Institutional Shareholders. The Retail Entitlement Offer opens at 9.00am (AEDT) on Monday, 18 December 2017 and closes at 5.00pm (AEDT) on Friday, 19 January 2018.

The Entitlement Offer is non-renounceable and therefore your Entitlement will not be tradeable on the ASX or any other exchange, or otherwise transferable. This means that Eligible Retail Shareholders (as defined in Section 7 of this Retail Offer Booklet) who do not take up their Entitlements will not receive any value for those Entitlements and their proportionate interest in Cleanaway will be diluted.

Eligible Retail Shareholders are entitled to subscribe for 1 new share ("**New Shares**") at the Offer Price for every 3.65 existing ordinary shares in Cleanaway ("**Existing Shares**") held at 7.00pm (AEDT) on Wednesday, 13 December 2017 ("**Record Date**") ("**Entitlement**").

The Offer Price of $1.35 per New Share represents:

- a discount of approximately 8.2% to the last closing price of Cleanaway before announcement of the Entitlement Offer ($1.47 on Friday, 8 December 2017); and
- a discount of approximately 6.5% to the theoretical ex-rights price ("**TERP**") of $1.44.[4]

The Offer Price under the Retail Entitlement Offer is the same as under the Institutional Entitlement Offer.

**How to apply**

Accompanying this Retail Offer Booklet is your personalised Entitlement and Acceptance Form which contains details of your Entitlement.

The Retail Entitlement Offer closes at 5.00pm (AEDT) on Friday, 19 January 2018. To participate, you should ensure that you have completed your application by paying the relevant application monies ("**Application Monies**") by BPAY® before this time in the manner described in this Retail Offer Booklet. If you are unable to pay by BPAY® (for example if you are based in New Zealand and do not have an Australian bank account), you are able to pay by cheque.

**Further information**

Further information on the Retail Entitlement Offer and Cleanaway's business is detailed in this Retail Offer Booklet. You should carefully read this Retail Offer Booklet in its entirety and consult your stockbroker, accountant or other professional adviser before making your investment decision. In particular, you should read and consider Appendix A (Key risks) of the Cleanaway Investor Presentation included in Section 4 of this Retail Offer Booklet, which contains a summary of some of the key risks associated with the Acquisition and an investment in Cleanaway.

If you have any questions in respect of the Retail Entitlement Offer, please call the Cleanaway Shareholder Information Line on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) at any time from 8.30am to 5.00pm (AEDT) Monday to Friday during the Retail Entitlement Offer Period. This Retail Offer Booklet contains detailed information about the Entitlement Offer, including instructions on how to participate should you choose to do so. Please read this Retail Offer Booklet carefully and in its entirety before choosing to participate in the Retail Entitlement Offer.

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[4] TERP is the theoretical price at which Shares should trade immediately after the ex-date for the Offer. TERP is a theoretical calculation only and the actual price at which Shares traded immediately after the ex-date for the Offer depended on many factors and may not have been equal to TERP. TERP is calculated by reference to Cleanaway's closing price of $1.47 on Friday 8 December 2017, being the last trading day prior to the announcement of the Offer.

All the Directors of Cleanaway have indicated they will be participating in the Retail Entitlement Offer for the shares they own.

On behalf of my fellow Cleanaway directors, I look forward to welcoming your participation in the Cleanaway Retail Entitlement Offer and your continued ownership of Cleanaway.

Yours sincerely,

**Mark Chellew**
**Chairman**
Cleanaway Waste Management Limited

## Summary of Entitlement Offer

| | |
|---|---|
| **Institutional Entitlement Offer** | |
| **Offer Price** | $1.35 per New Share |
| **Size** | Approximately 370.6 million New Shares |
| **Gross proceeds** | Approximately $500 million |
| **Retail Entitlement Offer** | |
| **Ratio** | 1 New Share for every 3.65 Existing Shares held |
| **Offer Price** | $1.35 per New Share |
| **Size** | Approximately 66.7 million New Shares |
| **Gross proceeds** | Approximately $90 million |
| **Total gross proceeds** | |
| **Expected total gross proceeds of the Entitlement Offer** | Approximately $590 million |

## Key dates

| Activity | Date |
|---|---:|
| Announcement of the Entitlement Offer | Monday, 11 December 2017 |
| Retail Offer Booklet lodged with ASX | Wednesday, 13 December 2017 |
| Record Date for Entitlement Offer (7.00pm) | Wednesday, 13 December 2017 |
| Retail Entitlement Offer opens (9.00am) | Monday, 18 December 2017 |
| Retail Entitlement Offer closes (5.00pm) | Friday, 19 January 2018 |
| Allotment of New Shares issued under the Retail Entitlement Offer | Wednesday, 31 January 2018 |
| Normal ASX trading for New Shares issued under the Retail Entitlement Offer commences | Thursday, 01 February 2018 |
| Despatch of holding statements for New Shares issued under the Retail Entitlement Offer | Friday, 02 February 2018 |

*This timetable above (and each reference thereto or to dates therein in this Retail Offer Booklet) is indicative only and subject to change without notice. All times and dates in the timetable refer to AEDT. Cleanaway reserves the right to amend any or all of these dates and times subject to the Corporations Act, the ASX Listing Rules and other applicable laws. In particular, Cleanaway reserves the right to extend the closing date for the Retail Entitlement Offer, to accept late applications under the Retail Entitlement Offer (either generally or in particular cases) and to withdraw the Retail Entitlement Offer without prior notice. Any extension of the closing date will have a consequential effect on the allotment date of New Shares.*

*Cleanaway also reserves the right not to proceed with the Entitlement Offer in whole or in part at any time prior to allotment and issue of the New Shares. In that event, the relevant Application Monies (without interest) will be returned in full to Applicants.*

## Enquiries

If you have any doubt about whether you should participate in the Entitlement Offer, you should seek professional financial advice from your stockbroker, solicitor, accountant or other professional adviser before making any investment decision.

If you have questions on how to complete the Entitlement and Acceptance Form or how to take up your Entitlement or have lost your Entitlement and Acceptance Form and would like a replacement form, please call 1300 850 505 (inside Australia) and +61 3 9415 4000 (outside Australia) between 8.30am and 5.00pm (AEDT) Monday to Friday during the Retail Entitlement Offer Period.

## 1 Summary of options available to you

If you are an Eligible Retail Shareholder[5], you may take one of the following actions:

- take up all of your Entitlement;
- take up part of your Entitlement and allow the balance to lapse; or
- do nothing, in which case your Entitlement will lapse and you will receive no value for your Entitlement.

| Options available to you | Key considerations |
|---|---|
| **Option 1:** Take up all of your Entitlement | • You may elect to purchase New Shares at the Offer Price (see Section 3 *"How to apply"* for instructions on how to take up your Entitlement).<br>• The New Shares will rank equally in all respects with Existing Shares (including rights to dividends and distributions).<br>• The Retail Entitlement Offer closes at 5.00pm (AEDT) on Friday, 19 January 2018. |
| **Option 2:** Take up part of your Entitlement | • If you only take up part of your Entitlement, the part not taken up will lapse and the New Shares not subscribed for will form part of the Shortfall.<br>• If you do not take up your Entitlement in full, you will not receive any payment or value for that part of your Entitlement not taken up.<br>• If you do not take up your Entitlement in full, you will have your percentage holding in Cleanaway reduced as a result of the Entitlement Offer. |
| **Option 3:** Do nothing, in which case your Entitlement will lapse and you will receive no value for your Entitlement | • If you do not take up your Entitlement, you will not be allocated New Shares and your Entitlement will lapse.<br>• The New Shares not subscribed for will form part of the Shortfall.<br>• Your Entitlement is non-renounceable, which means it is non-transferrable and cannot be sold, traded on ASX or any other exchange, nor can it be privately transferred.<br>• If you do not take up your Entitlement, you will not receive any payment or value for your Entitlement.<br>• If you do not take up your Entitlement, you will have your percentage holding in Cleanaway reduced as a result of the Entitlement Offer. |

If you are a retail shareholder that is not an Eligible Retail Shareholder, you are an "**Ineligible Retail Shareholder**". Ineligible Retail Shareholders are not entitled to participate in the Entitlement Offer.

[5] See Section 7 for definition of Eligible Retail Shareholder.

## 2 Overview of the Entitlement Offer

### 2.1 Overview

Cleanaway intends to raise approximately $590 million under the Entitlement Offer via an offer of approximately 437.3 million New Shares at an Offer Price of $1.35 per New Share.

Cleanaway will use the proceeds of the Entitlement Offer to partially fund the acquisition of Toxfree (if successfully completed).

The Entitlement Offer has two components:

(a) the Institutional Entitlement Offer – Eligible Institutional Shareholders were given the opportunity to take up all or part of their Entitlement, and a bookbuild process to sell Entitlements not taken up by Eligible Institutional Shareholders as well as New Shares that otherwise would have been offered to Ineligible Institutional Shareholders at the Offer Price was carried out, to raise approximately $500 million; and

(b) the Retail Entitlement Offer (to which this Retail Offer Booklet relates) – Eligible Retail Shareholders will be given the opportunity to take up all or part of their Entitlement. The Retail Entitlement Offer is expected to raise approximately $90 million.

Both the Institutional Entitlement Offer and the Retail Entitlement Offer are non-renounceable. Accordingly, Entitlements cannot be traded on the ASX, nor can they be sold, transferred or otherwise disposed of.

New Shares issued under the Retail Entitlement Offer are to be issued at the same price as New Shares issued under the Institutional Entitlement Offer. In addition, Shareholders' Entitlements under the Institutional Entitlement Offer and the Retail Entitlement Offer are calculated based on the same ratio.

The Entitlement Offer is fully underwritten by the Underwriter in accordance with the terms of the Underwriting Agreement (as summarised in Section 5.7).

### 2.2 Institutional Entitlement Offer

Cleanaway has already raised approximately $500 million from Eligible Institutional Shareholders as part of the Institutional Entitlement Offer, at $1.35 per New Share.[6] New Shares are expected to be issued under the Institutional Entitlement Offer on Thursday, 21 December 2017.

### 2.3 Retail Entitlement Offer

The Retail Entitlement Offer is being made pursuant to section 708AA of the Corporations Act (as modified by ASIC Instrument 2016/84) which allows rights issues to be offered without a prospectus, provided certain conditions are satisfied.

[6] Settlement of the Institutional Entitlement Offer is due to occur on Wednesday, 20 December 2017 and is subject to certain conditions and termination events. Refer to Section 5.7.

As a result, the Retail Entitlement Offer is not being made under a prospectus and it is important for Eligible Retail Shareholders to read and understand the information on Cleanaway, Toxfree and the Retail Entitlement Offer made publicly available, prior to taking up all or part of their Entitlement. In particular, please refer to the materials in Section 4 and other announcements made available at asx.com.au and all other parts of this Retail Offer Booklet carefully before making any decisions in relation to your Entitlement.

The Retail Entitlement Offer constitutes an offer to Eligible Retail Shareholders, who are invited to apply for 1 New Share for every 3.65 Shares held on the Record Date.

The Retail Entitlement Offer opens on Monday, 18 December 2017. This is also the date when the Retail Offer Booklet will be dispatched, along with an Entitlement and Acceptance Form, to Eligible Retail Shareholders. The Retail Entitlement Offer is expected to close at 5.00pm (AEDT) on Friday, 19 January 2018.

# 3 How to apply

## 3.1 Your Entitlement

An Entitlement and Acceptance Form setting out your Entitlement (calculated as 1 New Share for every 3.65 Shares held on the Record Date with fractional entitlements rounded up to the nearest whole number of New Shares) accompanies this Retail Offer Booklet. Eligible Retail Shareholders may subscribe for all or part of their Entitlement. If you have more than one registered holding of Shares, you will be sent more than one Entitlement and Acceptance Form and you will have separate Entitlements for each separate holding.

Please note that the Entitlement stated on your Entitlement and Acceptance Form may be in excess of the actual Entitlement you may be permitted to take up where, for example, you are holding Shares on behalf of a person in the United States (refer to the definition of Eligible Retail Shareholders in Section 5.1). Eligible Retail Shareholders should be aware that an investment in Cleanaway involves risks. The key risks identified by Cleanaway are set out in Appendix A of the Investor Presentation (in Section 4).

## 3.2 Options available to you

Eligible Retail Shareholders may:

(a) take up their Entitlement in full by the Closing Date (refer to Section 3.3);

(b) take up part of their Entitlement by the Closing Date, in which case the balance of their Entitlement would lapse (refer to Section 3.3); or

(c) do nothing and allow their Entitlement to lapse (refer to section 3.4).

The Retail Entitlement Offer is an offer to Eligible Retail Shareholders only. Ineligible Retail Shareholders may not take up all or part of their Entitlement.

Cleanaway reserves the right to reject any Entitlement and Acceptance Form that is not correctly completed or that is received after the Closing Date.

The Closing Date for acceptance of the Retail Entitlement Offer is **5.00pm (AEDT) on Friday, 19 January 2018** (however, that date may be varied by Cleanaway, in accordance with the Listing Rules and applicable law).

## 3.3 Taking up all or part of your Entitlement

If you wish to take up all or part of your Entitlement, payment must be made via BPAY® if possible. Eligible Retail Shareholders based in New Zealand who do not have an Australian bank account will be able to pay by AUD cheque. Payments must be made by following the instructions set out on the Entitlement and Acceptance Form. Payment is due by no later than 5.00pm (AEDT) on the Closing Date (ie Friday, 19 January 2018).

## 3.4 Allowing your Entitlement to lapse

If you do not wish to accept all or any part of your Entitlement, do not take any further action and your Entitlement will lapse. The New Shares not subscribed for will form part of the Shortfall.

### 3.5 Consequences of not taking up all of your Entitlement

If you do not take up all of your Entitlement in accordance with the instructions set out above, those New Shares representing your Entitlement (or the part of your Entitlement not taken up) will be acquired by the Underwriter or any sub-underwriters.

By allowing all or part of your Entitlement to lapse, you will forgo any exposure to increases or decreases in the value of the New Shares representing that part of your Entitlement not taken up and you will not receive any value for that part of your Entitlement. Your interest in Cleanaway will also be diluted.

### 3.6 Payment

Payment should be made using BPAY® if possible. Eligible Retail Shareholders who do not have an Australian bank account will be able to pay by AUD cheque (see below at Section 3.8).

Cash payments will not be accepted. Receipts for payment will not be issued.

Cleanaway will treat you as applying for as many New Shares as your payment will pay for in full up to your Entitlement. If your payment will pay for more than your full Entitlement, Cleanaway will treat you as applying for your full Entitlement.

Any Application Monies received for more than your final allocation of New Shares will be refunded as soon as practicable after the close of the Retail Entitlement Offer. No interest will be paid to applicants on any Application Monies received or refunded.

### 3.7 Payment by BPAY®

For payment by BPAY®, please follow the instructions on the Entitlement and Acceptance Form. You can only make payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions.

If you are paying by BPAY®, please make sure you use the specific Biller Code and your unique Customer Reference Number (**CRN**) on your Entitlement and Acceptance Form. If you have multiple holdings and consequently receive more than one Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those holdings only use the CRN specific to that holding. If you do not use the correct CRN specific to that holding your application will not be recognised as valid.

Please note that by paying by BPAY®:

(a) you do not need to submit your Entitlement and Acceptance Form but are taken to make the declarations, representations and warranties on that Entitlement and Acceptance Form and in Section 3.9; and

(b) if you do not pay for your full Entitlement, you are deemed to have taken up your Entitlement in respect of such whole number of New Shares which is covered in full by your Application Monies.

It is your responsibility to ensure that your BPAY® payment is received by the Share Registry by no later than 5.00pm (AEDT) on the Closing Date (ie Friday, 19 January 2018). You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration in the timing of when you make payment.

### 3.8 If you are unable to pay by BPAY®

Cleanaway encourages payments by BPAY® if possible.

If you are an unable to pay by BPAY® and wish to make a payment by cheque, you should complete your Entitlement and Acceptance Form in accordance with the instructions on the form and return it accompanied by a cheque in Australian currency for the amount of the Application Monies, payable to 'Cleanaway Waste Management Limited Retail Offer' and crossed 'Not Negotiable'.

It is your responsibility to ensure that your payment by cheque is received by the Share Registry by no later than 5.00pm (AEDT) on the Closing Date (ie Friday, 19 January 2018) at the address set out below:

**Mailing Address**
Computershare Investor Services Pty Limited
GPO Box 505
Melbourne VIC 3001

You must ensure cleared funds are held in your account as your cheque will be banked as soon as it is received. Please note that you should consider postal and cheque clearance timeframes in meeting this deadline.

Your cheque must be:

a) for an amount equal to $1.35 multiplied by the number of New Shares that you are applying for; and

b) in Australian currency drawn on an Australian branch of a financial institution. Payment cannot be made in New Zealand dollars. New Zealand resident shareholders must arrange for payment to be made in Australian dollars.

You should ensure that sufficient funds are held in relevant account(s) to cover the Application Monies as your cheque will be processed on the day of receipt. If the amount of your cheque for Application Monies (or the amount for which the cheque clears in time for allocation) is insufficient to pay in full for the number of New Shares you have applied for in your Entitlement and Acceptance Form, you will be taken to have applied for such lower whole number of New Shares as your cleared Application Monies will pay for (and to have specified that number of New Shares on your Entitlement and Acceptance Form). Alternatively, your application will not be accepted.

### 3.9 Entitlement and Acceptance Form is binding

A payment made through BPAY® or a completed and lodged Entitlement and Acceptance Form together with the payment of requisite Application Monies constitutes a binding offer to acquire New Shares on the terms and conditions set out in this Retail Offer Booklet and the accompanying Entitlement and Acceptance Form and, once lodged or paid, cannot be withdrawn. If the Entitlement and Acceptance Form is not completed correctly it may still be treated as a valid application for New Shares. Cleanaway's decision whether to treat an acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

By making a payment by BPAY® or by completing and returning your Entitlement and Acceptance Form with the requisite Application Monies, you will also be deemed to have acknowledged, represented and warranted on your own behalf and on behalf of each person on whose account you are acting that:

(a) you are (or the person on whose account you are acting is) an Eligible Retail Shareholder;

(b) you acknowledge that you have read and understood this Retail Offer Booklet and your Entitlement and Acceptance Form in their entirety;

(c) you agree to be bound by the terms of the Retail Entitlement Offer, the provisions of this Retail Offer Booklet (and accompanying Entitlement and Acceptance Form), and Cleanaway's constitution;

(d) you authorise Cleanaway to register you as the holder(s) of New Shares allotted to you;

(e) you declare that all details and statements in the Entitlement and Acceptance Form are complete and accurate;

(f) you declare you are over 18 years of age and have full legal capacity and power to perform all of your rights and obligations under the Entitlement and Acceptance Form;

(g) you acknowledge that once Cleanaway receives your Entitlement and Acceptance Form or any payment of Application Monies via BPAY®, you may not withdraw your application or funds provided except as allowed by law;

(h) you agree to apply for and be issued up to the number of New Shares specified in the Entitlement and Acceptance Form, or for which you have submitted payment of any Application Monies via BPAY®, at the Offer Price per New Share;

(i) you authorise Cleanaway, the Underwriter, the Share Registry and their respective officers or agents to do anything on your behalf necessary for New Shares to be issued to you, including to act on instructions of the Share Registry upon using the contact details set out in your Entitlement and Acceptance Form;

(j) you declare that you were the registered holder(s) at the Record Date of the Shares indicated on the Entitlement and Acceptance Form as being held by you on the Record Date and are an Eligible Retail Shareholder;

(k) you acknowledge that the information contained in this Retail Offer Booklet and your Entitlement and Acceptance Form is not investment advice nor a recommendation that New Shares are suitable for you given your investment objectives, financial situation or particular needs;

(l) you acknowledge that this Retail Offer Booklet is not a prospectus, does not contain all of the information that you may require in order to assess an investment in Cleanaway and is given in the context of Cleanaway's past and ongoing continuous disclosure announcements to ASX;

(m) you acknowledge the statement of risks in Appendix A of the Investor Presentation included in the Section 4, and that investments in Cleanaway are subject to risk;

(n) you acknowledge that none of Cleanaway, the Underwriter, or their respective related bodies corporate and affiliates and their respective directors, officers, partners, employees, representatives, agents, consultants or advisers, guarantees the performance of Cleanaway, nor do they guarantee the repayment of capital;

(o) you agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Retail Entitlement Offer and of your holding of Shares on the Record Date;

(p) you authorise Cleanaway to correct any errors in your Entitlement and Acceptance Form or other form provided by you;

(q) you represent and warrant (for the benefit of Cleanaway, the Underwriter and their respective related bodies corporate and affiliates) that you did not receive an invitation to participate in the Institutional Entitlement Offer either directly or through a nominee, are not an Ineligible Retail Shareholder and are otherwise eligible to participate in the Retail Entitlement Offer;

(r) acknowledge and agree that determination of eligibility of investors for the purposes of the Institutional Entitlement Offer and the Retail Entitlement Offer was determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of Cleanaway and/or the Underwriter, and each of Cleanaway and the Underwriter and their respective related bodies corporate and affiliates disclaim any duty or liability (including for negligence) in respect of that determination and the exercise of that discretion to the maximum extent permitted by law;

(s) you represent and warrant that the law of any place does not prohibit you from being given this Retail Offer Booklet and the Entitlement and Acceptance Form, nor does it prohibit you from making an application for New Shares and that you are otherwise eligible to participate in the Retail Entitlement Offer;

(t) you represent and warrant (for the benefit of Cleanaway, the Underwriter and their respective related bodies corporate and affiliates) that you are not in the United States and you are not acting for the account or benefit of a person in the United States;

(u) you understand and acknowledge that neither the Entitlements nor the New Shares have been, or will be, registered under the US Securities Act or the securities laws of any state or other jurisdiction in the United States. The Entitlements may not be taken by persons in the United States or by persons who are acting for the account or benefit of a person in the United States.

(v) you are subscribing for or purchasing the New Shares in an "offshore transaction" (as defined in Rule 902(h) under the US Securities Act) in reliance on Regulation S under the US Securities Act;

(w) you are not engaged in the business of distributing securities;

(x) you have not and will not send this Retail Offer Booklet, the Entitlement and Acceptance Form or any other materials relating to the Retail Entitlement Offer to any person in the United States or any other country outside Australia and New Zealand;

(y) you agree that if in the future you decide to sell or otherwise transfer the New Shares you will only do so in "regular way" transactions on ASX or Chi-x where neither you nor any person acting on your behalf knows, or has reason to know, that the sale has been pre-arranged with, or that the purchaser is, in the United States;

(z) you are eligible under applicable securities laws to exercise Entitlements and acquire New Shares under the Retail Entitlement Offer; and

(aa) if you are acting as a nominee or custodian, each beneficial holder on whose behalf you are submitting the Entitlement and Acceptance Form is resident in Australia or New Zealand and is not in the United States and is not acting for the account or benefit of a person in the United States, and you have not sent this Retail Offer Booklet, the Entitlement and Acceptance Form or any information relating to the Retail Entitlement Offer to any such person.

### 3.10 Brokerage and stamp duty

No brokerage fee is payable by Eligible Retail Shareholders who accept their Entitlement. No stamp duty is payable for subscribing for New Shares under the Retail Entitlement Offer.

### 3.11 Notice to nominees and custodians

The Retail Entitlement Offer is being made to all Eligible Retail Shareholders. Nominees or custodians with registered addresses in the eligible jurisdictions, irrespective of whether they participate under the Institutional Entitlement Offer, may also be able to participate in the Retail Entitlement Offer in respect of some or all of the beneficiaries on whose behalf they hold Existing Shares, provided that the applicable beneficiary would satisfy the criteria for an Eligible Retail Shareholder.

Nominees and custodians who hold Shares as nominees or custodians will have received, or will shortly receive, a letter from Cleanaway. Nominees and custodians should consider carefully the contents of that letter and note in particular that the Retail Entitlement Offer is not available to:

(a) beneficiaries on whose behalf they hold Existing Shares who would not satisfy the criteria for an Eligible Retail Shareholder;

(b) Eligible Institutional Shareholders who received an offer to participate in the Institutional Entitlement Offer (whether they accepted their Entitlement or not);

(c) Ineligible Institutional Shareholders who were ineligible to participate in the Institutional Entitlement Offer; or

(d) shareholders who are not eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

In particular, persons acting as nominees or custodians for other persons may not take up Entitlements on behalf of, or send any documents relating to the Retail Entitlement Offer to, any person in the United States.

Cleanaway is not required to determine whether or not any registered holder is acting as a nominee or custodian or the identity or residence of any beneficial owners of Shares. Where any holder is acting as a nominee or custodian for a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Retail Entitlement Offer is compatible with applicable foreign laws. Cleanaway is not able to advise on foreign laws.

For the avoidance of doubt, Cleanaway reserves the right (in its absolute sole discretion) to reduce the number of New Shares allocated to Eligible Retail Shareholders, or persons claiming to be Eligible Retail Shareholders, if their claims prove to be overstated or they fail to provide information to substantiate their claims.

Cleanaway also reserves the right to reject any acceptance of an Entitlement that it believes comes from a person who is not eligible to accept an Entitlement.

### 3.12 Withdrawal of the Entitlement Offer

Subject to applicable law, Cleanaway reserves the right to withdraw the Entitlement Offer at any time before the issue of New Shares, in which case Cleanaway will refund any Application Monies already received in accordance with the Corporations Act and will do so without interest being payable to applicants.

Refund amounts, if any, will be paid in Australian dollars. You will be paid either by direct credit to the nominated bank account as noted on the share register as at the Closing Date or by cheque sent by ordinary post to your address as recorded on the share register (the registered address of the first-named in the case of joint holders).

### 3.13 Risks

Eligible Retail Shareholders should be aware that the Acquisition and an investment in Cleanaway involves risks. The key risks identified by Cleanaway are set out in the Investor Presentation in Section 4, but these are not an exhaustive list of the risks associated with an investment in Cleanaway Shares.

### 3.14 Further enquiries

If you have not received or you have lost your Entitlement and Acceptance Form, or have any questions regarding the Entitlement Offer, please contact the Share Registry on 1300 850 505 (within Australia) and +61 3 9415 4000 (outside of Australia) at any time from 8.30am to 5.00pm (AEDT) Monday to Friday, before the Retail Entitlement Offer closes at 5.00pm (AEDT) on the Closing Date (ie Friday, 19 January 2018). If you have any further questions, you should contact your stockbroker, solicitor, accountant or other professional adviser.

# ASX & Media Release

CLEANAWAY
Making a sustainable future possible

**11 December 2017**

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## ACQUISITION OF TOXFREE SOLUTIONS AND APPROXIMATELY $590 MILLION EQUITY RAISING

## A STRATEGICALLY COMPELLING ACQUISITION

### KEY HIGHLIGHTS

- Cleanaway has entered into a Scheme Implementation Deed to acquire 100% of the shares on issue in Toxfree for $3.425 per share in cash ("**Acquisition Price**"), representing an equity value of $671 million and an enterprise value of $831 million[1] ("**Acquisition**")
- Strategically compelling acquisition that strengthens Cleanaway's existing operating segments, further improves operating leverage and delivers Cleanaway a leading position in the attractive medical waste segment
- Integration of the Toxfree business is expected to deliver approximately $35 million in annual synergies, realised over a 2 year integration period with total synergy benefits fully reflected in FY21
- The Acquisition Price is compelling for Toxfree shareholders and represents:
    - A 27.5% premium to Toxfree's 10-day VWAP, a 28.0% premium to Toxfree's 1 month VWAP and a 34.7% premium to Toxfree's VWAP since the FY17 result announcement[2]
    - A 29.4% premium to Toxfree's 10-day VWAP, a 29.8% premium to Toxfree's 1 month VWAP and a 36.6% premium to Toxfree's VWAP since the FY17 result announcement,[2] inclusive of the interim dividend payable by Toxfree of up to 5 cents per Toxfree share
    - An acquisition multiple of 10.0x FY17 EBITDA on a pre-synergies basis or 7.1x pro forma FY17 EBITDA (post realisation of anticipated annual synergies)[3]
- Given the anticipated timing of completion, Cleanaway will allow Toxfree to pay an interim dividend of up to 5 cents per Toxfree share during March 2018 without a reduction in the Acquisition Price
- Cleanaway will also permit Toxfree to pay a special dividend to Toxfree shareholders[4] with a corresponding reduction in the Acquisition Price for the cash amount of any special dividend
- Delivers attractive financial metrics (pro forma for realisation of anticipated annual synergies):
    - More than 25% accretive to FY17 EPS before amortisation of acquired intangibles (and EPS accretive pre-synergies)[5]
    - More than 80% accretive to Free Cash Flow per share[6]
    - Approximately 10% Pre-tax Return on Invested Capital on the Acquisition[7]
- Acquisition funded via:
    - a fully underwritten $590 million 1 for 3.65 pro rata accelerated non-renounceable entitlement offer ("**Offer**" or "**Equity Raising**"); and
    - debt drawn from a new multi-tranche facility

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[1] Implied diluted equity value of $671 million based on an Acquisition Price of $3.425 per share and including value for performance rights and share appreciation rights outstanding, net of treasury shares. Enterprise value includes Toxfree net debt of $157 million and minorities of $3 million as at 30 June 2017.

[2] 10-day VWAP of $2.69 from 27 November to 8 December 2017. 1 month VWAP of $2.68 from 9 November to 8 December 2017. VWAP since the FY17 result announcement of $2.54 from 30 August to 8 December 2017.

[3] Based on Toxfree's underlying FY17 EBITDA of $82.8 million and $35.0 million of anticipated synergies.

[4] The extent to which any franking credits attached to the special dividend or the interim dividend deliver value to Toxfree shareholders will depend upon their individual circumstances and those shareholders should seek legal and taxation advice with regards to how the receipt of franking credits (if any) may impact upon their individual taxation circumstances.

[5] Based on NPAT excluding transaction costs, one-off integration costs and amortisation of acquired identifiable intangibles. The impact of purchase price accounting has not been completed, which will impact future depreciation and amortisation charges. In accordance with AASB 133, Cleanaway standalone EPS has been restated based on an adjustment factor to take into account the bonus element of the Offer.

[6] Free Cash Flow per share defined as operating cash flow excluding interest, tax and one-off transaction and integration costs less capital expenditure, divided by the number of shares on issue. Cleanaway standalone free cash flow per share has been restated based on an adjustment factor to take into account the bonus element of the Offer.

[7] Defined as EBIT excluding one-off transaction and integration costs before amortisation of acquired identifiable intangibles divided by the total consideration.

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### ACQUISITION OF TOXFREE

Cleanaway Waste Management Limited ("**Cleanaway**", ASX:CWY) today entered into a Scheme Implementation Deed under which it agreed to acquire 100% of the shares on issue in Toxfree Solutions Limited ("**Toxfree**", ASX:TOX) by way of a scheme of arrangement (the "**Scheme**" or the "**Acquisition**") unanimously recommended by Toxfree's Board of Directors.

The Acquisition will be made via a 100% cash offer of $3.425 per share, which represents a 27.5% premium to Toxfree's 10-day VWAP, a 28.0% premium to Toxfree's 1 month VWAP and a 34.7% premium to Toxfree's VWAP since the FY17 result,[8] and an acquisition multiple of 7.1x Toxfree's FY17 EBITDA (post realisation of anticipated annual synergies)[9] or 10.0x FY17 EBITDA on a pre synergies basis. Cleanaway will also permit Toxfree to pay a special dividend to Toxfree shareholders with a corresponding reduction in the Acquisition Price for the cash amount of any special dividend. Cleanaway and Toxfree will provide an update on the expected quantum of the special dividend at a later point.[10]

In addition, Cleanaway will allow an interim dividend of up to 5 cents per Toxfree share for the six months ended 31 December 2017 following declaration by the Toxfree Board of Directors in the ordinary course without adjustment to the Acquisition Price of $3.425 per share.

The acquisition is expected to complete in 2Q CY2018 and is subject to customary completion conditions including Toxfree shareholder approval, court approval, the independent expert concluding the scheme is in the best interests of Toxfree shareholders, no material adverse change, successful completion of institutional component of the Entitlement Offer, ACCC approval, no prescribed occurrence and no material breach of the representations and warranties. The Scheme Implementation Deed is otherwise on customary terms and conditions including in relation to implementation of the scheme, exclusivity and mutual break fees. The full terms of the scheme implementation deed have separately been released to the ASX and the market.

The Toxfree Board of Directors unanimously recommends that Toxfree shareholders vote in favour of the Scheme, and intend to vote the shares they own or control in favour of the Scheme, in the absence of a superior proposal.

### COMMENTS FROM CLEANAWAY CEO AND MANAGING DIRECTOR, VIK BANSAL

*"Acquiring Toxfree will consolidate Cleanaway's position as Australia's leading waste management company, balancing and re-weighting our integrated waste model."*

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[8] 10-day VWAP of $2.69 from 27 November to 8 December 2017. 1 month VWAP of $2.68 from 9 November to 8 December 2017. VWAP since the FY17 result announcement of $2.54 from 30 August to 8 December 2017.

[9] Based on Toxfree's underlying FY17 EBITDA of $82.8 million and $35.0 million of anticipated annual synergies.

[10] The extent to which any franking credits attached to the special dividend or the interim dividend deliver value to Toxfree shareholders will depend upon their individual circumstances and those shareholders should seek legal and taxation advice with regards to how the receipt of franking credits (if any) may impact upon their individual taxation circumstances.

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*"Toxfree complements and integrates into our operating model, enhances our business in all areas, and creates potentially significant operating leverage across all our businesses."*

*"The Acquisition will accelerate the implementation of our Footprint 2025 strategy by adding prized infrastructure assets across the country, as well as contributing an exciting new business in the form of a leading, vertically-integrated provider of healthcare waste management products and services, including collection, transport and treatment of sharps, clinical and related waste."*

*"The transaction is expected to deliver approximately $35 million in annual synergies and be strongly accretive for earnings per share and free cash flow per share when integration is complete."*

## COMMENTS FROM CLEANAWAY CHAIRMAN, MARK CHELLEW

*"Acquiring Toxfree presents a compelling opportunity for Cleanaway shareholders because of the high complementarity of the businesses and the synergies that are expected to be delivered."*

*"Importantly, it is also a transaction that allows Cleanaway to maintain a strong post-acquisition balance sheet and a robust capacity to support future growth."*

## OVERVIEW OF TOXFREE

Toxfree is a major waste management company with a national footprint and operations across four core service lines that are highly complementary to Cleanaway's existing operations:

- **Waste Services:** focus on total waste management contracts with a strong regional presence;
- **Technical & Environmental Services:** major collections and post-collections business with specialisation in hazardous and difficult to treat waste;
- **Industrial Services:** provides a range of waste-related industrial services such as chemical cleaning, pipeline maintenance, tank cleaning and vacuum loading; and
- **Health Services:** a leading medical waste business in Australia that provides a broad range of waste management solutions, including proprietary re-usable sharps containers, recycling, waste auditing and substance destruction services.

Toxfree has a national network of strategically located assets that are complementary to Cleanaway's existing network, including 29 licensed facilities[11] and a fleet of 895 waste collection vehicles.

[11] Refers to Environment Protection Authority licenses.

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## STRONG STRATEGIC RATIONALE

The Acquisition represents a strategically compelling transaction which is expected to deliver significant value to Cleanaway shareholders:

- Affirms Cleanaway's leadership position in each of Cleanaway's operating segments by enhancing our existing capabilities and increasing Cleanaway's operating leverage
- Accelerating the implementation of Cleanaway's Footprint 2025 strategy, adding a number of prized post-collection facilities across the country
- Avoiding a significant capital spend in Cleanaway's Liquids & Industrial Services segment via the opportunity to align customer demand with combined infrastructure and internalisation
- Providing a leading position in the attractive medical waste sector with a post-collection footprint which also enhances Cleanaway's Liquids processing capabilities
- Expected to deliver approximately $35 million in annual synergies to be realised over a 2 year period, with total synergy benefits fully reflected in FY21
- Delivers attractive financial metrics (pro forma for realisation of anticipated synergies):
    - More than 25% accretive to FY17 EPS before amortisation of acquired intangibles (and EPS accretive pre-synergies)[12]
    - More than 80% accretive to Free Cash Flow per share[13]
    - Approximately 10% Pre-tax Return on Invested Capital on the Acquisition[14]

Cleanaway is being advised by Macquarie Capital (Australia) Limited as Lead Financial Adviser and Blackpeak Capital in respect of the Acquisition. Gilbert + Tobin is acting as Legal Adviser to Cleanaway in relation to the Acquisition and the Offer.

## TRADING UPDATE

Cleanaway expects FY18 earnings to be in line with current market expectations (excluding the impact of the Acquisition).[15]

As previously advised, first half FY18 results are expected to be higher than first half FY17 results (inclusive of mobilisation costs relating to major new contracts awarded in FY17).

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[12] Based on NPAT excluding transaction costs, one-off integration costs and amortisation of acquired identifiable intangibles. The impact of purchase price accounting has not been completed, which will impact future depreciation and amortisation charges. In accordance with AASB 133, Cleanaway standalone EPS has been restated based on an adjustment factor to take into account the bonus element of the Offer.

[13] Free Cash Flow per share defined as operating cash flow excluding interest, tax and one-off transaction and integration costs less capital expenditure, divided by the number of shares on issue. Cleanaway standalone free cash flow per share has been restated based on an adjustment factor to take into account the bonus element of the Offer.

[14] Defined as EBIT excluding one-off transaction and integration costs before amortisation of acquired identifiable intangibles divided by the total consideration.

[15] Cleanaway considers FY18 broker consensus estimates to reflect current market expectations.

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Partial benefits of these new contracts will be seen in the second half of FY18 and they are expected to deliver approximately $1 billion in additional revenue over ten years at historical margins on top of organic growth. To support these new contracts, investment required will be approximately $90 million and funded by finance leases which will be reflected in FY18 Net Debt.

FY18 capital expenditure (excluding the lease funded investments of approximately $90 million) is expected to be approximately $135 - $140 million, in line with guidance of 80% - 85% of Depreciation & Amortisation.

The Acquisition of Toxfree is not expected to materially contribute to Cleanaway's underlying FY18 results given anticipated completion timing.

The institutional component of the Equity Raising is expected to be completed in December 2017, and the retail component in January 2018. However, the Acquisition is not expected to complete until 2Q CY2018. Accordingly, the Cleanaway shares on issue will increase in December and then again in January without a corresponding increase in earnings until the Acquisition is completed.

Cleanaway intends to maintain the dividend payment per share for the FY18 dividend at levels consistent with FY17. This will result in an increase in the dividend payout ratio to the lower end of our 50% - 70% payout range.

## ACQUISITION FUNDING

The Acquisition values Toxfree at $671 million on an equity value basis and $831 million on an enterprise value basis (plus transaction costs) and will be funded by a combination of:[16]

- a fully underwritten approximately $590 million 1 for 3.65 pro rata accelerated non-renounceable entitlement offer ("**Offer**" or "**Equity Raising**"); and
- debt drawn from a new multi-tranche debt facility which will replace Cleanaway's existing debt facility.

Cleanaway will maintain a strong balance sheet post Acquisition to support future growth and will have leverage of 1.6x pro forma FY17 Net Debt / EBITDA post completion of the Acquisition.[17]

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[16] Implied diluted equity value of $671 million based on an Acquisition Price of $3.425 per share and including value for performance rights and share appreciation rights outstanding, net of treasury shares.

[17] Based on FY17 net debt position and EBITDA as set out in Cleanaway and Toxfree audited financial statements for the year ended 30 June 2017, including the pro forma adjustments to reflect the impact of the Acquisition on a pre synergies basis as outlined on pages 27 and 28 of the Investor Presentation lodged with ASX on 11 December 2017.

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## EQUITY RAISING

Under the Equity Raising, Cleanaway shareholders are invited to subscribe for 1 new share ("**New Shares**") for every 3.65 existing shares held as at 7.00pm on Wednesday, 13 December 2017 ("**Record Date**"), at the offer price of $1.35 per New Share ("**Offer Price**") which represents:

- a 8.2% discount to last close price of Cleanaway of $1.47 on Friday, 8 December 2017
- a 6.5% discount to the theoretical ex-rights price[18] of $1.44 as at Friday, 8 December 2017.

The Equity Raising will result in the issue of approximately 437.3m New Shares and will include:

- an accelerated institutional entitlement offer ("**Institutional Entitlement Offer**") conducted via a bookbuild process which will open on Monday, 11 December 2017 and close on Tuesday, 12 December 2017; and
- a retail entitlement offer ("**Retail Entitlement Offer**") which will open on Monday, 18 December 2017 and close at 5.00pm (Sydney Time) on Friday, 19 January 2018.

Each New Share will rank equally with existing shares on issue and will be eligible for any dividend declared for the period ending 31 December 2017. Cleanaway will apply for quotation of the New Shares on ASX.

The Equity Raising is fully underwritten by Macquarie Capital (Australia) Limited ("**Underwriter**").

## INSTITUTIONAL ENTITLEMENT OFFER

Eligible institutional holders will be invited to participate in the Institutional Entitlement Offer which is being conducted between Monday, 11 December 2017 and Tuesday, 12 December 2017. Eligible institutional holders can choose to take up all, part or none of their entitlement.

Institutional entitlements that eligible institutional holders do not take up, and institutional entitlement that would not otherwise have been offered to ineligible institutional holders, will be offered to eligible institutional holders who apply for New Shares in excess of their entitlement, as well as certain other eligible institutional investors, through an institutional shortfall bookbuild to be conducted concurrently with the Institutional Entitlement Offer. It is expected that Cleanaway will remain in trading halt while the Institutional Entitlement Offer is conducted.

## RETAIL ENTITLEMENT OFFER

Eligible retail holders will be invited to participate in the Retail Entitlement Offer at the same Offer Price and offer ratio as under the Institutional Entitlement Offer. The Retail Entitlement Offer will open on Monday, 18 December 2017 and close at 5.00pm on Friday, 19 January 2018 ("**Retail Offer Period**").

Further details about the Retail Entitlement Offer will be set out in a booklet ("**Retail Offer Booklet**"), which Cleanaway expects to lodge with the ASX on Monday, 18 December 2017, in advance of the despatch date (outlined below). The closing date for the receipt of Entitlement and Acceptance Forms, is 5.00pm, (Sydney Time) on Friday, 19 January 2018.

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[18] The Theoretical Ex-Rights Price (TERP) is the theoretical price at which Cleanaway shares should trade after the ex-date for the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which Cleanaway shares trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not be equal to TERP.

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All the Directors of Cleanaway have indicated they will be participating in the Retail Entitlement Offer for the shares they own.

## TIMETABLE

| Event | Date |
|---|---|
| Trading Halt and announcement of Acquisition and Institutional Entitlement Offer opens | Monday, 11 December 2017 |
| Institutional Entitlement Offer closes | Tuesday, 12 December 2017 |
| Trading halt lifted – shares recommence trading on ASX on an "ex entitlement" basis | Wednesday, 13 December 2017 |
| Record Date for determining entitlement to subscribe for New Shares | 7.00pm on Wednesday, 13 December 2017 |
| Retail Offer Booklet despatched and Retail Entitlement Offer opens | Monday, 18 December 2017 |
| Settlement of Institutional Entitlement Offer | Wednesday, 20 December 2017 |
| Allotment and normal trading of New Shares under the Institutional Entitlement Offer | Thursday, 21 December 2017 |
| Retail Entitlement Offer closes | Friday, 19 January 2018 |
| Allotment of New Shares under the Retail Entitlement Offer | Wednesday, 31 January 2018 |
| Normal trading of New Shares under the Retail Entitlement Offer | Thursday, 1 February 2018 |
| Despatch of holding statements | Friday, 2 February 2018 |

**All dates and times are indicative only and subject to change. Unless otherwise specified, all times and dates refer to Sydney Time. Cleanaway and the Underwriter reserve the right to amend any or all of these dates and times subject to the Corporations Act, the ASX Listing Rules and other applicable laws. In particular, Cleanaway reserves the right to extend the closing date for the Retail Entitlement Offer, or to accept late applications under the Retail Entitlement Offer without prior notice.**

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## FURTHER INFORMATION

Further details of the Acquisition and the Equity Raising are set out in the Investor Presentation also provided to the ASX today. The Investor Presentation contains important information including key risks and foreign selling restrictions with respect to the Equity Raising.

If you have any questions in relation to the Equity Raising, please contact the Cleanaway Offer Information Line on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside of Australia) between 8.30am and 5.00pm (AEDT) Monday to Friday. For other questions, you should consult your broker, solicitor, accountant, financial adviser, or other professional adviser.

**INVESTOR RELATIONS**
Frank Sufferini
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Telephone: 0416 241 501
Email: frank.sufferini@cleanaway.com.au

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# Acquisition of Toxfree Solutions and Equity Raising

11 December 2017

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# Contents


## Acquisition summary

| | |
|---|---|
| **Transaction details** | ❖ Cleanaway has entered into a scheme implementation deed with Toxfree to acquire 100% of Toxfree's shares on issue by way of a recommended scheme of arrangement for $3.425 cash per share ("**Acquisition**") ("**Acquisition Price**")<br>– Given the anticipated timing of completion, Cleanaway will allow Toxfree to pay an interim dividend of up to 5 cents per Toxfree share during March 2018 without reduction in the Acquisition Price<br>– Cleanaway will also permit Toxfree to pay a special dividend to Toxfree shareholders with a corresponding reduction in the Acquisition Price for the cash amount of the special dividend. The expected quantum of the special dividend will be determined at a later point[1]<br>❖ The Acquisition has been unanimously recommended by Toxfree's Board of Directors in the absence of a superior proposal |
| **A strategically compelling acquisition** | ❖ Affirms Cleanaway's leadership in each of our operating segments by enhancing our existing capabilities<br>❖ Accelerates the implementation of our Footprint 2025 strategy<br>❖ Significant capital spend avoided in our Liquids & Industrial Services segment<br>❖ Provides a leading position in the attractive medical waste sector<br>❖ Expected to deliver approximately $35m in annual synergies to be realised over 2 years |
| **Transaction metrics** | ❖ Acquisition Price is compelling for Toxfree shareholders and represents:<br>– Premia of: 27.5% to Toxfree's 10-day VWAP, 28.0% to Toxfree's 1 month VWAP and 34.7% to Toxfree's VWAP since the FY17 result[2]<br>– Premia of: 29.4% to Toxfree's 10-day VWAP, 29.8% to Toxfree's 1 month VWAP and 36.6% to Toxfree's VWAP since the FY17 result,[2] inclusive of the interim dividend payable by Toxfree of up to 5 cents per Toxfree share<br>– 10.0x FY17 EBITDA on a pre synergies basis or 7.1x pro forma FY17 EBITDA (post realisation of anticipated annual synergies)[3] |
| **Financial impact** | ❖ Pro forma historical FY17 EPS accretive pre synergies (before amortisation of intangibles and one-off transaction and integration costs)<br>❖ Assuming full-year annual synergies:<br>– More than 25% EPS accretive[4]<br>– More than 80% Free Cash Flow per share accretive[5]<br>– Approximately 10% Pre-tax Return on Invested Capital on the Acquisition[6] |

Note: 1. The extent to which any franking credits attached to the special dividend or the interim dividend deliver value to Toxfree shareholders will depend upon their individual circumstances and those shareholders should seek legal and taxation advice with regards to how the receipt of franking credits (if any) may impact upon their individual taxation circumstances. 2. 10-day VWAP ($2.69) from 27 November to 8 December 2017. 1 month VWAP ($2.68) from 9 November to 8 December 2017. VWAP since the FY17 result announcement ($2.54) from 30 August to 8 December 2017. 3. Based on Toxfree's underlying FY17 EBITDA of $82.8m and $35.0m of anticipated synergies. Refer to pages 34 and 35 for risk factors in relation to synergies. 4. Based on NPAT excluding transaction costs, one-off integration costs and amortisation of acquired identifiable intangibles. The impact of purchase price accounting has not been completed, which will impact future depreciation and amortisation charges. In accordance with AASB 133, Cleanaway standalone EPS has been restated based on an adjustment factor to take into account the bonus element of the Offer (refer to page 6). 5. Free Cash Flow per share defined as operating cash flow excluding interest, tax and one-off transaction and integration costs less capital expenditure, divided by the weighted average number of shares on issue. Cleanaway standalone free cash flow per share has been restated based on an adjustment factor to take into account the bonus element of the Offer (refer to page 6). 6. Defined as EBIT excluding one-off transaction and integration costs before amortisation of acquired identifiable intangibles divided by the total consideration.

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## Acquisition summary (continued)

| | |
|---|---|
| **Overview of Toxfree** | ❖ Toxfree is a major waste management company with a national footprint and operations across four service lines which complement and integrate into corresponding Cleanaway operations<br>❖ Significant work has been undertaken to rebalance the business via entry into the medical waste services sector<br>❖ Revenue of $496m and Underlying EBITDA of $83m in FY17<br>❖ National network of strategically located assets that are highly complementary to Cleanaway's existing operations<br>❖ Fleet of 895 waste collection vehicles and 29 licensed facilities,[1] including a number of prized assets with valuable licences and technologies |
| **Synergies** | ❖ The integration of the Cleanaway and Toxfree businesses is expected to deliver approximately $35m in annual synergies to be realised over 2 years with total synergy benefits fully reflected in FY21<br>❖ Cleanaway has undertaken due diligence to quantify expected synergy benefits<br>❖ Estimated one-off integration costs of approximately $35m to be incurred during the 2 year integration process |
| **Acquisition funding** | ❖ Acquisition values Toxfree at $831m on an enterprise value basis,[2] plus transaction costs to be funded by:<br>– Approximately $590m fully underwritten 1 for 3.65 pro rata accelerated non-renounceable entitlement offer ("Offer" or "Equity Raising" and, together with the Acquisition, the "Transaction")<br>– Balance funded with debt drawn from refinanced multi-tranche facility<br>❖ Cleanaway to maintain a strong balance sheet post Acquisition to support future growth, with pro forma FY17 Net Debt / EBITDAof 1.6x[3] |

Note: 1. Refers to Environment Protection Authority licenses. 2. Implied diluted equity value of $671m based on an Acquisition price of $3.425 per share and including value for performance rights and share appreciation rights outstanding, net of treasury shares. Enterprise value includes Toxfree net debt of $157m and minorities of $3m as at 30 June 2017. 3. Based on FY17 net debt position and EBITDA as set out in Cleanaway and Toxfree audited financial statements for the year ended 30 June 2017, including the pro forma adjustments to reflect the impact of the Acquisition on a pre synergies basis as outlined on pages 27 and 28.



## Acquisition summary (continued)

| | |
|---|---|
| **Scheme implementation** | ❖ Acquisition remains subject to customary closing conditions including Toxfree shareholder approval, court approval, ACCC approval and successful close of the institutional component of the Equity Raising<br>❖ Acquisition expected to complete in 2Q CY2018 |
| **Trading update** | ❖ As previously stated, for FY18 the existing Cleanaway business is expected to perform in line with current market expectations, excluding the impact of the Acquisition[1]<br>❖ The institutional component of the Equity Raising is expected to be completed in December 2017 and the retail component in January 2018. However, the Acquisition is not expected to complete until 2Q CY2018. Accordingly, the Cleanaway shares on issue will increase in December and then again in January without a corresponding increase in earnings until the Acquisition is completed<br>❖ Cleanaway intends to maintain the dividend payment per share for the FY18 dividend at levels consistent with FY17. This will result in an increase in the dividend payout ratio to the lower end of our 50% - 70% payout range |

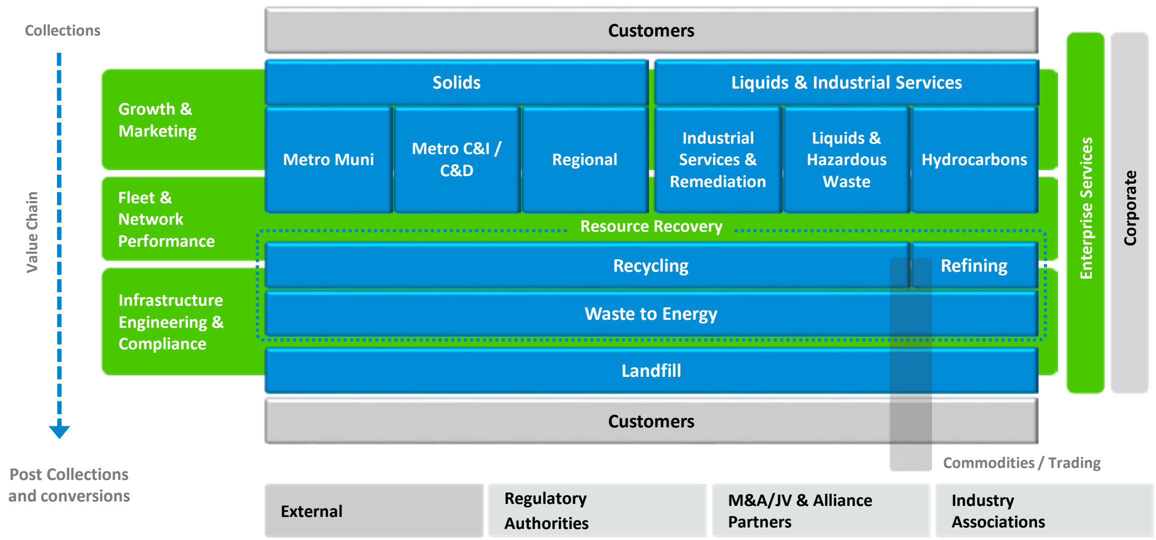
Note: 1. Cleanaway considers FY18 broker consensus estimates to reflect current market expectations.


## A strategically compelling acquisition

*Toxfree complements and integrates into our operating model and enhances our business, either through geography, prized infrastructure assets or value chain benefits. It also brings with it the high growth medical business.*

- ✓ **Affirms our leadership in each of our operating segments by enhancing our existing capabilities in Solids, Liquids and Industrial Services.** Strengthens our core and increases operating leverage
- ✓ **Accelerates the implementation of our Footprint 2025 strategy,** adding prized infrastructure assets across the country
- ✓ **Significant capital spend avoided in our Liquids & Industrial Services segment.** Opportunity to align customer demand with combined infrastructure and internalisation
- ✓ **Provides a leading position in the attractive medical waste sector** with a post collection footprint which also enhances Liquids processing capabilities
- ✓ **Expected to deliver approximately $35m in annual synergies to be realised over 2 years,** leading to significant value creation across **EPSA, Free Cash Flow per share** and **Pre-tax Return on Invested Capital**

## *Cleanaway Value Operating Model – Current*

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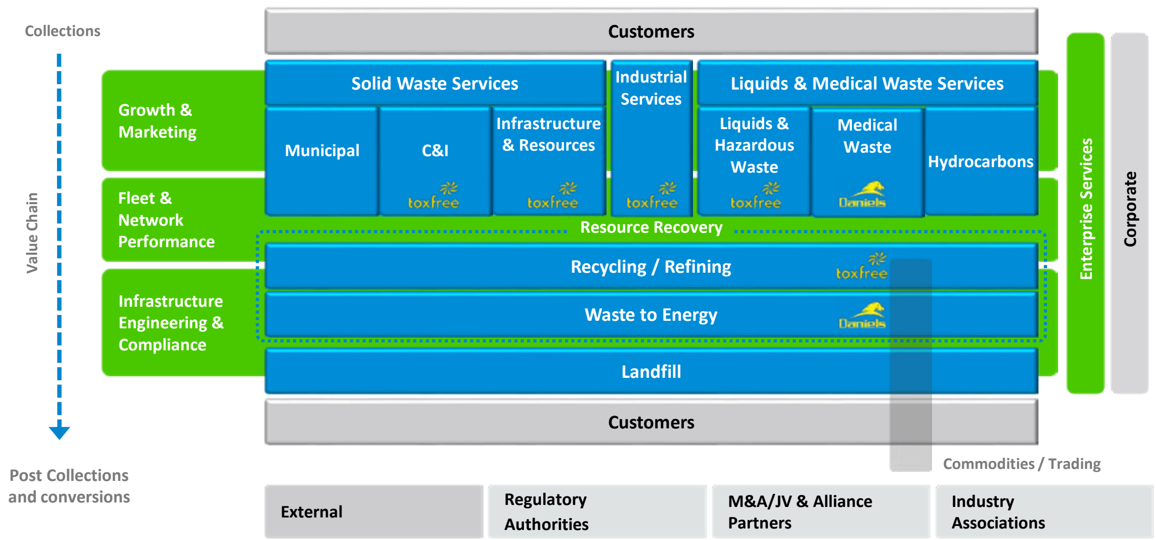
## *Cleanaway Value Operating Model – Post Acquisition*

*Toxfree's divisions will complement and integrate into our operations and strengthen our business across Solids, Liquids and Industrial Services while adding a new Medical segment*

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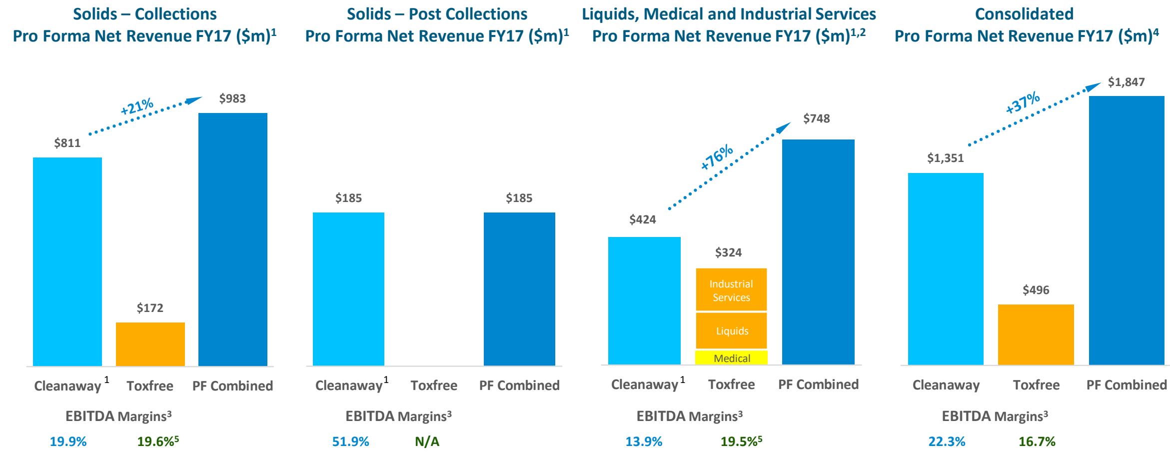
## *Operating leverage potential from combined capabilities*

*Consolidates our position as Australia's leading waste management company with pro forma net revenue up almost 40%, creating potentially significant operating leverage*




Note: Underlying results unless stated. 1. Cleanaway segment net revenue is net of levies and before intersegment and intercompany eliminations. Toxfree segment net revenue includes intercompany eliminations. 2. Medical Waste Services revenue based on 7 months contribution post completion of acquisition of Daniels Health by Toxfree in December 2016. 3. Excludes anticipated synergies. 4. Cleanaway net revenue is net of levies. Cleanaway and Toxfree net revenue includes intercompany eliminations. 5. Toxfree segment EBITDA adjusted to include allocation of regional administrative costs for comparability with Cleanaway segment margins.



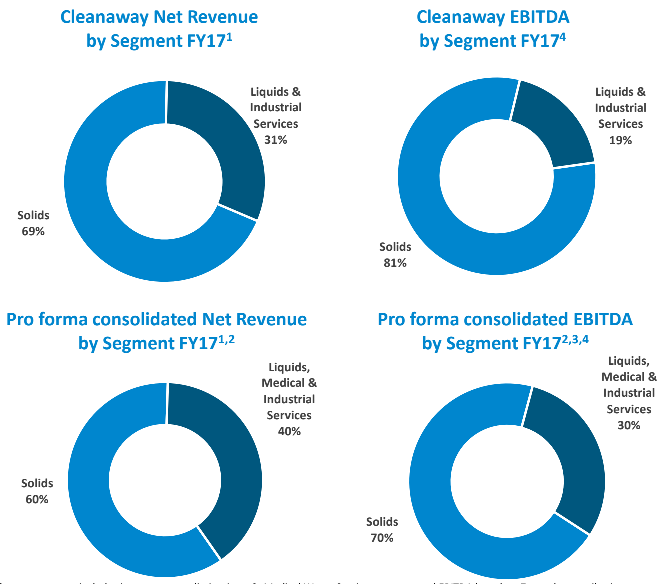
## *Strengthening and balancing our integrated waste model*

### Solids

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

### Liquids, Medical & Industrial Services

- Consolidates, re-weights and adds new high growth medical waste services
  - Broader, enhanced footprint
  - Leader in medical waste
  - Internalisation and waste diversion
  - Exposure to infrastructure & regional resources sectors




Note: 1. Cleanaway net revenue is net of levies and before intersegment and intercompany eliminations. Toxfree net revenue includes intercompany eliminations. 2. Medical Waste Services revenue and EBITDA based on 7 months contribution post completion of acquisition of Daniels Health by Toxfree in December 2016. 3. Excludes anticipated synergy benefits. 4. FY17 Cleanaway and pro forma segmental EBITDA pre-corporate costs. FY17 Toxfree figures adjusted to include allocation of regional administrative costs for comparability with Cleanaway segment margins.

## *Toxfree expands and enhances our capabilities and footprint*

*Toxfree operates a network of 81 sites including 29 licensed facilities,[1] 8 of which are highly prized assets*

- Expansion of capabilities and services with a number of new technologies
- Expansion of our footprint to improve reach and maximise internalisation leading to operating leverage
- Footprint optimisation reducing overlap and increasing capacity utilisation
- Capital expenditure avoidance
- Health & Safety of all our employees will remain a number 1 priority and we will continue to strive for GOAL ZERO as a combined group

| | Cleanaway | Toxfree | Combined |
|---|---|---|---|
| **Depots** | ~200 | 52 | **~252** |
| **Licensed infrastructure assets** | 90+ | 29[1] | **119+** |
| **Employees** | 4,000+ | 1,550+ | **5,550+** |
| **Vehicles** | 3,000+ | ~900 | **3,900+** |

Note: 1. Refers to Environment Protection Authority licenses.
Source: Toxfree website, presentations and EPA licenses.



## *Medical business overview*

*A vertically integrated provider of healthcare waste products and services, including collection, transport and treatment of sharps, clinical and related waste*

**Customers**

- Hospitals, Medical Centres and Pathology providers

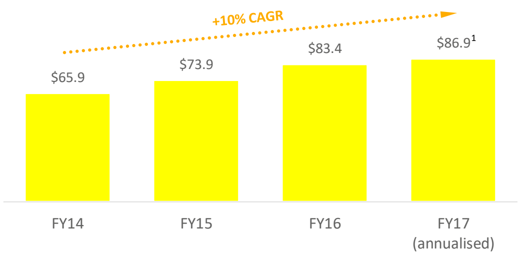
**Key services**

- Sharps management
- Medical waste
- Pharmaceutical waste
- Healthcare hazardous waste
- Quarantine waste

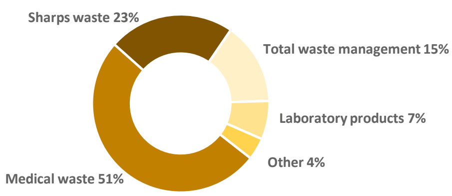
**Key assets**

- Two high temperature incinerators located in Sydney and Melbourne which can also process hazardous liquid waste as fuel
- Six autoclaves
- 10 regional transfer stations
- Five robotic washlines
- Sharpsmart
- Clinismart

**Daniels Health historical pro forma revenue ($m)**




**Daniels Health FY17 revenues by service (%)**




Note: 1. Annualised revenue based on 7 months contribution post completion of acquisition of Daniels Health by Toxfree in December 2016. Source: Toxfree.

## *Acquisition of Toxfree expected to deliver approximately $35 million in annual synergies*

| | |
|---|---|
| **Expected annual synergies of approximately $35 million, to be realised over 2 years** | ❖ Integration of Corporate and Enterprise Services<br>❖ Remove duplication in operating structure<br>❖ Footprint optimisation – new technologies, increased utilisation, rationalisation<br>❖ Route density and fleet utilisation optimisation<br>❖ Total synergy benefits expected to be fully reflected in FY21 |
| **Estimated one-off integration costs of approximately $35 million to be incurred during the integration process** | ❖ Costs expected to be incurred through a well planned two year integration process<br>❖ Includes costs associated with realisation of synergies, integration and rebranding |
| **Significant Free Cash Flow increase in FY21** | ❖ Anticipated annual synergies of approximately $35 million plus estimated $25 million reduction in legacy Cleanaway remediation and rectification expenditure is expected to increase pre-tax Free Cash Flow in FY21 by approximately $60 million |

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## Overview of Toxfree

*Toxfree is a waste services provider with a national footprint and diversified operations across four business units*

**Toxfree**
FY17 revenue: $496m
FY17 EBITDA: $83m

*% of Normalised Group FY17 EBITDA[1]*

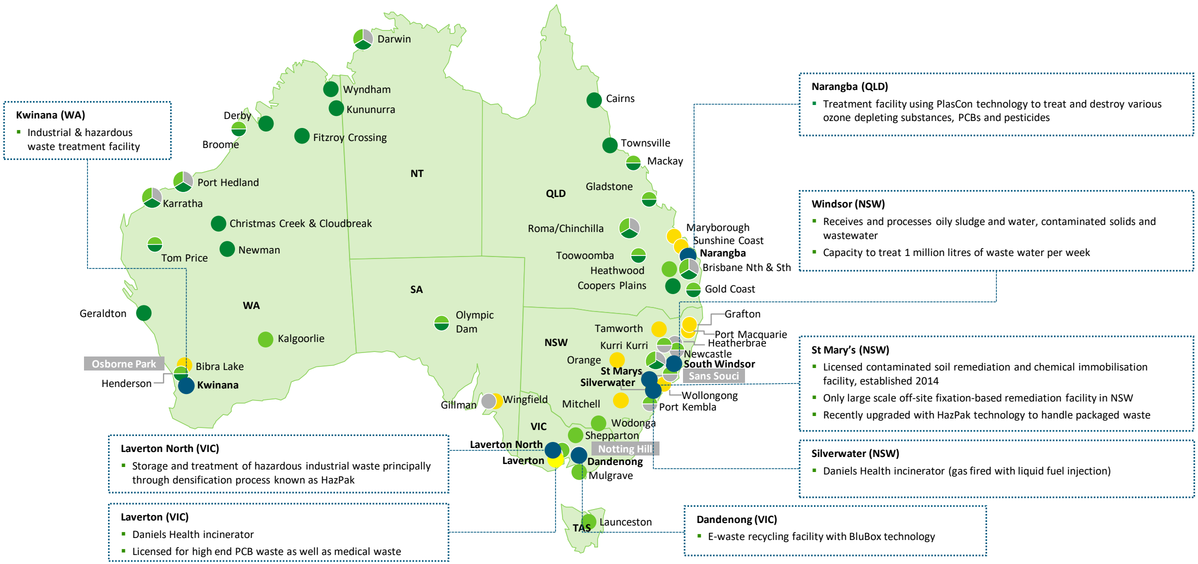
| Waste Services (33%) | Technical & Environmental Services (25%) | Industrial Services (22%) | Health Services (20%) |
|---|---|---|---|
| Focus on total waste management contracts<br>Strong regional presence in WA and QLD | A major collections and post-collections business with 13 processing facilities | A major player with presence across sectors<br>Fleet and equipment tailored to target markets | Leading medical waste business in Australia<br>2 incinerators and 6 autoclaves |
| FY17 revenue: $172m<br>FY17 EBITDA: $39m | FY17 revenue: $126m<br>FY17 EBITDA: $30m | FY17 revenue: $147m<br>FY17 EBITDA: $26m | FY17 revenue: $51m[2]<br>FY17 EBITDA: $14m[2] |
| ***Aligned with Cleanaway Solids*** | ***Aligned with Cleanaway Liquids*** | ***Aligned with Cleanaway Industrial Services*** | ***New business Integrated into Cleanaway's Liquids & Medical Services*** |

Note: Underlying results unless otherwise stated. 1. Group underlying EBITDA, before corporate costs of $26.1m. Includes annualised underlying EBITDA for Health Services based on 7 month contribution post acquisition of Daniels Health by Toxfree in December 2016. The normalised Group FY17 underlying EBITDA percentages illustrate the relative contribution of Health Services on an annualised basis. 2. Reflects the 7 month contribution of Daniels Health post acquisition by Toxfree in December 2016.



## Toxfree's operations

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



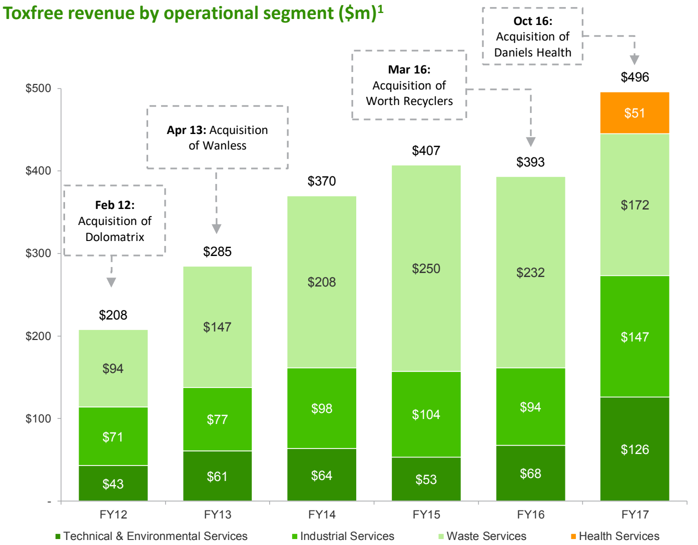

Note: Excludes Daniels New Zealand Joint Venture.
Source: Toxfree.

## Toxfree – growth and diversification

*Toxfree has grown from a WA based hazardous waste business to become a fully integrated national waste operator with specialisation across a number of key waste streams*

- Listed in 2000 with two facilities in WA (Kwinana and Port Hedland) focusing on thermal desorption technology
- Expanded solid general waste capabilities on the east coast via the acquisition of Wanless in 2013
- Further diversified into the high growth medical waste segment via the acquisition of Daniels Health in 2016
- A number of recent organic initiatives including:
  - — repositioning the industrial services business to be a provider of choice for infrastructure projects
  - — investments into new technologies (e-waste)

**Toxfree revenue by operational segment ($m)[1]**



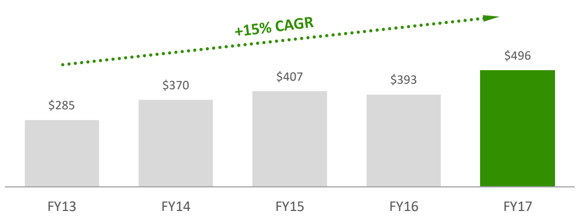

Note: 1. Acquisition announcement dates shown.
Source: Company reports and presentations.



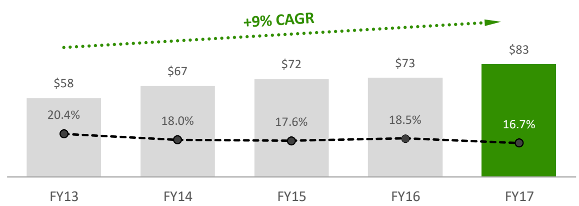
## Toxfree financial profile

*Toxfree's total revenue has grown significantly since 2013 driven by a number of acquisitions and organic initiatives*

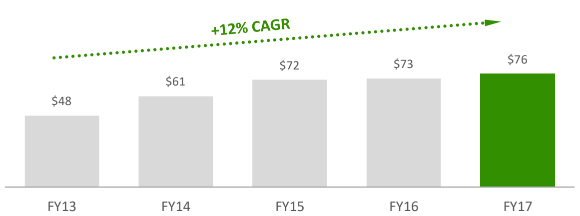
**Revenue ($m)**



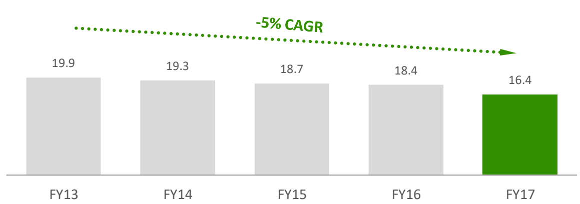

**Underlying EBITDA ($m) and EBITDA Margin (%)**




**Unlevered pre-tax operating cash flow ($m)[1]**




**Underlying EPSA (cps)[2]**




Note: 1. Calculated as net operating cash flows add back net interest paid and income taxes paid. 2. Based on underlying NPAT pre amortisation and calculated using the weighted average number of shares on issue over the period. Source: Toxfree financials.


## Cleanaway FY18 trading update and outlook

- FY18 earnings are expected to be in line with current market expectations, excluding the impact of the Acquisition[1]
- As previously advised, first half FY18 results are expected to be higher than first half FY17 results (inclusive of mobilisation costs relating to major new contracts awarded in FY17)
- Partial benefits of these new contracts will be seen in the second half of FY18 and they are expected to deliver approximately $1 billion in additional revenue over 10 years at historical margins on top of organic growth. To support these new contracts, investment required will be approximately $90 million and funded by finance leases which will be reflected in FY18 Net Debt
- FY18 capital expenditure (excluding the lease funded investments of approximately $90 million) is expected to be approximately $135 - $140 million, in line with guidance of 80% - 85% of depreciation & amortisation
- The institutional component of the Equity Raising is expected to be completed in December 2017 and the retail component in January 2018. However, the Acquisition is not expected to complete until 2Q CY2018. Accordingly, the Cleanaway shares on issue will increase in December and then again in January without a corresponding increase in earnings until the Acquisition is completed
- Cleanaway intends to maintain the dividend payment per share for the FY18 dividend at levels consistent with FY17. This will result in an increase in the dividend payout ratio to the lower end of our 50% - 70% payout range

Note: 1. Cleanaway considers FY18 broker consensus estimates to reflect current market expectations.

# 05

# *Acquisition funding, financial impact and terms*

## *Acquisition funding and terms*

*The acquisition will be partially funded via a $590 million fully underwritten 1 for 3.65 pro rata accelerated non-renounceable entitlement offer*

| | |
|---|---|
| **Acquisition price** | ❖ Acquisition Price of $3.425 per share<br>❖ Acquisition Price represents a 27.5% premium to Toxfree's 10-day VWAP, a 28.0% premium to Toxfree's 1 month VWAP[1] and 7.1x pro forma FY17 EBITDA post synergies or 10.0x FY17 EBITDA before synergies[2] |
| **Funding** | ❖ Acquisition values Toxfree at $831 million on an enterprise value basis[3], plus transaction costs to be funded by:<br>– A fully underwritten $590 million 1 for 3.65 pro rata accelerated non-renounceable entitlement offer<br>– Balance funded via debt drawn from refinanced $900m multi-tranche facilities, fully underwritten and committed on substantially the same terms and conditions as the existing facilities<br>❖ Pro forma FY17 Net Debt / EBITDA of 1.6x pre synergies, with substantial headroom within new debt facilities[4] |
| **Timing and closing considerations** | ❖ Acquisition remains subject to customary closing conditions including Toxfree shareholder approval, court approval, ACCC approval and successful close of the Equity Raising<br>❖ Acquisition expected to complete in 2Q CY2018<br>❖ In the event that the Acquisition does not complete, Cleanaway will assess potential capital management options with respect to its ongoing capital needs |

| Sources | $m |
|---|---|
| Equity raising proceeds | 590 |
| Debt drawn | 285 |
| **Total sources** | **875** |

| Uses | $m |
|---|---|
| Payment for Toxfree equity | 671 |
| Toxfree net debt (as at 30 June 2017) | 157 |
| Minority interests | 3 |
| Transaction costs | 45 |
| **Total uses** | **875** |

Note: 1. 10-day VWAP of $2.69 from 27 November to 8 December 2017. 1 month VWAP of $2.68 from 9 November to 8 December 2017. 2. Refer to pages 34 and 35 for risk factors in relation to synergies. 3. Implied diluted equity value of $671m based on an Acquisition price of $3.425 per share and including value for performance rights and share appreciation rights outstanding, net of treasury shares. Enterprise value includes Toxfree net debt of $157m and minorities of $3m as at 30 June 2017. 4. Based on FY17 net debt position and EBITDA as set out in Cleanaway and Toxfree audited financial statements for the year ended 30 June 2017, including the pro forma adjustments (excluding synergies) to reflect the impact of the Acquisition outlined on pages 27 and 28.

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## *Financial impact*

*The Acquisition is accretive to EPS, Free Cash Flow per share and Pre-tax Return on Invested Capital*

| | |
|---|---|
| **Synergies** | ❖ The integration of the Cleanaway and Toxfree businesses is expected to deliver approximately $35m in annual synergies to Cleanaway, to be realised over 2 years with total synergy benefits fully reflected in FY21<br>❖ Cleanaway has undertaken due diligence to quantify expected synergy benefits<br>❖ Estimated one-off integration costs of approximately $35m to be incurred during the 2 year integration process |
| **Financial impact** | ❖ Pro forma historical FY17 EPS accretive pre synergies (before amortisation of intangibles and one-off transaction and integration costs)<br>❖ Assuming full-year annual synergies:<br>– More than 25% EPS accretive[1]<br>– More than 80% Free Cash Flow per share accretive[2]<br>– Approximately 10% Pre-tax Return on Invested Capital on the Acquisition[3]<br>❖ Cleanaway to maintain a strong balance sheet post Acquisition to support future growth, with pro forma FY17 Net Debt / EBITDA of 1.6x[4] |
| **Dividend policy** | ❖ Cleanaway intends to maintain the dividend payment per share for the FY18 dividend at levels consistent with FY17. This will result in an increase in the dividend payout ratio to the lower end of our 50% - 70% payout range. |

Note: 1. Based on NPAT excluding transaction costs, one-off integration costs and amortisation of acquired identifiable intangibles. The impact of purchase price accounting has not been completed, which will impact future depreciation and amortisation charges. In accordance with AASB 133, Cleanaway standalone EPS restated based on an adjustment factor to take into account the bonus element in the Offer (refer to page 6). 2. Free Cash Flow per share defined as operating cash flow excluding interest, tax and one-off transaction and integration costs less capital expenditure, divided by the weighted average number of shares on issue. Cleanaway standalone free cash flow per share restated based on an adjustment factor to take into account the bonus element in the Offer (refer to page 6). 3. Defined as EBIT excluding one-off transaction and integration costs before amortisation of acquired identifiable intangibles divided by the total consideration. 4. Based on FY17 net debt position and EBITDA as set out in Cleanaway and Toxfree audited financial statements for the year ended 30 June 2017, including the pro forma adjustments (excluding synergies) to reflect the impact of the Acquisition outlined on pages 27 and 28.



CLEANAWAY

## *FY17 pro forma historical profit and loss*

**Pro forma historical income statement and cash flow summary (excludes one-off costs associated with the Acquisition)**

| $m, 30 June year end | Cleanaway[1] | Toxfree[2] | Adjustments[3] | Pro forma FY17 pre synergies | Pro forma synergies | Pro forma FY17 incl. synergies | % Change[6] |
|---|---|---|---|---|---|---|---|
| **Gross Revenue** | **1,454.4** | **496.1** | **-** | **1,950.5** | **-** | **1,950.5** | **34.1%** |
| **Net Revenue** | **1,350.7** | **496.1** | **-** | **1,846.8** | **-** | **1,846.8** | **36.7%** |
| **EBITDA** | **301.3** | **82.8** | **-** | **384.1** | **35.0** | **419.1** | **39.1%** |
| *EBITDA Margin* | *22.3%* | *16.7%* | *na* | *20.8%* | *na* | *22.7%* | |
| **EBIT** | **142.9** | **41.5** | **-** | **184.4** | **35.0** | **219.4** | **53.5%** |
| *EBIT Margin* | *10.6%* | *8.4%* | *na* | *10.0%* | *na* | *11.9%* | |
| **NPAT** | **77.5** | **24.1** | **(4.5)** | **97.1** | **24.5** | **121.6** | **56.9%** |
| **NPATA** | **81.1** | **28.6** | **(4.5)** | **105.2** | **24.5** | **129.7** | **59.9%** |
| **Basic EPSA (cps)[4]** | **5.0** | | | **5.2** | | **6.4** | **27.6%** |
| | | | | | | | |
| **Free Cash Flow[5]** | **65.1** | **53.9** | **-** | **119.0** | **35.0** | **154.0** | **136.5%** |
| **Free Cash Flow per share (cps)[4]** | **4.0** | | | **5.9** | | **7.6** | **88.8%** |

Note: Underlying results unless stated otherwise.
1. Cleanaway FY17 results based on Cleanaway's audited financial statements for the year ended 30 June 2017.
2. Toxfree's FY17 results based on Toxfree's audited financial statements for the year ended 30 June 2017.
3. Pro forma adjustments relate to:
a) Estimated additional interest expense to be incurred by Cleanaway as a result of the assumed incremental debt drawn as part of the funding of the acquisition.
b) Tax impact (assumes a corporate tax rate of 30%) of incremental interest expense described in a).
4. In accordance with AASB 133, Cleanaway standalone EPS / FCF per share restated based on an adjustment factor to take into account the bonus element of the Offer.
5. Free Cash Flow defined as operating cash flow excluding interest and tax less capital expenditure plus proceeds from sale of property, plant and equipment.
6. Change from Cleanaway standalone to pro forma FY17 including synergies.



CLEANAWAY

## Pro forma balance sheet based on 30 June 2017

### Pro forma historical balance sheet summary, adjusted for impact of the Acquisition (as at 30 June 2017)

| $m, 30 June year end | Cleanaway[1] | Toxfree[2] | Adjustments[3] | Pro forma 30 Jun 2017 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Cash and cash equivalents | 43.2 | - | - | 43.2 |
| Trade and other receivables | 247.9 | 100.8 | - | 348.7 |
| Inventories | 11.1 | 3.4 | - | 14.5 |
| Property, plant and equipment | 936.5 | 186.0 | - | 1,122.5 |
| Assets held for sale | 8.8 | - | - | 8.8 |
| Intangible assets | 1,585.3 | 355.0 | 285.2 | 2,225.4 |
| Other assets | 124.8 | 11.2 | - | 136.0 |
| **Total Assets** | **2,957.6** | **656.3** | **285.2** | **3,899.1** |
| **LIABILITIES** | | | | |
| Trade and other payables | 177.6 | 64.6 | - | 242.2 |
| Landfill remediation provision | 332.8 | - | - | 332.8 |
| Borrowings[4] | 370.2 | - | 276.8[5] | 647.0 |
| Deferred settlement liability | 80.6 | - | - | 80.6 |
| Other liabilities | 171.4 | 46.2 | - | 217.6 |
| **Total Liabilities** | **1,132.6** | **110.8** | **276.8** | **1,520.2** |
| **Net Assets** | **1,825.0** | **545.5** | **8.3** | **2,378.9** |
| **EQUITY** | | | | |
| Issued capital and reserves | 2,123.4 | - | 577.9[6] | 2,701.3 |
| Retained earnings | (298.4) | - | (24.0) | (322.4) |
| **Total Equity** | **1,825.0** | **-** | **553.9** | **2,378.9** |
| **Leverage (Net Debt / EBITDA excluding synergies)** | **1.1x** | | | **1.6x** |

Note: 1. Cleanaway FY17 position based on Cleanaway's audited financial statements for the year ended 30 June 2017. 2. Toxfree's FY17 position based on Toxfree's audited financial statements for the year ended 30 June 2017 excluding borrowings and cash. 3. The purchase price accounting for the acquisition has been shown on an illustrative basis by allocating the difference between the purchase consideration and the carrying value of Toxfree's assets and liabilities at 30 June 2017 to intangibles. The pro forma adjustments to reflect the estimated financial effect of the accounting for the business combination are illustrative only. Australian Accounting Standards require an allocation of fair value of assets and liabilities acquired. Cleanaway will undertake a formal allocation of its acquisition subsequent to the date when the transaction completes. Accordingly that allocation may give rise to material differences in values allocated to the above balance sheet line items. 4. Partial benefits of new contracts recently awarded, will be seen in the second half of FY18 and they are expected to deliver approximately $1 billion in additional revenue over ten years at historical margins on top of organic growth. To support these contracts, investment required will be approximately $90 million funded by finance leases reflected in FY18 Net Debt. 5. Borrowings for balance sheet purposes shown net of debt issuance costs. 6. Offer proceeds net of equity issuance costs.

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# 06

## Equity raising

## Overview of the equity raising

| | |
|---|---|
| **Offer Structure** | ❖ Approximately $590 million fully underwritten 1 for 3.65 pro-rata accelerated non-renounceable entitlement offer (**Offer**)<br>❖ Approximately 437.3 million new ordinary shares (**New Shares**) representing 27.4% of existing shares on issue |
| **Offer Price** | ❖ $1.35 per New Share (**Offer Price**), representing:<br>– 6.5% discount to TERP[1] as at 8 December 2017 of $1.44<br>– 8.2% discount to last close at 8 December 2017 of $1.47 |
| **Institutional Offer** | ❖ Institutional Entitlement Offer will be conducted by way of a bookbuild process that will open on Monday 11 December 2017, and close on Tuesday 12 December 2017 |
| **Retail Offer** | ❖ The Retail Entitlement Offer will open at 9:00am Monday, 18 December 2017 and close at 5:00pm Friday, 19 January 2018<br>❖ All the Directors of Cleanaway have indicated they will be participating in the Retail Entitlement Offer for the shares they own |
| **Underwriting** | ❖ The Offer is fully underwritten by Macquarie Capital (Australia) Limited |
| **Ranking** | ❖ New Shares issued under the Offer will rank pari passu with existing shares on issue |
| **Record Date** | ❖ 7:00pm Wednesday, 13 December 2017 |

Note: 1. The theoretical ex-rights price ("TERP") is the theoretical price at which Cleanaway shares should trade immediately after the ex-date for the Offer. The TERP is a theoretical calculation only and the actual price at which Cleanaway shares trade immediately after the ex-date for the Offer may vary from TERP. TERP is calculated by reference to Cleanaway's closing price of $1.47 per share on Friday 8 December 2017, being the last trading day prior to the announcement of the Offer.



## Equity raising timetable

| Event | Date |
|---|---|
| **Trading halt and announcement of Acquisition and Offer, Institutional Entitlement Offer opens** | **Monday, 11 December 2017** |
| Institutional Entitlement Offer closes | Tuesday, 12 December 2017 |
| Trading halt lifted – shares recommence trading on ASX on an "ex-entitlement" basis | Wednesday, 13 December 2017 |
| Record Date for determining entitlement to subscribe for New Shares | Wednesday, 13 December 2017 |
| **Retail Offer Booklet despatched and Retail Entitlement Offer opens** | **Monday, 18 December 2017** |
| Settlement of Institutional Entitlement Offer | Wednesday, 20 December 2017 |
| Allotment and normal trading of New Shares under the Institutional Entitlement Offer | Thursday, 21 December 2017 |
| Retail Entitlement Offer closes | Friday, 19 January 2018 |
| Allotment of New Shares under the Retail Entitlement Offer | Wednesday, 31 January 2018 |
| Normal Trading of New Shares under the Retail Entitlement Offer | Thursday, 1 February 2018 |
| Despatch of holding statements | Friday, 2 February 2018 |

Note: The above timetable is indicative only and subject to change without notice. All dates and times are Australian Eastern Daylight Time.

# A
## APPENDIX
## Key risks



## Key risks

INTRODUCTION

This section discusses some of the key risks associated with the Acquisition and an investment in Cleanaway. Unless the context requires otherwise, references below to "Cleanaway" or "the Company" include Cleanaway and its subsidiaries (including, following completion of the Acquisition, Toxfree and its subsidiaries).

The risks set out below are not listed in order of importance and do not constitute an exhaustive list of all risks involved with the Acquisition and an investment in Cleanaway.

Before investing in Cleanaway, you should consider whether this investment is suitable for you. Potential investors should carefully review this presentation and other publicly available information on Cleanaway (such as that available on the websites of Cleanaway and ASX), and should carefully consider their personal circumstances (including the ability to lose all or a portion of their investment) and consult their professional advisers before making an investment decision. Additional risks and uncertainties that Cleanaway is unaware of, or that it currently considers to be immaterial, may also become important factors that adversely affect Cleanaway's operating and financial performance.

There are a number of risks, both general and specific to Cleanaway and the Acquisition, which may materially and adversely affect the future operating and financial performance of Cleanaway and the value of an investment in the Company. You should note that the occurrence or consequences of many of these risks are partially or completely outside the control of Cleanaway, its directors and management. Further, you should note that this section focuses on potential key risks and does not purport to list every risk that is or may be relevant to Cleanaway now or in the future. It is also important to note that there can be no guarantee that Cleanaway will achieve its stated objectives or that any forward-looking statements, expectations, illustrations or forecasts will be realised or otherwise eventuate. Each of the risks set out below could, if they eventuate, have a materially adverse impact on Cleanaway's operating and financial performance and the value of Cleanaway's shares. All potential investors should satisfy themselves that they have a sufficient understanding of these matters, including the risks described in this section, and have regard to their own investment objectives, financial circumstances and taxation position, before deciding whether to participate in the Offer.

Cooling off rights do not apply to the acquisition of New Shares under the Offer.

### ACQUISITION SPECIFIC RISKS

| | |
|---|---|
| **Acquisition risk** | Cleanaway and its advisers have undertaken financial, operational, legal, tax and other analyses in respect of Toxfree in order to determine its attractiveness to Cleanaway and whether to pursue the Acquisition. It is possible that such analysis, including the best estimate assumptions made by Cleanaway and its advisers, draws conclusions and forecasts which are inaccurate or which are not realised in due course (whether because of flawed methodology, misinterpretation of economic or other circumstances, or otherwise). To the extent that the actual results achieved by Toxfree are weaker than those indicated by Cleanaway's analysis, there is a risk that there may be an adverse impact on the financial position and performance of Cleanaway. |
| **Completion risk** | Completion of the Acquisition is conditional on certain matters as set out in the scheme implementation deed in respect of the Acquisition ("Scheme Implementation Deed"), which include certain regulatory approvals (including ACCC approval, court approval of the scheme and Toxfree shareholder approval) and settlement of the institutional component of the Offer. If any of the conditions are not satisfied or waived or take longer than anticipated to satisfy, completion of the Acquisition may be deferred or delayed, or may not occur on the current terms or at all. There can be no guarantee Cleanaway will obtain necessary regulatory approvals to complete the Acquisition within any particular timeframe, or at all, or that such approvals will be granted on terms that are acceptable to Cleanaway or on an unconditional basis. This could prevent or delay completion of the Acquisition and/or may have a material adverse effect on the financial performance of Cleanaway post-completion of the Acquisition.<br><br>If the Acquisition is not completed as a result of a failure to satisfy conditions (or otherwise), Cleanaway will need to consider alternative uses for the proceeds from the Offer, or ways to return such proceeds to Cleanaway shareholders. If completion of the Acquisition is delayed, Cleanaway may incur additional costs and it may take longer than anticipated for Cleanaway to realise the benefits of the Acquisition (including the anticipated synergy benefits). Any failure to complete, or delay in completing, the Acquisition and/or any action required to be taken to return capital raised to Cleanaway shareholders may have a material adverse effect on Cleanaway's financial performance, financial position and the price of Cleanaway shares. |

# Key risks

## ACQUISITION SPECIFIC RISKS (CONTINUED)

**Integration risk**

The Acquisition will significantly change Cleanaway's business, operational profile, capital structure and size compared to that of Cleanaway on a standalone basis, and will require a significant and complex integration process. There are potential integration risks associated with the Acquisition, including potential delays or costs in implementing necessary changes, difficulties in integrating various operations or diverting management attention. The success of the Acquisition and, in particular, the ability to realise the expected synergy benefits of the Acquisition outlined in this presentation, will be dependent on the effective and timely integration of Toxfree's business alongside Cleanaway's business following completion of the Acquisition. While Cleanaway has undertaken analysis in relation to the synergy benefits of the Acquisition, they remain estimates only of the synergy benefits which Cleanaway expects to be achievable as part of the Acquisition. Specific integration risks include:

- possible differences and difficulties in bringing together the cultures and management styles of both organisations in an effective manner;
- disruption to the ongoing operations of both businesses;
- higher than anticipated integration costs;
- impacts from the increase in scale of the business post Acquisition;
- ability to procure or retain employees;
- integration of accounting and internal controls;
- unforeseen costs, delays or failures relating to integration of information technology, accounting or other systems of both of the businesses;
- experiencing lower than expected cost savings;
- experiencing lower than expected productivity improvements;
- loss of customer relationships;
- difficulties aligning enterprise bargaining agreements, employee incentive schemes or other employee agreements;
- experiencing longer than anticipated timeframes to achieve synergies;
- difficulties with fleet alignment including to meet Cleanaway's standards; and
- unintended loss of, or reduction in, key personnel, expert knowledge or employee productivity due to uncertainty arising as a result of the Acquisition.

Any failure to fully integrate the operations of Toxfree, or a delay in the integration process, may adversely impact the financial and operational performance of Cleanaway and the future price of Cleanaway shares.



# Key risks

## ACQUISITION SPECIFIC RISKS (CONTINUED)

**Due diligence risk**

Cleanaway undertook a due diligence process in respect of Toxfree, which relied in part on the review of financial and other information provided by Toxfree. While Cleanaway considers the due diligence process undertaken to be appropriate, Cleanaway has not been able to verify the accuracy, reliability or completeness of all the information which was provided to it against independent data. Similarly, Cleanaway has prepared (and made assumptions in the preparation of) the financial information relating to Cleanaway post-completion of the Acquisition included in this presentation in reliance on limited financial information and other information provided by Toxfree. Some of this information was unaudited. If any of the data or information provided to and relied upon by Cleanaway in its due diligence process and its preparation of this presentation proves to be incomplete, incorrect, inaccurate or misleading, there is a risk that the actual financial position and performance of Toxfree may be materially different to the financial position and performance expected by Cleanaway and reflected in this presentation. Investors should also note that there is no assurance that the due diligence conducted was conclusive and that all material issues and risks in respect of the Acquisition have been identified and avoided or managed appropriately. Therefore, there is a risk that unforeseen issues and risks may arise, which may also have a material impact on Cleanaway (for example, Cleanaway may later discover liabilities or defects, limitations with respect to Toxfree's operational and/or compliance procedures, insurance or risk management processes, which were not identified through due diligence and for which there is no protection for Cleanaway). This could adversely affect the operations or financial performance or position of Cleanaway. Further, the information reviewed by Cleanaway includes forward-looking information.

**Achievement of synergies**

A key determinant of the longer term benefits Cleanaway expects to derive from the Acquisition is the achievement of expected synergies. There is a risk that the realisation of synergies or benefits described in this presentation may not be achieved in a timely manner, at all or to the extent envisaged, or that the costs associated with achieving them may be higher than anticipated. Potential issues and complications influencing the achievement of targeted benefits include experiencing lower than expected cost savings, experiencing lower than expected productivity improvements, unintended losses of key employees, changes in market conditions and the execution of the integration process. Any failure to achieve anticipated synergies could have an adverse impact on Cleanaway's financial position and share price.

**Personnel**

Cleanaway's operations are dependent upon the continued performance, efforts, abilities and expertise of its workforce, including key management personnel and other skilled employees. The loss of services of such personnel could have an adverse effect on the operations of Cleanaway as the Company may not be able to recruit suitable replacements for key personnel within a short timeframe. In addition, there is a risk that the employees of Toxfree do not share the same culture, skill level or knowledge base as those currently working for Cleanaway. This may lead to disruption of Cleanaway's normal business operations.

**Health & Safety**

Cleanaway and Toxfree's operations both involve operational health and safety risks. These risks are managed by the internal safety and compliance processes and procedures of Cleanaway and Toxfree respectively. There is a risk that the processes and procedures which Toxfree adopt are inconsistent with those currently maintained by Cleanaway. During the integration process and while inconsistencies remain between the safety processes and procedures adopted between the two businesses, there may be an increased risk of a safety incident occurring. Such incidents may lead to a serious injury or death, which may result in reputational damage, legal liability, loss of licences or permits and adverse operating impacts with consequential effects to Cleanaway's financial performance and position.

## *Key risks*

ACQUISITION SPECIFIC RISKS (CONTINUED)

| | |
|---|---|
| **Debt financing and funding risk** | Cleanaway has entered into a commitment letter pursuant to which underwriters and/or financiers have agreed to underwrite debt financing for the Acquisition, subject to certain terms and conditions. If final documentation is not agreed, or certain conditions are not satisfied or certain events occur, the underwriter and/or financiers may elect not to enter into or terminate the debt financing arrangements, which would have an adverse impact on Cleanaway's sources of funding for the Acquisition. Whilst it is not currently anticipated, should Cleanaway not be able to enter into final documentation or satisfy the conditions of drawdown under its debt facilities, Cleanaway will need to source funding from alternative sources which may be on less favourable terms.<br>If the proposed Acquisition occurs, there will be an increase in Cleanaway's debt levels. The use of debt financing to partially fund the Acquisition means that Cleanaway will be more exposed to risks associated with gearing. For example, Cleanaway will be more exposed to any movements in interest rates. In addition, Cleanaway will have a higher level of gearing post acquisition and will be more exposed to general risks relating to any refinancing of its debt facilities. It may be difficult for Cleanaway to refinance all or some of these debt facilities and an inability to secure new debt facilities at a similar quantum and cost to existing debt facilities may adversely affect the financial performance of Cleanaway. |
| **Impairment of intangible assets and acquisition accounting** | ASIC has identified impairment of assets as an area of focus for Australian companies. The Cleanaway board regularly monitors impairment risk. Consistent with accounting standards, Cleanaway is periodically required to assess the carrying values of its assets. Where the recoverable value of an asset (including an asset owned by Cleanaway after the Acquisition) is less than its carrying value, Cleanaway is obliged to recognise an impairment charge in its profit and loss account. Impairment charges can be significant and operate to reduce the level of a company's profits. In accounting for the Acquisition, Cleanaway will apply acquisition accounting, whereby it will allocate the purchase price to the identifiable assets acquired (including intangible assets), the liabilities assumed and recognise and measure goodwill, which may give rise to materially different values than that reflected, for illustrative purposes in the pro forma financial information in this presentation. The allocation of the purchase price to the identifiable assets acquired (including intangible assets) and the liabilities assumed, will be completed following the completion of the Acquisition, when more detailed information about the Toxfree business will become available to Cleanaway. The value assigned to property, plant and equipment and intangible assets when the purchase price is allocated to the identifiable assets may result in a materially different depreciation and amortisation profile in the consolidated income statement of Cleanaway (and a respective increase or decrease in net profit after tax). To the extent goodwill and indefinite life intangible assets are recognised in accounting for the Acquisition, they will be subject to annual impairment testing. Other identifiable intangible assets are amortised and assessed for any indicators of impairment in each reporting period. In the event that the recoverable amount of intangible assets is impaired, this will result in an additional expense in the consolidated income statement of Cleanaway. |



## *Key risks*

ACQUISITION SPECIFIC RISKS (CONTINUED)

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| **Risks associated with licences, contracts and agreements** | Cleanaway and its subsidiaries (which, following completion of the Acquisition, will include Toxfree) are party to various contractual arrangements and hold various licences, some of which are material to their operations. There is a risk that some of these contractual arrangements (including those relating to Cleanaway's existing debt facilities) may be breached or terminated as a result of the Acquisition or as a result of the proposed funding arrangements for the Acquisition.<br>The Acquisition may trigger change of control clauses in some material contracts, licences, permits or authorisations. Where triggered, the change of control clause will, in most cases, require Cleanaway/Toxfree to seek the counterparty's or issuing authority's consent in relation to the Acquisition. There is a risk that a counterparty or issuing authority may not provide their consent to the Acquisition, which may trigger a termination right in favour of that counterparty or issuing authority. Some contracts may also include 'termination for convenience' rights. It is possible that in some cases contract counterparties or issuing authorities may exercise their rights to terminate. There is also a risk that the counterparty or issuing authority may require a payment from Cleanaway or renegotiation of terms as a condition of giving such consent. As the Acquisition is not conditional on such contract counterparties or issuing authorities consenting to the change in control of Toxfree or waiving their termination rights, if any of the material contracts, licences, permits or authorisations are terminated or revoked, renegotiated on less favourable terms or are not renegotiated and replacement arrangements are not secured in the near future, it may have an adverse impact on Cleanaway's financial performance and prospects.<br>Additionally, as a result of the Acquisition, customers of Cleanaway and Toxfree that are not bound by contract or that have rights to terminate for convenience may elect to terminate their relationship with Cleanaway / Toxfree. If any material customers terminate their relationship with Cleanaway / Toxfree, it may have an adverse impact on Cleanaway's financial performance and prospects post-Acquisition. |
| **Historical and acquisition liabilities** | If the Acquisition completes, Cleanaway may become directly or indirectly exposed to liabilities that Toxfree has incurred in the past as a result of prior acts or omissions, including liabilities which are contingent, of an uncertain amount or were not identified during Cleanaway's due diligence or which are greater than expected, for which insurance may not be adequate or available or for which Cleanaway was unable to negotiate sufficient protection in the Scheme Implementation Deed. These could include liabilities relating to environmental claims or breaches, contamination, current or future litigation, regulatory actions, health and safety claims and other liabilities. Such liabilities may adversely affect the ultimate value of Cleanaway's investment in Toxfree and the financial performance or position of Cleanaway after the Acquisition. |

## *Key risks*

RISKS RELATED TO AN INVESTMENT IN CLEANAWAY

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| **Economic growth / conditions** | Cleanaway provides its services and products to individuals, companies and government agencies across a range of economic sectors in Australia including the manufacturing, industrial, construction and resources sectors. The state of the economy and the sectors of the economy to which Cleanaway is exposed materially impact future prospects and may have an adverse impact on the demand and pricing for Cleanaway's services and products and the Company's operating and financial performance. Factors which have impacted results in recent periods include increases and decreases in GDP and CPI, increases and decreases in the manufacturing, industrial and construction industries and resource sector activity. To the extent possible, the Company attempts to manage these risks by incorporating a consideration of economic conditions and future expectations into its corporate and financial plans and forecast, however there is no guarantee that such risk management will be successful. |
| **Activity in the waste management industry** | Cleanaway operates in the waste management industry in Australia. The continued performance and future growth of Cleanaway is dependent on continued activity and expansion in the Australian waste management industry, and also in the geographical markets in which Cleanaway operates from time to time. The level of activity in the waste management industry may vary and be affected by prevailing or predicted economic activity. There can be no assurance that the current levels of activity in the waste management industry will be maintained in the future or that customers of Cleanaway will not reduce their activities, capital expenditure and requirements for waste management services in the future. Any prolonged period of low growth in the waste management industry would be likely to have an adverse effect on the business, financial condition and profitability of Cleanaway. |
| **Business operating risks** | In the performance of its business, Cleanaway may be subject to conditions or operational risks, some of which are beyond the Company's control, that can reduce sales of its goods or services and/or increase costs of both current and future operations. These conditions or operational risks include, but are not limited to: lack of systemisation or standardisation within the business, changes in legislative requirements, variation in timing of regulatory approvals, abnormal or severe weather, environmental or climatic conditions including floods, fire, major cyclone, earthquake or other natural disasters, equipment failures, unexpected maintenance, technical problems and other accidents, information technology system failures, lease renewals, damage by third parties, inadequate or inefficient operating systems, systems security breaches, site loss or damage, industrial disruption, widespread fleet recall and adverse regulatory action including fleet grounding. An inability to secure ongoing supply of goods and services at prices assumed within targets could potentially impact the results of Cleanaway's operations. A prolonged and unplanned interruption to Cleanaway's operations could significantly impact the Company's financial performance. In addition, there is a risk that Cleanaway will not be able to respond adequately or in a timely manner to any business disruption, which could have an adverse effect on Cleanaway, including through loss of revenue, reputational damage, regulatory, legal and financial exposure or loss of customers. |



## *Key risks*

RISKS RELATED TO AN INVESTMENT IN CLEANAWAY (CONTINUED)

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| **Environmental regulations** | Cleanaway and Toxfree's operations are subject to extensive federal, state and local environmental laws and regulations, and Cleanaway holds certain environmental licences and permits for its sites. These laws and regulations, and licences and permits, set various standards regulating certain aspects of health and environmental quality, the types of operations that can be undertaken and the manner in which they are undertaken and provide for penalties and other liabilities for violation of such standards.<br>Cleanaway is subject to all the hazards and risks inherent in the industries that it operates in, and the hazardous materials that it deals with, giving rise to potentially substantial costs for environmental rehabilitation, damage control and losses. The Company may be responsible for past and future environmental liabilities, including liabilities presently unforeseen or unquantifiable.<br>A general increase in the community's environmental awareness and expectations of operations in the waste management industry may have the effect of increasing environmental laws and regulations or the severity of penalties for non-compliance, and increase the risk of non-compliance. Changes in environmental laws and regulations or their interpretation or enforcement may adversely affect Cleanaway's operations, including the profitability of its operations.<br>Significant liability could be imposed on Cleanaway for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage (including in certain cases damage caused by previous owners of property acquired by Cleanaway, including property acquired by Cleanaway prior to the Acquisition) or non-compliance with environmental laws or regulations. Compliance or non-compliance with environmental laws or regulations may require Cleanaway to incur significant costs and may have an adverse impact on Cleanaway's reputation, ability to maintain its licences to operate and capability to secure additional work, impacting financial performance and cashflows. |
| **Planning regulations** | Cleanaway and Toxfree's operations are subject to extensive planning laws and regulations administered and regulated by local authorities and other government agencies. The laws, regulations, permits and licences granted by the relevant regulators establish various standards about the types of operations that can be undertaken and the manner in which they are undertaken. In the event that these laws, regulations, permits and licences are not complied with, Cleanaway faces the possibility of prosecution, significant fines and penalties. Further, there is the potential that operations cannot be continued on the relevant site, or that significant capital expenditure is required to ensure compliance with planning requirements, or that a permit or licence is suspended, revoked, terminated or otherwise not renewed. If any of these things were to occur, it may result in significant adverse financial impacts for Cleanaway. |

# Key risks

## RISKS RELATED TO AN INVESTMENT IN CLEANAWAY (CONTINUED)

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| **Other regulatory risks** | Cleanaway is also subject to occupational health and safety requirements and technical and safety standards, as well as general regulation, including in relation to land use and land access, native title and cultural heritage and technical regulation. Changes to government policy, law or regulations, or the introduction of new regulatory regimes (for example, in relation to climate change), may lead to an increase in operational costs and may have a materially adverse effect on Cleanaway and its business.<br>In addition, there is a risk that Cleanaway will not be able to achieve or maintain effective government and regulator advocacy. This may result in failure to adequately establish and manage key external stakeholders (including government and regulator relationships), inability to achieve strategies, changes in government policy or regulations that are detrimental to Cleanaway's business, and loss of licences required to operate. |
| **Insufficient assets** | There is a risk that Cleanaway will not be able to obtain or maintain sufficient post-collection assets to operate its business in a way that is sustainable, profitable and competitive. This could result in volume constraints, loss of revenue, declining profitability including margin erosion, declining market share, inability to offer end-to-end solutions and reliance on third party vendors and impact on the sustainability of Cleanaway's business model. |
| **Competition risk** | A number of entities compete with Cleanaway in the waste management and industrial services industries, including competition from new entrants into the market. The market share of Cleanaway's competitors may increase or decrease as a result of various factors such as securing major new contracts, developing or embracing new technologies, adopting pricing strategies specifically designed to gain market share, industry consolidation or the emergence of disruptors or disruptive behaviours. These competitive actions may reduce the prices that Cleanaway is able to charge for its services and products, may result in loss of market position or customers or may reduce Cleanaway's activity levels, all of which would negatively impact the financial performance of Cleanaway and its cashflows. |
| **Suppliers and joint ventures** | Cleanaway has a number of suppliers and is involved in a number of joint ventures. If a contract counterparty, such as a major supplier or joint venture partner, terminates an agreement or fails to fulfil its obligations under an agreement, Cleanaway may choose or be forced to lose the benefit of the agreement and may not be able to obtain similarly favourable terms upon entry into replacement agreements (if at all). This could have an adverse effect on Cleanaway's financial performance and cashflows. Further, there is a risk of disputes with suppliers or joint venture parties and a risk that, notwithstanding appropriate safeguards, suppliers or joint venture parties may experience financial or other difficulties with consequential adverse effects for the provision or delivery of the relevant goods, services, project or asset. |



# Key risks

## RISKS RELATED TO AN INVESTMENT IN CLEANAWAY (CONTINUED)

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| **Reliance on key customers and customer concentration** | The success of Cleanaway's businesses and their ability to grow relies on a number of business relationships and contracted revenue with clients, including Cleanaway's ability to retain major customer relationships and develop new ones. This is particularly relevant to Cleanaway's revenue with its contracted clients. There is no guarantee that these relationships will continue beyond the terms of contracts or if they do continue, that these relationships will be successful. Any adverse change in the existing relationships with Cleanaway's clients, including if these clients amend or terminate their relationship or agreements with Cleanaway or if these clients become subject to an insolvency event or otherwise unable to make payments to Cleanaway in accordance with their contractual obligations, may have a materially adverse effect on the ability to achieve financial forecasts and the financial performance and/or financial position of Cleanaway.<br>From time to time, Cleanaway may be asked to submit responses to competitive tender requests for new contracts that Cleanaway wishes to win, or for existing contracts that come up for renewal. Cleanaway's ability to submit competitive bids and win such tenders may have a material impact on the future financial performance of Cleanaway. In addition to new customers or contracts, Cleanaway may also seek to increase its prices for its existing customers or under existing contracts. Cleanaway's future financial performance may be materially impacted by Cleanaway's ability to successfully increase the prices charged to Cleanaway's customers. |
| **Legal claims** | Cleanaway is exposed to, and may be involved in, potential legal and other claims or disputes from time to time in the course of its businesses with its contractors, shareholders, sub-contractors, employees, former employees, government agencies or regulators, end-consumers, customers, vendors or suppliers and other parties. Such legal and other claims or disputes may include (but are not limited to) potential class actions, contractual disputes, property damage claims, personal liability claims, products and services liability claims or contractual and statutory penalties for failure to fulfil statutory and contractual obligations in relation to the quality of products and services, as well as governmental enquiries and investigations with respect to its operations. Litigation and disputes can be costly, including amounts payable in respect of judgments and settlements made against, or agreed to by, Cleanaway. They can also take up significant time and attention from management and the board. Accordingly, Cleanaway's involvement in litigation and disputes could have an adverse impact on its financial position and performance. In addition, regulatory actions, disputes and other legal claims may result in fines, penalties and other sanctions, as well as other costs and expenses (including adviser costs in defending or responding to the relevant claim and settlement payments).<br>Certain companies within the Group are currently party to various legal actions or other proceedings and disputes that have arisen in the normal course of business. It is expected that any liabilities or assets arising from these legal actions, proceedings and disputes would not have a material adverse effect on Cleanaway, however the outcome cannot be predicted with certainty and it is possible that either alone or in aggregate these legal actions, other proceedings and disputes will have a material adverse impact on Cleanaway (including on the financial position and reputation of Cleanaway). |

# Key risks

## RISKS RELATED TO AN INVESTMENT IN CLEANAWAY (CONTINUED)

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| **Financing / funding risk** | Cleanaway's continued ability to operate its business and effectively implement its business plan over time will depend in part on its ability to raise funds for operations and growth activities and to service, repay and refinance debts as they fall due. Existing funds (including the funds raised under the Offer) may not be sufficient for expenditure that might be required for acquisitions and new or existing projects.<br>While the directors of Cleanaway believe the Company has a number of alternatives to raise funding (which may include both debt and equity sources of funding), there can be no guarantee that Cleanaway will be able to raise sufficient funding on acceptable terms or at all.<br>To the extent that Cleanaway does require funding for its future capital needs, the availability and terms of such funding are uncertain and may be less favourable to Cleanaway than anticipated, which may negatively impact Cleanaway's future profitability and financial flexibility. Funding terms may also place restrictions on the manner in which Cleanaway conducts its business and impose limitations on Cleanaway's ability to execute on its business plan and growth strategies.<br>In addition, a breach of covenant or other undertaking under Cleanaway's finance facilities could lead to a review event or event of default. |
| **Acquisitions** | In undertaking its business, from time to time Cleanaway may pursue strategic acquisitions and other growth initiatives. To finance such acquisitions, the Company may incur additional indebtedness as permitted under its financing facilities and may seek to raise capital. Such actions and the terms on which such funding could be obtained may have a material adverse impact on the Company's financial position.<br>To the extent that Cleanaway grows through acquisition, it will face operational and financial risks commonly encountered with such a strategy, including but not limited to, continuity or assimilation of the operations and personnel of the acquired business, dissipation of Cleanaway's management resources and impairment of relationships with employees and customers of the acquired businesses as a result of changes in ownership and management. In addition, depending on the type of transaction, it may take a substantial period of time to completely realise an acquisition's full benefit.<br>While Cleanaway has and will conduct due diligence enquiries in relation to any past and future acquisitions, it is possible that one or more material issues or liabilities may not have been or may not be identified, or are of an amount that is greater than expected, and that the standard protections (in the form of representations, warranties and indemnities) negotiated by Cleanaway prior to the relevant acquisition are inadequate in the circumstances. Such issues or liabilities could adversely affect Cleanaway's financial performance and position and future prospects.<br>Cleanaway has in recent months engaged in discussions with various parties in relation to potential acquisitions and growth opportunities. These discussions have been preliminary in nature and any transaction remains subject to due diligence, negotiation and agreement of transaction terms, and Cleanaway board approval. In the event that any such transaction proceeds and is material to Cleanaway, Cleanaway will announce details of the transaction to the market as required by its continuous disclosure obligations. |



# Key risks

## RISKS RELATED TO AN INVESTMENT IN CLEANAWAY (CONTINUED)

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| **Capital expenditure and forecasts** | Cleanaway's forecasts are based on the information available at the time, and certain assumptions in relation to the cost and timing of planned development or expansion of facilities, receipt of design and development approvals and regulatory approvals, landfill provisioning and expected remediation costs and level of capital expenditure required to undertake planned development, improve, maintain or replace assets and cater for future business growth. Actual performance of Cleanaway, including in relation to capital expenditure, earnings and landfill provisioning may vary from forecast. Unplanned capital expenditure may also be required as a result of changes in the environmental regulations that apply to Cleanaway. If the level of capital expenditure required is higher or is needed sooner than anticipated, if capital expenditure required to generate forecast earnings is not undertaken, if there are delays in receipt of approvals associated with Cleanaway's operations or there is a significant operational failure requiring unplanned capital expenditure, the financial performance of Cleanaway may be adversely affected. |
| **Loss of personnel** | Cleanaway's operations are dependent upon a stable workforce and the continued performance, efforts, abilities and expertise of its key management personnel and other skilled employees. The loss of services of such personnel, or the inability to attract suitably qualified additional personnel, could have a materially adverse effect on the operations of Cleanaway as the Company may not be able to recruit suitable replacements for key personnel within a short timeframe. Possible consequences include disruption of Cleanaway's normal business operations, loss of knowledge (including to competitors), inadequate mentoring, adverse impact on relationships with customers and suppliers, reputational damage and delays in implementing Cleanaway's business strategy. |
| **Occupational health and safety** | Cleanaway's operations involve operational health and safety risks. These risks include (but are not limited to) exposure to mobile plant and equipment, hazardous material exposure for staff including hazardous chemicals, work involving confined spaces, fire, injuries associated with the servicing and operation of machinery and specialist equipment, fleet safety, traffic management and related accidents. Such incidents may lead to a serious injury or death, which may result in reputational damage, legal liability, loss of licences or permits and adverse operating impacts with consequential effects to Cleanaway's financial performance and position. |
| **Industrial disputes** | Cleanaway's operations are dependent upon a stable workforce. Cleanaway is exposed to the risk of industrial disputes arising from claims for higher wages or better conditions which could disrupt parts of Cleanaway's business and may have an adverse impact upon the Company's operating and financial performance, earnings and cashflows. |

## Key risks

RISKS RELATED TO AN INVESTMENT IN CLEANAWAY (CONTINUED)

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| **Technology** | Cleanaway is dependent on technology for the delivery of various services made available to customers, including core technologies such as its phone systems, computer servers, back-end processing systems, website and other information technology systems. There is a risk that certain aspects of Cleanaway's business could be compromised by technological failures or difficulties should these systems not be adequately maintained, secured or updated or if Cleanaway does not adequately address an event that occurs. These risks are enhanced by the integration process associated with the Acquisition. Further, there is a risk that new technology could disrupt Cleanaway's business model or Cleanaway will be unable to remain competitive by embracing new technology. This may result in system failures and loss of key financial and operating data, failure to align systems to business strategy, failure of systems to support daily operations, failure to integrate legacy systems with new operating platforms, increased costs for maintaining legacy systems, breach of privacy regarding unauthorised access to confidential and personal information and reduction in productivity as a result of system inefficiencies impacting employee morale and customer experience. This may have a materially adverse impact on costs, cashflows, financial performance, customer service levels and the brand of the Company. |
| **Commodities** | The Company is a significant consumer and producer of petroleum products and other commodities. Its current policy is not to fix commodity prices (outside standard purchase or sale agreements) or otherwise hedge commodity prices. The demand for, and the price of, commodities is highly dependent on a variety of factors, including international supply and demand, the price and availability of substitutes, actions taken by governments and global economic and political developments. Cleanaway is therefore exposed to changes in the prices of commodities, particularly oil and hydrocarbons from oil recycling activities, activities which use or generate carbon credits such as Certified Emission Reductions, paper, cardboard, glass and plastics from recycling and trading activities and electricity generated from landfill management activities and used at site operations. Accordingly, Cleanaway is exposed to movements in commodity prices which could have an adverse impact on its financial performance. |
| **Insurance risk** | Cleanaway maintains insurance coverage as determined appropriate by its board and management, but no assurance can be given that Cleanaway will continue to be able to obtain such insurance coverage at reasonable rates (or at all) for certain events, or that any coverage it obtains will be adequate and available to cover all claims, including (but not limited to) environmental losses, property damage, public liability or losses arising from business interruption, flood, war, riots and civil commotion. In addition, Cleanaway self-insures for certain risks that are considered to arise in the ordinary course of the business as determined appropriate by its board and management.<br>Any losses incurred due to uninsured risks, or a loss in excess of the insured amounts, could lead to a loss of some of the capital invested by Cleanaway, and could adversely affect the financial performance of Cleanaway. Additionally, if Cleanaway is unable to maintain sufficient insurance cover in the future, Cleanaway's financial performance may be adversely affected.<br>Increases in insurance premiums (whether as a result of insurance claims or otherwise) may also adversely affect Cleanaway's financial performance. |



## Key risks

RISKS RELATED TO AN INVESTMENT IN CLEANAWAY (CONTINUED)

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| **Intellectual property** | Cleanaway's ability to leverage its innovation and expertise depends upon its ability to protect its intellectual property and any improvements to it as well as Cleanaway's confidential information. Intellectual property that is important to Cleanaway includes, but is not limited to, know how, patents, trademarks, domain names, its website, business names and logos. Cleanaway relies on contractual arrangements and laws regulating intellectual property to assist in protecting its intellectual property. However, such intellectual property may not always be capable of being legally protected. It may be the subject of unauthorised disclosure or unlawfully infringed, or Cleanaway may incur substantial costs in asserting or defending its intellectual property rights or protecting its confidential information. |
| **Leases** | Cleanaway leases and licences property, plant and equipment from certain third parties. Failure of a third party lessor or licensor to discharge its obligations as agreed with Cleanaway or vice versa, or failure by Cleanaway to exercise remaining options or renew any leases or licences when they are due to expire, could adversely affect Cleanaway's operations and financial performance. |
| **Risks associated with licences, contracts and agreements** | Cleanaway and its subsidiaries (which, following completion of the Acquisition, will include Toxfree) are party to various contractual arrangements and hold various licences, some of which are material to their operations. There is a risk that these contractual arrangements or licences could be terminated, lost or impaired, renewed or re-negotiated on less favourable terms, fail to be renewed or re-negotiated at all or deliver lower than expected revenue from time to time (as applicable). Some of these contractual arrangements and licences can be revoked, terminated without cause or on short notice periods (depending on the circumstances). The breach, termination or non-renewal of material contracts or licences, or delivery of lower than expected revenue, could have adverse consequences for Cleanaway, including debt becoming repayable and other adverse effects on Cleanaway's operational and financial performance or financial condition. |

## Key risks

**GENERAL RISKS**

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| **General economic conditions** | The Australian and global economies continue to experience challenging economic conditions. Cleanaway's operating and financial performance is influenced by a variety of general economic and business conditions, both domestic and global, including (but not limited to) the level and rate of inflation, interest rates and exchange rates, global and country-specific growth rates, the cost and availability of credit, general consumption and consumer spending, input costs, employment rates, industrial disruptions and government policy and regulations (including fiscal, monetary and regulatory policies). Any further deterioration in the domestic and global economy or general economic conditions, including an increase in interest rates or a decrease in consumer and business demand, may have a material adverse effect on the performance of Cleanaway's businesses, including earnings and financial performance. |
| **Interest and inflation rates** | As a significant borrower of funds, Cleanaway is potentially exposed to adverse interest and inflation rate movements that may increase the financial risk inherent in its business. Changes may have an adverse effect on the business, cashflows, financial condition or results of operations of Cleanaway. |
| **Equity markets risks** | There are risks associated with any investment in listed securities. The market price of listed securities such as Cleanaway securities may rise and fall and is affected by numerous factors, many of which are non-specific to Cleanaway. These factors include but are not limited to factors such as general economic conditions (including inflation and interest rates), changes in supply and demand for securities, variations in the Australian and global market for listed shares (in general or for the Company's shares in particular), changes to government policy, legislation or regulation (including fiscal, monetary or regulatory policies), inclusion in or removal from major market indices, the announcement of new technologies, level of success in winning new contracts, the nature of competition in the industries in which Cleanaway operates, hostilities, global geo-political events, tensions and acts of terrorism, general investor sentiment, recommendations by brokers and analysts, general operational and business risks and the movement of prices on local and international share and bond markets. |
| **Liquidity and realisation risks** | As a significant borrower of funds, Cleanaway is potentially exposed to adverse interest and inflation rate movements that may increase the financial risk inherent in its business. Changes may have an adverse effect on the business, cashflows, financial condition or results of operations of Cleanaway. |



## Key risks

**GENERAL RISKS (CONTINUED)**

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| **Taxation** | Future changes in taxation law in Australia and in other jurisdictions, including changes in interpretation or application of the law by the courts or applicable taxation or revenue authorities in Australia or other jurisdictions, may affect the taxation treatment of an investment in Cleanaway shares or the holding and disposal of Cleanaway shares. Further, changes in tax law, or changes in the way tax law is expected to be interpreted, in the various jurisdictions in which Cleanaway operates, may impact the future tax liabilities of Cleanaway. |
| **Force majeure events** | Events may occur within or outside Australia that could impact upon the global and Australian economies, the operations of Cleanaway and the price of the Cleanaway shares. These events include but are not limited to terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other man-made or natural events or occurrences that can have an adverse effect on the demand for Cleanaway's services. |
| **Dividends** | The payment of dividends by Cleanaway is announced (at the discretion of the Cleanaway board) around or shortly after the time that Cleanaway releases its half year and full year results. Any future determination as to the payment of dividends by Cleanaway will be at the discretion of the directors of Cleanaway and will depend on the profitability and cash flow of Cleanaway's business, the financial condition of Cleanaway, future capital requirements and general business and other factors considered relevant by the directors of Cleanaway. Any future distribution levels will be determined by the Cleanaway board having regard to Cleanaway's operating results and financial position at the relevant time. No assurance in relation to the continued or future payment of dividends or franking credits attaching to dividends can be given by Cleanaway, and there is no guarantee that any dividend will be paid by Cleanaway or, if paid, that they (or any franking credits attached to them) will be paid at previous levels. |

## Key risks

**OFFER SPECIFIC RISKS**

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| **Underwriting risk** | Cleanaway has entered into an underwriting agreement (Underwriting Agreement) with Macquarie Capital (Australia) Limited (Underwriter), pursuant to which the Underwriter has agreed to fully underwrite the Offer on the terms and conditions of the Underwriting Agreement. If certain conditions are not satisfied or certain customary termination events occur, the Underwriter may terminate the Underwriting Agreement.<br>The events which may trigger termination of the Underwriting Agreement include (but are not limited to) the following:<br>• the debt commitments for the Acquisition being cancelled or terminated on or before the settlement date for the institutional component of the Offer;<br>• Cleanaway's disclosure in relation to the Offer or information provided to the Underwriter being defective, misleading or deceptive, or a new circumstance arising that is adverse to Cleanaway;<br>• Cleanaway or its directors or officers being charged with a criminal offence in relation to fraudulent conduct or being the subject of court proceedings or public action, or any director of Cleanaway being charged with an indictable offence relating to financial or corporate matters or being disqualified from managing a corporation;<br>• a change in the chairman or CEO of Cleanaway;<br>• an adverse change in respect of Cleanaway's assets, liabilities, financial position or performance, profits, losses or prospects;<br>• breach of the Underwriting Agreement by Cleanaway;<br>• changes in law, hostilities/war or certain disruptions to financial markets in certain countries; and<br>• required regulatory approvals for the Underwriting Agreement being withdrawn, revoked or amended.<br>The ability of the Underwriter to terminate the Underwriting Agreement in respect of some events will depend on whether the Underwriter has reasonable grounds to believe, and does believe, that the event: (i) has or is likely to have a material adverse effect on the marketing, settlement or success of the Offer; or (ii) will or is likely to give rise to the Underwriter incurring any liability under any applicable law or contravening (or being involved in contravention of) any applicable law.<br>Termination of the Underwriting Agreement could result in the Offer not proceeding or not raising the anticipated amount of proceeds, and accordingly materially adversely affect Cleanaway's sources of funds for the Acquisition. In addition, if the Underwriting Agreement is terminated following settlement of the institutional component of the Offer, Cleanaway will not be entitled to terminate the Scheme Implementation Agreement. In these circumstances, Cleanaway may be required to source funding by alternative means, which may result in additional costs (for example, by way of interest payments on debt) and/or restrictions being imposed on the manner in which Cleanaway may conduct its business and deal with its assets (for example, by way of restrictive covenants binding upon Cleanaway). Failure to source alternative funding could result in Cleanaway being unable to perform its obligation to complete the Acquisition. Any of these outcomes could have a material adverse impact on Cleanaway's financial position, prospects and reputation. |



## Key risks

**OFFER SPECIFIC RISKS (CONTINUED)**

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| **Dilution risk** | You should note that if you do not participate in the Offer, or do not take up all of your entitlement under the Offer in full, then your percentage security holding in Cleanaway will be diluted and you will not be exposed to future increases or decreases in Cleanaway's security price in respect of those New Shares which would have been issued to you had you taken up your full entitlement.<br>As the Offer is non-renounceable, investors who do not take up all or part of their entitlement will not receive any value for the part not taken up. |

# B

## APPENDIX

# International offer restrictions

## International offer restrictions

**Canada (British Columbia, Ontario and Quebec provinces)**

This document constitutes an offering of New Shares only in the Provinces of British Columbia, Ontario and Quebec (the "Provinces") and to those persons to whom they may be lawfully distributed in the Provinces, and only by persons permitted to sell such New Shares. This document is not, and under no circumstances is to be construed as, an advertisement or a public offering of securities in the Provinces. This document may only be distributed in the Provinces to persons that are "accredited investors" within the meaning of NI 45-106 – *Prospectus Exemptions*, of the Canadian Securities Administrators.

No securities commission or similar authority in the Provinces has reviewed or in any way passed upon this document, the merits of the New Shares or the offering of New Shares and any representation to the contrary is an offence.

No prospectus has been, or will be, filed in the Provinces with respect to the offering of New Shares or the resale of such securities. Any person in the Provinces lawfully participating in the offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and receipted by the securities regulator in the applicable Province. Furthermore, any resale of the New Shares in the Provinces must be made in accordance with applicable Canadian securities laws which may require resales to be made in accordance with exemptions from dealer registration and prospectus requirements. These resale restrictions may in some circumstances apply to resales of the New Shares outside Canada and, as a result, Canadian purchasers should seek legal advice prior to any resale of the New Shares.

The Company as well as its directors and officers may be located outside Canada and, as a result, it may not be possible for purchasers to effect service of process within Canada upon the Company or its directors or officers. All or a substantial portion of the assets of the Company and such persons may be located outside Canada and, as a result, it may not be possible to satisfy a judgment against the Company or such persons in Canada or to enforce a judgment obtained in Canadian courts against the Company or such persons outside Canada.

Any financial information contained in this document has been prepared in accordance with Australian Accounting Standards and also comply with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board. Unless stated otherwise, all dollar amounts contained in this document are in Australian dollars.

*Statutory rights of action for damages and rescission*

Securities legislation in certain of the Provinces may provide purchasers with, in addition to any other rights they may have at law, rights of rescission or to damages, or both, when an offering memorandum that is delivered to purchasers contains a misrepresentation. These rights and remedies must be exercised within prescribed time limits and are subject to the defenses contained in applicable securities legislation. Prospective purchasers should refer to the applicable provisions of the securities legislation of their respective Province for the particulars of these rights or consult with a legal adviser.

The following is a summary of the statutory rights of rescission or to damages, or both, available to purchasers in Ontario. In Ontario, every purchaser of the New Shares purchased pursuant to this document (other than (a) a "Canadian financial institution" or a "Schedule III bank" (each as defined in NI 45-106), (b) the Business Development Bank of Canada or (c) a subsidiary of any person referred to in (a) or (b) above, if the person owns all the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of that subsidiary) shall have a statutory right of action for damages and/or rescission against the Company if this document or any amendment thereto contains a misrepresentation. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against the Company. This right of action for rescission or damages is in addition to and without derogation from any other right the purchaser may have at law. In particular, Section 130.1 of the Securities Act (Ontario) provides that, if this document contains a misrepresentation, a purchaser who purchases the New Shares during the period of distribution shall be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase and has a right of action for damages or, alternatively, may elect to exercise a right of rescission against the Company, provided that (a) the Company will not be liable if it proves that the purchaser purchased the New Shares with knowledge of the misrepresentation; (b) in an action for damages, the Company is not liable for all or any portion of the damages that the Company proves does not represent the depreciation in value of the New Shares as a result of the misrepresentation relied upon; and (c) in no case shall the amount recoverable exceed the price at which the New Shares were offered.

## International offer restrictions

Section 138 of the *Securities Act* (Ontario) provides that no action shall be commenced to enforce these rights more than (a) in the case of any action for rescission, 180 days after the date of the transaction that gave rise to the cause of action or (b) in the case of any action, other than an action for rescission, the earlier of (i) 180 days after the purchaser first had knowledge of the fact giving rise to the cause of action or (ii) three years after the date of the transaction that gave rise to the cause of action. These rights are in addition to and not in derogation from any other right the purchaser may have.

*Certain Canadian income tax considerations.* Prospective purchasers of the New Shares should consult their own tax adviser with respect to any taxes payable in connection with the acquisition, holding or disposition of the New Shares as any discussion of taxation related matters in this document is not a comprehensive description and there are a number of substantive Canadian tax compliance requirements for investors in the Provinces.

*Language of documents in Canada.* Upon receipt of this document, each investor in Canada hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the New Shares (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.*

**United States**

This presentation may not be distributed or released in the United States or to persons who are acting for the account or benefit of persons in the United States. This presentation does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or in any other jurisdiction in which such an offer would be illegal. Neither the entitlements nor the New Shares have not been, or will be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States. Accordingly, neither the entitlements nor the New Shares may be offered or sold, directly or indirectly, in the United States or to a person acting for the account or benefit of a person in the United States, unless they have been registered under the U.S. Securities Act (which Cleanaway has no obligation to do or procure), or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any other applicable state securities laws.

**European Economic Area - Belgium, Denmark, Germany, Luxembourg and Netherlands**

This document has been prepared on the basis that all offers of New Shares will be made pursuant to an exemption under the Directive 2003/71/EC ("Prospectus Directive"), as amended and implemented in Member States of the European Economic Area (each, a "Relevant Member State"), from the requirement to publish a prospectus for offers of securities.

An offer to the public of New Shares has not been made, and may not be made, in a Relevant Member State except pursuant to one of the following exemptions under the Prospectus Directive as implemented in the Relevant Member State:

to any legal entity that is authorized or regulated to operate in the financial markets or whose main business is to invest in financial instruments;

to any legal entity that satisfies two of the following three criteria: (i) balance sheet total of at least €20,000,000; (ii) annual net turnover of at least €40,000,000 and (iii) own funds of at least €2,000,000 (as shown on its last annual unconsolidated or consolidated financial statements);

to any person or entity who has requested to be treated as a professional client in accordance with the EU Markets in Financial Instruments Directive (Directive 2004/39/EC, "MiFID"); or

to any person or entity who is recognised as an eligible counterparty in accordance with Article 24 of the MiFID.



## International offer restrictions

**France**

This document is not being distributed in the context of a public offering of financial securities (offre au public de titres financiers) in France within the meaning of Article L.411-1 of the French Monetary and Financial Code (Code monétaire et financier) and Articles 211-1 *et seq.* of the General Regulation of the French Autorité des marchés financiers ("AMF"). The New Shares have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France.

This document and any other offering material relating to the New Shares have not been, and will not be, submitted to the AMF for approval in France and, accordingly, may not be distributed (directly or indirectly) to the public in France. Such offers, sales and distributions have been and shall only be made in France to qualified investors (investisseurs qualifiés) acting for their own account, as defined in and in accordance with Articles L.411-2-II-2, D.411-1, L.533-16, L.533-20, D.533-11, D.533-13, D.744-1, D.754-1 and D.764-1 of the French Monetary and Financial Code and any implementing regulation.

Pursuant to Article 211-3 of the General Regulation of the AMF, investors in France are informed that the New Shares cannot be distributed (directly or indirectly) to the public by the investors otherwise than in accordance with Articles L.411-1, L.411-2, L.412-1 and L.621-8 to L.621-8-3 of the French Monetary and Financial Code.

**Hong Kong**

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

**Ireland**

The information in this document does not constitute a prospectus under any Irish laws or regulations and this document has not been filed with or approved by any Irish regulatory authority as the information has not been prepared in the context of a public offering of securities in Ireland within the meaning of the Irish Prospectus (Directive 2003/71/EC) Regulations 2005, as amended (the "Prospectus Regulations"). The New Shares have not been offered or sold, and will not be offered, sold or delivered directly or indirectly in Ireland by way of a public offering, except to "qualified investors" as defined in Regulation 2(l) of the Prospectus Regulations.

## International offer restrictions

**Malaysia**

This document may not be distributed or made available in Malaysia. No approval from, or recognition by, the Securities Commission of Malaysia has been or will be obtained in relation to any offer of New Shares. The New Shares may not be offered or sold in Malaysia except pursuant to, and to persons prescribed under, Part I of Schedule 6 of the Malaysian Capital Markets and Services Act.

**New Zealand**

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "FMC Act").

The New Shares are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the FMC Act and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

Other than in the entitlement offer, the New Shares may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

**Norway**

This document has not been approved by, or registered with, any Norwegian securities regulator under the Norwegian Securities Trading Act of 29 June 2007. Accordingly, this document shall not be deemed to constitute an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act of 2007.

The New Shares may not be offered or sold, directly or indirectly, in Norway except to "professional clients" (as defined in Norwegian Securities Regulation of 29 June 2007 no. 876 and including non-professional clients having met the criteria for being deemed to be professional and for which an investment firm has waived the protection as non-professional in accordance with the procedures in this regulation).



## International offer restrictions

**Singapore**

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

**Sweden**

This document has not been, and will not be, registered with or approved by Finansinspektionen (the Swedish Financial Supervisory Authority). Accordingly, this document may not be made available, nor may the New Shares be offered for sale in Sweden, other than under circumstances that are deemed not to require a prospectus under the Swedish Financial Instruments Trading Act (1991:980) (*Sw. lag (1991:980) om handel med finansiella instrument*). Any offering of New Shares in Sweden is limited to persons who are "qualified investors" (as defined in the Financial Instruments Trading Act). Only such investors may receive this document and they may not distribute it or the information contained in it to any other person.

**Switzerland**

The New Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under the listing rules of any stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the New Shares may be publicly distributed or otherwise made publicly available in Switzerland.

The New Shares will only be offered to regulated financial intermediaries such as banks, securities dealers, insurance institutions and fund management companies as well as institutional investors with professional treasury operations. This document is personal to the recipient and not for general circulation in Switzerland.

Neither this document nor any other offering or marketing material relating to the New Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of New Shares will not be supervised by, the Swiss Financial Market Supervisory Authority.

# International offer restrictions

**United Arab Emirates**

Neither this document nor the New Shares have been approved, disapproved or passed on in any way by the Central Bank of the United Arab Emirates, the Emirates Securities and Commodities Authority or any other governmental authority in the United Arab Emirates, nor has the Company received authorisation or licensing from the Central Bank of the United Arab Emirates, the Emirates Securities and Commodities Authority or any other governmental authority in the United Arab Emirates to market or sell the New Shares within the United Arab Emirates. No marketing of any financial products or services may be made from within the United Arab Emirates and no subscription to any financial products or services may be consummated within the United Arab Emirates. This document does not constitute and may not be used for the purpose of an offer or invitation. No services relating to the New Shares, including the receipt of applications and/or the allotment or redemption of New Shares, may be rendered within the United Arab Emirates by the Company.

No offer or invitation to subscribe for New Shares is valid in, or permitted from any person in, the Dubai International Financial Centre.

**United Kingdom**

Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Shares.

This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of the FSMA) in the United Kingdom, and the New Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of the FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

# ASX & Media Release

13 December 2017

CLEANAWAY
Making a sustainable future possible

## Cleanaway successfully completes Institutional Entitlement Offer

Cleanaway Waste Management Limited ("**Cleanaway**") is pleased to announce the successful completion of the institutional component of its fully underwritten 1 for 3.65 pro rata accelerated non-renounceable entitlement offer announced on Monday, 11 December 2017 ("**Entitlement Offer**").

The institutional component of the Entitlement Offer ("**Institutional Entitlement Offer**") raised approximately $500 million at the offer price of $1.35 per new ordinary share in Cleanaway ("**New Shares**"). Completion of the Institutional Entitlement Offer represents the first stage of Cleanaway's $590 million Entitlement Offer, the proceeds of which will be used to partially fund the acquisition of Tox Free Solutions Limited ("**Acquisition**") (assuming successful completion).

The Institutional Entitlement Offer was strongly supported by existing eligible institutional shareholders who took up approximately 98% of the New Shares available to them as part of the Institutional Entitlement Offer. The shortfall bookbuild was significantly oversubscribed, with strong demand from both new and existing institutional investors.

New Shares issued under the Institutional Entitlement Offer will rank equally with existing Cleanaway shares, and will be eligible to receive dividends paid with respect to the period ending 31 December 2017. New Shares under the Institutional Entitlement Offer are expected to be issued on Thursday, 21 December 2017, and will commence trading on the ASX on the same day.

Cleanaway's CEO, Vik Bansal commented, "We are extremely pleased and motivated with the support for the Acquisition and the Entitlement Offer shown by our existing institutional shareholders and the broader investment community. The Acquisition is a strategically compelling opportunity for Cleanaway stakeholders. The management team remains steadfast in delivering on our commitments. An acquisition which is "in country, in sector and in our operating space" accelerates our strategy."

**Retail Entitlement Offer**

Eligible retail shareholders with a registered address in Australia or New Zealand and who are not in the United States or acting for the account or benefit of a person in the United States ("**Eligible Retail Shareholders**") will be invited to participate in the Retail Entitlement Offer, which is scheduled to open at 9.00am (AEDT) on Monday, 18 December 2017 and close at 5.00pm (AEDT) on Friday, 19 January 2018 ("**Retail Offer Period**").

Eligible Retail Shareholders will be able to subscribe for 1 New Share for every 3.65 Cleanaway shares held as at 7.00pm (Sydney time) on the record date of 13 December 2017, at the same Offer Price of A$1.35 per New Share as the Institutional Entitlement Offer.

It is important to note that the Retail Entitlement Offer is non-renounceable, and there will be no trading of entitlements. Further details about the Retail Entitlement Offer will be set out in the Retail Offer booklet to be lodged with the ASX today.

*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 3,000 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.*

# ASX & Media Release

13 December 2017

**Additional Information**

You should seek appropriate professional advice before making any investment decision. If you have any questions about the Retail Entitlement Offer, please contact the Cleanaway Shareholder Information Line on 1300 850 505 (from within Australia) or +61 3 9415 4000 (from outside Australia) at any time between 8.30am and 5.00pm (Sydney time), Monday to Friday during the Retail Offer Period.

**INVESTOR RELATIONS**

Frank Sufferini

Head of Investor Relations and Corporate Affairs

Telephone: 0416 241 501

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**MEDIA**

Domestique

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# ASX & Media Release

13 December 2017

CLEANAWAY
Making a sustainable future possible



**NOT FOR RELEASE OR DISTRIBUTION IN THE UNITED STATES**

This announcement has been prepared for publication in Australia and may not be released or distributed in the United States. This announcement does not constitute an offer, invitation or recommendation to subscribe for or purchase any security or financial product and neither this announcement nor anything attached to this announcement shall form the basis of any contract or commitment. In particular, this announcement does not constitute an offer to sell, or the solicitation of an offer to buy, securities in the United States or any other jurisdiction in which such an offer would be illegal. Any securities described in this announcement have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), or the securities laws of any state or jurisdiction of the United States. Accordingly, the securities may not be offered or sold directly or indirectly in the United States or to persons acting for the account or benefit of persons in the United States unless they have been registered under the U.S. Securities Act (which Cleanaway has no obligation to do or procure) or are offered and sold in a transaction exempt from, or not subject to, the registration of the U.S. Securities Act and any other applicable United States state securities laws.

**Forward looking statements**

This announcement contains forward looking statements, including statements of current intention, statements of opinion and predictions as to possible future events. Forward looking statements can generally be identified by the use of forward looking words such as "believe", "expect", "estimate", "will", "may", "target" and other similar expressions , and include but are not limited to the expected outcome of the Acquisition.

Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward looking statements. Such statements are not statements of fact and there can be no certainty of outcome in relation to the matters to which the statements relate. These forward looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual outcomes to be materially different from the events or results expressed or implied by such statements. Those risks, uncertainties, assumptions and other important factors are not all within the control of Cleanaway and cannot be predicted by Cleanaway and include changes in circumstances or events that may cause objectives to change as well as risks, circumstances and events specific to the industry, countries and markets in which Cleanaway operates. They also include general economic conditions, exchange rates, interest rates, competitive pressures, selling prices, market demand and conditions in the financial markets which may cause objectives to change or may cause outcomes not to be realised.

None of Cleanaway or any of its subsidiaries, advisors or affiliates (or any of their respective officers, employees or agents) makes any representation, assurance or guarantee as to the accuracy or likelihood of fulfilment of any forward looking statement or any outcomes expressed or implied in any forward looking statements. Statements about past performance are not necessarily indicative of future performance.

# 5 Additional information

## 5.1 Responsibility for this Retail Offer Booklet

This Retail Offer Booklet has been prepared by Cleanaway. No party other than Cleanaway has authorised or caused the issue of this Retail Offer Booklet, or takes any responsibility for, or makes or gives any statements, representations or undertakings in, this Retail Offer Booklet.

## 5.2 Date of this Retail Offer Booklet

This Retail Offer Booklet is dated 13 December 2017. Subject to the following paragraph, statements in this Retail Offer Booklet are made only as of the date of this Retail Offer Booklet unless otherwise stated and the information in this Retail Offer Booklet remains subject to change without notice. Cleanaway is not responsible for updating this Retail Offer Booklet.

The ASX Announcements and Investor Presentation set out in Section 4 are current as at the date on which they were released. There may be additional announcements that are made by Cleanaway (including after the date of this Retail Offer Booklet) that may be relevant to your consideration of whether to take up your Entitlement. Therefore, it is prudent that you check whether any further announcements have been made by Cleanaway before submitting an Application.

## 5.3 Eligibility of Retail Shareholders

The Retail Entitlement Offer is being offered to all Eligible Retail Shareholders only.

Eligible Retail Shareholders are Shareholders on the Record Date who:

(a) are registered as a holder of Existing Shares;

(b) have a registered address in Australia or New Zealand;

(c) are not in the United States and are not a person (including nominees or custodians) acting for the account or benefit of a person in the United States in respect of the relevant underlying holders of Existing Shares;

(d) were not invited to participate in the Institutional Entitlement Offer and were not treated as Ineligible Institutional Shareholders under the Institutional Entitlement Offer (other than as a nominee or custodian, in each case in respect of other underlying holdings); and

(e) are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

Cleanaway has determined that it is unreasonable to extend the Retail Entitlement Offer to Ineligible Retail Shareholders because of the small number of such Shareholders, the number and value of Shares that they hold and the cost of complying with the applicable regulations in jurisdictions outside Australia and New Zealand.

### 5.4 Ranking of New Shares

The New Shares issued under the Retail Entitlement Offer will be fully paid and rank equally with Existing Shares.

The rights attaching to the New Shares are set out in Cleanaway's constitution and are regulated by the Corporations Act, Listing Rules and general law.

### 5.5 Allotment, quotation and trading

Cleanaway has or will apply for quotation of the New Shares on ASX in accordance with Listing Rule requirements. If ASX does not grant quotation of the New Shares, Cleanaway will repay all Application Monies (without interest).

Subject to ASX approval being granted, it is expected that the New Shares allotted under the Retail Entitlement Offer will commence trading on a normal basis on Thursday, 1 February 2018. Application Monies will be held by Cleanaway on trust for Applicants until the New Shares are allotted. No interest will be paid on Application Monies, and any interest earned on Application Monies will be for the benefit of Cleanaway and will be retained by Cleanaway irrespective of whether New Shares are issued.

It is the responsibility of Applicants to determine the number of New Shares allotted and issued to them prior to trading in the New Shares. The sale by an Applicant of New Shares prior to receiving their holding statement is at the Applicant's own risk. Cleanaway and the Underwriter disclaims all liability whether in negligence or otherwise (to the maximum extent permitted by law) to persons who trade New Shares before receiving their holding statements, whether on the basis of confirmation of the allocation provided by Cleanaway or the Share Registry or otherwise.

### 5.6 Reconciliation

In any entitlement offer, investors may believe that they own more shares on the Record Date than they ultimately do. This may result in a need for reconciliation to ensure all eligible shareholders have the opportunity to receive their full entitlement.

Cleanaway may need to issue a small quantity of additional New Shares to ensure all eligible Shareholders have the opportunity to receive their appropriate allocation of New Shares. The price at which these New Shares would be issued, if required, is the same as the Offer Price.

Cleanaway reserves the right to reduce the number of an Entitlement or New Shares allocated to eligible Shareholders or persons claiming to be eligible Shareholders, if their Entitlement claims prove to be overstated, if they or their nominees/custodians fail to provide information requested to substantiate their Entitlement claims, or if they are not eligible Shareholders.

### 5.7 Underwriting

The Entitlement Offer is fully underwritten by the Underwriter. Any New Shares which are not subscribed for by Eligible Retail Shareholders pursuant to their Entitlement will form part of the Shortfall to be taken up by the Underwriter or sub-underwriters, on the terms and conditions of the Underwriting Agreement.

Cleanaway and the Underwriter have entered into an Underwriting Agreement. Customary with these types of arrangements:

(a) Cleanaway has agreed, subject to certain carve-outs, to indemnify the Underwriter, its affiliates and related bodies corporate, and their respective directors, officers, employees, advisers and agents, against any loss, damage, liability, cost or expense related (directly or indirectly) to the Entitlement Offer;

(b) Cleanaway and the Underwriter have given certain representations, warranties and undertakings in connection with (among other things) the Entitlement Offer;

(c) the Underwriter may (in certain circumstances having regard to the materiality of the relevant event) terminate the Underwriting Agreement and be released from their obligations under it on the occurrence of certain events, including (but not limited to) where:

  (i) the debt commitment for the Acquisition is cancelled or terminated on or prior to the settlement date for the Institutional Entitlement Offer;

  (ii) Cleanaway's disclosure in relation to the Entitlement Offer or information provided to the Underwriter is defective, misleading or deceptive, or a new circumstance arises that is adverse to Cleanaway and its subsidiaries;

  (iii) Cleanaway or its directors or officers are charged with a criminal offence in relation to fraudulent conduct or are the subject of court proceedings or public action, or any director of Cleanaway is charged with an indictable offence relating to financial or corporate matters or is disqualified from managing a corporation;

  (iv) there is a change in the chairman or chief executive officer of Cleanaway;

  (v) there is an adverse change in respect of Cleanaway's assets, liabilities, financial position or performance, profits, losses or prospects;

  (vi) Cleanaway breaches the Underwriting Agreement;

  (vii) there is a change in law, hostilities/war or certain disruptions to financial markets in certain countries; and

  (viii) required regulatory approvals for the Underwriting Agreement are withdrawn, revoked or amended.

The Underwriter will be paid:

(d) an underwriting fee of 1.40% of the proceeds of the Institutional Entitlement Offer and the Retail Entitlement Offer; and

(e) a management fee of 0.35% of the proceeds of the Institutional Entitlement Offer and Retail Entitlement Offer; and

(f) an incentive fee of up to 0.25% of the proceeds of the Institutional Entitlement Offer and Retail Entitlement Offer which will be payable at the absolute discretion of Cleanaway.

The Underwriter will also be reimbursed for certain expenses.

Neither the Underwriter nor any of its respective related bodies corporate and affiliates, nor any of their respective directors, officers, partners, employees, representatives or agents (collectively, the '**Underwriter Parties'**) have authorised or caused the issue or lodgement, submission, dispatch or provision of this Retail Offer Booklet and there is no statement in this Retail Offer Booklet which is based on a statement made by an Underwriter Party. To the maximum extent permitted by law, each Underwriter Party expressly disclaims all liabilities in respect of, and make no, representations regarding, and takes no responsibility for any part of this Retail Offer Booklet or any action taken by you on the basis of the information in this Retail Offer Booklet, and make no representation or warranty as to the currency, accuracy, reliability or completeness of this Retail Offer Booklet. To the maximum extent permitted by law, the Underwriter Parties exclude and disclaim all liability for any expenses, losses, damages or costs incurred by you as a result of your participation in the Entitlement Offer and this Retail Offer Booklet being inaccurate or incomplete in any way for any reason, whether by negligence or otherwise. None of the Underwriter Parties makes any recommendations as to whether you or your related parties should participate in the Entitlement Offer nor do they make any representations or warranties to you concerning this Entitlement Offer, or any such information and you represent, warrant and agree that you have not relied on any statements made by any of the Underwriter Parties in relation to the New Shares or the Entitlement Offer generally.

### 5.8 Continuous disclosure

Cleanaway is a "disclosing entity" under the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules, including the preparation of annual reports and half yearly reports.

Cleanaway is required to notify ASX of information about specific events and matters as they arise for the purposes of ASX making that information available to the stock markets conducted by ASX. In particular, Cleanaway has an obligation under the Listing Rules (subject to certain exceptions) to notify ASX immediately of any information of which it is or becomes aware which a reasonable person would expect to have a material effect on the price or value of Cleanaway shares. That information is available to the public from ASX and can be accessed at www.asx.com.au.

Some documents are required to be lodged with ASIC in relation to Cleanaway. These documents may be obtained from, or inspected at, an ASIC office.

### 5.9 No cooling off rights

Cooling off rights do not apply to an investment in New Shares. You cannot withdraw your Application once it has been made or accepted.

### 5.10 Rounding of Entitlements

Where fractions arise in the calculation of an Entitlement, they will be rounded up to the nearest whole number of New Shares.

### 5.11 Not financial product or investment advice

This Retail Offer Booklet and the accompanying Entitlement and Acceptance Form is for information purposes only and is not a prospectus, disclosure document or other offering document under the Corporations Act or any other law and has not been lodged with ASIC.
It is also not financial product or investment advice or a recommendation to acquire New Shares and has been prepared without taking into account your objectives, financial circumstances or particular needs. This Retail Offer Booklet should not be considered to be comprehensive and does not purport to contain all the information that you may require to make a decision about whether to submit your Entitlement and Acceptance Form and invest in New Shares.

Before making an investment decision, you should consider the appropriateness of the information in this Retail Offer Booklet having regard to your own objectives, financial situation and needs and seek legal and taxation advice appropriate to your jurisdiction. If you have any questions about whether you should participate in the Entitlement Offer, you should seek professional financial advice before making any investment decision. Cleanaway is not licensed to provide financial product advice in respect of New Shares.

### 5.12 Financial data

All dollar values are in Australian dollars ($A).

All financial data is presented as at 30 June 2017 unless otherwise stated.

### 5.13 Ineligible Shareholders

All Shareholders who do not satisfy the criteria to be Eligible Retail Shareholders or Eligible Institutional Shareholders, are Ineligible Shareholders. Ineligible Shareholders are not entitled to participate in the Entitlement Offer, unless Cleanaway otherwise determines.

The restrictions upon eligibility to participate in the Entitlement Offer arise because Cleanaway has determined, pursuant to ASX Listing Rule 7.7.1(a) and section 9A(3)(a) of the Corporations Act, that it would be unreasonable to extend the Entitlement Offer to Ineligible Shareholders. This decision has been made after taking into account the relatively small number and value of New Shares to which those Shareholders would otherwise be entitled and the potential costs of complying with legal and regulatory requirements in the jurisdictions in which the Ineligible Shareholders are located in relation to the Entitlement Offer.

Cleanaway, in its absolute discretion, may extend the Entitlement Offer to any Shareholder if it is satisfied that the Entitlement Offer may be made to the Shareholder in compliance with all applicable laws. Cleanaway, in its absolute discretion, reserves the right to determine whether a Shareholder is an Eligible Retail Shareholder, Eligible Institutional Shareholder or an Ineligible Shareholder. To the maximum extent permitted by law, Cleanaway disclaims all liability in respect of such determination.

The price at which the Ineligible Entitlements will be sold is the Offer Price. Accordingly, Ineligible Shareholders will not receive any value as a result of the issue of any of those New Shares they would have been entitled to subscribe for had they been eligible to participate in the Entitlement Offer.

# 6 Australian taxation consequences

Below is a general guide to the Australian income tax, goods and services tax (**GST**) and stamp duty implications of the Retail Entitlement Offer for Eligible Retail Shareholders that hold their New Shares on capital account. In addition, the guide below applies only to Eligible Retail Shareholders who are Australian tax resident individuals, companies or complying superannuation entities. The guide does not apply to Eligible Retail Shareholders who:

(a) hold Shares as revenue assets or trading stock (which will generally be the case if you are a bank, insurance company or carry on a business of share trading);

(b) acquired the Shares in respect of which their Entitlements is issued under any employee share scheme or where New Shares are acquired pursuant to any employee share scheme; or

(c) may be subject to special tax rules, such as insurance companies, partnerships, tax exempt organisations, trusts (except where expressly stated), non-complying superannuation funds (except where expressly stated) or temporary residents.

The guide does not take account of the individual circumstances of particular Eligible Retail Shareholders and does not constitute tax advice. It does not purport to be a complete analysis of the potential tax consequences of the Retail Entitlement Offer and is intended as a general guide to the Australian tax implications. Eligible Retail Shareholders should seek advice from an appropriate professional advisor in relation to the tax implications of the Retail Entitlement Offer based on their own individual circumstances.

The comments below are based on the Australian tax law as it applies as at 9.00am (AEDT) on 13 December 2017. Other than as expressly discussed or specified, the comments do not take into account or anticipate changes in Australian tax law or future judicial interpretations of law after this time. The comments also do not take into account tax legislation of any country other than Australia.

## 6.1 Issue of Entitlement

The issue of the Entitlement should be non-assessable non-exempt income and should not, in itself, result in any amount being included in the assessable income of an Eligible Retail Shareholder.

## 6.2 Exercise of Entitlement

New Shares will be acquired where the Eligible Retail Shareholder exercises all or part of their Entitlement under the Retail Entitlement Offer.

An Eligible Retail Shareholder should not derive any assessable income, or make any capital gain or capital loss, at the time of exercising their Entitlement under the Retail Entitlement Offer.

For Australian capital gains tax (**CGT**) purposes, the cost base of each New Share will be equal to the Offer Price payable for each New Share plus certain non-deductible incidental costs the Eligible Retail Shareholder incurs in acquiring, holding and disposing of the New Shares.

### 6.3 Lapse of Entitlement

If an Eligible Retail Shareholder does not accept all or part of their Entitlement in accordance with the instructions set out above, then that Entitlement will lapse and the Eligible Retail Shareholder will not receive any consideration for their Entitlement that is not taken up. There should be no tax implications for an Eligible Retail Shareholder from the lapse of the Entitlement and Eligible Retail Shareholders will not be entitled to any tax deductions or capital losses from the lapsed Entitlements.

### 6.4 Taxation in respect of dividends on New Shares

Any future dividends or other distributions made in respect of New Shares will be subject to the same income taxation treatment as dividends or other distributions made on Existing Shares held in the same circumstances. The dividends or distributions will generally be included in the assessable income of an Eligible Retail Shareholder in the income year in which the dividends or distributions are paid.

Where the Eligible Retail Shareholder is a qualified person and the dividends are franked, the Eligible Retail Shareholder must include the franking credits attached to the dividends in its assessable income. The Eligible Retail Shareholder should also be entitled to a franking tax offset equal to those franking credits, which reduces the tax payable on the Eligible Retail Shareholder's taxable income.

Where the franking tax offset exceeds the tax payable on the Eligible Retail Shareholder's taxable income and such Eligible Retail Shareholder is:

- an individual or complying superannuation entity – the Eligible Retail Shareholder should be entitled to a refund of the excess franking tax offsets;
- a corporate tax entity – the excess franking tax offsets may be carried forward to future income years as tax losses (provided certain loss utilisation tests are satisfied); or
- a trust – the treatment of the excess franking tax offsets will depend upon the identity of the person liable to tax on the trust's net income.

Broadly, an Eligible Retail Shareholder is a qualified person if the Eligible Shareholder:

- is an individual and would obtain franking tax offsets of no more than A$5,000 in the income year in which the dividend was paid; or
- holds the New Shares for a continuous period which includes at least 45 days 'at risk' during the period commencing the day after the Eligible Retail Shareholder acquires the New Shares and ending on the 45th day after the New Shares become ex-dividend (but excluding the day of any disposal).

### 6.5 Disposal of New Shares

The disposal of New Shares will constitute a disposal for CGT purposes.

On disposal of a New Share, an Eligible Retail Shareholder will make a capital gain if the capital proceeds received on disposal exceed the cost base of the New Share. An Eligible Retail Shareholder will make a capital loss if the capital proceeds are less than the reduced cost base of the New Share.

Eligible Retail Shareholders that are individuals or complying superannuation entities and that have held their New Shares for 12 months or more at the time of disposal should be entitled to apply the applicable CGT discount factor to reduce the capital gain (after offsetting capital losses). The CGT discount factor is 50% for individuals and 33⅓% for complying superannuation entities.

Eligible Retail Shareholders will be taken to have acquired New Shares on the day they exercise their Entitlement under the Retail Entitlement Offer. Accordingly, to be eligible for the CGT discount, the New Shares must be held for at least 12 months after the date that Eligible Retail Shareholders exercised their Entitlement.

Eligible Retail Shareholders that make a capital loss can only use that loss to offset other capital gains from other sources i.e. the capital loss cannot be used against taxable income on revenue account. However, if the capital loss cannot be used in a particular income year, it can be carried forward to use in future income years, provided certain loss utilisation tests are satisfied.

## 6.6 Taxation of Financial Arrangements

The application of the Taxation of Financial Arrangements (**TOFA**) provisions depends on the specific facts and circumstances of the Eligible Retail Shareholder. Eligible Retail Shareholders should seek advice from an appropriate professional advisor in relation to the implications of the TOFA provisions.

## 6.7 GST and stamp duty

No Australian GST or stamp duty should be payable in respect of the issue, exercise or lapse of Entitlements or the acquisition of New Shares pursuant to the Retail Entitlement Offer.

Subject to certain requirements, there may be a restriction on the entitlement of Eligible Retail Shareholders to claim an input tax credit for any GST incurred on costs associated with the acquisition of New Shares (such as brokerage or advisor fees).

No stamp duty should be payable in respect of the acquisition of New Shares on the assumption that no Eligible Retail Shareholder and any associated persons will hold 90% or more of the total issued shares in Cleanaway immediately after that acquisition.

## 7 Definitions

**Acquisition** means the proposed acquisition of 100% of Toxfree's shares by Cleanaway by way of the Scheme.

**AEDT** means Australian Eastern Daylight Time.

**Applicant** means an Eligible Retail Shareholder who has submitted a valid Application.

**Application** means the arranging for payment of the relevant Application Monies through BPAY® in accordance with the instructions on the Entitlement and Acceptance Form or the submission of an Entitlement and Acceptance Form accompanied by the relevant Application Monies.

**Application Monies** means the aggregate amount payable for the New Shares applied for through BPAY® or in a duly completed Entitlement and Acceptance Form.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691) or, where the context requires, the securities exchange operated by it on which Shares are quoted.

**ASX Announcement** means the announcement released to ASX by Cleanaway on Monday, 11 December 2017 in connection with the Entitlement Offer, incorporated in section 4 of this Retail Offer Booklet (each an **ASX Announcement**).

**BPAY®** means registered to BPAY Pty Ltd ABN 69 079 137 518.

**CGT** means capital gains tax.

**Cleanaway** or **Company** means Cleanaway Waste Management Limited (ACN 101 155 220).

**Closing Date** means the day the Retail Entitlement Offer closes, expected to be 5.00pm (AEDT) on Friday, 19 January 2018.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Eligible Institutional Shareholder** means an Institutional Shareholder to whom the Underwriter made an offer on behalf of Cleanaway under the Institutional Entitlement Offer (and who, for the avoidance of doubt, is not an excluded institutional shareholder under the Underwriting Agreement).

**Eligible Retail Shareholder** means a Shareholder on the Record Date who:

(a) is registered as a holder of Existing Shares;

(b) has a registered address in Australia or New Zealand;

(c) is not in the United States and is not a person (including nominees or custodians) acting for the account or benefit of a person in the United States in respect of the relevant underlying holders of Existing Shares;

(d) was not invited to participate in the Institutional Entitlement Offer, was not an Eligible Institutional Shareholder and was not treated as an Ineligible Institutional Shareholder under the Institutional Entitlement Offer (other than as a nominee or custodian, in each case in respect of other underlying holdings); and

(e) is eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

**Entitlement** means the right to subscribe for 1 New Share for every 3.65 Shares held by eligible Shareholders on the Record Date, pursuant to the Entitlement Offer.

**Entitlement and Acceptance Form** means the personalised entitlement and acceptance form that accompanies this Retail Offer Booklet.

**Entitlement Offer** means the pro rata accelerated non-renounceable entitlement offer of New Shares to Eligible Shareholders to raise approximately A$590 million at the Offer Price on the basis of 1 New Share for every 3.65 Shares held on the Record Date, and comprised of the Institutional Entitlement Offer and the Retail Entitlement Offer.

**EPSA** means earnings (net profit after tax) per share, before amortisation of acquired identifiable intangibles related to the Acquisition.

**Existing Shares** means the Shares already on issue on the Record Date.

**Free Cash Flow per share** means operating cash flow excluding interest and tax less capital expenditure divided by the number of shares on issue.

**GST** means goods and services tax imposed in Australia pursuant to the A *New Tax System (Goods and Services Tax) Act 1999* (Cth).

**Ineligible Institutional Shareholder** means an institutional Shareholder that is not an Eligible Institutional Shareholder.

**Ineligible Retail Shareholder** means a retail Shareholder that is not an Eligible Retail Shareholder.

**Institutional Entitlement Offer** means the accelerated pro rata non-renounceable entitlement offer of New Shares to Eligible Institutional Shareholders under the Entitlement Offer.

**Institutional Investor** means a person:

(a) in Australia, to whom an offer of securities in a company may be made in Australia without a disclosure document (as defined in the Corporations Act) on the basis that such a person is an "exempt investor" as defined in section 9A(5) of the Corporations Act (as inserted by ASIC Instrument 2016/84); or

(b) in selected jurisdictions outside Australia, to whom an offer of New Shares may be made without registration, lodgement of a formal disclosure document or other formal filing in accordance with the laws of that foreign jurisdiction (except to the extent to which Cleanaway, at its absolute discretion, is willing to comply with such requirements), provided that if such an investor is in the United States, it is only an Institutional Investor if it (and any person for whom such person is acting) is an Approved U.S. Investor (as defined in the Underwriting Agreement).

**Institutional Shareholder** means a Shareholder who is an Institutional Investor.

**Investor Presentation** means the presentation to investors released to the ASX on Monday, 11 December 2017, incorporated in Section 4.

**Listing Rules** means the official listing rules of ASX.

**New Shares** means Shares to be allotted and issued under the Entitlement Offer, including (as the context requires) to the Underwriter or any sub-underwriters.

**Offer Price** means $1.35 per New Share, being the price payable per New Share under the Entitlement Offer.

**Pre-Tax Return on Invested Capital** is a measure of profitability which seeks to show the return on capital committed to a particular investment, calculated as EBIT, before amortisation of acquired identified intangibles related to the Acquisition, divided by the total consideration.

**Record Date** means 7.00pm (AEDT) on Wednesday, 13 December 2017.

**Retail Entitlement Offer** means the pro rata non-renounceable entitlement offer of New Shares to Eligible Retail Shareholders under the Entitlement Offer.

**Retail Entitlement Offer Period** means the period during which the Retail Entitlement Offer is open.

**Retail Offer Booklet** means this document (including the Entitlement and Acceptance Form accompanying it).

**Scheme** means the scheme of arrangement under Part 5.1 of the Corporations Act pursuant to which Cleanaway would acquire 100% of the Toxfree's shares.

**Scheme Implementation Deed** means the scheme implementation deed entered into between Cleanaway and Toxfree on Monday, 11 December 2017 in respect of the Acquisition.

**Section** means a section of this Retail Offer Booklet.

**Share** means a fully paid ordinary share in the capital of Cleanaway.

**Share Registry** means Computershare Investor Services Pty Limited (ACN 078 279 277).

**Shareholder** means a registered holder of Shares.

**Shortfall** means the New Shares offered under the Retail Entitlement Offer for which valid Applications are not received from Eligible Retail Shareholders.

**Underwriter** means Macquarie Capital (Australia) Limited (ABN 79 123 199 548).

**Underwriting Agreement** means the underwriting agreement entered into on Monday, 11 December 2017 between Cleanaway and the Underwriter.

**US Securities Act** means the U.S. Securities Act of 1933, as amended.

## 8 Corporate information

### Company

Cleanaway Waste Management Limited
Level 4, 441 St Kilda Rd,
Melbourne, VIC, 3004

### Underwriter

Macquarie Capital (Australia) Limited
50 Martin Place
Sydney NSW 2000 Australia

### Share Registry

Computershare Investor Services Pty Limited
452 Johnston Street
Abbotsford VIC 3067

### Legal adviser

Gilbert + Tobin
Level 22, 101 Collins Street
Melbourne VIC 3000

### Cleanaway Retail Entitlement Offer information line

Australia: 1300 850 505
International: +61 3 9415 4000
Open 8.30am to 5.00pm (AEDT) Monday to Friday during the Retail Entitlement Offer Period

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CLEANAWAY

Making a sustainable future possible

www.cleanaway.com.au

Cleanaway Waste Management Limited
ABN 74 101 155 220

## For all enquiries:

**Phone:**
(within Australia) 1300 850 505
(outside Australia) 61 3 9415 4000
**Web:**
www.investorcentre.com/contact

CWY
MR SAM SAMPLE
123 SAMPLE STREET
SAMPLETOWN VIC 3000

## Make your payment:

See overleaf for details of the Entitlement Offer and how to make your payment

# Non-Renounceable Entitlement Offer — Entitlement and Acceptance Form

**Your payment must be received by 5:00pm (AEDT) Friday, 19 January 2018**

This is an important document that requires your immediate attention. It can only be used in relation to the shareholding represented by the details printed overleaf. If you are in doubt about how to deal with this form, please contact your financial or other professional adviser.

The Retail Entitlement Offer is being made under the Retail Offer Booklet dated 13 December 2017.

The Retail Offer Booklet contains information about investing in the New Shares. Before applying for New Shares, you should carefully read the Retail Offer Booklet. This Entitlement and Acceptance Form should be read in conjunction with the Retail Offer Booklet.

If you do not have a paper copy of the Retail Offer Booklet, you can obtain a copy at no charge, by calling the Cleanaway Waste Management Limited Information Line on 1300 850 505 (within Australia) or +613 9415 4000 (for overseas) from 8.30am to 5.00pm (AEDT) Monday to Friday during the Retail Entitlement Offer Period. Alternatively, you can download an electronic version by going to www.investorcentre.com. Capitalised terms in this Entitlement and Acceptance Form have the same meaning given in the Retail Offer Booklet.

## Step 1: Registration Name & Offer Details

Details of the shareholding and entitlements for this Offer are shown overleaf. Please check the details provided and update your address via www.investorcentre.com if any of the details are incorrect.

If you have a CHESS sponsored holding, please contact your Controlling Participant to notify a change of address.

## Step 2: Accept Your Entitlement

You can apply to accept either all or part of your Entitlement. Enter the number of New Shares you wish to apply for and the amount of payment for those New Shares.

## Step 3: Make Your Payment

By making your payment you confirm that you agree to all of the terms and conditions as detailed in the Retail Offer Booklet.

**Option 1:** By paying by BPAY® you will be deemed to have read and understood the Retail Offer Booklet (including the representations and warranties contained therein) and completed an Entitlement and Acceptance Form for as many New Shares as your Application Monies will pay for in full up to your Entitlement.

If you wish to pay by BPAY®, you must use the specific biller code and CRN detailed overleaf on this Entitlement and Acceptance Form. If you have multiple shareholdings you will receive more than one Entitlement and Acceptance Form. When taking up your Entitlement in respect of one of those shareholdings only use the CRN specific to that shareholding. If you do not use the correct CRN specific to that shareholding your application will not be recognised as valid.

**Option 2:** If you are unable to pay by BPAY®, complete the reverse side of the payment slip and detach and return with your cheque payable in Australian dollars to "**Cleanaway Waste Management Limited Retail Offer**" and crossed "**Not Negotiable**". The cheque must be drawn from an Australian bank. Cash is not accepted.

Payment will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques received may not be re-presented and may result in your Application being rejected. Paperclip (do not staple) your cheque(s) to the payment slip. Receipts will not be forwarded. Funds cannot be debited directly from your account.

Entering your contact details is not compulsory, but will assist us if we need to contact you.

**Cleanaway Waste Management Limited Non-Renounceable Entitlement Offer**
**Payment must be received by 5:00pm (AEDT) Friday, 19 January 2018**



***Turn over for details of the Offer*** →

# Entitlement and Acceptance Form

X 9999999991 IND

## STEP 1 Registration Name & Offer Details

For your security keep your SRN/ HIN confidential.

**Registration Name:** MR SAM SAMPLE
123 SAMPLE STREET
SAMPLETOWN VIC 3000

Entitlement No: 12345678

| | | |
|---|---|---|
| **Entitlement Offer Details:** | Existing shares entitled to participate as at 7.00pm (AEDT) Wednesday, 13 December 2017 | **4,000** |
| | Entitlement to New Shares on a 1 for 3.65 basis | **1** |
| | Amount payable on full acceptance at A$1.35 per New Share | **$0.01** |

## STEP 2 Make Your Payment

Biller Code: 999999
Customer Reference Number (CRN):
1234 5678 9123 4567 89

Contact your financial institution to make your payment from your cheque or savings account.

### If you are unable to pay by BPAY®

Make your cheque payable to "**Cleanaway Waste Management Limited Retail Offer**" and crossed "**Not Negotiable**".
Return your cheque with the below payment slip to:
**Computershare Investor Services Pty Limited**
**GPO BOX 505 Melbourne Victoria 3001 Australia**

**Lodgement of Acceptance**
If you are applying for New Shares and your payment is being made by BPAY®, you do not need to return the payment slip below. Your payment must be received by no later than 5:00pm (AEDT) Friday, 19 January 2018. Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment. Neither Computershare Investor Services Pty Limited (CIS) nor Cleanaway Waste Management Limited (Cleanaway) accepts any responsibility for loss incurred through incorrectly completed BPAY® payments. It is the responsibility of the applicant to ensure that funds submitted through BPAY® are received by 5:00pm (AEDT) Friday, 19 January 2018.

If you are paying by cheque, the payment slip below must be received by CIS by no later than 5:00pm (AEDT) Friday, 19 January 2018. You should allow sufficient time for this to occur (A reply paid envelope is enclosed for shareholders in Australia). Other Eligible Shareholders will need to affix the appropriate postage. Return the payment slip below with cheque attached. Neither CIS nor Cleanaway accepts any responsibility if you lodge the payment slip below at any other address or by any other means.

**Privacy Notice**
The personal information you provide on this form is collected by CIS, as registrar for the securities issuers (the issuer), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. In addition, the issuer may authorise us on their behalf to send you marketing material or include such material in a corporate communication. You may elect not to receive marketing material by contacting CIS using the details provided above or emailing privacy@computershare.com.au. We may be required to collect your personal information under the Corporations Act 2001 (Cth) and ASX Settlement Operating Rules. We may disclose your personal information to our related bodies corporate and to other individuals or companies who assist us in supplying our services or who perform functions on our behalf, to the issuer for whom we maintain securities registers or to third parties upon direction by the issuer where related to the issuers administration of your securityholding, or as otherwise required or authorised by law. Some of these recipients may be located outside Australia, including in the following countries: Canada, India, New Zealand, the Philippines, the United Kingdom and the United States of America. For further details, including how to access and correct your personal information, and information on our privacy complaints handling procedure, please contact our Privacy Officer at privacy@computershare.com.au or see our Privacy Policy at http://www.computershare.com/au.

## Cleanaway Waste Management Limited Acceptance Payment Details

Entitlement taken up:

Amount enclosed at A$1.35 per New Share: A$ .

Entitlement No: 12345678

MR SAM SAMPLE
123 SAMPLE STREET
SAMPLETOWN VIC 3000

**Payment must be received by 5:00pm (AEDT) Friday, 19 January 2018**

## Contact Details

**Contact Name** ____________ **Daytime Telephone** ____________

## Cheque Details

| Drawer | Cheque Number | BSB Number | Account Number | Amount of Cheque |
|---|---|---|---|---|
| | | | | A$ |

123456789123456789+0000000001-3051+14