



FY20 Annual General Meeting

14 October 2020

ASX: CWY

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- **Results information** – This presentation contains summary information that should be read in conjunction with CWY’s Consolidated Financial Report for the twelve months ended 30 June 2020.
- All amounts are in Australian dollars unless otherwise stated. A number of figures in the tables and charts in the presentation pages have been rounded to one decimal place. Percentages (%) have been calculated on actual whole figures.
- Unless otherwise stated, all earnings measures in this presentation relate to underlying earnings.
- Underlying earnings are categorised as non-IFRS financial information and therefore have been presented in compliance with ASIC Regulatory Guide 230 – Disclosing non-IFRS information, issued in December 2011. Refer to CWY’s Directors’ Report for the definition of “Underlying earnings”. The term EBITDA represents earnings before interest, income tax, and depreciation, amortisation and impairments and the term EBIT represents earnings before interest and income tax expense.
- This presentation has not been subject to review or audit.

Agenda

	Page
Introduction	4
Chairman's address	5-7
CEO and Managing Director's Address	8-16
Formal Business	17-21
Questions	22

Opening Address and introductions



Mark Chellew
Chairman



Mike Harding
Non-executive director



Philippe Etienne
Non-executive director



Samantha Hogg
Non-executive director



Brendan Gill
Chief Financial Officer



Vik Bansal
Managing Director &
Chief Executive Officer



Ray Smith
Non-executive director



Emma Stein
Non-executive director



Terry Sinclair
Non-executive director



Dan Last
General Counsel &
Company Secretary

Chairman's Address

Our customers, regulators and society at large are looking for better and more sustainable solutions.

\$2,332 million revenue ↑ 2.1%

\$2,100 million net revenue ³ ↓ (0.4)%

\$515.7 million EBITDA ↑ 11.7%

\$256.6 million EBIT ↑ 6.6%

\$150.3 million NPAT ⁴ ↑ 7.0%

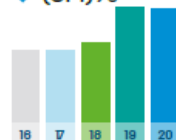
4.1¢ dividends per share ↑ 15.5%

7.3¢ earnings per share ↑ 5.8%

Net Revenue (\$m)

\$2,100m

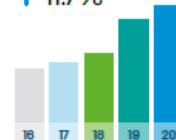
↓ (0.4)%



EBITDA (\$m)

\$515.7m

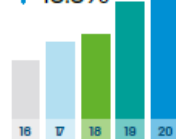
↑ 11.7%



Dividend (¢)

4.1¢

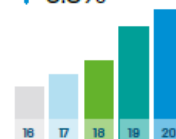
↑ 15.5%



EPS (¢)

7.3¢

↑ 5.8%



¹ Represents underlying results.

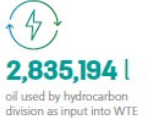
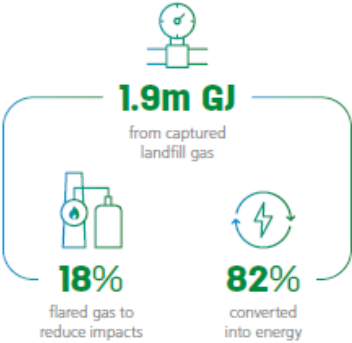
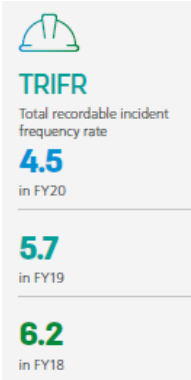
² Cleanaway applied the modified retrospective approach on adoption of AASB 16 Leases on 1 July 2019, as such comparatives have not been restated.

³ Net revenue is a non-IFRS measure and excludes landfill levies.

⁴ Attributable to ordinary equity holders.



Chairman's Address



2020–2022 D&I Engagement Plan

Engagement
Stronger together

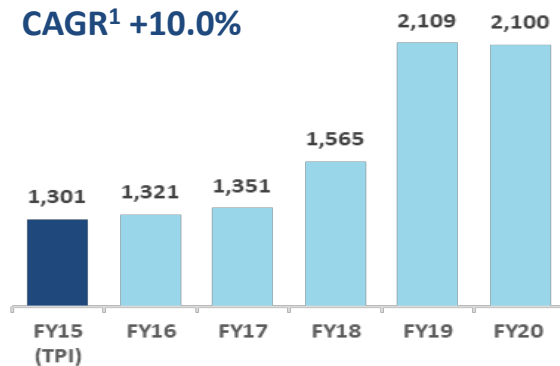
Workforce Profile
Workforce demographics and female participation

Awareness
Learn and do

Chairman's Address

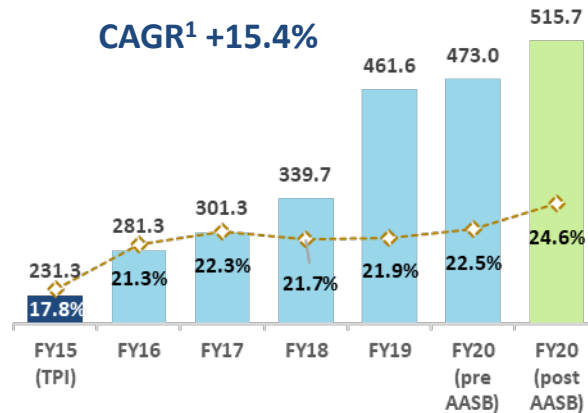
Net Revenue (\$million)

CAGR¹ +10.0%



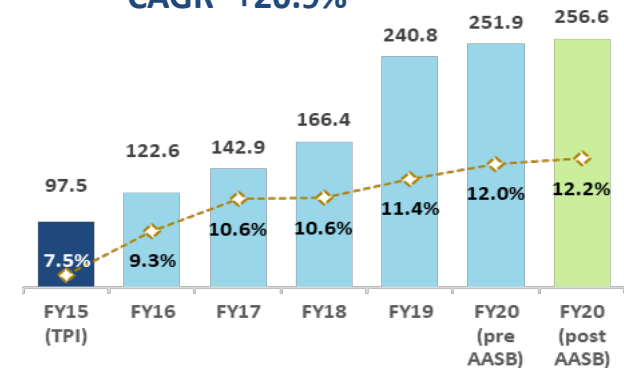
EBITDA (\$million) and EBITDA margin (%)

CAGR¹ +15.4%



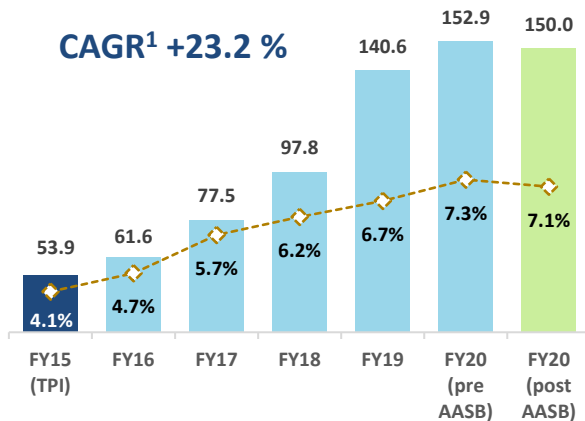
EBIT (\$million) and EBIT margin (%)

CAGR¹ +20.9%



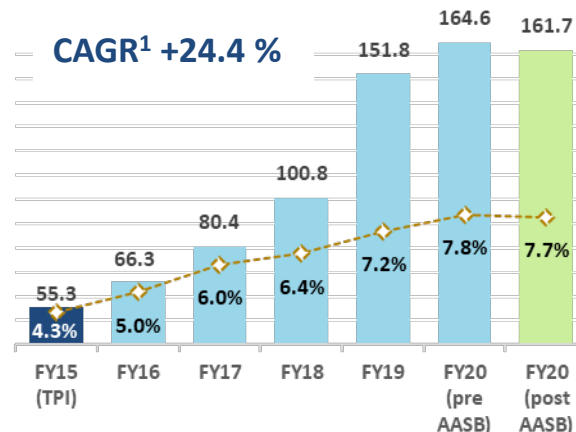
NPAT (\$million) and NPAT margin (%)

CAGR¹ +23.2 %



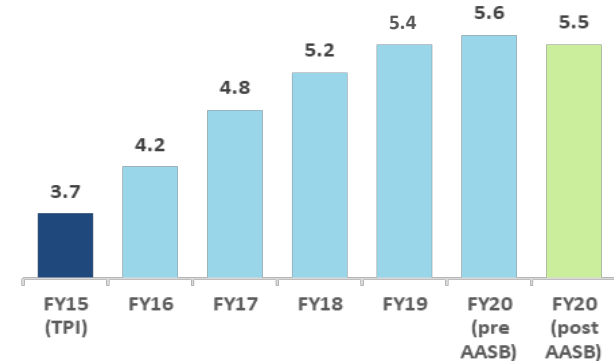
NPATA (\$million) and NPATA margin (%)

CAGR¹ +24.4 %



Return on Invested Capital² (%)

CAGR¹ +8.6 %



CEO and Managing Director's Address



FY20 Highlights

FINANCIAL:

- ❖ Solid Waste Services grew revenue by 0.8% and ex commodity, revenue grew by 2.4% on FY19
- ❖ As planned Industrial & Waste Services revenue was down by 8.3% on FY19
- ❖ Liquid Waste & Health Services grew revenue by 3.8% on FY19
- ❖ Underlying EBITDA up 2.5% (pre AASB16) to \$473.0m (\$515.7m post AASB16) – EBITDA margin improved by 60bps to a record 22.5%
- ❖ Underlying EBIT up 4.6% (pre AASB16) and EBIT margin improved by 60bps to a record 12.0%
- ❖ Underlying NPAT up 8.7% (pre AASB16) and EPS up 8.7% (pre AASB16) on FY19
- ❖ Compared to FY19, Operating cash flow increased 4.3% to \$366.0m (pre AASB16)
- ❖ Free cash flow increased 11.5% to \$230.1m
- ❖ Final Dividend up 10.5% to 2.1c. Total dividends per share of 4.1c fully franked, up 15.5%

STRATEGIC:

Delivered

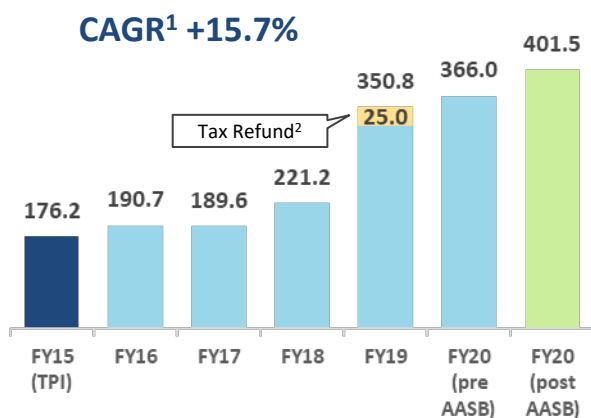
- ❖ Toxfree Integration complete and realisation of more than \$35m annual synergies delivered
- ❖ Completion of the majority of the legacy landfill remediation and rectification program; and
- ❖ Integration and upgrade/remediation of SKM assets completed and contracts secured

Underway

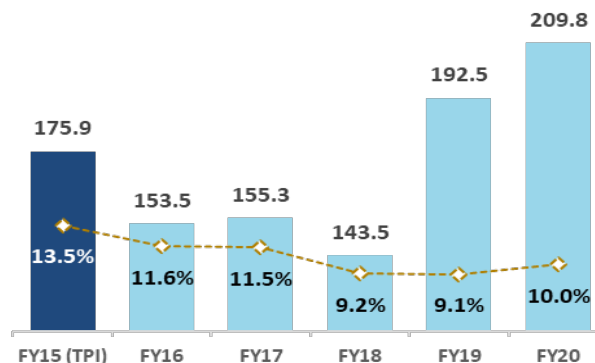
- ❖ Progressed the EIS for the EfW project in Western Sydney consistent with Footprint 2025 strategy
- ❖ Developing a plastic pelletising plant in Albury NSW in a joint venture with Pact Group Holdings Ltd and Asahi Beverages
- ❖ Rebuild of the Perth Material Recycling Facility

Cash Flows and Shareholder Returns

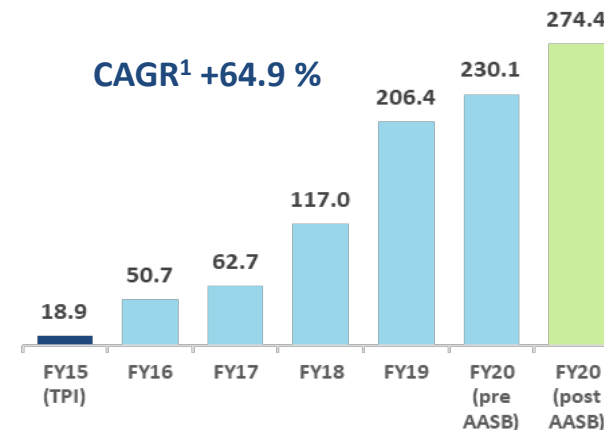
Operating Cash Flow (\$m)



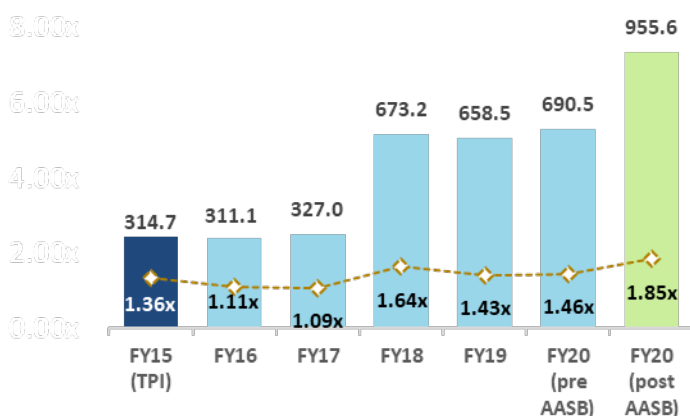
Cash Capex (\$m) and % of Net Revenue



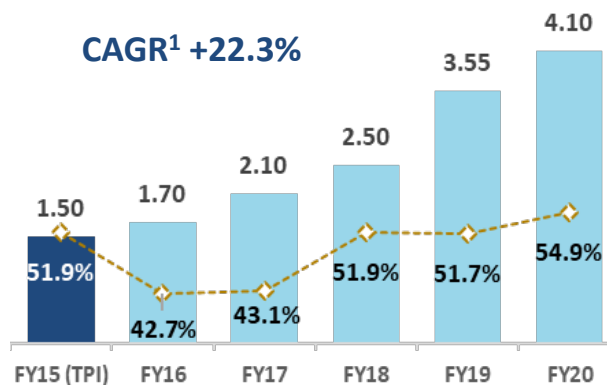
Free Cash Flow (\$m)



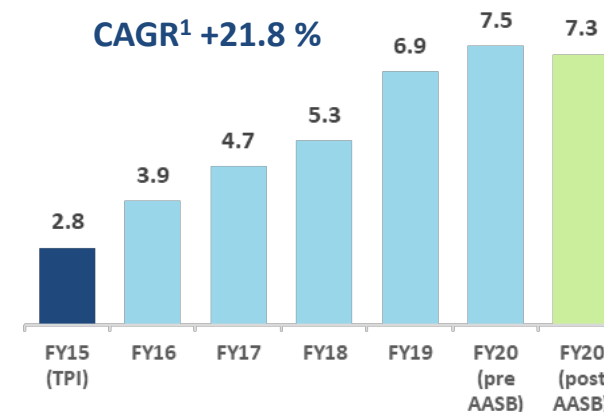
Net Debt (\$m) and Net debt / EBITDA³ (x)



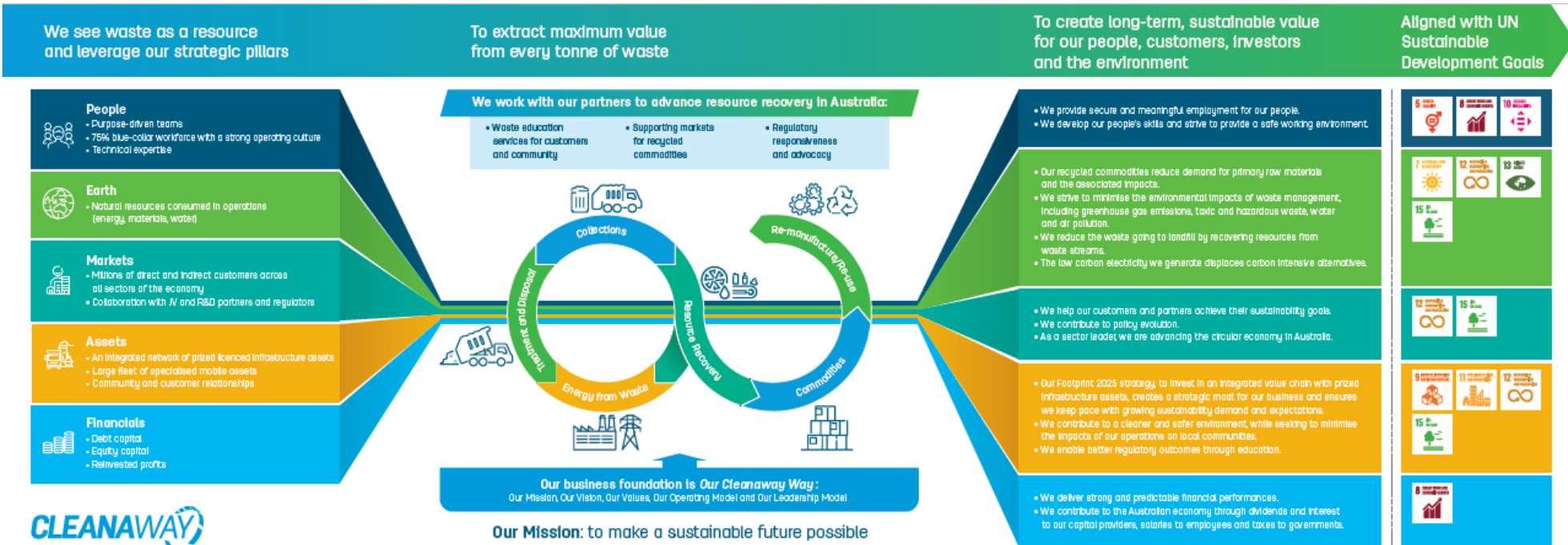
Dividend (cents) & Payout Ratio (%)



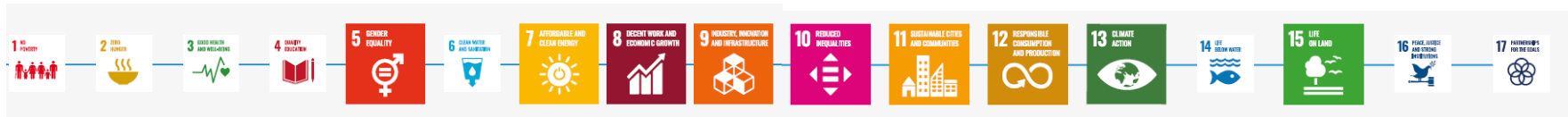
Underlying Earnings per share (cents)



Value Creation Story



- Our Value Creation Story takes our strategic pillars of People, Earth, Markets, Assets and Financials and shows how the inputs we draw on are transformed through our business activities, applying Our Cleanaway Way, to create outcomes for our stakeholders. It also shows how these outcomes align to the UN Sustainable Development Goals (SDGs).



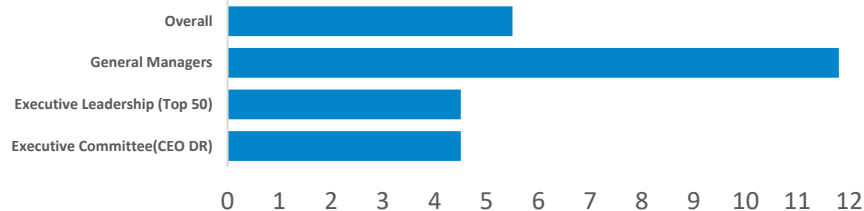
People & Culture - Key Metrics

Our Leadership Model – Three C's



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

Average tenure (years) by employee category

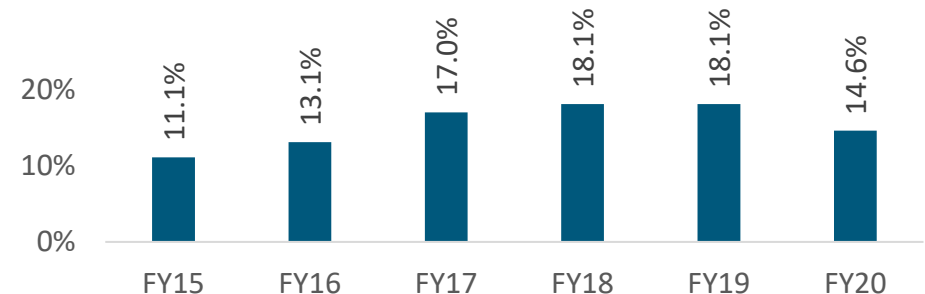


Employee Engagement Survey Results



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

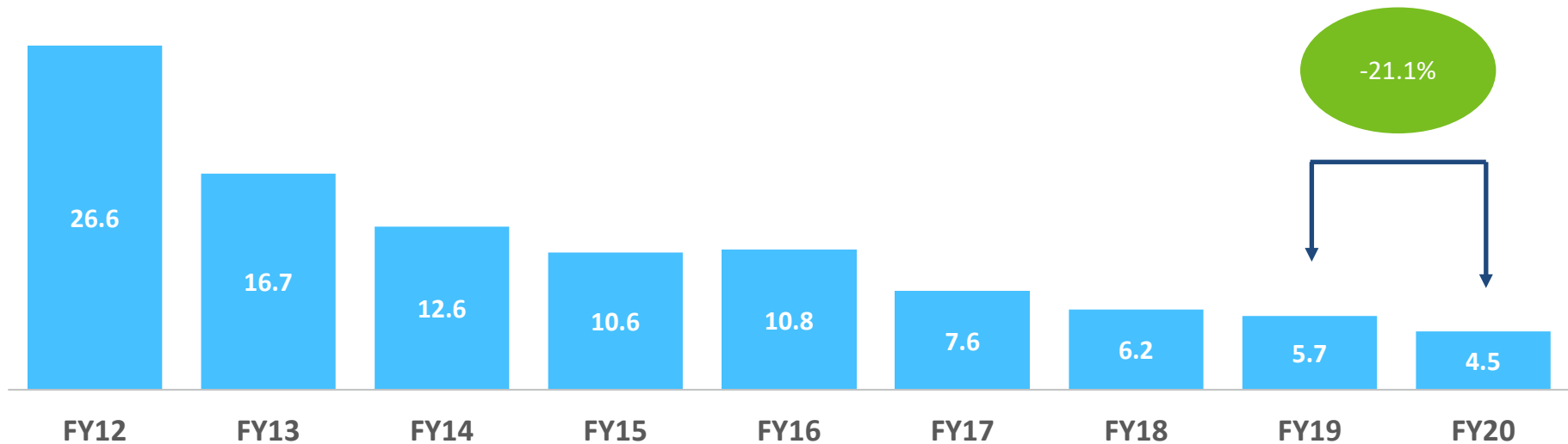
Voluntary Employee Turnover



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

People & Culture - Safety

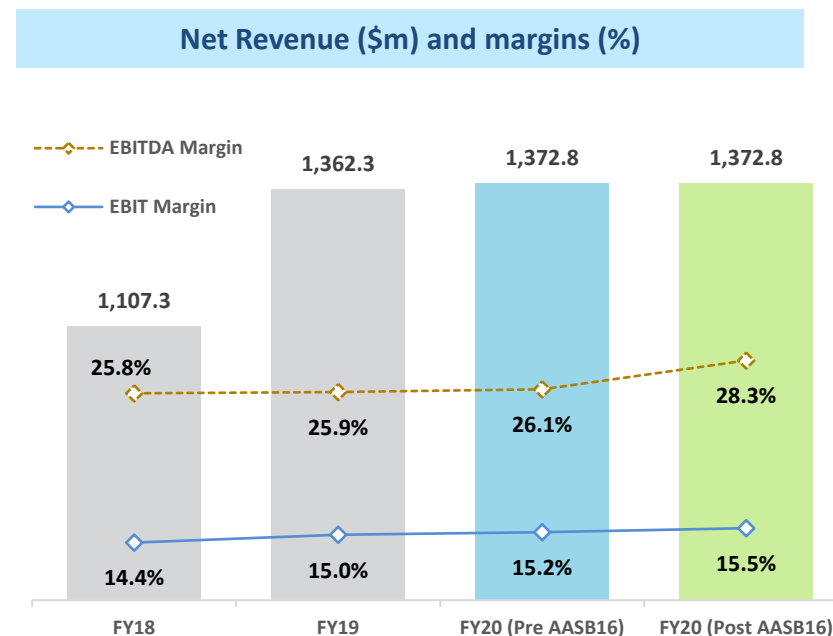
Total Recordable Injury Frequency Rate¹



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

Solid Waste Services Performance

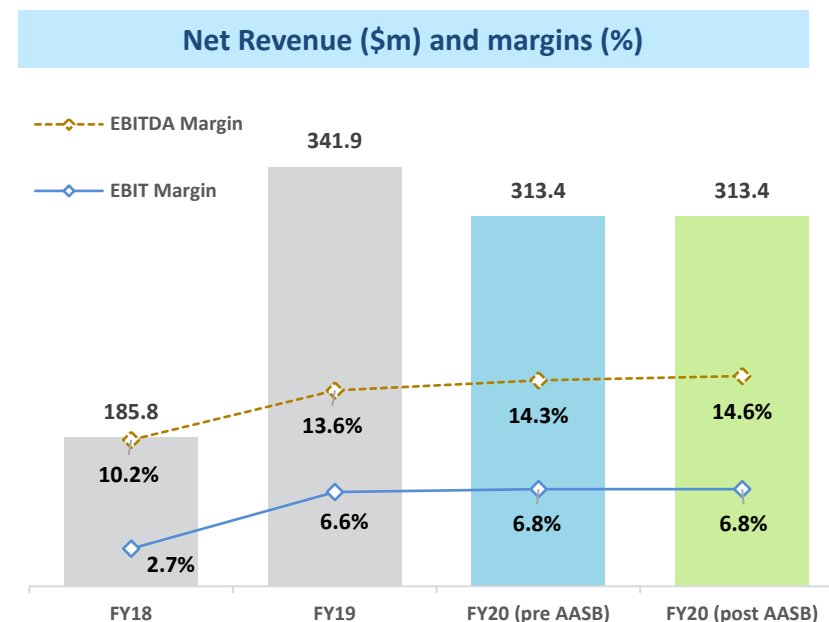
\$million	FY19	FY20 ² (Pre AASB16)	change FY19 v Pre AASB FY20	FY20 ² (Post AASB16)	change FY19 vs Post AASB FY20
Net revenue¹	1,362.3	1,372.8	0.8%	1,372.8	0.8%
EBITDA	352.8	358.1	1.5%	388.3	10.1%
EBITDA Margin	25.9%	26.1%	20 bps	28.3%	240 bps
EBIT	204.0	209.2	2.5%	212.7	4.3%
EBIT Margin	15.0%	15.2%	20 bps	15.5%	50 bps



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

Industrial & Waste Services Performance

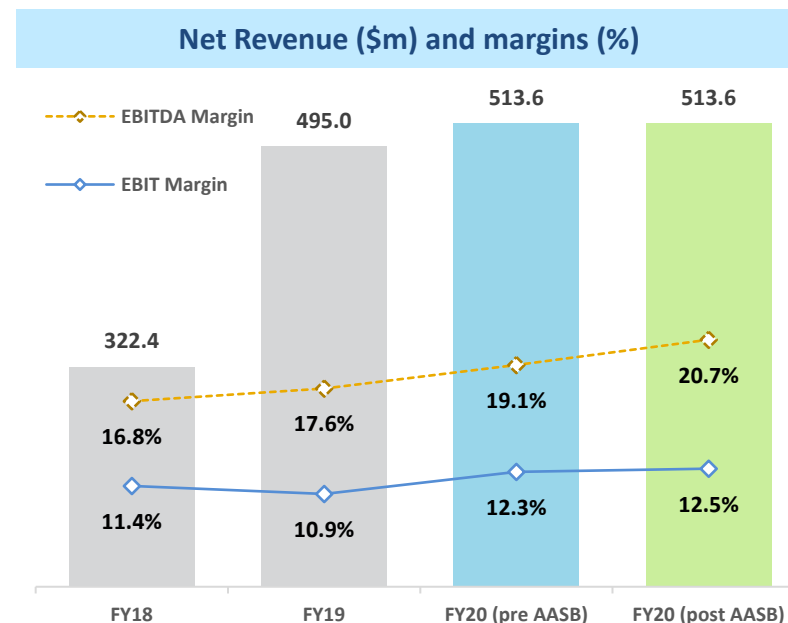
\$million	FY19	FY20 ¹ (Pre AASB16)	change FY19 v Pre AASB FY20	FY20 ¹ (Post AASB16)	change FY19 v Post AASB FY20
Net revenue	341.9	313.4	(8.3)%	313.4	(8.3)%
EBITDA	46.6	44.9	(3.6)%	45.9	(1.5)%
EBITDA Margin	13.6%	14.3%	70 bps	14.6%	100 bps
EBIT	22.5	21.4	(4.9)%	21.4	(4.9)%
EBIT Margin	6.6%	6.8%	20 bps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



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

Liquid Waste & Health Services Performance

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



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

Outlook

FY21 Trading & Outlook

- ❖ Trading conditions have continued to be mixed throughout the country and impact of COVID-19 has been felt most in Victoria.
- ❖ On a Group level, our first Quarter EBITDA for FY21 was in line with FY20 full year run rate, with conditions further improving in September.
- ❖ We expect to see improvement from our businesses as they come out of COVID-19 related restrictions.
- ❖ We remain optimistic and supportive of the recently released Federal budget.
- ❖ We expect FY21 full year EBITDA to be moderately higher than FY20, subject to a recovery in economic conditions in second half of FY21.
- ❖ We will provide a further trading update with our half-year results.

PET plastic Pelletising Joint Venture



Sydney Energy from Waste Preliminary Facility Design



Formal Business – Proxy votes received

Item Number	For	Against	Abstain	Excluded
Item 2 Remuneration Report	1,350,050,705	153,567,196	4,168,869	1,038,943
	89.59%	10.19%	0.27%	0.06%
Item 3A Re-Election of Philippe Etienne	1,486,071,732	21,789,828	952,635	0
	98.34%	1.44%	N/A	N/A
Item 3B Re-Election of Terry Sinclair	1,436,171,275	71,471,081	922,337	0
	95.04%	4.73%	N/A	N/A
Item 3C Election of Samantha Hogg	1,506,835,222	921,732	805,739	0
	99.71%	0.06%	N/A	N/A
Item 5 Increase in Non- Executive Director Fee Pool	1,500,579,861	4,769,241	3,264,893	255,585
	99.48%	0.31%	0.21%	N/A

Questions

