

PROPOSED ACQUISITION OF SUEZ'S AUSTRALIAN RECYCLING & RECOVERY BUSINESS

Cleanaway Waste Management Limited ("**Cleanaway**", ASX: CWY) refers to its previous announcement of 4 March 2021 regarding the potential acquisition of Suez Groupe S.A.S ("**Suez**", EPA: SEV)'s recycling and recovery business in Australia¹ ("**Suez R&R Australia**"). Cleanaway today announces that it has entered into an agreement on 5th April 2021 with Suez to acquire Suez R&R Australia (the "**Suez R&R Australia Acquisition**") for \$2.52 billion ("**Suez R&R Australia Acquisition Price**")².

The Suez R&R Australia Acquisition is subject to finance on terms satisfactory to Cleanaway and various other conditions³.

In addition, as Suez is subject to a tender offer by Veolia Environnement S.A. ("**Veolia**", EPA: VIE) filed on 8 February 2021, Cleanaway and Suez have agreed that Suez may terminate the Suez R&R Australia Acquisition by 6 May 2021 if there is an announcement of an agreement in principle for a takeover of (or other qualifying proposal in relation to) Suez S.A., and by 26 April 2021 if a superior offer for Suez R&R Australia is made and not matched by Cleanaway.

Should the above specified dates pass without termination by Suez, Cleanaway proposes to raise equity to partially fund the transaction along with additional debt facilities. Any equity raising for the Suez R&R Australia Acquisition is intended to be undertaken by way of a pro rata entitlement offer to Cleanaway shareholders at the time of launch. Cleanaway will seek to maintain a strong balance sheet post-acquisition.

In the event the Suez R&R Australia Acquisition is terminated due to an announcement of an agreement in principle for a takeover of (or other qualifying proposal in relation to) Suez S.A. or certain other events where Cleanaway is not at fault, Cleanaway and Suez have agreed that Cleanaway will acquire a portfolio of strategic post collections assets in Sydney. The assets comprise two landfills and five transfer stations ("**Sydney Assets**") ("**Sydney Assets Acquisition**") and will be acquired for \$501 million⁴ ("**Sydney Assets Acquisition Price**")⁵ subject to various conditions⁶.

¹ Excludes Suez's Australian water business.

² Suez R&R Australia Acquisition Price is represented on a cash free, debt free basis and is subject to customary completion adjustments.

³ Refer to page 4 for key terms and conditions.

⁴ Factors in the estimated costs associated with the onerous contract to supply waste volumes to GRL's alternative waste treatment facility.

⁵ Sydney Assets Purchase Price is represented on a cash free, debt free basis and is subject to customary completion adjustments.

⁶ Refer to page 3 for key terms and conditions.

The preferred funding structure for the Sydney Assets Acquisition may include a combination of debt and new equity.

KEY HIGHLIGHTS OF THE SUEZ R&R AUSTRALIA ACQUISITION

- Suez R&R Australia is a high quality, national vertically integrated waste management and environmental solutions business
- The acquisition of Suez R&R Australia is strategically compelling and delivers:
 - A complementary national portfolio of prized infrastructure assets
 - Energy from Waste (“EfW”) development projects and capability
 - Additional scale and scope to create further operating leverage and multiple avenues to accelerate growth
- The Suez R&R Australia Acquisition Price represents 11.7x normalised CY20 EBITDA pre synergies⁷
- The acquisition of Suez R&R Australia is expected to deliver attractive financial returns including:
 - Approximately \$70 million in annual cost synergies, expected to be realised by FY25
 - Pro forma EPSA⁸ accretion to FY20 and significant accretion post synergies⁹

BUSINESS OVERVIEW

Suez R&R Australia operates a national footprint of strategically located prized infrastructure assets, including a workforce of more than 2,000 employees, 6 operating landfills including a hazardous waste landfill, 59 collection and depot facilities, 8 organics processing facilities and 2 medical waste facilities, and a fleet of more than 1,000 vehicles. Suez’s high-quality assets are complementary to Cleanaway across the waste value chain and geographies.

In CY20, Suez R&R Australia generated revenue of \$1,412 million¹⁰, normalised EBITDA of \$216 million⁶ and operating free cashflow of \$199 million¹¹.

Suez R&R Australia operates across the waste value chain from collections to resource and energy recovery, through to treatment and disposal.

⁷ Based on CY20 normalised standalone EBITDA of \$215.7 million that normalises Reported EBITDA of \$195.2 million (pre-AASB 16) for the Suez corporate management fee and Suez water overhead allocation (\$16.2 million), Minority interests ((\$5.8) million), Bad debts (\$4.2 million), COVID-19 impacts (\$8.0 million) and various other minor items ((\$2.1) million), pre-synergies.

⁸ Earnings per share after adding back tax-effected amortisation.

⁹ Based on EPS excluding acquisition related amortisation and excluding one-off integration costs. Estimates are based on assumptions including Cleanaway’s last close share price of \$2.20.

¹⁰ Includes \$302 million of landfill levies.

¹¹ Pre-tax. Normalised per footnote 7.

COMMENTS FROM CLEANAWAY ON THE SUEZ R&R AUSTRALIA ACQUISITION

Cleanaway Executive Chairman, Mark Chelley said, "Suez's Australian Recycling and Recovery business has a high-quality network of assets across Australia that will accelerate the implementation of our Footprint 2025 strategy. The acquisition will deliver superior scale and increased operating leverage. We look forward to more than 2,000 of Suez's Australian employees joining the Cleanaway team in due course."

Cleanaway Chief Operating Officer, Brendan Gill said, "Importantly, there is also strong alignment of operating approaches. The transaction is expected to bring together two highly complementary businesses and be strongly accretive to earnings per share when the integration is completed."

"Cleanaway will continue to maintain a strong balance sheet following whichever transaction is completed and will retain ample capacity to support future growth for the combined group."

Cleanaway Executive General Manager - Strategy, Mergers & Acquisitions, Frank Lintvelt said, "Following lengthy discussions that first commenced in April 2020, we are pleased to have entered into an agreement with Suez. With the successful acquisition and integration of ToxFree completed, which created significant value for shareholders, our team is well placed to manage the combination of Cleanaway's business with Suez's Australian Resource and Recovery business."

KEY HIGHLIGHTS OF THE SYDNEY ASSETS ACQUISITION

- The Sydney Assets Acquisition comprises Suez's putrescible and inert landfills and 5 transfer stations located across the greater Sydney basin
- The Sydney Assets Acquisition is subject to various conditions including ACCC Approval, no material adverse change, transfer of certain contracts and a change of control of Suez S.A
- At Cleanaway's forecast pro forma throughput rates the landfills are expected to have in excess of 15 years of available airspace, whilst the leading transfer station network will service the Sydney region for the foreseeable future, including Cleanaway's potential Energy from Waste facility in Western Sydney
- The inert landfill at Kemps Creek is well positioned to benefit from major infrastructure projects
- The Sydney Assets enhance and complement Cleanaway's existing footprint, and deliver Cleanaway an immediate post collections solution for the Sydney region to internalise our waste
- The acquisition of the Sydney Assets is expected to deliver attractive financial returns including pro forma EPSA accretion to FY20¹²

¹² Based on EPS excluding acquisition related amortisation and excluding one-off integration costs. Estimates are based on assumptions including Cleanaway's last close share price of \$2.20.

ASSETS OVERVIEW

The Sydney Assets Transaction features:

- Lucas Heights and Kemps Creek landfill operations with approximately 9.9 million cubic metres and 8.7 million cubic metres of available airspace across putrescible and dry / restricted waste streams, respectively
- Transfer stations in Auburn, Artarmon, Belrose, Rockdale and Ryde with waste processing capacity and capabilities

In CY20, the Sydney Assets generated net revenue of \$193.1 million¹³ and normalised EBITDA of \$72.9 million¹⁴.

COMMENTS FROM CLEANAWAY ON THE SYDNEY ASSETS ACQUISITION

Cleanaway Chief Operating Officer, Brendan Gill said, "Cleanaway is excited to acquire these high-quality post collections assets from Suez. These assets are strategically located across the Sydney metro area and complement Cleanaway's existing operations in Sydney."

Cleanaway Executive General Manager - Strategy, Mergers & Acquisitions, Frank Lintvelt said, "The Sydney Assets transaction will allow Cleanaway to significantly expand its NSW post collections position, increase waste internalisation and support the commercialisation of our proposed Western Sydney Energy from Waste development."

KEY TERMS AND CONDITIONS OF THE SUEZ R&R AUSTRALIA ACQUISITION

The Suez R&R Australia Acquisition is subject to various conditions including ACCC approval, NZ Overseas Investment Office (OIO) approval, Cleanaway's successful financing of the transaction, no material adverse change, change of control consent for certain key contracts, and Suez obtaining FIRB approval in connection with a pre-closing restructure involving its water business.

In addition, as Suez is subject to a tender offer by Veolia filed on 8 February 2021 for the acquisition of all the shares in Suez S.A., Cleanaway and Suez have agreed that Suez may terminate the Suez R&R Australia Acquisition by 6 May 2021 if there is an announcement of an agreement in principle for a takeover of Suez S.A. or an announcement of a tender offer at or above 22.5 euro per Suez S.A. share (cum dividend), and by 26 April 2021 if a superior offer for Suez R&R Australia is made and not matched by Cleanaway. In the latter case, Cleanaway is also entitled to 50% of the difference between the price of the Suez R&R Australia Acquisition and a successful superior transaction.

¹³ Adjusted for landfill levies and based on assumptions in relation to volumes that would be delivered under Cleanaway's ownership.

¹⁴ EBITDA shown pre-AASB 16 impacts and based on assumptions in relation to volumes that would be delivered under Cleanaway's ownership.

Cleanaway has agreed to pay Suez a \$30 million break fee if its capital raising related to the Suez R&R Australia Acquisition is not successful and a \$45 million break fee if the transaction does not complete due to a failure of the ACCC or OIO conditions or for Cleanaway's material breach. Suez has agreed to pay Cleanaway a \$30 million break fee if the transaction does not complete because FIRB approval is not obtained or for Suez's material breach and has also agreed to pay Cleanaway up to \$30 million in cost reimbursement if the transaction does not proceed due to certain other limited events.

Cleanaway is being advised by Macquarie Capital (Australia) Limited and Greenhill as Financial Advisers, and Macquarie Capital has been appointed to arrange any debt and equity financing required for the transactions. Gilbert + Tobin is acting as Legal Adviser to Cleanaway.

This announcement has been authorised by the Executive Chairman of the Board of Directors.

FURTHER INFORMATION

INVESTOR RELATIONS

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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 should, or can generally, be identified by the use of forward looking words such as "believe", "expect", "anticipate", "intend", "estimate", "predict", "plan", "will", "may", "should", "could", "target" and other similar expressions within the meaning of securities laws of applicable jurisdictions, and include but are not limited to the expected outcome of the Proposed Acquisition, and performance and any synergies of the combined businesses following the Proposed Acquisition. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward looking statements.

All forward looking statements are not statements of fact and there can be no certainty of outcome in relation to the matters to which the statements relate. Any forward looking statements, opinions and estimates provided in this announcement are based on assumptions and contingencies which are subject to change without notice and 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, its directors and management and cannot be predicted by Cleanaway. These include changes in circumstances or events that may cause objectives to change, as well as risks, circumstances and events specific to the industry and markets in which Cleanaway operates (including any further impacts of COVID-19 on Cleanaway's continued trading and operations). They also include general economic conditions, exchange rates, interest rates, competitive pressures, selling price, market demand and conditions in the financial markets which may cause objectives to change or may cause outcomes not to be realised.

Cleanaway Waste Management Limited is Australia's leading total waste management, industrial and environmental services company. Our team of more than 6,000 highly trained staff are supported by a fleet of over 4,000 specialist vehicles working from approximately 250 locations across Australia. With the largest waste, recycling and liquids collections fleets on the road - and supported by a network of recycling facilities, transfer stations, engineered landfills, liquids treatment plants and refineries - we are working hard to deliver on our mission of making a sustainable future possible for all our stakeholders.