Slide 3 - Agenda

Good morning, everybody and thank you for joining us on the call and webcast this morning to cover our FY23 performance, outlook for FY24 and excitingly our new mid-term financial ambition.

Firstly, I would like to begin by acknowledging the traditional custodians of the many lands on which we meet today and pay my respects to elders past, present and emerging.

Joining me on the call today is Paul Binfield, our CFO and Richie Farrell, our Head of Investor Relations.

I will take you through our highlights for the period and the good progress that we have been making.

Paul will provide you with further details on the group financials and then I will then walk you through the performance of each of our operating segments and the outlook for FY24.

This will be followed by a discussion of our mid-term financial ambition and then we will open the lines for questions.

I will take the disclaimer on slide 2 as read.

Turning to slide 4.

Slide 4 - Highlights

Let me start by saying that it is once again a sincere privilege to report on behalf of the more than 7,500 strong Cleanaway team our performance and progress for FY23.

I'm pleased to report that on an underlying basis, net revenue, EBIT and NPAT were all higher than the prior year, with higher revenue delivered across all three of our segments.

Underlying EBIT of $302.2 million was 17.5% higher than FY22 and in-line with guidance.

The actions taken to address the headwinds during the year resulted in $163.9 million underlying EBIT in the second half, which was $25.6 million or 18.5% higher than the first half, with continuing strong momentum heading into FY24.

We have embedded safety and the environment as the foundations of Cleanaway and that is showing in our results on Safety, with TRIFR reducing by 11.9% from 4.2 to 3.7, and on the Environment, where we had 67% fewer regulatory direction notices compared to FY22.

Our voluntary turnover is still higher than where we want it to be at 21.5%, which is in part due to the tight labour market and the high levels of vacancies we had earlier in the year. That said, our successful Recruitment Process Outsourcing (RPO) program and our Women's Driver Academies have helped in tackling labour vacancies and together with an easing labour market we expect further improvement in FY24.

Our efforts to increase female participation across the organisation was a further highlight with a 200 bps or 9.6% improvement to 22.8% over the course of the year and we have clear plans to improve this further in 2024!

From a strategic perspective our IWS Oil & Gas strategy is developing well evidenced by the significant contracts secured with Santos and ExxonMobil during the year.

Through our new Container Deposit Scheme vertical we are busy rolling out its Victorian CDS footprint for November 1 having successfully tendered for the western metro and regional zones.

We have been leveraging the recently acquired GRL business to accelerate our Organics blueprints nationally.

And our landfill gas capture program is delivering financial and environmental benefits, with our methane reduction for the year ahead of the 2030 target trajectory.

In early FY24 we completed the acquisition of Australian Eco Oils, which will provide us a good platform to develop our renewable fuel strategy, and to further aid our decarbonisation and that of our customers.

I'll now give you a progress update on Labour, Health Services and the Queensland businesses.

Slide 5 - Progress on key challenges

We are seeing positive trends in vacancy rates and labour efficiency & productivity from the extensive range of initiatives actioned throughout the year. These actions have resulted in vacancies today being around 40% lower than back in October last year, adjusting for unfilled growth roles such as for Vic CDS.

With retention being the focus now, we have ongoing initiatives in place across onboarding, closing our enterprise agreement backlog and our culture refresh and we feel very confident that this vacancy trend will continue.

On our Health Services business, we've installed our new autoclave units replacing our hammer mill in Victoria and we are recovering the higher costs of autoclave processing through higher prices.

Disappointingly, the recovery in the Health Services business is lagging from a timing perspective only, with a full reset of the entire Health Services business performance well underway.

The Queensland network is now set up to operate without the New Chum landfill, and today the Queensland business has stabilised and is focused on driving productivity and efficiency initiatives. With a new management team and replacement fleet in place following the floods of early 2022, we are making really pleasing progress and we are seeing that business performing and improving in line with our plans.

I'll pass over to Paul now for the financials.

Slide 6 - Financial Performance Summary

Thanks Mark

Turning to slide 6 where I will unpack the P&L from a group perspective. Unless otherwise specified all the comparisons that I refer to are against the prior corresponding period.

Net Revenue of $2.97 billion was 13.9% higher, with higher revenue across all segments primarily driven by our recent acquisitions, contractual price increases and underlying organic growth. This was partially offset by lower commodity related revenue, primarily cardboard or OCC.

Underlying EBIT of $302.2 million was 17.5% or $45.1 million higher.

This reflected organic growth across most of the business, the contributions from SRN and GRL and the benefits of significantly improved landfill gas capture. This was partially offset by the key headwinds that Mark talked to as well as higher depreciation and amortisation.

Net finance costs increased by $43.1 million to $96.1 million from higher interest rates.

The higher net finance expense largely eroded the operating profit increase resulting in underlying NPAT of $148.6 million being 2.5% higher than the prior corresponding period. NPATA was $160.1 million. Adjusting for minorities the NPAT attributable to Ordinary Equity Holders was $146.7 million.

EPS was 4.3% lower at 6.6 cents reflecting the higher number of shares on issue following the equity raise at the beginning of the financial year.

Pleasingly, net operating cash flow was $481.8 million, up $15.5 million from prior period. The cash conversion ratio of 98.3% remains strong . Adjusting for the cash flow associated with underlying adjustments net operating cash flow would have increased by $54.5 million to $570.3 million.

At 30 June, the Group had $504.5 million of headroom under committed debt facilities with the next refinancing due in December 2024.

The Group remains comfortably within its banking covenants and has a leverage ratio of 1.89x at year end.

Directors declared a final dividend of 2.45 cents per share taking the full year dividend to 4.9 cents per share in line with the pcp.

Moving on. On the next couple of slides we have bridged EBIT from FY22 to FY23 and then from the first half of FY23 to the second half. The latter really highlights the building momentum in the second half of the year.

Slide 7 - Underling EBIT (FY22 vs FY23)

Starting with FY22 to FY23 where underlying EBIT increased 17.5% or $45.1 million.

Similar to when we discussed the first half performance back in February, we can see the improved or initial contributions from most businesses being partially offset by the headwinds from the Queensland and Health Services business units and the lower OCC contribution related to the first half.

Moving across the bridge. GRL made an initial contribution in line with expectations. Commodity prices partially recovered over the period with lower rebates in H2 restoring margins. Mark has already spoken to the Queensland and Health Services business.

The balance of the solid waste services business benefited from a full year of SRN, contractual price increases, new customers and the commodity and carbon credits benefits from the landfill gas capture program.

The remaining businesses being Liquids, Hydro and IWS, all performed well in the context of ongoing inflationary pressures.

As previously disclosed, we added capability to stabilise the core and deliver our blueprints, which has added to corporate costs.

Slide 8 - Underlying EBIT (H2 FY23 vs H1 FY23)

Moving to the next slide where we can see FY23 second half underlying EBIT increased from $138.3 million to $163.9 million, representing an 18.5% or $25.6 million increase.

Moving again across the bridge and we see an extra two-months contribution from GRL.

Next, we see the impact of lower commodity rebates in the second half leading to a recovery in margin versus the prior half.

We are also seeing continued performance improvement in the QLD business following the initiatives that we have implemented.

The balance of the Solid Waste Services business benefited from organic growth, contractual price increases and the benefits of higher landfill gas capture.

In the Health Services business, half on half performance is lagging due to additional costs incurred in the second half in Sydney due to driver shortages, and interstate and third-party treatment costs due to a planned replacement of the Sydney autoclave during May to July, seasonally lower cruise ship volumes and additional costs incurred as the Victorian autoclaves commenced commissioning and early operations.

The LTS, Hydro and IWS businesses showed continued progress as market conditions improved with all benefiting from more project related work, together with the commencement of the new IWS contracts.

So, we carry the great momentum from the second half into the new financial year.

Slide 9 - Statutory NPAT Reconciliation to Underlying NPAT

The next slide bridges our statutory to underlying profit for the year.

We had some significant underlying adjustments this year which we have previously flagged.

We spoke about the alternate disposal costs in Health Services following loss of the hammer mill at the half year and they continued while the autoclaves were being commissioned. This was partially offset by associated insurance recoveries to date with further insurance recoveries expected, which we will take below the line.

The costs associated with IT Transformation project relates to CustomerConnect. When we announced the project, we indicated a capital cost of ~$100m and that has not changed. The final design however will see us utilising Software as a Service in the solution. Accounting Standards require us to treat that portion as an expense. So, of the $100 million total project cost you should expect to see ~$50m adjusted from underlying earnings over the course of the roll out.

The final SRN integration and stamp duty costs, and GRL acquisition and integration costs were also adjusted from the underlying result.

The New Chum rectification provision and assets write-off were together the most significant adjustments and I'll cover them in the next slide.

Slide 10 - New Chum

As you are aware from previous disclosures, we are awaiting works approval from Ipswich City Council to complete construction of the final landfill cell, 3B.

The rectification of that cell is complex and remains ongoing until we complete the construction. The water table remains above the cell floor with groundwater management ongoing while awaiting works approval. Once we get that approval more intensive groundwater work is required to commence cell construction as we will need to work below the water table. We have also been transporting leachate offsite for treatment and this will continue until we have commissioned a lower cost on-site leachate treatment plant solution.

In June, we estimated the additional rectification costs would be in the order of $40 million and following further work we now expect this to be closer to $62 million. This includes some contingency so we expect that this should be adequate to close out this matter.

In June, we also advised the market that the court appeal for the height extension was ultimately unsuccessful. We are not pursuing a further appeal and hence we have taken a write off in full of the remaining New Chum assets, booking a $74 million expense in line with our previous disclosure.

I'll now move onto slide 11, capital expenditure.

Slide 11 - Capital Expenditure

Our first half capex was around $200 million and we indicated at that time that we would likely be around the same in the second half. We ended up a bit over that with both maintenance capex and growth capex around a third higher than the prior year.

Mark will speak to capex again when we come to our mid-term financial ambition but suffice to say we believe the step up in maintenance capex is required to keep the business operating on a more sustainable footing.

From a growth capital perspective – the element of capex that is discretionary - we continue to take a disciplined approach to making our investment decisions.

During the year we have made investments in several key and exciting initiatives that form part of the delivery of BluePrint 2030 and include capital expenditure on the HDPE and PP plastic pelletising facility and the second PET plastic pelletising facility both in Victoria, the IWS-led Santos total waste management contract, our Western Sydney MRF, the start of the roll-out of the Victorian CDS network and the acquisition of the QLD Energy-from-Waste site. Our CustomerConnect project is also progressing well and as I mentioned earlier there is both a capex and opex element to the overall $100 million project cost. We expect our D&A for FY24 to be ~$380-400 million with the primary driver being the increased landfill amortisation rates and depreciation of new assets related to new contracts we have won.

So, passing back to Mark to take you through the segment results.

Slide 12 - Segment Review

As you might have noticed on this slide we have reorganised our strategic business units within the Solid Waste Services segment. Having established verticals for Construction and Demolition activity and Container Deposit Schemes, we took the opportunity to consolidate and streamline our smaller SBU - South Australia and Tasmania under the WA/NT and Victorian SBUs respectively.

Slide 13 - Solid Waste Services

Solid Waste Services net revenue increased 15.0% or $273.1 million benefitting from a full year contribution from SRN, price increases and increases in most landfill volumes and higher landfill gas capture. Growth in revenue was partially offset by lower OCC prices, and no waste was accepted at the New Chum landfill.

Pleasingly we expanded underlying EBIT margins by 80bps to 13.3%, with underlying EBIT increasing 22.1% to $278.1 million. Higher revenue was partially offset by the impact of the general inflationary environment on operating costs and a greater use of overtime and sub-contractors as we tackled the elevated vacancies during the year. Importantly as described by Tracey Boyes during the June strategy session, as numbers of vacancies reduced during the 2nd half of the year, the Solids team installed the visual performance system across the business to continuously improve the value drivers including labour productivity which has set us up really well coming into FY24.

Depreciation and amortisation costs reflected the increased SRN and GRL contributions, and a larger fleet.

We completed and integrated the acquisition of GRL on 31 August 2022, which processes approximately 220kt p.a. of Sydney's 'red bin' putrescible waste delivering >30% landfill diversion. During the period, the GRL team undertook trials at the facility with further analysis underway to determine the optimal transition plan for the facility as it prepares to capture the emerging Sydney Food Organics Garden Organics (FOGO) processing opportunity. During the year we won a few municipal FOGO contracts that will commence in FY25 and be processed at GRL.

The TOMRA Cleanaway joint venture was appointed as the Network Operator for the Western metro and regional zones of the Victorian Container Deposit Scheme. The joint venture is expecting to process ~500 million containers per annum once it ramps up to the initial target capacity.

Slide 14 - Liquid Waste & Health Services

Liquid Waste & Health Services revenue increased 10.9% to $610.6 million while underlying EBIT decreased 7.9% to $48.8 million. The performance of the Health Services business weighed on the segment performance. Excluding Health Services, the Segment expanded EBIT margins by 40 bps versus the pcp.

The Liquid and Technical Services (LTS) business realised 11.9% higher revenue than the pcp, predominantly due to a number of high value projects secured during the period. The business managed increases in freight and labour costs through a combination of minimising use of third-party contractors and through contractual price increases.

Hydrocarbons, which is one of our most circular businesses, increased revenue 16.6%, benefitting from favourable post collections price and volume mix and higher Cleanaway Equipment Services revenue. This growth in revenue was partially offset by higher natural gas and diesel input costs and higher freight and labour costs. As a result, Hydrocarbons underlying EBIT grew 8.1% to $16.1 million.

The Health Services business revenue was largely flat on the pcp benefitting from increases in revenue from biosecurity and cruise ships, following the rebound of the travel sector. This was offset by volume losses from lower network capacity and lower clinical waste from hotel quarantine, hospital and vaccination clinics and aged care centres.

The challenges that I spoke of earlier resulted in significantly lower EBIT.

In March 2023, we received EPA approval for the business' two autoclave units, which have now been safely installed. I am pleased to report they have reached initial target production rates with several initiatives now underway to exceed these rates and further increase throughput.

Slide 15 - Industrial & Waste Services

Industrial & Waste Services (I&WS) revenue increased 14.4% or $47.2 million to $375.8 million driven by significant project activity across key contracts. The segment performed well in challenging external market circumstances with underlying EBIT increasing by $6.6 million to $26.5 million.

During the year, IWS realised a 92% renewal rate for available contract extensions, and just to give you an idea of strategic growth we saw new contracts signed in FY23 represent almost three times the annual value of contracts signed in FY22.

The segment continues to deliver organic growth from its existing client base thru contract renewals and increasing scope of services plus new business, with the outlook for sustainable growth over the next few years supported by a healthy pipeline of work. This pipeline continues to be developed and balanced across the key sectors as its portfolio shifts from a historical general resources sector bias to a greater share of the Oil & Gas sector.

During the year, I&WS secured significant contracts in the Oil & Gas sector with Santos and ExxonMobil. The ExxonMobil contract was followed by an earlier contract to undertake decommissioning tank cleaning work at ExxonMobil’s Altona plant. The Santos contract spans WA, NT, QLD & SA evidencing I&WS’ national capability.

In addition, Cleanaway successfully tendered for the Snowy 2.0 contract with a further opportunity to extend the contract in the future.

Slide 16 - Landfill Gas Capture and Greenhouse Gas Emissions

Slide 16 is fairly self-explanatory so I won’t dwell on it, other than to highlight the great progress that we have been making – safely drilling more than 250 wells, delivering 15% improved gas capture efficiency and reducing actual greenhouse gas emissions by ~8% on a like for like basis.

Slide 17 - Outlook

Moving to the outlook for FY24

There is a key word when we talk about FY24, and that is momentum - because we have strong momentum and good stability in the business as we head into FY24. In addition, we are expecting the impacts of inflation and higher interest rates to taper over the year.

Operational excellence has been embedded across the business. This is important because its symbolic of Blueprint 2030 coming to life. Additionally, with good progress made addressing our key headwinds, we are seeing improving operating efficiency emerging.

We expect earnings growth to continue in FY24 driven by:

- Further operational efficiency improvements including through our Data & Analytics and Fleet optimisation blueprints
- revenue growth as we continue to recoup higher costs through our different price levers
- organic growth in each segment,
- the contribution from the Victorian CDS,
- a partial recovery of the Health Services business, and
- the full year contribution from contracts secured by the I&WS Segment in FY23

We will provide a trading update at our AGM on 20 October 2023

Slide 19 - Financial Ambition and Scorecard

If we turn to Slide 19 and the mid-term ambition that we are setting out today.

Starting with the financial metrics and the headline

We have set an FY26 EBIT ambition of greater than $450 million. This comes from a bottom-up build of the range of initiatives and opportunities that we have line of sight to. We then risk-adjusted the total opportunity, knowing that we will work hard to deliver them all, some might not come through in terms of timing or value.

This next part is important because I think it speaks to ambition and confidence.

We are aligning the executive long-term incentives, both EPS CAGR and ROIC to the greater than $450 million ambition, with 50% vesting at the $450 million level. For incentives to fully vest, we will need to deliver on more of the initiatives and opportunities within the 3-year period and achieve a significantly higher EBIT.

I will touch on the capex assumptions aligned to the ambition and that we have mapped to the Blueprint aligned priorities on the scorecard in a moment.

We will maintain an investment grade credit profile through the period, and we will continue our dividend policy of 50-75% of underlying NPAT.

The ambition is built around what we've labeled internally our "must-achieves". So, let's walk through our "must achieves", starting with the foundations. On people, we will deliver a cultural shift by embedding our new values and behaviours leading to improved engagement and employee retention. Michele Mauger took you through this back at the June strategy day. Our people are the lifeblood of the organisation, so it is critical that we get this right.

On Safety, we will execute our detailed 5-year strategy that Deb Peach spoke to this back in June, and this will lead to lower injury frequency and severity and fewer significant process safety related incidents.

And, on the environment, we aim to have no significant environmental incidents and we will continue to reduce our carbon footprint in line with our stated targets.

We believe there is a significant prize in getting our foundations right from lower recruitment and turnover costs and lower workers compensation claims to lower insurance premiums, outage costs and fewer notices and costs. We are doing the work now and the pay-off will come in time – but the exact timing is challenging to predict. For that reason, we have not factored this into the greater than $450 million ambition.

Moving to the top of the scorecard. These are our blueprint aligned priorities. This is not an exhaustive list in terms of what will deliver the ambition. They are our priorities today, and as we action and deliver them, you should expect to see them drop off the list and be replaced with new priorities.

And there should be nothing surprising on this list. Over the last 18 months we have taken you on the Blueprint journey. We have deep dived on the types of activities that each of the blueprints is focused on.

And like I said earlier, importantly operational excellence is now embedded in our SBUs and we expect to deliver group wide efficiency and productivity improvements.

Alex Smith took you through the continued success of the Data & Analytics program in June, and we're seeing significant earnings coming from that.

You will recall the lighthouse branch work that we spoke about during the operational excellence deep dive strategy session. This is where we set up all similar types of assets or facilities to share learning and aggressively implement best practice across similar assets or operations Cleanaway wide.

As illustrated by the recent tender wins that I called out earlier, our customers are increasingly recognising our improving capability and performance and strong alignment with their sustainability goals. We will continue to tender and win new contracts, which will drive further investment in our core infrastructure. The monetization of our landfill gas capture program will be important in delivering both for shareholders and the environment.

And CustomerConnect, although not delivering financially until the back end of the ambition period, is critical to our strategy and customer value proposition.

As excited as we are about what's included in the ambition and the fact that most initiatives are capital-lite, we are equally excited about the opportunities that sit outside of it. We have no doubt that significant strategic infrastructure growth opportunities will present themselves over the course of the ambition term. We will seize the value accretive ones and add their contribution on top of our stated ambition.

As we stand here today, we don't control the timing of these, so we have not made assumptions about the potential contribution of such opportunities.

In terms of how we see the scorecard working as we move forward, firstly as you would expect most things are green today.

From a foundations perspective most of the key metrics are aligned to the short-term incentive scheme so through that we will report back how we are progressing. We will also report on relevant non-financial measures that drive these including but not limited to injuries, employee engagement scores, regulator direction notices and gas capture efficiency. We will use these metrics to evidence our degree of progress and scoring.

With respect to the priorities, as I mentioned earlier, we expect to report against this list and tick them off as we deliver on the initiative or resolve a headwind. We will identify the appropriate metric or value driver that illustrates the level of progress and report back on that.

The overall financial scorecard should remain on track if we deliver on our priorities and the reported financial outcomes each period will be evidence of that progress.

Moving to the next slide.

Slide 20 - Financial ambition – Capital Expenditure Envelope

When we built up our financial ambition we examined in depth the various types of capex the business needs.

Growth capex is only one of the potential uses of our excess cash flow within our capital allocation framework. We don't have a fixed or target amount, but we feel that around $150m p.a. or one-third of our total capex is the right amount on average.

Importantly we don't distinguish between assets purchased out of cash flow and assets purchased through finance leasing – they are simply different funding solutions.

And to be really clear, in the unlikely event that we don't have attractive opportunities to pursue then it won't be allocated. Equally, we are not going to put an artificial constraint on it and pass on accretive growth opportunities. We will ultimately spend within our means and always assess the opportunities relative to a return of capital to shareholders.

If you refer back to the mapping of capex on the scorecard page you can see that there are reasonable portions of this expected annual spend spoken for through projects such as Customer Connect, Landfill gas monetisation, the Western Sydney MRF, the Vic CDS, the FOGO transition together with the pipeline that the IWS business has developed, growing opportunities to process more complex waste streams in the LTS business and a growing collections business. We are not anticipating any material Growth capex for Energy-from-Waste in this time frame.

Moving now to maintenance capex, which comprises HS&E, Stay-in-business and Cell Development capex.

Looking at our historical maintenance capex, this has been running at about 65% of D&A on average over the last five years. That is simply unsustainably low, and I will explain why. We believe 75% is required to keep our assets operating safely and reliably.

We are Australia's leading waste management and resource recovery business. Our regulators look to us to meet or exceed the standard and it becomes very visible when we do not. It is central to our social license to operate and our customers expect this of us also.

The capital expenditure attributable to landfill gas capture, which is separate from the growth capex associated with anything beyond the flare, has also increased as we ramp up our gas capture efficiency.

From a general stay-in-business capex perspective we are seeing inflation is driving up equipment and material costs. Our operations are also growing, creating a natural demand for more sustaining capex.

The step up in cell development capex is consistent with our prior indications as a confluence of factors has resulted in a requirement to develop further airspace at most of our landfills. But further to that, we are also seeing higher labour and material costs to develop the airspace. We will seek to recover this through the price we charge at the gate. A key point in relation to cell development is that the airspace is amortised on a unit basis as it is consumed. Put simply, there is a limited ability to sweat that asset harder - once the airspace is gone, it is amortised and it needs to be replaced with new airspace that requires new capex.

We have also spoken in the past about the transition from landfills to more resource recovery. As this transition occurs, we expect to see a gradual slowing of volumes into landfill and this will result in an associated reduction in amortisation and landfill cell development capex. The total capex envelope, however will likely remain about the same as we invest further into the infrastructure to sort, process and recycle the recovered resources.

The key takeaway I want you to be left with here, is that through our actions and investment we are creating a safer, compliant, more reliable, growing and sustainably profitable Cleanaway.

OK so that is it in terms of the formal presentation and in a moment, I'll open the line for your questions.

Questions