2024 Macquarie Australian Equities Conference

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Good afternoon

My name is Mark Schubert and I am the CEO and Managing Director of Cleanaway.

Thank you for joining me this afternoon. It is a pleasure to be here to talk to you about the progress we are making executing our customer-led, Blueprint 2030 strategy. Progress which underpins our confidence in delivering shareholders attractive EPS growth into FY26 and beyond.

Today, I'll start by giving some context to those in the room who might be new to the Cleanaway story, then I'll provide updates on three topics that have been in focus since our February results – with them being, an update on our Operational Excellence initiatives, our capex spend, and our energy-from-waste progress.

Before I move on, I would like to acknowledge the traditional owners on the land with which we meet today, the Gadigal people of the Eora nation and pay my respects to Elders past, present and emerging.

SLIDE 4 – Australia's leading waste company

This is a new slide – and rather than show you a map of Australia and the size and scale of our footprint – I wanted to make the case as to why Cleanaway presents a unique investment opportunity.

Starting at the bottom of the slide, where today we have Australia's largest network of waste infrastructure assets and a singular laser focus on Australia. We have 135 hard to replicate licenced assets within our 332 branches. Our 7,700 hardworking teammates bring our assets to life empowered by our branch-led performance culture.

We are an essential service provider (and that was proven during Covid) with diverse and noncyclical cash flows from 150,000 customers and 140 long term stable council relationships. Our revenue is highly contracted with strong inflation protection mechanics built in.

And then there are the triple tail winds from customers, from regulation and from scale. Our customers want access to our integrated infrastructure that matches the shape of their waste and increasingly want to follow their waste with great reporting on carbon and circularity. The regulatory environment is highly supportive of both the domestic circular economy and higher environmental standards – both of which we benefit from. And our scale provides an advantage in being able to provide flexibility to customers as they transition up the waste hierarchy and our scale provides us the ability to invest in built only once waste infrastructure.

Finally, our detailed strategy makes the big and the right moves to create an operationally excellent Cleanaway, comprising of the leading and growing network of Australian waste infrastructure assets that deliver high circularity low carbon solutions for customers with great customer service at a value for money price. Importantly our strategy translates into financial performance for shareholders as evidenced by our on-track mid-term financial ambition of deliver double-digit EPS growth and improving returns.

SLIDE 5 – Building a safe and resilient platform to underpin growth beyond FY26

Some of you may be familiar with our value creation staircase, which captures how our BP2030 strategic pillars combine to deliver shareholder value.

Starting with our footprint of prized infrastructure assets – which are naturally tied to GDP+ growth. We then apply our operational excellence initiatives like our VMB's, data analytics, route optimisation tools, branch-led operating model or digitising our fleet workshops.

In addition to improving how we operate, we are adding value-accretive infrastructure growth—e.g., additional capacity at Eastern Creek Organics, the new Western Sydney MRF, or new IWS contracts.

We then integrate them together to present our customers, high circularity, low carbon solutions in the form of scale, end-to-end customer solutions across multiple waste-streams that we think done well will be hard to replicate, and support market share growth in an increasingly sustainability focussed economy.

Our execution to date underpins our confidence in our mid-term financial ambition of delivering shareholders more than $450 million in EBIT and improved ROIC in FY26.

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I would like to emphasize that as one of the very few companies that has an articulated medium-term growth target, I am often asked what role M&A plays in achieving our mid-term ambition? Implied in this question is whether we will buy our way to this EBIT target. The answer is, that we have specifically stated that earnings from any acquisition over $50m would be additional to the target as well as saying ROIC must continuously improve. We see M&A as being appropriate where it is an accelerator of our Blueprint 2030 strategy (in the way that GRL accelerated our organics strategy in NSW) or alternatively we see M&A as an option where the asset is hard to replicate organically.

SLIDE 6 – Operational excellence: Driving margin expansion

Turning now to look at those initiatives we are undertaking to drive margin expansion, which we collectively refer to as our Operational Excellence bucket.

Pleasingly our three Restoration initiatives across Health Services, QLD Solids and labour are on-track to realise their FY26 EBIT target of $50m.

Moving down the slide – you can see six Operational Efficiency initiatives which collectively we expect to deliver at least $50m in EBIT by FY26.

These initiatives, all colour coded white on the slide, are anchored in their objective of improving the profitability of our business by: enabling our branches and customer facing teams, improving decision making at all levels by making by using our data, improving our fleet performance and delivering new EBIT by monetising landfill gas as well as seeding our growth vectors of tomorrow that combine our current capabilities in a new offering such Decomissioning Services.

Importantly, it is these efficiency initiatives that we see as driving our EBIT north of $450m in FY26 and will take us towards our ambitious but achievable Mission 500 stretch target of $500m EBIT in FY26.

Having spent quite some time focusing on the Restoration initiatives back at our first-half results in February, today I want to spend some time sharing some insights on our Branch Optimisation work, CustomerConnect program and our Fleet Transformation strategy.

SLIDE 7 – Uplifting the average EBIT margin of our branch network

Starting with Branch Optimisation.

Our EBIT results are the sum of the combined efforts of our 330 plus branches and our 7,700 strong team, spread right across Australia. We believe that we can optimise the performance of all these branches to lift our overall EBIT in 4 ways:

- First, we identify those branches that are delivering poor results – those that are below the average for similar business activities
- Then, we apply focused and high-cadence support to improve performance – through one of three approaches:
  - a business-led structured Profit Improvement Plan; or
  - sending in our SWOT team who utilise a proven structured approach to unpicking the P&L, identifying opportunities, and delivering improvements quickly; or
  - if the underlying performance issues can be best addressed through applying Lean principles (for example, turnaround times at our transfer stations), we send in our Lean experts
- At the same time, we work on lifting underlying performance of the entire business – we call this 'lifting the tide', and we do this in two ways:
  - One is our Business Teams. In our SWS business, we are organised by State. This enables us to leverage our entire network of strategic infrastructure assets to capture margins along the value chain and deliver a solution to customers. Our Business Teams are 'virtual teams' made up of handpicked leaders from within the same lines of business – to form for example a C&I Collections Business team or a Landfill Business team. Their role is to identify best practice within the segment and implement it across the network for example the Landfill Business team has been working on improving compaction density with good success.
  - The other is our Operating Model. We are part way through installing a full operating model shift that ensures we have the right structures, leadership capability, culture, and cadence to drive superior performance. When we're done, every single person and team at Cleanaway will know the value driver they're responsible for delivering on; they'll know how they're tracking in real time; and, they'll feel a real sense of

ownership. Leaders at all levels will see how those combined efforts are impacting results daily and weekly, and will be able to intervene with support where needed. When the team meet their gamified targets they celebrate this success as a team, which can often be something as simple as a pizza lunch for the team.

- Finally, we have several key strategic programmes of work, like CustomerConnect, Data and Analytics, and our new Fleet Strategy which are managed centrally and designed to deliver improved performance across the Group, and which we'll discuss next.

SLIDE 8 – Digitising our call to cash cycle with CustomerConnect

I am pleased to report our CustomerConnect project is on schedule and within budget. Forecast medium-term benefits are in-line with our business case shared with you back in November 2022, with expected annual EBIT contribution greater than $13m starting from FY27.

The total cost remains approximately $100m and is divided, 60:40 between upgrading our IT systems and additional IT growth functionality. Additionally, since software costs must be expensed, in our results, these costs will be taken below the line as previously communicated.

Release 1 will be completed by the end of this financial year. It will modernise our core ERP and Customer Relationship systems setting the foundations for enhanced customer experience, efficiency and commercial benefits. Specifically, it will provide a unified view of the customer across the organisation, resulting in improved customer interactions. This will enable faster responses to complaints, service issues and disputes. Commercially we will see quicker sales response, enhanced cross selling and improved credit control.

Release 2 will be completed by March 26 and focuses on deploying an off-the-shelf fulfillment and service system, which is specifically designed for the waste industry. Widely used in Europe and the US it will deliver productivity and revenue gains. New functionality will include digitised run sheets and real time service status for our customers – which we don't have today. Given Cleanaway completes 1.7m services per month for our C&I customers, this will be transformative. It also includes a new customer service portal, for self-service by our SME customers.

When all this comes together, from a customer experience perspective, First Call Resolution will move from 30% today to 70%. Our customer service teams will be able to focus more on value adding activities given the removal of significant, time-consuming admin tasks.

SLIDE 9 – Transforming how we manage our fleet

I would now like to introduce you to our Fleet Transformation program.

With over 3,600 heavy vehicles we have one of the largest owned heavy vehicle fleets in Australia. We also own over;

- 1100 pieces of yellow gear
- 800 trailers and
- 780 light vehicles

We maintain this Fleet by operating around 30 large workshops across Australia stretching from the Pilbara in Northwest WA to Dandenong in Victoria.

Through the progress of our Blueprint2030 strategy to date and the restoration of the business, we've arrived at a point where we're able to now focus on the commercial opportunities within our Fleet.

In practical terms, this means we are expanding our Fleet focus beyond our commitment to ensuring a safe and compliant fleet to now include optimising it's running and capital costs. This focus will lead to lower costs and a more efficient use of capital, resulting in improved EBIT and increasing returns.

We are doing this through a wholistic and comprehensive, multi-year strategy that will transform the fleet, how we manage it on a day-to-day basis, as well as the life of each vehicle. One of the key programs of work we are looking at is a transformation of our existing ownership model.

Historically, the Cleanaway mindset was that we needed to own our Fleet. But, as we look ahead, the R&M spend to maintain this fleet and the capital cost to replenish it increases significantly, impacting our EBIT and becoming a drag on our ROIC. In-line with our new capital allocation framework, we'll look to reduce the ownership costs where it makes sense, such as in linehaul or logistics type movements and employ capital-lite solutions such as third-party owners or customer-ownership models.

Each program of work within our Fleet strategy is being tied to clear financial metrics which we are developing, but as our largest asset class, and at this stage of our Fleet Transformation journey – we can see the work we do here will be a meaningful lever to manage our capex spend, and drive EBIT.

SLIDE 10 - Capex allocation

Which leads me the next slide discussing a capex update and specifically, that we are targeting a $50m per annum reduction in our maintenance capital spend from FY25.

This reduction is the aggregated benefit arising from actions taken in response to various catalysts realised through the execution of our Blueprint2030 strategy.

Specifically, the company-wide transition from EBITDA to EBIT, and our enhanced focus on capital discipline, is leading to our SBU management teams sharpening their focus on asset performance, which includes exploring capital-lite alternatives where appropriate. In addition, our returns focus led to the creation and implementation of our centralised capital allocation framework which is reducing project risks, and enhancing project management.

In addition, we are seeing the benefit of our Data & Analytics capabilities driving better analysis and delivering greater insights – as evidenced in the Fleet Transformation strategy. These D&A driven insights have been pivotal in unlocking the opportunities to asset pool, improve capex allocation and consider capital-lite initiatives, particularly in relation to fleet ownership.

SLIDE 11 – Energy-from-Waste is part of Australia's waste future

Our commitment to optimising our capital and shareholder returns is evident in our Energy-from-Waste (EfW) approach.

EfW will play a critical role in enabling society to meet the Federal and State Government's landfill diversion targets of 80% by 2030.

We have customers, both councils and C&I who are demanding waste disposal solutions that are more environmentally friendly than landfill. If you then consider that the NSW and Victorian State Governments are on record as saying that there will be no new putrescible landfill sites in the Sydney Basin or Melbourne metro areas - this all leads to EfW being an important part of our future critical waste infrastructure landscape for those waste streams with no recycling alternatives.

Given NSW's stance that there will be no more putrescible landfill sites in the Sydney basin, we think EfW is needed in NSW in the early 2030s. Positively, and as we've said before, the landfill levy and resulting gate fees in NSW results in economics supporting EfW toda

Turning to Victoria. Until lunchtime today, I was going to say the lower landfill levies means that the EfW economics are currently challenging at current gate rates. However, this changed at lunchtime today with the announcement of landfill levies increasing from $129 per tonne, currently to $170 per tonne from 1 July 2025. This brings it in line with NSW and will make customers indifferent between EfW and landfill. We already observe that some councils prefer the environmental outcomes from disposing at EfW regardless of the current price premium. The landfill levy increases will significantly grow the available feedstock to fill EfW plants in Victoria.

SLIDE – 12 As Australia's largest waste company, EfW is part of our future

With EfW coming and with economics evolving, as Cleanaway we need to be ready. And to be ready, we need to have progressed the long lead time work required to complete the various elements that must come together before reaching an EfW plant's Final Investment Decision, or FID.

In terms of when that might be, even if everything went our way, without delay, FID in either Victoria or NSW is a minimum of two years away.

As we've been pursuing our capital-lite approach, we are uniquely positioned to bring an EfW project together and take the role of an originator of these projects.

Critically, as Australia's largest waste company we can de-risk an EfW project unlike a financial sponsor or an industrial company trying their hand at EfW.

Central to this de-risking, is that we have the waste supply, so we can fill a facility to nameplate capacity. We have the landfills, enabling us to manage the schedule risk for customers who want to transition to EfW but would also like the option to dispose of their putrescible waste at a landfill if necessary. We already have the relationships with councils who are already seeking EfW as an option, and for the environmental regulators, we are a known and proven operator in the waste sector, where our environmental performance is critical to our long-term licence to operate.

What we do know now is we do not need to be 100% owners of these assets, and just because we are the originator, it does not mean we are the ultimate owner of the facility.

Importantly, being an originator allows us to be at the table to secure low-cost, long-term access to the facility for our customers. It also allows us to maintain the option to decide at a later date what the right level of ownership for CWY and our shareholders will be when the EfW landscape and project risks are well understood. In turn enabling an informed decision with the right information to reduce the risk and maximise the value related to the move into EfW for shareholders.

SLIDE 13 – Positioned to deliver growth

Turning now to my last slide.

We are well positioned to deliver attractive returns to shareholders this year, next year, and in FY26 and beyond.

We are maintaining our FY24 EBIT guidance at approximately $350 million. Due to better landfill management, particularly improved compaction and mix benefits, forecast D&A expense is now $360 to $370 million, compared to previous guidance of $370 to $390 million.

Interest expense is expected to be $117 million, and our GHG emission reduction efforts remain on track, aligning with our customers' aspirations.

We are on track to deliver double-digit EPS compound annual growth in the next two financial years, as our strategic momentum drives us towards our Blueprint 2030 mid-term ambition of over $450 million in EBIT in FY26, while also steadily improving our return on invested capital (ROIC).

Over the next two years, we will remain focused on the continued execution of our operational efficiency initiatives, such as Fleet Transformation. We are committed to optimising our capex spend, as evidenced by today’s announced $50m per annum reduction in maintenance capex from FY25; and we are expanding our growth platform by introducing new services, including FOGO in NSW, CDS in Victoria, and Decommissioning Services nationwide.

And finally, as you’ve heard today, it’s not just about 2026. CWY's Blueprint 2030 strategy is also about strategically positioning the company to achieve sustainable long-term growth beyond FY26. Our operational excellence transformation will create best-in-class performance and reporting for customers. Add our capability to meet their increasing demands for end-to-end, multi-stream, at-scale waste solutions with our pipeline of strategic infrastructure growth – and we have an attractive, hard to replicate customer offering in an environment where the tailwinds of supportive regulation and increasing societal demands will further drive demand for our services.

With that, I will open for questions.