Speaker Notes

21 August 2024

CLEANAWAY
Making a sustainable future possible together

Good morning and thank you for joining us for Cleanaway's financial results briefing for the FY24 financial year.

My name is Mark Schubert, CEO and Managing Director of Cleanaway. I am joined by Paul Binfield, Cleanaway's CFO, and Josie Ashton, Head of Investor Relations.

Slide 3: Acknowledgement of country

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.

Slide 4: Agenda

The plan this morning is that I will take you through our highlights for the period and the good progress that we have been making.

Then Paul will provide you with further details on the group financials after which I will walk you through the performance of each of our operating segments and the outlook for FY25.

Taking the disclaimer as read, please turn to slide 5.

Slide 5: Highlights and overview

On behalf of the entire Cleanaway team, I am pleased to report that FY24 was a year of execution and progress. We delivered another year of double-digit EBIT growth, we improved returns to shareholders and we beat our FY24 guidance.

These results highlight the underlying strength and scale of our business and the increased operational resilience delivered through the execution of our Blueprint 2030 strategy.

During 2024 we delivered on our restoration plans, with QLD Solids recovery completed and the business growing again. And our Health Services business has been transformed with both reduced costs and increased capacity and the business on track to deliver its targeted FY25 earnings.

And we can see labour productivity benefits flowing through to our financials from reduced vacancies and lower turnover.

Our focus on operational excellence initiatives are gaining momentum as they shift from being plans and pilot programs, to scaled ways of working codified in our branch-led operating model.

Our strategic infrastructure growth projects that are expected to deliver $50m EBIT in FY26 are on track and we are progressing a number of opportunities that will deliver beyond FY26.

Our progress over the past 12 months, coupled with the momentum we've gained in executing our Blueprint 2030 strategy, gives us confidence in our ability to continue delivering results.

In FY25, we expect EBIT to be in the range of $395 to $425m, and in doing so, will deliver shareholders another year of double-digit earnings growth and improving returns.

From there, we see a clear runway to our mid-term ambition of more than $450 million in EBIT in FY26. Importantly, the growth we are delivering now and into the future is the result of our efforts to build a safer, empowered, data-enabled and branch-led organisation that will underpin a sustainable future for the Group.

Slide 6: Financial highlights

Turning now to the financials.

We have delivered a strong financial performance and improved returns to shareholders.

Underlying EBIT grew at a record rate of 18.9% to $359.2m which was ahead of our guidance. This was driven by the completed recovery of QLD Solids, the transformation of Health Services and a solid underlying performance across the Group, particularly in our NSW /ACT Solids business. CDS and LTS also delivered strong financial results for the year.

Through the execution of our Blueprint 2030 operational excellence initiatives and disciplined price management, we increased our EBIT margin by 100 basis points to 11.2%, up from 10.2% the previous year.

Net operating cash flow was up 12.5% vs FY23, reflecting growth in EBITDA and lower cash outflows as costs associated with the New Chum rectification were lower this year.

Net profit after tax was up 14.8% and our return on invested capital was up 60 bps to 5.5%.

Earnings per share grew at 15.2% to 7.6 cps, and directors have declared a 2.55 cps final dividend, which will be fully franked.

Slide 7: Working together to create a safe and respectful culture

Moving now to Safety and People on Slide 7

Before I talk about what is on these slides, I do want to pause and acknowledge a tragic accident that occurred earlier this month involving one of our muni collections vehicles where sadly a member of public passed away.

Any loss of life is heartbreaking, and on behalf of the entire Cleanaway team I offer my deepest sympathy to this person's family and friends. I would also like thank those involved on the day responding to the accident. We are taking all steps to learn from this tragic event.

[pause]

At the beginning of FY24, we set out a 5-year roadmap to drive improvements in our HSE performance and culture. Our roadmap is multifaceted with a focus on risk prevention, capability building, and cultural transformation.

During FY24, we made significant progress on the plan and in particular in relation to how we manage our critical risks and critical controls. In FY24 we further strengthened both our controls and our assurance.

We also benchmarked ourselves against comparable and available international and domestic peers in the waste and logistics industries. We found that our TRIF which has ranged between 3.6 to 4.6 over the last 5 years was amongst best in class when compared with our peer group.

This led us to add Serious Injury Frequency Rate or SIFR to our short-term incentive measures. Adding this metric aligns with evolving industrial best practice and helps us measure our progress in addressing critical risks and controls whilst maintaining the focus on recordable injuries.

A key highlight of this result is the progress we have made in relation to our team.

Our recruitment processes have improved and we have seen a significant improvement in voluntary turnover, which averaged 17.6%, down from 21.5% in FY23.

Our vacancy levels have also continued to reduce and are currently below our historical averages.

We continue to closely track first-year voluntary turnover which is reducing, with the aim to get it down below 30% by the end of FY25.

Female representation and female voluntary turnover also improved during the year, driven by direct initiatives to attract and retain female employees, as well as build a culture of respect, ownership, and connection.

In the first half of FY24, we rolled out mandatory Respect@Cleanaway training for all employees. We followed this in the second half with the rollout of our five Guiding Principles. These principles which build on each other serve as a roadmap for creating a workplace where everyone feels safe, respected, and empowered to contribute their best every day and deliver outstanding results.

As announced at the first half result, we introduced our Mission 500 incentive plan, targeting our 567 front line leaders who don't receive LTI, to align them to our stretch target of $500m EBIT in FY26.

Every month we connect this group of leaders, we walk through how we are going, we share success, we ask for help and we align around what happens next.

Slide 8: Foundations – Environment

Moving now to the environment.

Every day, as our purpose states, we are making a sustainable future possible together. In a world increasingly focused on sustainable solutions, we are well placed not only to make our own future sustainable, but our customers as well.

Pleasingly we had no significant environmental incidents in FY24, and we reduced the risk and severity of major fires though our efforts and investment in fire detection and suppression.

We also reduced our methane emissions and remain on track to meet our 1.5°C Paris-aligned targets. We continue to seek out opportunities to accelerate the reduction of our own and our customers emissions. We are particularly excited about the successful on road demonstration of HVO100, a renewable diesel which in our case is made from used cooking oil and has 91% lower greenhouse gas emissions than mineral diesel.

As Australia's largest waste network, we play a critical role in driving large-scale circular solutions. Over the past 12 months, we've expanded our resource recovery capacity with the launch of VIC CDS operations. We also commissioned two joint venture plants in Melbourne, which combined will have the ability to process over 2 billion PET bottles, 300 million HDPE milk bottles and 200 million PP ice cream tubs each year. And we are also meeting the growing demand for FOGO through the accelerated transition of Eastern Creek Organics (the renamed GRL).

During FY24 we also partnered with Viva Energy to explore an at scale solution for advanced recycling of soft plastics.

Our scale enables us to make a significant impact on addressing Australia's waste and sustainability challenges, creating a portfolio of circular infrastructure that we can integrate together for customers and help them solve their waste and sustainability challenges.

[Divider Slide – Financial performance]

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

Slide 10: Financial performance summary

Thanks Mark

Starting with the Group P&L where unless specified, all comparisons are against the prior corresponding period or pcp.

Net Revenue of $3.2 billion was 7.7% higher, with higher revenue across all segments primarily driven by contractual price increases and underlying organic growth.

Underlying EBIT of $359.2 million was 18.9% or $57 million higher. FY24 is the second consecutive year in a row of EBIT growth in the high teens. This year EBIT growth was driven by the restoration of QLD Solids, transformation of Health Services and strong growth in the NSW Solids and the Liquids businesses.

The 100 basis point expansion in EBIT margin to 11.2% was the primary driver of the increased profitability. Throughout this presentation, you will hear more on the benefits of our operational excellence initiatives, which are increasingly evident in our results.

Net finance costs increased by $19.6 million to $115.7 million from higher interest rates and marginally higher average net debt.

The strong EBIT growth largely dropped through to NPAT and EPS, which grew 14.8% and 15.2% respectively. Current year underlying NPAT is $170.6 million, $12.4 million higher than the statutory NPAT of $158.2 million, primarily due to the SaaS accounting software costs incurred as part of the CustomerConnect project.

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

It was also encouraging to see Return on Invested Capital increase by 60 basis points to 5.5%

Turning now to Net Operating cash flow

Slide 11: Net operating cash flow

Net operating cash flow was $542.1 million, up $60.3 million from prior period and the cash conversion ratio of 97.6% remains strong. Adjusting for the cash flows associated with underlying adjustments net operating cash flow would have been $592.8 million an increase of $22.5 million.

The strong net operating cash flow performance was driven by higher EBITDA and lower cash flow associated with underlying adjustments, partially offset by higher interest payments.

In FY25, the net cash outflow associated with underlying adjustments will be lower by approximately $10 million. This net improvement is the aggregate position of costs associated with the continuation of the Customer Connect transformation program and the last of the New Chum rectification costs, which will be partially offset by a further insurance recovery.

Management of working capital continues to be a priority and with the exception of the construction sector, where we have minimal exposure, the quality of our receivables book is excellent.

As Mark said, Directors declared a fully franked final dividend of 2.55 cents per share taking the full year dividend to 5.0 cents per share. The Commonwealth Government Instant Asset Write off program has finished, and Cleanaway will resume paying income tax. Tax payments during FY25 are estimated at $120 million, approximately $95m related to FY24 and about $25m related to instalments for FY25. As a consequence, we expect future dividends will be fully franked.

Slide 12: Capital expenditure

Capital expenditure for the year of $446 million finished within the top end of our $430 to $450 million guidance range, with approximately one third of the total or $161 million being growth capex.

During the year we have made investments in several key Strategic Infrastructure projects. These included:

- The construction of Western Sydney MRF, which remains on budget and on time. Commissioning is expected in October with first waste being received in November. It is expected to start positively contributing to earnings in FY26, as volumes steadily ramp up
- The completion of the roll-out of the Victorian CDS network, again on time and on budget, with the scheme becoming operational from 1 November 2023. Its contribution in FY24 was minimal and is expected to ramp up over FY25.

We recognise the importance of the capital allocation in driving accretive returns and are always looking to strengthen our processes.

- EBIT rather than EBITDA is used in our performance measures right the way through to branch managers, as it better aligns remuneration with returns on capital
- we lifted our hurdle rates, thereby making the capital approval process more demanding
- we have started looking at the allocation of capital over multiple time horizons

- and we now have tools from data & analytics to help to optimise our spend, particularly in relation to fleet

We are committed to a disciplined, returns focused approach to capital allocation, and in our current context of having more opportunities than organisational capacity, this sharpens our focus on selecting the growth opportunities with the highest returns.

We expect capital expenditure for FY25 to be approximately $400m. This comprises approximately $250 million of maintenance capital and $150 million of growth capex.

We expect our D&A for FY25 to be ~$380-400 million

And with that, I will hand you back to Mark to take you through the segments.

[Divider slide – Segment updates]

Slide 14: Solid Waste Services

Net revenue increased 6.3% to $2.2 billion. And underlying EBIT increased 18.3% to $329.0 million, but most pleasing was the EBIT margin increase of 150 basis points to 14.8%.

Net revenue growth was predominantly driven by price increases in the collections business with support from volume growth in the Container Deposit Scheme (CDS) and Organics operations.

Disciplined price increases and contractual price mechanisms more than recovered higher labour and fuel costs, however the benefit of price increases was tempered by higher fleet repair and maintenance costs and the general inflationary environment.

The improvement in voluntary turnover and reduced vacancies resulted in a reduction in subcontractor hours and supported an improvement in labour productivity metrics.

Underlying EBIT growth was driven by the restoration of the Queensland business, strong performance in NSW/ACT, and the realisation of operational efficiency benefits throughout the network. However, this growth was moderated firstly by lower landfill volumes resulting in a moderately lower EBIT contribution from this business line and secondly a weaker contribution from the Construction & Demolition sector given the ongoing market challenges. The contribution from commodities and carbon was up year on year, predominantly because of the OCC price trending steadily higher over the period.

EBIT margin expansion of 150 basis points is indicative of the benefits of operational excellence flowing through to the bottom line.

The C&I business represents approximately a third of Solids segment revenue. C&I revenue increased by 7.1%, with 6% of the variation attributable to price, more than outpacing inflationary pressures, and volume contributing to the remaining 1%.

We have been highly strategic with our price increases this year and have leveraged our data & analytics capability to implement differential pricing across our customer base. As a result, our customer churn has been lower than it was last year. Furthermore, it also meant that we targeted larger uprates for those customers that were least profitable and hence cut the "tail" and reduced volume.

Turning to slide 15

Slide 15: Solid Waste Services Cont'd

Landfill EBIT declined by 2.4% year-on-year, as our teams focussed on maximising returns at each location by focusing on price, mix, compaction and operational efficiency. This largely offset volumes being down 8.7% for the period.

Each of our landfills have unique and regionally driven market dynamics.

In Melbourne, MRL continued to operate in a particularly competitive market, resulting in lower volumes for the period. The MRL team focused on extending waste codes to capture higher margin waste streams, and operational improvements to maximise returns. Tempering these operational improvements has been the increasing cost of landfill materials, which impacted margins. We have installed a performance improvement focus on MRL similar to what we used to reset the Health business and QLD Solids last year.

Lucas Heights and Kemps Creek, our two landfills within the Sydney basin were able to balance price and volume resulting in profitability per cubic metre improving year on year.

By remaining focused on maximising returns, we ultimately benefit from a cash flow perspective since we consume the airspace more slowly and hence have lower capex in future years since we push out the timeline for developing new cells.

The CDS business continues to grow. Strong volume growth was driven by the expansion of the QLD program to include wine and spirit bottles. CDS EBIT was up year on year even though it included the ramp up costs of VIC CDS.

Organics EBIT was up year on year driven by NSW through better leveraging of the organics network. NSW's FOGO market is expected to continue growing as a result the State's policy to drive landfill diversion, and as mentioned earlier, we are accelerating the transition of our ECO site to FOGO processing to meet this demand.

Slide 16: LHS and LTS

Liquid Waste & Health Services segment revenue increased 13.3% to $691.7 million as underlying EBIT increased 38.7% to $67.7 million and underlying EBIT margin expanded 180 basis points to 9.8%.

The LTS business delivered revenue growth of 16.0% and EBIT growth of 35.4% when compared with the prior year. During FY24 the team delivered a number of large scale, complex projects safely and on time, including the remediation of a large mining site as well as a number of hazardous soil projects.

LTS's technical expertise and innovative solutions are increasingly being sought after over cheaper and potentially less environmentally friendly options. And during the year, we saw reputation as a contributing factor in securing an extension on a national product stewardship project and being appointed onto two state-wide household community contracts.

LTS continues to build capability to provide treatment pathways for hard to treat waste including commissioning a PFAS wash water plant in Victoria. Similarly the LTS team has integrated the Scanline Used Cooking Oil business positioning it alongside our grease trap business and readying it for growth.

Slide 17: Health and Hydro

Health Services revenue grew by 14.1% in FY24. EBIT was significantly ahead of last year as the transformation program has turned this business from being loss-making in FY23 to being on track to complete its profitability restoration program. In FY25 Health is expected to deliver approximately $15m in EBIT.

Our Health business is unrecognisable from a few years ago – and has been transformed in terms of a lower cost base and increased capacity. The comprehensive business transformation program which used the routines, value drivers and data-driven tools of our branch optimisation program has driven EBIT margin expansion across all aspects of the value chain.

Hydrocarbons revenue grew 2.9% but with EBIT up 8.6%. This reflected increased deployment of parts washers to its growing customer base. EBIT margin also benefited from improved pricing discipline and a focus on selling a higher grade of re-refined base oil.

As well as improving customer service and margins, our Hydrocarbons business is incredibly well positioned to capture the exciting opportunities presented by the evolving low carbon / high circularity lubes and fuel oil market.

Slide 18: Industrial Waste Services

Industrial & Waste Services (IWS) revenue increased 7.7% to $404.6 million. EBIT was $26.5 million, in line with FY23. EBIT margin declined 60bps to 6.5%.

Revenue growth in the first half was strong, supported by price increases, volume growth, and the start of the multi-year national Santos service contract.

In the second half, softer market conditions led to customers deferring or cancelling projects. This impacted IWS's financial performance due to operating leverage, where profitability is optimised when there is a high utilisation of assets and staff.

The second half was also impacted by the announcement of the upcoming closure of the Alcoa Kwinana site and the progressive scaling down of activity at that location.

However, given the current market softness, we've taken the opportunity to further align the business to the future opportunities.

We have restructured and simplified our East Coast IWS operations to directly support large scale customers and contracts whilst pooling our assets and resources centrally to efficiently and programmatically be able to support these customer turnarounds and project work. The opposite is happening on the West Coast, where growth in recent years, and an attractive outlook have led us to realign our Western Australian operations so that we can focus on key customer segments, and we can continue to grow in this market.

Over the last two years IWS has successfully rebalanced its customer book to focus on larger Tier 1 oil and gas and mining customers who value our systems and capability, with the evidence point of this rebalancing being we have doubled our Oil & Gas revenue over the period. This is important because building our reputation with these customers is an important first step in securing a foothold in the decommissioning and remediation services market, which we see as being an attractive long term growth vector.

[Divider Slide – Strategic progress and outlook]

Slide 20: Blueprint 2030 growth strategy

By now you will be familiar with our value creation staircase, which captures how our Blueprint 2030 strategic pillars combine to deliver shareholder value.

We start on the left with the footprints of our of prized infrastructure assets and our people which given our scale grows as the economy grows.

We then apply operational excellence initiatives to continuously improve our 330 branches including programs such as Branch Optimisation and Fleet Transformation.

Then in addition to improving how we operate, we use the stronger cash flow that this generates to add value accretive infrastructure. Recent examples here include; developing FOGO processing solutions for the Sydney market through transitioning ECO to FOGO; or our new Western Sydney MRF, or our new IWS contracts.

We then integrate our infrastructure together to provide our customers with high circularity, low carbon solutions in the form of scale, end-to-end customer solutions across multiple waste-streams with great customer service at a value for money price. Which we think that done well, will be hard to replicate and will support market share growth in an increasingly sustainability focussed economy.

And while to date we've talked to our staircase as a series of steps we are taking to achieve our mid-term ambition. We see this as an iterative and ongoing process that repeats itself and becomes an ongoing value creation staircase delivering sustained growth over time well beyond the mid-term ambition of >$450m in FY26.

Slide 21: On track to deliver mid-term financial ambition

Let's move to slide 21, which provides an overview of the initiatives that are driving our ability to achieve double-digit EBIT growth this year, next year, and again in FY26.

Starting at the top of the slide, with Restoration. We have delivered approximately two thirds of the expected $50 million forecast to be realised from these activities, with the final third to be delivered in FY25.

The Operational Efficiency 'bucket' are those initiatives focused on helping the business work smarter. By successfully executing these initiatives, we see the potential to exceed our $50 million estimate, and take our FY26 EBIT beyond $450 million.

Along the bottom of the slide, in bright blue are our Strategic Infrastructure Growth projects for which the capital has been deployed, and they are on track to contribute the forecast $50 million in FY26.

Slide 22: Operational efficiency initiatives: Branch Optimisation

As you will have heard me say before, our EBIT results are the sum of the combined efforts of our 330 plus branches and our more than 7,900 strong team, spread right across Australia.

The Branch Optimisation program is a key part of our improvement journey - bringing together three elements: <u>firstly</u> the performance improvement of underperforming branches thru high intensity improvement plans, SWOT teams and Lean, <u>secondly</u> creating high intensity alignment, routines and ownership thru our branch led operating model, <u>and finally</u> by unlocking the power of working smarter together thru programs such as Fleet Transformation.

Together these three elements will create not only a significant performance improvement but importantly build a strong platform for future continuous improvement and growth that lives on long after we've delivered on our mid-term ambitions.

In FY24 our Solids business delivered a 150-basis point increase in EBIT margin. A sizeable portion of this expansion came from NSW/ACT and QLD Solids by adopting various elements of the Branch Optimisation program.

A good example of the opportunity through our branch optimisation program is the doubling of EBIT margin between FY23 and FY24 at a large regional NSW branch thru the use of SWOT teams. Importantly, this isn't a SWOT team take over, it's the SWOT team having the time to help unpack what's going on at the branch and then equip the local leaders and team with the tools, processes and operating cadence to turn their own performance around.

Another example is the 200% improvement in QLD Solids's EBIT which is a testament to the commitment and effort of the team. Embracing the data enabled tools, such as labour dashboards and route optimisation, the team improved their service levels which then enabled price increases. They were also amongst the first adopters of our branch-led operating model. Today, across the QLD Solids network, Visual Management Boards and a daily meeting are BAU, and they are in the process of adding "all-hands" monthly meetings into their operating cadence.

Slide 23: Operational efficiency initiatives: Fleet and CustomerConnect

One of the key strengths of our Blueprint 2030 branch-led strategy is our recognition that for it to succeed, branches must be enabled to make decisions while being supported with the necessary standardisation of tools, resources, routines and capabilities to do so effectively.

This is where our centrally led programs come in.

When I spoke about branch optimisation earlier, I mentioned the layering in of centrally developed, branch led programs.

As some of you might have seen, we detailed the Fleet Transformation initiative back in May, but to recap, our goal is to optimise running and capital costs and maximise returns by implementing a data-enabled, multi-year strategy that will transform every aspect of our fleet management.

This includes evaluating the use of third-party providers versus owning vehicles, exploring new in-cab technologies, centralising fleet life-cycle management, and incentivising asset pooling when vehicles are not fully utilised. We expect this strategy to deliver significant benefits through and beyond FY26.

We're at the halfway point of our four-year, $100 million business transformation program, CustomerConnect. Through this project, we're upgrading our infrastructure and digitising our call-to-cash process, thereby creating a foundation for our advanced analytics and AI initiatives, as well as creating a better experience for our customers and customer facing teams.

During the second half of FY24, we completed the first of the two releases on time and on budget. CustomerConnect is due to be completed by the end of FY26 and expected to deliver more than $5m in EBIT in FY26, and more than double that in FY27.

Slide 24: Strategic infrastructure growth projects to deliver in FY26

Turning to our Strategic Infrastructure pillar. Even though projects on the slide have already been mentioned this morning, we've brought them together here as they are the foundation for this pillar to deliver around $50 million by FY26.

Let me highlight a few points.

With the opening of VIC CDS last November, our CDS vertical, in partnership with Tomra, has cemented our position as the leading CDS operator in Australia.

The transition of our ECO site in Western Sydney from inerting red bin waste to also be able to process FOGO will be completed in FY25. Investing in our ECO site not only increases our exposure to the growing NSW FOGO waste stream, it will also increase the site's capacity by approximately 35% underpinning growth from this site for a number of years to come.

I am looking forward to our Western Sydney MRF starting commissioning in October this year. We have used the learnings from all our other MRFs to design this one and given the lack of MRF capacity in Greater Sydney we expect it to start filling in FY26.

And as you know we have completed the first year of our national Santos contract and continue to see opportunities in the sector.

Slide 25: Strategic infrastructure growth beyond FY26

Finally, before I move on to our scorecard and outlook, I'd like to provide an update on the strategic infrastructure projects that, while not contributing to our FY26 mid-term goals, are poised to deliver significant value creation for shareholders in the years beyond.

In June 2024, we announced our agreement to acquire Melbourne's Citywide Service Solutions' waste and recycling business for $110 million. Pending necessary approvals, including from the ACCC, Cleanaway will acquire Citywide's muni and C&I collections business and enter a 35-year lease for the Dynon Road transfer station, which currently sends approximately 90% of its volume to MRL. As part of the purchase agreement, we will undertake a $35 million redevelopment of the transfer station, with the City of Melbourne contributing an additional $10 million. Once complete, the new site will have nearly double its current capacity, enabling future earnings growth and supporting volume expansion in our post-collection infrastructure.

Moving our focus to Sydney, where we are progressing with our Lucas Heights landfill extension plans. As the only putrescible landfill in Greater Sydney and at current annual volumes, Lucash Heights airspace will be largely depleted in the early 2030's. To address the projected shortfall in putrescible airspace within the Sydney basin, we are proposing an extension of the current landfill footprint, which would increase its operational life by an additional 8 to 10 years. Our Scoping Report was recently submitted to the NSW Department of Planning, Housing, and Infrastructure. Capital expenditure isn't projected for several years as the planning and approval process will be synchronized with the projected consumption of existing capacity at the site.

And lastly on Energy-from-Waste. We are progressing our role as an 'originator' of energy-from-waste plants as we leverage our ability to de-risk these projects. In FY24, we continued with our capital-lite approach, continuing with the long lead time work required to complete the elements that must come together before reaching a plant's Final Investment Decision, or FID - which for any of the projects we are assessing, is at least we think two years away. Our capital investment to date has been relatively modest, and we remain committed to only deploy capital with a clear path to an appropriate rate of return.

Slide 26: FY26 financial ambition and scorecard

Moving to our scorecard which we launched in August last year alongside our mid-term ambition. We have talked about most items on the scorecard already and so I won't go over them again now.

The key takeaway from this slide is that our must achieves – which are listed on the top half of the slide - are on track – with one yellow being labour productivity, which we debated but decided to show as yellow. We expect it to turn green during FY25 as lower turnover particularly first year turnover and lower vacancies further translates into improved productivity.

We are going after the financials in the right way, with our foundations largely on track. We marked safety as yellow because we want to see the lagging indicators of TRIFR and our new metric SIFR follow the strong progress we are making on our 5 year plan.

And finally, looking at the right hand side of the score card - we are on track to deliver our mid-term ambition of greater than $450m of EBIT in FY26 whilst steadily improving ROIC.

Slide 27: FY25 outlook and mid-term ambition

And that brings me our final slide this morning which is the outlook.

We are pleased to have delivered what we said we would in FY24, and with the momentum of the business into FY25 we remain on track for our mid-term ambition.

In terms of guidance for FY25, we expect EBIT to be between $395 and $425m. D&A is expected to be between $380m and $400m and net interest expense approximately $130m assuming current cash rates. As noted by Paul, total capex for the year is expected to be approximately $400 million.

I would like to take this opportunity to thank our more than 7,900 strong Cleanaway team who together serve our customers and communities around Australia every day.

FY24 was about execution, progress and delivering another year of double-digit EBIT growth and improving returns to shareholders. Equally important, it was about doing what we said we would do.

Our FY24 results demonstrate the underlying strength and scale of our business, the increasing resilience <u>and</u> the value creation being delivered through the year on year execution of our Blueprint 2030 strategy.