ASX & Media Release

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CLEANAWAY
Making a sustainable future possible together

1H FY25 FINANCIAL RESULTS

Cleanaway continues to deliver double-digit EBIT growth, sustained margin expansion and increased returns

Remains on-track to deliver FY25 guidance and FY26 mid-term ambition

Cleanaway Waste Management Limited (Cleanaway or the Company) (ASX: CWY) today announced its financial results for the six months ended 31 December 2024 (1H FY25), delivering improvement across its key financial metrics.

1H FY25 highlights

- **Gross revenue up 3.7% to $1,940.2 million and net revenue up 4.6% to $1,659.4 million** driven by volume growth and disciplined price management across the Group
- **Profit from operations (statutory EBIT) up 7.5% to $174.1 million**, which includes the loss recognised from the disposal of investment
- **Underlying EBIT up 12.2% to $195.2 million** as Solid Waste Services and Liquid and Health Services delivered strong growth, and Industrial & Waste Services completed their restructure
- **Underlying EBIT margin up 80 basis points to 11.8%** driven by a focus on operational excellence across the branch network, supporting sustained performance improvement
- **Underlying NPAT and EPS both up more than 13%** reflecting disciplined price and cost management and delivery of operational excellence initiatives
- **Declared fully franked dividend of 2.80 cents per share, up 14.3%** representing payout ratio of 67.1% of underlying NPAT
- **FY25 underlying EBIT is tracking towards the midpoint of the $395 to $425 million[1] guidance range** as realisation of operational excellence initiatives accelerates
- **Confident Cleanaway will deliver FY26 EBIT ambition** of more than $450 million alongside improving returns

	Underlying				Statutory			
	1H FY25	1H FY24		Variance	1H FY25	1H FY24		Variance
Gross Revenue ($m)	1,940.2	1,871.6	↑	3.7%	1,940.2	1,871.6	↑	3.7%
Net Revenue ($m)	1,659.4	1,587.1	↑	4.6%	1,659.4	1,587.1	↑	4.6%
EBITDA ($m)	383.2	356.5	↑	7.5%	362.1	344.5	↑	5.1%
EBIT ($m)	195.2	173.9	↑	12.2%	174.1	161.9	↑	7.5%
EBIT Margin (%)	11.8%	11.0%	↑	80 bps	10.5%	10.2%	↑	30 bps
Net Profit After Tax ($m)	94.0	82.7	↑	13.7%	74.2	74.3	↓	(0.1%)
Earnings Per Share (cents)	4.2	3.7	↑	13.5%	3.3	3.3		–
Interim Dividend Per Share (cents)	2.8	2.45	↑	14.3%	2.8	2.45	↑	14.3%
Return on Invested Capital (%)	5.7%	5.3%	↑	40 bps	4.9%	4.9%		–

[1] Excludes the one-off costs associated with the St Marys fire in February 2025, where our initial estimate of costs, net of insurance recoveries is between $20 and $40 million.

Cleanaway CEO & Managing Director, Mark Schubert, said: "Delivering double-digit earnings growth and improved returns is further evidence of our strong track record of delivering shareholder value. Disciplined execution of our Blueprint 2030 strategy is realising operational benefits at the branch level—where our earnings are made — and from across our national network, positioning Cleanaway for sustained long-term value creation.

"Our 1H FY25 achievements demonstrate we do what we say. The Cleanaway team has achieved strong financial results for shareholders, driven by volume growth, pricing discipline, and tight cost control. The realisation of operational excellence benefits and strategic growth initiatives strengthened the result.

"Our focus on sustained operational improvements is reflected in our expanding EBIT margin, driven by initiatives that are instilling a culture of operational excellence and leveraging our Data & Analytics capability. Through the rollout of our Branch Optimisation program, we are setting our branches up for success by focusing on culture, capability, capacity, and cadence.

"Through our integrated offering we deliver scalable solutions for complex and environmentally sensitive challenges, attracting Tier 1 customers from diverse industries. During the half, we commenced work on three Decommissioning, Decontamination and Remediation (DDR) projects. The DDR market is a significant growth opportunity for our Solids, LTS, and I&WS operations, with an addressable market we expect will be worth $500 million per annum through to 2030. Our Solids and LTS capabilities, combined with our sustainability credentials, were instrumental in securing the Department of Defence contract in Queensland and Western Australia from the incumbent, with commencement set for the coming months."

In relation to FY25 underlying EBIT guidance, Mr Schubert said: "We are tracking towards the midpoint of our $395 to $425 million guidance range. The expected step-up in second half underlying EBIT will be driven by strong growth in Solids supported by forecast volume growth at MRL, additional operational excellence benefits supporting further margin expansion, earnings from our newly announced LMS joint venture, and I&WS returning to an attractive earnings run rate in Q4.

On the outlook beyond FY25, Mr Schubert said: "As our operational excellence initiatives implemented over the past 18 months become fully embedded, their impact will accelerate, driving lasting structural improvements. Combined with our strategic infrastructure growth, this reinforces our confidence in delivering our mid-term underlying EBIT target of over $450 million in FY26, while sustaining earnings growth and margin expansion into FY27 and beyond."

Financial performance

Cleanaway reported net revenue for the half-year ended 31 December 2024 of $1,659.4 million, an increase of 4.6% on the prior corresponding period (pcp: $1,587.1 million).

Statutory EBIT was $174.1 million, an increase of 7.5% on the prior corresponding period (pcp: $161.9 million). The increase reflects growth from the Solid Waste Services and Liquid Waste & Health Services segments, partly offset by declines from Industrial & Waste Services, and the loss recognised following the disposal of the investment in Cleanaway ResourceCo RRF Pty Ltd.

Underlying EBIT was $195.2 million, an increase of 12.2% on the prior corresponding period (pcp: $173.9 million), $21.1 million higher than statutory EBIT as it excludes the impact of net insurance recoveries, IT transformation costs, and the loss on disposal of equity-accounted investments.

Underlying EBIT margin was 11.8%, an increase of 80 basis points on the prior corresponding period (pcp: 11.0%). The increase in underlying EBIT reflects the revenue growth mentioned above, supported by operational efficiency initiatives, the restoration of Health Services, and higher prices and increased volume from commodities and carbon.

Net finance costs were $58.9 million, an increase of 3.5% on the prior corresponding period (pcp: $56.9 million). The increase reflects six months of higher average rates on borrowing facilities and higher rates for renewed and new leases.

Statutory profit after income tax for the half-year ended 31 December 2024 was $74.2 million, 0.1% lower versus the prior corresponding period (pcp: $74.3 million). The decline was largely due to the loss on the disposal of the investment in Cleanaway ResourceCo RRF Pty Ltd, being treated as capital loss resulting in higher income tax expense.

Underlying profit after income tax was $94.0 million, an increase of 13.7% on the prior corresponding period (pcp: $82.7 million). The increase reflects higher underlying earnings growth with stabilising financing costs.

Statutory earnings per share was 3.3 cents flat on the prior corresponding period (pcp: 3.3 cents). Underlying earnings per share was 4.2 cents, an increase of 13.5% on the prior corresponding period (pcp: 3.7 cents).

Net operating cash flow was $164.5 million, a decrease of 28.4% on the prior corresponding period (pcp: $229.6 million). The decrease was mainly due to the recommencement of tax payments following the end of the Commonwealth Government's temporary Instant Asset Write-Off Scheme. Before tax paid, net operating cash flow was $258.7 million, an increase of 10.7% on the prior corresponding period (pcp: $233.7 million).

Total capital expenditure was $157.8 million, a decrease of 31.9% on the prior corresponding period (pcp: $231.6 million). The decrease reflects a combination of spending timing and the previously announced targeted capital expenditure reduction of approximately $50 million when compared to FY24.

Dividend

The Board declared an interim fully franked dividend of 2.80 cents per share (pcp: 2.45 cents per share unfranked), representing an increase of 14.3% on the interim dividend paid last year. It will be paid on 10 April 2025 to shareholders on the register on 6 March 2025.

The Dividend Reinvestment Plan (DRP) election date is 7 March 2025. Under the DRP, Cleanaway shares will be issued at the average of the daily Volume Weighted Average Price (VWAP) of all shares sold on the ASX over the period from 10 March 2025 to 14 March 2025. No discount will be applied to shares issued under the DRP.

Operating performance

Solid Waste Services

Solid Waste Services (Solids) net revenue was $1,168.8 million, an increase of 7.0% on the prior corresponding period (pcp: $1,092.4 million). The increase was driven by volume growth, contracted price escalation, pricing discipline and a full six-month contribution from CDS in Victoria.

Solids underlying EBIT was $177.2 million, an 11.4% increase on the prior corresponding period (pcp: $159.0 million). This growth was driven by strong performance in the CDS, commodities and carbon, and Metropolitan municipal operations, along with the realisation of operational efficiency benefits. Stable earnings from landfills, Regional (both commercial & industrial (C&I) and municipal), and organics activities provided further support. C&D delivered an improved contribution following a site closure, albeit market conditions remained challenging. However, overall growth was tempered by softer consumer activity, which impacted Metropolitan C&I operations.

Liquid Waste and Health Services

Liquid Waste & Health Services (LW&HS) revenue was $360.5 million, an increase of 3.5% on the prior corresponding period (pcp: $348.2 million). This was driven by growth in Liquid and Technical Services, with strong growth in projects requiring advanced technical expertise and capabilities, particularly in NSW and Victoria, and the continued transformation of Health Services.

LW&HS underlying EBIT was $41.2 million, an increase of 42.6% on the prior corresponding period (pcp: $28.9 million). The increase was primarily driven by the Health Services transformation program, which continued to drive improvements in labour costs, transportation efficiencies and a business unit-wide focus on returns. Health Services is on track to deliver more than $15 million EBIT in FY25.

Industrial and Waste Services

Industrial & Waste Services (I&WS) revenue was $194.5 million, a decrease of 7.6% on the prior corresponding period (pcp: $210.5 million). Underlying EBIT was $10.9 million, down 30.1% from the prior corresponding period (pcp: $15.6 million). The decline was primarily due to lower segment revenue, driven by reduced industry activity, site closures and the deferral of non-critical maintenance work — a trend that continued from the previous half. During the period, I&WS completed a restructure, delivering approximately $10.0 million in annualised cost savings. With a more streamlined East Coast operation, I&WS is on track to return to its 1H FY24 earnings run rate in the fourth quarter of this financial year.

Update on St Marys fire

On 4 February 2025, a fire broke out at Cleanaway's Liquids and Technical Services site in St Marys, NSW. Importantly, no one was injured. Cleanaway has commenced clean-up activities and an investigation into its cause.

Following preliminary assessments, Cleanaway estimates that it will incur net costs in the range of $20 to $40 million as a result of the fire, assuming recovery of costs under the Company's insurance policies. However, it will take some time to confirm the application of our insurances to the losses that will be incurred. The timing of the receipt of insurance recoveries is likely to occur beyond FY25. The financial impact of the fire will be treated as an underlying adjustment.

FY25 outlook and guidance

Cleanaway is on track to achieve its third consecutive year of underlying double-digit EBIT growth in FY25 and is tracking towards the midpoint of its underlying EBIT guidance range of $395–$425 million.

2H FY25 EBIT is expected to be a step up on 1H, driven by strong underlying growth in Solids, accelerating realisation of operational excellence benefits (including the $5 million from the LMS joint venture), and I&WS returning to its 1H FY24 earnings run rate in Q4.

Net finance costs are expected to be between $120 and $125 million, below previous guidance of $130 million.

Capital expenditure guidance for the year remains unchanged at approximately $400 million, almost $50 million lower than FY24, reflecting management's commitment to disciplined capital allocation. This reduction, first announced in May 2024, underscores a strategic focus on efficiency and investment discipline.

FY25 depreciation and amortisation remains unchanged and is expected to be between $380 and $400 million.

Guidance assumes no material change to the prevailing market and economic conditions. It also does not include the one-off costs associated with the St Marys fire in February 2025, where our initial estimate of costs, net of insurance recoveries is between $20 and $40 million.

ENDS

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Cleanaway Waste Management Limited is Australia's leading total waste management, industrial and environmental services company. Our team of more than 7,900 highly trained staff are supported by a fleet of over 6,350 specialist vehicles working from approximately 330 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.