

## FOR RELEASE TO MARKET 2018 ANNUAL GENERAL MEETING ADDRESSES

### CHAIRMAN'S ADDRESS

It is with pleasure that I once again address shareholders as Chairman of Cleanaway Waste Management Limited.

I am pleased to report that your Company continued to make positive progress and posted significant improvements in the financial results for the 2018 financial year compared to last year.

In particular, net profit after tax increased by 26.2% and the total fully franked dividend paid for the 2018 financial year increased by 19%.

The acquisition of Tox Free has been a major highlight of this past year. Tox Free is a highly complementary business to our existing business and solidifies our market leading position in the waste management services sector. Vik will give you an update on the integration of Tox Free in his address.

Your Company is in a robust financial position. Our balance sheet remains very strong and we have capacity to continue to grow the business and positions us well for any further opportunities that may arise.

I am also pleased to report that our safety performance has continued to improve. Whilst we saw a further 18% reduction in our Total Recordable Injury Frequency rate in 2018, there is still more work to be done to reach our Goal Zero target.

As Australia's largest waste management company, we will continue to work with all stakeholders, including government, regulators and the communities in which we operate to maximise the environmentally responsible handling and disposal of waste and as our mission states – make a sustainable future possible.

I would like to thank my fellow Board members for their efforts and commitments over this past year and I look forward to working with them into the future.

Finally, I would like to thank Vik, his management team and the almost 6,000 employees of Cleanaway for their efforts every day in making a sustainable future possible.

I will now pass over to Vik to address the meeting.

## CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR'S ADDRESS

Thank you Mark and good morning ladies and gentlemen.

It is again an honour and a privilege to address shareholders of Cleanaway – Australia's leading total waste management services company.

Over the past three years we have successfully implemented a number of strategies and initiatives that are facilitating Cleanaway's evolution from a 'good' to 'great' company.

I am pleased to report that these actions have again produced a strong financial and operational performance for the 2018 financial year.

The highlights of our financial year include:

- Growth in revenue and earnings in each of our three operating segments - Solids Collections, Solids Post Collection and Liquids & Industrial Services;
- Group net revenue increased 15.9% to \$1.56 billion;
- On an underlying basis earnings before interest and tax increased 16.4% to \$166.4 million and net profit after tax 26.2% to \$97.8 million;
- Cash from operating activities increased 16.7% to \$221.2 million and our free cash flow grew 86.6% to \$117 million; and
- Dividend per share increased 19.0% to 2.5c a share.

As the acquisition of Tox Free was completed in mid-May 2018, these results only include a seven-week contribution from the businesses acquired.

Our balance sheet is very strong, with net debt at \$673 million. This represents a net debt to EBITDA ratio of 1.64 times when you incorporate a full twelve-month contribution from Tox Free.

As mentioned by the Chairman, a major highlight for the year has been the successful acquisition of Tox Free.

The acquisition is strategically compelling for Cleanaway:

- It is in country, in sector and in our operating space. Effectively it is a mini Cleanaway;
- It affirms our leadership in each of our operating segments by enhancing existing capabilities;
- It accelerates the implementation of our Footprint 2025 strategy;
- It avoids significant capital spend in our Liquids and Industrial services segment;
- It will generate \$35 million in synergies over a two year period; and
- It is EPS accretive, Free Cashflow accretive and meets our Return on Invested Capital criteria.

We have had management control of Tox Free for just over five months now and we're really pleased with the asset and business quality, and importantly, the people who are now part of our Company.

Our Integration teams are in full swing right now and we're confident that this acquisition will not only deliver the benefits we expect for shareholders but will also provide a more solid platform for the Company to continue to grow.

Our day to day operational cadence is around four areas – People, Markets, Assets and Financials. I have talked about our financial results earlier, so let me focus on the other three.

#### Under People we focus on Safety and Engagement.

While it is very pleasing to report that our safety performance in FY18 improved by just over 18%, it is still short of the improvements we must achieve day-in and day-out if we are to achieve our target of Goal Zero.

While we are not there yet, I can assure you our focus and commitment to safety is very clear across the entire company.

With almost 6,000 employees, we regard constructive engagement with our workforce as a critical component to our continued success.

For each of the past three years we have undertaken company-wide Employee Engagement surveys and I am very pleased to report that we have seen strong increases in both the level of participation and quality of engagement from our workforce over that time.

Our latest survey had a participation rate of over 90% and engagement score of almost 60%. Both scores are at the upper end of the averages seen globally for an industrial company such as ours.

As pleasing as these results are, there is always further work we can do to ensure that our workforce remains productively engaged.

#### Under Markets we focus on Customer Service, Customer & Community Expectations, Revenues and our Go to Market approach.

As I highlighted earlier in my address, we increased our net revenues by 15.9%. Excluding the revenues from Tox Free, this increase was 10.9% from the traditional Cleanaway businesses.

This organic growth in revenues was driven by a number of factors, including the commencement of major contracts we successfully won towards the end of last financial year such as Coles, the New South Wales Central Coast Municipal contract and the Container Deposit Scheme in New South Wales.

It also reflects the success of our sales and marketing strategies towards increasing both pricing and market share across the business.

These are positive outcomes, but at the heart of our success is the level of service we provide all our customers. While we have seen increases in customer service levels over the past few years, they are still not at a standard we are satisfied with.

Over the next 12 months we will be implementing strategies and changes to the way we interact with our customers - all targeted at improving the customer experience from the time they call us for a service, to the time they pay us.

There is little doubt that over the past year the recycling markets, and the policy change in China, has received plenty of community and media attention. We welcome this attention.

Previously, historically strong demand for recovered materials from offshore made it more attractive to export recyclable waste instead of managing it domestically. This created a culture of diversion, rather than true recycling.

The implementation of the China National Sword Policy at the beginning of 2018, which imposed severe restrictions on the level of contamination of recycled product acceptable by the Chinese Government, has provided Australia with the opportunity to develop a true recycling culture.

The answer is not to keep finding offshore markets for our recyclable waste, but to encourage investment in domestic processing capacity. We also need to educate, sort, recycle and reuse, based on a set of consistent standards that reduce the contamination levels within the waste stream, particularly from households.

This will take a strong level of alignment between all levels of government and a commitment from industry to use an increased percentage of recycled material in the production of new goods, in conjunction with continuing education and partnerships with communities all over Australia.

Communities are at the heart of everything we do – all our 250 sites across the nation cohabitate with thriving communities.

We understand that we must always work consistently to earn our social license to operate. And being a good social citizen, as well as a good corporate citizen, is an expectation that we are happy to exceed.

To achieve this in FY18 we have:

- donated \$795,000 to support more than 85 communities around Australia;
- held over 1,200 school education sessions that engaged over 30,000 students; and
- conducted over 105 community information sessions at various locations around the country.

Actions such as these are not just one-offs, but are ingrained in our culture, and will continue to play an important role in the way we manage waste in all the communities in which we operate across Australia.

This then leads to our focus on Assets – or I should say Return on Assets - and building long term infrastructure or as we call our Prized Assets.

Another key component of our future growth lies in the implementation of our Footprint 2025 strategy. A strategy that revolves around the creation of a future platform of prized resource recovery, landfill and alternative waste disposal assets.

Society's attitudes and expectations on how waste is treated have changed. Sustainability is now the driver and the recovery of valuable commodities that are inherent in the waste we collect every day is vitally important.

Therefore, recycling of waste, conversion of waste into other materials such as compost, and in the future, the use of waste that cannot be recycled or reused being converted into energy, is where value will be created.

During this past year we have made several advancements in our Footprint 2025 strategy, including:

- An investment in a refuse derived fuel facility in Sydney which will convert up to 250,000 tonnes of dry waste previously destined for landfill into a fuel used in commercial applications;
- Increasing the number of electricity generators at our landfill in Melbourne that uses landfill gas as a fuel;
- Construction of a resource recovery and transfer station in western Sydney;
- Commissioning an advanced sorting line at the Container Deposit facility in New South Wales, which will further improve the quality of recycled material collected as part of the scheme; and
- Through the Tox Free acquisition we now have a number of prized infrastructure assets that form part of our network across Australia for the disposal of a large variety of liquid, hazardous and medical waste.

We are planning for further developments in the network and I look forward to reporting to shareholders over the coming year.

These assets are key to us accomplishing our mission of *'making a sustainable future possible'*. It goes to the heart of what we do.

I would like to highlight just some of the many examples of sustainability from our assets and processes, such as:

- Recycling of over 320,000 tonnes of paper and cardboard;
- Collecting and processing approximately 125 million litres of used oil;
- Recycling over 16,000 tonnes of plastic packaging and 14,000 tonnes of steel;
- Re-using approximately 50,000 tonnes of organic liquid waste and 42,000 tonnes of biosolids as a nutrient for primary producers;
- Capturing approximately 126 million cubic metres of landfill gas which is used to generate 140 million kilowatt hours of energy. This is enough renewable energy to power almost 29,000 homes; and
- Collecting and recycling over 830 million drink containers in just over 11 months via the NSW Container Deposit Scheme.

As you can see, we have made good progress over the last 12 months.

I would now like to take the opportunity to advise shareholders of how trading is progressing in the current financial year.

Trading so far this year has been in line with expectations and the Toxfree integration is proceeding as planned. Therefore, there is no change to the outlook statements we provided back in August.

We remain confident that our full year performance in FY19 is in line with current market expectations.

In addition to the full twelve-month contribution from Tox Free, we also anticipate that all three of our new operating segments - being Solid Waste Services, Liquid Waste & Health Services and Industrial Services - will report improved earnings.

In closing, I would like to thank our Chairman, Mark Chellew, and the Board for their unwavering support and wise counsel to me and our Management team over the past year.

I also want to thank all the employees of Cleanaway for their tireless efforts every single day. Their commitment and passion to Cleanaway is an inspiration to all of us.

Ladies and gentlemen, and I will now pass back to Mark for the formal resolutions.

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Cleanaway Waste Management Ltd (ASX code: CWY) is Australia's leading total waste management, industrial and environmental services company. Our team of more than 6,000 highly trained staff are supported by a fleet of over 3,900 specialist vehicles working from approximately 250 locations across Australia. With the largest waste, recycling and liquids collections fleets on the road, 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 and make a sustainable future possible for all our stakeholders