ASX & Media Release

22 August 2018

CLEANAWAY
Making a sustainable future possible

FY18 FULL YEAR RESULTS

REVENUE UP 18%, NPAT UP 43%, FREE CASH FLOW UP 87%
FINAL DIVIDEND UP 27%

- **All operating divisions organically increased revenue and earnings**
- **Strong cash flow and cash conversion**
- **Acquisition of Tox Free Solutions Limited successfully completed, integration on track**

Cleanaway Waste Management Limited ("Cleanaway", ASX: CWY) today announced its financial results for the year ended 30 June 2018, summarised below. These results include the results of Tox Free Solutions Limited ("Toxfree") for a seven-week period following completion of the acquisition.

	Statutory		Underlying	
	FY18	**vs FY17**	**FY18**	**vs FY17**
Gross revenue ($m)	**1,714.3**	**+17.9%**	**1,714.3**	**+17.9%**
Net revenue ($m)	**1,564.9**	**+15.9%**	**1,564.9**	**+15.9%**
EBITDA ($m)	**323.1**	**+2.9%**	**339.7**	**+12.7%**
EBIT ($m)	**149.3**	**+4.3%**	**166.4**	**+16.4%**
Net profit after tax ($m)	**103.3**	**+42.5%**	**97.8**	**+26.2%**
Earnings per share (cents)	**5.6**	**+27.3%**	**5.3**	**+12.8%**

	FY18	**vs FY17**
Final dividend declared (cents)	**1.4**	**+27.3%**
Cash flow from operating activities ($m)	**221.2**	**+16.7%**
Cash conversion ratio (%)	**94.8**	**+380bps**
Free cash flow ($m)	**117.0**	**+86.6%**

Net underlying adjustments were a credit totalling $5.5 million after tax. The adjustments mainly comprise:

- The write back of a tax provision related to a review of certain matters by New Zealand Inland Revenue;
- A credit due to reduction in the income tax expense with respect to depreciation deductions on previous landfill acquisitions allowed by the Australian Taxation Office;
- A credit due to gain on sale of a closed landfill in Victoria; and
- Costs associated with the acquisition of Toxfree.

Management Commentary

Chief Executive Officer and Managing Director of Cleanaway, Vik Bansal, said: "*I am pleased to be able to present results that reflect the strategies we have implemented over the past three years, and for Cleanaway to have once again delivered on our promise of achieving continued growth across all our businesses.*

"Safety at Cleanaway is of paramount importance. For the seventh year in succession we have seen a reduction in our total recordable injury frequency rate. Over the past year, the rate has reduced by a further 18.4%. This is a great effort by all our team, but we must remain vigilant regarding the safety of all our employees and contractors.

"Each of our three operating divisions - Solids Collections, Solids Post Collections and Liquids & Industrial Services - again increased revenues and earnings in the period.

"Our quality of earnings experienced some downward pressure during the year driven by industry wide changes to the recycling and commodities markets as a result of China's National Sword policy. This policy negatively impacted commodity prices and increased our costs of sorting material to required levels. However, over the past few months there has been some recovery in commodity prices, especially for higher quality recycled materials.

"Earnings quality was also impacted as we rolled out a number of major new contracts which have strengthened our market leading positions. We remain confident that margins will transition to normal levels as we complete the mobilisation phase of these contracts.

"Another highlight for the year was the successful acquisition of Toxfree, which was completed on 11 May 2018. This is a strategically significant acquisition that affirms our leadership in each of our operating segments, as well as accelerating our Footprint 2025 strategy.

"The integration of Toxfree has commenced and is on track. We anticipate a smooth integration of the Toxfree businesses into Cleanaway and remain confident of delivering the targeted $35 million of synergies over the next two years.

"Development of our resource recovery footprint continues. During the year we commenced construction of our resource recovery and transfer station in Erskine Park, Sydney, which we expect to complete in the first half of FY19.

"The recently announced acquisition of a 50% controlling interest in ResourceCo's new Resource Recovery Facility, located at Wetherill Park in western Sydney, will play a key role in the further development of our post collections footprint in New South Wales. This is a key aspect of our overall Footprint 2025 strategy, which is about development of prized waste processing infrastructure assets across the nation".

Dividend

A final dividend of 1.4 cents per share (pcp: 1.1 cents per share) has been declared. The final dividend will be fully franked and paid on 4 October 2018 to shareholders on the register as at 5pm on 18 September 2018.

Combined with the interim dividend of 1.1 cents per share paid earlier in the year, the dividends declared in respect of FY18 total 2.5 cents per share compared to 2.1 cents per share last year, an increase of 19.0%.

The Dividend Reinvestment Plan (DRP) will be in operation for this dividend. Shareholders residing in Australia or New Zealand may elect to participate in the DRP. Under the DRP, Cleanaway shares will be issued at the average of the daily Volume Weighted Average Price (VWAP) of all shares sold on ASX over the period from 20 to 26 September 2018. No discount will be applied to shares issued under the DRP.

Underlying Divisional Performance

Solids Collections

The Solids Collections division reported increased net revenue and earnings.

Compared to last year, net revenue increased 12.0% to $907.9 million. EBITDA increased 2.9% to $165.5 million and EBIT 2.0% to $100.8 million.

Growth initiatives that continue to be implemented across the division are proving successful, with both volume and price increases recorded across all major solid waste collection categories. Pricing in major metropolitan markets remains competitive, although we were able to deliver positive price yields across most services. Our focus on improving margins continues.

Our collections margins experienced some downward pressure during the year. This was largely driven by industry wide changes to the recycling markets brought about by the China National Sword policy and once off ramp-up costs associated with major new contracts such as Chevron, Coles, Central Coast and the Container Deposit Scheme in NSW.

The major new Commercial & Industrial and Municipal waste management contracts won towards the end of FY17 will continue to underpin further revenue and earnings growth into FY19.

Solids Post Collections

The Solids Post Collections division reported increased net revenue, earnings and EBIT margin.

Compared to last year, net revenue increased 25.8% to $232.8 million. EBITDA increased 21.3% to $116.6 million and EBIT 45.4% to $56.4 million.

EBIT margin increased to 24.2% from 21.0% in FY17.

Landfill volumes were stronger on the East Coast due primarily to increased activity levels and the new South East Melbourne Transfer Station becoming fully operational.

Depreciation and amortisation expense is variable as we enter the final phase of closure of all landfills in Clayton, Victoria. It is expected that the last landfill will be closed by the end of this calendar year.

The sale of a closed landfill site in Victoria has reduced the landfill remediation and rectification provisions by $5.4 million.

The Brisbane City Council resource recovery contract commenced on 1 July 2018 and the construction of a new transfer station at Erskine Park in Sydney is scheduled for completion in 1H19.

Liquids & Industrial Services

The Liquids & Industrial Services division reported increased net revenue, earnings and margins.

Compared to last year, net revenue increased 3.8% to $440.2 million. EBITDA increased 7.0% to $63.0 million and EBIT 10.6% to $35.5 million.

EBIT margins increased to 8.1% from 7.6% in FY17.

Results from this division continue to improve.

The Toxfree acquisition will create synergy opportunities while also reducing the need for capital spending to upgrade infrastructure.

In our Industrial Services business the integration with Toxfree will also generate a number of opportunities across the various sectors serviced by this business, especially infrastructure and resources.

Toxfree

The acquisition of Toxfree occurred on 11 May 2018. Included in these results are the results of Toxfree for a period of seven weeks comprising:

- Revenue $70.7 million
- EBITDA $12.7 million
- EBIT $6.1 million

The FY18 results for Toxfree were in line with the business case for the acquisition.

The Toxfree integration team is working through the numerous changes required to achieve synergies and incorporate the Toxfree business into Cleanaway. We remain confident that the targeted $35 million in synergies will be achieved over the two-year timeframe originally advised.

FY19 Outlook

In addition to the full 12-month FY18 contribution from the recently acquired Toxfree businesses, we remain confident that all three of our new operating segments:

- Solid Waste Services
- Liquid Waste & Health Services
- Industrial Services

will report improved earnings in FY19

Annual General Meeting

The Company advises that its 2018 Annual General Meeting will be held on Thursday, 25 October 2018 in the Long Room, Customs House, 339 Queen Street, Brisbane, Queensland commencing at 10.00am Brisbane time.

Investor Briefing

The Company will be holding a teleconference briefing on the results at **9.30am** (AEST) today.

Presenters:	CEO and Managing Director – Mr Vik Bansal	
	CFO – Mr Brendan Gill	
Teleconference:	Australia:	1 800 123 296
	International:	+61 2 8038 5221
Quote Conference Code:	**819 1976**	

Investor and Media Relations

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