21 August 2015

FOR RELEASE TO MARKET

TRANSPACIFIC INDUSTRIES GROUP FY15 RESULTS

Transpacific Industries Group Ltd ("Transpacific" ASX:TPI) today announced a statutory loss after tax attributable to ordinary equity holders of $23.6 million for the financial year ended 30 June 2015, down from the $11.5 million profit recorded in the previous year.

The statutory loss after tax includes a total of $69.3 million in underlying adjustments after tax, of which $64.5 million was incurred in the first half. Major underlying adjustments include the impairment of the Hydrocarbon business, costs associated with the fleet grounding which occurred in August 2014 and an additional gain on the sale of the New Zealand business.

Underlying earnings before interest, tax, depreciation and amortisation (EBITDA) was $231.3 million, a decrease of 15.1% on the previous corresponding period (excluding discontinued operations).

Cleanaway reported stronger earnings, particularly during the second half of the year as EBITDA exceeded the previous corresponding period by 11.7%. This improved performance was offset by lower earnings from the Industrials business and an increase in Corporate costs.

Underlying net profit after tax attributable to ordinary equity holders was $45.7 million, down from the $92.0 million recorded in the previous year. The decrease primarily reflects the sale of the Commercial Vehicles and New Zealand businesses last year.

Operational Improvement Plans and Progress

Transpacific has continued to execute on its operational improvement plans which revolves around four key platforms:

- Price and volume growth
- Improving landfill capacity and increasing internalisation rates
- Maximising productivity
- Targeting tuck-in acquisitions

During the past twelve months the Company has made considerable headway on delivery of these plans and additional gains are expected to be achieved in the coming year.

The Company is now rolling out programs across the entire business as part of its Growth initiatives to reduce customer churn, improve volumes across all sales categories and increase pricing effectiveness.

The acquisition of the Melbourne Regional Landfill business, an integral component of the overall strategy, was completed in February 2015. The transaction has secured the Company's long term position in the important Melbourne market and will increase waste internalisation rates and drive enhanced cash flow and returns.

During the second half of the financial year the Company was also successful in acquiring two small tuck-in acquisitions for a total cost of $6.6 million. These acquisitions are in areas where the

Company already has an established market presence and route infrastructure thereby improving returns and efficiencies in those markets.

Financial Overview

- Statutory loss per share of 1.5 cents compared to earnings per share of 0.7 cents in the previous corresponding period
- Underlying earnings per share of 2.9 cents, down from 5.8 cents in the previous corresponding period
- Revenue from continuing operations was $1,384.9 million, down 2.6%
- Underlying EBITDA from continuing operations was $231.3 million, down 15.1%
- $48.7 million reduction in underlying interest costs
- $250 million Step-up Preference Securities redeemed on 30 September 2014
- $314.7 million in net debt representing a net debt/EBITDA ratio of 1.36 and all debt ratios well within banking covenant requirements
- $176.2 million of operating cash flow

Underlying Adjustments

Underlying adjustments totalled $92.3 million before tax ($69.3 million after tax).

On a before tax basis, $77.5 million of this amount resulted from the Company's impairment of the Hydrocarbons business. This business collects, refines and recycles used mineral oils and the impairment charge reflects the large decrease experienced in the price of fuel and base oil over the past year, as well as an expectation of a slow increase in prices over future years.

The remaining underlying adjustments before tax mainly comprise:

- $16.5 million representing the financial impact of the decision taken to ground the heavy vehicle fleet nationally on 19 August 2014, after a TPI truck was involved in a fatal traffic accident in South Australia
- $8.2 million representing additional gain on sale following finalisation of the completion accounts of the New Zealand business which was sold on 30 June 2014
- $5.8 million loss on disposal of investments, site closures and acquisition costs

Dividend

A final dividend of 0.8 cents per share has been declared. Combined with the interim dividend of 0.7 cents paid earlier in the year, the dividends paid and declared for FY15 total 1.5 cents (pcp: 1.5 cents).

The final dividend will be fully franked and paid on 9 October 2015 to shareholders on the register at 5pm on 18 September 2015.

The Company has also re-instated the Dividend Reinvestment Plan (DRP), making it available from the FY15 final dividend. Shareholders can elect to participate in the DRP via an election form or online at www.computershare.com.au/easyupdate/tpi. Please note that the election must be made by no later than 5pm on 21 September 2015. A separate announcement by the Company regarding the reactivation of the DRP will follow with further details.

Under the DRP, Transpacific shares will be issued or transferred at the average of the daily Volume Weighted Average Price (VWAP) of all shares sold on ASX over the period from 22 September 2015 to 28 September 2015. No discount will be applied to shares issued or transferred under the DRP.

Divisional Overview

Cleanaway

Compared to the previous corresponding period, net revenues and underlying EBITDA increased 1.6% and 4.3% respectively. EBITDA recorded in the second half exceeding the first half by 5.9% and the corresponding second half last year by 11.7%.

Commercial & Industrial revenues, particularly in the key front lift segment have shown a slight decrease on the previous corresponding period, however, where the pilot sales program was instigated, customer churn rates have declined and revenue has grown. As these new sales programs are rolled out across the Company we expect improved results.

The Post Collections business recorded strong revenue and EBITDA growth during the year. The acquisition of the Melbourne Regional Landfill in late February 2015 is performing well. The business also experienced volume increases across the balance of its landfills. Internalisation rates have increased to approximately 17% compared to approximately 12% last year ensuring that less cash leaves the Company.

Industrials

The Industrials division recorded net revenue and underlying EBITDA declines of 8.1% and 38.1% respectively when compared to the previous corresponding period. Market conditions across the major sectors serviced by this business such as the resources and manufacturing industries remain unchanged.

The Hydrocarbons business reported lower waste oil collection volumes, revenues and EBITDA. Collection volumes declined 14% primarily as a result of internalisation of waste oil volumes by a previous customer and the business has been impacted by an average 30% fall in the sales price of both fuel and base oils during the year bought about by the fall in international oil prices.

The Technical Services business reported reduced revenues and EBITDA as higher margin hazardous liquid processing volumes declined reflecting the general weakness in the manufacturing, mining and industrial markets. This was partially offset by increases in non-hazardous liquid volumes processed.

Our Energy Minerals and Remediation business continues to be negatively impacted as resource and mining sector customers implement cost reduction programs due to the fall in commodity prices.

The Industrial division is undertaking a number of restructuring programs across all of its business to mitigate the financial impact of the downturn in market activity. These include the implementation of a fee based structure for oil collection in certain regions, the consolidation of processing facilities and the re-scaling of the business.

Corporate

As indicated in February this year, the Company accelerated a number of projects to support its operational improvement plans. These included the next phase of the fleet management processes, roll out of the sales and pricing programs as well as system and process improvements. This resulted in net additional corporate costs of $10 million being incurred in the second half of the year and total net corporate costs of $23.9 million for FY15 compared to $9.1 million in the previous corresponding period.

Comments

Commenting on the results and the achievements over the past year, Chief Financial Officer Brendan Gill stated: “The improvements we have seen in the Cleanaway results, especially during the second half of the year are a good indication that we have been able to instigate a number of initiatives to improve the overall performance of that business.

“The acquisition of landfill capacity in Melbourne, the implementation of the fleet control system, greater discipline in our pricing regime and the system developments which are occurring across the Company are making us a stronger competitor in the Australian waste market.”

Transpacific Chief Executive Officer Vik Bansal said: “In the few weeks since I joined the Company, I have spent time with our management team reviewing the businesses, the progress we have made on a number of initiatives and visited a number of depots and landfill sites around the Company.

“It has quickly become apparent that Transpacific is a very good business with strong fundamentals. We are the largest waste management company in Australia, our business brands, especially Cleanaway are strong and we are the market leader in every segment we participate. To me, this is impressive by any standards. My commitment is to deliver on this potential.

“I am also pleased by the early signs of opportunities I have seen to simplify the organisational structure of the Company which in turn will be beneficial for our customers, lower our cost structures and improve capital expenditure allocation.

Commenting on the outlook for the current financial year, Mr Bansal said “While we anticipate no improvement in market conditions over the coming year, we do expect that both the Cleanaway and Industrial businesses will report increased earnings in FY16.”

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Investor Briefing

The Company will be holding a teleconference briefing for **shareholders and analysts** on the results at **9.30am Sydney time** (AEST) today.

Presenters: CEO – Mr Vik Bansal
CFO – Mr Brendan Gill

Teleconference: Australia: 1 800 123 296
International: +61 2 8038 5221

Quote Conference Code: 7286 1739

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