

6 May 2020

Company Announcements Office  
ASX Limited  
Exchange Office  
Level 4, 20 Bridge Street  
Sydney NSW 2000

Dear Sirs/Madam,

**MACQUARIE AUSTRALIA CONFERENCE  
INVESTOR PRESENTATION**

Please find attached the Company's presentation to be presented by Vik Bansal, our CEO and Managing Director at the Macquarie Australia Conference today.

The document has been authorised for release to the ASX by the Board.

Yours sincerely



Dan Last  
Company Secretary

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## 2020 Macquarie Australia Conference

Vik Bansal – CEO and Managing Director

6 May 2020

ASX: CWY

# Disclaimer

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- All amounts are in Australian dollars unless otherwise stated. A number of figures in the tables and charts in the presentation pages have been rounded to one decimal place. Percentages (%) have been calculated on actual whole figures.
- Unless otherwise stated, all earnings measures in this presentation relate to underlying earnings.
- Underlying earnings are categorised as non-IFRS financial information and therefore have been presented in compliance with ASIC Regulatory Guide 230 – Disclosing non-IFRS information, issued in December 2011. Refer to CWY’s Directors’ Report for the definition of “Underlying earnings”. The term EBITDA represents earnings before interest, income tax, and depreciation, amortisation and impairments and the term EBIT represents earnings before interest and income tax expense.
- This presentation has not been subject to review or audit.

# Agenda

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- ❖ **Waste Industry Thematics & Cleanaway**

- ❖ Revenue Streams and Impact of COVID-19

- ❖ Footprint 2025 Update

  - ❖ Plastic pelletising

  - ❖ Glass beneficiation

  - ❖ Energy from Waste

- ❖ Businesses Integration Update

  - ❖ Toxfree integration

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- ❖ Legacy Remediation update

- ❖ ESG Reporting Update

- ❖ Priorities to June 2020

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# Waste Industry Thematics

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<b>High marginal contribution</b>		<ul style="list-style-type: none"><li>• Network economics are ‘king’</li><li>• Route density – not hub and spoke</li></ul>
<b>Utility Type Customer Profile</b>		<ul style="list-style-type: none"><li>• Large enterprise-level selling</li><li>• Utility-like spend category – low ‘share of mind’ for customers</li></ul>
<b>Recurring revenue</b>		<ul style="list-style-type: none"><li>• Momentum business with multi-year contracts across multiple waste streams</li><li>• &gt;75% customers contracted</li></ul>
<b>Prized Infrastructure</b>		<ul style="list-style-type: none"><li>• Importance of a portfolio of prized infrastructure assets – licenses, technology, feedstock</li><li>• Monetizing complex value chain with significant variances by waste stream and region</li></ul>
<b>Variability in local dynamics</b>		<ul style="list-style-type: none"><li>• Revenue, costs and competitive dynamics vary by market</li><li>• Regulatory change provides barrier to entry and infrastructure provides strategic moat</li></ul>
<b>Sustainability</b>		<ul style="list-style-type: none"><li>• 360° view of sustainability – Customers, Shareholders, Employees, Society/Environment</li><li>• Continued investments in resource recovery are critical to meet these objectives</li></ul>

# Cleanaway is Australia's leading total waste management company

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- ❖ Australia's only ASX 100 waste management company – market leader in every waste stream it participates in
- ❖ As at 1 May 2020 market capitalisation was \$3.7 billion
- ❖ FY19 net<sup>1</sup> revenue of \$2.3 billion (+33% vs FY18) and underlying EBITDA of \$461.6 million (+36% vs FY18)
- ❖ 1HFY20 net revenue of \$1.07 billion (+1% vs H1FY19) and underlying EBITDA of \$234.6m (+2% vs H1FY19 pre AASB16)
- ❖ Growing portfolio of prized infrastructure assets across the waste management value chain
- ❖ Investing in value chain extensions to capture value and enhance the strategic moat of the business
- ❖ Making a sustainable future possible is our mission and at the core of the Cleanaway Way – It guides why, how and what we do every day, including our *Footprint 2025* strategy for waste infrastructure in Australia, and our broader corporate strategy

# Cleanaway – Making a sustainable future possible

- ❖ Diversified exposure to Australia’s growing waste market
- ❖ Leading player in each of our operating segments of Solids, Liquid Waste & Health and Industrial & Waste Services
- ❖ Owner of largest network of prized infrastructure assets across the country. Long-life licenced assets provide a strategic moat to the business
- ❖ Realisation of synergies associated with acquisitions has led to the creation of significant value for shareholders
- ❖ Strong cash conversion and increasing free cash flow
- ❖ Delivering organic growth and margin expansion across our operating segments
- ❖ Systematic implementation of our Footprint 2025 strategy
- ❖ Investing to support a sustainable **circular economy** – maximising the value of each \$ of the **evolving tonne** and optimising the **diversion prize**



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- ❖ Waste Industry Thematics & Cleanaway
- ❖ **Revenue Streams and Impact of COVID-19**
- ❖ Footprint 2025 Update
  - ❖ Plastic pelletising
  - ❖ Glass beneficiation
  - ❖ Energy from Waste
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# Revenue Streams linked with GDP and Defensive Characteristics

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## Solid Waste Services

Typical contract duration

- Municipal: 7 - 10 years
- Commercial & Industrial: 3+ years
- Municipal - Resource Recovery & Post Collections contracts may be separate



100,000+ Commercial & Industrial customers



95+ Municipal Councils



3000+ Mobile Assets



150+ Sites Australia wide

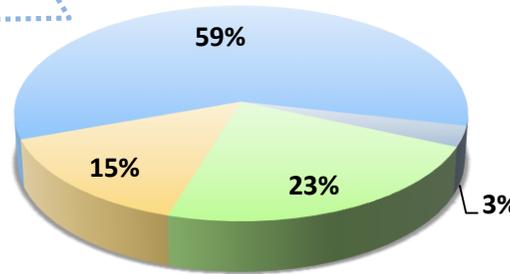


~3100 Employees



50+ Licenced prized infrastructure assets

## 1H20 Segment Net Revenue



❖ Cleanaway's revenue base is largely underpinned by long term contracts with a geographically diverse customer base of municipal councils, hospitals, infrastructure, resources, commercial and industrial customers.

## Commodities

Includes basket of OCC, (cardboard), mixed paper, plastics, glass and metal

## Industrial Waste Services

Typical contract duration

- Infrastructure: 0.5 - 2 years
- Resource: 3 - 5 years



2,000+ Customers



40+ Municipal Councils



1000+ Mobile Assets



~1100 Employees



5+ Licenced prized infrastructure assets

## Liquid Waste and Health Services

Typical contract duration

- Liquids & Hydrocarbons : 1 - 3 years
- Health Services related: 3 - 5 years



45,000+ Customers



~10,000 Medical Waste Customers



850+ Specialised Mobile Assets



90+ Sites Australia wide



~1100 Employees



60+ Licenced prized infrastructure assets

# Revenue Streams linked to GDP and Impact of COVID-19

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## Solid Waste Services

- Higher MSW and residential hard waste collection volumes
- Higher Muni recycling volume at RR plants
- Lower C&I volumes - mainly SME segment
- National Accounts mostly flat in aggregate
- Lower CDS initially, but now steady

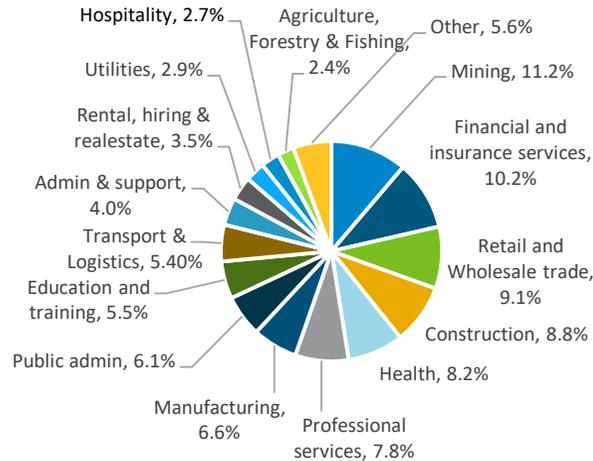


## Industrial Waste Services

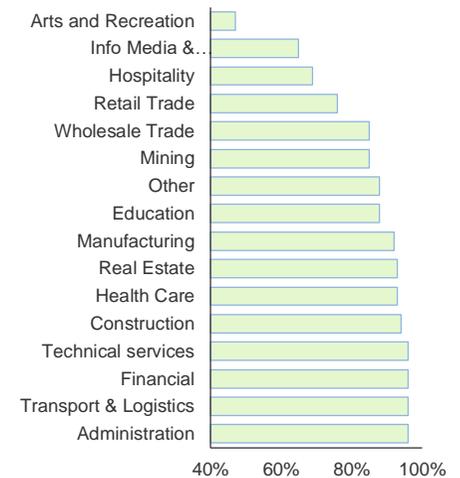
- Infrastructure spending has been flat to down
- Resources revenue mixed by customer, but flat in aggregate



2018-19 % GDP by sector (ABS)



Proportion of businesses currently operating<sup>1</sup>



## Liquid Waste and Health Services

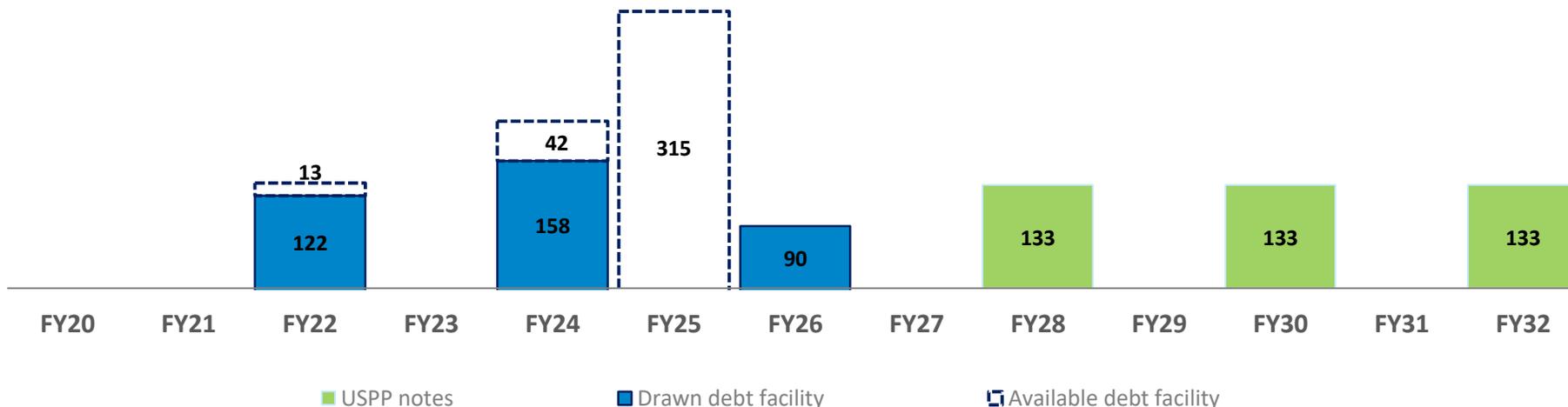
- Non-Hazardous liquids is flat - many restaurants asked us to clean grease traps before closing
- Lower hazardous waste
- Higher pathology waste but lower hospital waste following increased demand for sharp-smart early in COVID-19 outbreak



# Strong Balance Sheet with \$370 million available undrawn facilities

- ❖ Net Debt to EBITDA ratio at 31 December was 1.62x (limit < 3.00x)
- ❖ Interest Cover ratio at 31 December of 17.24x (limit > 3.00x)
- ❖ ~A\$400 million USPP notes issued on 11 February 2020 at an average margin of 1.61% above Bank Bill Swap rates with tranches of 8, 10 and 12 years
- ❖ 5.8 years average debt maturity at 31 December (Proforma including the USPP notes)
- ❖ \$370 million headroom at 31 December (Proforma including the USPP notes)

Proforma key debt facilities at 31 December 2019 including USPP notes (A\$m).



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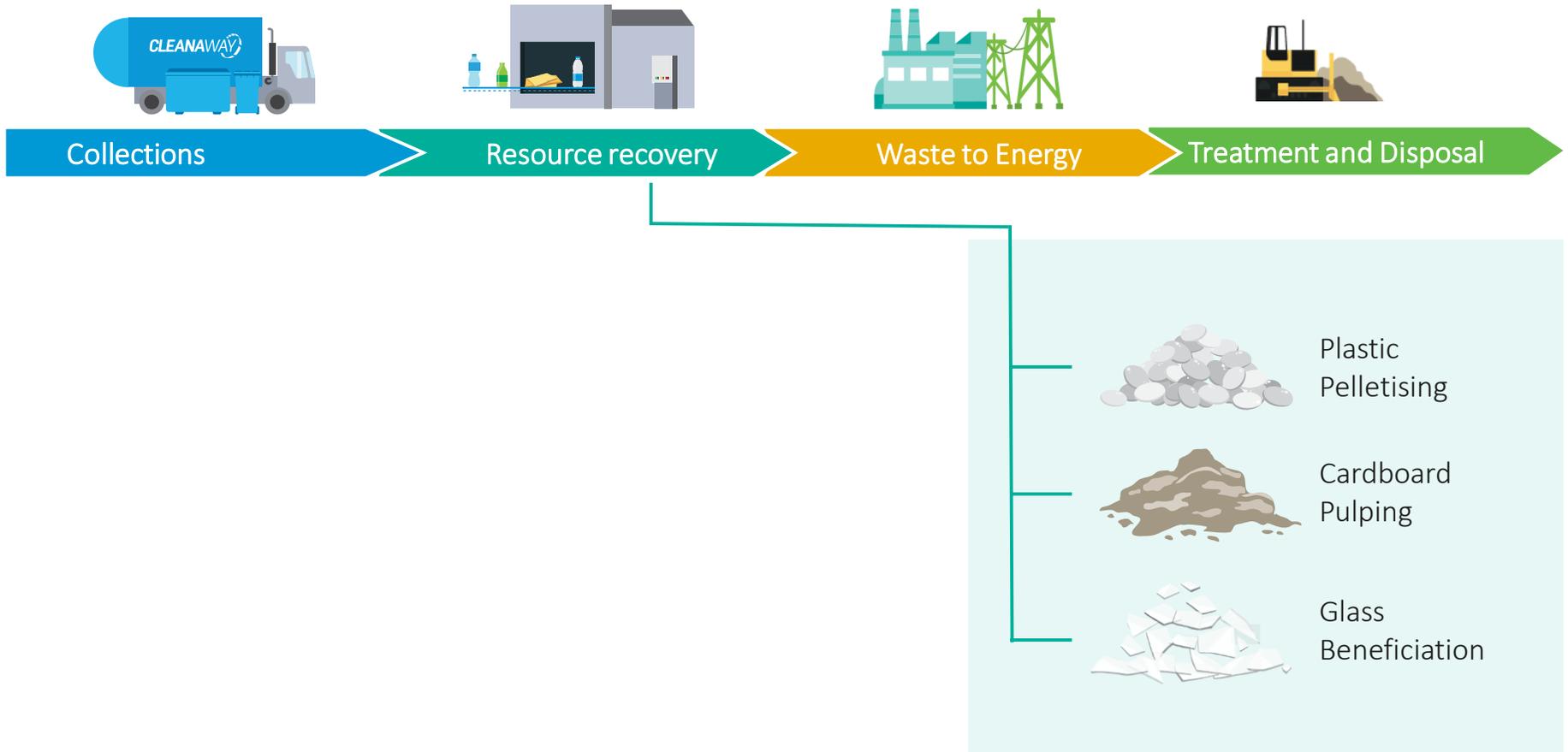
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# Footprint 2025: Progress Continues & Further Value Chain Extension

Continuing to invest in the right 'package' of assets across the value chain through the evolving tonne



*We see value shifting across the waste value chain but not a reduction of total value*

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# Footprint 2025: Progress Continues & Value Chain Extension Rationale

Continuing to invest in the right 'package' of assets across the value chain through the evolving tonne



- 1 Prerequisite for a sustainable, circular economy**  
Our customers, regulators and society at large are looking for better, more sustainable solutions
- 2 New infrastructure for domestic reprocessing**  
Export ban and China National Sword policy create need for domestic circular economy and associated infrastructure
- 3 Value creation from the recovered materials**  
Extract greater value by further processing the commodities we collect and sort



# Delivering Footprint 2025 – Acquisitions and Greenfield to continue

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- ✓ Perth MRF
- ✓ 2 x WA Transfer Stations
- ✓ SE Melbourne Transfer Station
- ✓ QLD transfer station
- ✓ VIC organics resource recovery
- ✓ QLD Paper recycling facility
- ✓ NSW CDS sorting line
- ✓ Western Sydney transfer station and resource recovery
- ✓ ResourceCo RDF facility

- ✓ Doubling electricity generation at Melbourne facility

**Western Sydney Energy from Waste facility**

**EOI for Victorian Energy from Waste facility**

- ✓ Planning permit for Melbourne Landfill till 2046
- ✓ Height rise extension approval for Adelaide landfill
- ✓ VIC organic waste treatment facility

**Height Extension in QLD & New Landfill**

**Statewide Collections**

- ✓ 1 x Transfer Station
- ✓ Regional Victoria Collections

**Plastic pelletising**

**Victoria Glass beneficiation**

✓ **ToxFree (May 2018) - Significant acquisition of prized assets across the value chain**

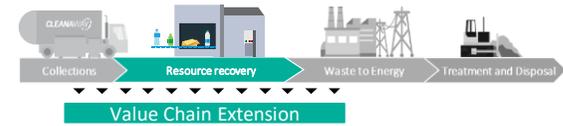
**SKM (Nov 2019)**

- ✓ 3 x Material recycling facilities
- ✓ 2 x Transfer stations

✓ **ASP Plastics – Personal Sharp containers and insourcing manufacturing of Daniels Sharp Smart from China to Sydney using plastics from CDS**

- Greenfield delivered
- Greenfield WIP
- Acquisition and Integration in Progress
- Acquisition and Greenfield to align with strategy

# PET Plastic Pelletising Joint Venture



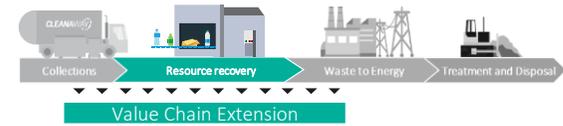
Cross value chain collaboration with Pact and Asahi for bottle to bottle recycling of ~900m bottles p.a.



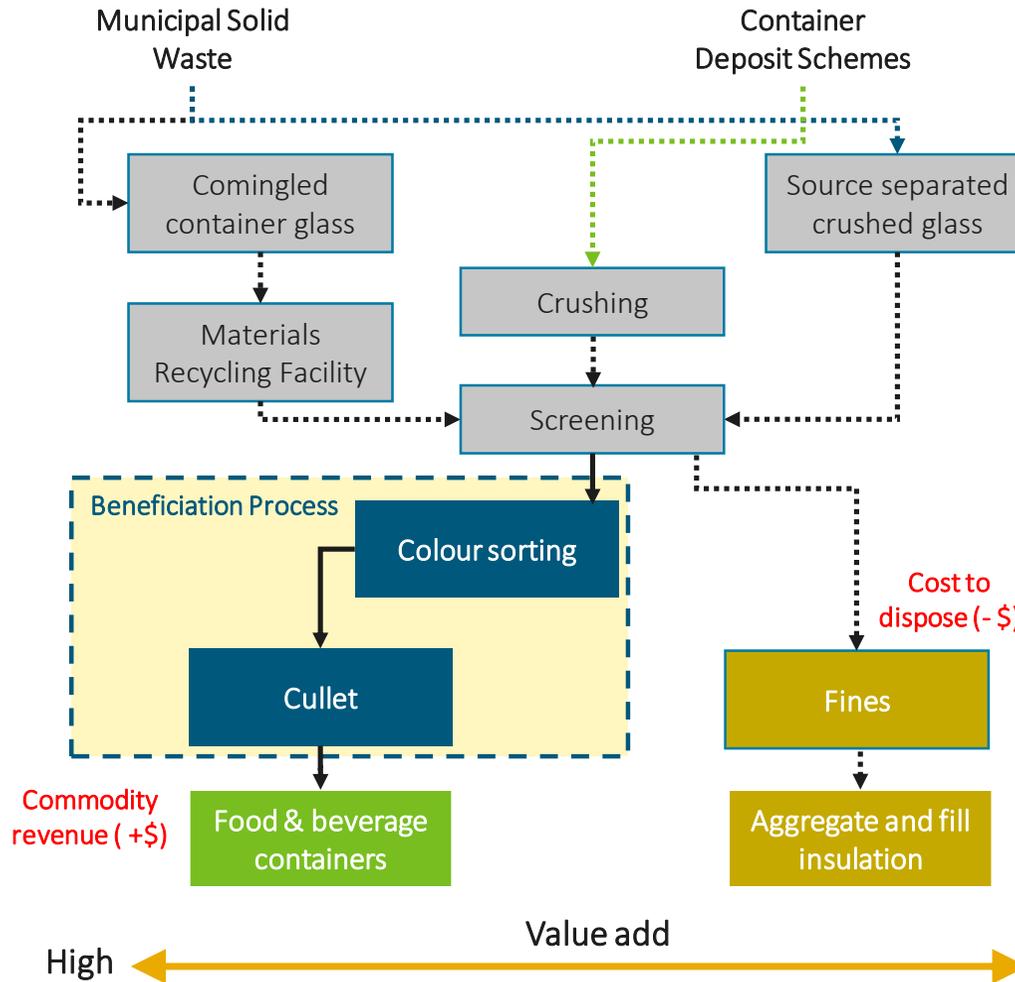
Milestone	Progress
Feedstock	●
JV selection & formation	●
Site identification	◐
Technical specification and design	◑
Equipment procurement	◑
Approvals	○
Construction	○
Commissioning	Dec '21

- ❖ Integrated facility to sort, wash, decontaminate, flake and pelletise plastics
- ❖ Processing capacity of ~28kt p.a. to produce ~20kt p.a. of food grade recycled pellets / flakes
- ❖ Albury Location provides: Ability to service East Coast, Competitive cost profile, Close to Asahi's bottle plant
- ❖ European recycled PET price is currently >\$2,000/tonne compared with virgin PET at ~\$1,200/tonne

# Glass Beneficiation



Creating value through the shift from a cost to dispose to capturing commodity revenue



- ❖ Availability of feedstock through Melbourne MRFs and potential Victorian CDS and/or 4<sup>th</sup> glass bin
- ❖ Currently processing ~50 - 55k tonnes of glass p.a. in Victoria
- ❖ Available space at Coolaroo or Laverton MRF site (ex SKM) in Victoria
- ❖ Feasibility study well progressed
- ❖ Glass beneficiation of NSW CDS and possible future VIC CDS feedstock is also value creation opportunity for Cleanaway

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# Sydney Energy from Waste Development



## Site Facts & Overview

- ❖ ~8 hectare site, located in Eastern Creek
- ❖ Blacktown Council
- ❖ Suitable zoning for EfW development
- ❖ Existing waste and industrial precinct
- ❖ Logistics benefits – close to major motorways

## Project Facts & Overview

- ❖ 500ktpa of residual C&I and MSW waste feedstock
- ❖ ~55MW of electricity, enough for >65,000 homes
- ❖ Carbon benefits – >450,000t p.a. of CO<sub>2</sub>e avoided, equivalent to ~100,000 cars off the road
- ❖ Job creation – 800 during construction, 50 ongoing
- ❖ Currently finalising EIS for submission
- ❖ Targeting plant commissioning by 2024



Site Surrounds – Complementary activities

Illustrative Facility Design

# Agenda

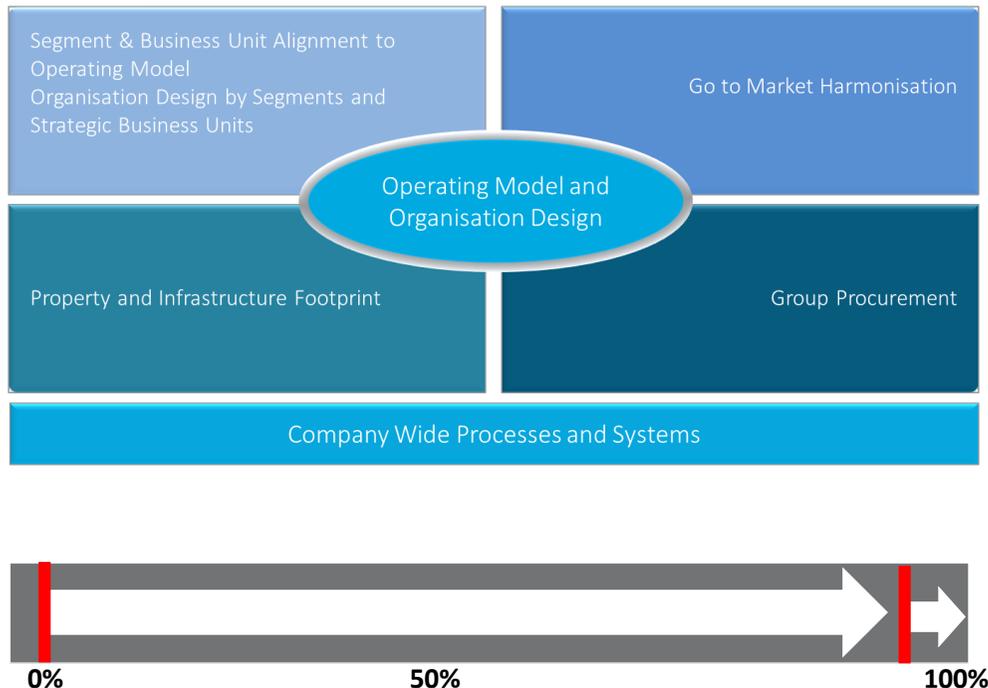
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# Toxfree integration will be fully done by June 2020 – ON TRACK

Realisation of \$35 million p.a. in synergies is on track and being managed through six major categories



- ❖ 1ERP Project complete
- ❖ Completed alignment of business units to the operating model
  - ❖ Capability uplift complete
- ❖ Go to Market armonization complete
  - ❖ Rebranding of mobile assets is in final stages and is in progress
  - ❖ Pricing disciplines embedded across all strategic business units
- ❖ Site consolidations complete
  - ❖ Upgrade of prized infrastructure assets in progress
- ❖ Leveraging disciplines across the combined enterprise
- ❖ Upgraded organisational Health & Safety platform

# SKM Assets: Integration will be completed by June 2020 – ON TRACK

*The clean up, asset upgrades, negotiations with councils and removal of stockpiles are progressing well*

Milestone	Progress
Site clean up	✓
Site remediation & upgrade to Cleanaway Health & Safety standards	✓
>200k tonnes of new contracts signed by 30 June 2020	WIP
Implement operational efficiencies to improve resource quality	✓
Disposal of Adelaide assets	Q4 2020
Establishment of new management team	✓
Site potential assessment and optimisation (e.g. glass beneficiation, plastic pelletising)	WIP
Integrate with Cleanaway systems and processes	✓



# Agenda

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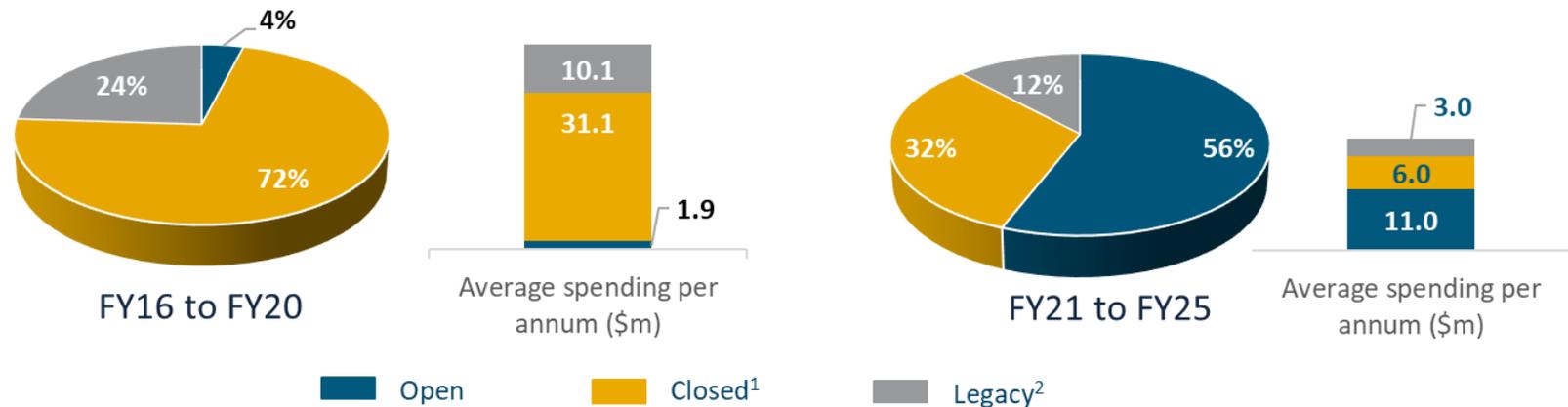
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# Completion of Legacy Landfill Rectification & Remediation – ON TRACK

- ❖ Expenditure for FY20 expected to be ~\$45 - 50m (prior guidance \$55m)
- ❖ We advised in FY16 that spend would average ~\$45m per annum through to FY20 and we remain on target
- ❖ Cash flow will benefit in FY21 and beyond from a stepdown in expenditure on landfill remediation
- ❖ FY21 to FY25 expenditure to average ~\$20m per annum and reducing to an average of ~\$10m per annum thereafter

**Forecast Landfill Rectification and Remediation Spending**



Note 1: Closed spending represents remediation costs where the site is no longer receiving waste and has reached final capacity or management have elected not to continue further development or operations.

Note 2: Legacy spending represents rectification costs identified following reviews conducted by management and landfill consultants in 2014.

# Agenda

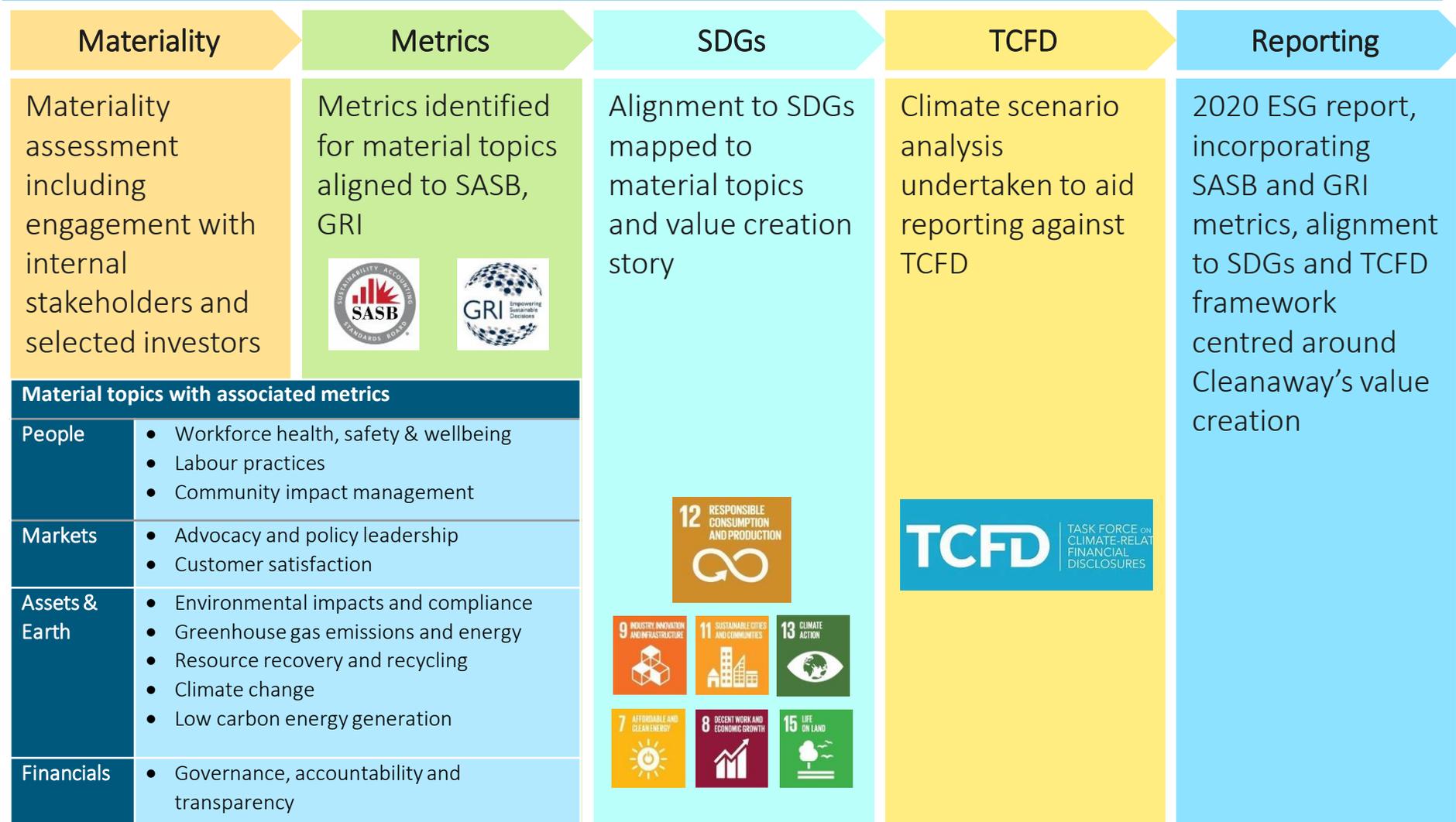
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# On Track to deliver ESG Reporting with FY20 Full Year Results

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# Key priorities

## ❖ Safe Working Environment

- ❖ Maintain a safe working environment for our employees & customers

## ❖ Operational

- ❖ Continue to manage the business through evolving COVID-19 disruptions
- ❖ Unambiguously ensure top Customer Service is maintained
- ❖ Wrap up Toxfree, SKM and Legacy Remediation by June 2020

## ❖ Financial

- ❖ Ensure operating leverage is maintained with reduced GDP by managing costs within the business.
- ❖ Remain focussed on strong cash conversion and free cash flow
- ❖ Remain focussed on organic growth and margin improvement across our three operating segments

## ❖ Strategic

- ❖ Continue systematic implementation of our Footprint 2025 strategy
- ❖ Monitor competitive landscape for accretive opportunities



# Questions

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