



ASX CEO Connect

Vik Bansal – CEO and Managing Director

2 March 2021

ASX: CWY

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- **Results information** – This presentation contains summary information that should be read in conjunction with CWY’s Consolidated Financial Report for the six months ended 31 December 2020.
- 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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Snapshot of Cleanaway

Australia's leading total waste management, industrial, environmental and health services company.

Vertically integrated from collection, to resource and energy recovery, to waste treatment and landfill.

ASX100 listed with a \$4.6 billion market capitalisation.



6,000+
Employees



5,300+
Vehicles



250+
Sites Australia wide



125+
Prized infrastructure
assets



134 GWh
Renewable energy
generated



ASX100
Listed
company



100+
Municipal Councils



140,000+
Commercial & Industrial
customers

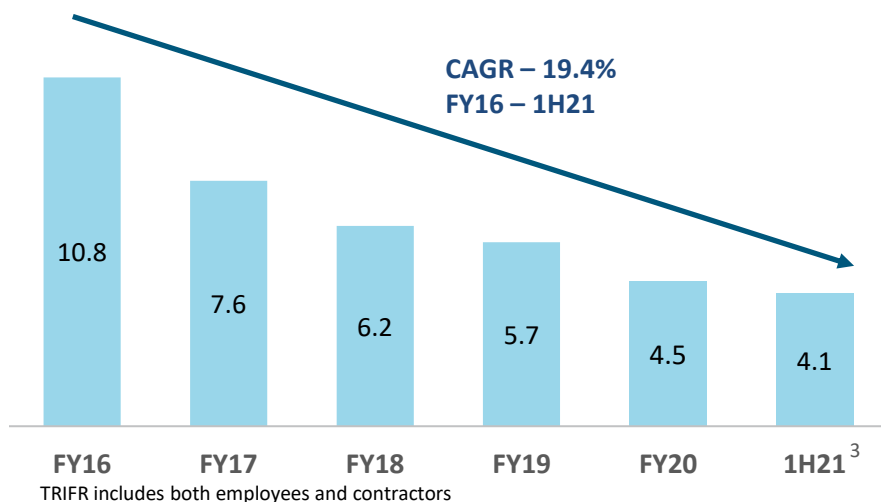


~10,000
Medical waste
customers

People & Culture : Key Metrics

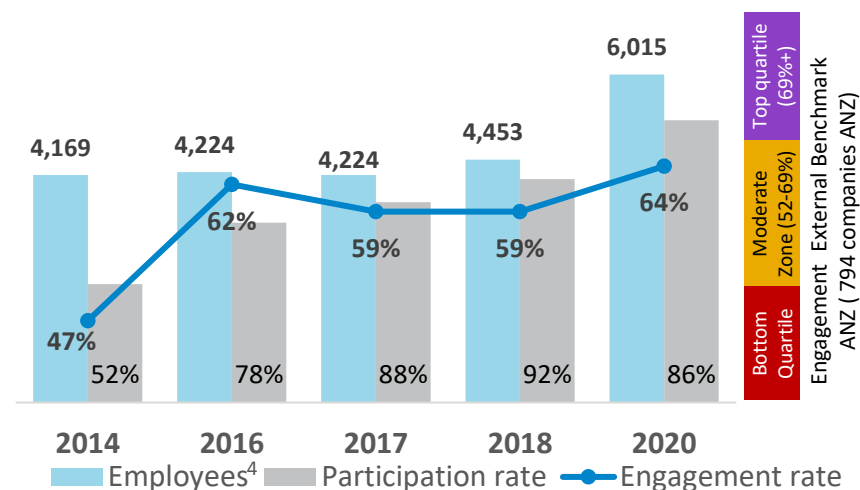


Total Recordable Injury Frequency Rate (TRIFR)¹

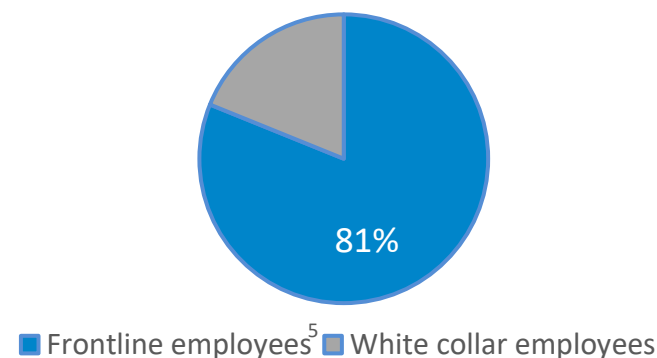


- ❖ Our target is Zero Harm. Safety performance remains a key performance measure for all executive STIs. TRIFR at 31 December 2020 has improved by 62% from FY16 with compound annual improvements of 19.4%.
- ❖ Employee Engagement has moved from the bottom quartile in 2014 and on a path towards the top quartile.
- ❖ Benchmark is formed of approx. 800 companies in ANZ employing 700K plus employees.
- ❖ Another engagement survey scheduled for 2H21.³

Employee Engagement Survey²



Workforce composition (31 Dec 2020)



5

Note 1: Comparative periods have been adjusted to exclude divested businesses and includes contractors from FY16.

Note 2: Engagement Survey based on consistent AON Hewitt (Kincentric) methodology. Pulse surveys were conducted in 2015 and 2019.

Note 3: 1H21 refers to the six months ended 31 December 2020 with the prior corresponding period being 1H20. 2H21 refers to the six months ending 30 June 2021.

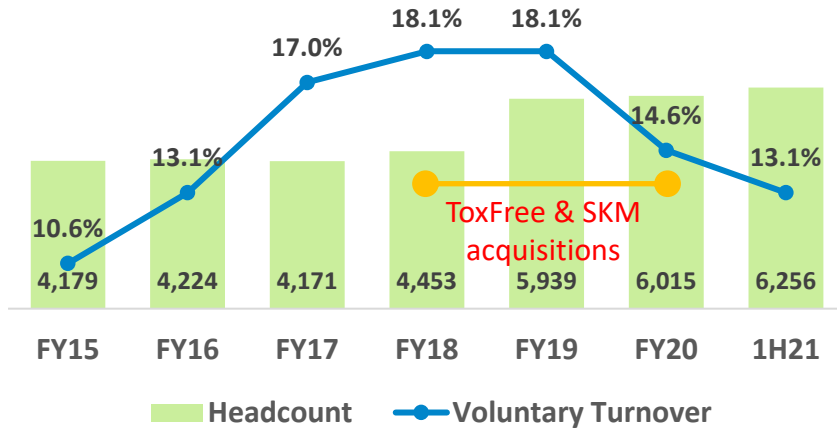
Note 4: Employee numbers as at 30 June of each year.

Note 5: Includes blue collar workforce and customer service, administration and sales employees. Excludes all corporate and functional support employees in Business Units.

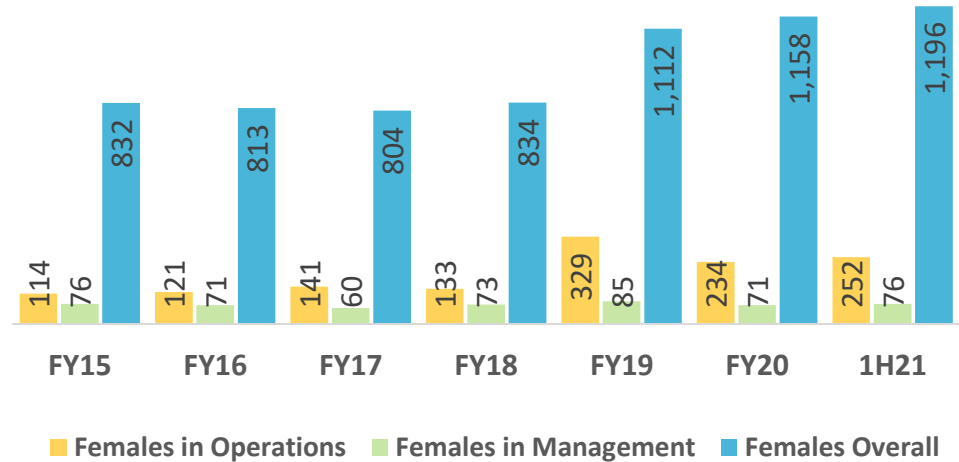
People & Culture : Key Metrics



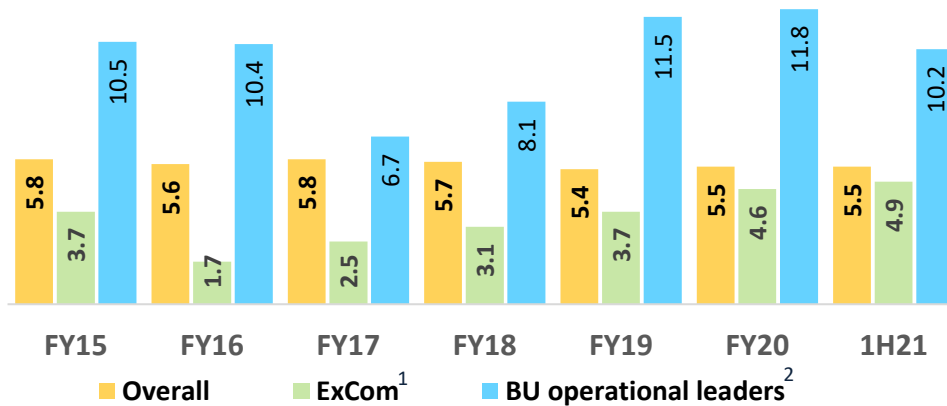
Voluntary turnover (%) and Headcount



Female participation



Employee tenure (average years)



- ❖ The number of female employees has increased as the business continues to grow.
- ❖ Voluntary turnover has reduced significantly while employment continues to grow despite the impact of COVID-19.
- ❖ Average tenure remains strong and steady.

Note 1: CEO and Executive General Managers.

Note 2: General Managers of the strategic business units.

Group Performance Overview

	Underlying Results				Statutory Results			
	\$ million	1H20	1H21	Change	1H20	1H21	Change	
Gross Revenue	1,197.2	1,170.3	(2.2)%		1,197.2	1,170.3	(2.2)%	
Net Revenue	1,070.0	1,070.2	— %		1,070.0	1,070.2	— %	
EBITDA	256.4	263.8	2.9%		236.4	256.9	8.7%	
EBITDA Margin	24.0%	24.6%	60 bps		22.1%	24.0%	190 bps	
EBIT	127.2	132.2	3.9%		87.4	125.3	43.4%	
EBIT Margin	11.9%	12.4%	50 bps		8.2%	11.7%	350 bps	
NPAT	74.2	79.0	6.5%		45.3	79.4	75.3%	
Earnings Per Share ¹	3.7	3.8	2.7%		2.3	3.8	65.2%	
NPATA ²	79.4	83.6	5.3%		50.5	84.0	66.3%	

	1H20	1H21	Change	
Interim dividend per share (cents)	2.00	2.25	12.5%	
Cash from operating activities (\$m)	157.1	202.4	28.8%	
Free cash flow (\$m)	105.0	117.9	12.3%	
Cash conversion ratio	97.6%	97.9%	30 bps	
Net Debt to EBITDA ³	1.65x	1.57x	(0.08)x	

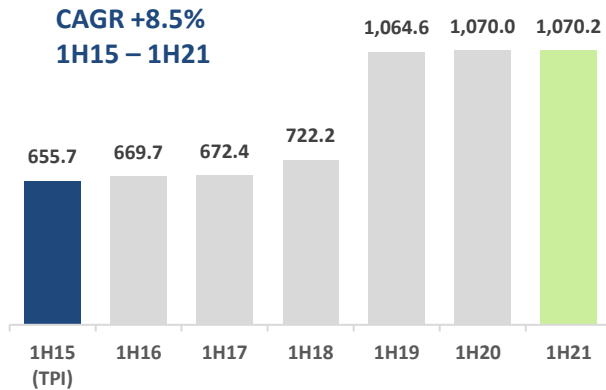
Note 1: Underlying EPS attributable to ordinary equity holders based on NPAT attributable to ordinary equity holders of \$77.9m (1H20: \$75.1m) and 2,056.2m (1H20: 2,048.7m) weighted average ordinary shares.

Note 2: Excludes tax effected amortisation of acquired customer and license intangibles.

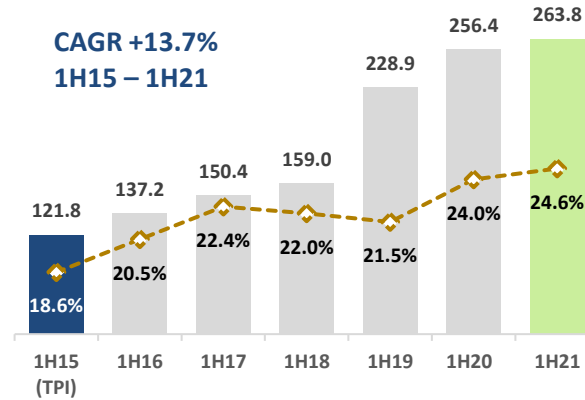
Note 3: Ratios presented are for finance agreements covenant testing purposes. Refer to slide 17.

Sustained Earnings, Quality and Growth Continues^{1,2}

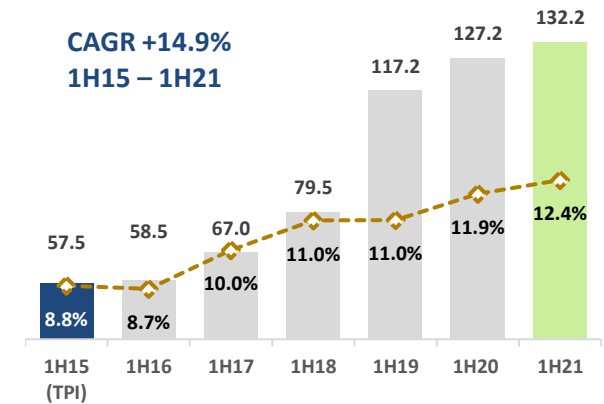
Net Revenue (\$million)



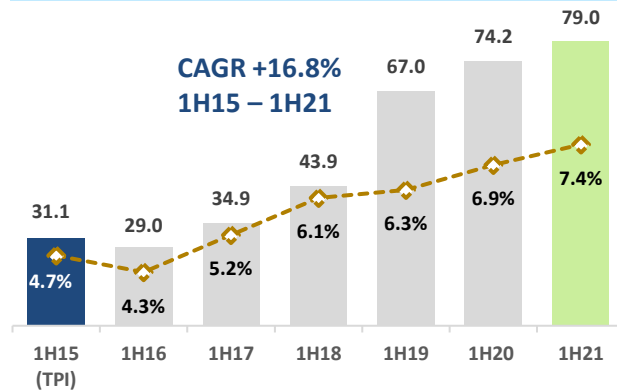
EBITDA (\$million) and EBITDA margin (%)



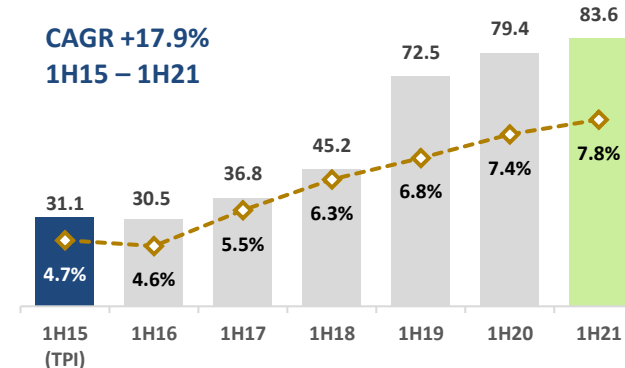
EBIT (\$million) and EBIT margin (%)



NPAT (\$million) and NPAT margin (%)



NPATA (\$million) and NPATA margin (%)

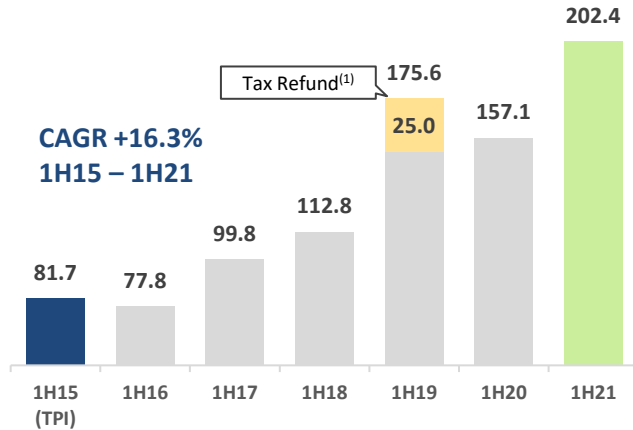


Note 1: Full year metrics for slides 8 & 9 available in appendix.

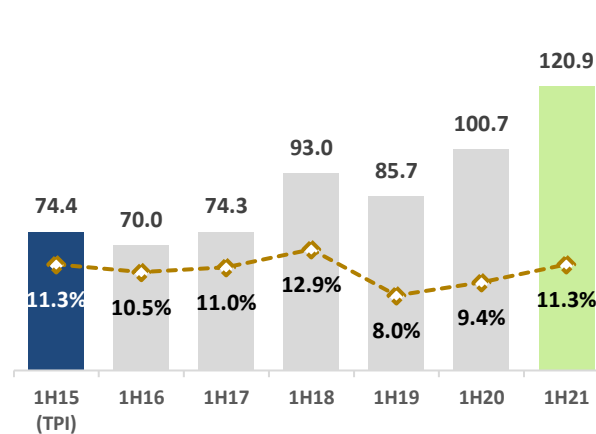
Note 2: Cleanaway adopted AASB 16 from FY20. In that year this resulted in an uplift in 1H20 underlying EBITDA and EBIT of \$21.8m and \$2.0m respectively and a decrease in 1H20 NPAT of \$2.0m. The adoption of AASB 16 also resulted in an increase of assets and liabilities of \$278m and \$288m respectively in 1H20.

Sustained improvement in Cash Flows and Shareholder Returns

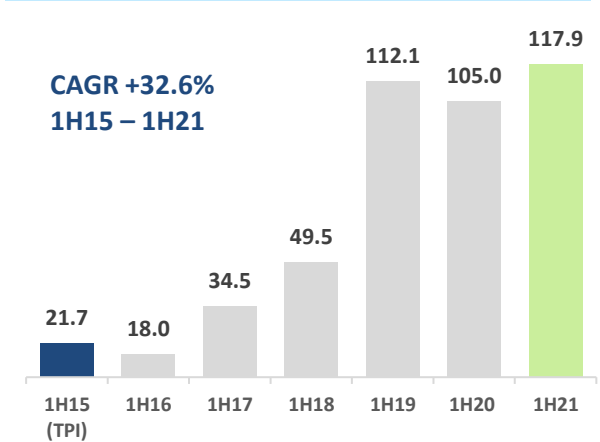
Operating Cash Flow (\$m)



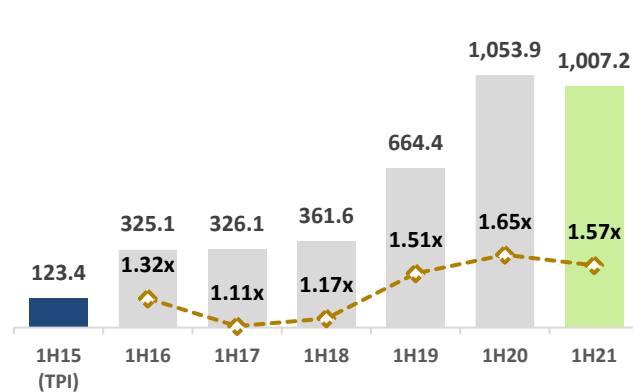
Cash Capex (\$m) and % of Net Revenue



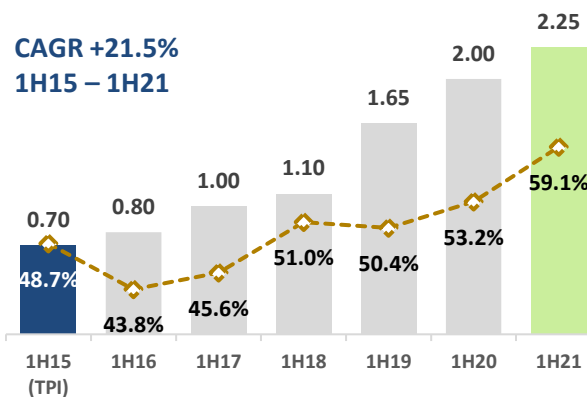
Free Cash Flow (\$m)



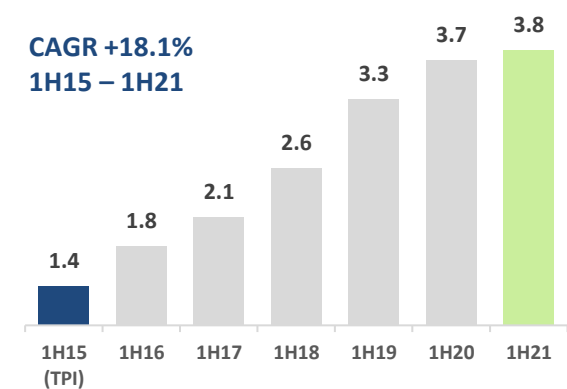
Net debt (\$m) & Net Debt/EBITDA (x)²



Dividend (cents) & Payout Ratio (%)



Earnings per share (cents)

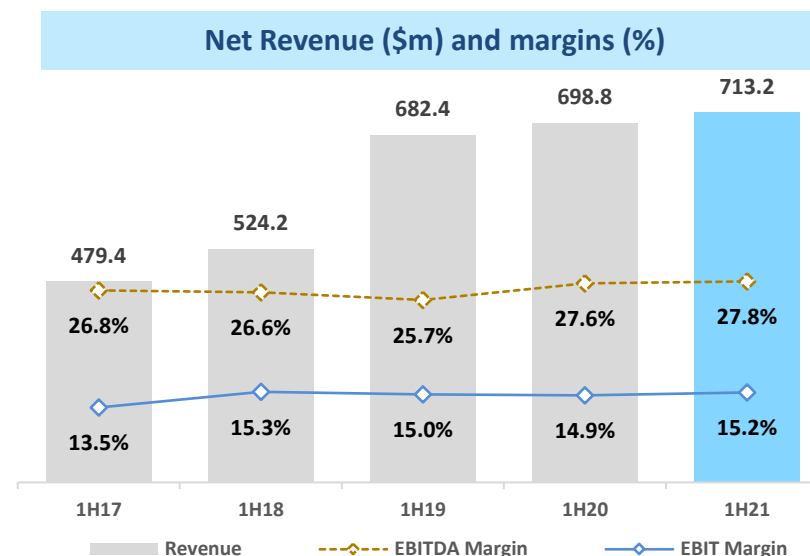


Note 1: A one off \$25 million tax refund was received in August 2018 from the FY13 to FY17 amended tax returns relating to depreciation deductions in respect to previous landfill acquisitions.

Note 2: 1H18 excludes the \$505.9m net proceeds from the institutional equity raising; Net Debt/EBITDA covenant ratios under finance agreements are calculated on a pre AASB 16 basis. The relevant covenant ratio limit is <3.0x.

Solid Waste Services Performance

\$million	1H20	1H21	change	
Net revenue ⁽¹⁾	698.8	713.2	2.1%	▲
EBITDA	193.0	198.4	2.8%	▲
EBITDA Margin	27.6%	27.8%	20 bps	▲
EBIT	104.4	108.3	3.7%	▲
EBIT Margin	14.9%	15.2%	30 bps	▲



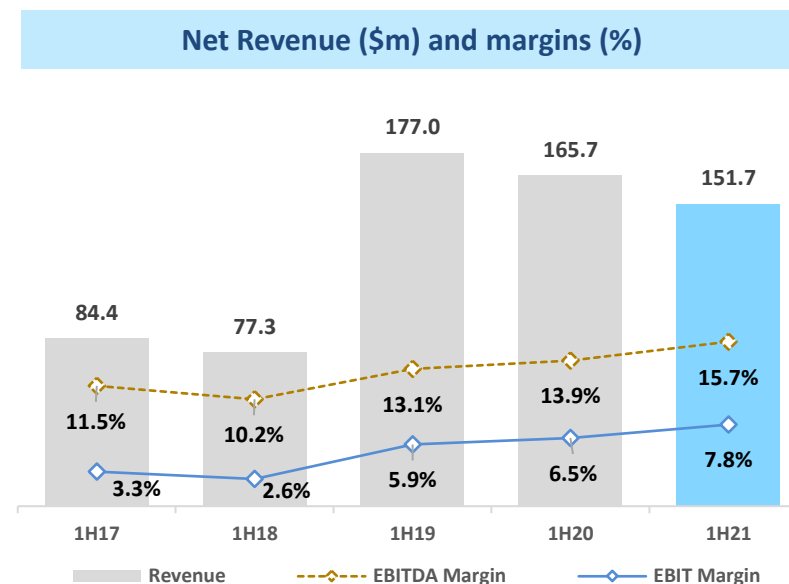
- ❖ Net revenue and EBITDA grew 2.1% and 2.8% respectively on the prior corresponding period with EBITDA margins increasing by 20bps.
- ❖ Commencement of the City of Casey (Melbourne’s largest municipality) and the South Australian Council Solutions contracts partially offset lower SME activity, particularly in Queensland and the Sydney and Melbourne CBDs.
- ❖ Contribution from the recently acquired Grasshopper Environmental (NSW C&D collections), Statewide Recycling and Stawell landfill (regional Victorian collections and post collections) businesses and the Victorian Commingled Resource Recovery business (the former SKM assets) also benefited the segment.
- ❖ The rebuild of the Perth Materials Recovery Facility (MRF) was well advanced at the end of the period with operations expected to recommence towards the start of the fourth quarter. This facility will deliver a high-quality recycling service in the Perth market.
- ❖ During the period Cleanaway won several national and large mid-market accounts. We also secured a landfill height extension at Erskine Park in Sydney that will extend the life of that asset. Cleanaway also successfully tendered for the Blacktown City Council recycling processing services, a contract that will support the development of a ~115kt MRF.

Note 1: Net revenue excludes landfill levies collected.

Note 2: Financial results are presented on an underlying basis. Underlying is a non IFRS measure that excludes non-recurring items. Refer appendix for reconciliation of reported to underlying earnings.

Industrial & Waste Services Performance

\$million	1H20	1H21	change	
Net revenue	165.7	151.7	(8.4)%	▼
EBITDA	23.1	23.8	3.0%	▲
EBITDA Margin	13.9%	15.7%	180 bps	▲
EBIT	10.8	11.9	10.2%	▲
EBIT Margin	6.5%	7.8%	130 bps	▲

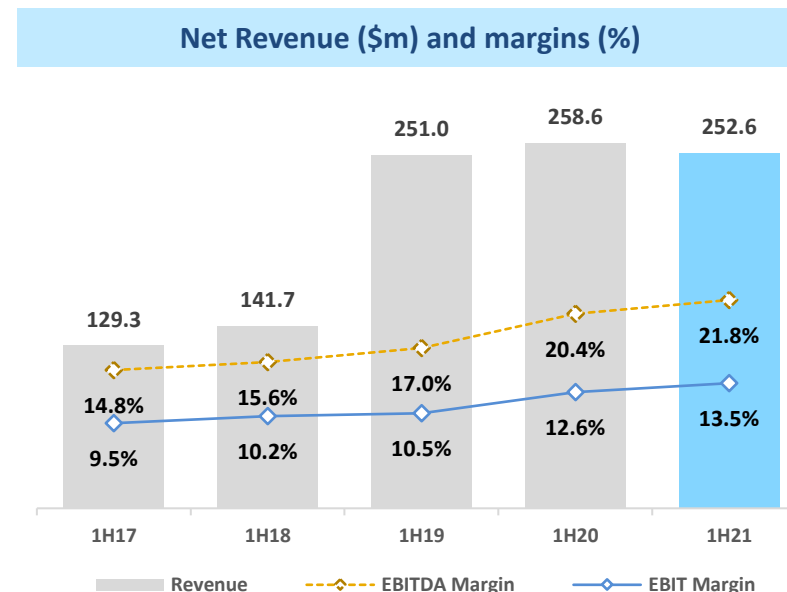


- ❖ Net Revenue of \$151.7m was 8.4% lower than the pcp but 2.7% higher than the prior six months.
- ❖ EBITDA of \$23.8m was 3.0% higher and EBITDA margin was 180 bps higher than the pcp reflecting the successful execution of the strategy of exiting low value workstreams.
- ❖ The segment has performed well by securing new business and offsetting the headwinds of lower discretionary spending by many customers and in particular infrastructure related activity in the Brisbane market, services related to the aviation market, and the oil and gas segment more broadly.
- ❖ Targeting more opportunities in Government, marine and ports and mining.
- ❖ Recent contract wins included Southern Ports and Australian Submarine Corp.

Note 1: Financial results are presented on an underlying basis. Underlying is a non IFRS measure that excludes non-recurring items. Refer appendix for reconciliation of reported to underlying earnings.

Liquid Waste & Health Services Performance

\$million	1H20	1H21	change	
Net revenue	258.6	252.6	(2.3)%	▼
EBITDA	52.8	55.1	4.4%	▲
EBITDA Margin	20.4%	21.8%	140 bps	▲
EBIT	32.5	34.2	5.2%	▲
EBIT Margin	12.6%	13.5%	90 bps	▲

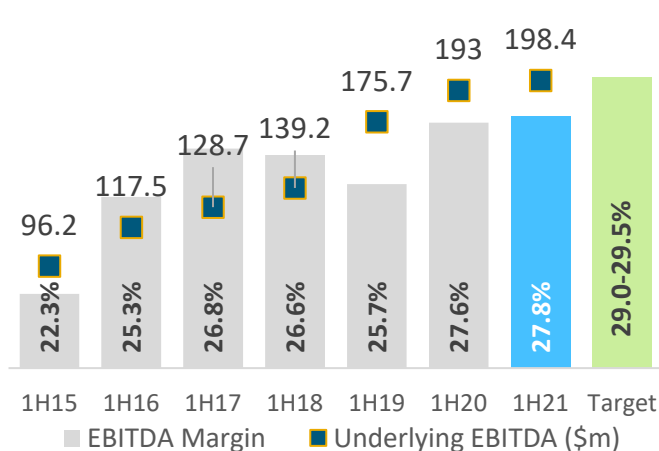
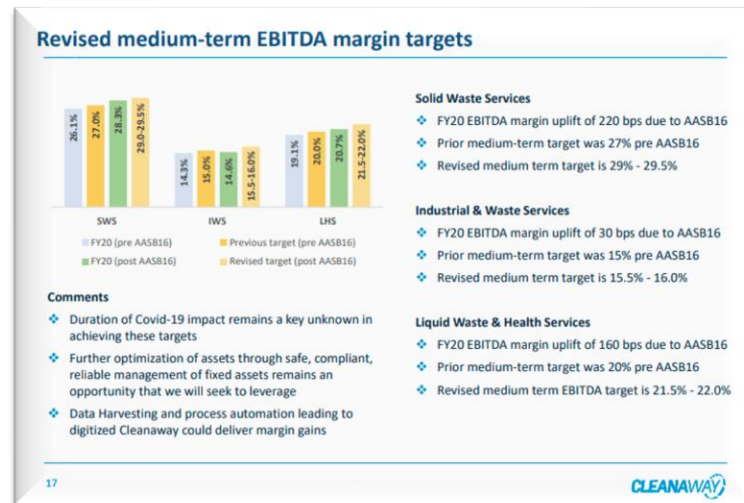


- ❖ Net revenues were down 2.3% and EBITDA up 4.4% with EBITDA margins growing 140 basis points to 21.8%.
- ❖ **Hydrocarbons:** Oil recycling COVID-19 relief payment offset lower benchmark oil prices. Lower collection and waste volumes in COVID-19 impacted regions offset by improved pricing, service improvements and efficiency initiatives.
- ❖ **Health:** Improved earnings from a significant increase in Victorian hospital and aged care facilities waste from a second wave of COVID-19 offsetting the downturn in elective surgeries and quarantine work from cruise ships and airlines.
- ❖ **Liquids and Technical Services:** Lower volumes in the tourist heavy states, hospitality (grease trap), cruise ships and automotive sectors because of COVID-19. The consolidation of the business and structural adjustments have increased the focus on the quality of our revenue and improved earnings.

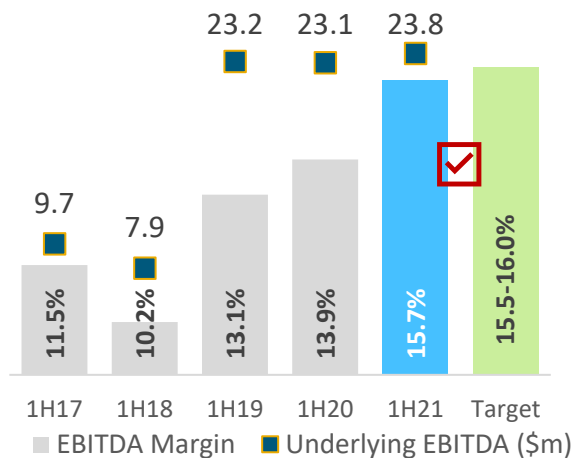
Note 1: Financial results are presented on an underlying basis. Underlying is a non IFRS measure that excludes non-recurring items. Refer appendix for reconciliation of reported to underlying earnings.

Medium Term Segment Margin Targets

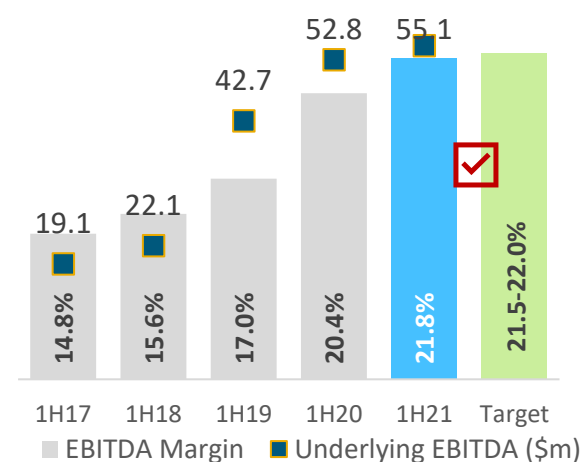
- ❖ Consistent EBITDA growth driven by revenue growth, cost management and execution discipline towards operating leverage delivering margin improvements.
- ❖ Progressing very well towards medium term margin targets (Provided at FY20 Results) despite COVID-19 headwinds.
- ❖ IWS and LHS already achieving 1H21 EBITDA margins well within their revised medium term target range.
- ❖ ToxFree integration synergies fully realised.



Solid Waste Services



Industrial & Waste Services



Liquid Waste & Health Services

Note 1: Margin uplift in 1H20 due to AASB16: Solid Waste Services – 230bps, Industrial & Waste Services – 10bps; Liquid Waste & Health Services – 140bps.

Delivering Footprint 2025 – Acquisitions and Greenfield to continue



Collections

Resource recovery

Energy from Waste

Treatment and Disposal

- ✓ Perth MRF¹
- ✓ 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 PEF facility

- ✓ Doubled electricity generation at Melbourne facility

- ✓ Planning permit for MRL until 2046
- ✓ Height rise extension approval for Adelaide landfill
- ✓ VIC organic waste treatment facility

Statewide Collections

- ✓ 1 x Transfer station
- ✓ Regional Victoria Collections

NSW C&D Acquisition

- ✓ Grasshopper

Plastic pelletising

NSW/Vic Glass beneficiation

Western Sydney MRF

Western Sydney Energy from Waste facility

Potential Brisbane and Melbourne Energy from Waste facilities

VIC Regional Landfill

Height extension in QLD & New Landfill

Extension of Erskine Park Landfill

NSW Medical Autoclave

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

SKM (Nov 2019)

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

✓ **Personal Sharp containers and insourcing manufacturing of Sharp Smart containers from China to Sydney**

- Greenfield delivered
- Greenfield WIP
- Acquisition and Integration WIP or completed
- Acquisition and Greenfield to align with strategy

Note 1: Under construction.

...while significant work continues on BAU infrastructure development



Collections

Resource recovery

Energy from Waste

Treatment and Disposal

Solid Waste Services

- ✓ Coolaroo putrescible transfer station, VIC
- ✓ Wollongong transfer station feasibility, NSW
- ✓ Regional CDS processing plants, NSW

Hydrocarbons

- ✓ Hydrocarbon tank consolidation/relocation, WA

Solid Waste Services

- ✓ FOGO plant at Mildura, VIC
- ✓ Geelong MRF feasibility, VIC
- ✓ HDPE and PP plastic pelletising facility in Melbourne, VIC
- ✓ Western Sydney MRF and glass beneficiation grant, NSW
- ✓ Organics de-packager, QLD
- ✓ Brooklyn and Clayton, VIC (C&D, C&I)

Solid Waste Services

- ✓ Further gas commercialisation at Melbourne Regional Landfill, VIC
- Group**
- ✓ Carbon Program – ongoing rollout of solar PV at operational sites (14 sites completed)

Solid Waste Services

- ✓ Mechanically Stabilised Earth wall (height extension) at Erskine Park, NSW
- Health Services**
- ✓ Laverton and Silverwater medical waste incinerator capacity upgrades, VIC & NSW
 - ✓ Health site redevelopment and autoclave upgrades, QLD
 - ✓ Kooragang Island autoclave, NSW
 - ✓ Health infrastructure relocation and enhancement, WA
- Liquids & Technical Services**
- ✓ Liquids capacity/throughput expansion, WA & VIC

.... and together creates a strategic moat for the business

Priorities and FY21 Outlook

Priorities

- ❖ No change to strategy : Sustainability and profitable organic growth remain our key priorities across all three segments and across the Enterprise.
- ❖ Focus on improving our quality of earnings through near-term operational initiatives and longer-term initiatives driven by the Data Analytics and Automation project.
- ❖ Continue to progress our plastic pelletising and Energy from Waste project developments.
- ❖ Explore and assess further bolt-on & strategic acquisition opportunities.
- ❖ Continue to monitor the competitive landscape and position Cleanaway for emerging opportunities as the industry continues to consolidate.

FY21 Outlook

- ❖ Uncertainty in the trading environment continues, more so in some regions and industries than others. Despite that and as stated at the AGM, Cleanaway remains confident that full year FY21 Underlying EBITDA will be moderately higher than FY20.

Questions



Further Information

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