



March 2014

Presented by:

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Results

for the year to 31 December 2013



Agenda

- Headlines
- Structure of the Results
- Customers
- Highlights for 2013
- Market update
- Financial review 2013
- Operational review 2013
- Strategic update
- Outlook



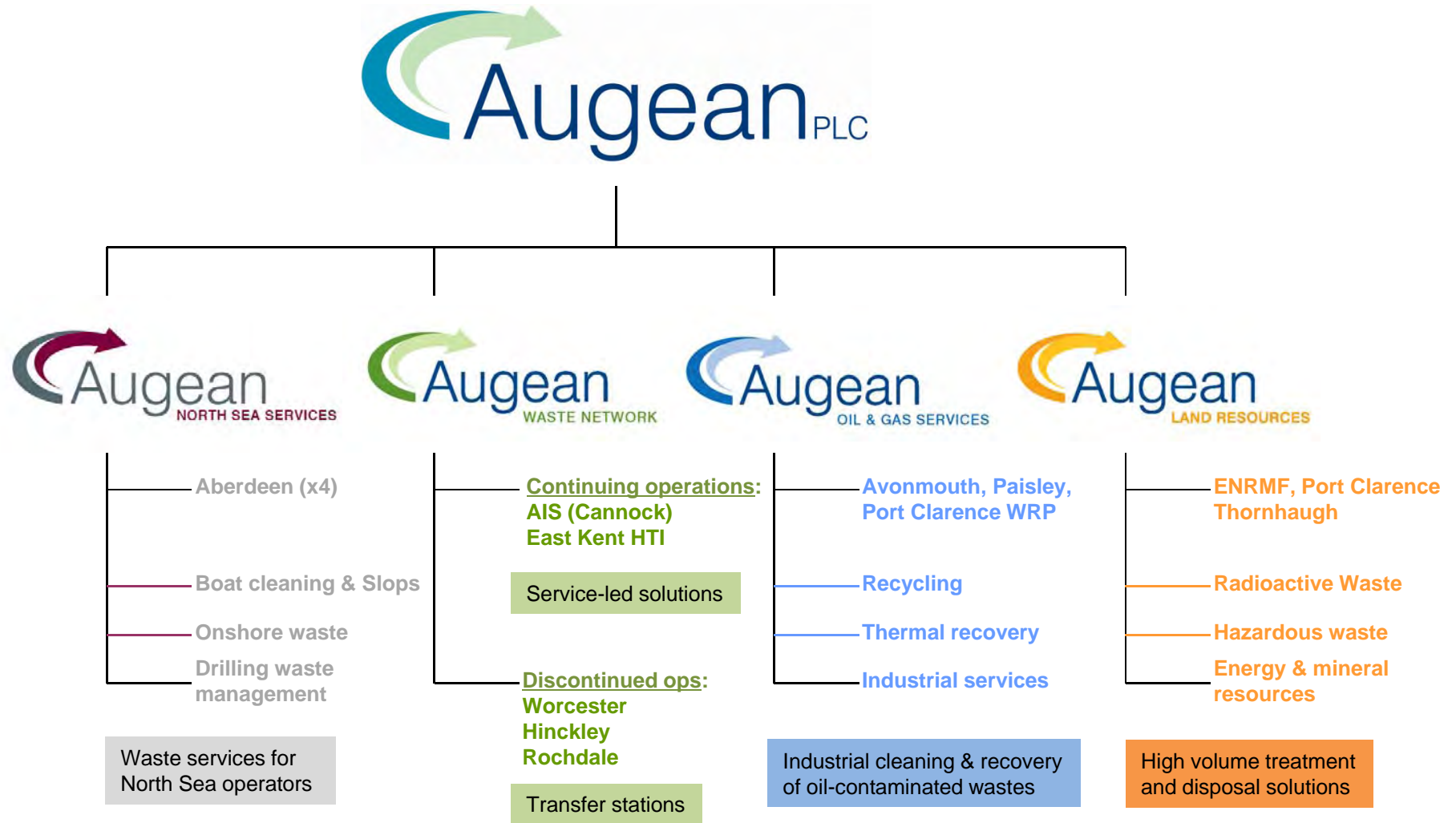


Headlines for 2013

- Revised 2013 profit expectations achieved:
 - Adjusted PBT of £3.2m (2012: £2.6m)
 - Retained loss caused by impairment of discontinued operations
- Waste Network division closed; disposals completed
- Strengthened presence and share in key markets:
 - Ash from Energy from Waste facilities
 - Radioactive waste disposal
 - North Sea oil & gas
- Performance improved from previous year in all continuing operations
- New businesses established to drive medium term growth



2013 results aligned with the following structure:



Principle customers

Examples of our principal customers during 2013/14



Largest 25 customers, by sales, delivered 55% of net revenues in 2013

Highlights

for the year to 31 December 2013





Financial highlights for 2013

- Revised expectations met – Adjusted PBT of £3.2m
- Increase in net debt driven by capital investment
- Revenue, PBT and EPS improvements in continuing operations
- Dividend quantum increased, reflecting confidence around future delivery

£m unless stated	31 Dec 2013	31 Dec 2012	Δ %
<i>Combined continuing and discontinued operations:</i>			
Revenue	47.123	42.421	11%
Adjusted PBT	3.172	2.603	22%
EBITDA	6.220	6.255	(1%)
Operating cash flow	5.862	5.818	1%
Net debt	(8.491)	(6.116)	39%
<i>Continuing operations only:</i>			
Revenue from continuing operations	43.488	36.694	19%
Adjusted PBT from continuing operations	4.431	3.939	12%
Adjusted earnings per share from continuing operations	3.29p	2.84p	16%
Proposed DPS	0.35p	0.25p	40%



Operational highlights for 2013

Continuing operations

Land Resources:

- Landfill volumes fell to 295k tonnes, but mix improved to higher margin activities
- Adjusted operating profit increased to £7.1m (2012: £6.7m)

Oil & Gas Services:

- Reduction to losses and small positive EBITDA
- Developed new disposal routes for oily wastes, reducing operating costs

ANSS:

- Strong growth, ahead of Board expectations; operating profit £0.7m
- Well established in key markets

East Kent:

- Challenging year, caused by mechanical breakdowns; £0.9m operating loss
- Repairs and upgrades successfully completed





Strategic developments

- Creation of Augean Integrated Services to focus on service-led waste solutions for clients
- Creation of Radioactive Waste Services to develop LLW and NORM disposal volumes
- Increased stake in ANSS to 81%
- Planning permission secured at ENRMF and Thornhaugh
- Investment of £2.6m in development projects at Land Resources and ANSS
- Waste Network sales completed; consideration of £1.2m
- Banking facilities renewed with HSBC and extended to £15.0m
- Review of strategy completed and headlines now being published



Market update





Principal Augean waste markets

- UK hazardous waste
 - Total market at approx. 4.0m tonnes per annum ⁽¹⁾
 - Limited growth expected in general market
 - Trend towards recovery, recycling and re-use continues
 - Technology, knowledge and assets required to sustain and develop market positions
- UK land remediation
 - Construction output grew by 5.4% to January 2014 ⁽²⁾
 - Hazardous landfill approx. 0.8m tonnes p.a. ⁽²⁾
 - Gov't support for EA focus on waste crime supports compliant operators
 - Augean retains approx. 50% of UK's potential hazardous void space
- Radioactives
 - VLLW & LALLW from all nuclear installations; up to 6,000 tonnes p.a. available ⁽³⁾
 - NORM from offshore decommissioning; up to 1,500 tonnes p.a. available ⁽⁴⁾
 - NDA disposal routes growing with regular movements of waste to disposal sites
 - Augean well established with good service reputation



Principal Augean waste markets...contd

- APCR (ash from Energy from Waste facilities)
 - Traded market estimated at 200,000 tonnes per annum (Augean 40% market share)
 - Expected to double over next 3 years ⁽⁵⁾
 - Change to regulatory standards relating to landfill disposal expected in 2016
 - Augean continues to bid for and secure new volumes as EfW plants activate

- Offshore
 - £14bn investment in North Sea oil & gas during 2013
 - Drill cuttings volumes stable; approx. 36,000 tonnes ⁽⁶⁾
 - Slops volumes rising; approx. 50,000 tonnes p.a. ⁽⁶⁾
 - Emerging offshore decommissioning market
 - Augean building track-record managing offshore and onshore wastes

- Augean's infrastructure well aligned with the hazardous waste National Policy Statement (issued June 2013)

- Regulation prioritises movement of waste up the Waste Hierarchy

Sources:

- (1) Environment Agency
- (2) ONS; 12 month comparison
- (3) Company estimates
- (4) Company estimates
- (5) Commissioned research
- (6) DECC 2013 statistics

Financial review

for the year to 31 December 2013





Group statement of comprehensive income

- ANSS driving revenue growth
- Profit improvement from continuing
- Impact of WN closure

	Before exceptional items 2013 £'000	Exceptional items 2013 £'000	Total 2013 £'000
<i>Continuing operations</i>			
Revenue	43,488	—	43,488
Operating expenses	(38,370)	(227)	(38,597)
Operating profit	5,118	(227)	4,891
Net finance charges	(674)	—	(674)
Gain on bargain purchase	—	—	—
Share of loss of jointly controlled entity	(13)	—	(13)
Profit before tax	4,431	(227)	4,204
Tax	(1,040)	63	(977)
Profit from continuing operations	3,391	(164)	3,227
<i>Discontinued operations</i>			
Loss from discontinued operations	(911)	(3,995)	(4,906)
(Loss) / Profit for the year and total comprehensive income	2,480	(4,159)	(1,679)





Statement of financial position

	2013 £'000	2012 £'000	
	Non-current assets		
	19,602	21,705	←
• Goodwill w/off	40,192	39,561	
	1,346	1,362	
	61,140	62,628	
	Current assets		
	296	218	
	9,806	8,868	
	542	5	
	10,643	9,091	
• WN sale proceeds	1,200	—	←
	11,843	9,091	
	Current liabilities		
	(9,030)	(8,279)	
	(345)	(197)	
	(114)	(837)	
	(9,489)	(9,313)	
	2,327	(222)	
	Net current Assets / (Liabilities)		
	Non-current liabilities		
	(8,919)	(5,283)	
• Capping liability falls	(6,622)	(7,045)	←
	(15,541)	(12,328)	
	47,954	50,078	
	Net assets		



Statement of cash flows

	2013 £'000	2012 £'000	
Operating activities			
	5,862	5,818	←
Cash generated from/(used in) operations			
Finance charges paid	(629)	(479)	
Tax paid / (refunded)	(316)	(744)	
Net cash generated from/(used in) operating activities	4,917	4,595	
Investing activities			
	—	—	
Proceeds on disposal of property, plant and equipment			
• Investments Purchases of property, plant and equipment	(6,898)	(3,585)	←
Purchases of intangible assets	(146)	(114)	
Purchase of businesses (net of cash and cash equivalents acquired)	—	(2,043)	
Net cash used in investing activities	(7,044)	(5,742)	
Use of debt			
Net cash generated from financing activities	2,664	1,148	←
Net increase in cash and cash equivalents	537	1	
Cash and cash equivalents at beginning of period	5	4	
Cash and cash equivalents at end of period	542	5	



Financial ratios

	FY 2013	FY 2012
	£'000	£'000
Net debt	(8,491)	(6,116)
Cash interest	(518)	(479)
EBITDA	6,220	6,255
Net operating cash flow	4,917	4,595
Capital investment	(6,286)	(3,751)
Net assets / Equity	47,158	48,959
Free Cash Flow*	(1,641)	674
Net debt / equity (%)	18%	13%
ROCE (continuing ops %)	11%	9%
Rolling 12 month covenants (HSBC):		
Net debt/EBITDA (Covenant target <2.5x)	1.3x	1.0x
EBIT/cash interest (Covenant target >2.0x)	12.3x	13.6x

*FCF defined as net operating cash flow less cash for capital investment and finance lease payments, but excluding acquisitions



Operational review

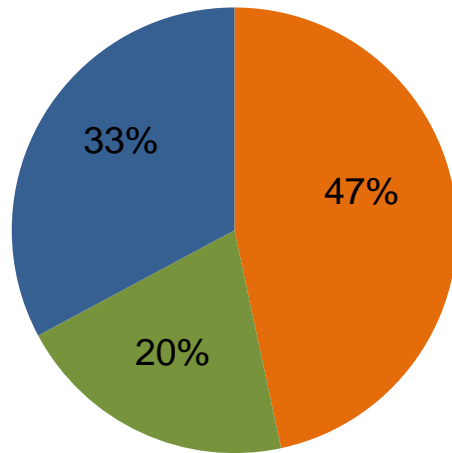
for the year to 31 December 2013



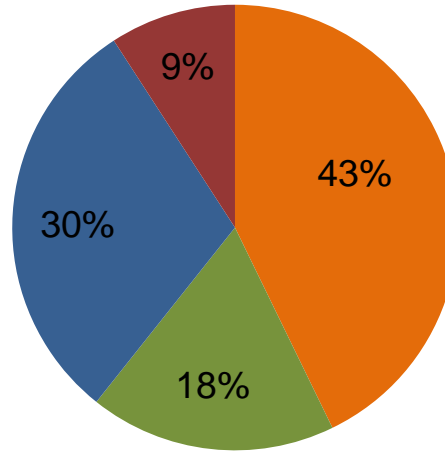


Evolution of Group revenues

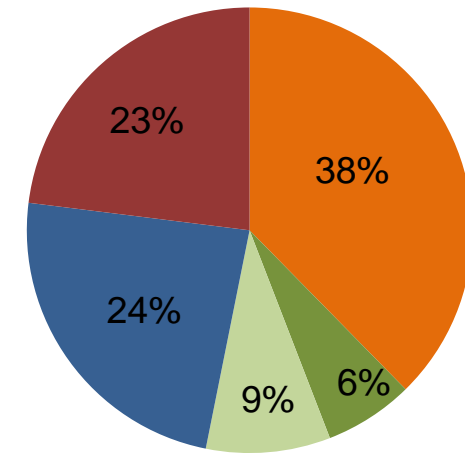
2011 actual



2012 actual



2013 actual



Land Resources



Waste Network / AIS



Oil and Gas Services



North Sea Services



Waste Network discontinued

Rebalancing the Group away from dependence on lower margin and traditional landfill disposal activities



Divisional performance 2013 vs 2012

£'000	Land Resources		Waste Network Discontinued	Waste Network Continuing		Oil & Gas Services		ANSS	
	2013	2012	2013	2013	2012	2013	2012	2013	2012
Revenue									
Hazardous landfill activities	8,495	10,433	—	—	—	—	—	—	—
Non-hazardous landfill activities	1,063	1,251	—	—	—	—	—	—	—
Waste treatment activities	—	—	—	1,463	1,136	12,574	12,389	—	—
Energy generation	128	129	—	—	—	—	—	—	—
APCR management	5,425	4,002	—	—	—	—	—	—	—
Low Level Waste management	1,625	571	—	—	—	—	—	—	—
Processing of offshore waste	—	—	—	—	—	—	—	5,179	1,964
Rental of offshore equipment and personnel	—	—	—	—	—	—	—	3,719	1,272
Waste transfer activities	—	—	3,982	1,147	6,180	—	—	452	140
Total revenue net of landfill tax	16,736	16,386	3,982	2,610	7,316	12,574	12,389	9,350	3,376
Landfill tax	6,849	5,661	—	—	—	—	—	—	—
Total revenue including inter-segment sales	23,585	22,047	3,982	2,610	7,316	12,574	12,389	9,350	3,376
Inter-segment sales	(1,574)	(656)	(346)	—	(732)	(2,981)	(1,309)	(77)	(10)
Revenue	22,011	21,391	3,636	2,610	6,584	9,593	11,080	9,273	3,366
Result									
Operating profit/(loss) before exceptional items	7,090	6,705	(1,259)	(1,117)	(1,834)	(993)	(1,235)	682	47
Exceptional items	(25)	(40)	(4,043)	(25)	(131)	(151)	(38)	(25)	(161)
Operating profit/(loss)	7,065	6,665	(5,302)	(1,142)	(1,965)	(1,144)	(1,273)	657	(114)



Key Performance Indicators 2013 vs 2012

	2013	2012	% change
Land Resources	Volumes to landfill (tonnes)		
Hazardous	143,835	189,936	(24)%
APCR	85,957	58,407	47%
Radioactives	4,441	2,107	111%
Non-hazardous	61,239	69,942	(12)%
Total	295,472	320,392	(8)%
ANSS	North Sea waste handled (tonnes)		
Drill cuttings	16,057	4,673	244%
Slops	13,600	4,666	191%
Total	29,657	9,339	211%
Oil & Gas Services	Asset performance		
Oil recovered	2,040 k litres	1,500k litres	36%
Site utilisation	70%	52%	135%

Changing mix towards higher margin activities requiring assets and expertise

Growth across all activities

Improving throughputs and consistency



Divisional performance

Land Resources – mix changing towards higher margin activities

- Comparative includes very strong soils market in Q1 2012
- Limited growth in hazardous landfill market, but prices sustained
- Radioactives disposal delivered £1.6m, an increase of £1.0m
- Ash volumes grew to 86,000 tonnes, a 47% increase from 2012
- Contributions from minerals extraction and energy generation of £0.3m
- New investment in landfill cells, soil and APCR treatment capabilities
- Planning permissions extended until 2026 (ENRMF) and 2028 (Thornhaugh)

Augean North Sea Services – growth and investment

- Sales revenues grew to £9.3m in the first full year of trading
- New contracts secured for offshore waste management (ADTI, Shell & GDF)
- Grew onshore activities in marine industrial services and hazardous waste
- Investment in two new Aberdeen sites and waste treatment capabilities
- Increase in Augean's equity shareholding to 81% following debt/equity swap



Divisional performance

Oil & Gas Services – improving contributions

- Revenues stable in competitive markets
- Reduction to operating losses and small positive EBITDA
- Strong integration and inter-segment sales with ANSS
- North Sea supply chain strengthened; investment in plant and storage facilities
- Cost reduction initiatives feeding through at operating sites
- Opportunities for further margin enhancement using new waste disposal routes

East Kent HTI – underperformance now resolved

- New customers secured in clinical and pharmaceutical wastes
- Downtime during Q2 caused by failure of incinerator feed systems; significant upgrade works during Q3
- Throughput restrictions led to £0.9m operating loss
- Participation in OPCW Syrian tender raised profile and gained credibility
- Q1 2014 performance in line with plan; remains a key asset for the Group

Strategic update





Vision & Goals

Vision

To grow profitably by being trusted by Tier 1 customers to deliver specialist services focused on hazardous waste

Goals

Increase shareholder value

- Profitable revenue growth from added services and further margin growth from operational efficiencies
- Corporate investments that accelerate the strategy

Develop sustainable market positions

- Focus on attractive markets for specialist waste
- Key expertise and assets, including treatment technologies, that differentiate our service and build entry barriers
- Strong reputation, long-term Tier 1 contracts and relationships

Grow through client-focused solutions

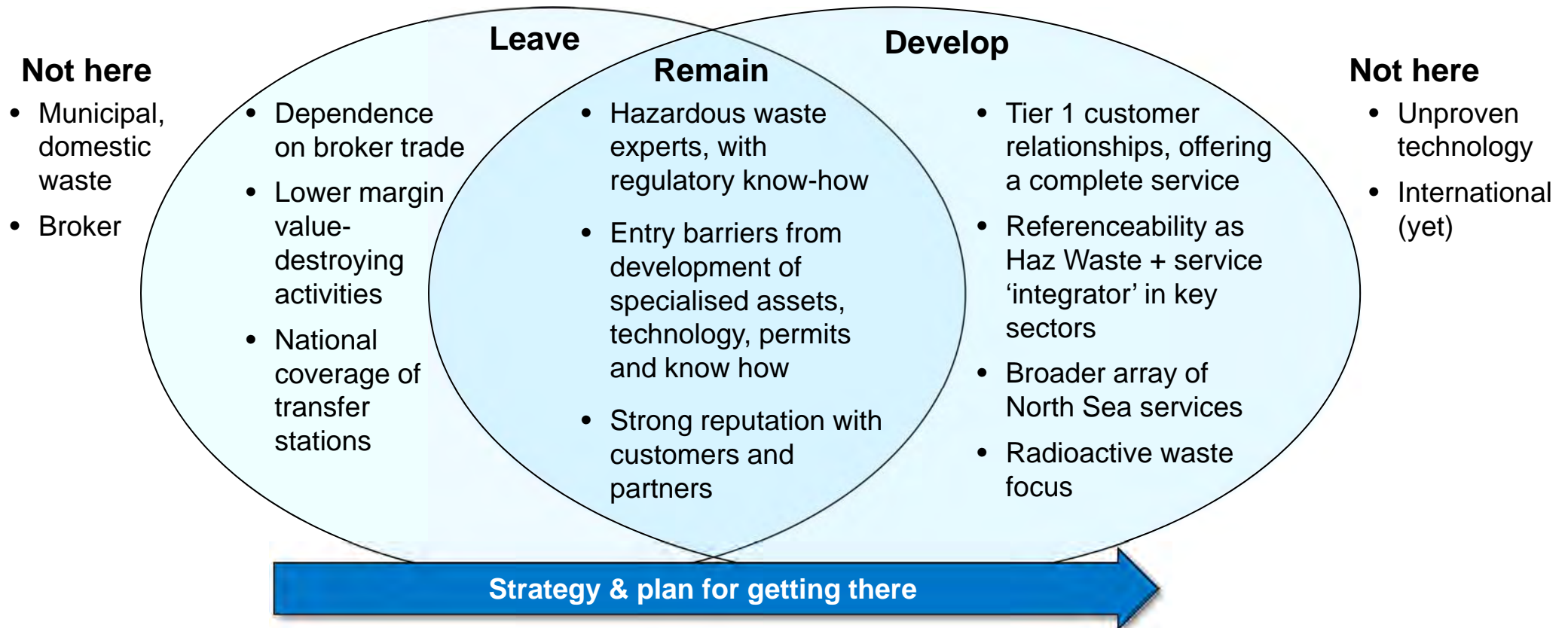
- Targeting the critical but non-core needs of clients requiring hazardous waste management
- Understanding the client's need, then developing the solution
- Supporting the solution with integrated service and management capabilities – selling and delivering one complete Augean capability



Vision – What will remain and what will be different

Current activities

Future activities

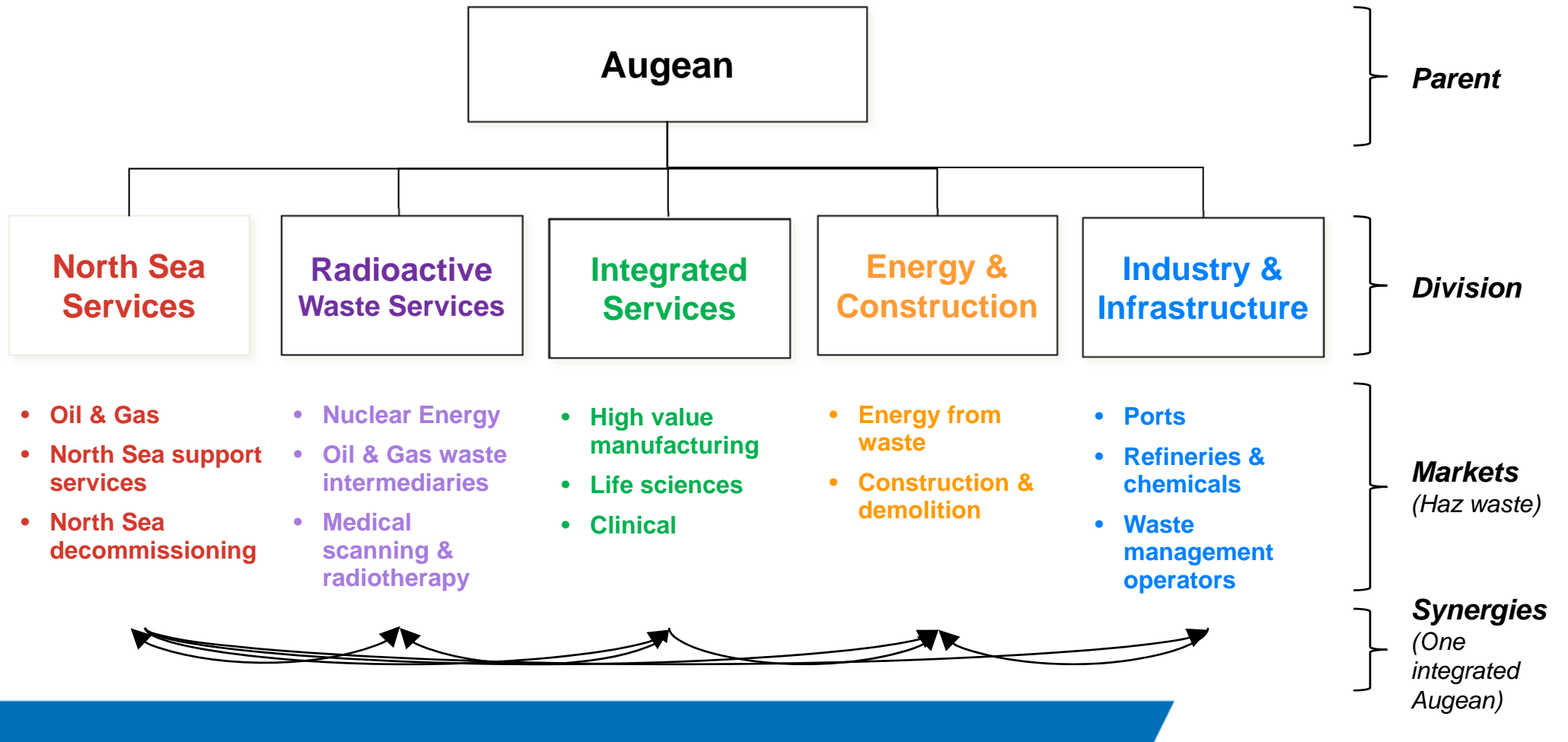


- Sector focus
- Customer solutions
- 'One Augean' integrated offer
- Reduced end-to-end costs
- Partial re-organisation
- Priority objectives & projects



Markets and the synergies that support them

Our divisions are developing market focus while also working together to deliver a unique 'One Augean' offer:





Division priorities

Division	Priorities / goals
North Sea Services	<ul style="list-style-type: none"> • Leverage the integrated internal routes for wastes • Round-out service offering to Tier 1 customers • Service clients across all North Sea markets • Position waste services for North Sea decommissioning
Radioactive Waste Services	<ul style="list-style-type: none"> • Retain share by anticipating market developments • Disposal technologies/routes for all LLW • Secure the NORM value chain • Client-site services providing complete solutions
Integrated Services	<ul style="list-style-type: none"> • Growth by consultative selling to Tier 1 customers • Integrating Group capabilities to provide solutions • Providing support services, where invited
Energy & Construction	<ul style="list-style-type: none"> • Retain share by adapting to customer and regulatory needs • Sustainable solutions for Energy from Waste sector
Industry & Infrastructure	<ul style="list-style-type: none"> • Growth through cost reduction • Resource recovery for internal waste streams • Industrial Services strategy
All divisions	<ul style="list-style-type: none"> • Customer advocacy • Cost management • Leveraging group synergies

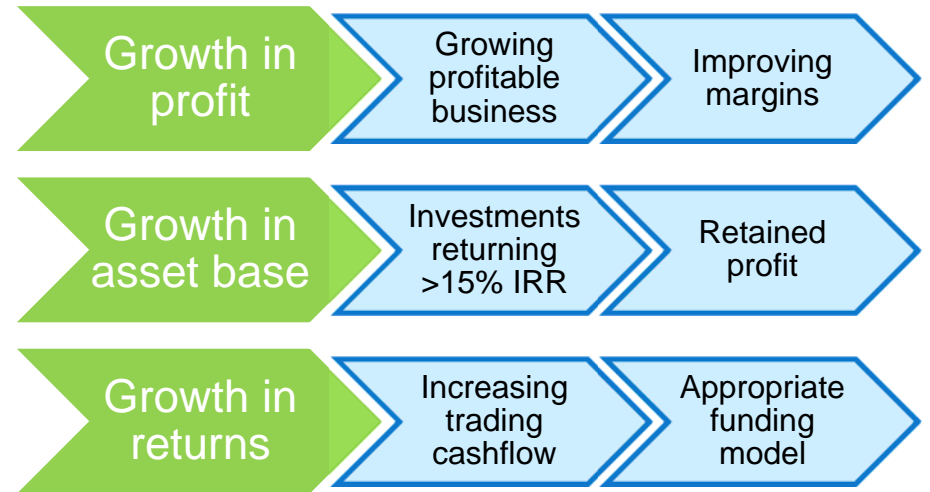
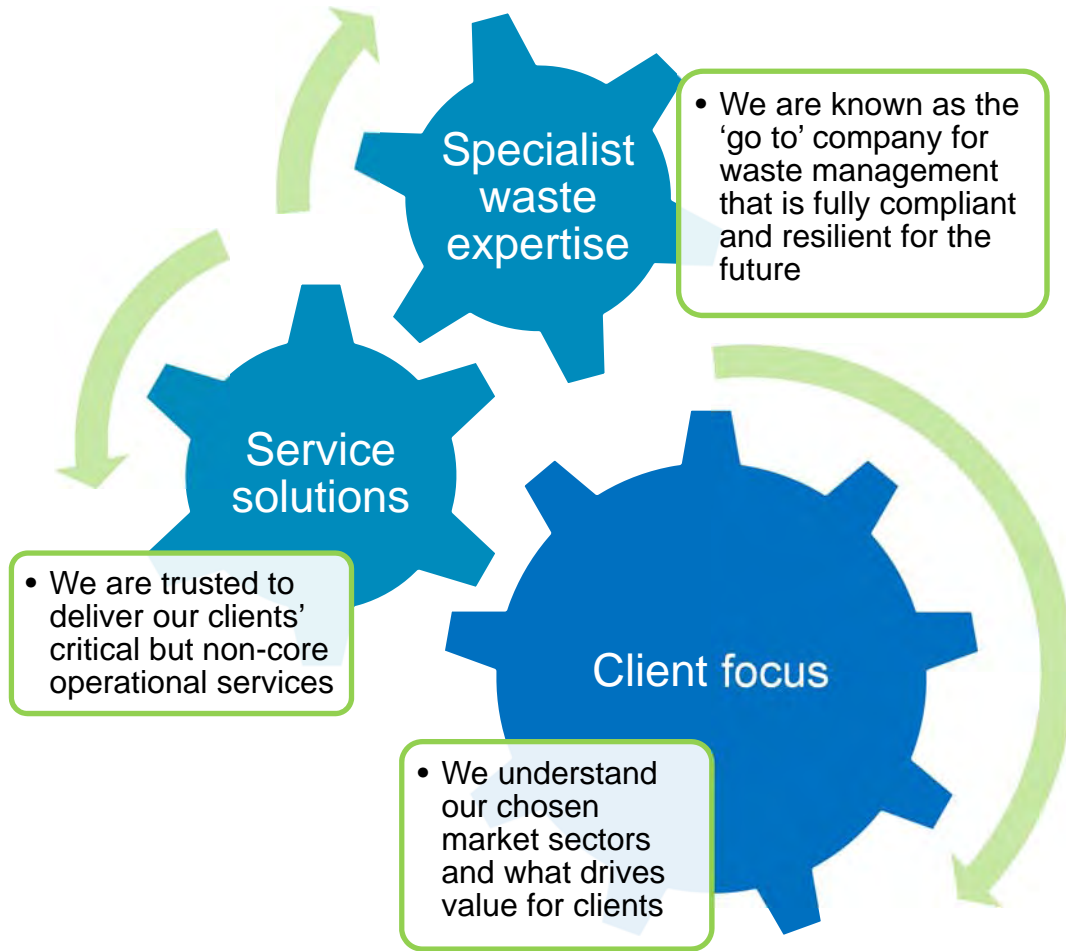


Our business model

develop sustainable market positions

to

increase shareholder value



Outlook





Outlook

- Well positioned in key waste markets:
 - Hazardous waste treatment & disposal
 - APCR management
 - LLW & NORM disposal
 - North Sea oil & gas waste management
- New strategy builds on:
 - Service-led solutions for customers
 - Leveraging Group capabilities
 - Focus on higher margin activities
- Reduction to overhead costs
- Expecting growth in EBITDA, operating profit and cash flows
- Enhanced capital investment to continue, delivering growth opportunities



specialist services

focused on managing hazardous wastes

