

# Preliminary results for the year ended 31 December 2008

March 2009

Presented by:

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# Period highlights

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- Strong cash generation
- Construction of first phase of Waste Recovery Park
- Upgrade of the Cannock facility
- Significant contract wins and record landfill tonnages
- Strengthened management team
- Economic downturn affecting treatment division
- Sales team development
- New authorisation for decommissioning projects in pipe
- Acquisition of Astec – specialist in laboratory chemicals

# Financial overview

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- 61% increase in revenue excluding landfill tax to £36.3m
- 25% increase in underlying operating profit to £6.2m
- 9% increase in underlying profit before tax to £4.0m
- 25% increase in adjusted earnings per share to 7.1p
- 51% increase in cash flow from operations to £11.6m
- Net debt reduced by £3.4m to £16.8m

# Income statement

	2008 £'000	2007 £'000
Revenue	40,081	26,302
Revenue excluding landfill tax	36,253	22,565
<b>Underlying operating profit*</b>	<b>6,157</b>	<b>4,924</b>
Exceptional items	(996)	(27,617)
Operating profit/(loss)	5,161	(22,693)
Finance charges	(1,844)	(1,096)
Share of loss of joint venture	(292)	(124)
Profit/(loss) before tax	3,025	(23,913)
<b>Underlying profit before tax*</b>	<b>4,021</b>	<b>3,704</b>
Tax	621	-
Retained profit/(loss)	3,646	(23,913)
Basic and diluted earnings per share	5.6p	(36.5p)
Adjusted earnings per share (pre-exceptional items)	7.1p	5.7p

\* Adjusted for exceptional items

# Balance sheet

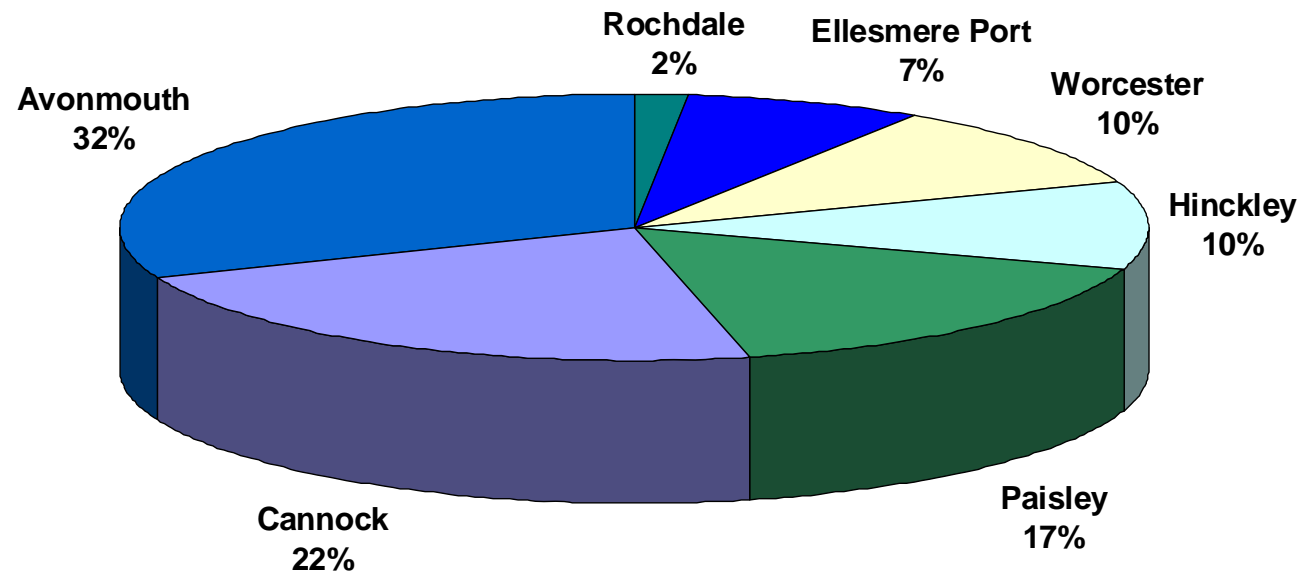
	2008 £'000	2007 £'000
Goodwill and intangibles	77,985	77,610
Property, plant and equipment	33,176	31,500
Current assets	9,097	8,340
Current liabilities	(11,772)	(9,127)
Non-current liabilities	(4,601)	(4,762)
	103,885	103,561
Shareholders' equity	87,104	83,382
Net debt	16,781	20,179
	103,885	103,561
<b>Gearing</b>	<b>19%</b>	
<b>Facility</b>	<b>£34m</b>	

# Cash flow

	2008 £'000	2007 £'000
EBITDA	10,498	8,331
Working capital	1,176	5
Operating cash flow before provisions	11,674	8,336
Provisions	(43)	(622)
Operating cash flow	11,631	7,714
Tax & interest	(2,130)	(968)
Capital expenditure	(5,333)	(3,537)
Free cash flow	4,168	3,209
Acquisitions	(770)	(11,708)
Finance leases acquired	-	(793)
Movement in net debt	3,398	(9,292)

# Treatment division

- Revenue of £22.3m (2007: £10.5m)
- Operating profit of £1.2m (2007: £1.5m)
- Bolt-on acquisition completed for £1m



Treatment division turnover by site

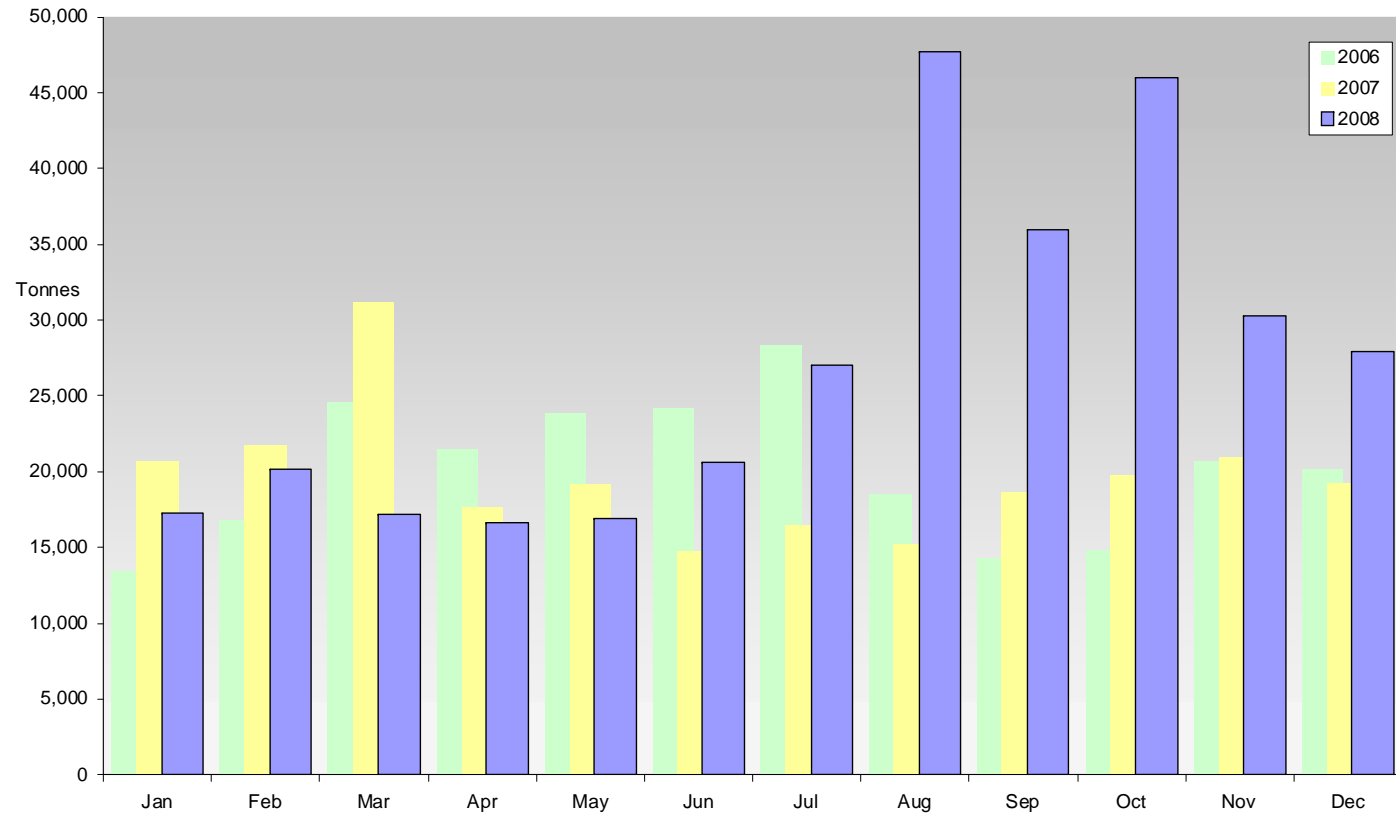
# Landfill division

	2008 H1 Tonnes	2008 H2 Tonnes	2008 Tonnes	2007 Tonnes	
Hazardous	108,693	214,824	323,517	235,461	+37%
Non-hazardous	19,680	35,536	55,216	69,250	-20%
<b>Total</b>	<b>128,373</b>	<b>250,360</b>	<b>378,733</b>	<b>304,711</b>	<b>+24%</b>

- Revenue net of landfill tax of £15.6m (2007: £13.8m)
- Operating profit of £4.9m (2007: £3.4m)
- Margin of 32% (2007: 25%)

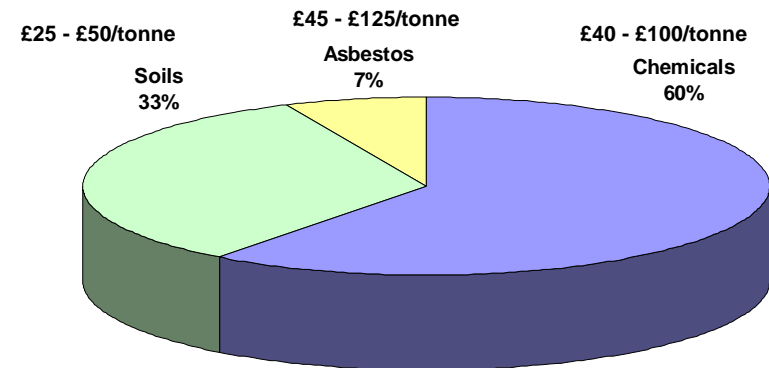
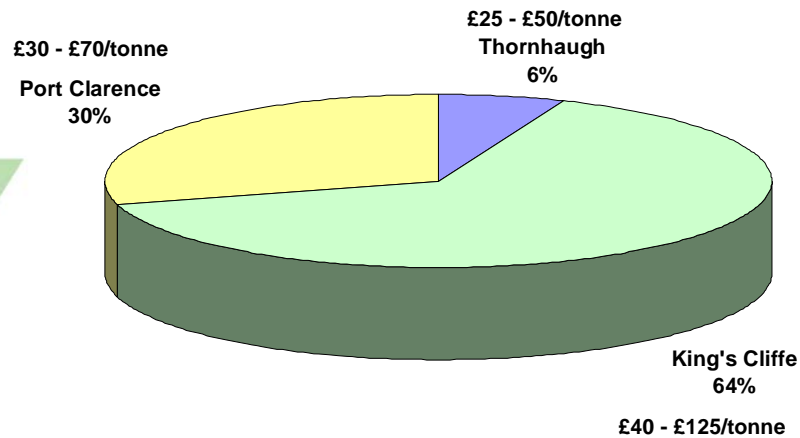


# Hazardous volumes



- Material upturn in volumes after June
- Steady start to 2009 despite weather difficulties

# Hazardous volumes/prices



- King's Cliffe premium site
- Chemicals & asbestos higher value than soils
- Some pressure on prices to maintain volume
- Significant increase in chemicals proportion

# UK hazardous waste market

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- 7% growth in production trends
- Market size circa 6m tpa (2007)
- More hazardous waste being treated & recycled
- Statistic showing fate of wastes
- Ban on open mixing
- Large opportunities to develop more sophisticated capacity
- Markets becoming stricter (in part)
- Still a distance to go in developing a consistent market

# Market position

- National geographical reach
- Creating regional markets
- Multi-service centres
- Complementary capabilities
- Treatment division growth
- Asset enhancement programme
- Growing market share



# Development programme

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- Planning



- Infrastructure



- Permitting




- Operations

- Transfer station – Paisley
- Cannock treatment process
- WaRP – thermal treatment
- WaRP – CHP
- Avonmouth/Paisley – VIR
- King's Cliffe – soil treatment
- Integration values

# Operational highlights

## Treatment division

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- Larger division with national reach
  - Contract wins – secure and visible revenue streams
  - Disappointing short term performance
  - Assets under development – disruption
  - Delay in the delivery of the Cannock upgrade
  - Hitech integration from June 2009
  - New sales approach
  - Focus on technology



# Operational highlights

## Landfill division

- Focus on infrastructure projects
- Strong contract wins in H2
- Record tonnages in 2008
- New Customer Support Centre
- Application underway for an authorisation to handle wastes from government decommissioning



# Operational highlights

## Waste Recovery Park

- Licence agreement with MECO
- Construction of phase 1 commenced in 2008
- US Indirect thermal technology to be commissioned in Q2 2009
- Facility to include a transfer station
- Environmental permits due in April 2009
- Further projects in pipe
- Significant focus on long term energy income streams





# Operational highlights

- Difficult market conditions
- Recycled 20,480 tonnes of contaminated soil in 2008
- Provided the infrastructure for the DEC on-site projects for stabilisation
- Second facility under construction at King's Cliffe
- Strategic importance as the tax mechanisms change by 2012



# 2008 Acquisition



- Astec - Small strategic bolt on
- Performing to expectation
- Immediate services synergy
- Strong commercial & technical team
- Strategic location – North West
- Significant growth opportunities
- Very specialist operation focused on laboratory chemicals




# Strategic opportunities


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- Broadening of markets
  - Asset maximisation
  - Property enhancement
  - Permitting extension
  - Regulatory enforcement
  - Market share growth
  - Trans frontier shipment
  - Asset valuation = rarity value
  - New decommissioning markets

# Outlook

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- Started 2009 with new operations, more capacity and capability to deliver enhanced income and profit streams for future
  - Faced with the difficulties of a new economic world
  - Management team experienced, strong and focused
  - Trading tough in January/February & weather added to the challenge
  - A great deal of work has been completed to ensure the long term growth and development of the business
  - A slow recovery in our market place means we must lower expectation in the short term
  - Still faced with significant deliverable opportunities in the future



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