Augean PLC
specialists in waste management

Interim Results

for the six months to 30 June 2013

September 2013

Presented by:

Dr Stewart Davies, Chief Executive Officer

Richard Allen, Group Finance Director

Agenda

- Headlines
- Highlights for H1 2013
- Market update
- Financial review
- Operational review
- Strategic update
- Outlook

Current Group structure and sources of revenue

Augean PLC

- **Augean North Sea Services**
  - Aberdeen (x4)
  - Boat cleaning & Slops
  - Onshore waste
  - Drilling waste management
  - Waste services for North Sea operators
- **Augean Waste Network**
  - Cannock, East Kent, Hinckley, Rochdale
  - Network Logistics
  - Waste management
  - HTI
  - Hazardous waste management solutions
- **Augean Oil & Gas Services**
  - Avonmouth, Paisley, WaRP
  - Recycling
  - Thermal recovery
  - Industrial services
  - Industrial cleaning & recovery of oil-contaminated wastes
- **Augean Land Resources**
  - ENRMF, Port Clarence Thornhaugh
  - Low Level Waste
  - Hazardous waste
  - Energy & mineral resources
  - High volume treatment and disposal solutions

Headlines

- Full Year profit expectations will not be met due to underperformance in Waste Network division
  - Negative impact from East Kent HTI downtime
  - No growth in transfer activities in hazardous waste sector
- Intention to deliver a strategic disposal of Waste Network division as soon as practical
- Positive performance with forward momentum from all other divisions
  - Continuing operations meeting expectations
  - Growth from previous strategic investments

Highlights

for the six months to 30 June 2013

Financial highlights for H1 2013

- Revenue
  - Including landfill tax; increase of 17% to £23.4m (2012: £20.0m)
  - Excluding landfill tax; increase of 12% to £19.6m (2012: £17.5m)

- Profit before tax
  - Adjusted increase of 18% to £1.0m (2012: £0.9m); Total £0.9m (2012: £0.5m)

- Earnings per share
  - Adjusted 0.66p (2012: 0.65p); Total 0.58p (2012: 0.33p)

- Cash flow
  - From operations £3.8m (2012: £1.0m); free cash flow £0.5m (2012: £(0.5)m)

- Net debt
  - £6.0m* (2012 Full Year: £6.1m)
  - Gearing at 13% (2012 Full Year: 13%)

* Adjusted net debt at £6.5m includes a landfill tax payment made during week 1 of July

Operational highlights for H1 2013

Land Resources:
- Increased sales revenues from radioactive waste disposal
- Increased volumes of APCR treatment
- Landfill volumes grew by 9% from H2 2012
- Continued investment in new waste treatment and disposal facilities

Oil & Gas Services:
- Divisional performance improved from 2012

Augean North Sea Services:
- Strong growth from multiple business streams

Waste Network:
- Challenging commodity markets, with no growth in transfer activities
- East Kent incinerator downtime followed by plant upgrades

Strategic developments

- Planning permission secured to extend the size and life of the ENRMF site to 2026

- Growth opportunities identified:
    - Offshore
    - APCR treatment
    - Radioactives
    - Total Waste Management

- New Business Development department established

Interim Group structure and sources of revenue

Augean PLC

Augean North Sea Services

- Aberdeen (x4)
- Boat cleaning & Slops
- Onshore waste
- Drilling waste management

Waste services for North Sea operators

Retain TWM contracts & services

Divest assets, commodity trading & transfer

Augean Oil & Gas Services

- Avonmouth, Paisley, WaRP
- East Kent HTI
- Recycling
- Thermal recovery
- Industrial services

Industrial cleaning & recovery of oil-contaminated wastes

Augean Land Resources

- ENRMF, Port Clarence Thornhaugh
- Low Level Waste
- Hazardous waste
- Energy & mineral resources

High volume treatment and disposal solutions

Market update

Augean waste markets

- UK hazardous waste
  - Remained subdued and competitive; opportunities exist in specialist areas
- UK land remediation
  - Flat with smaller number of large projects; pipeline established into 2014
- Radioactives
  - Stabilised, with LLW supply chain well established; pace of decommissioning key
- APCR
  - Expected to double over next 3 years due to new Energy from Waste incinerators; recent investment in assets
- North Sea oil & gas
  - £13.5bn* total investment during 2013; 18% rise from 2012
  - Government policy remains supportive

*Source: Oil & Gas UK reports

Financial review

for the six months to June 2013

Group statement of comprehensive income

- ANSS driving revenue growth

	Unaudited Six months ended 30 June 2013 £'000	Unaudited Six months ended 30 June 2012 £'000	Audited Year ended 31 December 2012 £'000
Continuing operations			
Revenue	**23,357**	19,986	42,421
Operating expenses	**(22,074)**	(18,786)	(39,163)
Operating profit before exceptional items	**1,283**	1,200	3,258
Exceptional items	**(113)**	(318)	(370)
Operating profit	**1,170**	882	2,888
Finance charges	**(259)**	(332)	(639)
Gain on bargain purchase	**-**	-	528
Share of result of jointly controlled entity	**(10)**	(10)	(16)
Profit before tax	**901**	540	2,761
Profit before tax and exceptional items	**1,014**	858	2,603

Statement of financial position

	Unaudited 30 June 2013 £'000	Unaudited 30 June 2012 £'000	Audited 31 December 2012 £'000
Non-current assets			
Goodwill	**21,705**	21,705	21,705
Property, plant and equipment	**41,681**	38,535	39,561
Other non-current assets	**1,342**	1,400	1,362
	64,728	61,640	62,628
Net current liabilities	**(1,972)**	(601)	(222)
Non-current liabilities	**(12,603)**	(12,917)	(12,328)
Net assets	**50,153**	48,122	50,078
Equity			
Share capital	**9,970**	9,970	9,970
Share premium account	**-**	114,960	-
Special profit reserve	**32,076**	-	32,076
Retained profit / (losses)	**7,354**	(77,688)	6,913
Equity attributable to owners of the parent	**49,400**	47,242	48,959
Non-controlling interest	**753**	880	1,119
Total equity	**50,153**	48,122	50,078

Statement of cash flows

- Operating cash reinvested for future growth

	Unaudited Six months ended 30 June 2013 £'000	Unaudited Six months ended 30 June 2012 £'000	Audited Year ended 31 December 2012 £'000
Operating activities			
Cash generated from operations	**4,124**	1,184	5,818
Finance charges paid	**(165)**	(165)	(479)
Tax paid	**(197)**	-	(744)
Net cash generated from operating activities	**3,762**	1,019	4,595
Investing activities			
Purchases of property, plant and equipment	**(3,087)**	(1,566)	(3,585)
Purchases of intangible assets	**-**	(30)	(114)
Purchase of businesses (net of cash and cash equivalents acquired)	**-**	(2,043)	(2,043)
Payments for equity in non-controlling interest	**(312)**	-	-
Net cash used in investing activities	**(3,399)**	(3,639)	(5,742)
Financing activities			
Drawdown of borrowings	**37**	2,781	1,484
Repayments of obligations under finance leases	**(151)**	(161)	(336)
Dividends paid	**(249)**	-	-
Net cash (used in) / generated from financing activities	**(363)**	2,620	1,148
Net decrease in cash and cash equivalents	**-**	-	1
Cash and cash equivalents at beginning of period	**5**	4	4
Cash and cash equivalents at end of period	**5**	4	5

Financial ratios

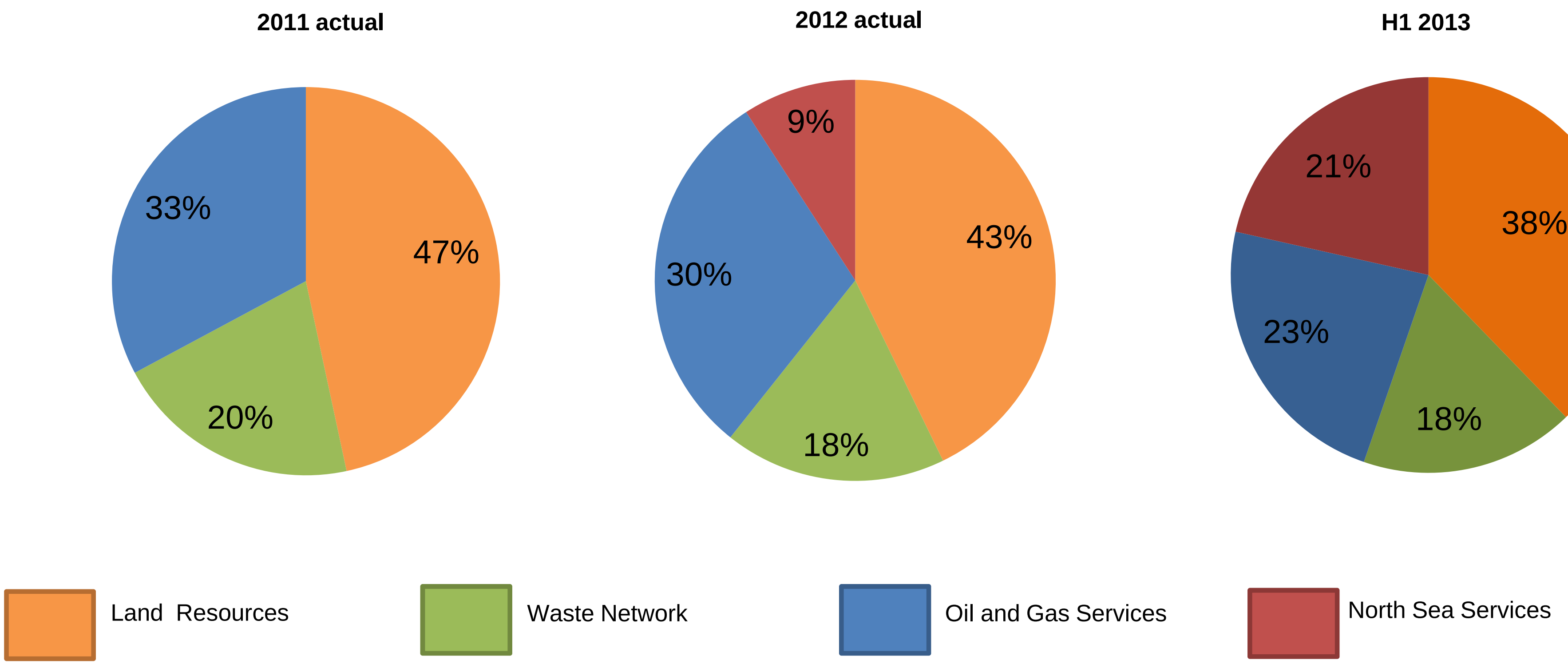
	H1 2013 £'000	H1 2012 £'000	FY 2012 £'000
Net debt	**(6,001)**	(6,588)	(6,116)
Cash interest	**(165)**	(165)	(479)
EBITDA	**2,165**	3,047	6,255
Net operating cash flow	**3,762**	1,019	4,595
Capital investment	**(3,087)**	(1,556)	(3,751)
Net assets / Equity	**50,153**	48,122	48,959
Free Cash Flow*	**527**	(738)	674
Net debt / equity (%)	**13%**	14%	13%
Rolling 12 month covenants			
Net debt/EBITDA (Covenant target <2.5x)	**1.1x**	1.0x	1.0x
EBIT/cash interest (Covenant target >2.0x)	**12.3x**	12.2x	13.6x

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

Operational review

for the six months to June 2013

Divisional contributions to Group revenues



Rebalancing the Group away from dependence on landfill disposal activities

Divisional performance H1 2013 vs H1 2012

	Land Resources division 2013 £'000	Land Resources division 2012 £'000	**Waste Network division 2013 £'000**	Waste Network division 2012 £'000	**Oil & Gas Services division 2013 £'000**	Oil & Gas Services division 2012 £'000	**North Sea Services subsidiary 2013 £'000**	North Sea Services subsidiary 2012 £'000
Revenue								
Hazardous landfill activities	**4,351**	6,995	**-**	-	**-**	-	**-**	-
Non-hazardous landfill activities	**616**	730	**-**	-	**-**	-	**-**	-
Waste treatment activities	**-**	-	**701**	125	**6,287**	5,748	**-**	-
Energy generation	**62**	74	**-**	-	**-**	-	**-**	-
APCR management	**2,467**	1,886	**-**	-	**-**	-	**-**	-
Radioactive waste management	**628**	62	**-**	-	**-**	-	**-**	-
Processing of offshore waste	**-**	-	**-**	-	**-**	-	**2,662**	362
Rental offshore equipment & personnel	**-**	-	**-**	-	**-**	-	**1,345**	220
Waste transfer activities	**-**	-	**2,951**	2,750	**-**	-	**230**	-
Total revenue net of landfill tax	**8,124**	9,747	**3,652**	2,875	**6,287**	5,748	**4,237**	582
Inter-segment sales	**(724)**	(609)	**(216)**	(213)	**(1,737)**	(652)	**(28)**	-
Revenue	**7,400**	9,138	**3,436**	2,662	**4,550**	5,096	**4,209**	582
Result								
Operating profit/(loss) before exceptional items	**3,191**	3,452	**(1,089)**	(931)	**(590)**	(1,109)	**234**	6
Exceptional items	**(21)**	(45)	**(26)**	(105)	**(47)**	(168)	**(19)**	-
Operating profit/(loss)	**3,170**	3,407	**(1,115)**	(1,036)	**(637)**	(1,277)	**215**	-

NOTE: 2012 numbers restated to reflect changes to intra-segment allocations

Divisional performance

Land Resources – mix changing towards higher margin activities

- Volumes growing from H2 2012, but comparative includes very strong Q1 in 2012
- No growth in hazardous landfill market
- Radioactives disposal of 2,005 tonnes at £281/tonne
- APCR volumes grew by approx 35% from H1 2012
- Contributions from minerals extraction and energy generation
- New investment in landfill cells, planning permission and treatment plants

Augean North Sea Services – growth and investment

- Sales revenues grew to £4.2m
- New contracts secured in offshore waste management and onshore waste treatment
- Extended capabilities through purchase of new site at Tullos; recently announced Blackdog purchase
- Increase in full year profit expectations
- Increase in equity shareholding to 81% following debt/equity swap

Divisional performance

Oil & Gas Services – progressing towards positive contributions

- Growth in underlying revenues and reduction in operating losses
- Improvement to gross margins following cost reductions (4%)
- EBITDA improving to support cash flow contribution
- Strong integration and inter-segment sales with ANSS
- Increasing contributions from Industrial Services activities

Waste Network performance

- East Kent HTI
  - New customers and waste streams secured
  - Improving understanding of operating parameters
  - Downtime during Q2 caused by failure of incinerator feed systems
  - Need for significant upgrade works during Q3
  - Throughput not sufficient to cover fixed costs

  - £0.5m negative impact on full year PBT, but anticipate non-recurring in 2014

- Hazardous waste transfer
  - Challenging commodity market with little growth
  - Margins under pressure from external disposal and transport costs
  - Despite cost reductions (£0.5m) and site closure no improvement from H1 2012

  - No improvement expected during 2013, with negative impact on PBT

Strategic update

Strategy: Opportunities

- Early stages of a Group-wide review led by new CEO
- Focused on improving profitability, cash flows and return on capital employed
- Building on existing asset, know-how and market base and exploiting growth areas
- Delivering technology-led solutions to client needs

- Several markets / activities under consideration:
    - Management, treatment and disposal of APCR from Energy from Waste operators;
    - Treatment and disposal of low activity radioactive wastes from the nuclear and non-nuclear sectors;
    - Provide comprehensive waste management services to North Sea oil and gas operators;
    - Industrial services capabilities that build upon specialist waste solutions and;
    - Leveraging Augean's leading capabilities, expertise and business processes to provide integrated services to customers

- Outcome of review to be presented H1 2014

Strategy: Closure of Waste Network division

- Exit from commoditised hazardous waste transfer markets from January 2014
- Retain higher margin Total Waste Management contracts and services
- Exploring all options to divest trade and/or assets; single or site-based
- Overhead reductions target of £1.0m (annualised)

- Relevant information for hazardous waste transfer (excl. EK HTI):

	FY 2012	H1 2013
Net revenue	5,448	2,735
Adj. operating loss	(1,725)	(721)
Depreciation	(245)	(246)
Capital expenditure	380	310
Goodwill	2,103	2,103
Fixed Assets	3,048	3,017

- East Kent HTI transferred to Oil & Gas Services division

Outlook



Outlook

- Continuing operations on track to deliver original divisional expectations
- Waste Network transfer activities impacting full year expectations
- Non-recurring mechanical challenges at East Kent now resolved
- Capital expenditure circa £5.5m (including ANSS)
- Leading to improved prospects for 2014

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