

# Preliminary results for the year ended 31 December 2009



March 2010

Presented by:  
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# Period highlights

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- Weathered worst of the recessionary markets
  - Management actions to reduce costs and minimise capital expenditure
  - Markets still challenging into 2010
  - Clear strategy for growth:
    - EA authorisation received, appeal initiated for planning application for Low Level Waste
    - Offshore waste market contract signed for a minimum 10,000 tonnes
    - Thermal treatment providing services to the oil & gas refinery markets
    - Energy business nearing commercial closure
  - Landfill tax claim received for £2.5 million
  - Roger McDowell, current NED, appointed Chairman following retirement of David Williams

# Financial overview

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- Revenue excluding landfill tax of £28.1m (2008: £36.3m)
- Adjusted operating profit of £2.3m (2008: £6.2m)
- Adjusted profit before tax of £1.3m (2008: £4.0m)
- Adjusted earnings per share of 1.8p (2008: 7.1p)
- Cash flow from operations of £4.0m (2008: £11.6m)
- Following successful placing raising £12.2m, net debt reduced to £6.0m (2008: £16.8m)
- Refinancing completed with 3 year £10m revolving credit facility secured with HSBC
- Exceptional non-cash goodwill impairment charge recognised of £55.2m

# Income statement

	2009 £'000	2008 £'000
Revenue	31,540	40,081
Revenue excluding landfill tax	28,107	36,253
<b>Adjusted operating profit*</b>	<b>2,327</b>	<b>6,157</b>
Exceptional costs	(55,665)	(996)
Operating (loss)/profit	(53,338)	5,161
Finance charges **	(1,184)	(1,844)
Share of loss of joint venture	(30)	(292)
(Loss)/profit before tax	(54,552)	3,025
<b>Adjusted profit before tax*</b>	<b>1,302</b>	<b>4,021</b>
Tax	-	621
(Loss)/profit attributable to equity shareholders	(54,552)	3,646
Basic and diluted (loss)/earnings per share	(74.8p)	5.6p
Adjusted earnings per share (pre-exceptional costs)	1.8p	7.1p

\*Adjusted for exceptional costs

\*\*Including exceptional costs of £189k

# Statement of financial position

	2009 £'000	2008 £'000
Goodwill and intangibles	21,835	77,985
Property, plant and equipment	36,133	33,176
Current assets	7,789	9,097
Current liabilities	(8,370)	(11,772)
Non-current liabilities	(6,637)	(4,601)
	50,750	103,885
Shareholders' equity	44,771	87,104
Net debt	5,979	16,781
	50,750	103,885
<b>Gearing</b>	<b>13%</b>	
<b>Bank facility</b>	<b>£10m</b>	

# New banking facilities

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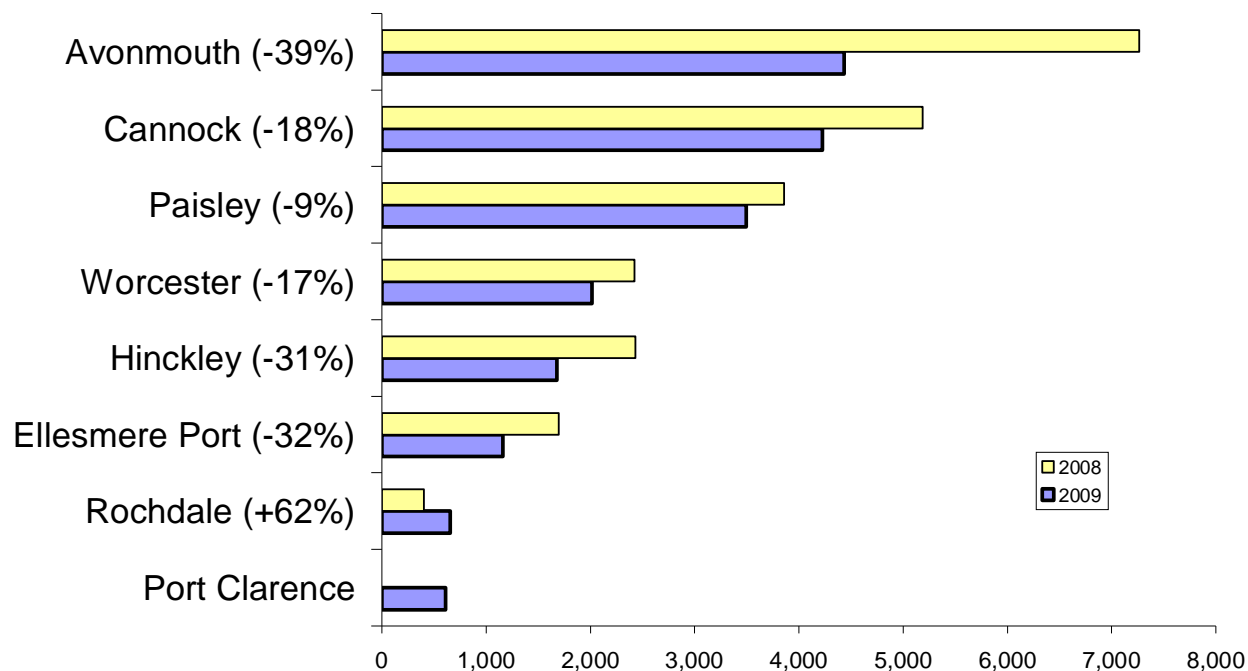
- £10m revolving credit facility with HSBC
- £1m overdraft carved out to provide flexibility
- 3 year term to November 2012
- 2.5% margin above LIBOR
- Covenants:
  - 2.5 x Net debt : EBITDA
  - 2 x Operating profit : Bank & finance lease interest

# Cash flow

	2009 £'000	2008 £'000
<b>EBITDA</b>	5,786	10,498
<b>Working capital</b>	(1,796)	1,133
<b>Operating cash flow</b>	3,990	11,631
<b>Tax &amp; interest</b>	(956)	(2,130)
<b>Capital expenditure</b>	(5,126)	(5,333)
<b>Free cash flow</b>	(2,092)	4,168
<b>Disposals/(Acquisitions)</b>	735	(770)
<b>New share capital issued</b>	12,159	-
<b>Reduction in net debt</b>	10,802	3,398

# Treatment division

- Revenue of £16.7m (2008: £22.3m)
- Operating loss of £2.3m (2008: profit of £1.2m)



Treatment division site revenue (£k) and year-on-year % change

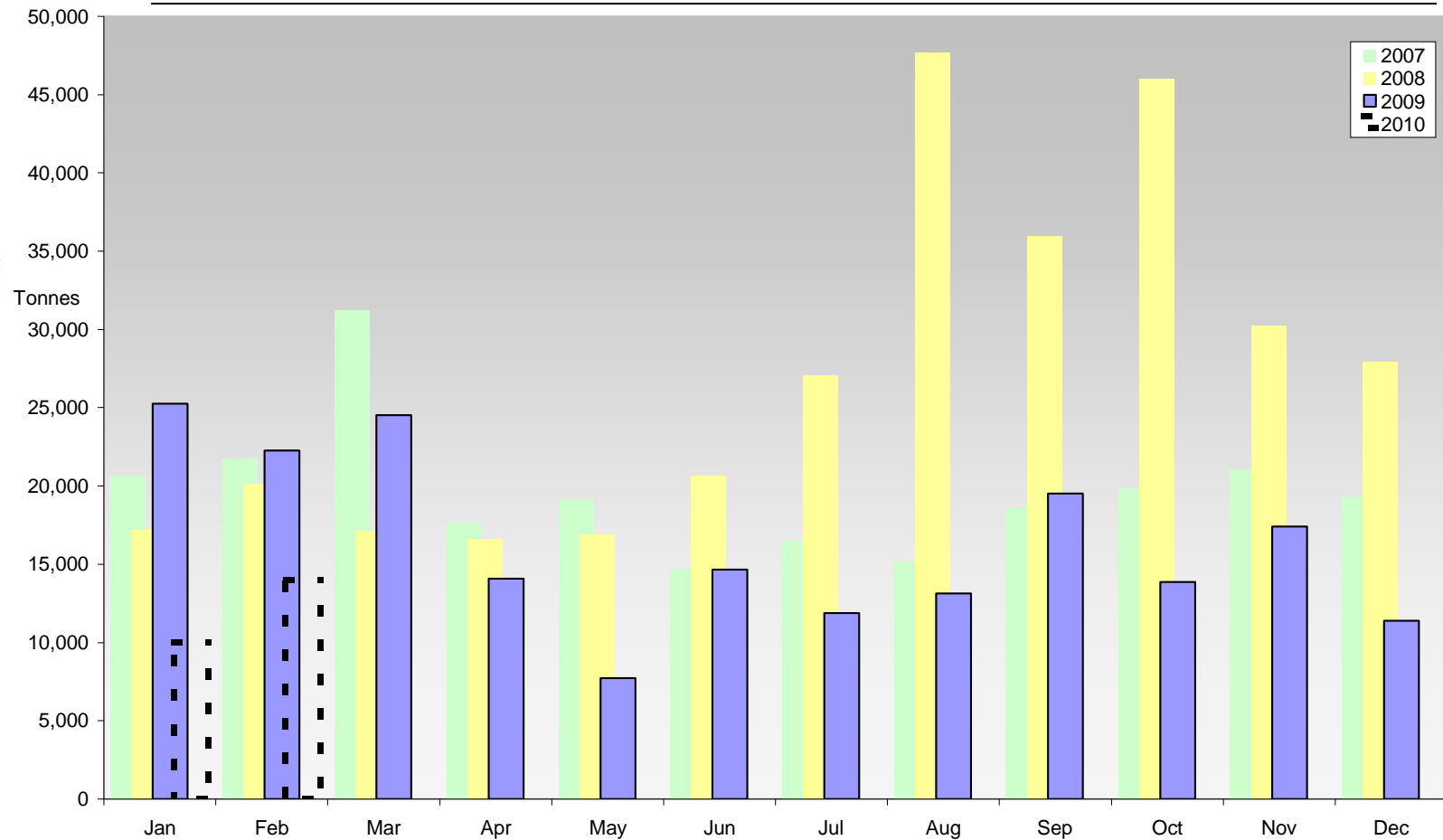


# Landfill division

	2009 H1 Tonnes	2009 H2 Tonnes	2009 Tonnes	2008 Tonnes	
Hazardous	108,523	87,220	195,743	323,517	-39%
Non-hazardous	28,719	33,475	62,194	55,216	+13%
<b>Total</b>	<b>137,242</b>	<b>120,695</b>	<b>257,937</b>	<b>378,733</b>	<b>-32%</b>
Hazardous price	£46	£48	£47	£42	+12%

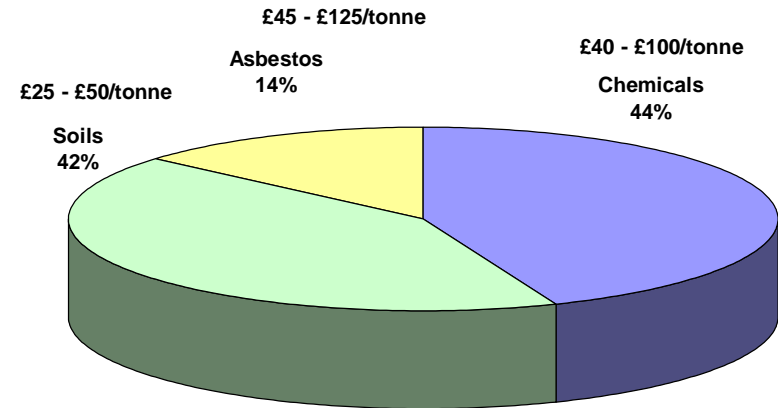
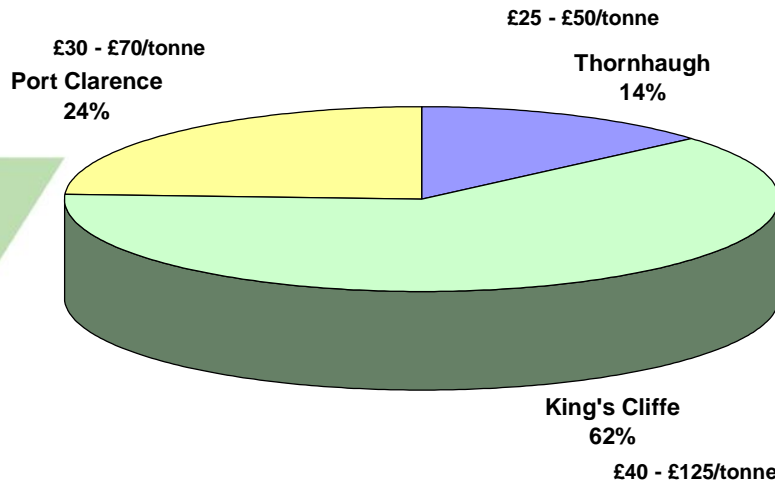
- Revenue net of landfill tax of £12.9m (2008: £15.6m)
- Operating profit of £4.6m (2008: £4.9m)
- Results include:
  - £1.0m of landfill tax claim (£2.5m received in cash post year end)
  - £0.7m of previously deferred revenue following stockpile reassessment
  - £0.7m for disposal of non-core quarry asset

# Hazardous volumes



- Difficult late 2009 and early 2010 due to harsh weather

# Hazardous volumes/prices



- King's Cliffe premium site
- Chemicals & asbestos higher value than soils
- Some downward pressure on prices
- Uncertainty over landfill tax

# UK hazardous waste market

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- Production of waste relative to GDP
- Statistics show a decline in volumes toward the end of 2008 and into 2009
- Hazardous Waste Strategy just published
- 6 key principles
  - Waste Hierarchy
  - Infrastructure provisions
  - Reduce reliance on landfill
  - No mixing or dilution
  - treatment of hazardous organics
  - WAC derogations
- Enforcement – still a way to go
- Augean developed infrastructure positioned to meet market recovery & future legislation

# Market position

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- National geographical reach - proximity principle
- Growing market share – sales approach
- Multi-service centres
- Complementary capabilities
- Hierarchy policy
- Asset enhancement programme



# Strategic opportunities

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- Developing new markets
  - Asset maximisation
  - Property enhancement
  - Permitting extension
  - Regulatory enforcement
  - Market share growth
  - Asset valuation = rarity value

# Low Level Waste

- ENRMF site going through authorisation process
- EA authorisation issued
- Planning to go to appeal
- ENRMF unique as a hazardous landfill
- Low volume high margin model
- Market opportunities significant in the long term



# Offshore

- Exclusive contract signed
- Minimum of 10k tonnes per annum
- Focused on drill cutting wastes
- Recycling & disposal process
- Volumes based on a slow market – growth upside to come



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# Energy

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- Landfill gas – contract signed
- Gasification – contract at an advanced stage
- Wind farm options – at a commercial review stage



# Operational highlights

## Waste Recovery Park

- First in the UK
- Commissioning challenge
- Facility now delivering capacity
- Markets developing
- Outlook promising – opening access to new markets



# Operational highlights

## Treatment division

- Cannock facility new business model delivered
- Avonmouth RFO market improving
- Hitech integration underway
- Astec successfully integrated
- Signs of performance improving



# Operational highlights

## Landfill division

- Operational soil treatment centre at ENRMF
- Landfill tax under review
- Division development aligned to the brownfield and demolition markets
- Achieved the highest standard through the IMS review



# Outlook

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- Markets remain challenging
- Stable financial structure
- Strong experienced team
- Development strategy clear
- Well positioned to benefit from recovery in UK hazardous waste market
- Long term outlook still capable of creating long term value



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