Augean PLC
specialists in waste management

Results
for the year to 31 December 2011

March 2012
Presented by: Paul Blackler – Chief Executive
Richard Allen – Finance Director

Agenda

- Highlights
- Market update
- Financial review
- Operational review
- Strategic update
- Outlook

Highlights

for the year to 31 December 2011

Financial highlights for 2011

- Revenue
  - Including landfill tax; increase of 10% to £37.5m (2010: £34.1m)
  - Excluding landfill tax; increase of 8% to £31.3m (2010: £29.0m)
- EBITDA
  - Increased to £6.5m (2010: £5.6m)
- Profit before tax
  - Adjusted £1.1m (2010: £0.4m); Total £1.4m (2010: £0.5m)
- Earnings per share
  - Adjusted 1.26p (2010: 0.24p); Total 1.59p (2010: 0.42p)
- Cash flow
  - From operations £4.7m (2010: £5.8m); free cash flow* £0.0m (2010: £1.8m)
- Net debt
  - Stable at £4.0m (2010: £3.9m); maintained covenant compliance

* Adjusted for late collections from customers received during January 2012

Operational & strategic highlights for 2011

- Increasing sales volumes & revenues in both operating divisions
- Improvements to operating margins
- Capital investment in landfill capacity

- Divisional reorganisation

- Low Level Waste disposal activated at ENRMF
- Minerals extraction permission at Cook's Hole
- Extended activities in offshore waste management
- Energy plant operational at Port Clarence WRP

- Group restructuring underway to enable future dividend payments

Market update

for the year to 31 December 2011

Market update

- Volumes of waste arising are flat
  - 8% reduction in total hazardous landfill tonnage from 2009 to 2010*
  - Limited growth seen and expected in the medium term
  - Increased exportation of waste into Europe
- Price pressures continue
  - Landfill exemption certificates expire on 1 April 2012
  - Gradual reduction of market price for larger contracts and volume activities
- Waste hierarchy development continues
  - Recycling & recovery solutions attractive to customers
- No significant new technologies emerging

*Source: EA hazardous waste trends 2000-2010

Financial review

for the year to 31 December 2011

Group statement of comprehensive income

	Before exceptional items 2011 £'000	Exceptional items 2011 £'000	Total 2011 £'000	Total 2010 £'000
Revenue	**37,459**	**-**	**37,459**	34,120
Operating expenses	**(35,814)**	**331**	**(35,483)**	(33,168)
Operating profit	**1,645**	**331**	**1,976**	952
Finance charges	**(571)**	**-**	**(571)**	(399)
Share of loss of jointly controlled entity	**(16)**	**-**	**(16)**	(14)
Profit before tax	**1,058**	**331**	**1,389**	539
Tax	**193**	**-**	**193**	(117)
Profit for the year attributable to equity shareholders	**1,251**	**331**	**1,582**	422
Earnings per share				
Basic and diluted	**1.26p**	**0.33p**	**1.59p**	0.42p

- Revenue growth net 8%
- Reductions & restructure
- 2010 interest receipt
- Terramundo on hold
- Deferred tax credit

- Exceptional costs £409k
- Exceptional credit £740k

Split of H1 and H2 trading results

	H1 2011 £'000	H2 2011 £'000	Total 2011 £'000	Total 2010 £'000
Net Revenue				
Landfill division	**7,118**	**7,473**	**14,591**	10,912
Treatment division	**8,759**	**7,937**	**16,696**	18,061
Group	**15,877**	**15,410**	**31,287**	28,973
Operating expenses				
Landfill division	**(5,778)**	**(4,894)**	**(10,672)**	(7,916)
Treatment division	**(9,905)**	**(9,065)**	**(18,970)**	(20,290)
Group	**(15,683)**	**(13,959)**	**(29,642)**	(28,206)
Operating profit				
Landfill division	**1,340**	**2,579**	**3,919**	2,996
Treatment division	**(1,146)**	**(1,128)**	**(2,274)**	(2,229)
Group	**194**	**1,451**	**1,645**	767

Note: Excludes landfill tax and inter-segment sales

Statement of financial position

	2011 £'000	2010 £'000	
Non-current assets			
Goodwill	**21,705**	21,705	•Impairment reviewed
Property, plant and equipment	**35,415**	35,245	•Capex of £4.2m
Deferred tax asset	**854**	4	•Depreciation vs capital allowances
Others	**541**	531	
	58,515	57,485	
Current assets	**8,081**	7,194	•Debtor increases
Current liabilities	**(9,949)**	(7,671)	•Reclassification of debt; higher creditors; tax liability
Net current liabilities	**(1,868)**	(477)	
Non-current liabilities	**(9,784)**	(11,811)	•Reduction in debt; provisions released
Net assets	**46,863**	45,197	
Shareholders' equity			
Share capital	**9,970**	9,970	
Share premium account	**114,960**	114,960	•Capital reduction process underway
Retained losses	**(78,067)**	(79,733)	
Total shareholders' equity	**46,863**	45,197	

Statement of cash flows

	2011 £'000	2010 £'000	
EBITDA	**6.479**	**5,558**	•Depreciation stable
Working capital movement	**(1,766)**	258	•Provisions; YE collections
Cash generated from operations	**4,713**	5,816	
Interest paid	**(469)**	(297)	
Tax paid	**(123)**	(72)	
Net cash generated from operating activities	**4,121**	5,447	
Net cash used in investing activities	**(4,199)**	(3,358)	•Landfill cell capex (x3)
Net cash generated used in financing activities	**(78)**	(2,264)	•Lease repayments
Net decrease in cash and cash equivalents	**(156)**	(175)	
Cash and cash equivalents at beginning of period	**160**	335	
Cash and cash equivalents at end of period	**4**	160	

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Financial ratios

Financial ratios	FY 2011 £'000	FY 2010 £'000
Net Debt	**(3,968)**	(3,890)
Cash interest	**(469)**	(297)
EBITDA	**6,479**	5,558
Net operating cash flow	**4,121**	5,447
Capital investment	**(4,186)**	(3,159)
Equity	**46,863**	45,197
Free cash flow	**(479)**	1,834
Adjusted FCF	***14***	-
Net debt / Equity (%)	**8.5%**	8.6%
Rolling 12 month covenants		
Net debt / EBITDA (Covenant target <2.5x)	**0.6x**	0.7x
EBIT / cash interest (Covenant target >2.0x)	**8.7x**	4.1x

FCF defined as net operating cashflow less capital investment and finance lease payments
Adjusted FCF defined as FCF plus cash expected in December but collected in January

Operational review

for the year to 31 December 2011

Divisional performance: Landfill

- Robust operating performance
- Volume growth from projects and ash transfer from Cannock
- Use of remediation centres to provide recycling solutions for customers
- Achieving higher prices through recycling
- Focus moving away from lower margin non-hazardous work
- Overall increase in gross margin

	2011	2010	% change
Volume (tonnes)			
Hazardous*	252,477	192,910	+31%
Non-hazardous	87,906	110,351	-20%
Total	340,383	303,261	+12%
Prices (£/tonne)			
Hazardous	48	45	+7%
Non-hazardous	17	20	-15%
Total	40	36	+11%

* Includes ash of 47,000 tonnes

Customer routes into landfill sites in 2011

	Customers				
Pre-testing	Yes	Yes	Yes	Yes	No
Classification	**Non-hazardous**	**Hazardous**	**Non-hazardous**	**Hazardous**	**APCR Ash**
Example	Building rubble	Asbestos	Contaminated soils	Contaminated soils	n/a
Solution	**Direct to landfill**	**Direct to landfill**	**Into Rem. Centre**	**Into Rem. Centre**	**Into Rem. Centre**
Treated at	n/a	n/a	Kings Cliffe centre	Kings Cliffe centre Port Clarence centre	Kings Cliffe centre
Disposal at	Port Clarence landfill Thornhaugh landfill	Port Clarence landfill Kings Cliffe landfill	Kings Cliffe landfill Thornhaugh landfill	Kings Cliffe landfill Port Clarence landfill	Kings Cliffe landfill
% of total tonnage	15.5%	33.3%	10.4%	27.0%	13.9%

Threefold increase in Remediation Centres volumes from 2010

Divisional performance: Treatment

- Underlying revenues +5% year on year
  - Competitive market with limited growth
  - Growth in transfer activities
  - Growth in direct customers (50% direct / 50% third party)

- Site profitability flat year on year
  - Close control of disposal costs allowed 2% gross margin improvement
  - £400k reduction in site fixed costs year on year
  - Sales infrastructure investment required to drive future growth
  - Impacted by Cannock interruption and other restructuring

- Port Clarence Waste Recovery Park development continues

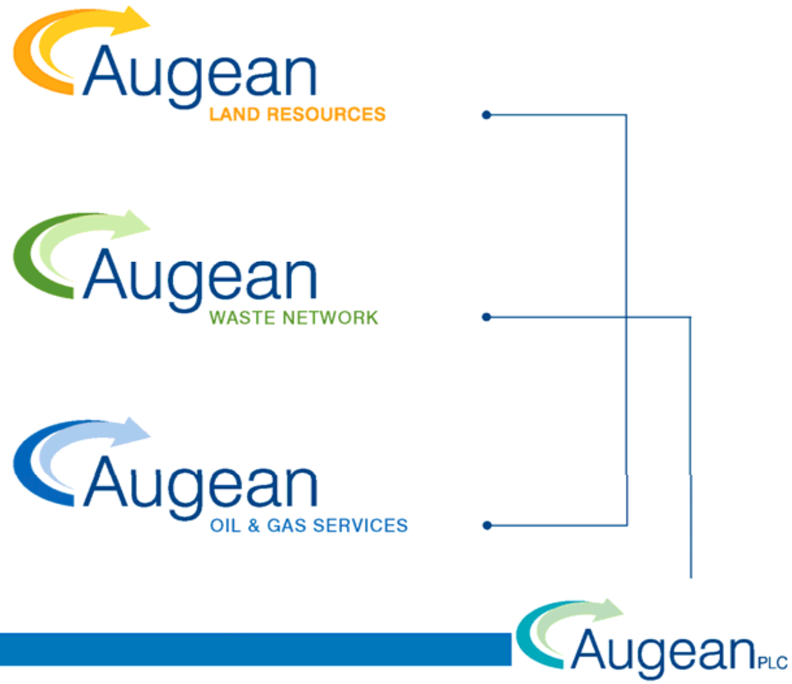
- Cannock incident update
  - Insurance settlement of £1.6m
  - HSE investigation ongoing
  - Relocation of assets to PC WaRP

Divisional performance 2011

	2011	2010	**2011**	2010
	Landfill division	Landfill division	**Treatment division**	Treatment division
	£'000	£'000	**£'000**	£'000
Revenue				
Hazardous landfill activities	**11,175**	8,538	**-**	-
Non-hazardous landfill activities	**1,564**	2,372	**-**	-
Waste treatment activities	**-**	-	**10,271**	10,000
Energy generation	**170**	217	**-**	-
APCR management	**1,846**	572	**416**	1,642
Waste transfer activity	**-**	-	**6,009**	6,420
Total revenue net of landfill tax	**14,755**	11,699	**16,696**	18,061
Inter-segment sales	**(164)**	(787)	**-**	-
Total net revenue	**14,591**	10,912	**16,696**	18,061
Operating profit/(loss) before exceptional	**3,919**	2,996	**(2,274)**	(2,229)

Strategic update

Strategy: Aligning Divisions with future markets



- Evolve from 2 to 3 operating divisions
- Split current Treatment division between processing and network activities
- Focus on key markets through aligned assets and resources
- Absorb strategic opportunities as they reach delivery phase

New Divisions: activity, asset and market focus

DIVISION	WASTE TYPE	MARKETS	ASSETS
Land Resources	• Soils • Asbestos • Ash • VLLW & LLW • Minerals	• Remediation companies • Construction companies • Incinerators • Site Licence Companies (SLC's)	• East Northants Resource Management Facility • Thornhaugh • Port Clarence • Laboratory Services • Cooks Hole
Waste Network	• Chemicals • All wastes	• SME's • Waste companies	• Worcester • Hinckley • Rochdale • Cannock • Group Transport
Oil & Gas	• Drill cuttings • Rig wastes • Oils slops (Marpol) • Oil/Water mixes • Oil sludge • Filters • Rags	• Offshore service companies • Decommissioning companies • Refineries • Garages • Oil treatment • Waste network	• Waste Recovery Park • Avonmouth • Paisley • Industrial Services • Aberdeen *

* SCOMI contract

Strategy: Low Level Waste (LLW)

- Legal process
  - Appeals heard and rejected by the High Court and Court of Appeal
  - Further application to Supreme Court possible
  - Planning permission has been confirmed as lawful, allowing operations

- Operational readiness
  - All environmental requirements satisfied
  - Specific EL and PL insurance in place
  - Full training of staff at site
  - First consignments received successfully

- Commercial pipeline
  - LLWR framework in place for NDA estate
  - Agency agreement for non-nuclear sites
  - Expecting volumes around 2,000 tonnes, delivering £1m PBT p.a.

Strategy: Minerals extraction

- Planning permission secured at Cook’s Hole
- Limestone (3m tonnes) and sand (1m tonnes) available
- Tender process completed & partner selected
- Certain rent of £175k p.a.
- Royalties based on volume extracted
- Site expected to support 10-20 years of activity, depending on rate of extraction

Strategy: Offshore waste management

- Drill cuttings contract with Scomi continues
- Boat cleaning operations established
- Other waste streams available
- Continuing to integrate offshore and onshore capabilties

Strategy: Energy

- Two sites now deliver gas-fired electricity
- Smaller scale gas options still remain
- Wind energy on hold pending PCWRP review
- Small scale energy from waste plants under investigation
- Oil recovery and conversion to fuel under development at PCWRP

Outlook

Outlook

- Competitive market but maintaining market share
- New divisions fully operational
- Targeting new direct customers
- Material contribution from LLW contracts
- Contributions from energy and minerals
- Capital investment circa £3.5m
- Increase to profit before tax forecast: £2.7m

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