



## Pre-close trading update

Financial Year Ending 31 December 2006



Presented by

Roger McDowell – Interim - CEO

Peter Southby – Finance Director

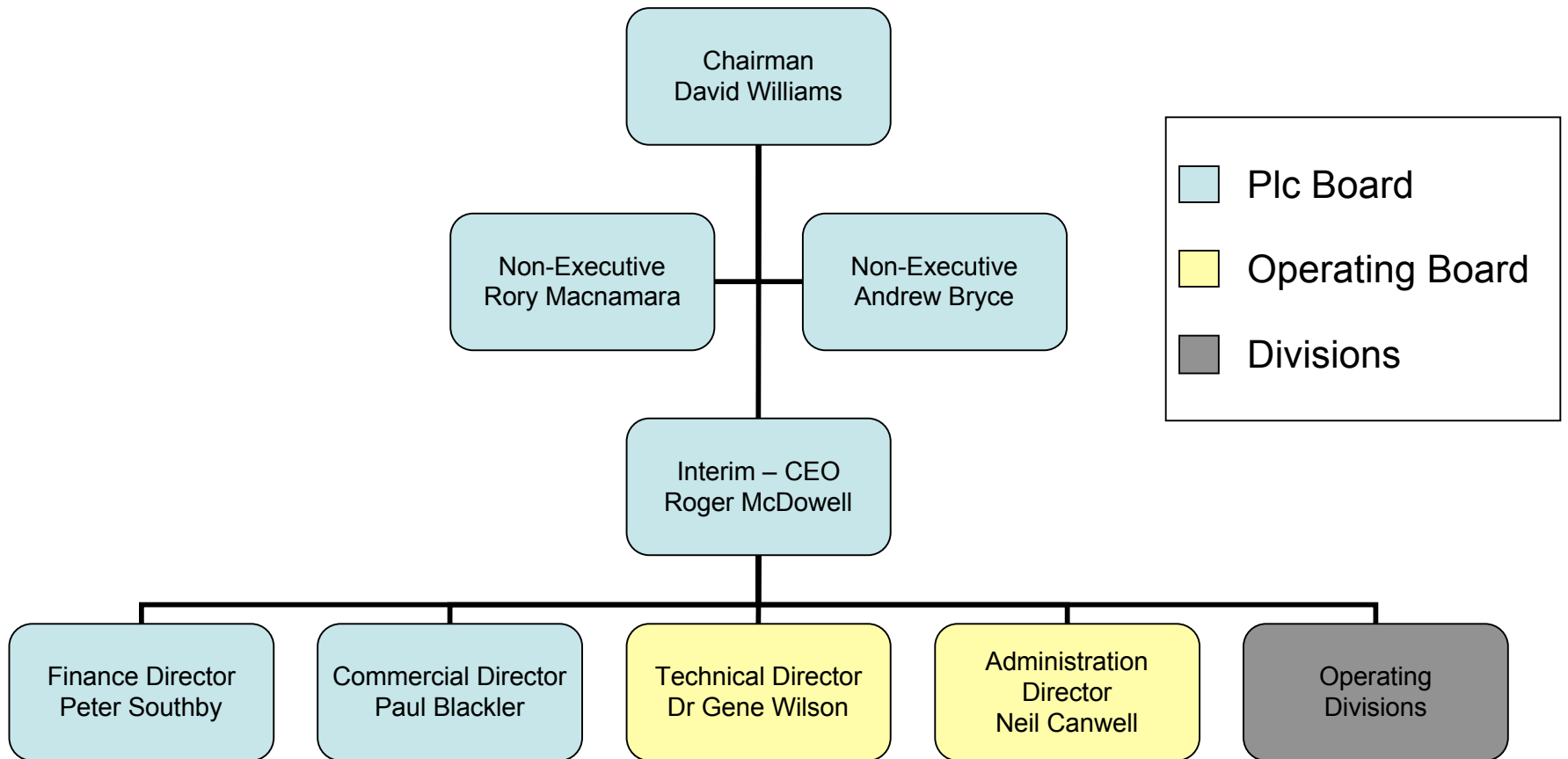
Paul Blackler – Commercial Director

# History



- Established December 2004
- Largest hazardous waste landfill operator in the UK (3 hazardous landfills)
- Operator of hazardous treatment and transfer facilities (3 treatment & transfer facilities)
- Defined Development Strategy to achieve asset enhancement and strategic complementary acquisitions
- Specialist teams
- Legislation driven market with high barriers to entry
- Evolving markets
- Strong cash generative business with strong balance sheet

# Management Team



- CEO recruitment update

# 2006 performance



- In-line with expectation (pre-exceptionals)
- Hazardous tonnes to landfill 240,000 (2005: 184,000)
- Treatment division integrating well
- Implementation year for full Landfill & Hazardous Waste Directive
  - ✓ Landfill Directive
    - Cessation of co-disposal
    - WAC, number of sites
    - Pre-treatment
  - ✓ Special Waste to new Hazardous Waste Regulation
    - New management system
    - Improved traceability
    - Further waste streams assigned as hazardous

# The market - competition

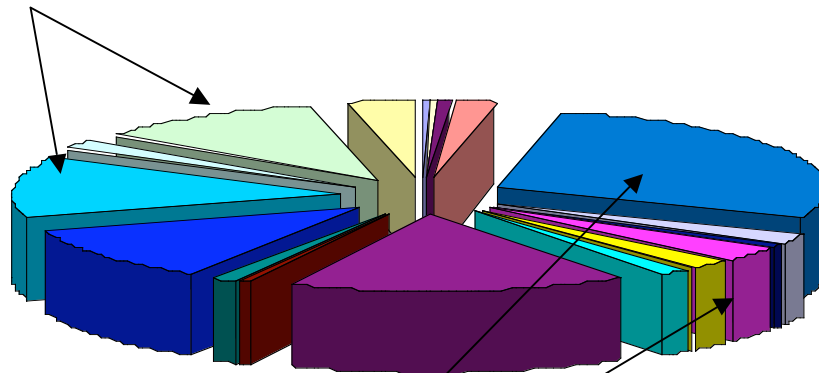


- Treatment market evolving quickly
- Opportunities arising as standards increased through permitting regime
- New statistics data base providing clearer market visibility
- Competition slow to react – domestic markets focus
- Hierarchy growth opportunities
- Major legislative impacts implemented
- Stabilising effect in the market
- Regulatory Authorities more focused on hazardous waste

# Hazardous waste statistics

**Hazardous Waste July 05 - 06  
by EWC Code**

Direct landfill markets

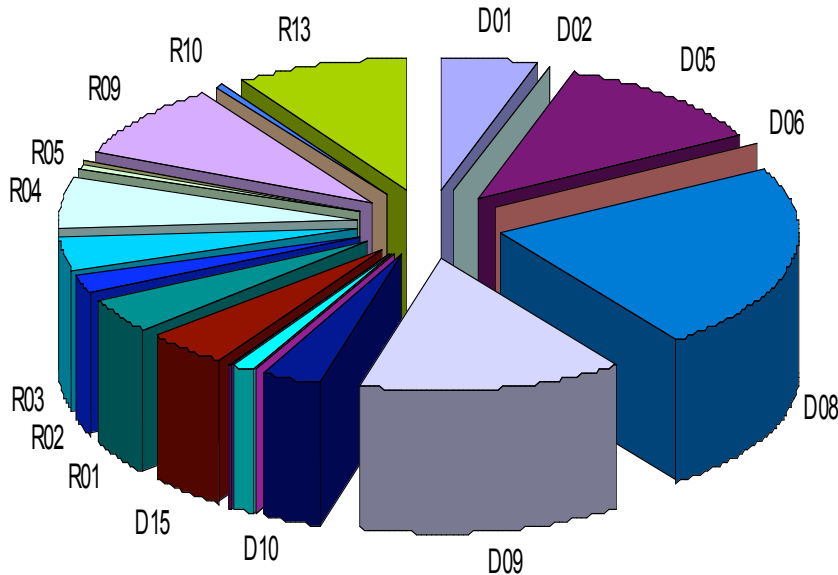


Growth markets  
for example; Waste oil, organics & treatment residues

- Mining
- Agriculture
- Wood
- Textiles
- Petroleum refining
- Inorganic chemicals
- Organics
- Paints/varishes/sealants
- Photographic waste
- From thermal processes
- Surface treatment - metals/plastic
- Shaping/phy/mech surface treatment
- Waste Oils
- Waste solvents/refrigerants/propellants
- Packaging
- Waste not otherwise specified
- Contaminated Soil
- Health care & research
- Treatment residues (inc APCR)
- Municipal

Source: EA hazardous waste data base – pre-qualified

# Disposal & Recycling assignment



Total market for period 4.97M tpa

Source: EA hazardous waste data base – pre-qualified

| R & D Code | Method of disposal   | Total/ te |
|------------|--|-----------|
| D08        | Release into seas / oceans (including sea bed insertion)   | 1,139,132 |
| D09        | Biological treatment not specified elsewhere in this annex which results in final mixtures or compounds which are discarded by means of any of the operations numbered D01 – D12 | 722,369   |
| D05        | Specially engineered landfill  | 582,350   |
| D01        | Deposit into or onto land (e.g. landfill etc)  | 268,287   |
| D15        | Storage prior to submission to any of the operations numbered D1 – D13   | 213,070   |
| D10        | Incineration on land   | 155,698   |
| D13        | Blending or mixing prior to submission to any of the operations numbered D1 to D12   | 56,964    |
| D14        | Repackaging prior to submission to any of the operations numbered D1 – D12   | 14,274    |

# What the statistics demonstrate



- Hazardous waste total market still circa 5M tpa post Directive implementation
- Disposal activities constitute circa 70% of waste routing
- Hazardous landfill market size circa 1,000,000 tpa (D01 + D05)
- Augean achieving circa 25% hazardous landfill market share
- Large opportunities in developing facilities to access further volumes from treatment, thermal and recycling activities





# Strategy Review

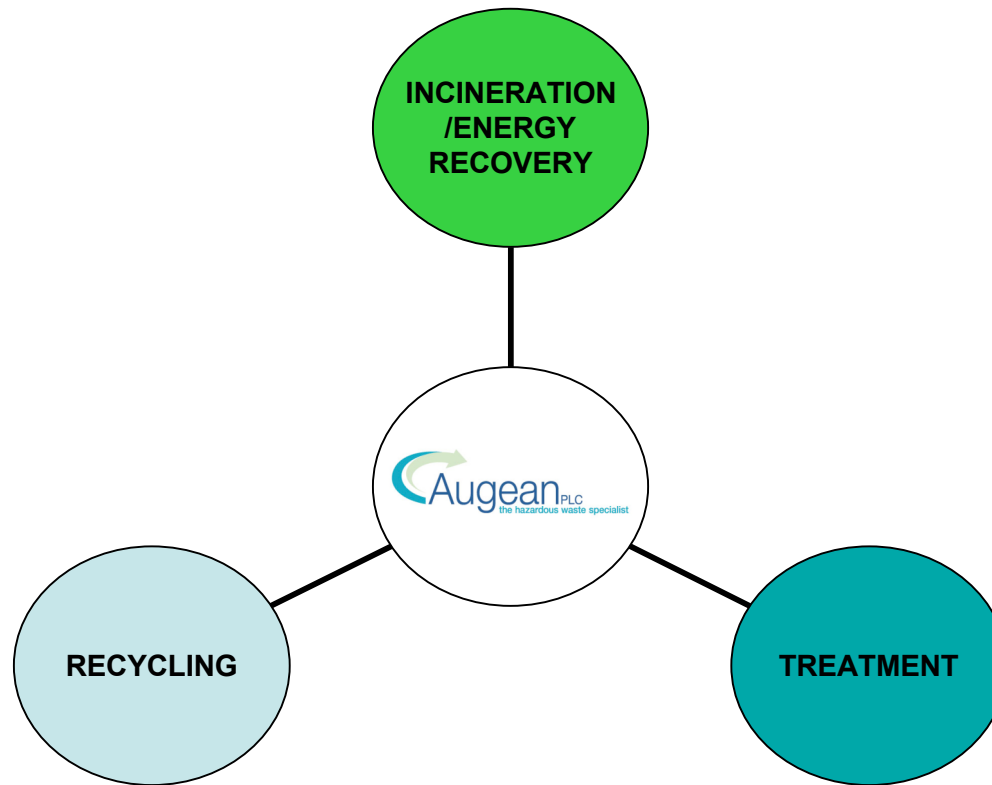


- Strategic review announced to the market 20<sup>th</sup> October 2006
- Review of asset valuation (including void) currently underway by MJCA
- Conclusions to be announced with final results

# Opportunities

-  LONDON 2012
-  terramundo
- Buncefield
- Treatment consolidation
- Technologies review
- Visibility & pipeline
- Stabilising effect
- Strategic locations
- Specialisation

# Growth Markets



# Outlook



- Pricing firm but large land remediation projects may influence
- Slight weakening of sales mix post full Directive implementation
- Further consolidation in treatment
- New executive management team driving the business
- Hierarchy development strategy – value added