



Interim results for the six months ended  
30 June 2007

**September 2007**

Presented by:

Peter Worlledge – CEO

Peter Southby – Finance Director

# Period overview

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- New management team appointed
- Period characterised by some market uncertainty
- Sales force restructure – emphasis on client service and long term business development
- Terramundo ground remediation centre opened at Port Clarence, Teesside
- Technology developments
- Olympics first phase contract won
- IPPC permit regime groupwide
- IMS full accreditation achieved in Landfill, partial in Treatment
- Solid performance delivered, similar expected in H2
- Positive outlook for medium term

# UK hazardous waste market

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- Hazardous market size from first set of statistics >4m tonnes p.a.; waste destined for hazardous landfill 1m tonnes p.a. (Augean estimate)
- Impacts from regulations demonstrated lack of immediate capacity for certain waste streams but investment climate sound
- Regulator starting to provide clear policy guidance/enforcement
  - e.g. Classification and Coding of Treatment Plant residues
- Further consolidation in market
- Hierarchy growth opportunities

# Augean's market position

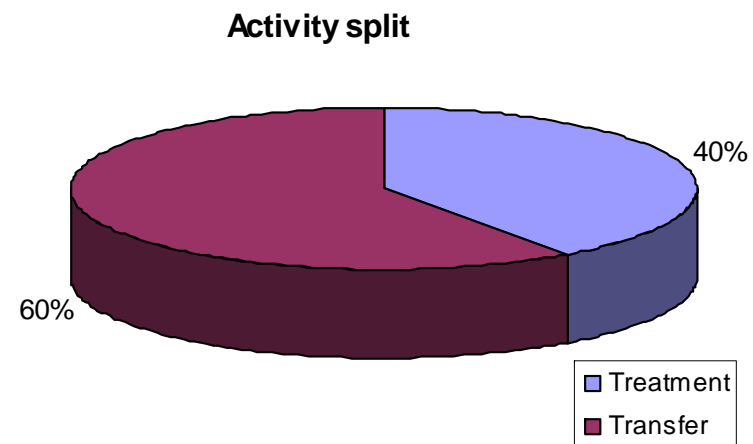


## Landfill division

Site	Hazardous void capacity	Permit capacity (tpa)
King's Cliffe	0.8m m <sup>3</sup>	250,000
Thornhaugh	0.6m m <sup>3</sup>	175,000
Port Clarence	5.6m m <sup>3</sup>	500,000

- 25% market share
- 7m m<sup>3</sup> consented void
- Further land bank opportunities
- No new capacity on line elsewhere in market
- Competition's void space declining

## Treatment division



- 3 integrated operating sites
- Pilot plants increasing treatment capacity
- Opportunities in further treatment technologies
- Site expansion plans underway

# Financial highlights

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- 1% increase in revenue excluding landfill tax to £10.7m
- 36% increase in underlying operating profit to £2.5m
- 42% increase in underlying profit before tax to £2.1m
- Interest cover 5.7 times
- 39% increase in adjusted earnings per share to 3.1p
- 33% increase in operating cash flow before provisions to £4.6m
- Net debt at £8.8m and gearing of 8%

# Profit & loss account



		2007 H1 £'000	2006 H1 £'000	2006 H2 £'000
Turnover	-9%	12,571	13,868	12,693
Turnover excluding landfill tax	+1%	10,652	10,597	10,847
<b>Underlying operating profit</b>	<b>+36%</b>	<b>2,548</b>	<b>1,877</b>	<b>2,677</b>
Exceptional items		-	-	(623)
Goodwill tax adjustment		(300)	(291)	(309)
Operating profit		2,248	1,586	1,745
Finance costs		(490)	(424)	(596)
Share of loss of joint venture		(36)	-	-
Profit before tax		1,722	1,162	1,149
<b>Underlying profit before tax</b>	<b>+42%</b>	<b>2,058</b>	<b>1,453</b>	<b>2,081</b>
Tax		-	-	89
Retained profit		1,722	1,162	1,238
<b>Basic and diluted earnings per share</b>	<b>+48%</b>	<b>2.6p</b>	<b>1.8p</b>	<b>1.9p</b>
<b>Adjusted earnings per share*</b>	<b>+39%</b>	<b>3.1p</b>	<b>2.2p</b>	<b>3.3p</b>

\* Adjusted for goodwill tax adjustment and exceptionals

# Balance sheet



	2007 H1 £'000	2006 H1 £'000	2006 H2 £'000
Goodwill & intangibles	93,949	93,888	94,296
Property, plant & eqpt	29,212	29,239	28,839
Debtors	4,860	7,159	6,034
Creditors	(6,063)	(5,183)	(7,018)
Provisions	(4,139)	(5,822)	(4,084)
	<b>117,819</b>	<b>119,281</b>	<b>118,067</b>
Shareholders' equity	108,988	105,919	107,180
Net debt	8,831	13,362	10,887
	<b>117,819</b>	<b>119,281</b>	<b>118,067</b>

Gearing 8%

Interest cover 5.7 times

Facility £28m

# Cash flow



	2007 H1 £'000	2006 H1 £'000	2006 H2 £'000
EBITDA	4,359	5,033	3,663
Working capital	105	(1,655)	3,242
Share-based payments	86	36	23
Operating cash flow before provisions	4,550	3,414	6,928
Provisions	(96)	(1,740)	(2,333)
Operating cash flow	4,454	1,674	4,595
Tax & interest	(433)	(574)	(534)
Capital expenditure	(1,965)	(939)	(406)
Free cash flow	2,056	161	3,655
Acquisitions	-	(9,932)	(1,180)
Movement in net debt	2,056	(9,771)	2,475

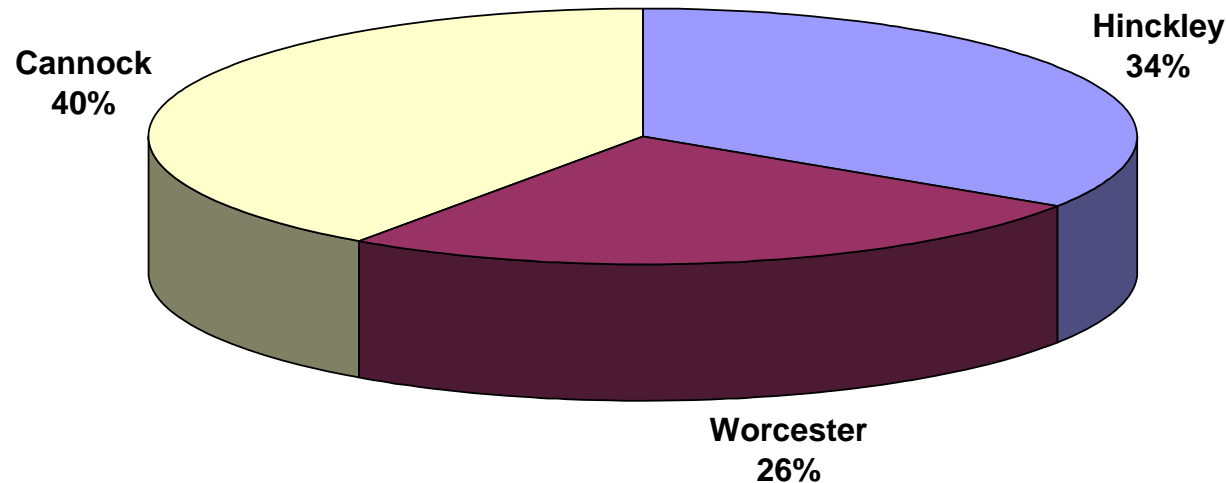


# Treatment division

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- Turnover of £4.6m (2006: £3.1m)
- Operating profit of £0.8m (2006: £0.5m)
- Improving margin of 18% (2006: 17%)



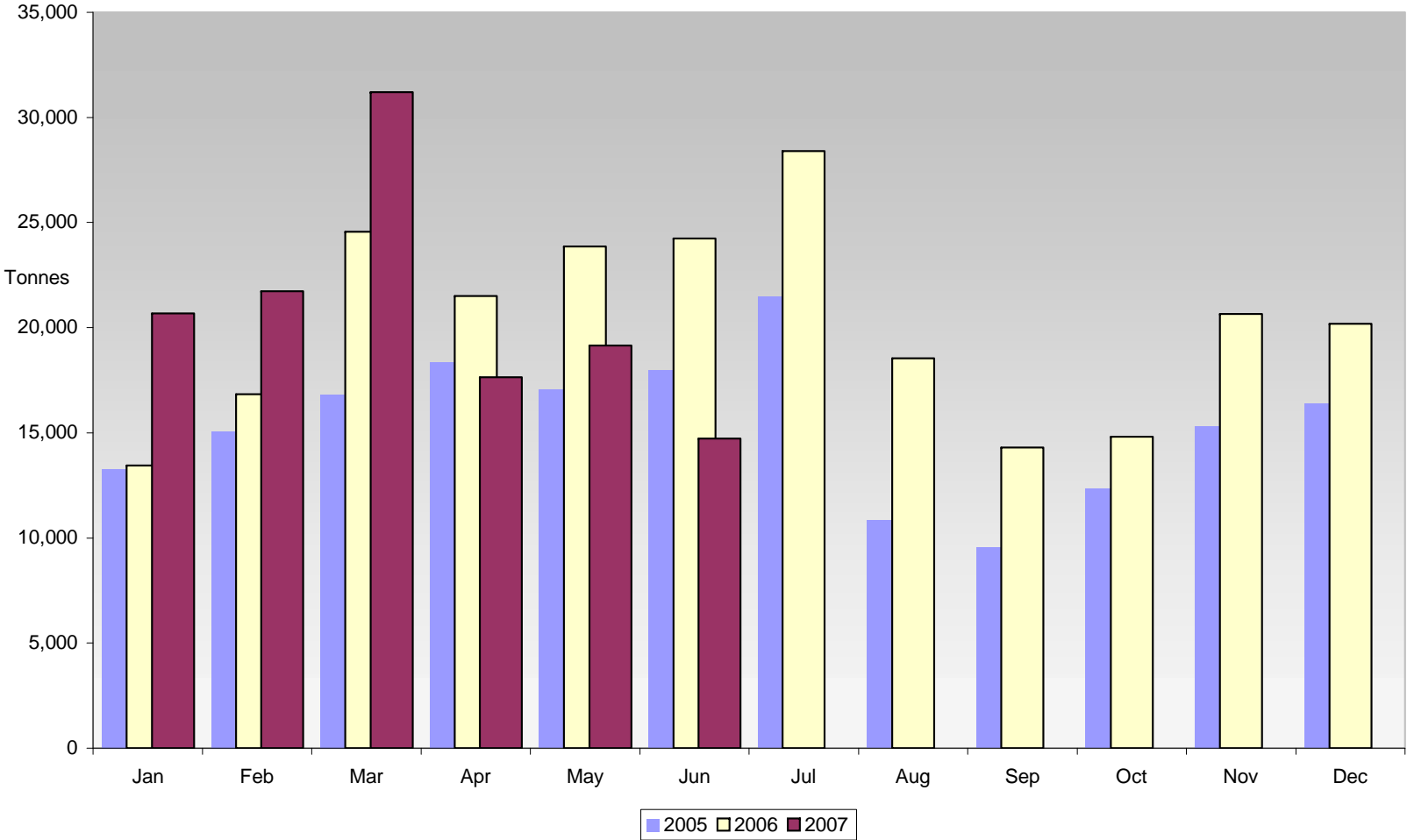
# Landfill division



	2007 H1 Tonnes	2006 H1 Tonnes		2006 H2 Tonnes	
Hazardous	125,143	124,480	+1%	116,866	+7%
Non-hazardous	36,662	113,095	-68%	49,551	-18%
Total	161,805	237,575	-31%	166,417	-3%

- Turnover net of landfill tax of £6.7m (2006: £8.4m)
- Operating profit of £1.7m (2006: £1.4m)
- Improving margin of 26% (2006: 16%)
- Changing sales mix towards higher margin hazardous waste
- Increased soils content reduces average sales price but benefits compaction rates

# Hazardous volumes

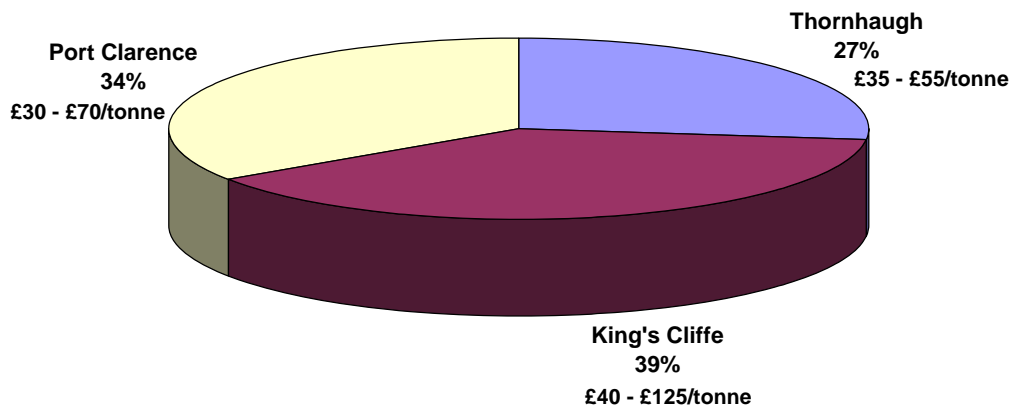


- Strong Q1 but disappointing Q2 affected by construction volumes

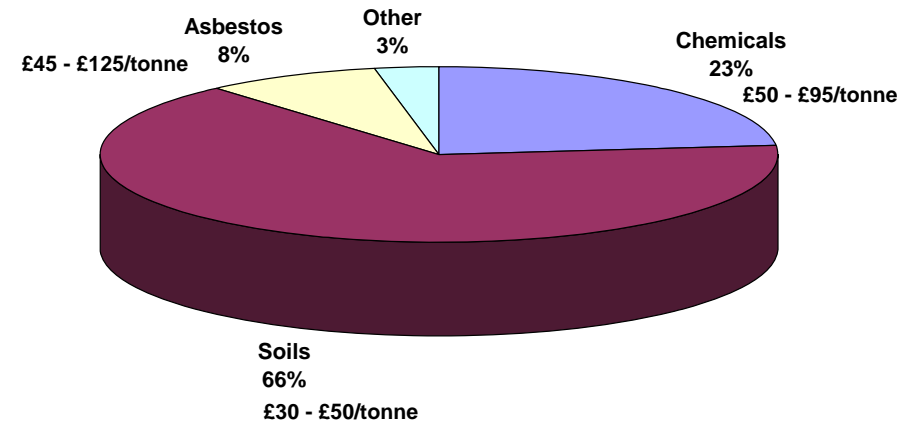
# Hazardous volumes & prices



Volumes by site



Volumes by waste



- King's Cliffe site premium
- Chemicals & asbestos higher prices but poorer compaction
- Prices steady
- Soils proportion increasing

# Operational highlights

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## Treatment division

- IPPC permit regime across all sites
- Internal development
  - New processes – Container washing plant
  - Cannock site upgrade to extend capacities
- Sales team restructure – emphasis on revenue visibility
  - Contract secured to take key waste stream
  - Further term discussions ongoing
- Cannock pilot plant key tool in assessing & delivering WAC compliant residue
- Extension opportunities continually under review
- Treatment development primary focus



# Terramundo

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- First fixed site Ground Remediation Centre (GRC) in UK
- Opened June 2007 – now fully operational
- Phase 1 capacity 100,000 tpa
- Physico-chemical, biological and stabilisation technologies within the portfolio of services
- Sustainable solution offering significant recovery & re-use
  - Only 20% concentrate residues to landfill
- Targeting higher value WAC failure waste streams & sustainability targets
- 24 hour shift capability
- Wharfage agreement in place



# Operational highlights

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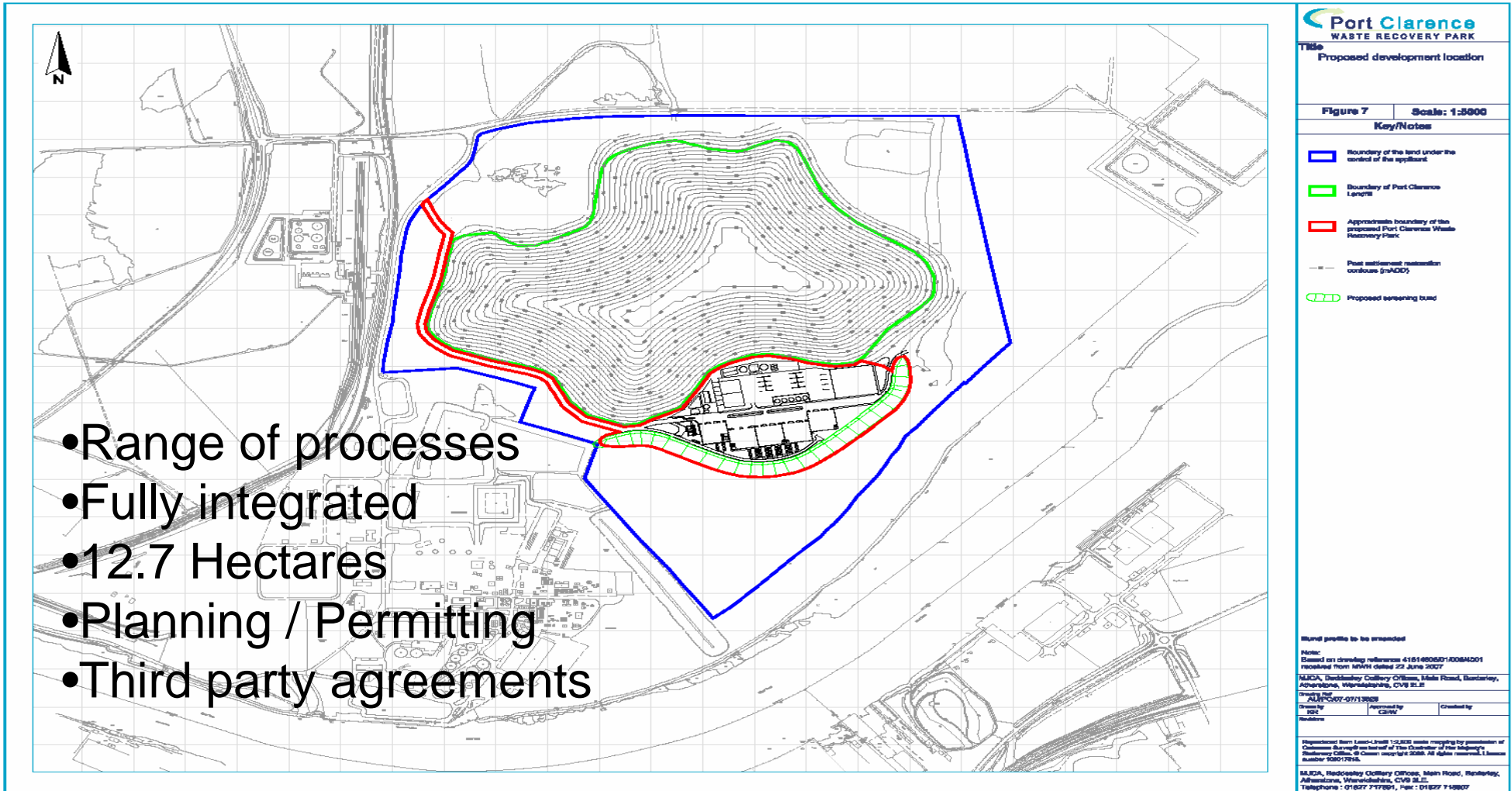


## Landfill division

- Benchmark standard reflected in attainment of PAS99 accreditation
- Dynamics of landfill market changing
  - Regulatory enforcement policy to further drive out mismanagement of wastes bearing fruit
- Improved compaction / reduced costs
- Laboratory at King's Cliffe for testing and inspection of hazardous waste at full capacity – extension H2
- Olympics Phase 1A – contract win



# Port Clarence Waste Recovery Park

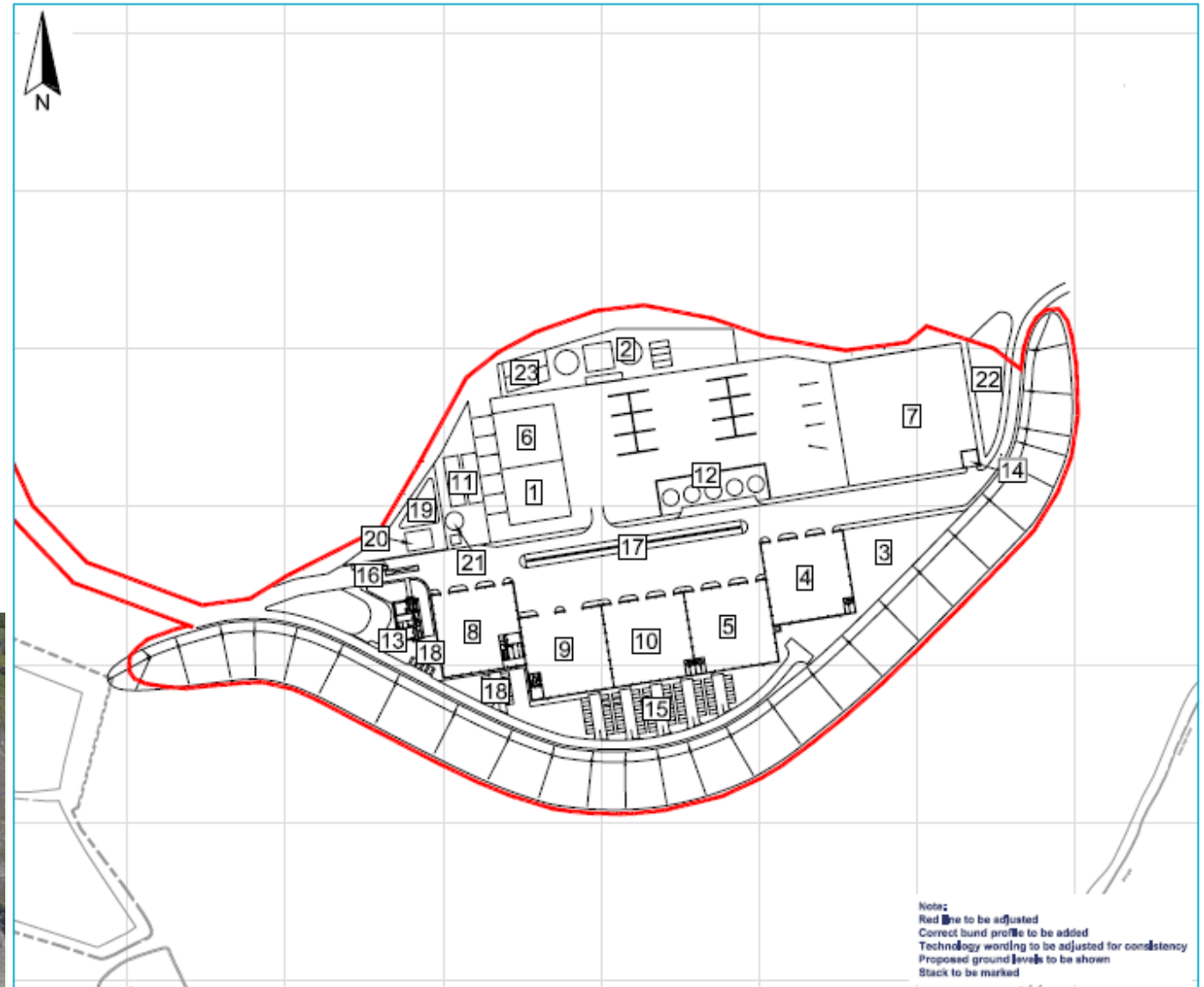




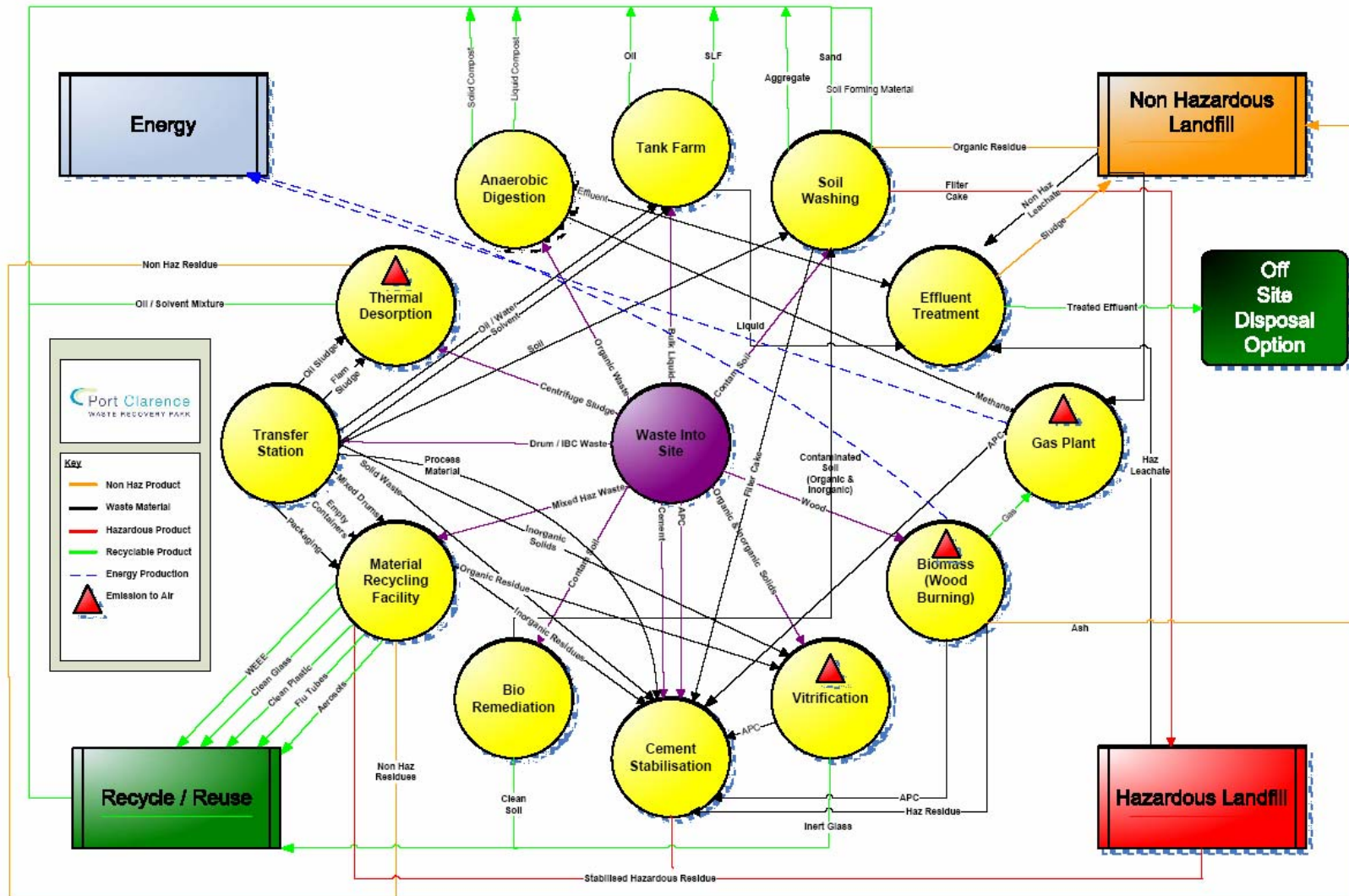
# Port Clarence Waste Recovery Park



- Energy & Waste recovery
- Significant in-house capability
- Centre of excellence



# Port Clarence Waste Recovery Park



# Strategic opportunities

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- Technology development & asset maximisation
  - Port Clarence Waste Recovery Park
  - Technical laboratory extension
  
- Earnings enhancing acquisitions
  - Geography / new market / revenue security / collection
  
- Regulatory
  - New coding guidance may reverse drop in Chemical landfill input
  
- Strong management team with better market understanding

# Outlook



- H1 trends expected to continue into second half
- Well positioned in fast developing sector
- Legislation now starting to underpin group core hazardous strategy
- Increased emphasis on sustainability, recovery and re-use
- Strong balance sheet to support significant organic and acquisitive growth plans



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30 June 2007

September 2007

# Appendix 1 - History

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- Established three years ago
- Acquired landfill assets in December 2004
- Acquired treatment & transfer assets in August 2005 and May 2006
- Operating as two divisions but one integrated business offer
- Cash generative business with strong balance sheet
- Transitional market unstable
- Developed additional services
- Appointed Peter Worlledge in March 2007

# Appendix 2 - Plc board

